

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT BOARD MEETING NOTICE AND AGENDA

SPECIAL BOARD OF DIRECTORS

Thursday, March 28, 2024, No Sooner Than 9:50 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Board of Directors and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Board Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item..... PRESIDENT DAVID ROUSSEAU
 - Request for approval of the Operating Budget for Fiscal Year 2025 (FY25) (recommended by the Finance and Budget Committee on March 28, 2024) including:
 - A. Multi-year contracts identified in the FY25 Operating Budget
 - B. FY25 Water Function Budget, including the falling water allocation
2. Report on Current Events by the General Manager and Chief Executive Officer and Designees JIM PRATT
3. President's Report / Future Agenda Topics..... PRESIDENT DAVID ROUSSEAU

The Board may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Board on any of the matters listed on the agenda.

The Board may go into Closed Session, pursuant to A.R.S. §30-805(B), for discussion of records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



THE NEXT BOARD MEETING IS SCHEDULED
FOR MONDAY, APRIL 8, 2024

03/21/2024

MEMORANDUM



February 28, 2024

TO: SRP Board Members

FROM: Jon Hubbard, Director of Financial Planning and Analysis

SUBJECT: FY25 Operating Budget Book

Attached is the FY25 Operating Budget Book, which includes the FY25 proposed financial statements, operating and capital budgets for each organization, and supporting details. The FY25 Operating Budget was developed with involvement from areas throughout SRP to support corporate goals and objectives.

The FY25 Operating Budget Book materials are organized as follows:

- Section 1: Summary to be presented to the Finance & Budget Committee on March 12th
- Section 2: Historical reference and perspective for key metrics
- Section 3: SRP financial statements which includes the Water Function Budget with its proposed rate changes.
- Section 4: Supporting detailed information for each line of SRP's financial statements
- Section 5: Operating and capital budgets for each organization including highlights of budget changes
- Section 6: Workforce details including the additional needs associated with SRP's goals and objectives
- Section 7: Multi-year contracts under negotiation or renegotiation in FY25 that contain penalties for early termination. In these instances, the Board would be providing approval that goes beyond the one-year Operating Budget timeframe.
- Section 8: Estimated impacts to financial statements if proposed water rates are not approved
- Section 9: Appendix containing a listing of all capital expenditures, Municipal Aesthetics program allocation, cash contributions, full life capital projects, and loads related to the operating and capital budgets.

On March 12th, SRP management will present this proposed Operating Budget to the Finance & Budget Committee.

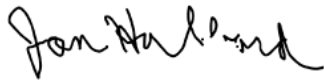
On March 26th, SRP management will address any questions on the proposed Operating Budget at the Finance & Budget Committee meeting.

On March 28th, SRP management will request approval of the FY25 Operating Budget, including:

- Multi-year contracts identified in the FY25 Operating Budget
- FY25 Water Function Budget

If anyone wishes to submit questions regarding the FY25 Operating Budget, please contact the Corporate Secretary's Office. The Corporate Secretary's Office will work with SRP management to provide responses at the March 12th, March 26th, and March 28th Finance & Budget Committee meetings.

Thank you,

A handwritten signature in black ink that reads "Jon Hubbard". The signature is written in a cursive, flowing style.

Jon Hubbard

CC: D. Rousseau, C. Dobson, J. Pratt, G.M. Staff, J. Felty, L. Hobaica, R. Judd



**FY2025 Proposed
Operating Budget**

February 28, 2024

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- 1. Financial Highlights of FY25 Operating Budget**
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- 7. Multi-Year Contracts**
- 8. Water Rates**
- 9. Appendices**

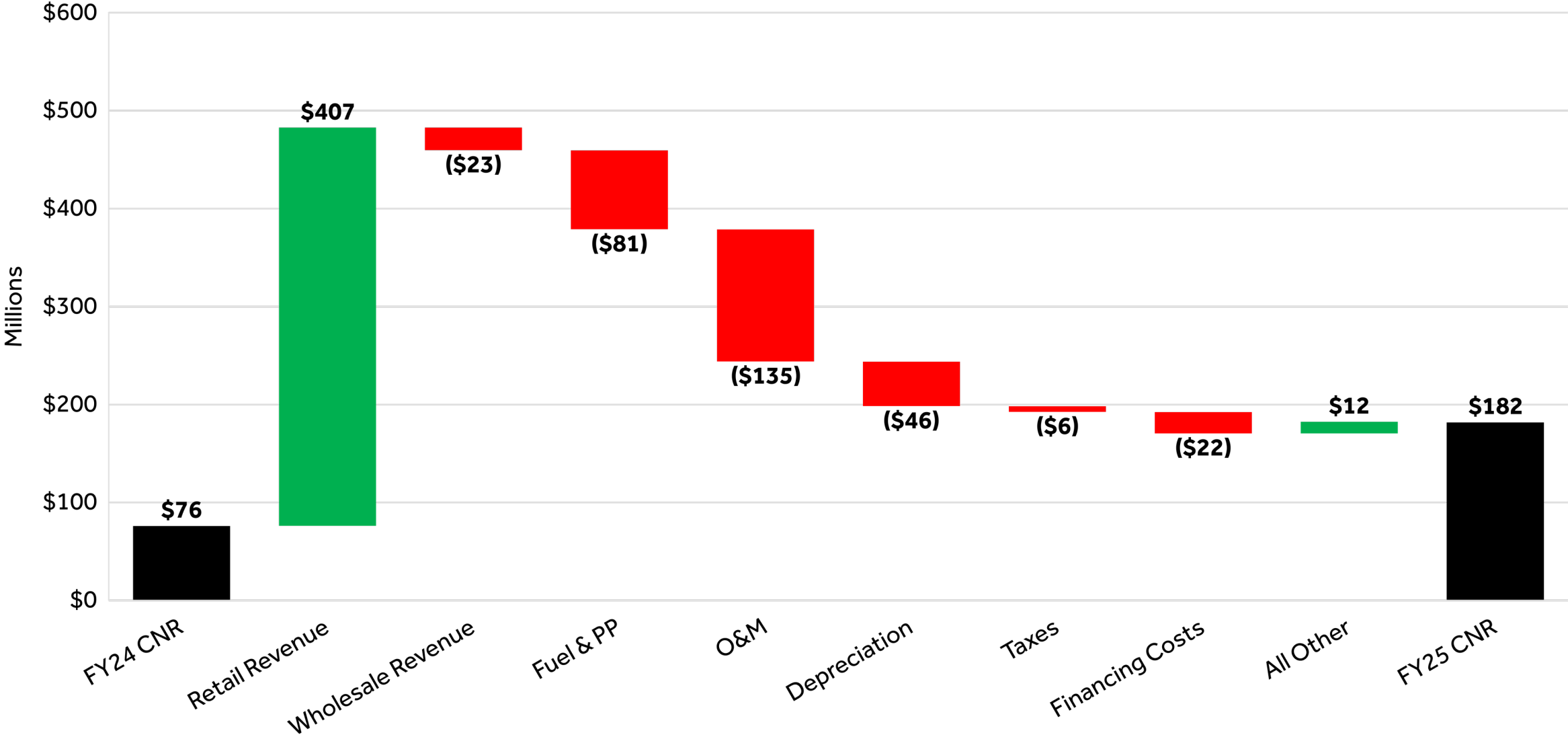
FY25 Proposed Operating Budget

Finance and Budget Committee

Jon Hubbard

March 12, 2024

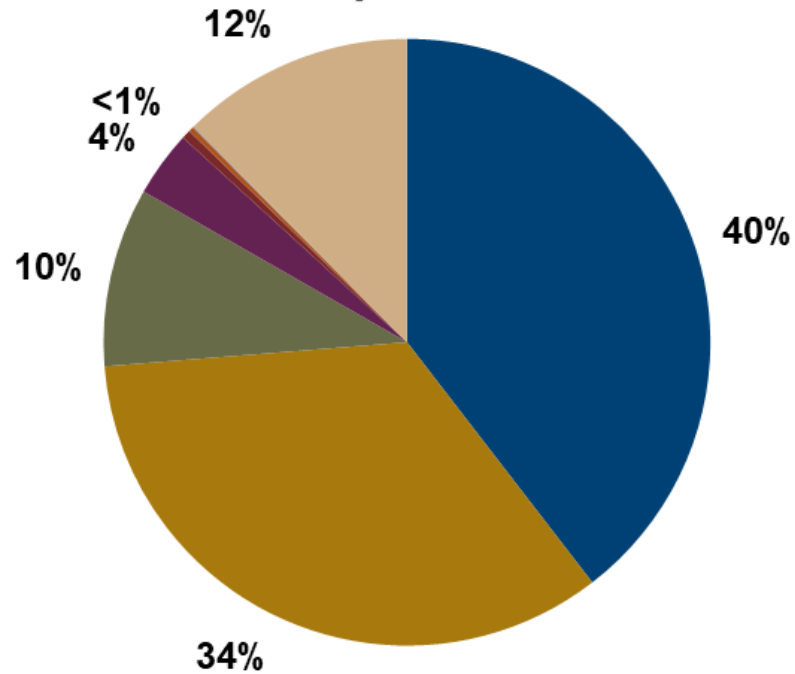
FY24 vs. FY25 Combined Net Revenue



Sales in GWh

FY24 Sales in GWh

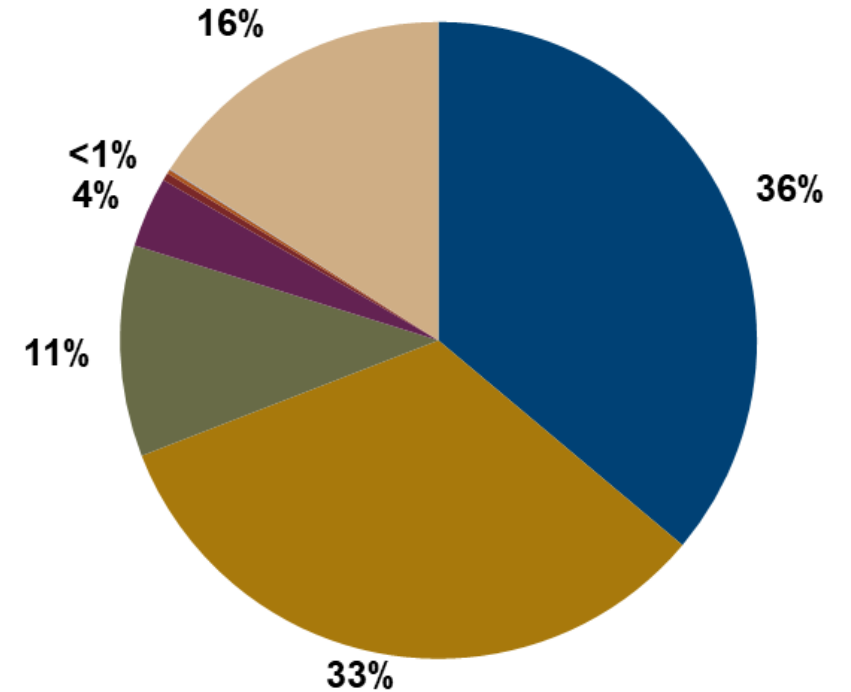
36,556



- Residential
- Commercial
- Large Industrial
- Mines
- Public/Private Lighting
- Interdepartmental
- Pumping
- Wholesale

FY25 Sales in GWh

40,999



FY25 Operating Budget

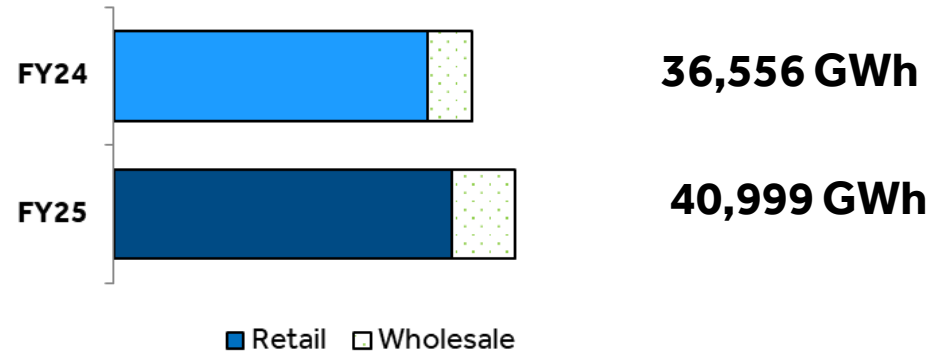
GWh sales increase 12.2%

- Retail sales increase 7.6%
- Wholesale sales increase 44.1%

Electric revenues increase 10.1%

- Retail revenues increase 11.7%
- Wholesale revenues decrease 7.2%

Electric Sales



Electric Revenues



FY25 Operating Budget

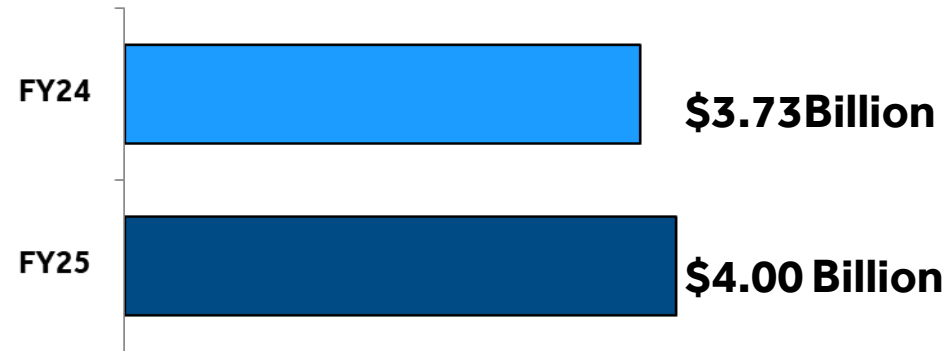
Operating expenses increase 7.1%

- O&M increases 9.8%
- Depreciation increases 7.5%
- Taxes increase 3.3%
- Fuel & purchased power increases 5.1%

Fuel & purchased power increase 5.1%

- Fuel decreases 5.4%
- Purchased power increases 21.1%

Operating Expenses

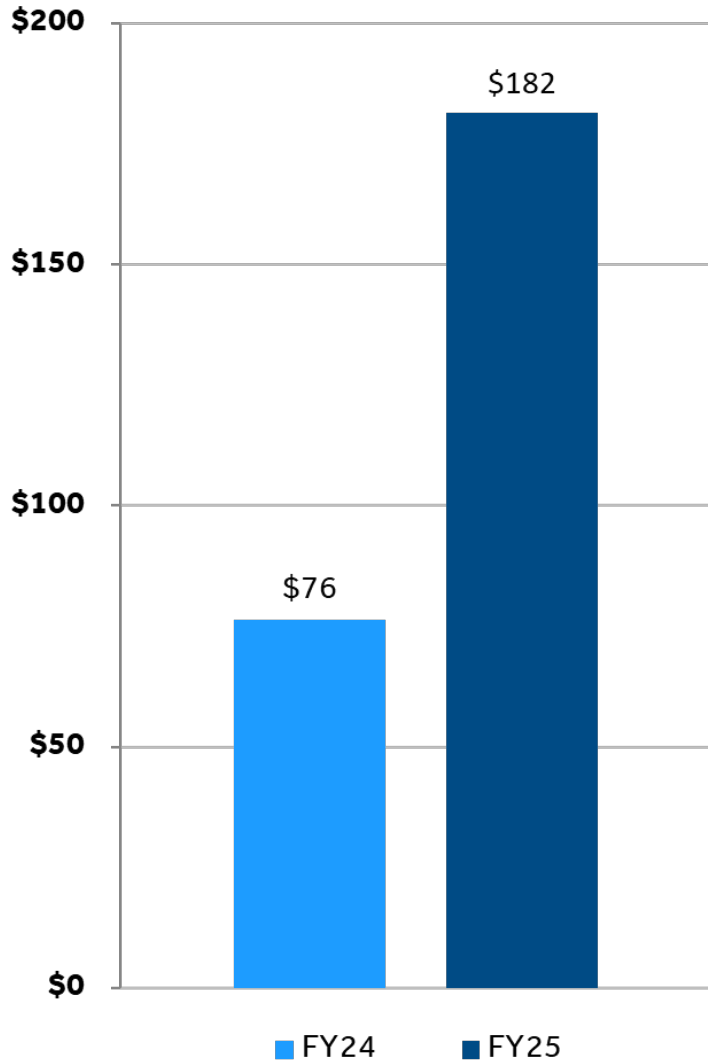


Fuel & Purchased Power



FY24 Budget vs. FY25 Budget

(Millions)



Combined Net Revenues

Total Operating Revenues

Total Fuel/PP

Gross Margin

Expenses

O&M

Depr/Amort

Taxes & Tax Equivalents

Financing Costs

Total Expenses

Other Income (Deductions) Net

CNR

	FY24	FY25	
	Budget	Budget	Change
Total Operating Revenues	\$3,927	\$4,320	\$393
Total Fuel/PP	1,580	1,661	81
Gross Margin	\$2,347	\$2,659	\$312
Expenses			
O&M	\$1,373	\$1,508	\$135
Depr/Amort	606	652	46
Taxes & Tax Equivalents	175	180	5
Financing Costs	159	181	22
Total Expenses	\$2,313	\$2,521	\$208
Other Income (Deductions) Net	42	44	2
CNR	\$76	\$182	\$106

FY24 vs. FY25 Comparison: Summary

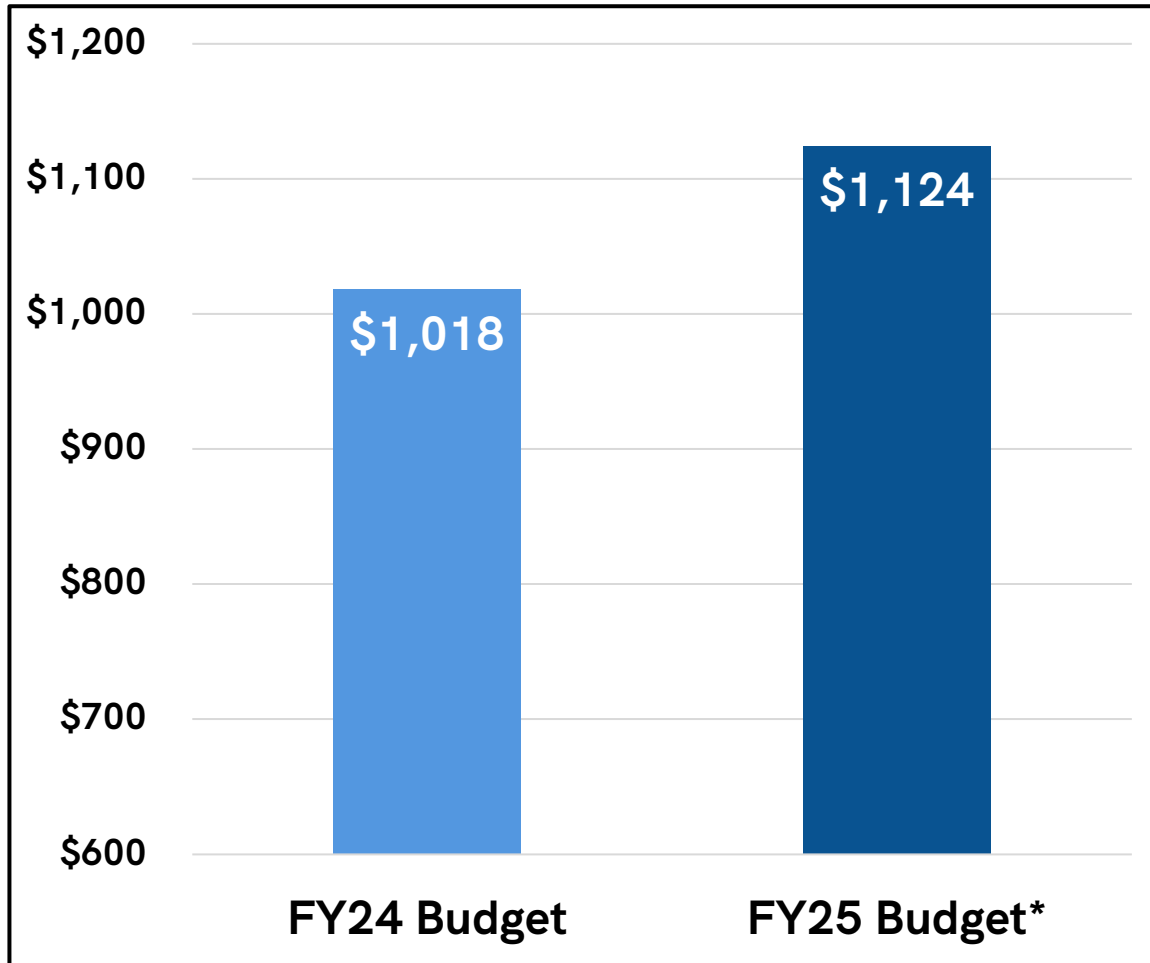
	FY24	FY25	Change
Combined Net Revenues (\$ Millions)	\$76	\$182	\$106
Funds Available (\$ Millions)	\$508	\$645	\$137
Debt Service Coverage Ratio	3.03	3.20	0.17
Debt Ratio*	47.5%	48.5%	1.0%
General Fund Target (\$ Millions)	\$575	\$600	\$25

***Note:**

The debt ratio includes planned revenue bonds and commercial paper.

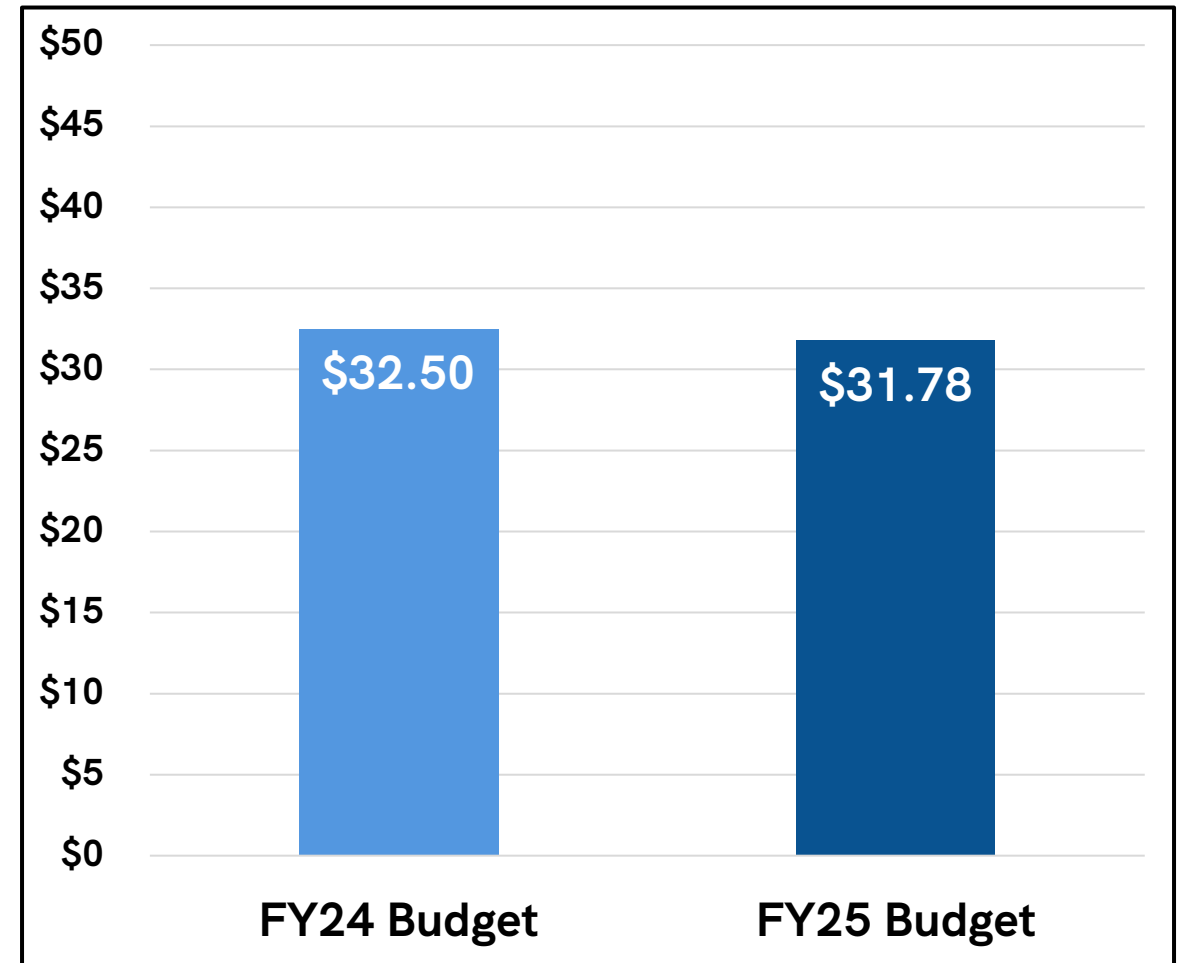
Direct Costs

Direct Costs Per Customer Account



* FY25 customer account based on preliminary data.

Direct Costs Per Total MWh Sold

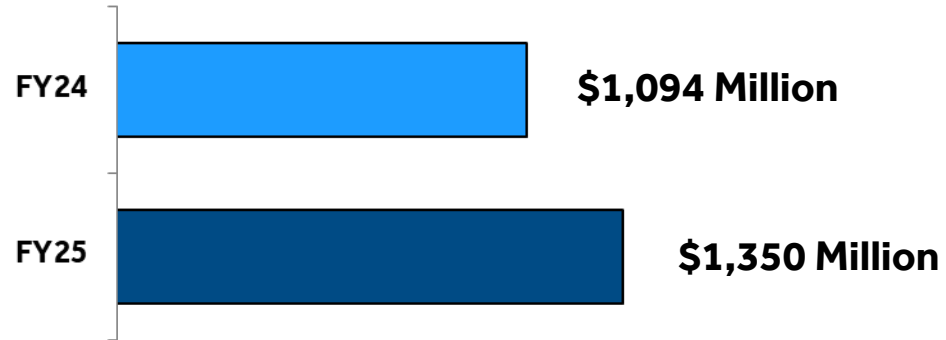


FY25 Capital & Financing Costs

Capital primary costs increase 23.5%

- Primarily growth driven projects

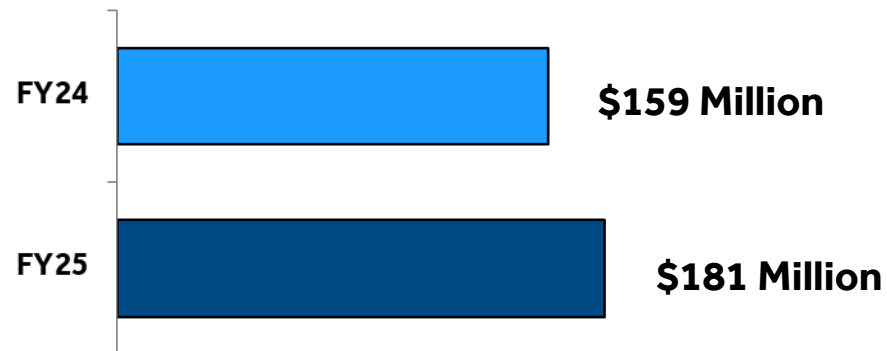
Capital



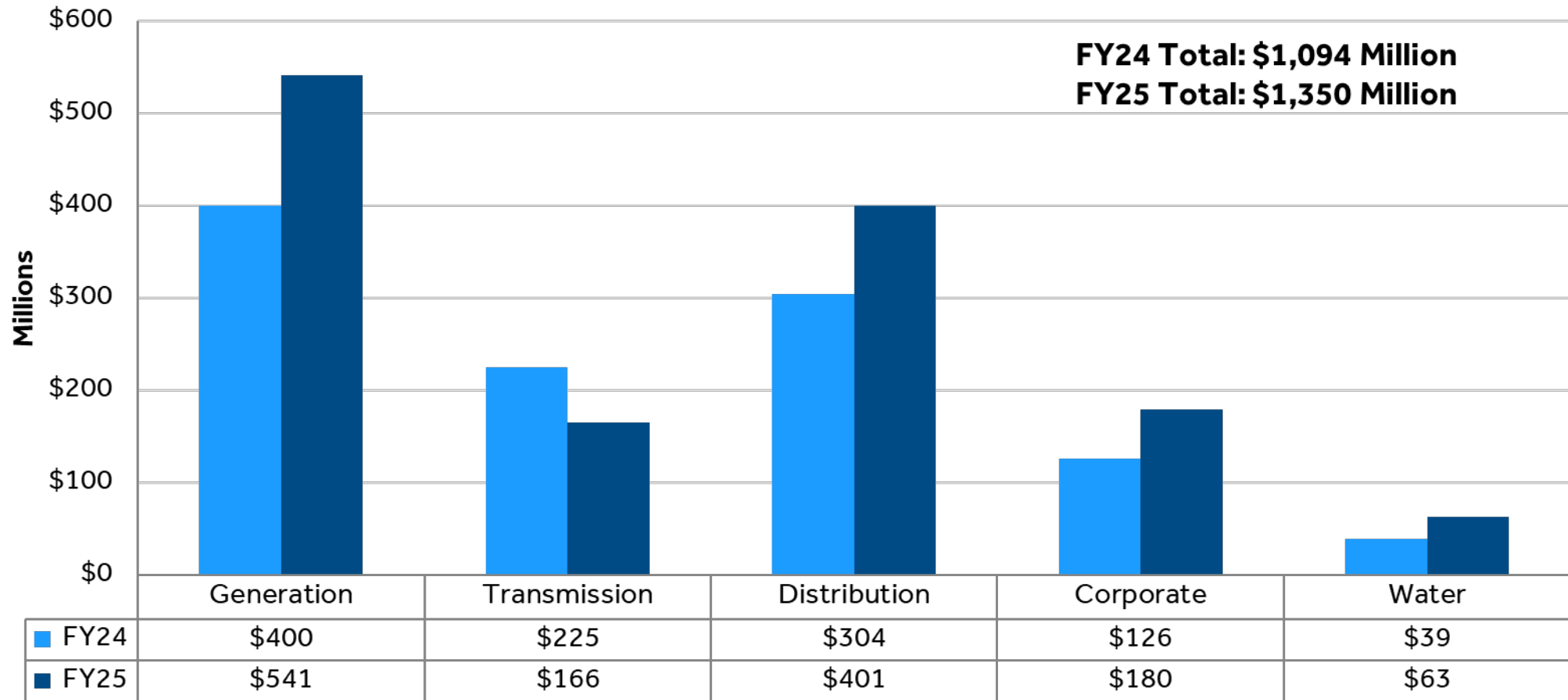
Financing costs increase 13.3%

- New debt

Net Financing Costs



FY25 Capital by Segment – Primary Cost



FY25 SRP Workforce (Regular & Provisional)

Salt River Project

2024-2025 Workforce Budget

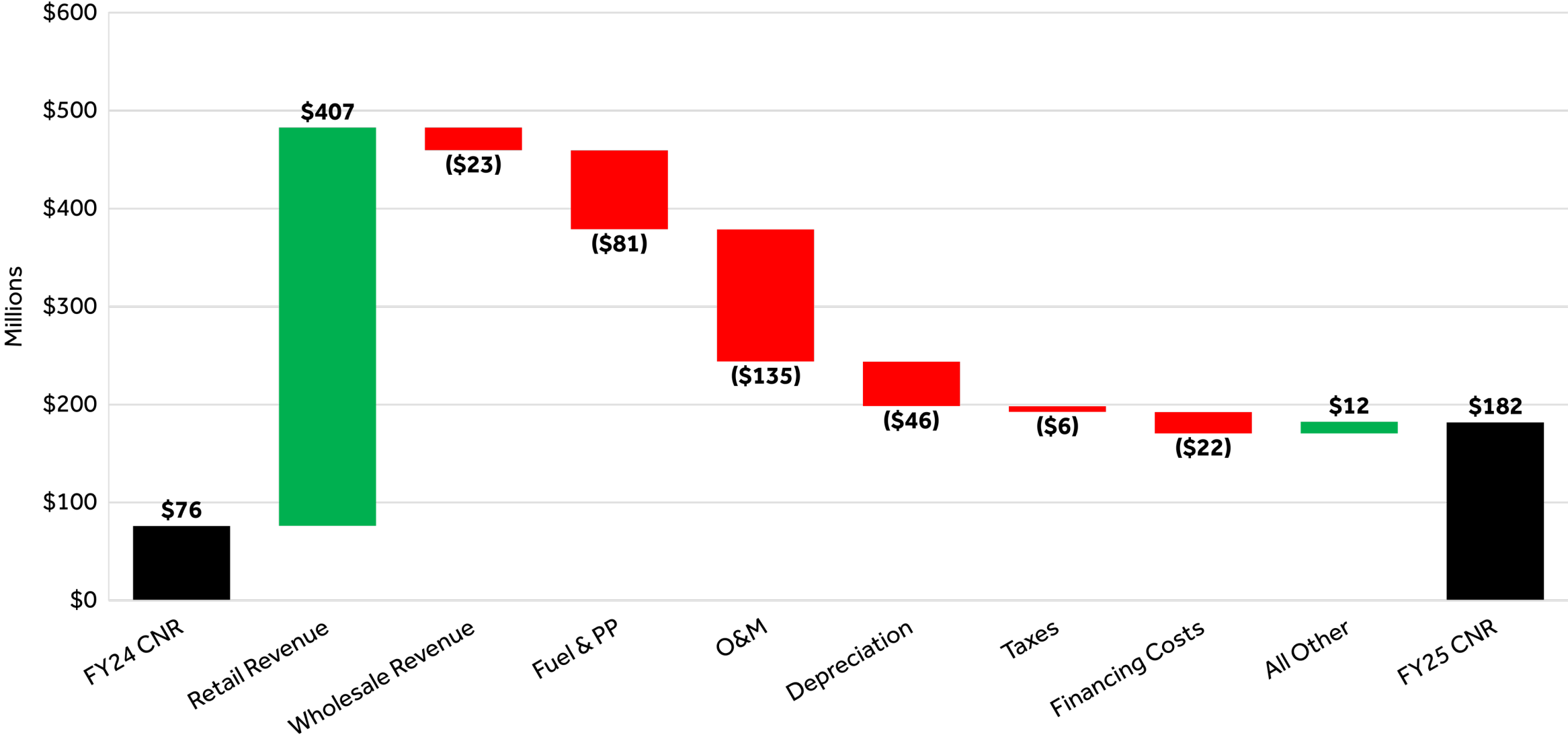
	FY24 Workforce		Transfers	New Positions	FY25 Workforce	
	Regular	Provisionals			Regular	Provisionals
President & Staff	39	0	0	0	39	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	70	0	458	17	545	1
Community, Communication & Marketing	146	0	1	9	156	0
Financial & Information Services	681	0	(55)	33	659	0
Power System	1,504	0	0	60	1,564	0
Customer Operations	1,956	21	(347)	46	1,655	20
Law, Land & Risk Management	177	0	0	9	186	0
Water Stewardship	51	0	351	12	414	0
Corporate Planning & Strategy	592	6	(402)	19	209	0
Human Resources	111	0	(5)	6	112	0
PERA	0	0	5	48	53	0
Managed Development Program	180	0	0	35	215	0
Total Allocated	5,511	27	6	294	5,811	21
Unallocated	20	0	0	0	20	0
Total	5,531	27	6	294	5,831	21
	5,558				5,852	

Multi-Year Contracts

FY25 Budget book contains a list of multi-year contracts of \$500,000 or greater

Multi-year contracts not approved by the Board during the budget process require individual Board approval, unless already approved by an existing Board authorization

FY24 vs. FY25 Combined Net Revenue



Next Steps

March 26th Finance & Budget Meeting

- Respond to FY25 budget questions

March 28th Special Finance & Budget Meeting & Special Board Meeting

- Respond to FY25 budget questions
- Seek approval of the FY25 Operating Budget

FY25 Operating Budget

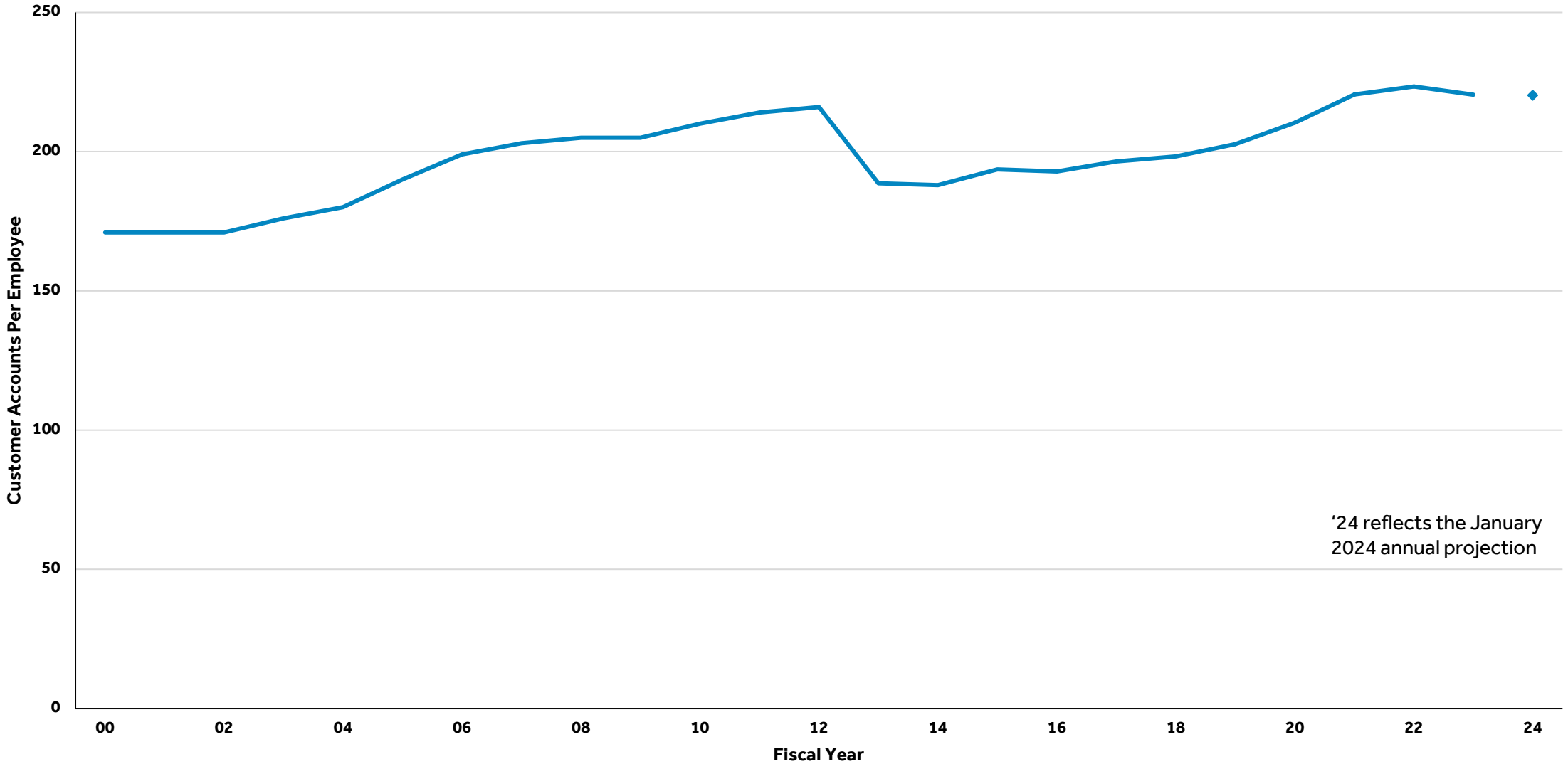
Requesting Approval of FY25 Operating Budget on 3/28/24 including:

- Multi-Year Contracts
- FY25 Water Function Budget including the Falling Water Allocation

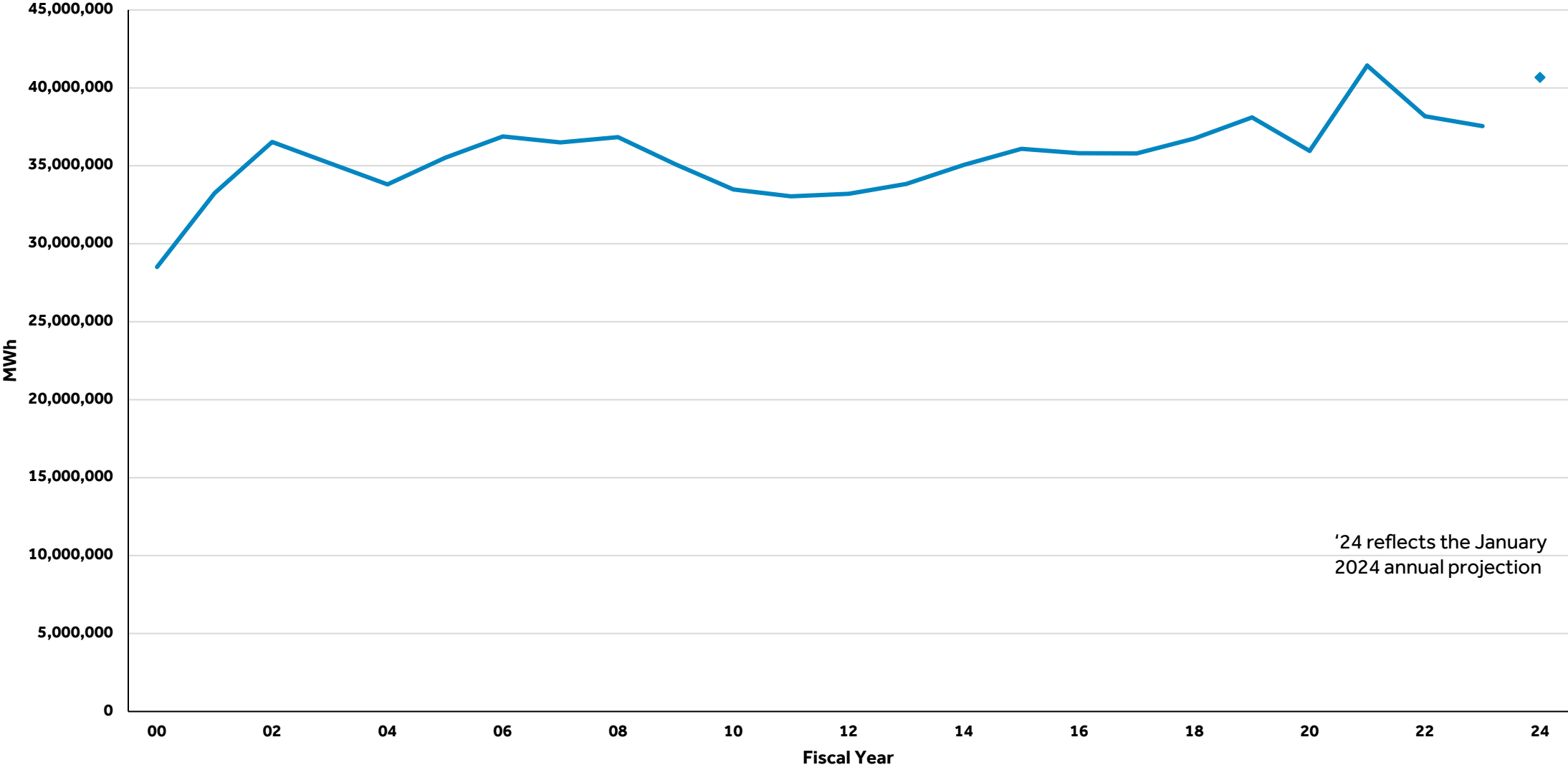
thank you!

Reference & Perspective Regarding Long-Term Trends

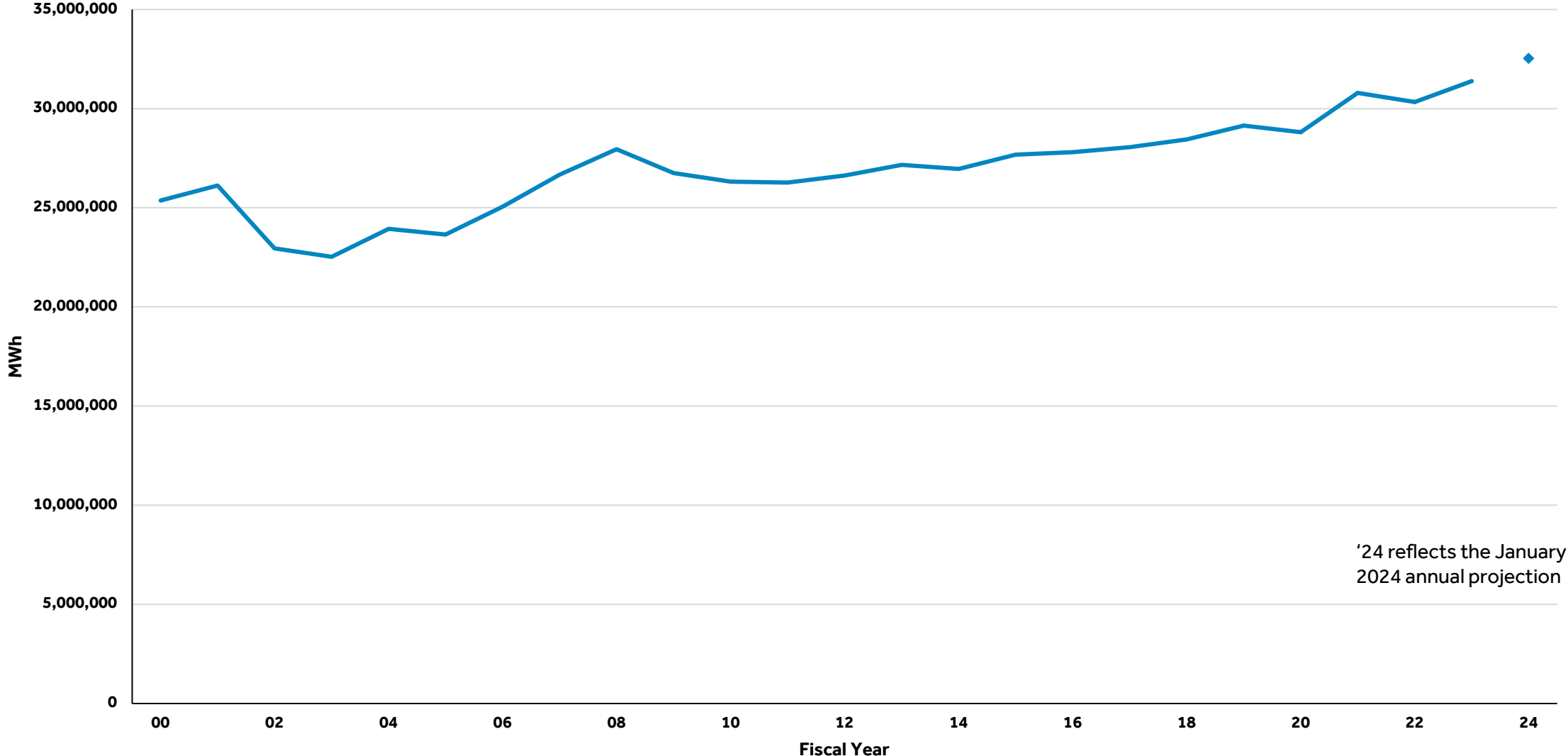
Customer Accounts per Employee



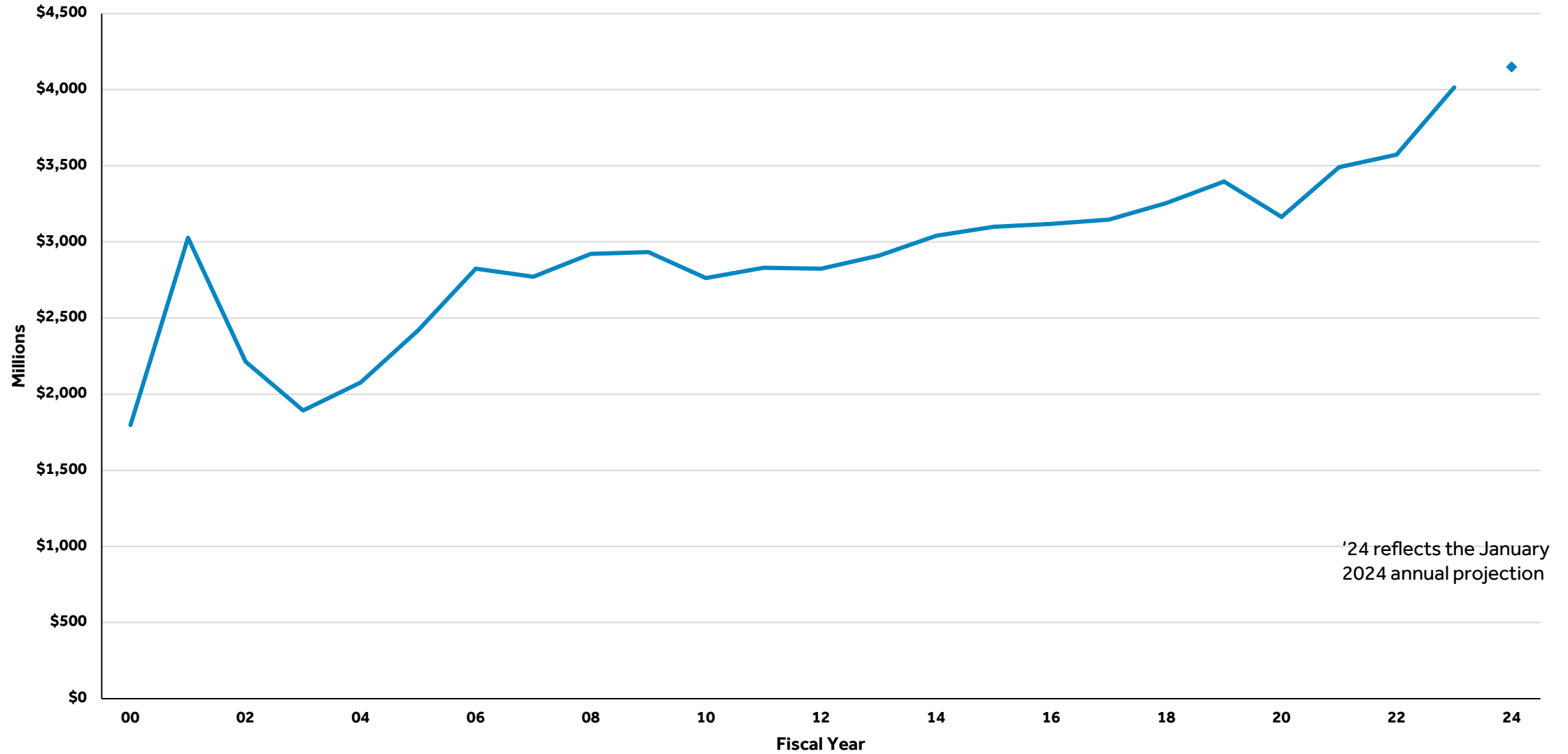
Total MWh Sold



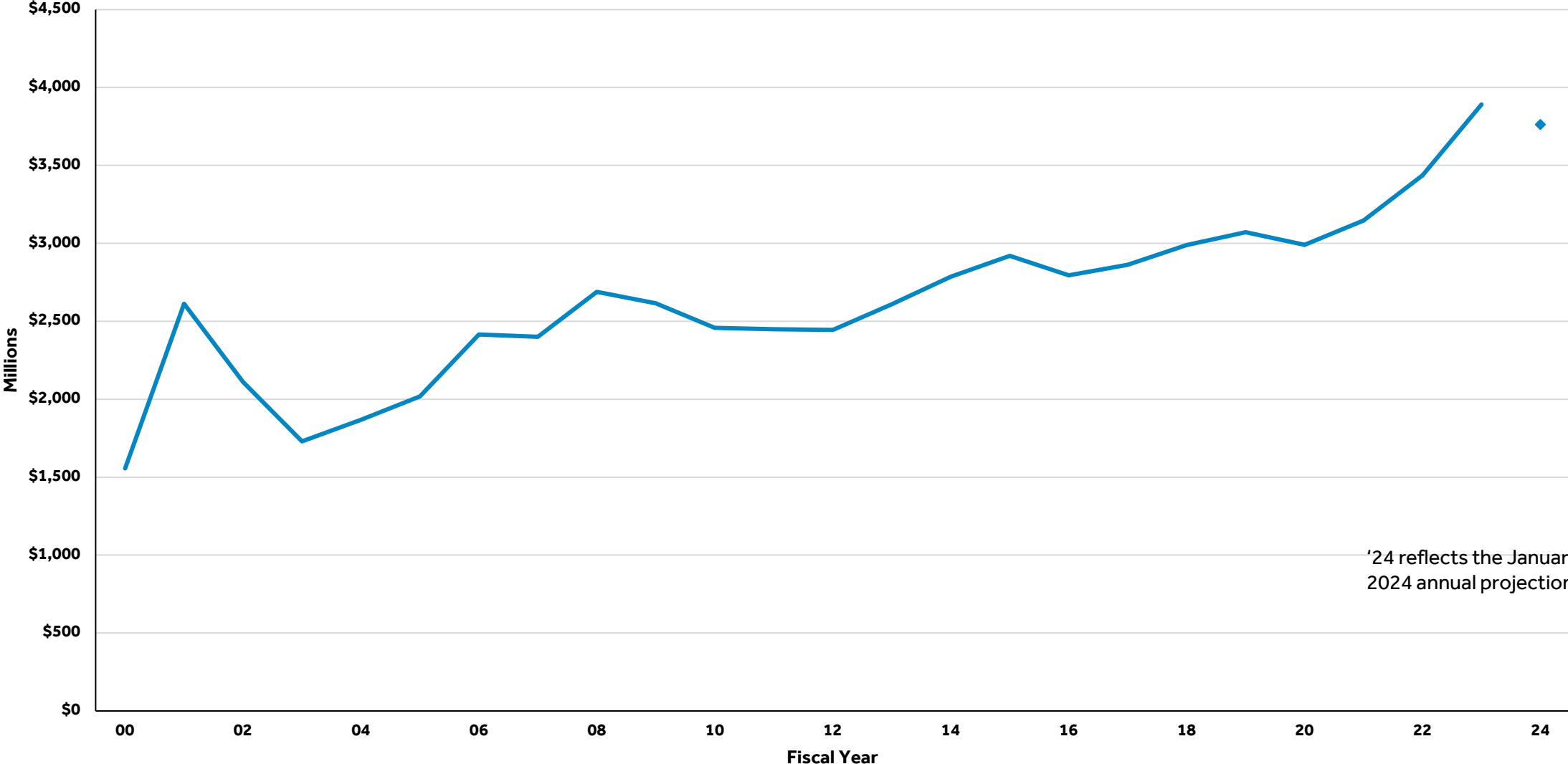
Retail MWh Sold



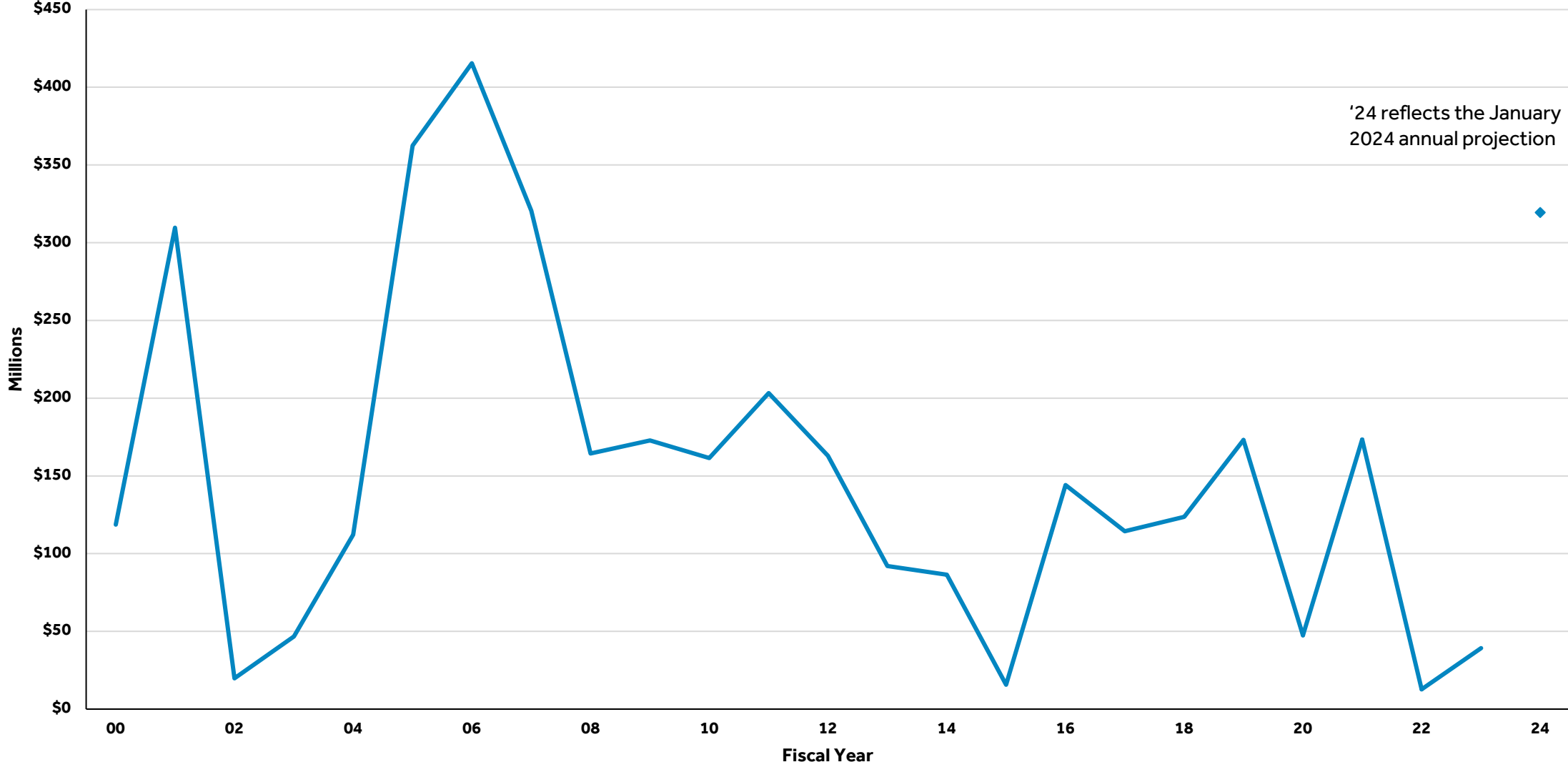
Total Operating Revenue



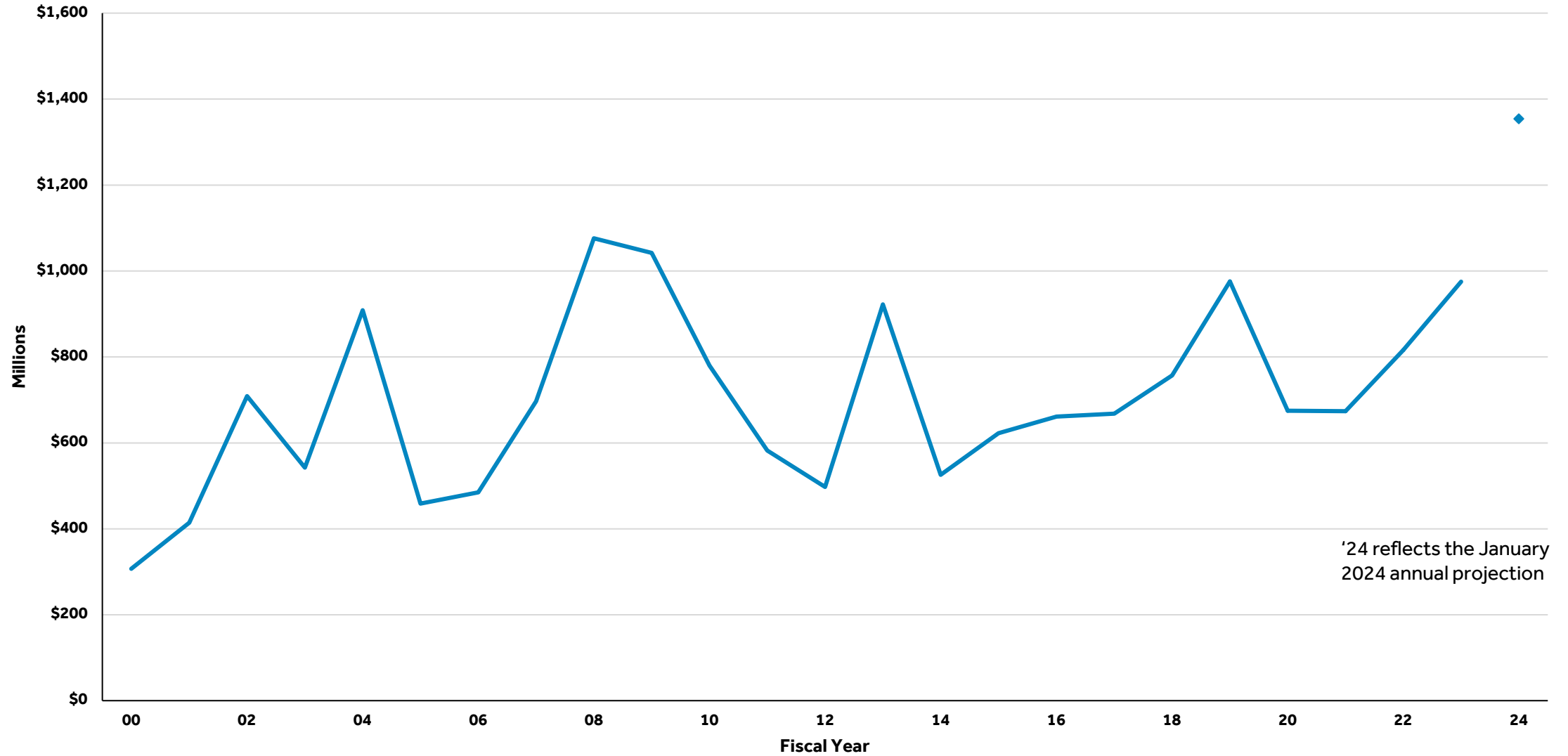
Total Operating Expense



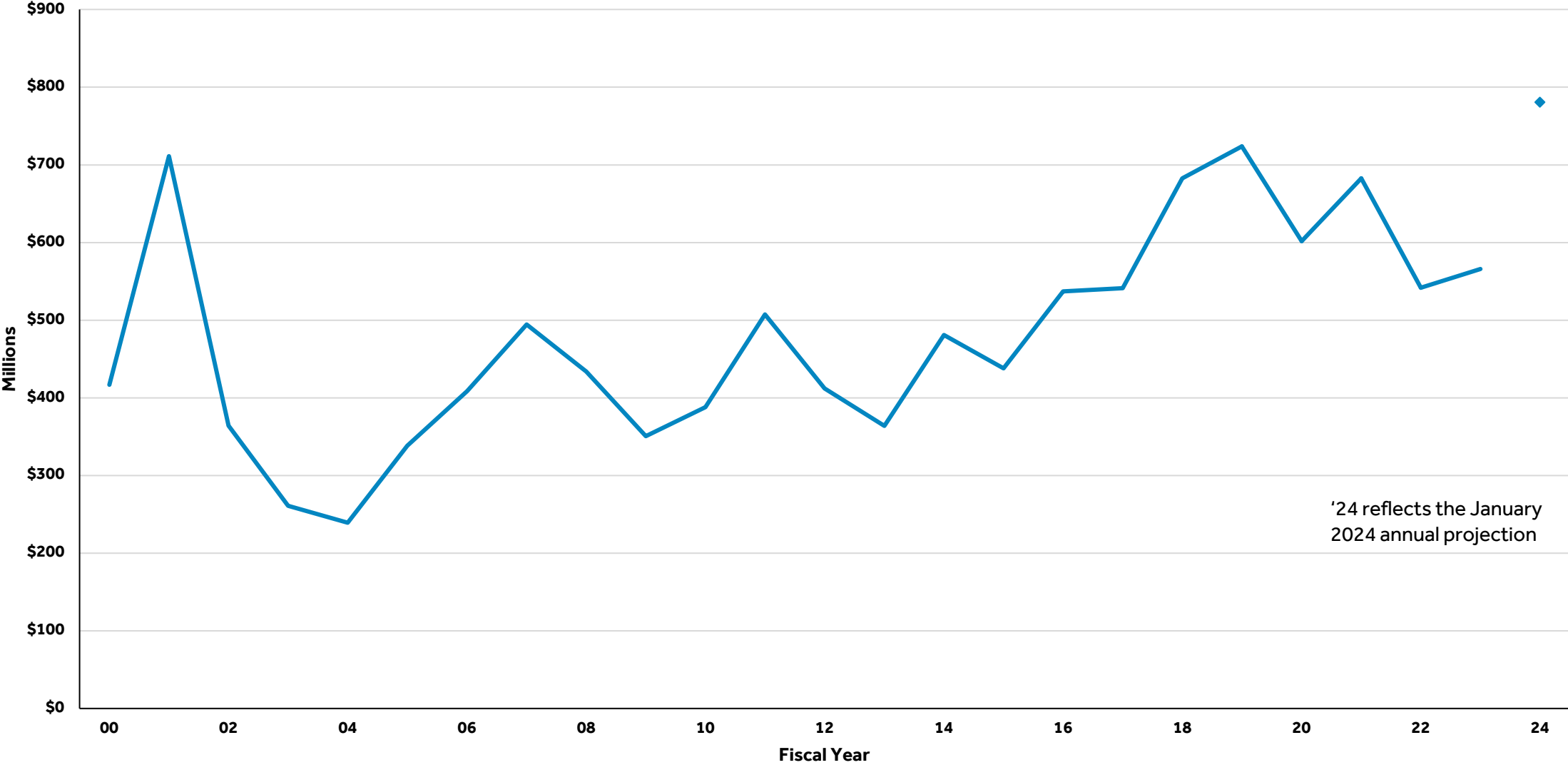
Combined Net Revenues



Total Capital

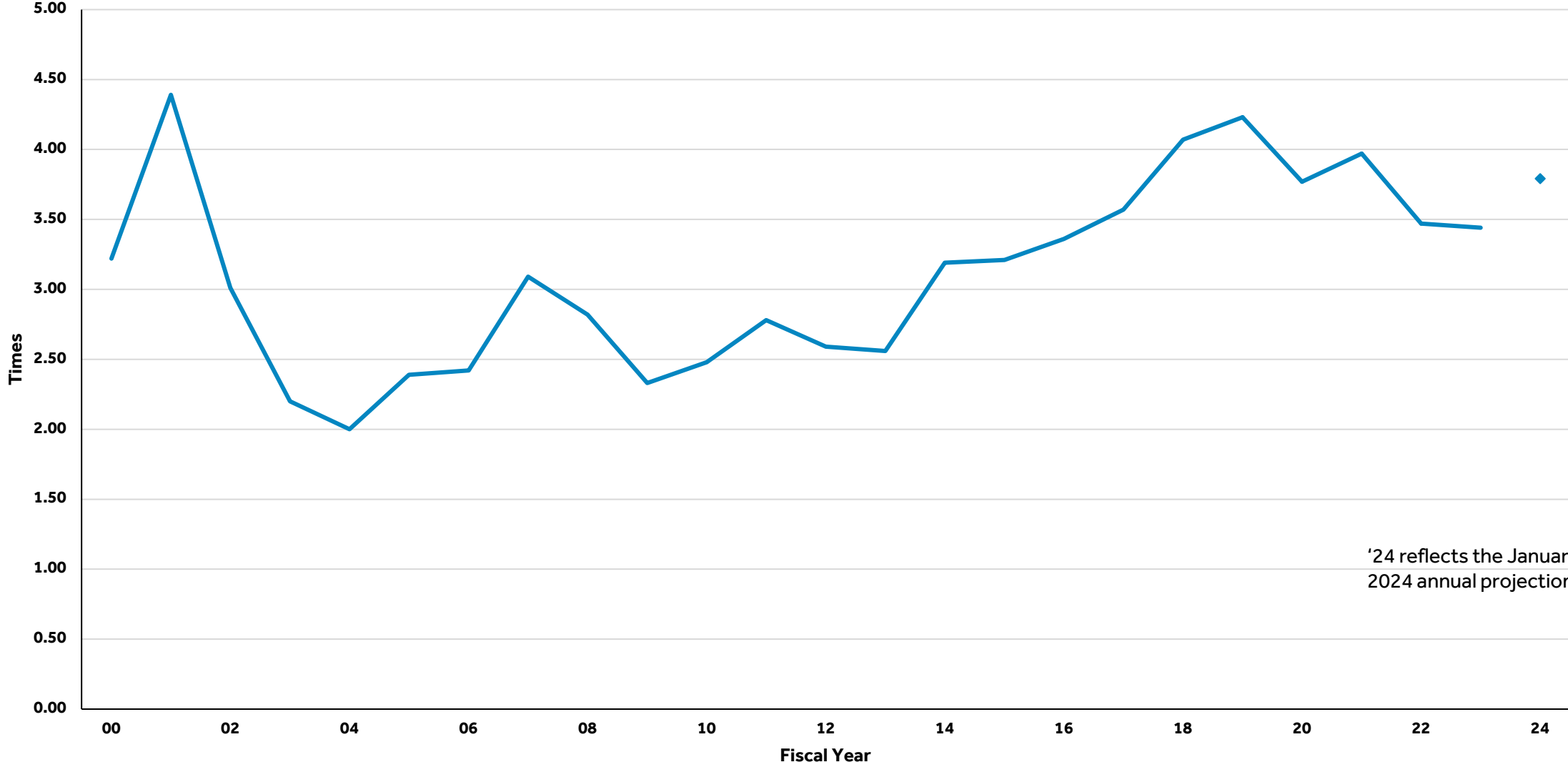


Funds Available for Corporate Purposes



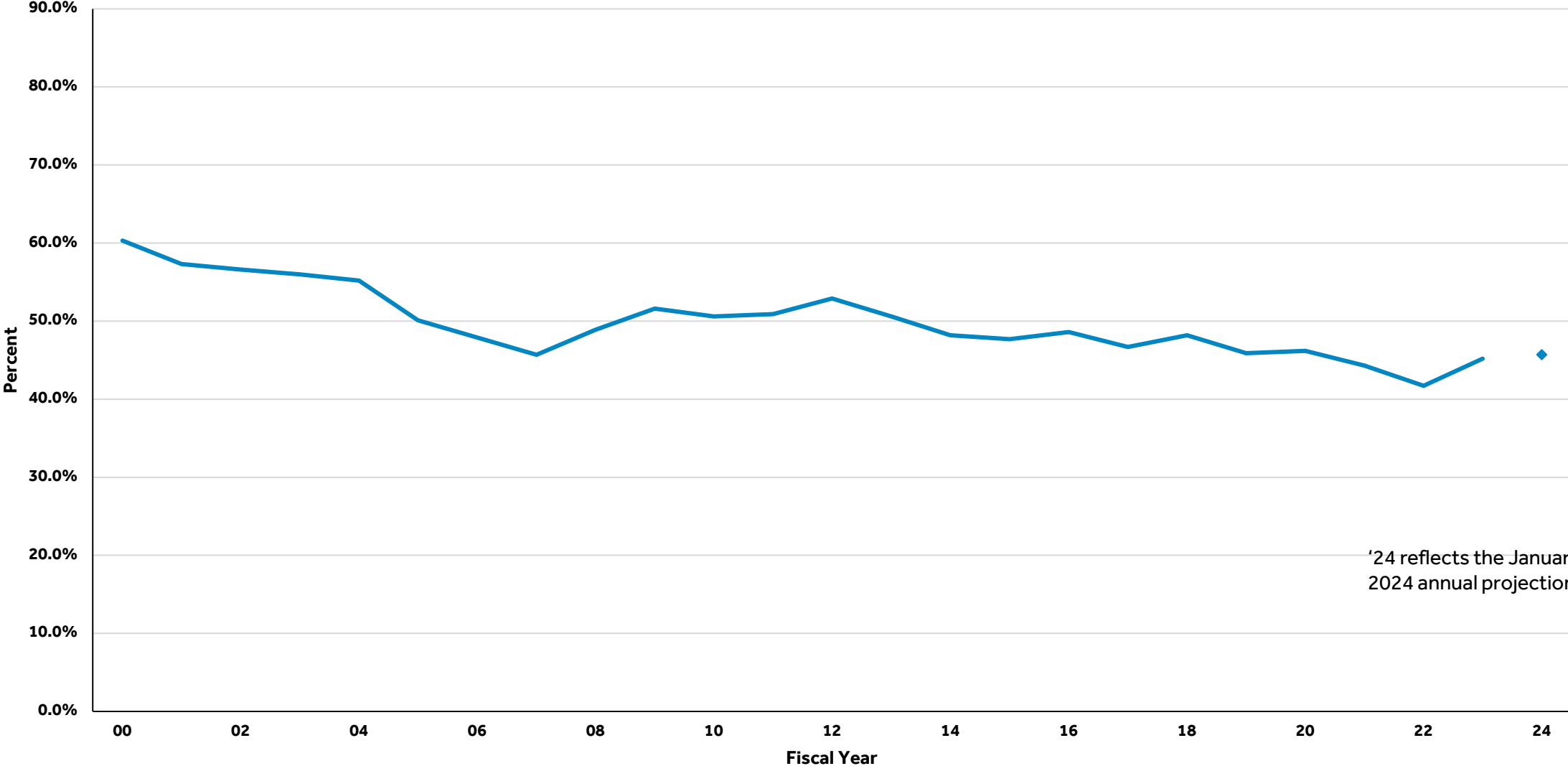
'24 reflects the January 2024 annual projection

Debt Service Coverage Ratio



'24 reflects the January 2024 annual projection

Debt Ratio



'24 reflects the January 2024 annual projection

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Financial View

The Financial View Section steps through the FY25 financial statements including the Statement of Funds Available from Operations, the Combined Statement of Net Revenues, the Statement of Net Revenues Electric, the Statement of Net Revenue Water and Irrigation, and the Statement of Revenues and Expenses Association Budget.

Salt River Project
2024-2025 Operating Budget
Statement of Funds Available from Operations
(\$ Thousands)

FY23		FY24	FY25	\$	%
Actual		Budget	Proposed	Change	Change
\$ 3,982,819	Electric Operating Revenues	\$ 3,860,966	\$ 4,242,054	\$ 381,088	9.9%
<u>3,014,555</u>	Electric Operating Expenses	<u>2,886,989</u>	<u>3,113,362</u>	<u>226,373</u>	7.8%
968,264	Net Operating Revenues	973,977	1,128,692	154,715	15.9%
<u>85,202</u>	Interest and Other Income (Net)	<u>74,715</u>	<u>81,407</u>	<u>6,692</u>	9.0%
1,053,466	Funds Available for Debt Service	1,048,692	1,210,099	161,407	15.4%
	Debt Service Requirements on Revenue Bonds:				
186,209	Net Interest on Bonds	210,324	238,695	28,371	13.5%
<u>110,042</u>	Principal	<u>115,544</u>	<u>121,324</u>	<u>5,780</u>	5.0%
<u>296,251</u>	Total	<u>325,868</u>	<u>360,019</u>	<u>34,151</u>	10.5%
3.56	Debt Service Coverage Ratio on Revenue Bonds	3.22	3.36	0.14	4.4%
	Debt Service Requirements on Subordinated Debt:				
10,427	Net Interest on Subordinated Debt	20,406	17,716	(2,690)	(13.2%)
<u>0</u>	Principal	<u>0</u>	<u>0</u>	<u>0</u>	--
<u>10,427</u>	Total	<u>20,406</u>	<u>17,716</u>	<u>(2,690)</u>	(13.2%)
<u>306,678</u>	Debt Service Requirements on Revenue Bonds and Subordinated Debt	<u>346,274</u>	<u>377,735</u>	<u>31,461</u>	9.1%
3.44	Debt Service Coverage Ratio on Revenue Bonds and Subordinated Debt	3.03	3.20	0.17	5.5%
746,788	Funds After Debt Service	702,418	832,364	129,946	18.5%
365	Interest on Construction Fund	1,537	228	(1,309)	(85.2%)
112,435	Less: Contributions in Lieu of Taxes	118,136	116,616	(1,520)	(1.3%)
60,730	Contributions to Water Operations	68,725	63,680	(5,045)	(7.3%)
<u>7,959</u>	Falling Water Charges	<u>9,208</u>	<u>6,897</u>	<u>(2,311)</u>	(25.1%)
\$ 566,029	Funds Available for Corporate Purposes	\$ 507,886	\$ 645,399	\$ 137,513	27.1%

Salt River Project
2024-2025 Operating Budget
Combined Statement of Net Revenues
(\$ Thousands)

FY23		FY24	FY25	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues:				
\$ 3,982,819	Electric	\$ 3,860,966	\$ 4,242,054	\$ 381,088	9.9%
<u>31,978</u>	Water and Irrigation	<u>35,695</u>	<u>38,437</u>	<u>2,742</u>	7.7%
4,014,797	Total Operating Revenues	3,896,661	4,280,491	383,830	9.9%
	Operating Expenses:				
3,787,699	Electric	3,614,146	3,881,825	267,679	7.4%
<u>103,593</u>	Water and Irrigation	<u>120,304</u>	<u>119,620</u>	<u>(684)</u>	(0.6%)
3,891,292	Total Operating Expenses	3,734,450	4,001,445	266,995	7.1%
123,505	Net Operating Revenues	162,211	279,046	126,835	78.2%
	Other Income:				
<u>17,373</u>	Earnings on Investments and Deposits	<u>31,192</u>	<u>38,689</u>	<u>7,497</u>	24.0%
140,878	Net Revenues before Financing Costs	193,403	317,735	124,332	64.3%
	Financing Costs:				
178,369	Interest on Bonds	202,488	230,859	28,371	14.0%
(46,090)	Amort. of Bond Disc. (Prem.), Issue and Refinancing Expenses	(46,586)	(42,376)	4,210	(9.0%)
13,978	Interest on Other Obligations	22,818	24,241	1,423	6.2%
<u>14,402</u>	Capitalized Interest - Deduction	<u>19,290</u>	<u>32,109</u>	<u>12,819</u>	66.5%
131,855	Net Financing Costs	159,430	180,615	21,185	13.3%
<u>30,186</u>	Other Income (Deductions) Net	<u>42,238</u>	<u>44,391</u>	<u>2,153</u>	(5.1%)
<u>\$ 39,209</u>	Combined Net Revenues (Loss)	<u>\$ 76,211</u>	<u>\$ 181,511</u>	<u>\$ 105,300</u>	138.2%

Salt River Project
2024-2025 Operating Budget
Statement of Net Revenues, Electric
(\$ Thousands)

FY23		FY24	FY25	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues				
\$ 3,982,819	Total Operating Revenues	\$ 3,860,966	\$ 4,242,054	\$ 381,088	9.9%
	Operating Expenses				
705,874	Purchased Power	632,672	766,250	133,578	21.1%
1,110,162	Fuel Used in Electric Generation	938,318	887,628	(50,690)	(5.4%)
7,959	Water for Power	9,208	6,897	(2,311)	(25.1%)
856,312	Other Operating Expenses	957,761	1,065,465	107,704	11.2%
299,590	Maintenance	311,773	341,444	29,671	9.5%
645,316	Provision for Depreciation	592,989	637,191	44,202	7.5%
<u>162,486</u>	Taxes and Tax Equivalents	<u>171,425</u>	<u>176,950</u>	<u>5,525</u>	3.2%
3,787,699	Total Operating Expenses	3,614,146	3,881,825	267,679	7.4%
195,120	Net Operating Revenues	246,820	360,229	113,409	45.9%
<u>17,373</u>	Total Other Income	<u>31,192</u>	<u>38,689</u>	<u>7,497</u>	24.0%
212,493	Net Revenues Before Financing Costs	278,012	398,918	120,906	43.5%
131,855	Net Financing Costs	159,430	180,615	21,185	13.3%
<u>28,672</u>	Other Income (Deductions) Net	<u>39,636</u>	<u>41,635</u>	<u>1,999</u>	(5.0%)
<u>\$ 109,310</u>	Net Revenues (Loss) Electric	<u>\$ 158,218</u>	<u>\$ 259,938</u>	<u>\$ 101,720</u>	64.3%

Salt River Project
2024-2025 Operating Budget
Statement of Net Revenue, Water & Irrigation
(\$ Thousands)

FY23		FY24	FY25	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues				
\$ 31,978	Total Operating Revenues	\$ 35,695	\$ 38,437	\$ 2,742	7.7%
	Operating Expenses				
76,755	Operation	87,559	84,207	(3,352)	(3.8%)
14,440	Maintenance	16,326	17,239	913	5.6%
9,371	Depreciation	13,282	14,747	1,465	11.0%
<u>3,027</u>	Taxes and Tax Equivalents	<u>3,137</u>	<u>3,427</u>	<u>290</u>	9.2%
103,593	Total Operating Expenses	120,304	119,620	(684)	(0.6%)
(71,615)	Net Operating Revenues (Loss)	(84,609)	(81,183)	3,426	4.0%
<u>1,514</u>	Other Income (Deductions) Net	<u>2,602</u>	<u>2,756</u>	<u>154</u>	(5.9%)
<u>\$ (70,101)</u>	Net Revenues (Loss) Water & Irrigation	<u>\$ (82,007)</u>	<u>\$ (78,427)</u>	<u>\$ 3,580</u>	4.4%

This managerial financial statement aligns the Association's revenue and expenses for operations and maintenance of the irrigation and drainage system, as indicated within the 1937 contract between the Association and the District (subsequently amended in 1949) and should be read in conjunction with the Statement of Net Revenue, Water & Irrigation, and the Supporting Detail Section.

STATEMENT OF REVENUES AND EXPENSES

ASSOCIATION BUDGET

	FY24 Budget (000)	FY25 Proposed Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$11,385	\$12,006
Additional Deliveries	\$2,213	\$2,315
Water Delivery Revenues	\$2,025	\$1,993
Other Service Revenues	\$4,329	\$4,552
Falling Water	\$9,206	\$6,897
<i>Total Operating Revenues</i>	<u>\$29,158</u>	<u>\$27,763</u>
<i>Operating Expenses</i>		
Operations & Maintenance	\$78,905	\$76,029
Power for Pumping	\$7,106	\$4,191
<i>Total Operating Expenses</i>	<u>\$86,011</u>	<u>\$80,220</u>
<i>Net Operating Revenues (Loss)</i>	(\$56,853)	(\$52,457)
<i>Other Income (Deductions) Net</i>	\$2,594	\$2,751
<i>Net Revenues (Loss)</i>	<u>(\$54,259)</u>	<u>(\$49,706)</u>

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Supporting Detail

The Supporting Detail Section steps through the financial statement Combined Statement of Net Revenues. The major drivers of each line item of the statement are discussed.

**Salt River Project
2024-2025 Operating Budget
Electric Sales and Customer Accounts**

Sales of Electric Energy	FY24	FY25		%
MWh	Budget	Proposed	Change	Change
Residential	14,455,885	14,806,431	350,546	2.4%
Commercial	12,499,173	13,522,148	1,022,975	8.2%
Large Industrial	3,487,225	4,398,211	910,986	26.1%
Mines	1,282,879	1,464,703	181,824	14.2%
Public/Private Lighting	172,870	165,341	(7,529)	(4.4%)
Interdepartmental	103,721	83,924	(19,797)	(19.1%)
Pumping	17,977	20,333	2,356	13.1%
System Sales	32,019,730	34,461,091	2,441,361	7.6%
Wholesale	4,536,657	6,538,003	2,001,346	44.1%
Total Sale of Energy	36,556,387	40,999,094	4,442,707	12.2%
Customer Accounts	FY24	FY25		%
At Fiscal Year-End	Budget	Proposed	Change	Change
Residential	1,038,159	1,063,371	25,212	2.4%
Commercial	100,644	103,138	2,494	2.5%
Large Industrial	30	29	(1)	(3.3%)
Mines	21	19	(2)	(9.5%)
Public/Private Lighting	10,762	10,173	(589)	(5.5%)
Interdepartmental	1	1	0	0.0%
Pumping	137	150	13	9.5%
Total	1,149,754	1,176,881	27,127	2.4%

Electric Sales

Total Sale of Energy 40,999,094 MWh

There is an increase of 12.2% in Total Energy Sales.

FY25 System Sales: 34,461,091 MWh

FY25 System Sales are projected to increase by 7.6%, or 2,441,361 MWh over the FY24 budget. Details are as follows:

- Digital economy and technology customers drive growth in industrial and large commercial sales.
- Long-run population growth, above the national average, employment, and housing permit growth continue to drive residential and small commercial customer growth in FY25.

Wholesale Sales: 6,538,003 MWh

Wholesale Energy Sales increase by 44.1% from FY24 to FY25, due to increased market participation.

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Combined Net Revenues (Loss)	

**Salt River Project
2024-2025 Operating Budget
Electric Operating Revenues
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Residential	\$ 1,835,056	\$ 1,972,386	\$ 137,330	7.5%
Commercial	1,246,348	1,411,987	165,639	13.3%
Large Industrial	244,030	327,072	83,042	34.0%
Mines	91,081	112,212	21,131	23.2%
Public/Private Lighting	33,014	33,376	362	1.1%
Interdepartmental	10,663	9,458	(1,205)	(11.3%)
Pumping	1,906	2,259	353	18.5%
System Revenues	\$ 3,462,098	\$ 3,868,750	\$ 406,652	11.7%
Wholesale	322,529	299,218	(23,311)	(7.2%)
Total Sales Revenues	\$ 3,784,627	\$ 4,167,968	\$ 383,341	10.1%
Other Electric Revenues	76,339	74,086	(2,253)	(3.0%)
Total Operating Revenues	\$ 3,860,966	\$ 4,242,054	\$ 381,088	9.9%

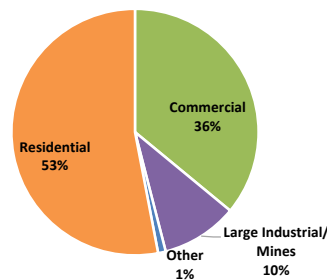
Electric Operating Revenues \$4,242,054,000

Total Sales Revenues \$4,167,968,000

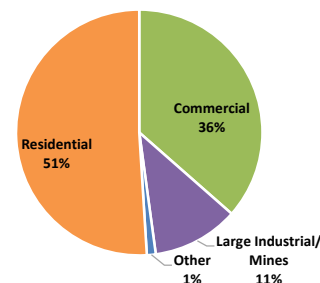
System Revenues: \$3,868,750,000

System revenues increase by \$406.7 million or 11.7% primarily due to volume (Sales) increases driven by Large Commercial from increased existing and new data center sales. A full year of the Fuel and Purchased Power Adjustment Mechanism (FPPAM) increase implemented in November 2023 contributed in part to the increased revenue. Overall, the mix of Retail revenues by customer class remains nearly the same as FY24, with a slight decrease in Residential and a slight increase in Large Industrial.

FY24 Retail Revenues



FY25 Retail Revenues



Wholesale Revenues: \$299,218,000

Wholesale revenue decreases by 7% in FY25 driven by fewer Transmission Spread Trade opportunities in the region.

Other Electric Revenues \$74,086,000

Other electric revenues include transmission sales, customer service-related fees including late fees, direct cut-off fees, service fees, and wireless and wireline telecom revenues. The decrease of \$2.3 million, or 3.0%, is driven primarily by a decrease in transmission services revenue. The reduction is due to short-term point-to-point revenue decline and is market driven. Short-term transmission sales are typically driven by load, demand, price, availability, and outages.

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Combined Net Revenues (Loss)	

**Salt River Project
2024-2025 Operating Budget
Water & Irrigation Revenue
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Water Delivery Revenues				
Stored and Developed	\$ 11,386	\$ 12,006	\$ 620	5.4%
Additional Deliveries (including pump)	2,213	2,316	103	4.7%
Water Delivery Revenues	2,024	1,994	(30)	(1.5%)
Other Service Revenues	10,864	15,224	4,360	40.1%
Total Water Delivery Revenues	\$ 26,487	\$ 31,540	\$ 5,053	19.1%
Falling Water	9,208	6,897	(2,311)	(25.1%)
Total Operating Revenues	\$ 35,695	\$ 38,437	\$ 2,742	7.7%

Water & Irrigation Revenue \$38,437,000

Total Water Delivery Revenue \$31,540,000

The FY25 budget includes the approved 2024 and 2025 increase in revenue due to the increase in the Basic Charge and Additional Deliveries prices. Water Delivery Fees escalated 3.7% in accordance with the formula outlined in the By-Laws. Other Service Revenues include increases in 1) the number of City Shareholder accounts and City Shareholder Fees charged to the cities, 2) Canal payments for use of SRP facilities within the rights of way, 3) Well Lease Fees, 4) Lateral Transportation, 5) the CAP - SRP Interconnection Facility (CSIF) Sublease Fees, and 6) Reimbursable revenues.

The increase is offset by volume decreases in Canal Transportation and Decreed Stored Water.

Falling Water Allocation \$6,897,000

The FY25 budget reflects the FY25 Falling Water allocator. The \$2.3 million decrease from FY24 to FY25 was driven by lower natural gas and electric prices.

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**Salt River Project
2024-2025 Operating Budget
Fuel & Purchased Power
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Purchased Power				
Energy	\$ 478,228	\$ 584,162	\$ 105,934	22.2%
Demand	<u>154,444</u>	<u>182,088</u>	<u>27,644</u>	17.9%
Total Purchased Power	\$ 632,672	\$ 766,250	\$ 133,578	21.1%
Fuel				
Valley Gas	\$ 645,190	\$ 525,074	\$ (120,116)	(18.6%)
Coal	253,299	320,059	66,760	26.4%
Nuclear	<u>39,829</u>	<u>42,495</u>	<u>2,666</u>	6.7%
Total Fuel	\$ 938,318	\$ 887,628	\$ (50,690)	(5.4%)
Water for Power	\$ 9,208	\$ 6,897	\$ (2,311)	(25.1%)

Fuel & Purchased Power

Purchased Power \$766,250,000

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts.

The 21% increase in the Purchased Power budget is primarily due to recently added new solar and battery storage contracts in FY25.

Fuel \$887,628,000

Total fuel expenses decreased by 5.4% in FY25 primarily driven by expected decreases in natural gas fuel prices.

Valley Gas expenses are budgeted to decrease by \$120.1 million (18.6%) in FY25 driven by 38% decrease in natural gas price forecasts versus FY24.

Coal expenses increased by \$66.8 million, or 26.4%, in FY25 driven primarily by higher contracted coal fuel costs.

Nuclear expenses increase by \$2.6 million, or 6.7%, in FY25. The increase is due to additional capacity acquired by SRP at Palo Verde Nuclear Generating Station (PVNGS).

Water for Power \$6,897,000

The FY25 budget reflects a 25.1% decrease in the FY25 Falling Water allocator, from FY24 to FY25. The Falling Water Allocator decreased \$2.3M because of lower natural gas and electric prices.

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**Salt River Project
2024-2025 Operating Budget
Operating & Maintenance Expenses
(\$ Thousands)**

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Water & Irrigation	\$ 103,885	\$ 101,446	\$ (2,439)	(2.3%)
Electric	<u>1,269,534</u>	<u>1,406,909</u>	<u>137,375</u>	10.8%
Total O&M	\$ 1,373,419	\$ 1,508,355	\$ 134,936	9.8%

Operating & Maintenance Expenses \$1,508,355,000

Operating and Maintenance costs (O&M) increase \$135.0 million or 9.8% when compared to the FY24 budget.

The FY25 budget reflects the Employee Performance Incentive Compensation, or EPIC, and contains two components, one budgeted and one unbudgeted. The FY25 budget includes \$19.5 million in funding for core performance metrics, while the financial - based metrics remain self-funded through better than budget financial performance.

Water & Irrigation \$101,446,000

The \$2.4 million, or 2.3%, decrease in water O&M costs is primarily due to loads shifting from O&M to capital due to increased capital spending. Slightly offsetting this decrease is an increase related to new T.O. requests, additional contingent employees, and new project efforts across the organization.

Electric \$1,406,909,000

Overall electric O&M costs increase \$137.4 million, or 10.8%. Driving the increase from FY24 are changes in organizational spend related to 1) labor inflation and new T.O. to support customer growth and specific 2035 Corporate objectives, 2) information technology initiatives including Customer Modernization, as well as increased software related to new systems, license and maintenance increases, and infrastructure and operations improvements, 3) increases in Power Generation for outages and overhauls, as well as general inflationary pressures and, 4) contract and material inflation for software and licensing support costs and maintenance contracts in Distribution & Technology Operations.

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Water & Irrigation
 Electric
Total Depr & Amort

**Salt River Project
 2024-2025 Operating Budget
 Depreciation & Amortization
 (\$ Thousands)**

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Water & Irrigation	\$ 13,282	\$ 14,747	\$ 1,465	11.0%
Electric	<u>592,989</u>	<u>637,191</u>	<u>44,202</u>	7.5%
Total Depr & Amort	\$ 606,271	\$ 651,938	\$ 45,667	7.5%

Depreciation & Amortization \$651,938,000

Water & Irrigation Depreciation \$14,747,000

The \$1.5 million increase in depreciation expense is primarily due to plant additions for new wells, water quality, Supervisory Control and Data Acquisition (SCADA) infrastructure, Crosscut facilities betterments and security equipment, and water transmission assets.

Electric Depreciation \$637,191,000

The \$44.2 million increase in depreciation expense is due to several contributing items:

- Valley Generation Other increases driven by additions at Agua Fria and San Tan.
- Coal Generation Plant increases due to current-year additions at Coronado, Craig and Hayden.
- Nuclear ARO increases driven by the newly completed decommissioning study.
- Distribution Assets increases for conduit, conductor, line transformer, services and substations due to valley growth.

The increases were offset in part by decreases in Software Amortization due to fully reserving three software packages.

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**Salt River Project
2024-2025 Operating Budget
Taxes & Tax Equivalents
(\$ Thousands)**

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Payroll Taxes, Net	\$ 52,778	\$ 60,053	\$ 7,275	13.8%
In Lieu Taxes	118,136	116,616	(1,520)	(1.3%)
Ad Valorem & Generation Taxes	<u>3,648</u>	<u>3,708</u>	<u>60</u>	1.6%
Total Taxes & Tax Equivalents	\$ 174,562	\$ 180,377	\$ 5,815	3.3%

Taxes & Tax Equivalents \$180,377,000

Payroll Tax, Net \$60,053,000

The \$7.3 million, or 13.8%, increase in Payroll Taxes is driven by an estimated increase in gross wages.

In Lieu Taxes \$116,616,000

In Lieu Taxes decrease of \$1.5 million is driven by a decline in the property tax assessment ratio of 0.5% per year for the next few years partially offset by an estimated increase in tax rates.

Ad Valorem Taxes \$3,708,000

The increase in Ad Valorem Tax is due to slight increases in the estimated property taxes for SRP plants outside of Arizona.

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Combined Net Revenues (Loss)	

**Salt River Project
2024-2025 Operating Budget
Other Income & Other Income (Deductions) Net
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Other Income	\$ 31,192	\$ 38,689	\$ 7,497	24.0%
Other Income (Deductions) Net				
Water & Irrigation	\$ 2,602	\$ 2,756	\$ 154	(5.9%)
Electric	39,636	41,635	1,999	(5.0%)
Total Other Income (Deductions) Net	\$ 42,238	\$ 44,391	\$ 2,153	(5.1%)

Other Income & Other Income (Deductions) Net

Other Income \$38,689,000

Other Income increases in FY25 as interest rates are expected to increase, resulting in higher interest earnings projected on SRP's General Fund and Debt Service Fund.

Other Income (Deductions) Net \$44,391,000

Other Income (Deductions) Net is a non-operating category and includes corporate contributions, shareholders compensation, lobbying expenses, rental income, earnings on equity method investments, other non-operating activities, and certain retirement benefits. The main driver of the growth in other income is lower Pension and PRM expenses because of higher discount rates. SRP works with an actuary and investment consultant to determine the appropriate pension cash contributions in any given year. The current plan reflects a \$75 million contribution in the FY25 budget year.

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**Salt River Project
2024-2025 Operating Budget
Financing Costs
(\$ Thousands)**

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Interest on Bonds	\$ 202,488	\$ 230,859	\$ 28,371	14.0%
Amort - Bond Disc/Issuance/Refinancing	(46,586)	(42,376)	4,210	(9.0%)
Interest on Other Obligations	22,818	24,241	1,423	6.2%
Capitalized Interest - Deduction (AFUDC)	<u>(19,290)</u>	<u>(32,109)</u>	<u>(12,819)</u>	66.5%
Net Financing Costs	\$ 159,430	\$ 180,615	\$ 21,185	13.3%
Informational:				
Principal Repayment				
Revenue Bonds	\$ 115,544	\$ 121,324	\$ 5,780	5.0%
Subordinated Debt	\$ 0	\$ 0	\$ 0	--

Financing Costs \$180,615,000

Interest on Bonds \$230,859,000

Interest on revenue bonds is a part of the debt service requirements. The increase in FY25 is a result of new money bond issuance in FY24 and planned new money bond issuance in FY25 to support the capital plan.

Amortization - Bond Discounts, Issuance & Refinancing (\$42,376,000)

Amortization - Bond Discounts, Issuance and Refinancing is a component of revenue bond financing. The change in amortization is due to new money bond issuance in FY24 and planned new money bond issuance in FY25.

Interest on Other Obligations \$24,241,000

The Interest on Other Obligations increase in FY25 is due to higher interest rates on Commercial Paper.

Capitalized Interest - Deduction (AFUDC) (\$32,109,000)

Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY24 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

Principal Repayment - Revenue Bonds \$121,324,000

SRP's annual principal repayment schedule reflects the compilation of all outstanding long-term debt issues with payments due during each fiscal year. As such, annual principal repayments vary from year to year. The year-over-year variance was anticipated. SRP structures its Revenue Bond program such that a portion of outstanding principal is repaid annually.

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Organizational View

The Organizational View Section steps through the operating and capital budgets for each Organization. The major drivers of each line item are discussed.

Salt River Project
2024-2025 Organizational Budget
Operating Costs
(\$ Thousands)

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
President & Staff	\$ 7,311	\$ 7,398	\$ 87	1.2%
General Manager	1,970	1,985	15	0.8%
Public Affairs & Corporate Services	103,277	112,628	9,351	9.1%
Community, Communications & Marketing	48,249	58,669	10,420	21.6%
Financial & Information Services	154,741	187,178	32,437	21.0%
Law, Land & Risk Management	58,751	66,776	8,025	13.7%
Human Resources	141,913	158,200	16,287	11.5%
Customer Operations	224,538	239,674	15,136	6.7%
Water Stewardship	56,262	61,590	5,328	9.5%
Power System	557,215	630,718	73,503	13.2%
Corporate Planning & Strategy	1,671,662	1,751,681	80,019	4.8%
Organizational Operating Primary Costs	\$ 3,025,889	\$ 3,276,497	\$ 250,608	8.3%
Operating Contingency	<u>20,000</u>	<u>25,000</u>	<u>5,000</u>	25.0%
Total Organizational Primary & Contingency	\$ 3,045,889	\$ 3,301,497	\$ 255,608	8.4%

Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
President & Staff	\$ 25	\$ 0	\$ (25)	(100.0%)
Public Affairs & Corporate Services	72,426	82,220	9,794	13.5%
Community, Communications & Marketing	490	430	(60)	(12.3%)
Financial & Information Services	46,301	86,322	40,021	86.4%
Law, Land & Risk Management	42,742	83,954	41,212	96.4%
Human Resources	486	0	(486)	(100.0%)
Customer Operations	233,422	241,501	8,079	3.5%
Water Stewardship	38,195	61,423	23,228	60.8%
Power System	628,597	745,632	117,035	18.6%
Corporate Planning & Strategy	<u>30,969</u>	<u>48,857</u>	<u>17,888</u>	57.8%
Organizational Capital Primary Costs	\$ 1,093,653	\$ 1,350,339	\$ 256,686	23.5%
Capital Contingency & Risk Portfolio	<u>54,140</u>	<u>73,198</u>	<u>19,058</u>	35.2%
Total Organizational Primary, Contingency & Risk	\$ 1,147,793	\$ 1,423,537	\$ 275,744	24.0%

Notes for Contingency and Risk Portfolio

Operating Contingency \$25,000,000

The FY25 Operating Contingency is budgeted at \$25.0 million. These direct cost dollars are intended to cover unforeseen or unplanned operating expenditures.

Capital Contingency and Risk Portfolio \$73,198,000

The FY25 Risk Portfolio of \$73.2 million was created as a result of estimates provided by various organizations to address potential needs by taking into account the probability of occurrence and the magnitude of potential impact for a given project. Projects represented in this year's Risk Portfolio, in order of dollar magnitude, are associated predominantly with future resources, Customer Modernization, and the Crosscut Site Redevelopment. The Capital Contingency, which is funded in the latter half of the six-year plan, was established to meet potential expenditures for elements such as unplanned replacement of large equipment, expenditures for asset purchase opportunities and other unforeseen circumstances.

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**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
President & Staff	Budget	Proposed	Change	Change
President & Staff	\$ 638	\$ 657	\$ 19	2.9%
Corporate Secretary's Office	3,423	3,491	68	2.0%
Corporate Audit Services	<u>3,250</u>	<u>3,250</u>	<u>0</u>	0.0%
Total	\$ 7,311	\$ 7,398	\$ 87	1.2%

Notes for Operating Primary Costs

President & Staff

The Office of President & Staff is comprised of three areas: the President's Office, the Corporate Secretary's Office, and Corporate Audit Services. Each area works with management to establish policies and procedures to further the business affairs of SRP.

President & Staff \$657,000

The President & Staff budget includes the operating costs for the President, Vice President, and direct staff. The increase is driven by labor inflation.

Corporate Secretary's Office \$3,491,000

The Corporate Secretary's Office facilitates and supports the operations and activities of the President's Office as well as SRP's Board and Council. The increase is driven by labor inflation.

Corporate Audit Services \$3,250,000

Corporate Audit Services provides independent objective assurance and consulting services designed to add value and improve SRP's operations. There was no change to the budget.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
President & Staff	Budget	Proposed	Change	Change
President & Staff	\$ 0	\$ 0	\$ 0	--
Corporate Secretary's Office	25	0	(25)	(100.0%)
Corporate Audit Services	<u>0</u>	<u>0</u>	<u>0</u>	--
Total	\$ 25	\$ 0	\$ (25)	(100.0%)

Notes for Capital Primary Costs

President & Staff

Corporate Secretary's Office \$0

On the first Tuesday in April, in even-numbered years, elections of SRP's governing bodies (President, Vice President, Boards and Councils) are administered by the Corporate Secretary's Office. Election equipment (PCs, monitors, keyboards, scanners, voting booths, etc.) is necessary to ensure that SRP elections are conducted according to law. FY25 is a non-election year.

**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
General Manager				
General Manager & Staff	\$ 1,970	\$ 1,985	\$ 15	0.8%
Total	\$ 1,970	\$ 1,985	\$ 15	0.8%

Notes for Operating Primary Costs

General Manager

General Manager & Staff \$1,985,000

The General Manager & Staff budget includes the operating costs for the General Manager and direct staff. The increase is driven by an increase to planned training costs.

2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Public Affairs and Corporate Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 1,534	\$ 1,791	\$ 257	16.7%
State Government Affairs	2,625	2,455	(170)	(6.5%)
Local Government Affairs	1,929	2,059	130	6.7%
Federal Affairs	1,863	1,853	(10)	(0.6%)
Regulatory Affairs and Compliance	2,064	2,121	57	2.8%
Policy, Strategy, & Consumer Affairs	2,635	2,794	159	6.1%
Regulatory Audit & Compliance	1,865	2,008	143	7.7%
Supply Chain, Transportation & Flight Services	55,810	61,900	6,090	10.9%
Facilities & MCM Services	<u>32,952</u>	<u>35,647</u>	<u>2,695</u>	8.2%
Total	\$ 103,277	\$ 112,628	\$ 9,351	9.1%

Notes for Operating Primary Costs

Public Affairs & Corporate Services

Associate General Manager \$1,791,000

The Associate General Manager (AGM) budget includes the operating costs for the AGM and direct staff. During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The FY25 increase is primarily driven by restored labor funding that was reduced, labor inflation, and reallocation of contracted services funding within department.

State Government Affairs \$2,455,000

The State Government Affairs department interacts with state governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. The FY25 decrease is primarily due to less contracted services renewals or sharing these costs with other departments. The reductions offset increases related to labor inflation.

Local Government Affairs \$2,059,000

Local Government Affairs interacts with local governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. It includes the Public Involvement group which provides public outreach services to SRP organizations that are involved in projects that can affect the community, such as the construction of transmission lines, generation facilities, and upgrades to the distribution delivery system. The FY25 increase is primarily driven by increase in contracted services due to upcoming projects and one new T.O.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Federal Affairs \$1,853,000

The Federal Affairs department provides management with information, intelligence, and strategic counsel on federal policy issues. The department also ensures SRP's positions on key federal policy issues and effectively advocates to policymakers and stakeholder groups in Washington. Finally, the department develops and implements strategies to achieve favorable outcomes on SRP's priority issues. This includes the development of long-term collaborative relationships with tribal communities to support SRP's interests in expanding the understanding of respective concerns regarding the management of energy and water supplies. The FY25 increase is primarily driven by higher corporate membership and sponsorship costs.

Regulatory Affairs & Compliance \$2,121,000

The Regulatory Affairs & Compliance department manages relationships and the matters that affect SRP at the Arizona Corporation Commission and the Federal Energy Regulatory Commission. The FY25 increase is due to one new T.O. and labor inflation.

Policy, Strategy & Consumer Affairs \$2,794,000

The Policy, Strategy & Consumer Affairs department drives policy and messaging of Government Relations Teams to internal and external leaders and equips them with strategies, information, perspectives, and messaging to achieve SRP's Corporate Objectives. In addition, the Consumer Affairs department provides dispute resolution services for both SRP's power and water customers, as well as the public. The FY25 increase is primarily due to higher corporate membership and sponsorship dues and one new T.O.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Regulatory Audit & Compliance \$2,008,000

Regulatory Audit & Compliance provides support and assistance for activities focused on limiting SRP's corporate risk exposure, ensuring SRP's regulatory compliance with North American Electric Reliability Corporation/Critical Infrastructure Protection (NERC/CIP) Compliance and Western Electricity Coordinating Council (WECC) Regional Criteria standards, and limiting SRP's corporate risk exposure via internal environmental, health, and safety audits.

Funding represents costs for resources to meet compliance and mitigate risk including travel, training, and contract services. The FY25 increase is driven by labor adjustments and inflation.

Supply Chain, Transportation & Flight Services \$61,900,000

Supply Chain, Transportation & Flight Services (SCT&FS) provides internal services aligned with SRP's corporate and sustainable objectives to support customer needs. SCT&FS offers a diverse service platform that promotes operational excellence throughout SRP.

The Supply Chain, Transportation & Flight Services department consists of:

- Flight Services
- Strategic Solutions & Support Services
- Supply Chain Logistics & Material Management
- Supply Chain Purchasing Services
- Supply Chain Sustainable Solutions, Investment Recovery, and Mail Services
- Transportation Services

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Funding for Supply Chain, Transportation & Flight Services includes ongoing fleet vehicle maintenance, fuel (diesel/unleaded) management, inventory stewardship, material management, purchasing and logistics, and SRP aircraft fuel and maintenance.

The FY25 budget increase is attributed to inflation due to continual supply chain shortages and the increased cost of materials. Additional factors include increase fuel usage and price of fuel for all fleet assets across SRP. The budget also contains a reduction to postage, which has been reallocated to Community, Communications & Marketing, as well as a reduction in rentals due to the return of the leased jet.

Over the last couple of years, SCT&FS has experienced unprecedented impact due to the global supply chain disruption impacting critical materials and assets across the company as well as an increase in workload across SRP and the service territory. SCT&FS has responded to these growing impacts with existing resources by increasing overtime hours, re-establishing priorities, and shifting responsibilities. The budget includes funding for 10 new full-time T.O. and also reflects changes made during FY24, incorporating four additional T.O. from the reorganization to Public Affairs.

Facilities & MCM Services \$35,647,000

Facilities & Mechanical Construction & Maintenance (MCM) Services strategically provides innovative, sustainable, reliable, and customized work solutions throughout SRP's service territory.

The Facilities & MCM Services department consists of:

- Facilities Design & Construction
- Facilities Operations & Maintenance
- Facilities Workplace Experience
- Mechanical Construction & Maintenance
- Strategic Planning & Business Services

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

The FY25 budget not only provides for the operation and maintenance of 21 Valley sites (110 buildings and more than 2.1 million square feet), but it also supports MCM's manufacturing, maintenance, and repair of equipment across SRP's water, power and telecom distribution networks. Primary drivers of the FY25 budget increase include inflation (labor, leases, materials, and service contracts), cafeteria programs, as well as strategic site and workplace planning efforts. Facilities & MCM Services has seen a significant increase in workload the past several fiscal years in support of internal customer requirements, aging building infrastructure, and a shift to hybrid work environments. When reviewing the current and future fiscal years, this trend continues as the department plans continued renovation efforts at dated facilities and sees an increased need for internal customer support. The FY25 budget also includes funding for four additional full-time T.O. positions for increased support of building infrastructure and large-scale facilities projects related to modernization, relocation and building renovations.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Public Affairs & Corporate Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
State Government Affairs	0	0	0	--
Local Government Affairs	0	0	0	--
Federal Affairs	0	0	0	--
Regulatory Affairs and Compliance	0	0	0	--
Policy, Strategy, & Consumer Affairs	0	0	0	--
Regulatory Audit & Compliance	0	0	0	--
Supply Chain, Transportation & Flight Services	23,806	23,600	(206)	(0.9%)
Facilities & MCM Services	<u>48,620</u>	<u>58,620</u>	<u>10,000</u>	20.6%
Total	\$ 72,426	\$ 82,220	\$ 9,794	13.5%

Notes for Capital Primary Costs

Public Affairs & Corporate Services

Supply Chain, Transportation & Flight Services \$23,600,000

Transportation Services oversees the management of over 3,000 pieces of equipment within SRP's fleet as well as manages all SRP Fuel Tanks for diesel/unleaded. Its goal is to maximize the overall investment in fleet assets while utilizing the most cost-effective solutions to meet the needs of internal customers. The FY25 budget provides funding for the replacement of fleet equipment that has reached or exceeded the vehicle lifecycle, fuel tank replacement due to lifecycle, incorporates internal customer requests for additional assets, and the purchase of electric vehicles in support of SRP's 2035 goals.

Facilities & MCM Services \$58,620,000

The Facilities & MCM Services capital budget includes funding for SRP facilities betterments, which consists of comprehensive building renovations, infrastructure improvements, and life-cycling of critical assets. Facilities betterments funding is crucial to the reliability of SRP operations and business continuity.

This budget also includes funding for projects identified during the Facilities Betterments Roadmap strategic planning effort, as well as customer driven requests. Many projects may span multiple fiscal years, so the increase from FY24 to FY25 is due to various stages of many projects (initiated, executing, and finalizing). Main drivers of the FY25 budget include:

- Falcon Field Hangar - The Falcon Field Hangar project was not budgeted in FY24 base budget, but rather in the Risk Portfolio while approvals were sought out. Facilities Services received approval in FY24 and will be moving into design and construction in FY25.
- Crosscut (XCT) Modernization - Funding in FY25 will be used to focus on programming and design for various phases of the MCM Modernization project. The project will replace aging infrastructure, address future business needs, and optimize the use of the site and facilities.

**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Community, Communications & Marketing	Budget	Proposed	Change	Change
Community, Communications & Marketing	<u>\$ 48,249</u>	<u>\$ 58,669</u>	<u>\$ 10,420</u>	21.6%
Total	\$ 48,249	\$ 58,669	\$ 10,420	21.6%

Notes for Operating Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing \$58,669,000

The Community, Communications & Marketing (CCM) organization uses an integrated marketing, communications, creative, media relations, and community outreach model that represents a best practice across industries. An integrated model proactively leads and responds to the ongoing changes at SRP, in our industry, with our customers' expectations, with the regulatory environment and more. The work performed by provides customer insights to inform company decisions.

Community, Communications & Marketing consists of the following organizations:

- Community Partnerships
- Integrated Communications
- Customer Insights, Brand Strategy & Marketing

Funding represents an increase in demand for business partner support. The primary drivers are labor funds for 12 new T.O., labor inflation, consolidation of mail postage that was in Customer Operations to CCM to gain efficiencies, contracted services for increase in work to support programs including Price Process, Healthy Forest Initiative, Solar Choice, Customer Needs Campaign, and Energy-Efficiency.

A portion of the budget is comprised of Corporate Contributions to local non-profits, which provides critical funding to vital community organizations in priority areas aligned with the corporate mission.

- **Corporate Contributions \$5,038,000**

Contribution budget is comprised of a predetermined calculation of approximately \$4.31 per SRP customer.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Community, Communications & Marketing	Budget	Proposed	Change	Change
Community, Communications & Marketing	\$ 490	\$ 430	\$ (60)	(12.3%)
Total	\$ 490	\$ 430	\$ (60)	(12.3%)

Notes for Capital Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing \$430,000

Capital costs for Community, Communications & Marketing are associated with the planned lifecycle and refresh of audio-visual, printing equipment, and outgoing mail operations in support of the organization's Customer, Community, Workforce, and Innovation & Sustainability goals. The budget decrease is due to the printing equipment replacement cycle cadence.

Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Financial & Information Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 3,192	\$ 3,783	\$ 591	18.5%
Financial Services	9,020	9,918	898	10.0%
Corporate Accounting Services	8,810	8,896	86	1.0%
Cyber Security Services	11,404	11,492	88	0.8%
IT Services	<u>122,315</u>	<u>153,089</u>	<u>30,774</u>	25.2%
Total	\$ 154,741	\$ 187,178	\$ 32,437	21.0%

Notes for Operating Primary Costs

Financial & Information Services

Financial & Information Services (F&IS) includes several groups that provide various services within SRP. These departments include Corporate Accounting Services, Cyber Security Services, Financial Services, and Information Technology Services. The primary driver for the 21.0% increase in FY25 is the Customer Modernization Project (Phoenix replacement).

Associate General Manager \$3,783,000

The AGM's budget contains labor costs for direct reports and contracted services for projects across the organization. During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The increase is primarily driven by restored labor funding and labor inflation.

Financial Services \$9,918,000

The Financial Services department consists of various activities and services including daily cash flow, corporate debt agreements, corporate investing activities, customer pricing, annual budget facilitation, financial performance analysis and forecasting, and management of market, credit, and operational risks. The increase is driven by labor inflation, the addition of two new T.O. in FY25 plus funding for previously unfunded T.O.

Corporate Accounting Services \$8,896,000

The Corporate Accounting department maintains SRP's books, prepares monthly and annual financial statements, monitors and pays SRP's payroll, sales/use and property taxes, and manages SRP's accounts payable. The main driver for the increase in FY25 is the addition of one new T.O. to support the increased workload for the Accounts Payable within Corporate Accounting Services.

Notes for Operating Primary Costs

Financial & Information Services (continued)

Cyber Security Services \$11,492,000

The Cyber Security department's main responsibility is to protect SRP's corporate cyber assets in a risk-based manner by ensuring the preservation of confidentiality, integrity, and availability of cyber systems. The strategy to accomplish this mission employs a defense-in-depth approach to protecting SRP cyber resources. The increase is driven by labor inflation.

Information Technology Services \$153,089,000

Information Technology Services (ITS) provides information technology expertise and solutions to support business operations, including the following services: business application implementation and support, data analytics and management, collaboration solutions for telephony, conferencing and information sharing, and project implementation services.

The budget consists of service and equipment expenditures to maintain SRP's technology solutions and infrastructure. The top two components of the budget are employee labor and materials, which cover the cost of computer peripherals, hardware warranties/maintenance, and software licenses, maintenance and subscriptions for enterprise platforms, and productivity solutions.

Major drivers for the 25% increase are due to labor inflation, new T.O. requests, software license and hardware commodity cost increases attributed to growth and the supply chain market, and the Customer Modernization (Phoenix Replacement) project to implement a cloud-only platform. The Customer Modernization project accounts for \$23 million of ITS' primary costs. ITS continues to absorb business projects for solutions in the enterprise portfolio and the major initiatives in FY25 support Customer Modernization, operational technology infrastructure, Customer Communications & Marketing, and Disaster Recovery improvements.

Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Financial & Information Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Financial Services	0	0	0	--
Corporate Accounting Services	0	0	0	--
Cyber Security Services	2,000	250	(1,750)	(87.5%)
IT Services	<u>44,301</u>	<u>86,072</u>	<u>41,771</u>	94.3%
Total	\$ 46,301	\$ 86,322	\$ 40,021	86.4%

Notes for Capital Primary Costs

Financial & Information Services

Cyber Security \$250,000

The Cyber Security's capital program includes the tools and contracted services required to help secure SRP's cyber assets. The decrease in capital expenditures is due to the completion of OT (other technology) Network Visibility project, which includes Neighborhood Watch service.

Information Technology Services \$86,070,000

The IT capital program consists of major system implementations/modifications and hardware replacements and improvements. Ongoing capital expenses for IT include the lifecycle and growth for End User Compute (desktop computers, laptops and conference room equipment) and Infrastructure (server, network and storage). The main drivers for the FY25 increase are attributed to Customer Modernization (Phoenix replacement), Common Information Model to support Distribution Enablement, the Open Analytics Platform, and ability to maintain resilient systems and business continuity associated with disaster recovery improvements, OT technology, data center equipment and end user compute, and telephony.

**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Law, Land & Risk Management	Budget	Proposed	Change	Change
Associate General Manager	\$ 935	\$ 1,263	\$ 328	35.1%
Land Department	5,101	5,439	338	6.6%
Legal Services	14,912	16,256	1,344	9.0%
Risk Management	20,713	25,577	4,864	23.5%
Security Services	<u>17,090</u>	<u>18,241</u>	<u>1,151</u>	6.7%
Total	\$ 58,751	\$ 66,776	\$ 8,025	13.7%

Notes for Operating Primary Costs

Law, Land & Risk Management

Associate General Manager \$1,263,000

The AGM budget is comprised of the operating costs related to executive oversight and support of the overall organization. During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The increase is a result of restored labor funding and labor inflation.

Land Department \$5,439,000

The Land Department is responsible for the acquisition of land and land rights, research of existing land rights, and enforcement of these land rights. The increase to the Land Department budget is driven by increased operational and customer projects that require additional resources to manage the increased workload. New long-term projects include siting efforts for substations, gas generation and renewable generation, all of which require support from the Land Department. System and economic development related growth have increased the quantity and complexity of high-voltage system construction projects requiring Land support. Interconnection projects are increasing and expected to continue as electric utilities shift their generation mix to include a higher proportion of renewable energy. In addition to new projects, the Land Department also provides ongoing support for the acquisition of land rights for the SRP high voltage system, dedicated customer substation and transmission projects, and third-party system interconnections.

Legal Services \$16,256,000

The Legal Services department manages all legal issues related to SRP, including all claims brought against SRP by its customers and other third-party claimants. The department's focus is to provide internal and external legal expertise and advice to internal clients in a collaborative effort to mutually support, strengthen, and advance SRP's interests. Demand for electricity in SRP's electric service area is expected to dramatically increase in the future which will require SRP to acquire

Notes for Operating Primary Costs

Law, Land & Risk Management (continued)

additional electric generation and transmission assets. In addition, as SRP continues to increase the amount of renewable energy in its portfolio, it will require changes to its electric infrastructure. On the water side, SRP is currently planning multiple projects to address drought, climate change and the potential for a shift in the hydrologic cycle that will require additional water storage and infrastructure to transport water. The increase also includes funding for two new T.O.

- **Outside Legal \$9,500,000**

Outside Legal represents the costs necessary to provide for outside legal expenses based on ongoing litigation, regulatory compliance, and potential asset transactions.

Risk Management \$25,577,000

The Risk Management department is responsible for managing risk of loss through insurance programs, alternative risk financing, and contractual risk transfer techniques as well as advancing SRP's strong commitment to safety.

The Risk Management department consists of:

- Insurance Services
- Safety Services

The major drivers for the increased funding in Risk Management are increased insurance premiums and funding for two new T.O. required to finalize the reorganization of Safety Services that began in FY23 to focus separately on both employee safety and occupational safety and health support to business units.

Notes for Operating Primary Costs

Law, Land & Risk Management (continued)

- **Insurance Premiums \$17,648,000**

Insurance Premiums represent costs for the procurement of property and casualty insurance programs to protect SRP assets. Supply chain and inflation costs impact future asset valuation which impacts the property lines of coverage resulting in the need for an overall budget increase. The insurance marketplace has changed substantially over the past few years and SRP will continue to see hard markets, capacity and/or coverage changes due to such issues as wildfire, cyber hacks/ransomware, and an increase in claims whether directly with SRP or industry that drives issues with renewals.

Security Services \$18,241,000

Security Services departmental costs represent funds necessary to assist SRP management in protecting human, physical, and financial resources from accidental loss and criminal acts, reducing exposure to litigation and regulatory risk, and managing a corporate contingency planning process by using selected risk management techniques.

As a result of staffing issues, Security Services increased the security officer rate to attract and retain officers resulting in the need for increased funding to support those ongoing services. Additional resources are necessary to support the significant increase in the number of systems, work orders and equipment that Security is responsible for.

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**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Law, Land & Risk Management	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Land Department	38,530	75,604	37,074	96.2%
Legal Services	0	0	0	--
Risk Management	345	350	5	1.4%
Security Services	<u>3,867</u>	<u>8,000</u>	<u>4,133</u>	106.9%
Total	\$ 42,742	\$ 83,954	\$ 41,212	96.4%

Notes for Capital Primary Costs

Law, Land & Risk Management

Land Department \$75,604,000

The Land Department capital program is comprised of labor and contracted services in support of acquiring land rights, and irrigation, distribution, and transmission facilities. Land increases in FY25 are a result of new transmission and distribution projects in support of Power Systems and additional generation projects in support of load growth. Several projects that were budgeted in FY24 were not acquired due to delays in litigation and easement acquisition. They have been added to FY25 funding and include the following ongoing projects: Henshaw-Ferris, Santan Southwest Voltage Improvement, STARR Sanderson-Wasser and Honor-Pico.

Risk Management \$350,000

The Risk Management capital program is comprised of materials and contracted services needed to support SRP Fire Protection System Betterments at SRP facilities. FY25 funding will support replacement of the San Tan Generating Station fire suppression system protecting the telecommunication room located on the second level of Unit 5 and replacement of the diesel engine driver and controller servicing the back-up fire pump at Desert Basin Generating Station.

Security Services \$8,000,000

The Security Services capital program is made up of expenses related to Security Services and equipment. The increase in capital funding will support a multi-year effort to strengthen the perimeter walls at generating stations that will begin in FY25.

**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Human Resources	Budget	Proposed	Change	Change
Human Resources	\$ 141,913	\$ 158,200	\$ 16,287	11.5%
Total	\$ 141,913	\$ 158,200	\$ 16,287	11.5%

Notes for Operating Primary Costs

Human Resources

Human Resources \$158,200,000

Human Resources (HR) is a trusted strategic partner engaging and developing our workforce to drive SRP's success and is committed to delivering workforce solutions that serve the evolving needs of SRP's employees and business. HR supports a diverse, innovative, and inclusive culture enabled by strong leadership that makes SRP the employer of choice.

The HR department consists of:

- Compensation
- Benefits
- Employee and Labor Relations
- HR Business Partners
- Health Services
- Talent Acquisition
- Professional and Organizational Development
- Apprenticeship and Skills Training
- Diversity Equity and Inclusion (DEI)
- HR Operations
- PERA

The Human Resources FY25 budget includes funding for Corporate Benefits, labor, and contract services required to support workforce strategic initiatives.

Notes for Operating Primary Costs

Human Resources (continued)

During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The FY25 increase in HR is primarily due to Corporate Benefits, funding of 91 new T.O. (48 related to PERA conversions and 35 for the MDP Apprenticeship Program), labor inflation, restored labor funding, as well as increased relocation costs for new hires, and additional resources in support of various HR strategic initiatives.

- **Corporate Benefits \$128,300,000**

The Corporate Benefits department manages and distributes all SRP employee benefits including medical, dental, vision, life insurance, retirement plans, employee leave benefits, group legal, and employee assistance programs. The increase in FY25 funding for Corporate Benefits is primarily due to increases in medical and 401(k) company match due to labor inflation and additional T.O. positions.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Human Resources	Budget	Proposed	Change	Change
Human Resources	\$ 486	\$ 0	\$ (486)	(100.0%)
Total	\$ 486	\$ 0	\$ (486)	(100.0%)

Notes for Capital Primary Costs

Human Resources

Human Resources \$0

The Human Resources capital budget for capital improvements at PERA has transferred ownership to Facilities Services.

Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Customer Operations	Budget	Proposed	Change	Change
Associate General Manager	\$ 1,985	\$ 2,493	\$ 508	25.6%
Customer Programs	72,976	76,807	3,831	5.3%
Customer Services	63,773	62,022	(1,751)	(2.7%)
Customer Strategy	23,160	27,630	4,470	19.3%
Distribution Grid Services	<u>62,644</u>	<u>70,722</u>	<u>8,078</u>	12.9%
Total	\$ 224,538	\$ 239,674	\$ 15,136	6.7%

Notes for Operating Primary Costs

Customer Operations

Customer Operations is responsible for the distribution of power below the substation; all facets of customer service, including metering, billing and payment processing, power contact centers, and key accounts; the administration and development of SRP's energy efficiency programs and various other customer programs; and the implementation of customer strategic initiatives. There are approximately 1,628 employees who work in the group.

Customer Operations supports SRP's strategic directions by focusing on SRP's mission of serving our customers and communities through Innovation & Sustainability, Workforce, Leadership, Community, and Finances while maintaining a top tier customer experience. Customer Operations has aligned itself with SRP's corporate goals and objectives and has identified initiatives that will continue to support SRP's customer operations now and into the future.

Associate General Manager **\$2,493,000**

The AGM budget includes the operations and maintenance budget for the AGM and direct staff to oversee all the operational, strategic, and financial aspects of the business. During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The increase is primarily due to the restored labor funding.

Customer Programs **\$76,807,000**

Customer Programs is responsible for designing and managing a portfolio of programs that provide customers opportunities to control their energy usage and costs, achieve their sustainability goals, while reducing SRP's overall peak demand. These programs meet customers' changing needs and expectations and are aligned with SRP's 2035 corporate and sustainability-focused goals and commitments related to energy efficiency, demand response, transportation electrification, electric technologies, and grid enablement. In addition to program implementation, Customer Programs also conducts ongoing research and evaluation to better understand the direct impact of each program and to ensure that the resources devoted to each program are effectively allocated.

Notes for Operating Primary Costs

Customer Operations (continued)

The increase in Customer Programs' FY25 budget is primarily due to meeting the continued administrative costs with new Energy Star Multifamily New Construction program. Additionally, the Transportation Electrification budget is increasing to meet SRP's growing electric vehicle enablement goal.

These initiatives directly support SRP's 2035 corporate and sustainability-focused goals and specific near-term objectives. The program budgets support the design and development of new programs as well as refinement of existing offerings and will allow SRP to bring programs to market and drive market adoption. These program offerings will continue to help the organization better understand and meet evolving customer needs, and thereby enhance customer satisfaction.

Customer Services \$62,022,000

Customer Services operates the power contact centers that respond to over four million annual power customer calls. The department also bills 1.1 million electric customers and develops a wide variety of customer programs and operational support on behalf of both residential and commercial customers, including billing, metering, and customer credit services.

Labor inflation and other significant increases in FY25 are due to contracted services cost for our Customer Information System (Phoenix) replacement (known as Customer Modernization), which began in FY24 and will complete by FY29. The current Customer Information System is reliant on outdated COBOL language, which is difficult to support and maintain. The current system will be replaced with an SAP-based product, which will provide greater ability to manage the program, and will interconnect more seamlessly with SRP's other Information Systems. These increases are partially offset by decreased uncollectible expenses and increased 1st meter install credits due to a timing shift of the lifecycle replacement project. Additionally, the significant Customer Modernization increases are offset by a decrease in postage for bill printing. Prior to the bill print project, which was completed in FY24, postage for paper bills was paid for through the Customer Services budget. In FY25, postage costs are now transferring to the Community, Communications, & Marketing budget.

Notes for Operating Primary Costs

Customer Operations (continued)

- **Uncollectible Accounts \$5,179,000**

Uncollectible Accounts are lower in FY25 due to a reduction in anticipated write-offs. Write-offs peaked during the pandemic and SRP has been working hard to reduce the amount of overall debt and subsequent write-off amounts since returning to normal operations for non-payment. This budget is consistent with corporate forecasting and historical trends.

Customer Strategy \$27,630,000

Customer Strategy develops and supports strategic initiatives to enhance the customer's experience. The department develops and maintains nearly 100 systems to support the power customer experience. The department also oversees the Customer Operations Business Case process and oversees account managers and representatives who provide personalized service to SRP's commercial and industrial customers.

The primary drivers for the increase in FY25 are related to the transition of the Economic Development Department from Corporate Planning & Strategy driven by the FY24 corporate re-organization, increased software service fees, transferring project costs from Capital to O&M, and a new service agreement for the Central Prepay project.

Notes for Operating Primary Costs

Customer Operations (continued)

Distribution Grid Services \$70,722,000

Distribution Grid Services maintains over 21,700 circuit miles of 12kV distribution line including about 110,000 distribution wood poles, 184,000 distribution service transformers, 40,000 switches, and 6,000 capacitor banks. The department also responds to power outages to restore service and performs Line Clearing and Blue Stake locating functions on behalf of SRP.

The main driver of the FY25 increase is due to labor inflation and additional workforce to address increased workload. The department has adjusted the budget to align with recent trends. Material inflation of 20 percent on goods, such as cable and small tools, are also contributing to the increase. Other significant increases in FY25 are due to additional contract crews to complete the Vegetation Management distribution line clearing cycle, as well as additional Wildfire Mitigation work and Distribution Line Maintenance backlog work. These increases are partially offset by the cost of phasing out contract work due to the deployment of the Advanced Distribution Management System (ADMS).

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Customer Operations				
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Customer Programs	525	525	0	0.0%
Customer Services	42,500	22,090	(20,410)	(48.0%)
Customer Strategy	6,772	1,641	(5,131)	(75.8%)
Distribution Grid Services	<u>183,625</u>	<u>217,245</u>	<u>33,620</u>	18.3%
Total	\$ 233,422	\$ 241,501	\$ 8,079	3.5%

Notes for Capital Primary Costs

Customer Operations

Customer Programs \$525,000

The Customer Programs capital budget consists of two main programs. First is the Innovation Test Center, located adjacent to the Santan Generating Station in Gilbert, AZ. The center includes a testing lab, a manufactured home and a garage, in which teams can research, analyze, and pilot innovative technology solutions that can benefit both SRP and its customers. This enables different technology solutions to be tested and refined in-house, prior to being offered to customers. The budget for this program remained unchanged. The second program is the EV Charging Stations Pilot. This budget is intended for testing various EV technologies and systems to better understand impact to SRP. The budget for this program remained unchanged.

Customer Services \$22,090,000

The Customer Services capital program primarily consists of the New Meter program. The leading drivers for the decrease in FY25 are due to a reduction in meter prices from a contract negotiation, as well as decreased quantities of the current meter inventory to align with historical install trends.

Customer Strategy \$1,641,000

The Customer Strategy capital program consists of work on technology projects to support customer interactions, provide an improved customer experience, and enhanced functionalities to meet current business needs. This work includes enhancements/modifications to various IT solutions. The budget decreased in FY25 due to the reduced cost of the Meter Data Management System (MDMS) project and the transferring of the Energy Axis Meter System (EA_MS) project costs from Capital to O&M. These two projects support Central Prepay by updating the meter systems to support the transition to a centralized model.

Notes for Capital Primary Costs

Customer Operations (continued)

Distribution Grid Services \$217,245,000

The Distribution Grid Services department is responsible for the capital asset maintenance of SRP's existing distribution system, as well as installing all new distribution line assets to accommodate system growth, connect new customers to the distribution grid and works with municipalities to relocate and underground existing overhead lines. The overall increase for FY25 is primarily due to materials cost inflation, especially cable. Additionally, the costs of distribution line transformers have been affected by global supply chain disruptions. Inflationary pressures have forced costs of transformers to increase by 30-40%. These increases are partially offset by reduced customer-driven work.

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Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Water Stewardship	Budget	Proposed	Change	Change
Associate General Manager	\$ 9,888	\$ 6,821	\$ (3,067)	(31.0%)
Water Supply & System	27,173	25,196	(1,977)	(7.3%)
Water Strategic Services	7,455	17,615	10,160	136.3%
Water Customer Services	<u>11,746</u>	<u>11,958</u>	<u>212</u>	1.8%
Total	\$ 56,262	\$ 61,590	\$ 5,328	9.5%

Notes for Operating Primary Costs

Water Stewardship

Associate General Manager \$6,821,000

The AGM budget is comprised of the operating costs for the AGM and direct staff and the management of SRP's water resources to sustain life and the economy in the Valley by integrating expertise, leadership, and planning. Protecting and developing these water resources ensures the continued economic growth and vitality of the communities served by SRP.

The FY25 decrease is driven by a decrease in Power for Pumping and & Groundwater Savings Facility expenses. This overall decrease is in alignment with SRP's mission to meet future electric and water demands, while balancing stewardship, cost, and reliability.

- **Power for Pumping, Groundwater Tax, & Groundwater Savings Facility (GSF) \$4,343,000**

Volume of planned pumping and planned GSF was reduced for FY25 which contribute to the overall decrease in the FY25 budget.

Water Supply and Systems \$25,196,000

The Water Supply and System division budget includes costs related to Watershed Management, Aquifer Management & Data Analytics, Groundwater, Water Construction and Maintenance, Field Consulting, Water Engineering, Water Transmission, Customer Projects, and Water Supervisory Control and Data Acquisition (SCADA).

The overall decrease seen in FY25 is driven by the movement of two teams, (Forest Health and Water System Projects), and their associated project budgets to the Water Strategic Services division.

Notes for Operating Primary Costs

Water Stewardship (continued)

Water Strategic Services \$17,615,000

The Water Strategic Services division includes costs related to Water Rights and Contracts, Water Strategy, Water Information Technology Services and Water Financial & Contract Management.

The FY25 increase is due to the movement of two teams, (Forest Health and Water System Projects), and their associated project budgets from Water Supply to the Water Strategic Services division, funding for the Big Chino land easements as well as new T.O. Requests.

Water Customer Services \$11,958,000

Water Customer Services delivers water to SRP's member lands and special contract entities and operates the water contact center, which manages over 260,000 water customer calls per year. The department serves approximately 25,000 water customers.

The FY25 net increase is primarily due to two new T.O.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Water Stewardship				
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Water Supply & System	31,952	51,253	19,301	60.4%
Water Strategic Services	6,243	10,170	3,927	62.9%
Water Customer Services	<u>0</u>	<u>0</u>	<u>0</u>	--
Total	\$ 38,195	\$ 61,423	\$ 23,228	60.8%

Notes for Capital Primary Costs

Water Stewardship

Water Supply & System \$51,253,000

Water Supply & System capital projects support the evaluation and drilling of new wells and replacement wells. This includes the acquisition of land for well sites, along with well modifications due to either aging infrastructure, city water system needs, recovery of water storage credits, or in response to poor water quality. The Water Supply & System capital budget also includes work to maintain and improve SRP's canal system, as well as technology projects that will provide improved reliability and cyber security for operational, hydrology, meteorology, and accounting data. Additionally, the technology projects provide enhanced functionality to meet current business needs as systems are transitioned from aging infrastructure to new technology platforms.

Drivers for the FY25 budget increase are driven from planned well and pipeline construction for the Gilbert Rd Pipeline project, new dredge and basin pit, increased project costs on Evergreen Drain Channel and Solar on Canal projects, SCADA conversion efforts sped up to address increasing unreliability of current assets, as well as overall inflation in material costs for all projects.

Water Strategic Services \$10,170,000

Water Strategic Services capital projects include SRP/CAP Interconnection Facility (SCIF) and Bartlett, which will ensure sufficient water resources are available during times of drought, address regional water supply and demand issues, and to secure new water supplies for power generation and population growth through collaboration with stakeholders. Water Strategic Services capital also include technology projects that will provide improved reliability and cyber security for operational, hydrology, meteorology, and accounting data. Additionally, the technology projects provide enhanced functionality to meet current business needs as systems are transitioned from aging infrastructure to new technology platforms.

Notes for Capital Primary Costs

Water Stewardship (continued)

The FY25 budget increase is driven from the movement of SRP/CAP Interconnection funds from the Capital Risk Portfolio to the base budget as well as priority shifting within the fiscal plan in order to deliver key application solutions earlier than previously planned.

Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY24	FY25	\$	%
Power System	Budget	Proposed	Change	Change
Associate General Manager	\$ 835	\$ 2,202	\$ 1,367	163.7%
Power Generation	426,592	473,679	47,087	11.0%
Energy Market Strategy	2,290	1,270	(1,020)	(44.5%)
Distribution & Technology Operations	66,710	82,885	16,175	24.2%
Power Delivery	<u>60,788</u>	<u>70,682</u>	<u>9,894</u>	16.3%
Total	\$ 557,215	\$ 630,718	\$ 73,503	13.2%

Notes for Operating Primary Costs

Power System

The Power System (PS) group brings together core departments that play a significant role in meeting SRP's mission by producing and delivering energy to meet demand while enabling customer choice. These departments include Energy Market Strategy, Power Generation, Distribution and Technology Operations, and Power Delivery. Power System's measures of success are Safety, Reliability, Sustainability, Flexibility, Low Cost, and Schedule Performance.

Power System operates with the following core values in mind: 1) **Safety** - We work safely for our families, our health, and each other. Safety values are at the forefront of all our decisions and actions, both at home and at work. 2) **Operational Excellence (OpEx)** - Achieving premier business performance through the continuous cycle of identifying, measuring, and improving processes.

The Power System FY25 budget supports SRP's strategic directions:

- **Customers:** Several large-scale customer driven projects to support growing load, including EdgeConneX and Cyrus One Chandler; as well as the Coolidge Expansion Project and the Copper Crossing Solar Project
- **Sustainability:** Generation Flexibility upgrades, Distribution Enablement Program to enable the interconnection of all customer-sided resources, Operational Readiness to successfully integrate high levels of intermittent resources, Copper Crossing Research & Energy Center - solar project, interconnection of new utility scale solar projects
- **Workforce:** Development of workforce in anticipation of process and technology changes in our industry, "Keys to Our Success" employee recognition program, Power System driven initiatives related to Diversity, Equity, and Inclusion
- **Leadership:** Development of enterprise-wide strategy for participation in new energy markets, strengthen relationships with local communities and stakeholders impacted by SRP facilities
- **Community:** Continuation of development of the Southeast Power Link 230kV transmission project to support economic growth within Mesa
- **Finances:** Continuation of Power System mitigation plan to ensure that human and financial resources are reprioritized and redirected into the projects that support unprecedented growth in customer demand, continuance of the OpEx initiative to drive cost down and improve efficiency

Notes for Operating Primary Costs

Power System (continued)

Associate General Manager \$2,202,000

The Associate General Manager budget includes dollars for executive management and support staff for the Power System organization as well as expenses related to employee events and awards. During the FY24 process, the General Manager directed staff to further reduce labor costs, this reduction was made in each Associate General Manager budget for management visibility. The increase is driven primarily by restored labor funding.

Power Generation \$473,679,000

The Power Generation budget includes the operations and maintenance expenses for the coal, gas, nuclear, and hydro generating facilities and departments, as well as generation support groups. The following generation sites encompass SRP's generation fleet: the SRP-operated generating stations (gas plants: Agua Fria, Coolidge, Desert Basin, Gila River, Kyrene, Mesquite, Santan, and Copper Crossing; coal plant: Coronado (CGS)), the participant-operated generating stations (nuclear plant: Palo Verde; coal plants: Springerville (SGS), Four Corners, Craig, and Hayden), as well as SRP's hydro generating sites and dams. SRP's gas and hydro generating resources enhance SRP's flexibility to meet higher peak demand and integrate more renewable resources into SRP's system. The \$47.1 million increase for Power Generation is primarily driven by Palo Verde expenses, the Coronado Generating Station Unit 1 turbine outage for FY25, 19 new T.O., and inflationary pressures.

- **Associated Fuel Expenses \$8,709,000**

The Associated Fuel Expenses comprise costs for moving coal at the plant and in some cases, the cost of transporting coal to the plant. Additionally, these expenses include maintenance for the SRP-owned railway sections (e.g., rail spur for CGS and SGS).

Notes for Operating Primary Costs

Power System (continued)

Energy Market Strategy \$1,270,000

The purpose of the Energy Market Strategy organization is the development of the enterprise-wide strategy for engaging in the development of and potential participation in new energy markets, resource adequacy (RA) programs, and regional transmission organizations (RTO's). The team works on establishing relationships with key industry personnel, builds coalitions, and influences decisions related to market structure in the interest of SRP's customers. In addition, it directs efforts to model, analyze, and assess potential benefits and risks of new energy market/RA/RTO opportunities, as well as support the potential SRP implementation and transition into new energy markets, RA programs, and RTO's. The FY25 expenses associated with the function of the group are labor costs, as well as various consulting and membership fees. The decrease is driven by an FY24 one-time payment related to participation in the development of the tariff language for the day-ahead market.

Distribution and Technology Operations \$82,885,000

The Distribution & Technology Operations (DTO) department is responsible for the planning and operations of the electric distribution system as well as the operations, planning, engineering, design, construction, and maintenance for operational technology supporting the electric grid. This also includes telecommunications in support of the enterprise and telecom commercial services business. An increase of \$16.2 million is the result of labor inflation, 18 new T.O., and additional contract expenses related to operational technology support. The increase in operational technology expenses is driven by software support contracts for applications supporting the High Security Operations Center, Advanced Distribution Management System, and Ambient Adjusted Ratings for the transmission system. The increase in DTO T.O. is driven by run-the-business support of a larger electric system and strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.

Notes for Operating Primary Costs

Power System (continued)

Power Delivery \$70,682,000

The Power Delivery organization's activities and services include operations, planning, engineering, design, construction, and maintenance for SRP's transmission and substation assets and the coordination of participation transmission project activities. The \$9.9 million increase in budget from FY24 is primarily attributed to labor inflation, increases in costs of materials and rental equipment, labor increases to implement new business processes recommended by Operational Readiness to reliably integrate new inverter based resources, labor increases to perform HVAC maintenance at generation sites (net savings over Power Generation contracting these services), labor increases to implement SRP's Wildfire Mitigation Plan, and other internal labor movements. The increase in the number of Power Delivery T.O. (33 positions) is driven by historic and continued system growth related to both large industrial customers and new generation interconnections and increased workload. Approximately 37% of the work associated with the new T.O. is capital.

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**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Power System	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Power Generation	352,327	474,779	122,452	34.8%
Energy Market Strategy	0	0	0	--
Distribution & Technology Operations	25,749	30,062	4,313	16.8%
Power Delivery	<u>250,521</u>	<u>240,791</u>	<u>(9,730)</u>	(3.9%)
Total	\$ 628,597	\$ 745,632	\$ 117,035	18.6%

Notes for Capital Primary Costs

Power System

Power Generation \$474,779,000

Power Generation capital betterment project funding is focused on maintaining the performance of existing coal, gas, nuclear, and hydro assets, as well as constructing new generation assets. The increase for Power Generation is primarily driven by the Coolidge Expansion Project, Gila River Block 1 Turbine Overhaul, and Kyrene Generating Station Unit 7A Turbine Overhaul in FY25. These increases are offset by the winding down of the Copper Crossing Research & Energy Center Phase1 and Coronado emissions project. Additionally, the Coronado Evaporation Pond was moved from the Capital budget to the Risk Portfolio. As part of the approved Coolidge Expansion Project plan, 575 megawatts (MW) of new power generation produced by 12 gas turbines will be constructed — enough energy to power more than 139,000 average-size homes, while also supporting the integration of wind, solar, and batteries on our system.

Distribution and Technology Operations \$30,062,000

The Distribution & Technology Operations capital portfolio includes investments defined in the Distribution Enablement Roadmap, projects required for the upgrade and maintenance of operational technology for the power system, and initiatives in support of the commercial telecom business, which is recovered with margin via customer revenue. The overall increase is the net result of both increases and decreases within the project portfolios. Noteworthy increases include higher costs for operational technology infrastructure due to supply chain increases and scope refinement, initiation of the Protection Automation & Control Digital Transformation project to improve data integration and availability for critical infrastructure, and the deferral of the Advanced Distribution Management System (ADMS) go-live milestone from FY24 to FY25.

Notes for Capital Primary Costs

Power System (continued)

Power Delivery \$240,791,000

The Power Delivery capital program includes projects for jointly owned transmission resources, multiple capital maintenance (aging infrastructure) projects, load growth related projects, and dedicated customer facilities including:

- Customer driven work - customer requested construction of SRP facilities to be recovered as a part of the Contribution in Aid of Construction (CIAC) process
- Transmission Substation Maintenance and Transmission Station Additions/Upgrades
- Distribution Substation Maintenance and Distribution Station Additions/Upgrades
- Transmission Line Additions and Wood Pole Asset Management

The decrease from FY24 for Power Delivery's capital program is driven by the completion of all or a portion of larger projects in FY24:

- High-Tech Interconnect Project (HIP)
- Southeast Power Link 230kV Transmission Project
- Browning 500/230kV Transformer Addition
- Huckleberry Mesa New 230/69kV Substation

These decreases are offset by the commencement of construction activities for several customer-driven projects including:

- Alpha New 69/12.47kV Dedicated Substation
- Cyrus One Chandler New 69/12.47kV Substation
- Hermosa Ranch Tech Campus New 69/34kV Dedicated Switchyard
- Hartman Substation Expansion Project

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**Salt River Project
2024-2025 Organizational Budget
Operating Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Corporate Planning & Strategy	Budget	Proposed	Change	Change
Associate General Manager	\$ 580	\$ 2,012	\$ 1,432	246.7%
Resource Management	1,642,826	1,721,051	78,225	4.8%
Environmental Services	6,043	7,358	1,315	21.8%
Future System Assets and Strategy	20,583	21,260	677	3.3%
Analytics & Information	<u>1,630</u>	<u>0</u>	<u>(1,630)</u>	(100.0%)
Total	\$ 1,671,662	\$ 1,751,681	\$ 80,019	4.8%

Notes for Operating Primary Costs

Corporate Planning & Strategy

Corporate Planning & Strategy (CP&S) provides an extensive portfolio of services and support for SRP. The departments within CP&S work together to anticipate, plan, and deliver reliable, affordable, sustainable, and innovative solutions valued by SRP's water and power customers.

At the beginning of FY24 CP&S implemented a reorganizational change that resulted in the creation of Resource Management and Future System Assets & Strategy. This change is in response to the transformational growth and expansion of services that SRP continues to provide for their customers.

Corporate Planning & Strategy consists of the following organizations:

- Environmental Services
- Future System Assets & Strategy
- Resource Management

Associate General Manager **\$2,012,000**

The FY25 Associate General Manager budget includes funding for executive management, executive consultants, and support staff within CP&S in addition to support key initiatives. The increase is primarily due to the movement of funding in Analytics & Information for the CP&S Skill Enhancement & Employee Development (SEED) Program, which provides the workforce with learning and developmental opportunities. Also, there is funding for labor inflation and in addition the labor dollars for the executive staff were transferred to the AGM direct costs.

Resource Management **\$1,721,051,000**

Resource management ensures reliability, affordability, and sustainability for the future through partnership, collaboration, and execution. Integration of new types of intermittent generation and storage resources, shows our response to industry changes, evolving market structures, as well as expanding customer needs. By developing innovative policies, technologies, and

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

capabilities, we continue to support SRP's commitment to responsible decarbonization while providing reliable, affordable power - reflecting the needs of our customers through resource planning and acquisition, integrated system planning, and analytical, operational and market engagement activities.

The Resource Management department consists of:

- Integrated System Planning & Support
- Resource Planning, Acquisition & Development
- Supply and Trading & Fuels

Fuel and Purchased Power expenditures make up the vast majority of the Resource Management operating budget. The increase in budget from FY24 is primarily due to higher purchased power expenses. The main drivers for the increase of non-fuel expenses in the Resource Management budget includes funding for labor inflation and adjustments to support operation and planning initiatives, as well as development, implementation, and participation in day ahead markets. Consulting arrangements will continue in FY25 to further support resource decisions, integration of new resources, and operational and market engagement activities. Resource Management is requesting approval for eight new full-time T.O. to address increasing workload in this area, including six in Supply & Trading and Fuels to address incremental work associated with emerging day ahead markets, one in Integrated Planning to support execution of the System Strategies approved by the Board as part of the Integrated System Plan (ISP), and one Resource Planning, Acquisition & Development to address additional workload associated with increased procurement activities.

- **Purchased Power \$766,252,000**

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. Demand payments, capacity charges, and other fixed costs associated with long-term power contracts are contained in the Purchased Power Demand budget. The increase in the Purchased Power budget is primarily due to the recently added new solar and battery storage contracts that will be added in FY25.

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

- **Valley Fuel \$451,873,000**

Included in Valley Fuel are the fuel expenses for Valley gas generation as well as financial components such as retail and wholesale gas hedges, gas balancing and storage, and physical gas sales. Valley Fuel expenses decreased due to a decrease in expected gas prices.

- **Fuel \$431,706,000**

Included in the Fuel budget are coal expenses for SRP's coal generation resources, nuclear spent fuel expenses, natural gas transportation costs, water for power expenses, and pumped storage costs at the hydro resources. The Plant Fuel budget increased primarily due to an increase in coal price contracts and by increases in nuclear fuel due to additional capacity acquired by SRP at PVNGS.

Environmental Services \$7,358,000

Environmental Services (ES) provides support for resource planning and development initiatives, as well as routine compliance support for multiple business units in Power System, Water Stewardship, and other departments. ES is responsible for identifying and tracking changes to environmental legislation, regulations, and polices that may impact SRP power and water operations.

The Environmental Services department consists of:

- Air Quality & Environmental Policy
- Biological & Cultural Resource Services
- Environmental Laboratory & Field Services
- Environmental Systems
- Water Quality & Waste Management Services

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

The increase in funding is primarily due to the transfer of seven full-time positions from Analytics & Information to ES as a new team, Environmental Systems. There is funding for one new full-time T.O. in Air Quality & Environmental Policy.

Future System Assets & Strategy \$21,260,000

Future System Assets & Strategy (FSA&S) leads SRP's efforts in creating, monitoring, and updating the overarching corporate strategy with further specific strategy leadership responsibilities for forecasting, economics, load research, sustainability, electric vehicles, innovation, and the preservation of SRP's history and heritage. Beyond the strategy creation function, this division is further responsible for the focused development of strategic long-lead assets such as pumped storage, nuclear generation, hydrogen infrastructure, carbon capture and storage technologies, and future transmission lines and/or upgrades.

The Future System Assets & Strategy department consists of:

- Corporate Strategy & Planning
- Forecasting & Load Research
- Innovation & Development

The FSA&S FY25 budget includes funding for innovation and development projects, sustainability programs, load research studies, and initiatives with a strategic focus on the early development of long lead generation and transmission assets. Additional work includes a climate risk vulnerability assessment, implementing a Managed EV Charging Roadmap, and furthering the development of new long-duration storage technologies. Funding is included for 10 new full-time T.O.: one Forecasting & Load Research, one Research Archives & Heritage, one Future System Assets & Strategy, seven Future Energy Assets for a department to be created in FY25. Also included in the budget is funding for SRP's membership in the Electric Power Research Institute (EPRI).

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

- **EPRI \$6,340,000**

The EPRI funds are used to pursue utility-related research including generation, transmission, distribution, environmental, and customer end-use technologies and operational improvements. The EPRI budget increased due to inflation.

Analytics & Information \$0

The Analytics & Information group was eliminated and as part of the reorganization between Corporate Planning & Strategy and Public Affairs & Corporate Services.

**Salt River Project
2024-2025 Organizational Budget
Capital Primary Costs
(\$ Thousands)**

	FY24	FY25	\$	%
Corporate Planning & Strategy	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Resource Management	30,969	48,857	17,888	57.8%
Environmental Services	0	0	0	--
Future System Assets and Strategy	0	0	0	--
Analytics & Information	<u>0</u>	<u>0</u>	<u>0</u>	--
Total	\$ 30,969	\$ 48,857	\$ 17,888	57.8%

Notes for Capital Primary Costs

Corporate Planning & Strategy

Resource Management \$48,857,000

The FP25 resource Capital Plan includes solar, storage, and thermal capacity projects. In addition, new line-item budgets were created for Transmission Upgrades and Community Support. Transmission Upgrades and Community Support reflect planning dollars required to successfully site, develop, connect, and implement the various projects while working with the local communities to identify needs.

- The Salt River Pumped Storage Project looks to add long-duration (10-12 hours) energy storage in the early-2030's with permitting activities beginning in 2024.
- Randolph Community Support has been budgeted in accordance with the Randolph Parties settlement commitments and CEC conditions. Budget dollars represent funds needed to support community improvements such as road paving, community center construction, landscaping, and historical designation.
- Solar and storage additions support SRP's 2035 sustainability goals. Approximately 400MW of self-built solar by FY30, with permitting and procurement beginning in FY24. Approximately 200MW of self-built storage by FY30, with permitting and procurement beginning in FY24.
- Natural gas supports renewable resource integration. Approximately 200MW of natural gas expansion by FY31, with permitting and procurement beginning in FY27.
- New budget categories for Transmission and Community Support. Dollars contribute to achieving project commercial operation date and regulatory compliance.
- The Environmental Lab capital budget will provide funding of the replacement of equipment that has reached or exceeded the life cycle.
- The Real Time Quality Sensor Replacement capital funding is customer driven and for the replacement of the network of real-time water quality equipment sensors. The monitoring network is tied to a web-based portal ("Water Quality Viewer") where SRP and its municipal customers can utilize and share information regarding the water quality in the canal system. The system aids municipal shareholders by providing basic data for the planning and efficient operation of their water treatment facilities.

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Workforce

The Workforce summary is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the staffing summaries listed on the following pages.

Table of Organization (T.O.) Summary Notes

Overall, there is an increase of 294 T.O. positions for FY25. Details are as follows:

- Organizations increase 294 regular T.O. positions as part of the normal budgeting process.

The details of these changes can be found on the following pages.

Salt River Project 2024-2025 Workforce Budget

	FY24 Workforce		Transfers	New Positions	FY25 Workforce	
	Regular	Provisionals			Regular	Provisionals
President & Staff	39	0	0	0	39	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	70	0	458	17	545	1
Community, Communication & Marketing	146	0	1	9	156	0
Financial & Information Services	681	0	(55)	33	659	0
Power System	1,504	0	0	60	1,564	0
Customer Operations	1,956	21	(347)	46	1,655	20
Law, Land & Risk Management	177	0	0	9	186	0
Water Stewardship	51	0	351	12	414	0
Corporate Planning & Strategy	592	6	(402)	19	209	0
Human Resources	111	0	(5)	6	112	0
PERA	0	0	5	48	53	0
Managed Development Program	180	0	0	35	215	0
Total Allocated	5,511	27	6	294	5,811	21
Unallocated	20	0	0	0	20	0
Total	5,531	27	6	294	5,831	21
	5,558				5,852	

Table of Organization (T.O.) Summary Notes

Public Affairs & Corporate Services [Regular]

The increase of 17 regular T.O. positions is driven by:

- 1 regular T.O. position in **Policy Strategy & Consumer Affairs** due to increased efforts in management of SRP relations with over 45 chambers of commerce and business organizations, management of the Customer Utility Panel, and supporting PS&CA's new responsibility to research, analyze, write, curate, coordinate and communicate policy priorities.
- 1 regular T.O. position in **Local Government Affairs** due to increased projects related to planned outages, siting projects CEC transferred projects support, interconnection projects and other miscellaneous projects. Larger projects continue to develop, which results in the need for public engagement activities.
- 1 regular T.O. position in **Regulatory Affairs and Compliance** due to increase in budget growth, membership and engagement of SRP's Political Involvement Committee and the SRP Alumni Political Involvement Committee.
- 4 regular T.O. positions in **Facilities & MCM** needed for increased support of building infrastructure and large-scale facilities projects related to modernization, relocation and building renovations.
- 10 regular T.O. positions in **Supply Chain, Transportation & Flight Services** to manage workload from customer growth which has led to increased demand for materials, services, technology, and equipment. Worldwide supply chain disruptions are also requiring additional efforts to mitigate risk to SRP.

Community, Communication & Marketing [Regular]

The increase of 9 regular T.O. positions is driven by:

- 1 regular T.O. positions in **Community Partnerships**, due to increased workload and responsibilities specifically through the creation and implementation of the Community Involvement Initiative and Community Ambassador business model.
- 3 regular T.O. positions in **Integrated Communications**, due to increased workloads and the need for more in-house resources with institutional knowledge and less reliance on outside contractors.
- 4 regular T.O. positions in **Content Marketing & Creative Services**, due to increased workload and need for more in-house resources with institutional knowledge and less reliance on outside contractors.
- 1 regular T.O. positions in **Customer Insights, Brand Strategy & Marketing in Business Operations**, due to increased workload and responsibilities and the need for more in-house resources with institutional knowledge and less reliance on outside contractors.

Financial & Information Services [Regular]

The increase of 33 regular T.O. positions is driven by:

- 1 regular T.O. position in **Corporate Accounting** to support increased strategic emphasis and planning for invoice processing.
- 3 regular T.O. positions in **Cyber Security** to support growth and increased compliance requirements.
- 2 regular T.O. positions in **Financial Services** to support SRP's growing investment portfolio, compliance activities, and financial strategy.
- 27 regular T.O. positions in **Information Technology Services** (ITS) to support Customer Modernization within ITS, provide support for the Business Analytics Center of Excellence and for on-going services support, reducing the reliance on contracted resources.

Law, Land & Risk Management [Regular]

The increase of 9 regular T.O. positions is driven by:

- 3 regular T.O. positions in **Legal Services** to provide legal counsel for ongoing market regulatory initiatives, to support workload in financial, contracting, and procurement activities, and to support the increase in revenue recovery files due to a rise in damage of SRP's developing property assets.
- 3 regular T.O. positions in **Risk Management** to provide subject matter expertise to and support for the Occupational Safety & Health team and employee occupational safety and health throughout the organization.
- 2 regular T.O. positions in the **Land Department** to support increased workload related to survey work driven by growth in the valley within SRP's service territory.
- 1 regular T.O. position in **Security Services** to design, implement and maintain security systems.

Human Resources [Regular]

The increase of 6 regular T.O. positions is driven by:

- 2 regular T.O. positions in **Talent Acquisition** due to increased demand for specialized new hires and to yield high-quality, timely candidates.
- 2 regular T.O. positions in **Talent Development** to support growth of the Apprenticeship program and to support a shifting of the organization to improve efficiency and effectiveness.
- 1 regular T.O. position in **Shared Services** to support the growth of the organization.
- 1 regular T.O. position in **HR Operations** to gather business requirements, design, test and implement the multiple strategic projects and enhancements that are required to support the growing business.

PERA [Regular]

The increase of 48 regular T.O. positions is driven by:

- 48 regular T.O. positions in **PERA** converting all PERA staff to SRP employees.

Managed Development Program [Regular]

The increase of 35 regular T.O. positions is driven by:

- 35 T.O. positions supporting the **Apprenticeship Program** within the Managed Development Program. The current number of Apprentices in the program will only be able to accommodate half of the projected retirements over the next five years. The labor market for Skilled Trades is becoming increasingly competitive and the Phoenix Metropolis is one of the fastest growing cities in the United States. It is critical to grow the apprenticeship program now to ensure graduation from the program in time to meet demand for sufficient resources to support future business needs,

Customer Operations [Regular]

The increase of 46 regular T.O. positions is driven by:

- 44 regular T.O. positions in **Customer Services** to support the Customer Modernization project with the Phoenix system replacement, to align the supervisor to representative support in the Residential Contact Center for increased workload, and to improve leadership coverage for Residential Contact Center support teams.
- 2 regular T.O. positions in **Customer Strategy** to increase customer service coverage as a result of significant customer growth.

Water Stewardship [Regular]

The increase of 12 regular T.O. positions is driven by:

- 6 regular T.O. positions in **Water Supply & System** to support increased workload from internal and external customers, increase crew effectiveness of inspections and maintenance of High-Risk Facilities within SRPs irrigation system, provide after-hours coverage for corrective maintenance, including critical storm issues, and to ensure proactive, effective, timely, and safe management of SRP's groundwater assets.
- 4 regular T.O. positions in **Water Strategic Services** to support the significant effort in coordinating the negotiation and development of agreements for funding construction to facilitate implementation of SCIF, to administer existing and developing new partner programs to achieve 2035 water conservation goals, to support the growing technology portfolio of critical Hydromet systems and respond to emergency events (WEROC).
- 2 regular T.O. positions in **Water Customer Services** to assist with customer mediation and education.

Power System [Regular]

The increase of 60 regular T.O. positions is driven by:

- 14 regular T.O. positions in **Power Generation** are needed to support the new generation units, support the transition to renewable resources, and increasing maintenance due to aging assets.
- 15 regular T.O. positions in **Distribution & Technology Operations** driven by run-the-business support of a larger electric system and strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.
- 31 regular T.O. positions in **Power Delivery** is driven by several factors, the largest being: (1) resources required to implement new business processes recommended by Operational Readiness to reliably integrate new inverter based resources, (2) staffing to perform HVAC maintenance at new substations and generation sites, (3) electrical trade positions to perform asset management such as equipment replacements in aging substation fleet, (4) staff to implement SRP's new Wildfire Mitigation Plan, and (5) staff to manage contracted design and construction resources.

Corporate Planning & Strategy [Regular]

The increase of 19 regular T.O. positions is driven by:

- 1 regular T.O. position in **Environmental Services** needed for increased support in environmental legislation, regulations, and policies that impact SRP power and water operations.
- 10 regular T.O. positions in **Future System Assets & Strategy** needed to support the increased workload in the early development of long lead generation and transmission assets, load research studies to support core operational functions to collect, preserve, and analyze the history and heritage of SRP.
- 8 regular T.O. positions in **Resource Management** needed to plan for increased customer demand and provide a forward-looking strategy for the future of SRP's power generation resources. This includes supporting the emerging day ahead markets, execution of the Integrated System Plan, and increased workload associated with procurement activities.

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Multi-Year Contracts

The multi-year contract Short List is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the multi-year contracts listed on the following pages.

Multi-Year Contract Management

Multi-year contracts of \$500,000 or more under negotiation or renegotiation during FY25 require a thorough review and approval process. All multi-year contracts that contain a penalty for early termination are reviewed and require approval of the General Manager's Staff. Multi-year contracts that contain a penalty for early termination constitute the "Short List".

The process requires the multi-year contracts on the Short List be presented to the Board of Directors during the annual budget process for preliminary approval. Before any contract can be executed, the contract must be reviewed and approved by a cross functional team that includes the following departments: Legal Services, Corporate Accounting, Risk Management, and Financial Planning. If a contract that contains a penalty arises during the year, the policy requires that the proposed contract be presented individually to the Board for approval.

For the purposes of developing SRP's FY25 budget, General Manager's Staff members identified all existing and planned multi-year contracts that obligate or commit SRP beyond FY25 which are open for negotiation, then submitted summary lists of those contracts that contain a penalty clause to the Purchasing department. Financial Planning has reviewed the submitted lists of contracts to confirm that total multi-year contract expenditures contemplated are consistent with SRP's Six-Year Financial Plan.

**Salt River Project
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030				
Public Affairs & Corporate Services										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Public Affairs & Corporate Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community, Communications & Marketing										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Community, Communications & Marketing	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Financial & Information Services										
1 Data governance and business information glossary	\$ 1,000	\$ 1,300	\$ 1,880	\$ 2,758	\$ 0	\$ 0	\$ 0	\$ 6,939	\$ 6,939	\$ 0
2 Workforce management software	\$ 620	\$ 620	\$ 620	\$ 620	\$ 620	\$ 0	\$ 0	\$ 3,100	\$ 3,100	\$ 0
3 Software for cyber security access	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 0	\$ 0	\$ 2,000	\$ 2,000	\$ 0
4 Customer information system	\$ 15,010	\$ 15,010	\$ 15,010	\$ 15,010	\$ 15,010	\$ 15,010	\$ 15,010	\$ 90,060	\$ 90,060	\$ 0
5 Computer operating systems	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 0	\$ 0	\$ 42,500	\$ 42,500	\$ 0
6 Customer data platform	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 0	\$ 0	\$ 2,575	\$ 2,575	\$ 0
7 Omnichannel marketing platform and web analytics	\$ 400	\$ 400	\$ 400	\$ 400	\$ 0	\$ 0	\$ 0	\$ 1,600	\$ 1,600	\$ 0
8 Software to support procurement of materials & services	\$ 385	\$ 385	\$ 385	\$ 385	\$ 0	\$ 0	\$ 0	\$ 1,540	\$ 1,540	\$ 0
9 Platform for submitting capital projects	\$ 560	\$ 560	\$ 560	\$ 560	\$ 560	\$ 0	\$ 0	\$ 2,800	\$ 2,800	\$ 0
10 Tax Series and address cleansing	\$ 250	\$ 250	\$ 250	\$ 250	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 0
11 Geospatial asset management software	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ 0
12 Software for Human Resources	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 0	\$ 0	\$ 6,750	\$ 6,750	\$ 0
13 Social media management software	\$ 155	\$ 155	\$ 155	\$ 155	\$ 0	\$ 0	\$ 0	\$ 620	\$ 620	\$ 0
14 Enterprise logging solution	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 0	\$ 0	\$ 6,000	\$ 6,000	\$ 0
15 Software to create and read PDF documents	\$ 525	\$ 525	\$ 525	\$ 525	\$ 0	\$ 0	\$ 0	\$ 2,100	\$ 2,100	\$ 0
16 CCM process and work management software	\$ 240	\$ 240	\$ 240	\$ 240	\$ 0	\$ 0	\$ 0	\$ 960	\$ 960	\$ 0
17 Travel & Expense Management software	\$ 355	\$ 355	\$ 355	\$ 355	\$ 0	\$ 0	\$ 0	\$ 1,420	\$ 1,420	\$ 0
18 Customer experience management software	\$ 670	\$ 670	\$ 670	\$ 670	\$ 670	\$ 0	\$ 0	\$ 3,350	\$ 3,350	\$ 0
19 Software for the Energy Imbalance Market	\$ 190	\$ 190	\$ 190	\$ 190	\$ 0	\$ 0	\$ 0	\$ 760	\$ 760	\$ 0
20 Content management software for electronic documents	\$ 1,210	\$ 1,210	\$ 1,210	\$ 1,210	\$ 1,210	\$ 0	\$ 0	\$ 6,050	\$ 6,050	\$ 0
21 Software that allows pulling data from multiple sources	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ 0
Total O&M	\$ 34,735	\$ 35,035	\$ 35,615	\$ 36,493	\$ 31,235	\$ 15,010	\$ 0	\$ 188,124	\$ 188,124	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Financial & Information Services	\$ 34,735	\$ 35,035	\$ 35,615	\$ 36,493	\$ 31,235	\$ 15,010	\$ 0	\$ 188,124	\$ 188,124	\$ 0

**Salt River Project
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030				
Law, Land & Risk Management										
1 Ground lease	\$ 150	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	\$ 250	\$ 250	\$ 0
2 Ground lease	\$ 0	\$ 0	\$ 100	\$ 100	\$ 100	\$ 100	\$ 4,400	\$ 4,800	\$ 4,800	\$ 0
Total O&M	\$ 150	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 4,400	\$ 5,050	\$ 5,050	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Law, Land & Risk Management	\$ 150	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 4,400	\$ 5,050	\$ 5,050	\$ 0
Human Resources										
1 Worker's compensation vendor contract	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0	\$ 9,000	\$ 9,000	\$ 0
Total O&M	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0	\$ 9,000	\$ 9,000	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Human Resources	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0	\$ 9,000	\$ 9,000	\$ 0
Customer Operations										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Customer Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Water Stewardship										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Water Stewardship	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Power System										
1 ADMS licensing	\$ 796	\$ 820	\$ 844	\$ 870	\$ 896	\$ 0	\$ 0	\$ 4,225	\$ 4,225	\$ 0
2 Integral analytics	\$ 754	\$ 156	\$ 188	\$ 188	\$ 188	\$ 0	\$ 0	\$ 1,472	\$ 1,472	\$ 0
3 EMS licensing	\$ 494	\$ 509	\$ 524	\$ 540	\$ 556	\$ 573	\$ 0	\$ 3,195	\$ 3,195	\$ 0
Total O&M	\$ 2,043	\$ 1,485	\$ 1,556	\$ 1,597	\$ 1,639	\$ 573	\$ 0	\$ 8,893	\$ 8,893	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Power System	\$ 2,043	\$ 1,485	\$ 1,556	\$ 1,597	\$ 1,639	\$ 573	\$ 0	\$ 8,893	\$ 8,893	\$ 0

**Salt River Project
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030				
Corporate Planning & Strategy										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Corporate Planning & Strategy	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total SRP Multi-Year Contracts										
Total O&M	\$ 38,428	\$ 38,120	\$ 38,771	\$ 39,690	\$ 34,474	\$ 17,183	\$ 4,400	\$ 211,067	\$ 211,067	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Contracts	\$ 38,428	\$ 38,120	\$ 38,771	\$ 39,690	\$ 34,474	\$ 17,183	\$ 4,400	\$ 211,067	\$ 211,067	\$ 0

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Water Rates

The Water Rates section steps through the proposed changes and estimated impacts to the FY25 financial statements if the proposed rates are not approved.

DRAFT STATEMENT OF REVENUES AND EXPENSES ASSOCIATION BUDGET

	FY24 Budget (000)	FY25 Proposed Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$11,385	\$11,853
Additional Deliveries	\$2,213	\$2,311
Water Delivery Revenues	\$2,025	\$1,996
Other Service Revenues	\$4,329	\$4,457
Falling Water	\$9,206	\$6,897
<i>Total Operating Revenues</i>	\$29,158	\$27,514
<i>Operating Expenses</i>		
Operations & Maintenance	\$78,905	\$76,029
Power for Pumping	\$7,106	\$4,191
<i>Total Operating Expenses</i>	\$86,011	\$80,220
<i>Net Operating Revenues (Loss)</i>	(\$56,853)	(\$52,706)
<i>Other Income (Deductions) Net</i>	\$2,594	\$2,751
<i>Net Revenues (Loss)</i>	(\$54,259)	(\$49,955)

Appendix

The Appendix Section includes capital detail by Capital Budget Item (CBI), Capital Costs for Full Life Items, Summary of Municipal Aesthetics Program Allocation, Summary of Cash Contributions, Summary of Operating Chargebacks and Loads, and Capital Summary of Loads.

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
President & Staff				
Corporate Secretary's Office				
3913015 Elections Equipment	\$ 25	\$ 0	\$ (25)	(100.0%)
Total Corporate Secretary's Office	\$ 25	\$ 0	\$ (25)	(100.0%)
Total President & Staff	\$ 25	\$ 0	\$ (25)	(100.0%)

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Public Affairs & Corporate Services				
Supply Chain, Transportation & Flight Services				
3922000 Transportation Svcs:Fleet Transportation	\$ 26,281	\$ 24,800	\$ (1,481)	(5.6%)
3922500 Transportation Svcs: Fleet Salvage	(1,500)	(1,500)	0	0.0%
3925000 Flight Services: Aircraft Transportation	0	400	400	--
3931001 Material Services: Equipment	380	1,230	850	223.7%
3931005 Sup Chn Sustainable Solutions: Equipment	1,300	1,250	(50)	(3.8%)
3941202 Transportation Svcs: Tools & Equipment	1,020	1,100	80	7.8%
3981511 Flight Services: Equipment & UAS; Drones	425	420	(5)	(1.2%)
3984005 General Equipment Salvage	(4,100)	(4,100)	0	0.0%
Total Supply Chain, Transportation & Flight Services	\$ 23,806	\$ 23,600	\$ (206)	(0.9%)
Facilities & MCM Services				
3902043 TGO Modernization	\$ 2,000	\$ 2,000	\$ 0	0.0%
3902100 Facilities Betterments	32,000	32,900	900	2.8%
3903042 ISB Modernization	4,800	3,000	(1,800)	(37.5%)
3903043 XCT Modernization	7,000	5,500	(1,500)	(21.4%)
3903240 Falcon Field Hangar	0	12,400	12,400	--
3941201 Building Services Tools & Shop Equipment	20	20	0	0.0%
3941300 Mechanical C&M Tools	300	300	0	0.0%
3941306 MCM Equipment Replacements	2,500	2,500	0	0.0%
Total Facilities & MCM Services	\$ 48,620	\$ 58,620	\$ 10,000	20.6%
Total Public Affairs & Corporate Services	\$ 72,426	\$ 82,220	\$ 9,794	13.5%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Community, Communications & Marketing				
Community, Communications & Marketing				
3981401 A-V & Other Equipment	\$ 210	\$ 210	\$ 0	0.0%
3981410 CC&M Printing Equipment	<u>280</u>	<u>220</u>	<u>(60)</u>	<u>(21.5%)</u>
Total Community, Communications & Marketing	\$ 490	\$ 430	\$ (60)	(12.3%)
Total Community, Communications & Marketing	\$ 490	\$ 430	\$ (60)	(12.3%)
Financial & Information Services				
Cyber Security Services				
3981708 Application Roadmap-Cyber Security Prgm	<u>\$ 2,000</u>	<u>\$ 250</u>	<u>\$ (1,750)</u>	<u>(87.5%)</u>
Total Cyber Security Services	\$ 2,000	\$ 250	\$ (1,750)	(87.5%)

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
IT Services				
3911200 Managed Print Services	\$ 133	\$ 150	\$ 17	12.4%
3912001 End User Compute	10,362	10,405	43	0.4%
3912052 Infrastructure Equip. Lifecycle & Growth	18,651	17,375	(1,276)	(6.8%)
3972025 Telephone System Upgrades	2,185	2,996	811	37.1%
3981640 Enterprise Content Management Program	2,926	2,227	(699)	(23.9%)
3981641 Enterprise System Improvements	4,999	6,270	1,271	25.4%
3981655 Corporate Data Dictionary	1,595	6,396	4,801	300.9%
3981660 Customer Modernization	0	37,526	37,526	--
3981665 GIS Replatform	892	560	(332)	(37.2%)
3981715 Work Asset Management Systems	2,558	2,167	(391)	(15.3%)
Total IT Services	\$ 44,301	\$ 86,072	\$ 41,771	94.3%
Total Financial & Information Services	\$ 46,301	\$ 86,322	\$ 40,021	86.4%
Law, Land & Risk Management				
Land Department				
2891104 Purchase Right Of Way Irrigation Facilit	\$ 585	\$ 585	\$ 0	0.0%
3101800 Generation Right Of Way	16,443	20,007	3,564	21.7%
3501802 Transmission Right Of Way	18,857	51,559	32,702	173.4%
3601197 Distribution Right Of Way	2,339	3,038	699	29.9%
3891001 Retirement of Land & Rights	34	34	0	0.0%
3891012 Airport Ground Lease	50	150	100	200.0%
3891095 Survey Equipment and Instruments	222	231	9	4.0%
Total Land Department	\$ 38,530	\$ 75,604	\$ 37,074	96.2%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Risk Management				
3901395 Fire Protection System Betterments	\$ 345	\$ 350	\$ 5	1.4%
Total Risk Management	\$ 345	\$ 350	\$ 5	1.4%
Security Services				
3971300 Security Equipment	\$ 3,867	\$ 8,000	\$ 4,133	106.9%
Total Security Services	\$ 3,867	\$ 8,000	\$ 4,133	106.9%
Total Law, Land & Risk Management	\$ 42,742	\$ 83,954	\$ 41,212	96.4%
Human Resources				
Human Resources				
3901400 PERA Structure & Improvements	\$ 486	\$ 0	\$ (486)	(100.0%)
Total Human Resources	\$ 486	\$ 0	\$ (486)	(100.0%)
Total Human Resources	\$ 486	\$ -	\$ (486)	(100.0%)

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Customer Operations				
Customer Programs				
3606000 EV Charging Stations Pilot	\$ 325	\$ 325	\$ 0	0.0%
3904000 SRP Innovation Test Center	<u>200</u>	<u>200</u>	<u>0</u>	<u>0.0%</u>
Total Customer Programs	\$ 525	\$ 525	\$ 0	0.0%
Customer Services				
3704400 New Meters	\$ 42,350	\$ 21,940	\$ (20,410)	(48.2%)
3941440 Metering-Electric System Planning & Eng	<u>150</u>	<u>150</u>	<u>0</u>	<u>0.0%</u>
Total Customer Services	\$ 42,500	\$ 22,090	\$ (20,410)	(48.0%)
Customer Strategy				
3981626 Customer Technology Projects	<u>\$ 6,772</u>	<u>\$ 1,641</u>	<u>\$ (5,131)</u>	<u>(75.8%)</u>
Total Customer Strategy	\$ 6,772	\$ 1,641	\$ (5,131)	(75.8%)

Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Distribution Grid Services				
3601210 Distribution Lines - System Plan	\$ 12,061	\$ 18,996	\$ 6,935	57.5%
3601220 Distribution - Customer Improvements	12,497	9,519	(2,978)	(23.8%)
3601230 Distribution - System Replacements	12,846	16,299	3,453	26.9%
3601240 Electric System Upgrades to Standards	150	155	5	3.3%
3601250 Public Agency Management	2,245	2,190	(55)	(2.4%)
3601300 Light Rail Project	650	92	(558)	(85.8%)
3601401 Residential New Business	22,497	32,940	10,443	46.4%
3601405 Commercial New Business	21,244	24,542	3,298	15.5%
3601415 Distribution Transformers	33,624	35,356	1,732	5.2%
3601416 Residential & Commercial Services	15,644	18,164	2,520	16.1%
3601500 Wood Pole Asset Management Project	11,329	12,988	1,659	14.6%
3601510 Underground Cable Replacement	37,855	45,200	7,345	19.4%
3603605 Municipal Aesthetics Program	75,671	18,000	(57,671)	(76.2%)
3609999 Municipal Program Carry-Out	(75,671)	(18,000)	57,671	(76.2%)
3941303 CCS New Business D&C Tools	118	118	0	0.0%
3941304 Distribution Grid Services Tools	594	594	0	0.0%
3981233 Reprographics Equipment	271	92	(179)	(66.1%)
Total Distribution Grid Services	\$ 183,625	\$ 217,245	\$ 33,620	18.3%
Total Customer Operations	\$ 233,422	\$ 241,501	\$ 8,079	3.5%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Water Stewardship				
Water Supply & Systems				
2301110 Granite Reef and Basin Improvements	\$ 0	\$ 1,740	\$ 1,740	--
2401009 Groundwater Combined Improvements	427	840	413	96.5%
2401010 Groundwater Resource Development	4,077	8,192	4,115	100.9%
2401014 Groundwater Electrical Improvements	300	540	240	80.0%
2402010 Water Quality Management	2,273	2,273	0	0.0%
2502001 Water Transmission	4,159	11,765	7,606	182.9%
2502012 Gilbert Road Pipeline	3,000	6,763	3,763	125.4%
2602001 Water Distribution	3,065	2,500	(565)	(18.4%)
2602005 Water Distribution Improvements	11,664	12,299	635	5.4%
2891170 Land Budget for New Well Sites	1,080	1,063	(17)	(1.5%)
2943009 Tools - C&M/Groundwater	110	110	0	0.0%
2972105 SCADA Infrastructure	1,797	3,153	1,356	75.5%
2972133 Pluvial Precipitation Gauges	0	15	15	--
Total Water Supply & Systems	\$ 31,952	\$ 51,253	\$ 19,301	60.4%
Water Strategy Services				
2321015 Bartlett Dam Modification	\$ 0	\$ 250	\$ 250	--
2502014 SRP/CAP Interconnection	0	1,958	1,958	--
2911025 Water Delivery Systems	2,400	3,703	1,303	54.3%
2911030 Hydromet & Mobility Systems	3,843	4,259	416	10.8%
Total Water Strategy Services	\$ 6,243	\$ 10,170	\$ 3,927	62.9%
Total Water Stewardship	\$ 38,195	\$ 61,423	\$ 23,228	60.8%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

		FY24 Budget	FY25 Proposed	\$ Change	% Change
Power System					
Distribution & Technology Operations					
3102004	Generation Station Relaying	\$ 527	\$ 0	\$ (527)	(100.0%)
3502010	Transmission SCADA	366	244	(122)	(33.4%)
3502020	Telecom Network Improvements	2,458	2,211	(247)	(10.0%)
3502022	Telecom Infrastructure Improvements	729	1,653	924	126.7%
3502024	Telecom Operations Improvements	422	2,582	2,160	511.5%
3502035	Energy Management System Upgrades	1,094	10	(1,084)	(99.1%)
3503904	Transmission Station Relaying	1,220	2,272	1,052	86.2%
3504025	Substation Multiplex-JMUX Project	1,043	933	(110)	(10.5%)
3602010	Distribution SCADA	1,500	2,368	868	57.9%
3602015	Dist. Stations Power Quality Monitors	0	42	42	--
3603044	Distribution Station Relaying	4,038	4,202	164	4.1%
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	1,200	500	(700)	(58.3%)
3941435	Distribution Operations Tools	133	133	0	0.0%
3951330	Electronic System Lab Equipment	445	456	11	2.5%
3951335	Relay & Central Test Equipment	415	412	(3)	(0.7%)
3971415	FAN Deployment Project	242	252	10	4.2%
3971416	Distribution Volt/VAR Optimization	1,654	82	(1,572)	(95.1%)
3971420	Trunked Radio Replacement	950	2,491	1,541	162.2%
3971500	SRP Wireline Customer Capital	378	460	82	21.7%
3971510	SRP Wireless Customer Capital	770	697	(73)	(9.5%)
3982035	Advanced Distribution Management System	6,165	4,062	(2,103)	(34.1%)
3982038	PAC Digital Transformation Project	0	4,000	4,000	--
Total Distribution & Technology Operations		\$ 25,749	\$ 30,062	\$ 4,313	16.8%

Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Power Generation				
3102003 Hayden Capital Projects	\$ 430	\$ 327	\$ (103)	(24.0%)
3103002 Craig Capital Projects	63	23	(40)	(63.3%)
3105020 Coronado Capital Projects	2,772	4,661	1,889	68.2%
3105022 Coronado Long Term Projects	30,000	0	(30,000)	(100.0%)
3105026 Coronado Capital Emissions	29,725	12,027	(17,698)	(59.5%)
3105557 Springerville Betterments	9,741	3,323	(6,418)	(65.9%)
3105558 Salado Springs Mitigation	30	0	(30)	(100.0%)
3105594 Coolidge Plant Improvement	1,325	6,917	5,592	422.0%
3105595 Coolidge Expansion Project	9,000	209,820	200,820	2,231.3%
3108002 Four Corners Capital Projects	6,416	12,027	5,611	87.5%
3109095 Agua Fria Capital Projects	4,300	2,939	(1,361)	(31.7%)
3109112 Kyrene Capital Projects	4,397	28,843	24,446	556.0%
3201004 Palo Verde Capital Projects	39,292	37,153	(2,139)	(5.4%)
3301213 Hydro Capital Projects	7,900	8,972	1,072	13.6%
3421027 Santan Capital Projects	24,290	9,037	(15,253)	(62.8%)
3421125 Mesquite Capital Projects	2,347	3,129	782	33.3%
3421140 Gila River Capital Projects	50,320	44,212	(6,108)	(12.1%)
3421150 Desert Basin Capital Projects	1,955	3,885	1,930	98.7%
3421225 Copper Crossing Research & Energy Center	125,568	85,748	(39,820)	(31.7%)
3421230 Copper Crossing Capital Projects	0	40	40	--
3506005 Gila River Switchyard	0	500	500	--
3506010 Mesquite Switchyard Improvements	107	103	(4)	(3.7%)
3914000 Power Generation Services Hardware	1,000	0	(1,000)	(100.0%)
3941311 Tools - Hydro	80	40	(40)	(50.0%)
3941313 Tools and Equipment - Coronado	120	120	0	0.0%
3941316 Tools and Equipment - Agua Fria	135	50	(85)	(63.0%)
3941317 Tools and Equipment - Kyrene	35	35	0	0.0%

Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)

	FY24 Budget	FY25 Proposed	\$ Change	% Change
3941318 Tools and Equipment - Santan	120	56	(64)	(53.3%)
3941334 Tools and Equipment - Desert Basin	75	50	(25)	(33.3%)
3941335 Tools and Equipment - Mesquite	48	59	11	23.8%
3941340 Tools and Equipment - Gila River	50	50	0	0.0%
3941342 Tools and Equipment - Coolidge	60	80	20	33.3%
3941345 Power Generation Services Tools	65	178	113	173.8%
3951110 Generation Engineering Tools	200	200	0	0.0%
3961000 Coronado Rolling Stock	361	175	(186)	(51.5%)
Total Power Generation	\$ 352,327	\$ 474,779	\$ 122,452	34.8%
Power Delivery				
3501074 Transmission Line Additions	\$ 12,520	\$ 13,192	\$ 672	5.4%
3501100 Transmission Pole Asset Management	8,840	3,693	(5,147)	(58.2%)
3501301 Navajo Southern Transmission System	863	239	(624)	(72.3%)
3503603 Transmission Substation New Business	6,708	14,839	8,131	121.2%
3503604 Transmission Line New Business	0	9,128	9,128	--
3503630 Mead-Phoenix Improvements	1,298	148	(1,150)	(88.6%)
3503901 Transmission Substation Maintenance	3,618	9,963	6,345	175.4%
3503903 Transmission Stations Additions/Upgrades	15,943	27,612	11,669	73.2%
3503905 Palo Verde Transmission Sys Improvements	1,889	2,217	328	17.4%
3503906 Rudd System Improvements	468	531	63	13.4%
3503910 Palo Verde-Pinal Central Betterments	167	1,234	1,067	637.7%
3503915 Browning Bank T2A 500/230kV Xfrmr Addtn	15,483	1,951	(13,532)	(87.4%)
3505200 Southeast Power Link	19,076	5,436	(13,640)	(71.5%)
3505500 Kyrene-Knox Transmission	5	0	(5)	(100.0%)
3506009 Mesquite Transmission Improvements	7	13	6	85.2%
3506012 Four Corners Switchyard Participation	71	0	(71)	(100.0%)

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
3506015 Coronado-Springerville Improvements	689	1,268	579	84.1%
3506020 Rogers System Improvements	194	3,903	3,709	1,906.9%
3506077 Facility Ratings Analysis	2,065	0	(2,065)	(100.0%)
3506083 Morgan-Pinnacle Peak Improvements	26	0	(26)	(100.0%)
3506090 Abel-Pfister-Ball 230kV Project	2,604	0	(2,604)	(100.0%)
3507015 Huckleberry Mesa 230/69kV Transmission	7,792	0	(7,792)	(100.0%)
3507020 High-Tech Interconnect Project (HIP)	92,653	3,996	(88,657)	(95.7%)
3507025 Laveen Project	0	971	971	--
3603040 Distribution Station Capital Maintenance	11,570	12,881	1,311	11.3%
3603042 Distribution Stations Additions/Upgrades	8,084	18,265	10,181	125.9%
3603603 Distribution Substation New Business	29,888	103,791	73,903	247.3%
3901415 PERA Substation Training Facility	400	0	(400)	(100.0%)
3941301 System Operations Tools	1,675	1,644	(31)	(1.9%)
3941430 Planning & Engineering Tools	419	430	11	2.5%
3981628 Flowgate Methodology Implementation	3,689	2,450	(1,239)	(33.6%)
3981634 Operational Readiness Implementation	1,817	996	(821)	(45.2%)
Total Power Delivery	\$ 250,521	\$ 240,791	\$ (9,730)	(3.9%)
Total Power System	\$ 628,597	\$ 745,632	\$ 117,035	18.6%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Corporate Planning & Strategy				
Resource Management				
2951202 Chemistry Lab	\$ 245	\$ 550	\$ 305	124.5%
2972132 Real Time Water Quality Probe Replacemen	85	85	0	0.0%
3105580 Future Resources	26,368	47,271	20,903	79.3%
3201005 PVNGS Share Purchase	4,271	0	(4,271)	(100.0%)
3901394 Randolph Parties Settlement	0	950	950	--
Total Resource Management	\$ 30,969	\$ 48,857	\$ 17,888	57.8%
Total Corporate Planning & Strategy	\$ 30,969	\$ 48,857	\$ 17,888	57.8%
Total Capital Primary Costs	\$ 1,093,653	\$ 1,350,339	\$ 256,686	23.5%
Contingency & Risk Portfolio				
3990300 Capital Contingency	\$ 0	\$ 0	\$ 0	--
3990400 Capital Risk Portfolio	54,140	73,198	19,058	35.2%
Total Contingency & Risk Portfolio	\$ 54,140	\$ 73,198	\$ 19,058	35.2%
Total Capital Expenditures	\$ 1,147,793	\$ 1,423,537	\$ 275,744	24.0%

**Salt River Project
2024-2025 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY24 Budget	FY25 Proposed	\$ Change	% Change
Loads & Financials				
Loads	\$ 265,969	\$ 304,899	\$ 38,930	14.6%
Financial	17,031	28,915	11,884	69.8%
Total Loads & Financials	\$ 283,000	\$ 333,814	\$ 50,814	18.0%
Subtotal	\$ 1,430,793	\$ 1,757,351	\$ 326,558	22.8%
Cash Contributions (CIAC)	\$ (200,847)	\$ (254,536)	\$ (53,689)	26.7%
Grand Total	\$ 1,229,946	\$ 1,502,815	\$ 272,869	22.2%

Salt River Project
2024-2025 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI								
Number	Description	FY25	FY26	FY27	FY28	FY29	FY30	
2301110	Granite Reef and Basin Improvements	\$ 1,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
2321015	Bartlett Dam Modification	250	250	0	0	0	0	
2402010	Water Quality Management	2,273	2,273	2,273	2,273	2,273	2,273	
2502012	Gilbert Road Pipeline	6,763	125	0	0	0	0	
2502014	SRP/CAP Interconnection	1,958	1,958	0	0	0	0	
2891170	Land Budget for New Well Sites	1,063	1,000	1,000	1,000	1,000	1,000	
2911025	Water Delivery Systems	3,703	2,100	0	0	522	3,100	
2911030	Hydromet & Mobility Systems	4,259	3,110	1,000	1,000	1,000	5,300	
2972133	Pluvial Precipitation Gauges	15	15	0	0	0	0	
3105026	Coronado Capital Emissions	12,027	0	0	0	0	0	
3105580	Future Resources	47,271	119,867	535,018	819,089	1,176,602	1,068,961	
3105594	Coolidge Plant Improvement	6,917	9,094	1,220	240	740	6,900	
3105595	Coolidge Expansion Project	209,820	286,452	95,850	54,259	0	0	
3421225	Copper Crossing Research & Energy Center	85,748	5,282	0	0	0	0	
3502035	Energy Management System Upgrades	10	3,361	1,518	10	2,424	4,026	
3503603	Transmission Substation New Business	14,839	12,847	0	0	0	0	
3503915	Browning Bank T2A 500/230kV Xfrmr Addtn	1,951	0	0	0	0	0	
3504020	Substation Communication Network Upgrade	0	683	679	0	0	0	
3504025	Substation Multiplex-JMUX Project	933	153	351	0	0	0	
3505200	Southeast Power Link	5,436	0	0	0	0	0	
3507020	High-Tech Interconnect Project (HIP)	3,996	0	0	0	0	0	

Salt River Project
2024-2025 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI							
Number	Description	FY25	FY26	FY27	FY28	FY29	FY30
3507025	Laveen Project	971	1,164	19,418	0	0	0
3601300	Light Rail Project	92	1,293	2,491	2,491	2,491	2,491
3602015	Dist. Stations Power Quality Monitors	42	219	197	207	197	207
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	500	500	500	1,632	0	0
3901394	Randolph Parties Settlement	950	1,756	700	0	0	0
3901395	Fire Protection System Betterments	350	350	350	350	350	350
3902043	TGO Modernization	2,000	400	2,450	8,500	7,750	3,000
3903042	ISB Modernization	3,000	0	0	0	0	0
3903043	XCT Modernization	5,500	0	0	0	0	0
3903240	Falcon Field Hangar	12,400	8,000	0	0	0	0
3925000	Flight Services: Aircraft Transportation	400	0	0	0	0	0
3941306	MCM Equipment Replacements	2,500	2,500	2,500	2,500	2,500	2,500
3971415	FAN Deployment Project	252	169	169	169	169	6,572
3971416	Distribution Volt/VAR Optimization	82	880	1,591	1,481	0	0
3971420	Trunked Radio Replacement	2,491	611	456	4,148	2,252	925
3971515	Paging System Replacement	0	0	0	84	0	0
3972025	Telephone System Upgrades	2,996	0	0	0	0	0
3981628	Flowgate Methodology Implementation	2,450	0	0	0	0	0
3981629	Transient Cyber Assets	0	0	0	1,500	0	0
3981634	Operational Readiness Implementation	996	30	0	0	0	0
3981640	Enterprise Content Management Program	2,227	0	0	0	0	0

Salt River Project
2024-2025 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI							
Number	Description	FY25	FY26	FY27	FY28	FY29	FY30
3981655	Corporate Data Dictionary	6,396	4,573	3,694	3,045	2,738	2,738
3981660	Customer Modernization	37,526	72,031	37,922	0	0	0
3981665	GIS Replatform	560	0	0	0	0	0
3981708	Application Roadmap-Cyber Security Prgrm	250	250	250	250	250	2,000
3982035	Advanced Distribution Management System	4,062	2,437	2,621	1,271	1,986	951
3982038	PAC Digital Transformation Project	\$ 4,000	\$ 3,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 0
Total Primary Cost for Full Life Items		\$ 503,964	\$ 548,734	\$ 716,218	\$ 906,498	\$ 1,206,243	\$ 1,113,293
Loads		\$ 57,079	\$ 42,378	\$ 49,190	\$ 57,485	\$ 73,577	\$ 67,304
Total Full Life Items		\$ 561,042	\$ 591,112	\$ 765,408	\$ 963,984	\$ 1,279,820	\$ 1,180,597

Salt River Project
Summary of Municipal Aesthetics Program Allocation
(\$ Thousands)

Description	FY24	FY25	\$	%
	Budget	Budget	Change	Change
Municipal Aesthetics Program	\$ 18,000	\$ 18,000	\$ 0	0.0%

Note: The Municipal Aesthetics Program Fund balance as of January 31, 2024 is \$75,671,346.

**Salt River Project
 Summary of Cash Contributions
 Subsidiaries, LLCs, and/or Related Entities
 (\$ Thousands)**

Entity	FY25 Budget
Gila River Water Storage, LLC	\$ 986
Papago Park Center, Inc.	-
Total	\$ 986

Salt River Project
2024-2025 Organizational Budget
Summary of Operating Chargebacks and Loads
(\$ Thousands)

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Total Organizational Primary & Contingency	\$ 3,045,889	\$ 3,301,497	\$ 255,608	8.4%
Chargebacks and Loads				
President & Staff	\$ 4,830	\$ 4,301	\$ (529)	(11.0%)
General Manager	1,593	1,190	(403)	(25.3%)
Public Affairs & Corporate Services	48,715	41,698	(7,017)	(14.4%)
Community, Communications & Marketing	17,179	17,305	126	0.7%
Financial & Information Services	57,265	59,087	1,822	3.2%
Law, Land & Risk Management	15,214	16,568	1,354	8.9%
Human Resources	15,437	18,731	3,294	21.3%
Customer Operations	244,949	269,381	24,432	10.0%
Water Stewardship	59,692	60,440	748	1.3%
Power System	207,168	227,858	20,690	10.0%
Corporate Planning & Strategy	25,547	27,421	1,874	7.3%
Total Chargebacks and Loads	\$ 697,589	\$ 743,980	\$ 46,391	6.7%

Notes for Operating Chargebacks and Loads

Chargebacks \$297,257,000

The chargeback category includes dollars for all of SRP's shared service providers which include: Information Technology, Facilities Services, Supply Chain, Graphic Records, Transportation Services, Communications System Support, Environmental Lab, Mail Services, Security Services, and Flight Services. Chargebacks increased year-over-year. The increase over FY24 is due primarily to Information Technology, as dollars have increased due to labor inflation, new T.O. requests, software license and hardware commodity cost increases attributed to growth and the supply chain market, and the Customer Modernization (Phoenix Replacement) project to implement a cloud-only platform.

Loads \$446,722,000

The loads category includes the following subcategories: Labor Loads (Sick, Vacation, Holiday, and Leave (SVHL), Benefits, and Payroll Tax), Supply Chain Loads, Functional Loads, and Transportation Loads. Loads increased from FY24 due primarily to an increase in Functional loads. This increase is driven by general inflationary pressures increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits and taxes drove an increase to Labor load rates.

Salt River Project
2024-2025 Organizational Budget
Capital Summary of Loads
(\$ Thousands)

	FY24	FY25	\$	%
	Budget	Proposed	Change	Change
Total Organizational Primary, Contingency & Risk	\$ 1,147,793	\$ 1,423,537	\$ 275,744	24.0%
Loads				
President & Staff	\$ 1	\$ 0	\$ (1)	(100.0%)
Public Affairs & Corporate Services	9,201	10,924	1,723	18.7%
Community, Communications & Marketing	28	24	(4)	(12.6%)
Financial & Information Services	4,738	7,986	3,248	68.5%
Law, Land & Risk Management	6,244	7,245	1,001	16.0%
Human Resources	50	0	(50)	(100.0%)
Customer Operations	134,092	132,087	(2,005)	(1.5%)
Water Stewardship	15,709	22,679	6,970	44.4%
Power System	94,025	120,718	26,693	28.4%
Corporate Planning & Strategy	<u>1,880</u>	<u>3,236</u>	<u>1,356</u>	72.1%
Total Loads	\$ 265,968	\$ 304,899	\$ 38,931	14.6%
Financial	\$ 17,031	\$ 28,915	\$ 11,884	69.8%
Subtotal	\$ 282,999	\$ 333,814	\$ 50,815	18.0%
Cash Contributions (CIAC)	\$ (200,847)	\$ (254,536)	\$ (53,689)	26.7%
Grand Total	\$ 1,229,945	\$ 1,502,815	\$ 272,870	22.2%

Notes for Capital Loads

Loads \$304,899,000

The Loads category includes the following subcategories: Labor Loads, Supply Chain Loads, Administrative & General Loads, Functional Loads, Transportation Loads, and Municipal Aesthetics Loads. Loads increased from FY24 due primarily to an increase in Functional and A&G loads. This increase is driven by general inflationary pressures increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits and taxes drove an increase to labor load rates.

Financial \$28,915,000

The Financial category includes AFUDC. Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY24 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

Contributions-In-Aid-of-Construction (CIAC) (\$254,536,000)

CIAC are funds recovered from residential or commercial customers to defray the cost of new business or customer requested construction of SRP-owned facilities. The largest contributor of the increase from FY24 is a \$110.7 million increase related to Transmission and Distribution Industrial New Business as more customer driven work was requested in FY25. This increase is offset by a \$63.9 million decrease for customer driven work related to the High-Tech Interconnect Project and Huckleberry Mesa 230/69kV transmission project.