SUPPLEMENTAL BY-LAWS OF
PHOENIX GAS CO-OP LTD.

Draft Revisions February 2026

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SECTION 1: By-laws of Phoenix Gas Co-op Ltd.

1.1. The Standard By-laws as per the Act (Schedule C to Alberta Regulation 151/2000) shall apply to the Co-op except as hereinafter modified.

1.2. In the event the provisions of these Supplemental By-laws are determined to be contrary to the provisions of the Act, the provisions of the Act shall prevail. In the event of a conflict between the Standard Bylaws and these Supplemental By-laws, these Supplemental By-laws shall prevail.

SECTION 2: Interpretation and Definitions

2.1 In these supplemental by-laws:

(a) "Act" shall mean the *Rural Utilities Act*, RSA 2000, Chapter R-21, the Regulations arising therefrom, and any amendments thereto or any legislation passed in substitution thereof.

(b) "Board" shall mean the Board of Directors of the Co-op.

(c) "Co-op" shall mean Phoenix Gas Co-op Ltd.

(d) "Director" or "Directors" shall mean a Director or Directors of the Co-op.

SECTION 3: Composition and Election of Board

3.1 The Co-op is to be divided into two districts for the purpose of electing Directors:

(a) The first district will be identified as the "Phoenix Gas South District" which was previously South Flagstaff Co-op Ltd, prior to the amalgamation (the "**South District**"); and

(b) The second district will be identified as "Phoenix Gas North District", which was previously Wainedge Gas Co-op Ltd. prior to the amalgamation (the "**North District**").

3.2 The Board shall consist of seven (7) Directors. The number of Directors and respective terms of office shall be as follows:

NUMBER OF DIRECTORS	TERM
2 North District	3 years
1 South District	3 years

1 North District	2 years
1 South District	2 years
1 North District	1 year
1 South District	1 year

3.3 The respective term of office of each Director shall be determined by the number of votes received by the Director when elected. The candidate receiving the largest number of votes shall hold office for the longest term. If candidates are in by acclamation the terms shall be completed by a draw.

3.4 If a Director is unable to complete their term on the Board, the Board has the option to temporarily fill the position until the next general meeting, at which point the position is to be filled by election for a term equal to the number of years remaining on the term when it was vacated. For this reason, there will always be at least one Board position up for election from each district every year and two position up for election in the north district every third year.

3.5 Subject to subsection 3.2 and 3.6, a member in good standing, as defined in Section 7 of these Supplemental By-laws, may attend and vote at meetings and be elected a Director.

3.6 A member is eligible to be nominated for election as a Director if:

(a) The member is 18 years of age or older and is in good standing;

(b) The member is not an employee of the Co-op or an employee of a company under contract to the Co-op;

(c) The member's spouse or common-law partner is not a director nor a permanent employee;

(d) The member or the member's spouse or common-law spouse is not a director, officer, or employee of other institutions or business that are engaged in activities similar to the activities in which the Co-op is engaged in the normal course of business; and

(e) The member is in agreement with, and is prepared to sign, a commitment letter to adhere to the Co-op's Director's code of ethics.

3.7 Notice of a general meeting by the Co-op where elections are to take place must give at least 30 days' notice of general meeting:

(a) By being delivered in the same manner that the member receives their monthly bill; and

(b) By being advertised separate from the members' monthly bill.

(c) Such notice is to include:

(i) the date of the meeting;

(ii) the location of the meeting; and

(iii) the number of Directors' positions and terms of the position that will be elected.

(d) Notice shall be a minimum of a quarter page in size (4.25" x 5.5"); and

(e) Notice shall also to be posted to the main page on the Co-op website page in a manner that is easily visible.

3.8 Nominations for Directors' positions must be received prior to the annual general meeting of the Co-op, and said nomination shall close two (2) weeks before the annual general meeting where the elections are to take place.

3.9 While there is no requirement to register in advance for a general meeting where elections will take place, membership will be confirmed using the Co-op's register of members prior to permitting members to vote. Membership can be confirmed prior to the meeting by following the procedure outline in Section 6 of these Supplemental By-laws.

SECTION 4: Director Term Limits

4.1 A Director may serve a maximum of three (3) consecutive three-year terms, for a total of nine (9) consecutive years on the Board.

4.2 The Chair of the Board may serve a maximum of three (3) consecutive one-year terms, for a total of three (3) consecutive years in that role.

4.3 Upon reaching a term limit under this section, the individual must vacate the position and is not eligible to serve in that position again for a minimum of one (1) year.

SECTION 5: Membership

5.1 Section 17(7) of the Standard By-laws (Schedule C to Alberta Regulation 151/2000) is hereby repealed and the following supplemental by-law substituted therefor:

A member withdrawing from the Co-op is not entitled to be repaid the member's membership fee, and any contribution by the member toward construction and extension of works costs becomes and remains the sole property of the Co-op.

SECTION 6: Membership Register Inspection

6.1 In the event that a member requests inspection of the Co-op's membership register, the following shall apply:

(a) The member shall make a written request to the Board to inspect the membership register specifying whether a copy of the membership register is also being requested;

(b) The Board shall notify the requesting member in writing with respect to the request for inspection and provide the conditions upon which a copy of the membership register shall be provided;

(c) The inspecting member shall be entitled to make a copy of the membership register but shall not:

(i) Release the membership register or any information in it to any other person without first obtaining the consent of the Board; and

(ii) Use the membership register or any information in it for any purpose other than communicating with the other members on matters specific to the affairs of the Co-op;

(d) The member shall only be entitled to inspect the membership register once within each twelve month period;

(e) In the event that membership is held jointly by the inspecting member, the above rights shall vest in only one of the joint members; and

(f) The fee charged by the Co-op to a member for provision of a copy of the membership register shall be determined by the membership from time to time.

SECTION 7: Member in Good Standing

7.1 Any member of the Co-op who is a "member in good standing" as defined in the Co-op's Supplemental By-laws may attend and vote at meetings of the Co-op and be elected as a Director of the Co-op subject to the nomination eligibility provisions of the Supplemental By-laws.

7.2 The definition of a "member in good standing" shall be a person who:

(a) has paid the membership fee;

(b) has entered into a contract for the provision of natural gas service;

(c) has paid the required contribution to construction and extension of works cost, if any;

(d) is in compliance of all policies, Standard and Supplemental By-laws of the Co-op;

(e) has paid all accounts rendered by the Co-op as they became due; and

(f) has been not declared by the Board, acting reasonably, to be a member not in good standing.

7.3 In the event that the Board has declared a member to be not in good standing pursuant to

subsection 7.2(f), the Board shall give written notice to the member of its decision in the form attached as schedule 1 to these Supplemental By-laws.

SECTION 8: Surplus Earnings

8.1 For the purposes of determining tax status with Canada Revenue Agency, Phoenix Gas Co-op Ltd. is a non-profit organization.

8.2 In this respect, Phoenix Gas Co-op Ltd. shall use any surplus earnings of the Co-op for the attainment of the objects of Phoenix Gas Co-op Ltd. and no distribution shall be made to the Co-op's members.

8.3 Surplus earnings may include any or all of the following:

(a) surplus construction funds;

(b) a flat per member charge (designated as monthly, quarterly, annually);

(c) a specified cents per GJ charge in the commodity rate; or

(d) an assigned portion of year end operating profit.

8.4 Surplus earnings remaining in the hands of the Co-op at the end of any fiscal year shall be dealt with as follows:

(a) remain in the Co-op's general account; or

(b) by setting aside necessary reserves.

SECTION 9: Reserve Fund

9.1 The objectives of the reserve fund established by the Co-op shall be:

(a) to provide funds for the partial or total replacement of the Co-op's gas distribution system;

(b) to provide funds for capital expenditure including but not limited to system improvement or upgrading as may be required from time to time;

(c) to provide a working capital fund for expenditures required to alleviate emergency conditions and/or conduct necessary system repairs; and

(d) to provide funds for completion of installations for work where a portion or all has been pre-paid.

9.2 Sources of funds to be placed into the reserve shall be determined by the Board from time to time and may include any or all of the following:

(a) surplus earnings;

(b) any other amount the Board may from time to time prescribe.

9.3 Funds accumulated in the reserve are to be invested by the Board in trustee approved securities in such a way that they will be readily available for either expenditures by cashing of securities or use as collateral for temporary borrowings pending maturing of term securities. (The term "trustee approved securities" refers to the types of investments as defined in the *Trustee Act*, SA 2022, c T-8.1. These include various low risk securities such as bank term certificates, treasury bills, municipal bonds etc.).

9.4 Withdrawals from the reserve are to be for the specified objectives of the fund at such time and in such amounts as the Board may deem necessary and prudent for the on-going viable operation and safety of the Co-op's utility business. Any withdrawals for the purposes other than those specified shall be approved in advance by a general meeting of the Co-op.

9.5 Prior to the Co-op's annual meeting, the Board shall review the adequacy of the fund and the components of the forecasting of its future requirements. A report of this review and a separate accounting, with respect to the reserve fund, shall be provided to the membership of the Co-op in conjunction with the annual audited financial statements.

SECTION 10: Hiring Policy

10.1 The Board shall maintain a written hiring policy, which shall be made available to members upon request.

10.2 The initial hiring policy shall be presented to the members at the general meeting at which these supplemental bylaws are submitted for approval.

10.3 Any amendments to the hiring policy, which shall be at the Board's discretion, shall be reported to the members at the next general meeting following the change.

SECTION 11: Grievance Committee

11.1 Members of the Co-op, employees of the Co-op and Directors shall have access to the contact information of all Directors and are encouraged to attempt to resolve concerns informally with one or more Directors before requesting the formation of a grievance committee.

11.2 A grievance committee shall be made available to members of the Co-op, employees of the Co-op and Directors. Subject to subsections 11.3 and 11.4, the grievance committee shall consist of two (2) members from the membership at large, and either one (1) Director or, at the Board's discretion, one (1) independent consultant.

11.3 Where a complaint is brought by a member of the Co-op or an employee of the Co-op and the complainant requests referral to the grievance committee, the Board shall establish a committee within thirty (30) days of receiving the request:

(a) by appointing:

(i) one (1) Board member; and

(ii) two (2) members from among the members of the Co-op who are not Directors and are no employees of the Co-op.

(b) Upon request, the complainant may be provided with a list of five (5) eligible members, from which the complainant may select two (2) to serve on the committee.

11.4 Where a complaint is brought by a Director and the Director requests referral to the grievance committee, the Board shall establish a committee within thirty (30) days of receiving the request:

(a) by appointing:

(i) one (1) independent consultant, whose costs shall be paid by the Co-op; and

(ii) two (2) members from among the members of the Co-op who do not sit on the Board or work for the Co-op.

(b) Both members from the Co-op on the committee must approve of the independent consultant before the consultant is hired.

11.5 Members who are asked to sit on the grievance committee are permitted to decline the request, in which case alternative members will be asked to sit on the committee.

11.6 The Board has the option to hire an independent consultant to address member and employee concerns rather than appoint a Board member.

11.7 Individuals are only to sit on a committee for one complaint. Once a committee has been utilized, a new committee will be established for future complaints.

11.8 When a complaint is brought forward, the Board will attempt to find members unfamiliar with the situation or the individuals involved in the complaint to sit on the committee. If possible, these members should be chosen not from the district that the complaint arises from.

11.9 Other than an independent consultant, committee members will be compensated at the same rate as Board members are compensated for their duties.

11.10 The grievance committee shall provide the Board with a written summary of its findings, together with its decision and any recommendations.

(a) Where a complaint originates from a Director:

(i) a summary report will be provided by the independent consultant in a form that can be presented to the members of the Co-op:

(ii) the Board shall present the report at the next general meeting; and

(iii) the Board shall make the report accessible to members upon request.

(b) Where a complaint originates from a member or employee of the Co-op:

(i) the Board shall report that there was a complaint filed at the next general meeting; and

(ii) the Board shall report whether the committee's recommendations were implemented.

11.11 Where the Board has decided not to follow the recommendations of the grievance committee, the complainant may appeal the decision at the next general meeting. The membership may either:

(a) confirm the Board's decision; or

(b) require the recommendations of the grievance committee be followed.

11.12 All grievance committee deliberations shall remain confidential until the committee's report has been received and reviewed by the Board. Where an agreement is reached between the complainant and the Board following receipt of the report, the findings may be disclosed to the membership.

NOTICE TO MEMBER

Pursuant to Section 7.3 of the Supplemental By-laws, you are hereby notified that the Board of Directors of the Co-op has declared you to be a member not in good standing for the following reason(s):

[Summarize reasons here]

Until such time as the Board of Directors reinstates you as a member in good standing, you will not be able to attend meetings of the Co-op, vote as a member, or be eligible to be elected a Director of the Co-op.

Dated at the Town of Wainwright, in the Province of Alberta, this _____ day of _____, 20____.

_____
Chair