



Delivering water and power®

THIRD QUARTER REPORT
OCTOBER 31, 2023–JANUARY 31, 2024
FISCAL YEAR 2024

Message from the President and the General Manager & CEO

David Rousseau
PRESIDENT

Jim Pratt
GENERAL MANAGER & CEO

NEWS & ACHIEVEMENTS

SRP continues to add sustainable energy

SRP and NextEra Energy Resources LLC officially commissioned a 100-megawatt (MW) battery system to store the energy produced by the operating Saint Solar Energy Center in Coolidge, Arizona. The Saint Solar facility has been serving SRP commercial customers since the end of 2020 and is one of nine SRP-contracted solar resources delivering more than 650 MW of clean energy to SRP customers. The new battery energy storage system can store enough of the solar facility's clean energy to provide power to more than 22,500 average-size homes for four hours.

The Saint Solar facility and the connected battery energy storage system are operated by subsidiaries of NextEra Energy Resources. Solar energy from the site is delivered to 11 SRP commercial customers to help meet their renewable energy goals, and the addition of battery energy storage benefits all SRP energy customers. SRP's current investment in storage resources includes more than 1,100 MW of battery projects expected to be online by the end of 2024.

SRP is also prepared to add another 1,500 MW of new battery resources and 1,000 MW of long-duration energy storage capacity from pumped hydro by 2035. This is in addition to 7,000 MW of new renewable resources, including 6,000 MW of new large-scale solar resources planned by 2035. This is enough solar energy to power more than 1.3 million average-size homes.

SRP partnership supports watershed protection

EdgeCore Digital Infrastructure, a wholesale data center developer, owner and operator with a location in Mesa, Arizona, announced a contribution of \$288,419 to support SRP's Resilient Water and Forest Initiative. The initiative addresses unhealthy forests in Arizona with the goal of reducing devastating wildfires that threaten the health of SRP's watershed and, in turn, SRP's ability to deliver clean, reliable water to the Phoenix metro area.

EdgeCore's contribution will support phases 1 and 2 of the Dude Fire Restoration Project, which involves clearing hazardous, highly flammable brush and debris from nearly 5,000 acres of forest north of Payson previously devastated by the Dude Fire in 1990. EdgeCore intends to contribute an additional \$280,560 over the next year to fund Phase 3 of the Dude Fire Restoration Project.

SRP is also working with the Arizona Department of Forestry and Fire Management, the Tonto National Forest and other partners on this initiative.

SRP supports first responders

SRP partnered with the Gilbert Fire & Rescue Department on the purchase of a new electric fire truck. The truck is the first of its kind in Arizona and among the first few electric fire trucks in the nation.

The new truck is emissions-free, which makes for a cleaner, safer work environment for Gilbert Fire personnel. It has smoother and more responsive acceleration than diesel-powered pumpers. The electric

fire truck is also significantly quieter than typical diesel engines, reducing the need for firefighters to wear hearing protection and allowing for improved communication inside and outside of the truck.

SRP provided \$30,000 to the Town of Gilbert for this project, which included a \$20,000 rebate for the charging infrastructure and \$10,000 for the truck itself. SRP also oversaw installation of the custom EV charger at Gilbert Fire Station No. 2.

The new fire truck can deliver 1,500 gallons of water per minute and uses only 2% of its battery to completely empty the truck of water.

SRP recognized by J.D. Power and Forbes

For the second year in a row, SRP ranked highest in business customer satisfaction among all large electricity providers in the nation, according to a study released by J.D. Power. SRP also ranked first among large electricity providers in the West Region for the third consecutive year.

According to J.D. Power's 2023 Electric Utility Business Customer Satisfaction Study, business electric customers gave SRP a customer satisfaction score of 818 on a 1,000-point scale. In the West Large segment, SRP scored highest in all six customer satisfaction factors: Power Quality and Reliability, Price, Billing and Payment, Corporate Citizenship, Communications and Customer Service.

SRP has also been included on the Forbes list of America's Best-in-State Employers 2023, ranking sixth in

Arizona. This prestigious award is presented by Forbes and Statista Inc., the world-leading statistics portal and industry-ranking provider. The organizations selected are based on 2.1 million recommendations from employees of U.S. companies with more than 500 employees. Nationally, SRP ranked 76th among mid-size companies.

Leadership changes

SRP GM and CEO Jim Pratt announced that he has selected Brian Koch as the company's new Associate General Manager and Chief Financial Officer and Vanessa Kisicki as Associate General Manager and Chief Customer Executive.

Koch joined SRP in 2001 and most recently served as Corporate Treasurer and Senior Director of Financial Services. In that position, he helped shape SRP's overall financial health, leading the areas of pricing, financial planning, energy risk management, financial trusts and investments, and treasury operations and compliance. Koch has also held leadership positions in energy risk management, financial planning, and resource planning and development. He succeeds Aidan McSheffrey, who will retire in May 2024 after more than 31 years with SRP.

Kisicki has been with SRP for nearly 22 years. She previously served as Director of Distribution Strategy, where she was responsible for planning and modernizing the electric distribution grid for one of the fastest-growing areas in the nation. Kisicki specializes in building and leading strategic teams, fostering technology innovation and nurturing the development of emerging leaders.

FINANCIAL RESULTS

Operating revenues were \$874.3 million for the third quarter of fiscal year 2024 (FY24) and \$852.9 million for the third quarter of fiscal year 2023 (FY23). In the third quarter of FY24, retail electric revenues increased \$71.0 million, or 12.3%, to \$646.7 million, primarily due to customer growth and an increase in Fuel and Purchased Power Adjustment Mechanism (FPPAM) prices. The increase in operating revenues was partially offset by a decrease in wholesale revenues of \$50.9 million, or 20.6%, to \$196.0 million, primarily due to a decrease in wholesale energy prices. The total number of customers as of Jan. 31, 2024, was 1,158,863, an increase of 2.0% from Jan. 31, 2023.

Operating expenses were \$1.1 billion for the third quarter of FY24 and \$1.2 billion for the same period in FY23, a decrease of \$155.7 million, or 12.7%. Fuel used in electric generation and power purchased includes adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value losses of \$173.9 million and \$188.6 million in the third quarters of FY24 and FY23, respectively, fuel used in electric generation and power purchased would have decreased \$160.8 million, or 31.0%, primarily due

to lower average natural gas prices. Operations and maintenance costs increased \$30.8 million due to higher spending throughout the organization. Excluding the fair value adjustments, total operating expenses would have decreased \$141.0 million, or 13.6%.

Investment income (loss), net was income of \$92.7 million for the third quarter of FY24 compared to income of \$93.8 million for the same period in FY23. Investment income (loss), net includes fair value gains of \$78.3 million and \$87.3 million in the third quarters of FY24 and FY23, respectively.

Net financing costs were \$44.3 million and \$32.7 million for the third quarters of FY24 and FY23, respectively. The increase is primarily due to issuance of new revenue bonds.

Net loss for the third quarter of FY24 was \$126.4 million, compared with net loss of \$305.2 million for the third quarter of FY23. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and investment income (loss), net, net loss would have been \$31.8 million and \$207.1 million for the third quarters of FY24 and FY23, respectively.

SRP: WATER AND POWER SUPPLIER TO THE VALLEY

SRP provides reliable, affordable water and power to more than 2 million people living in central Arizona. SRP has operated for more than a century and has helped the Phoenix metropolitan area, known as the Valley, develop into one of the nation's most vibrant regions.

SRP comprises two entities: the Salt River Project Agricultural Improvement and Power District and the Salt River Valley Water Users' Association. As a community-based organization, SRP acts in the best interest of the people it serves and strives to help build a better future for Arizona.

Service Area

Water: 375 square miles

Watershed: 13,000 square miles

Power: 2,900 square miles

SRP Corporate Offices

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Financial Inquiries

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Controller and Senior Director

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Water Highlights

Water Deliveries (acre-feet)

FY24 **559,364**

FY23 **460,444**

9 months ended Jan. 31

Water in Storage (capacity)

FY24 **81%**

FY23 **78%**

As of Jan. 31

Financial Highlights

Debt Service Coverage

2024 **3.76**

2023 **3.69**

12 months ended Jan. 31

Debt Ratio

2024 **45.7%**

2023 **41.6%**

As of Jan. 31

Total Sales (kWh)

FY24 **9,451,652**

FY23 **7,985,936**

3 months ended Jan. 31

SRP Combined Balance Sheets

As of Jan. 31 (In Thousands - Unaudited)

ASSETS	FY24	FY23
Utility Plant, at Original Cost	\$20,477,893	\$19,233,076
Less: Accumulated Depreciation	10,502,041	10,025,023
	9,975,852	9,208,053
Other Property and Investments	2,581,343	2,139,647
CURRENT ASSETS		
Cash and Cash Equivalents	671,113	198,665
Temporary Investments	146,980	321,245
Current Portion, Segregated Funds	33,137	27,711
Receivables, Net	399,524	337,504
Fuel Stocks	124,919	81,152
Materials and Supplies	413,826	330,981
Current Commodity Derivative Assets	1,590	1,267
Other	51,922	33,656
	1,843,011	1,332,181
DEFERRED CHARGES AND OTHER ASSETS		
Regulatory Assets	579,971	671,886
Non-Current Commodity Derivative Assets	2,210	32,466
Other Deferred Charges and Other Assets	185,416	194,546
	767,597	898,898
TOTAL ASSETS	\$15,167,803	\$13,578,779

As of Jan. 31 (In Thousands - Unaudited)

CAPITALIZATION & LIABILITIES	FY24	FY23
CAPITALIZATION		
Accumulated Net Revenues	\$6,512,050	\$6,177,178
Long-Term Debt	5,481,743	4,408,054
	11,993,793	10,585,232
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	118,780	113,930
Accounts Payable	223,583	293,675
Accrued Taxes and Tax Equivalents	94,015	93,654
Accrued Interest	25,706	17,840
Customers' Deposits	150,830	136,912
Current Commodity Derivative Liabilities	73,149	104,990
Other	226,398	226,500
	912,461	987,501
DEFERRED CREDITS		
Accrued Post-Retirement Liability	722,398	870,385
Asset Retirement Obligations	594,423	373,917
Non-Current Commodity Derivative Liabilities	69,198	25,920
Other Deferred Credits and Other Non-Current Liabilities	875,530	735,824
	2,261,549	2,006,046
TOTAL CAPITALIZATION & LIABILITIES	\$15,167,803	\$13,578,779

These unaudited financial statements should be read in conjunction with the 2023 Notes to Combined Financial Statements.

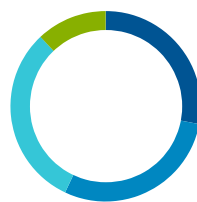
SRP Combined Statements of Net Revenues

(In Thousands - Unaudited)	3 Months Ended Jan. 31	
	FY24	FY23
OPERATING REVENUES		
Retail Electric	\$646,718	\$575,673
Water	10,898	9,833
Wholesale	196,000	246,921
Other	20,649	20,483
Total Operating Revenues*	874,265	852,910
OPERATING EXPENSES		
Power Purchased	134,616	158,837
Fuel Used in Electric Generation*	397,757	549,019
Operations and Maintenance*	341,131	310,355
Depreciation and Amortization	154,227	167,567
Taxes and Tax Equivalents	45,326	43,024
Total Operating Expenses	1,073,057	1,228,802
Net Operating Revenues	(198,792)	(375,892)
OTHER INCOME		
Investment Income (Loss), Net	92,744	93,790
Other Income (Loss), Net	23,991	9,577
Total Other Income (Loss), Net	116,735	103,367
Net Revenues (Expenses) before Financing Costs	(82,057)	(272,525)
FINANCING COSTS		
Interest on Bonds	54,894	43,513
Capitalized Interest	(5,338)	(3,427)
Amortization of Bond Discount/Premium and Issuance Expenses	(11,385)	(11,497)
Interest on Other Obligations	6,146	4,087
Net Financing Costs	44,317	32,676
NET REVENUES	\$(126,374)	\$(305,201)

These unaudited financial statements should be read in conjunction with the 2023 Notes to Combined Financial Statements.

TOTAL SALES - THIRD QUARTER FY24

(Percent by kWh; three months ended Jan. 31)



RESIDENTIAL	28%
COMMERCIAL	29%
WHOLESALE	31%
LARGE INDUSTRIAL/MINES/OTHER	12%

ELECTRIC OPERATING REVENUES - THIRD QUARTER FY24

(Percent by service class; three months ended Jan. 31)



RESIDENTIAL	36.3%
COMMERCIAL	29.3%
WHOLESALE	22.7%
LARGE INDUSTRIAL/MINES/OTHER	11.7%