

SUPPLEMENTAL BY-LAW

At the general meeting of the EAST SMOKY GAS CO-OP LTD. held on  
the 21st day of April 1987.

It was regularly moved and seconded that: We add to our Supplemental By-Laws  
the following By-Law No. 6.

RESERVE FUND:

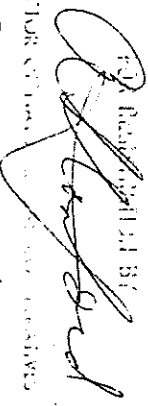
1. The objectives of the reserve fund established by the Association shall be:
  - a) to provide funds for the partial or total replacement of the association's gas distribution system;
  - b) to provide funds for system extension, improvement or upgrading as may be required from time to time;
  - c) to provide a working capital fund for expenditures required to alleviate emergency conditions and/or conduct necessary system repairs;
2. Funds held in the reserve or placed into the reserve shall be determined by the co-op board from time to time and may include any or all of the following:
  - a) surplus construction funds;
  - b) any periodic charge to or levy on the members that the board from time to time prescribes;
  - c) the surplus remaining from any periodic charge for operating and administrative expenses that the board may from time to time prescribe;
  - d) a price factor in the commodity rate;
  - e) any other amounts the board may from time to time prescribe;
  - f) the net proceeds from the sale of part only of the association's works;
  - g) interest earned by the money in the account;
  - h) any other source approved by the Directors.
3. Funds accumulated in the reserve are to be invested by the board in,
  - a) bonds, debentures and other forms of indebtedness of or guaranteed by the Government of Canada or the government of any province,
  - b) bonds, debentures and other forms of indebtedness of an agent of the Crown in right of Alberta, and
  - c) certificates of deposit, deposit receipts and other deposit instruments offered by a bank, treasury branch, trust company or credit union in Alberta.
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 ongoing viable operation and safety of the co-op's utility business. Any withdrawals for purposes other than those so specified shall be approved in advance by a general meeting of the association.
5. Prior to the association'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 association in conjunction with the annual audited financial statements.

The association having given at least ten days notice to the membership of such motion, the above By-Law was passed by the required majority of those members present at the general meeting.

Dated at the Hamlet of Crooked Creek in the Province of  
Alberta this 7th day of May, 1987.

EMERSON W. HARRISON, Chairman

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Director of the Association  


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