

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

FINANCE AND BUDGET COMMITTEE

Tuesday, March 26, 2024, 9:30 AM

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

Committee Members: Jack White Jr., Chairman; Leslie C. Williams, Vice Chairman; and Nick Brown, Randy Miller, Krista O'Brien, Stephen Williams, and Keith Woods

Call to Order

Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN JACK WHITE JR.
 - A. Request for approval of the minutes for the meeting of February 22, 2024
 - B. Request for approval of the Monthly Cash Statement for February 2024 (District and Association).
2. U.S. Bank Revolving Credit Agreement (RCA) Extension DANIEL ROACH

Request for approval to extend the maturity date of the RCA with U.S. Bank from June 28, 2024 to June 27, 2025.
3. Proposed Fiscal Year 2025 (FY25) Financial Plan and Operating Budget Questions and AnswersJON HUBBARD

Informational presentation regarding Management's response to questions and comments from the Committee about the proposed FY25 Financial Plan and Operating Budget.
4. SRP's Digital Advertising Spend JAMIE ABBRUSCATO

Informational presentation regarding SRP's FY24 expenses for digital advertising and examples of the SRP election advertising materials.
5. Review of the Financial Results for the Month of February 2024 JEFF WRIGHT
6. Report on Current Events by the General Manager and Chief Executive Officer or DesigneesJIM PRATT
7. Future Agenda Topics..... CHAIRMAN JACK WHITE JR.

The Committee 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 Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for 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 FINANCE AND BUDGET COMMITTEE MEETING
IS SCHEDULED FOR THURSDAY, MARCH 28, 2024**

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

February 22, 2024

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 10:31 a.m. on Thursday, February 22, 2024, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, S.H. Williams, and K.B. Woods.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.C. Arnett, M.J. Herrera, A.G. McAfee, K.L. Mohr-Almeida, and L.D. Rovey; Council Vice Chairman J.R. Shelton; Council Member R.S. Kolb; Mmes. I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, M.K. Greene, L.F. Hobaica, V.P. Kisicki, L.A. Meyers, G.A. Mingura, K.S. Ramaley, C.M. Sifuentes, and J.L. Tucker; Messrs. J.D. Coggins, J.M. Felty, J.W. Hubbard, R.T. Judd, B.J. Koch, K.J. Lee, M.J. O'Connor, B.A. Olsen, J.M. Pratt, and G.M. Smedley; Murphy Bannerman of Western Resource Advocates (WRA); Debbie Mursch of General Electric (GE) Verona; Robin Park of Origis Energy; Bridget Sidwell and Zach Walker of Strata Clean Energy; and Collin Thomas of Triple Oak Power.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, February 20, 2024.

Chairman J.M. White Jr. called the meeting to order.

Consent Agenda

Chairman J.M. White Jr. requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member K.B. Woods and seconded by Board Member N.R. Brown, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on January 25, 2024, as presented
- B. Approval of the District and Association Monthly Cash Statement for January 2024

C. Approval of the Association Quarterly Cash Statement for Period Ending January 31, 2024

Corporate Secretary J.M. Felty polled the Committee Members on Board Member K.B. Woods' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members J.M. White Jr., Chairman; L.C. Williams, Vice Chairman; and N.R. Brown, R.J. Miller, K.H. O'Brien, S.H. Williams, and K.B. Woods	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Copies of the handouts distributed are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Preliminary Fiscal Year 2025 (FY25) Financial Plan and Operating Budget

Using a PowerPoint presentation, Jon W. Hubbard, SRP Director of Finance, stated that the purpose of the presentation was to provide information to review the key drivers and preliminary results shaping the FY25 Financial Plan and Operating Budget. He highlighted that SRP continues to consider additional new resources with respect to its financial goals and objectives of maintaining sustainability, affordability, and reliability.

Mr. J.W. Hubbard reviewed the following outlook points for Financial Plan 2025 (FP25): strong sales forecast; higher spending levels to fund sales growth, generation transition, and corporate objectives; need for balance and flexibility. He focused on the following FP25 considerations: expense management, pricing, and borrowing.

Mr. J.W. Hubbard reviewed FP25 retail sales forecasts from FY14 to FY35 and compared FY35 versus FY25 retail sales forecasts. He discussed the historical retail sales and electrical customer accounts, together with the anticipated forecast for FP25. Mr. J.W. Hubbard reviewed the forecasted delivered gas prices; on peak electric prices; and wholesale net revenue for FY25 to FY30. He reviewed retail fuel and purchase power generation with respect to coal and gas, market purchases, nuclear, solar, solar plus battery, battery, and other renewables forecasts for FY20 to FY35. Mr. J.W. Hubbard compared FP24 retail sales, direct costs, and direct costs per Megawatt-hour to that of the forecasted FP25.

Mr. J.W. Hubbard outlined the capital spending for FP24 and FP25 for the following segments: new generation and storage, existing generation betterments, transmission, distribution, meters, corporate infrastructure, water, and risk and contingency; and the forecasted capital spending for FY25 to FY35 for the following segments: new generation and storage, existing generation betterments, transmission, distribution, meters, corporate infrastructure, and water. He provided an overview of the inflation-adjusted capital expenditures and debt ratio from Calendar Year 1973 (CY73) to FY35.

Mr. J.W. Hubbard provided an overview of the modeled price assumptions which indicates that the likely pricing request for FY25 will remain at 3.8% for FPPAM, consistent with the assumptions made for the FP24 plan, and that the cumulative pricing action for FP25 is consistent with or just below inflation. He reviewed Fuel and Purchase Power Adjustment Mechanism (FPPAM) collection balance forecast for FY24 to FY30, the six-year total cash inflows and outflows for FP24 and FP25, and the borrowing outlook from FY25 to FY30.

Mr. J.W. Hubbard provided graphs and reviewed the financial indicators with respect to combined net revenues (CNR), funds available, debt ratio, and debt service coverage ratio. He concluded with an overview of the financial plan budget schedule.

Mr. J.W. Hubbard responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member A.G. McAfee; Debbie Mursch of GE Verona; Robin Park of Origis Energy; Collin Thomas of Triple Oak Power; Zach Walker of Strata Clean Energy left the meeting during the presentation. Ms. S.A. Perkinson; Julie Salinas of Bright Night Power; and Julie Chao, a member of the public, entered the meeting during the presentation.

Review of the Financial Results for the Month of January 2024

Sue A. Perkinson, SRP Controller and Senior Director of Corporate Accounting Services, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of January 2024. Using a PowerPoint presentation, she compared the actual versus budgeted figures for categories such as general fund balance, year-to-date (YTD) CNR, system sales, and customer accounts. Ms. S.A. Perkinson concluded by reviewing the financial summary and key financial indicators for the month of January 2024 and fiscal YTD.

Ms. S.A. Perkinson responded to questions from the Committee.

Copies of the handout distributed and the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes. The financial information in the handouts and PowerPoint slides is unaudited and non-GAAP.

Mmes. A.N. Bond-Simpson and J.L. Tucker; and Messrs. J.D. Coggins, J.W. Hubbard, and G.M. Smedley left the meeting during the presentation. Ms. A. Rickard; and Mr. J.A. Wright entered the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

Jim M. Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Future Agenda Topics

Chairman J.M. White Jr. asked the Committee if there were any future agenda topics. Board Member R.J. Miller requested a presentation regarding the amount spent on SRP digital advertising in general and on the SRP election.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 11:05 a.m.

John M. Felty
Corporate Secretary

**Statement of Cash Received and Disbursed**

February 2024

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Fund Balance Beginning of Period	\$ 985,622	\$ 1,033	\$ 986,655	\$ 697,781
Cash Receipts:				
Electric Revenues	298,059	---	298,059	3,394,905
Water Revenues	---	1,184	1,184	17,240
Electric Customer Deposits	3,793	---	3,793	41,346
Reimbursement on Joint Ownership Projects	15,739	---	15,739	101,867
Construction Contributions and Advances	29,280	---	29,280	213,331
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	52,100	---	52,100	926,872
Sales Tax Collected	15,714	---	15,714	236,162
Other Cash Receipts	12,308	---	12,308	163,706
Total Cash Receipts	<u>426,993</u>	<u>1,184</u>	<u>428,177</u>	<u>5,095,429</u>
Fund Transfers - Net	<u>(2,877)</u>	<u>2,877</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	118,281	---	118,281	1,216,117
Operations and Maintenance	174,088	1,407	175,495	1,006,471
Employee Payroll and Payroll Taxes	50,927	3,325	54,252	607,870
Purchased Inventory	31,912	---	31,912	264,873
Cash Segregated for -				
Bond Interest	19,870	---	19,870	175,754
Bond Principal	9,898	---	9,898	95,748
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	2,680	---	2,680	16,680
Capital Expenditures	59,858	---	59,858	708,971
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	314,381
In Lieu and Ad Valorem Taxes	---	---	---	118,244
Sales Tax Remitted	19,807	---	19,807	255,557
Margin and Collateral Disbursed - Net	2,102	---	2,102	38,365
Miscellaneous Cash Disbursements	1,617	---	1,617	55,119
Total Cash Disbursements	<u>491,040</u>	<u>4,732</u>	<u>495,772</u>	<u>4,874,150</u>
Fund Balance End of Period	\$ <u>918,698</u>	\$ <u>362</u>	\$ <u>919,060</u>	\$ <u>919,060</u>

**Cash Position**

February 2024

Composition of Funds Balance	(\$000)		
	District	Association	Total
Cash and Cash Equivalents	\$ 592,518	\$ 362	\$ 592,880
Other Temporary Investments	146,980	---	146,980
Other Non-Current Investments	<u>179,200</u>	<u>---</u>	<u>179,200</u>
General Fund	<u>918,698</u>	<u>362</u>	<u>919,060</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,598	---	80,598
Debt Service Fund	62,906	---	62,906
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	633,746	---	633,746
Post-Retirement Benefits Fund	1,198,786	---	1,198,786
Construction Fund	131,760	---	131,760
RHCP Fund	12,356	---	12,356
HHCP Fund	8,483	---	8,483
SPRHCP Fund	3,532	---	3,532
Four Corners Mine Reclamation Trust	14,199	---	14,199
Other Special Funds	<u>1,262</u>	<u>---</u>	<u>1,262</u>
Total Segregated Funds	<u>\$ 2,147,628</u>	<u>\$ ---</u>	<u>\$ 2,147,628</u>



U.S. Bank Revolving Credit Agreement (RCA) Extension

Finance & Budget Committee | 03-26-24

Background

- In November of 2021, the Board authorized the execution and delivery of a \$200 million Amended and Restated Revolving Credit Agreement (RCA) with U.S. Bank
- Used for credit support of Commercial Paper (CP) program
- Current Terms of the RCA
 - 2.5-year term (expires June 28, 2024)
 - 8bps / \$160,000 one-time fee (0.08% x \$200,000,000 commitment)
 - 17.5 bps undrawn fee, 75 bps drawn spread to 1-month SOFR rate

Revolving Credit Agreements

S&P / Moody's

Provider	Size (millions)	Expiration	Undrawn Fee (bps)	Taxable Drawn Spread (bps)	Credit Ratings
★ U.S. Bank	\$ 200	Jun-24	17.5	75.0	A / A3
Bank of America	250	Dec-25	23.0	59.0	A- / A1
JP Morgan	175	Jul-26	21.5	60.0	A- / A1
TD Bank	<u>175</u>	Jul-26	21.5	50.0	AA- / A1
	\$ 800				

Proposed U.S. Bank RCA Extension

- Terms of proposed RCA extension:
 - Extend for one-year term though June of 2025
 - 6bps / \$120,000 one-time fee (0.06% x \$200,000,000 commitment)
 - 10 bps increase to drawn spread, no change to undrawn fee

S&P / Moody's

Provider	Size (millions)	Expiration	Undrawn Fee (bps)	Taxable Drawn Spread (bps)	Credit Ratings
U.S. Bank	\$ 200	Jun-24 Jun-25	17.5	75.0 85.0	A / A3

Next Steps

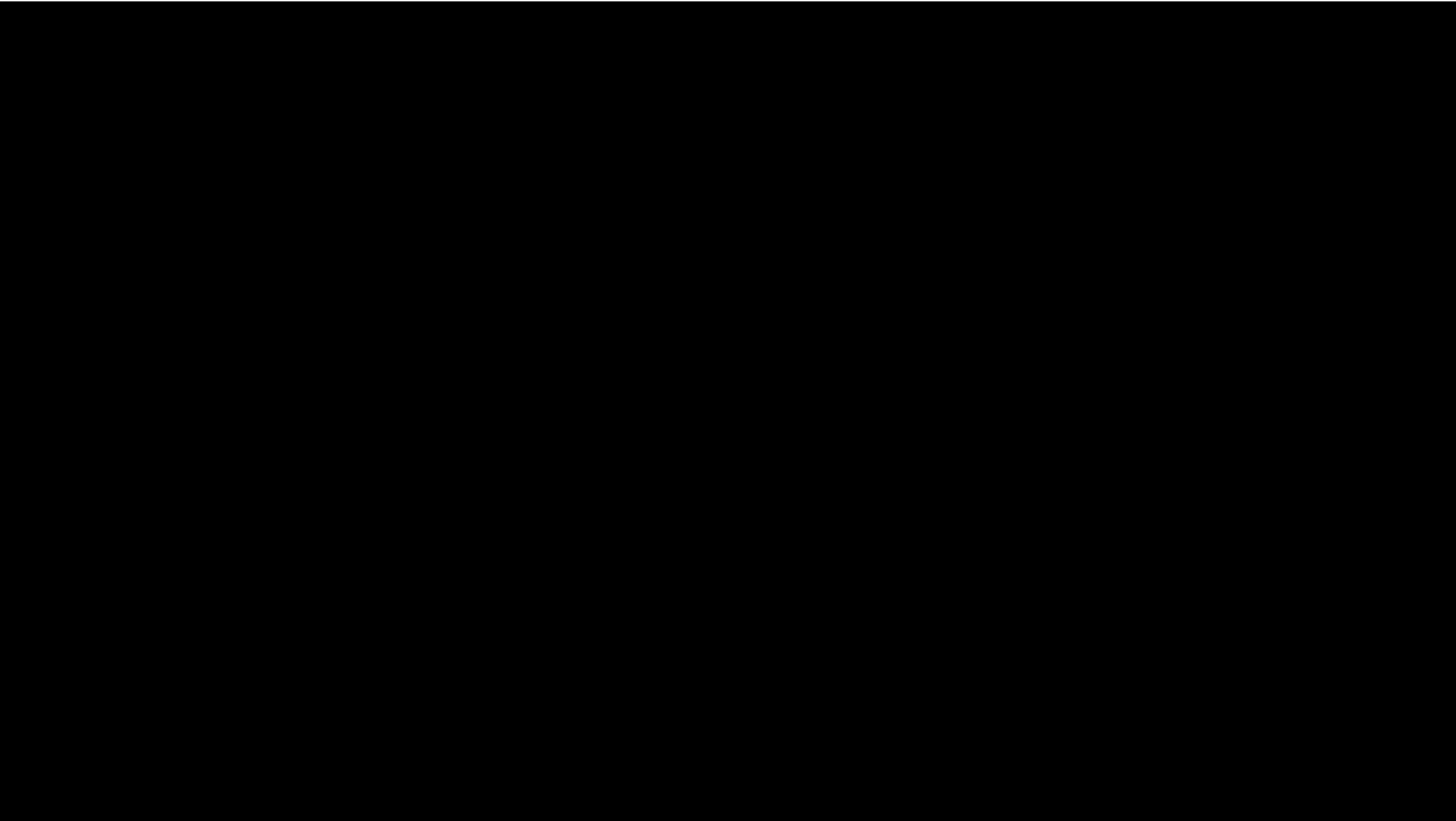
<u>Item</u>	<u>Timing</u>
F&B Committee	March 26 th , 2024
Board approval	April 8 th , 2024
New agreements in place	End of May / Mid-June 2024

Recommendation

Management requests that the Committee recommend that the Board:

- i. Approve the U.S. Bank Amendment.
- ii. Authorize the General Manager and Chief Executive Officer or the Associate General Manager and Chief Financial Executive, or their designee, to execute and deliver the U.S. Bank Amendment, any subsequent amendments to these agreements provided that such amendments do not materially modify the terms of these agreements, and any related ancillary documents.

thank you!



Proposed FY25 Financial Plan and Operating Budget Questions and Answers

Finance and Budget Committee

Brian Koch | Jon Hubbard

March 26, 2024

Financial Goals & Objectives

Prices in lowest quartile in Southwest | Debt ratio below 50% | YE general fund at \$600M+ | EPIC/Direct Costs



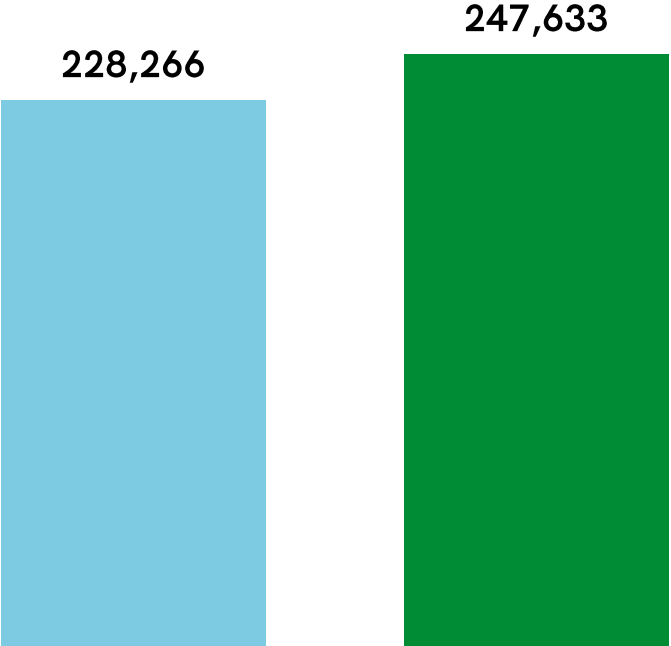
FP25 Outlook (Retail Sales & Direct Costs)

Higher sales forecast corresponds to roughly equivalent increase in forecasted direct costs

■ FP24 (FY24-29) ■ FP25 (FY25-30)

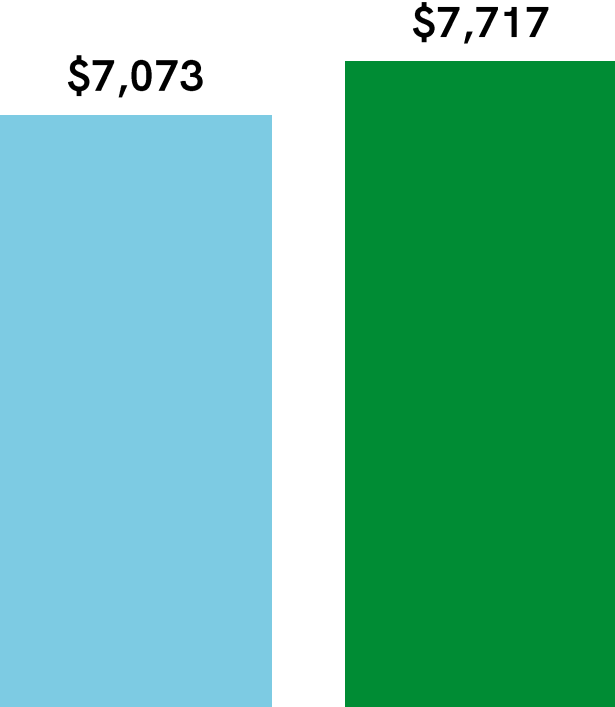
Retail Sales (GWh)

19,367: 8.5%



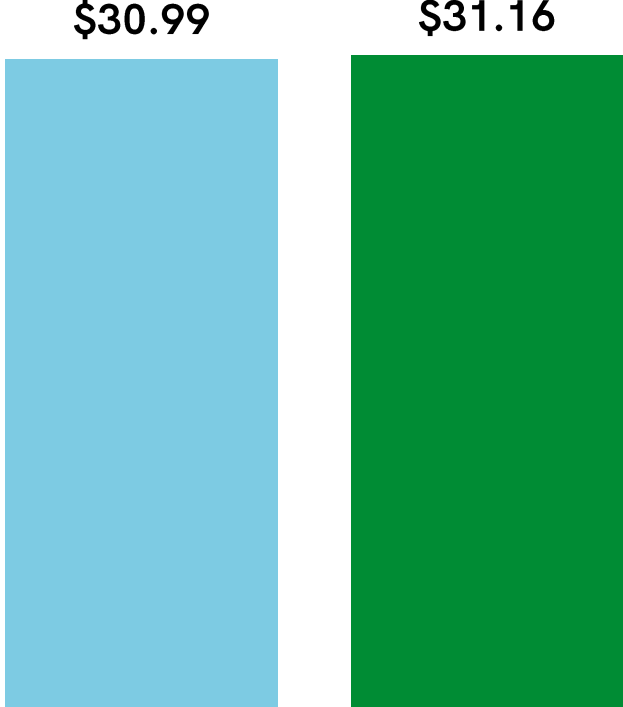
Direct Costs (\$M)

\$644M: 9.1%

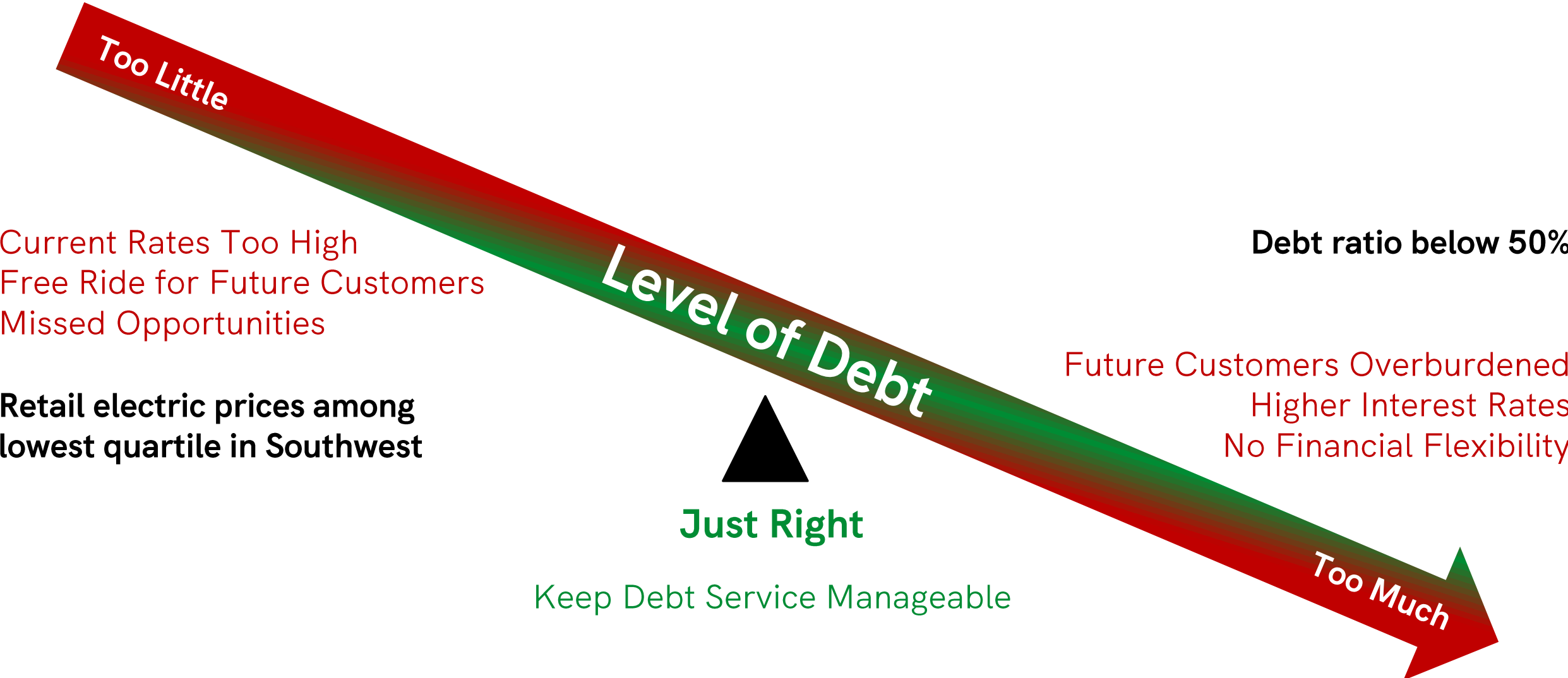


Direct Costs Per MWh

\$0.17: 0.6%



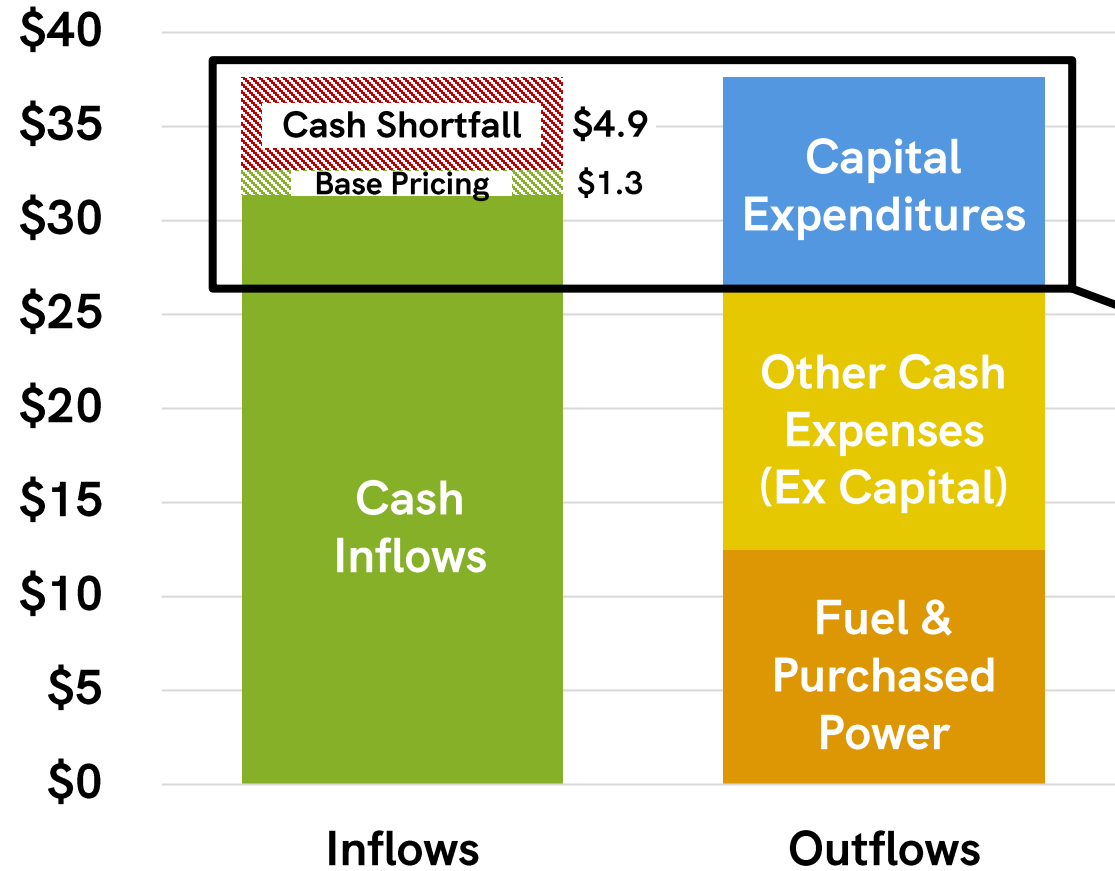
Leverage: An Issue Of Balance



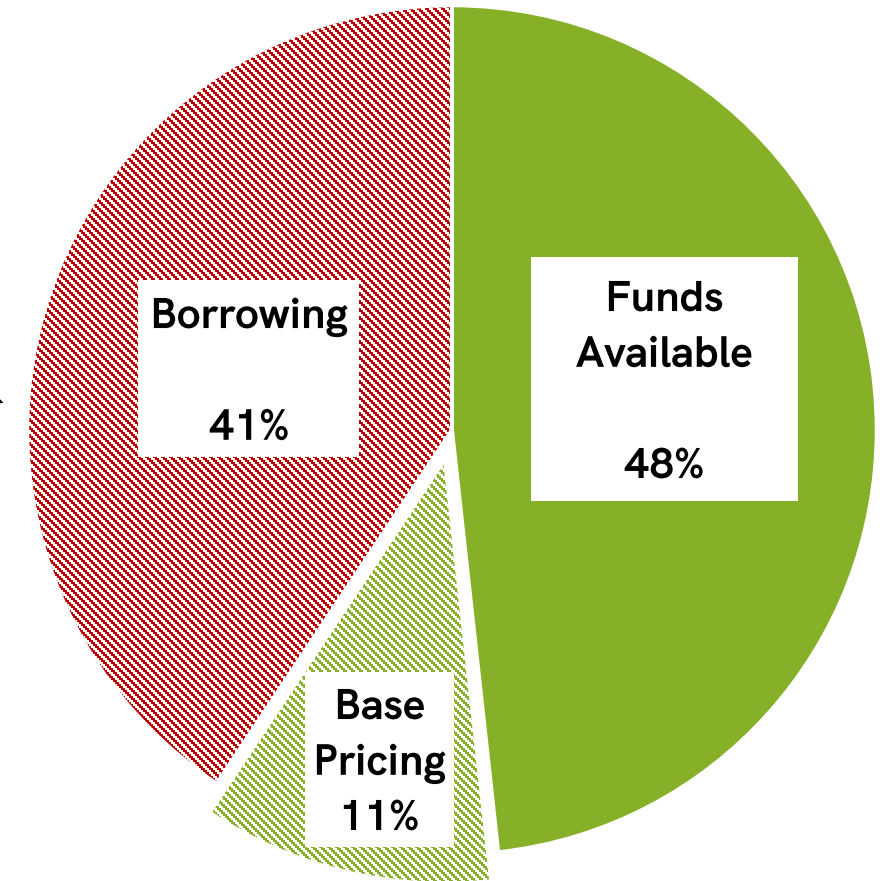
Cash Inflows & Outflows and Funding for Capital Expenditures

Without base pricing, more than half of capital expenditures would be funded by debt for FP25

Cash Inflows & Outflows (\$B), FY25-30



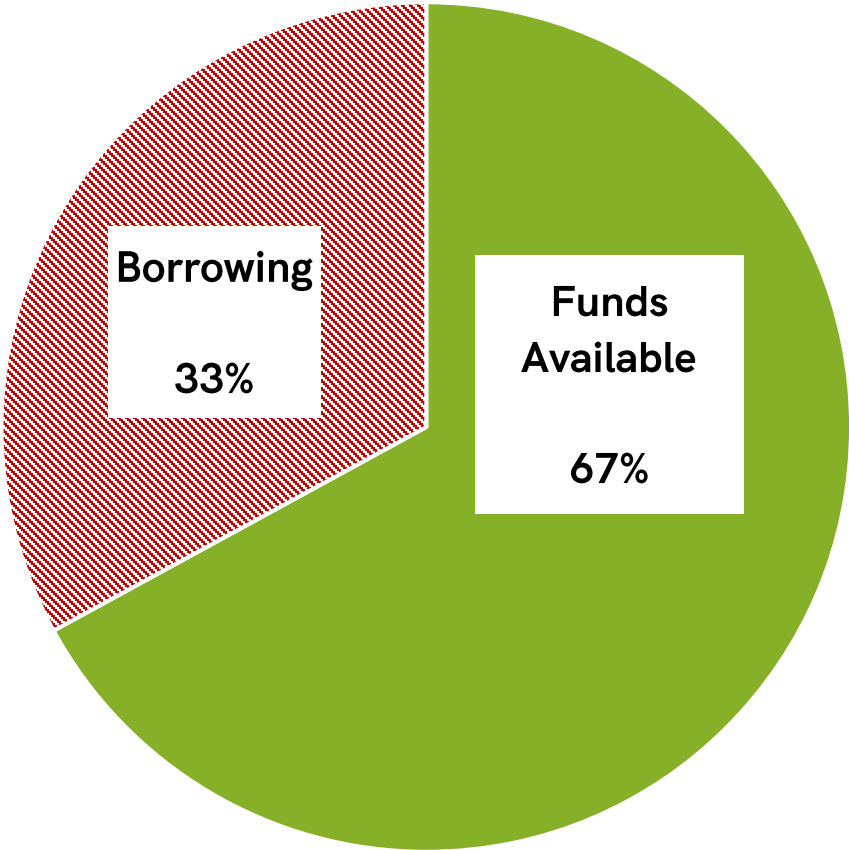
Share of Funding for Capital Expenditures



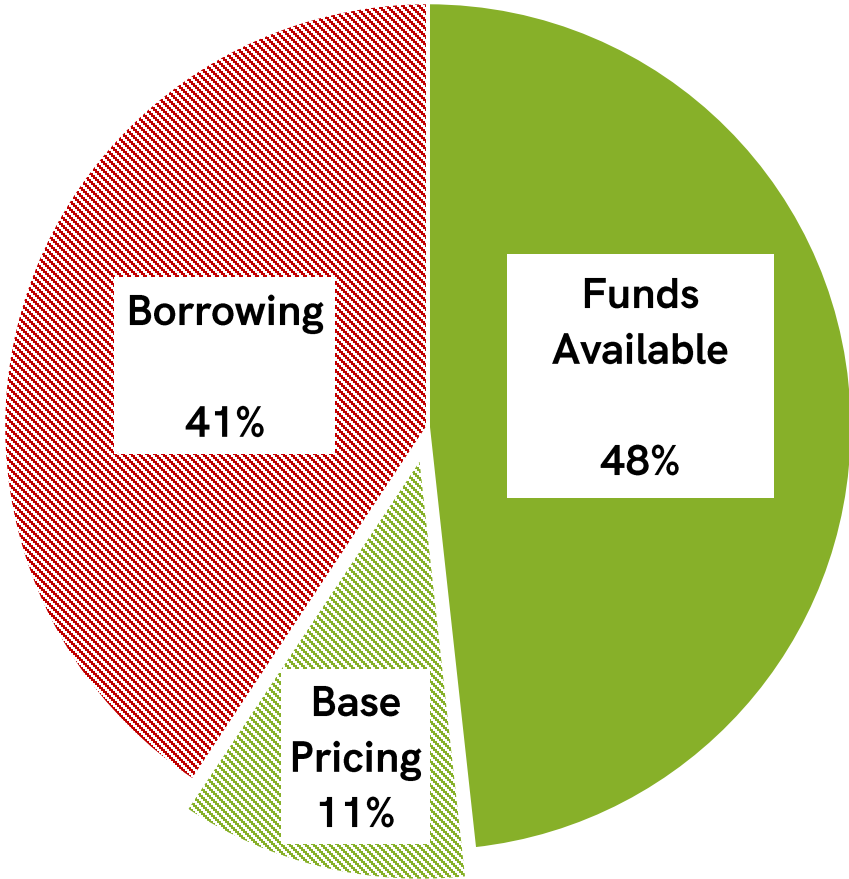
Share of Funding for Capital Expenditures

Without base pricing, more than half of capital expenditures would be funded by debt for FP25

20 Year History (FY04 – FY23)



FP25 (FY25 – FY30)

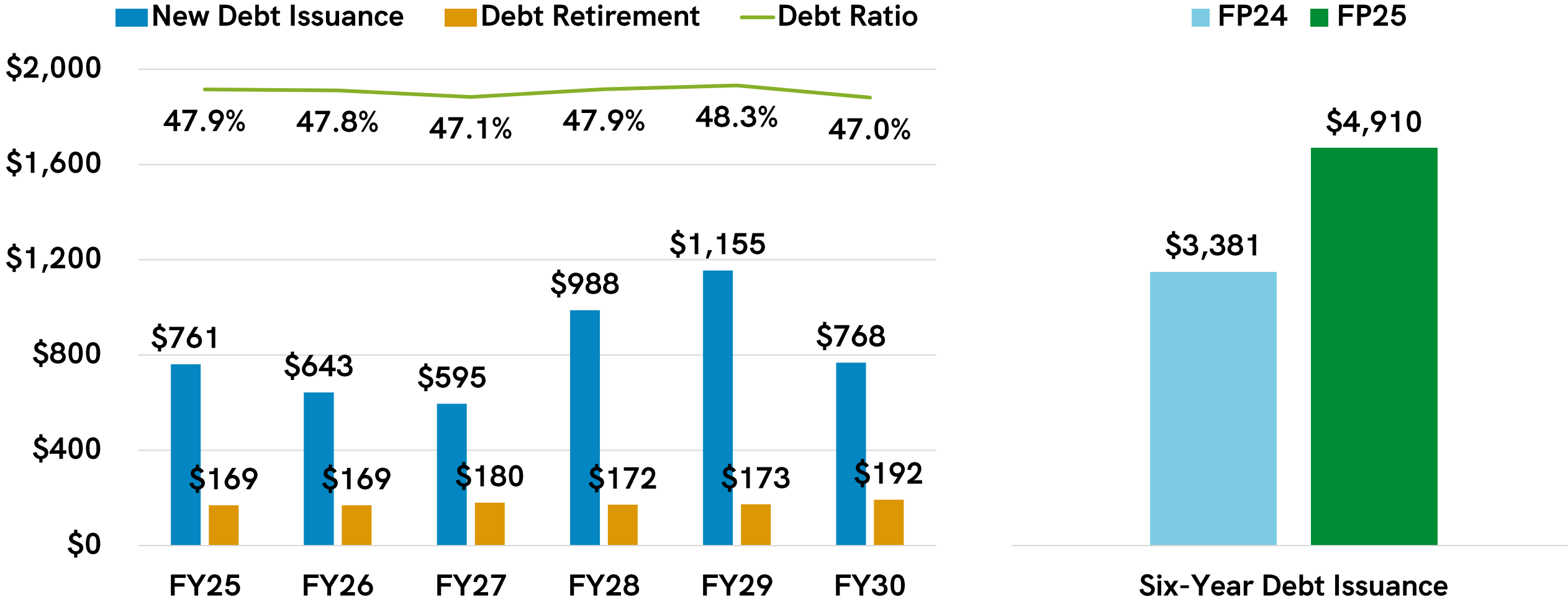


FY04-13 FY14-23

Funds Available	55%	79%
Borrowing	45%	21%

Borrowing Outlook (\$M)

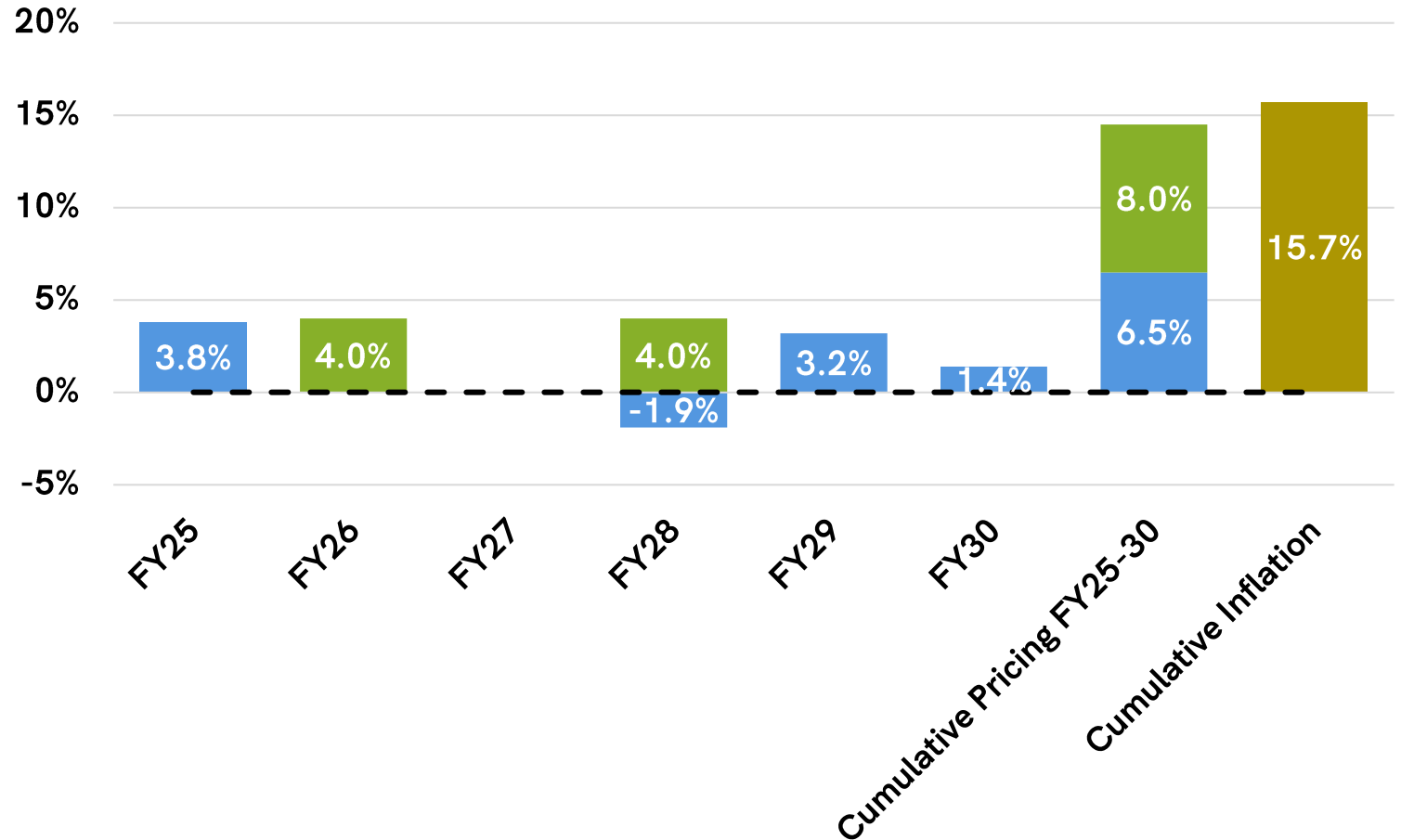
Increased capital spend versus FP24 has increased projected borrowing needs



Price Modeling Assumptions

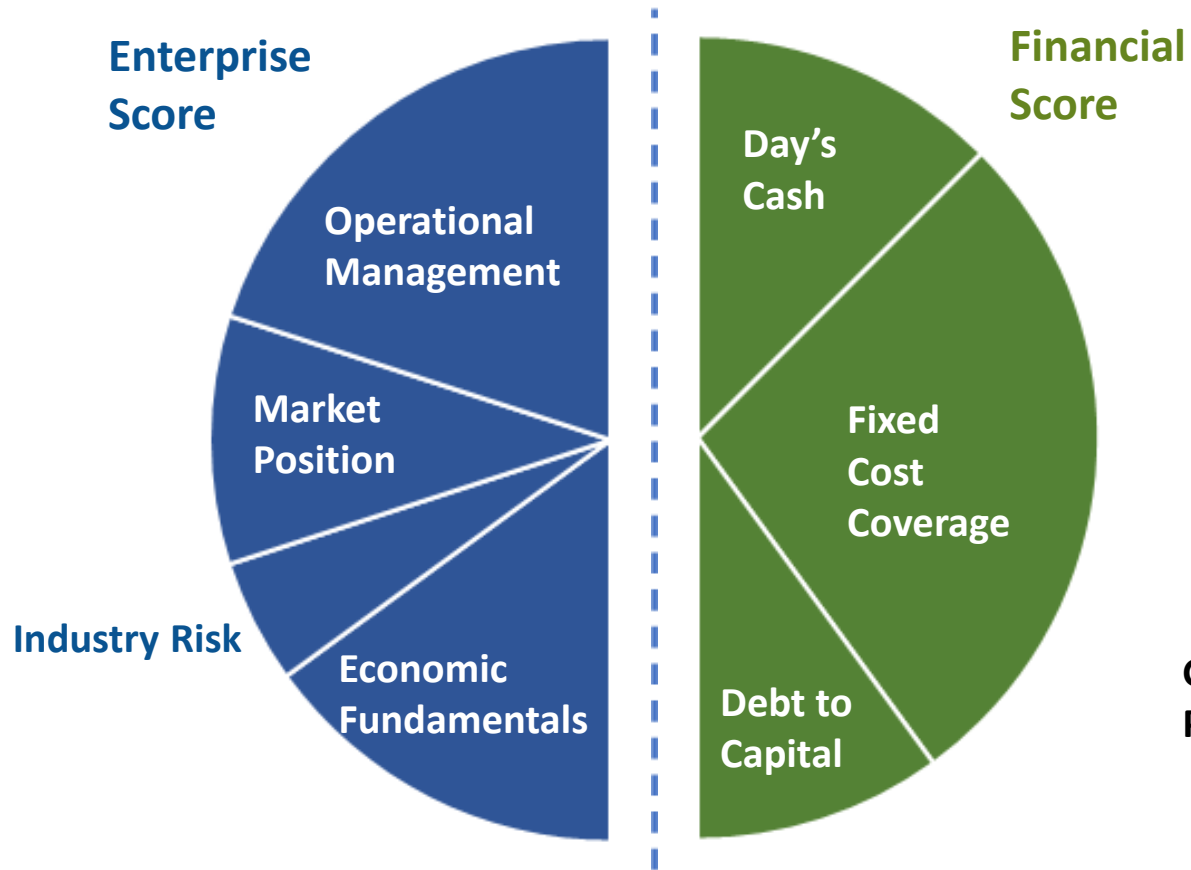
- Plan to keep 3.8% in FP25 consistent with FP24
- Cumulative pricing action consistent with inflation

Cumulative FPPAM: 6.5%
Cumulative Base: 8.0%
Cumulative Pricing: 14.5%

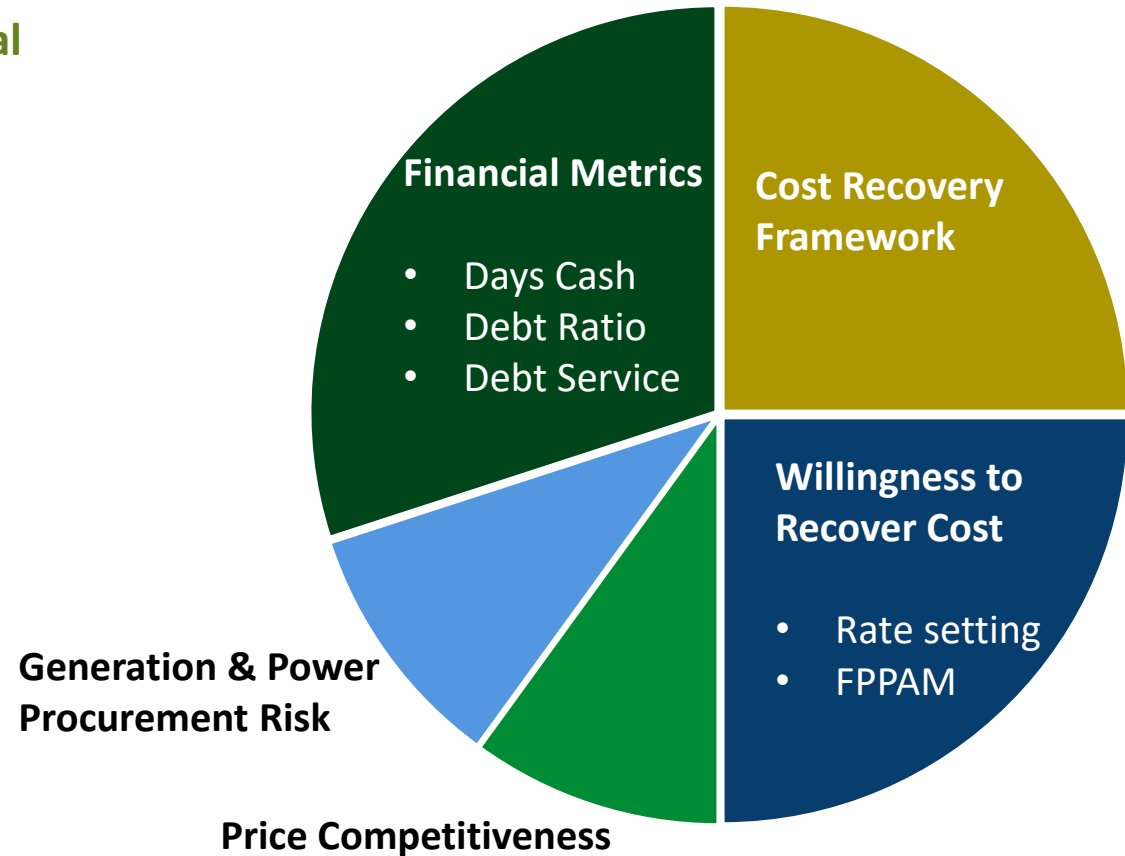


What Rating Agencies Value

S&P Criteria



Moody's Scorecard



Rating Agency Metrics Thresholds

Moody's

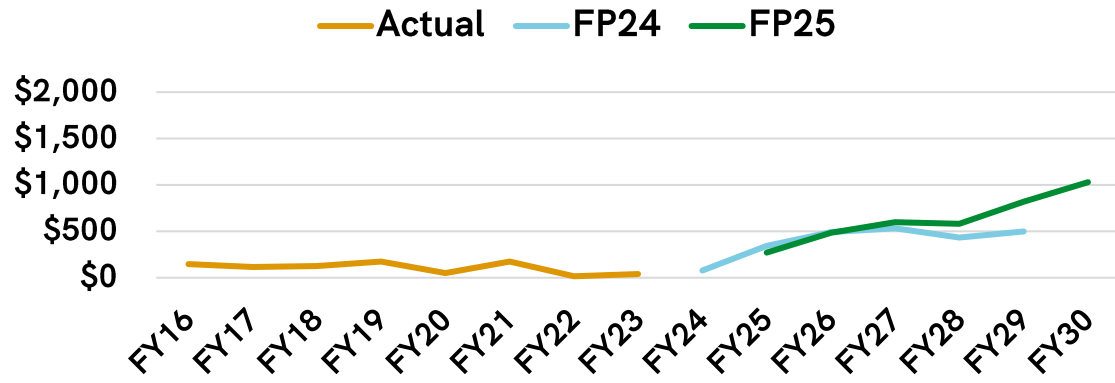
Factor	Aaa	Aa	A	Baa	Ba	B
Adjusted days liquidity on hand	≥ 250	250 - 150	150 - 90	90 - 30	30 - 15	< 15
Adjusted DSCR	$\geq 2.5x$	2.5 - 2x	2 - 1.5x	1.5 - 1.1x	1.1x - 1	$< 1x$
Adjusted debt ratio	$< 35\%$	35 - 60%	60 - 80%	80 - 100%	100 - 120%	$\leq 120\%$
Current and expected rates vs. state and/or neighboring utilities	25% below	25 - 7.5% below	7.5 below - 7.5% above	7.5 - 25% above	25 - 35% above	35% above

S&P

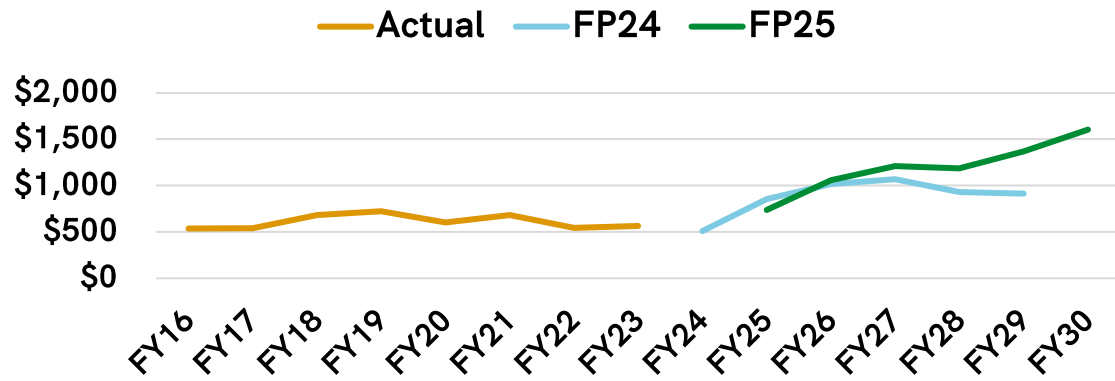
Factor	Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
Total days liquidity	≥ 270	270 - 150	150 - 90	90 - 45	45 - 15	≤ 15
Fixed costs and imputed charge coverage	$\geq 1.6x$	1.6 - 1.4x	1.4 - 1.2x	1.2 - 1.1x	1.1 - 1.0x	$\leq 1.0x$
Debt to capitalization	$\leq 50\%$	50 - 60%	60 - 70%	70 - 80%	80 - 90%	$\geq 90\%$
Weighted average revenue per kWh as % of state average	$\leq 80\%$	80 - 90%	90 - 100%	100 - 110%	110 - 120%	$\geq 120\%$

Financial Indicators

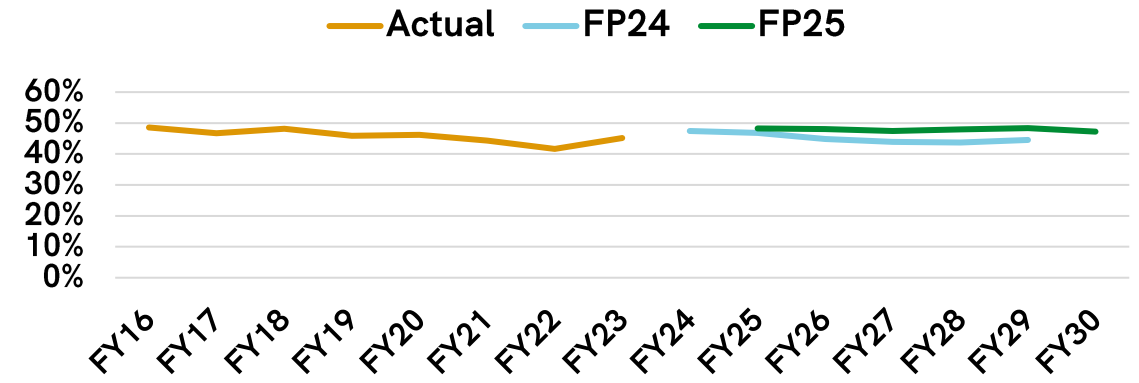
Combined Net Revenues (\$M)



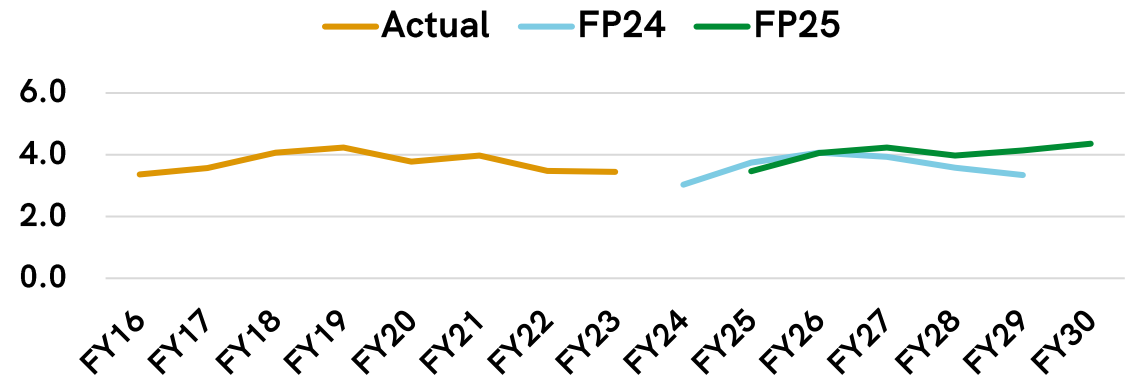
Funds Available (\$M)



Debt Ratio



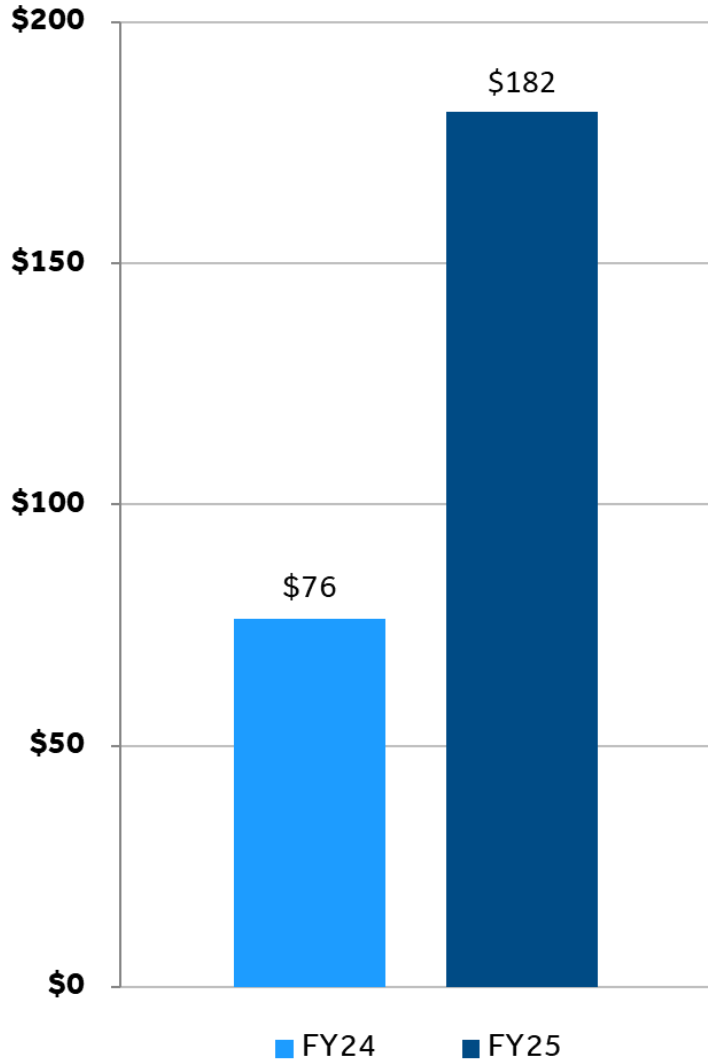
Debt Service Coverage Ratio



FY25 Budget Highlights

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

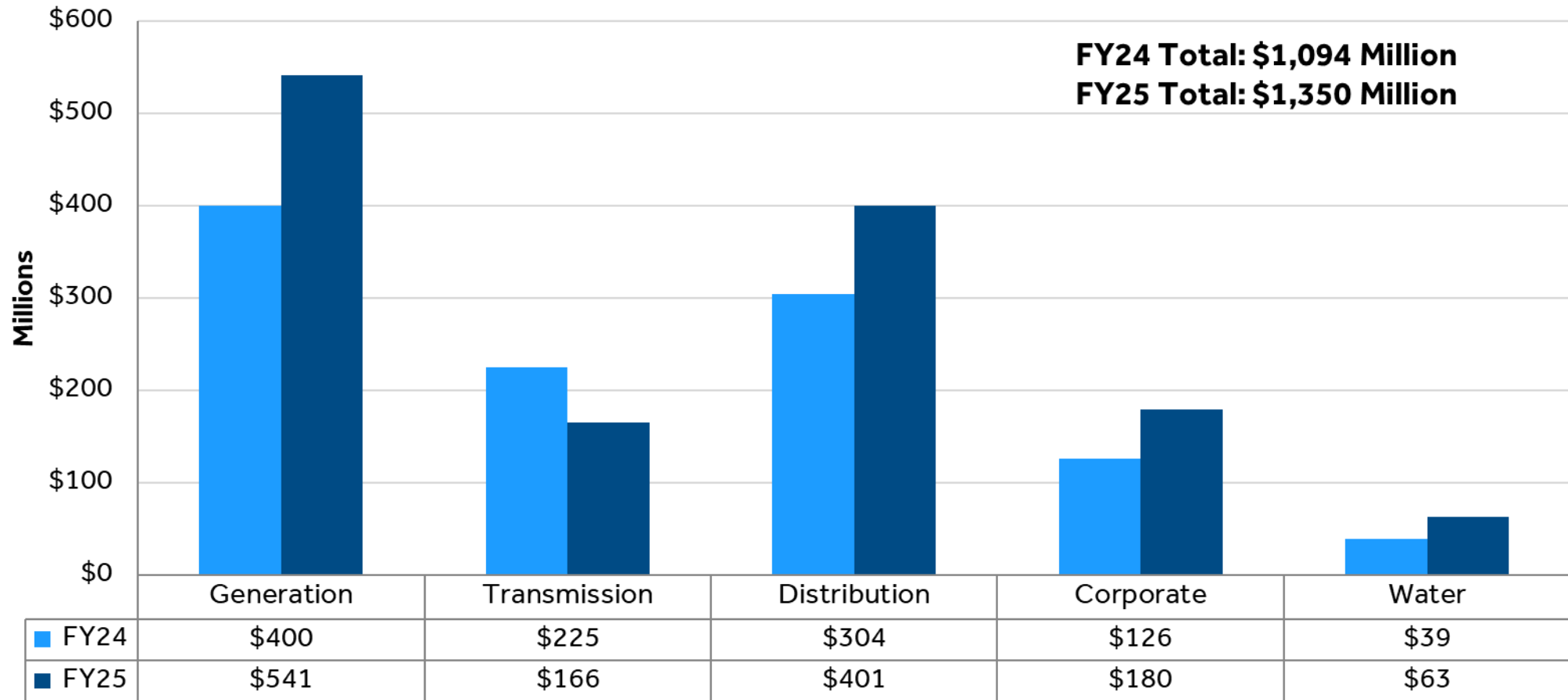
Total Expenses

Other Income (Deductions) Net

CNR

	FY24 Budget	FY25 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

FY25 Capital by Segment – Primary Cost



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.

Budget Questions

Next Steps

March 28th Special F&B Meeting & Special Board Meeting

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

thank you!

FY24 Digital Advertising Budget

Jamie Abbruscato

Finance & Budget Committee | March 26, 2024

FY24 Digital Advertising

	Digital Advertising Budget	Election Digital Advertising Budget
FY24 Total	\$4,604,333.88	\$4,803.42

Election Advertising

- **Paid Channels:**
 - Search spending to keep the SRP Election information website on the top of search results
 - Bilingual Call for Candidates (2x)
 - Bilingual Notice of Election in major printed media (2x)
- **Owned Channels:**
 - Notice in Contact Customer Newsletter
 - Notice in Irrigation Customer Newsletter
 - Election timeline and notification on SRP website (Newsroom articles 2x)

Overall reach for this campaign is 1.9 M impressions across all our channels

Election Advertising

SRP Delivering water and power™

CONTACT

NEWS, ADVICE AND OFFERS | FEBRUARY 2024

2024 SRP WATER CONSERVATION EXPO

2024 SRP Water Conservation Expo™

You're invited to the 17th annual SRP Water Conservation Expo on March 2.

- Enjoy an on-site market featuring local vendors and a plant sale.
- Discover water conservation products and rebate programs.
- Save hundreds on a smart irrigation controller.
- Attend controller and other water-related classes taught by experts.
- Learn about water management from SRP and other water experts.

WHEN: Saturday, March 2, 8 a.m. - noon
WHERE: PERA, 1 E. Continental Drive., Tempe, AZ 85281
Visit srp.net/2024expo for more details and to register.

6 tips for spring planting

1. Cooler months give plants time to get established before summer. Choose low-water-use varieties and keep mature plant size in mind.
2. Dig a hole that is three to five times wider but no deeper than the plant's root ball.
3. Loosen the container from the root ball and remove the plant by the root ball (not the branches or the foliage).
4. If the roots are compact or circling the container, score the root ball or loosen the roots around the circumference of the plant.
5. Place the plant in the hole so that the top of the root ball is even with or just a bit above the soil surface. Fill the hole in with soil, pressing firmly around the root ball to minimize settling.
6. Up to 70% of home water use occurs outdoors. Install an EPA WaterSense®-labeled smart irrigation controller to save at least 20% more than a traditional controller. Attend the SRP Water Conservation Expo for a discount on a smart irrigation controller (see article above).

Visit srp.net/conservation for more water-saving ideas.

DID YOU KNOW?

NEW SRP window replacement rebate is available.

Improving the performance of your windows is an essential part of an energy-efficient upgrade to your home because it reduces energy waste associated with leaks, improves comfort and increases your home's value.

You can earn a rebate of \$3 per square foot on professionally installed ENERGY STAR®-rated replacement windows.

To learn more about the program requirements and how to get the rebate, visit srp.net/windows.

ASSOCIATION AND DISTRICT VOTABLE LANDS

SRP Board and Council elections

The Salt River Valley Water Users' Association (Association) and the Salt River Project Agricultural Improvement and Power District (District) will hold separate elections for seats on their respective Boards and Councils on April 2, 2024.

District positions open for election on the Board of Directors in each of voting divisions 1, 3, 5, 7 and 9; two at-large Board of Directors positions, 11 and 13; and three positions on the Council in each of voting divisions 1, 3, 5, 7 and 9. The two at-large board positions, seats 11 and 13, are elected on a one-landowner, one-vote basis. All other positions are elected on a one-vote-per-acre voting system. Association positions open for election on the Board of Governors in each of voting districts 1, 3, 5, 7 and 9 and three positions on the Council in each of voting districts 1, 3, 5, 7 and 9. The terms of SRP Board and Council seats are all four years.

Voting in either of the SRP elections requires an ownership interest in eligible property as generally depicted on the map above.

To determine eligibility to vote, properties must be owned individually or held in a qualified estate planning trust as of Dec. 24, 2023. Eligible voters may request early ballots for the District and Association elections online from the SRP Corporate Secretary at srp.net/earlyballot or by calling (602) 236-3048 Monday through Friday, 8:30 a.m.-5 p.m.

The last day to request an early voting ballot by mail is March 22, 2024, by 5 p.m. In addition, an SRP Voting Center will be open on weekdays in the SRP headquarters located at 1600 N. Mill Ave., Tempe, AZ 85288, from March 6 to April 1 @ 8:30 a.m. to 5 p.m.). The Voting Center will also be open on Election Day (April 2, 2024) from 6 a.m. to 7 p.m.

Additional information about SRP elections and governance, including the official notice of election, voter requirements, qualifying candidates and detailed maps of voting areas, can be found at srp.net/elections.

CUSTOMER SERVICES
 24 hours a day, seven days a week.
 602.236.8686

TDD SERVICE
 711, 7A7 Relay.org

CASH PAYMENT LOCATIONS
srp.net/paymentlocations

FIND US ON SOCIAL MEDIA
[Facebook](https://www.facebook.com/srp) | [Instagram](https://www.instagram.com/srp) | [X](https://www.x.com/srp) | [YouTube](https://www.youtube.com/srp) | [LinkedIn](https://www.linkedin.com/srp)

CUSTOMER CORRESPONDENCE
 Customer Comm. Serv., PAB377
 P.O. Box 52025
 Phoenix, AZ 85072-0205
help@srp.net

ENERGY SAVINGS & REBATES
www.watersrp.com
 Manage your account:
srp.net/myaccount

SRP Delivering water and power™

IRRIGATION

NEWS FOR SRP RESIDENTIAL SHAREHOLDERS | JANUARY 2024

Water Payments Due

All bills for excess water received in 2023 must be paid by Feb. 21, 2024, to avoid an interruption of irrigation service. Any water received beyond the amount shareholders have paid for is considered excess water. If you have any questions about your bill, please visit srp.net/waterpricing or call SRP at 602.236.3333.

SRP Healthy Forest Initiative™

Arizona's forests and water supply face catastrophic threats from wildfires. Protecting our forests from these threats is critical to making our water supply resilient. The water we use every day in the Valley comes from rainfall and snowmelt across 8.3 million acres of forest in northern and eastern Arizona. Join the SRP Healthy Forest Initiative to prevent wildfires and protect our water supply by supporting strategic forest thinning projects. To read more or make a one-time donation, visit srp.net/healthyforest.

SRP Elections

The next Association and District elections to fill seats on the SRP Board and Council will be held Tuesday, April 2, 2024. The Association and District both lie within the overall boundaries of the Salt River Reservoir District and are divided into 10 geographical voting areas with certain excluded voting areas. The Association is divided into 10 voting districts and the District is divided into 10 voting divisions.

For additional information and instructions on how to vote, please visit srp.net/elections.

Save the Date

Watch for information about our Irrigation Watering which will be held online March 19.

Enjoy Canal Trails Safely

Looking for a way to enjoy the cooler Valley temperatures? SRP and our city partners have designed and constructed paths along the canals that offer a place for running, biking, fishing and more. Be sure to follow these safety tips to ensure responsible recreation:

- No swimming or water activities are allowed in the canals.
- Stay away from all SRP equipment, including culverts and delivery gates.
- Camping and fires are not allowed on the canal banks.

For more information, please visit srp.net/canalafety.

SRP Reservoirs at 81%

As of Nov. 16, 2023, the SRP Reservoir system was 81% full at 1,641,899 acre-foot in storage. A year ago, the total system was 43% full. On the Salt River system, we have four reservoirs: Roosevelt, Apache, Canyon and Seguro Lakes. On the Verde River system, we have two reservoirs: Horseshoe and Bartlett.

Stay up to date on reservoir levels daily at watershedconnect.com.
 Source: watershedconnect.com
 Date in accordance of Nov. 16, 2023.

CALL FOR CANDIDATES | SRP Elections Set for April 2

Nomination papers and petitions for candidates seeking positions on the Board or Councils of the Salt River Valley Water Users' Association (the "Association") and the Salt River Project Agricultural Improvement and Power District (the "District"), collectively SRP, are available by request from the SRP Corporate Secretary. Visit electionsrp.com or call the SRP Elections Information Line at 602.236.3048.

Nomination papers and petitions may be filed beginning January 3, 2024, and must be completed and filed with the SRP Corporate Secretary no later than 5 p.m. on February 2, 2024.

The SRP elections are slated for April 2, 2024, and will fill 20 positions of the Association, which manages the water operations of SRP, and 22 positions of the District, which oversees the electric operations of SRP. Applications for early voting ballots will be accepted beginning December 31, 2023. Prior to that date, applications to be placed on the Permanent Early Voter List can be submitted and be in effect for the April 2, 2024, elections. Early voting ballots will be mailed beginning March 9, 2024.

Qualified candidates must own qualified land or have been appointed to vote qualified land held in a qualifying trust that is within the respective boundaries of the Association or District and the voting areas that wish to represent as of December 24, 2023, reside within the respective boundaries of the Association or District, and be a qualified, registered Arizona voter.

SRP Board members establish policy, approve annual budgets and set prices and fees. SRP Council members attend and enact by laws and make appointments to fill vacancies on the Boards and Councils.

Positions up for election:

ASSOCIATION: One position on the Board of Governors in each of voting districts 1, 3, 5, 7 and 9; and three positions on the Council in each of voting districts 1, 3, 5, 7 and 9. All Association positions have four-year terms.

DISTRICT: One position on the Board of Directors in each of voting divisions 1, 3, 5, 7 and 9; two at-large Board of Director positions, 11 and 13; and three positions on the Council in each of voting divisions 1, 3, 5, 7 and 9. All District positions have four-year terms.

The two at-large Board of Director positions are elected on a one-landowner, one-vote basis. All other positions are elected on a one-vote-per-acre voting system. For example, an owner of five acres of land has five votes, an owner of one-half acre has half a vote (0.50). Voters in the District election must be qualified, registered Arizona voters. The last day to register to vote is March 4, 2024.

For more information regarding eligibility, job duties, application, and election procedures, potential candidates can visit SRP's website at www.electionsrp.com or the SRP Elections Information Line at 602.236.3048 Monday through Friday 8:30 a.m. to 5 p.m.

SRP Delivering water and power™

1. AZ REPUBLIC AD 4-9*5.3"

CONVOCAÇÃO DE CANDIDATOS
 Eleições da SRP Programadas para 2 de abril

2. EV Tribune 10*10"

1. AZ REPUBLIC AD 4-9*5.3"

2. EV Tribune 10*10"

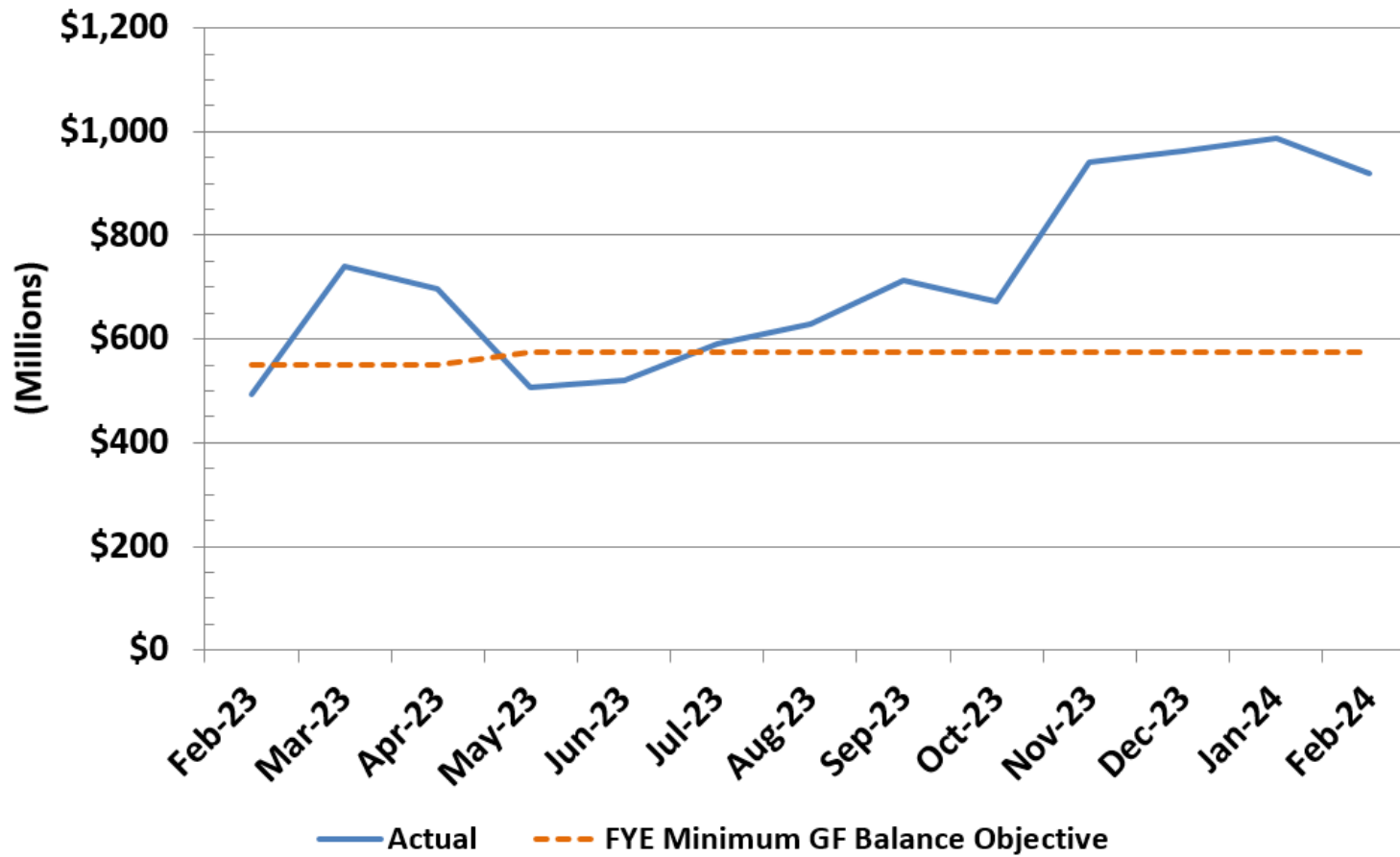
Total FY24 Program-Level Digital Advertising Budget

Program	Digital Budget
Energy Efficiency	\$1,931,428.27
Sustainability	\$1,314,477.06
Billing, Payment & Customer Care	\$633,393.82
Water	\$155,546.37
Safety	\$430,338.97
Human Resources	\$134,345.97
Corporate Secretary (includes Elections and Shareholders Compensation)	\$4,803.42
Total FY24	\$4,604,333.88

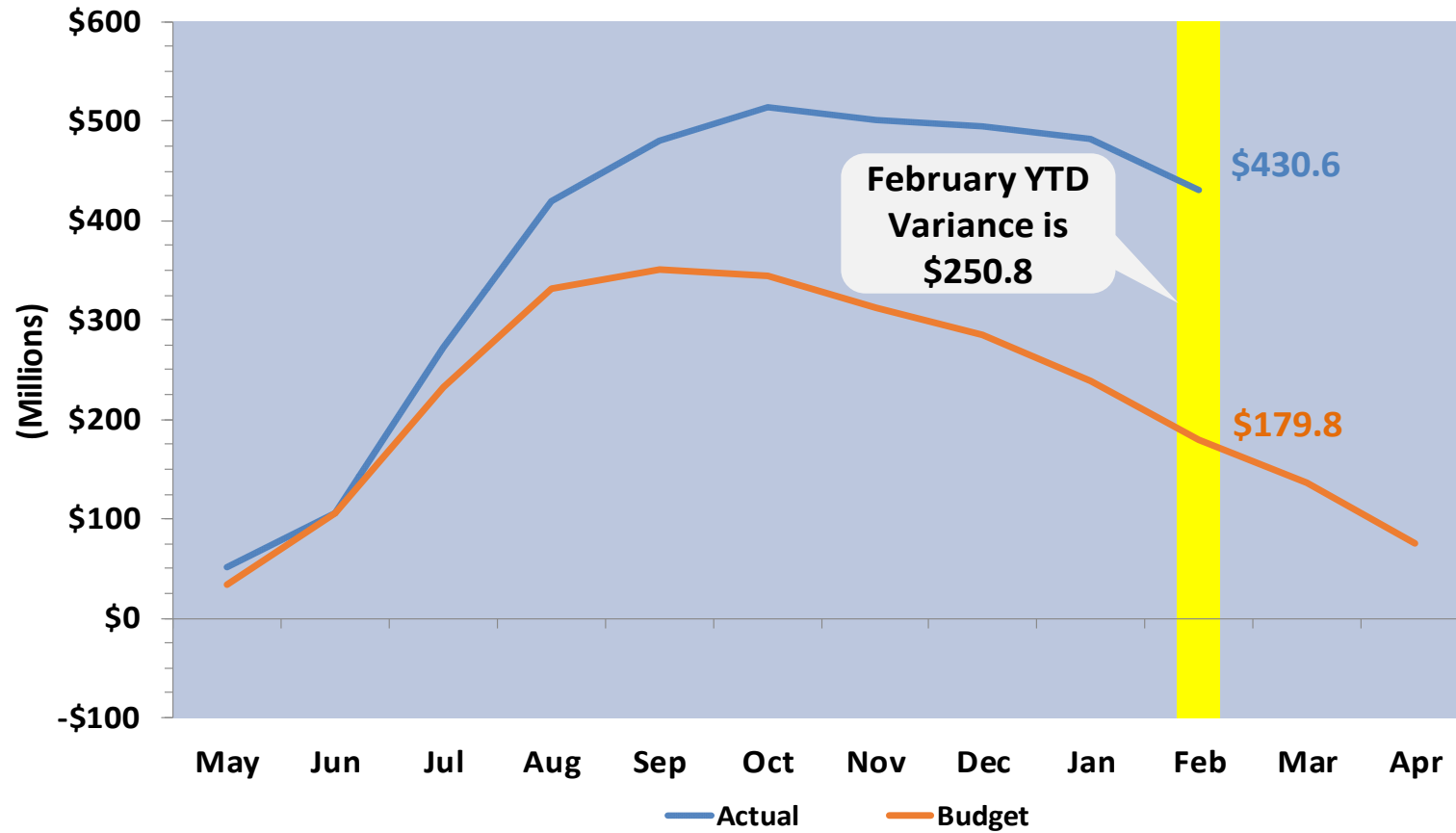
Monthly Financial Report February 2024

Finance & Budget Committee Meeting
Jeffrey A. Wright | March 26, 2024

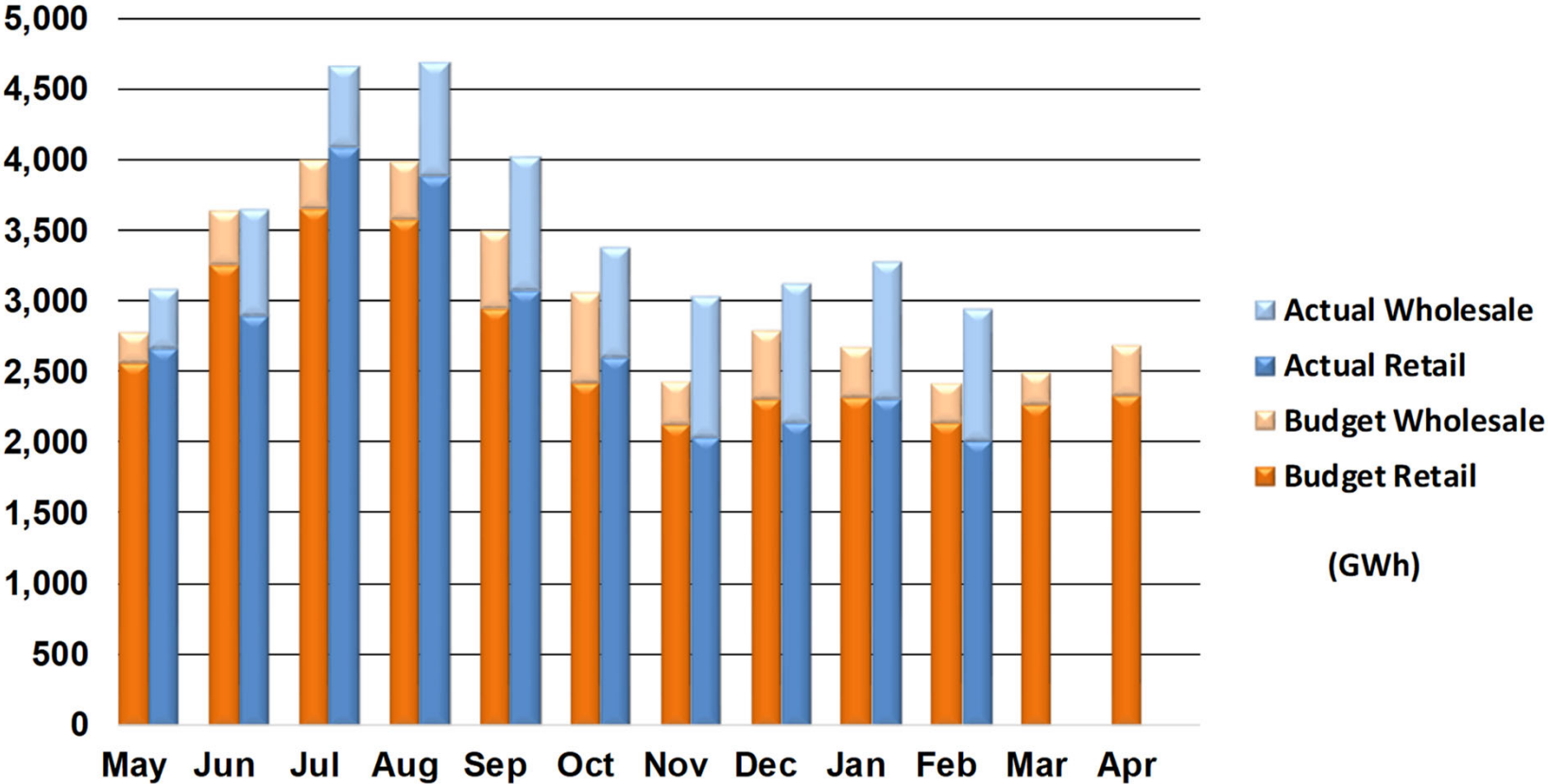
General Fund Balance



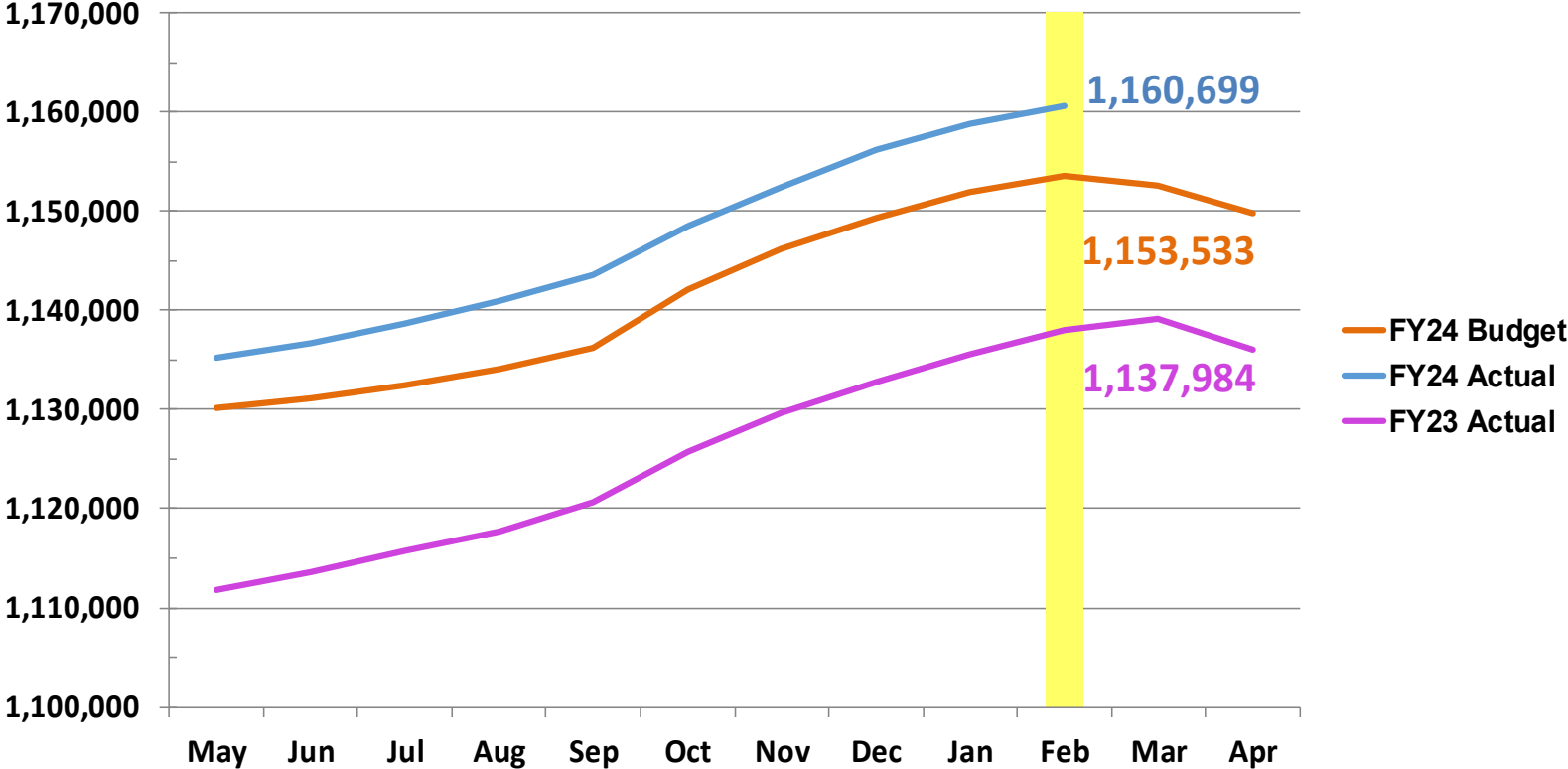
YTD Combined Net Revenue



System Sales



Customer Accounts



Financial Summary – February 2024

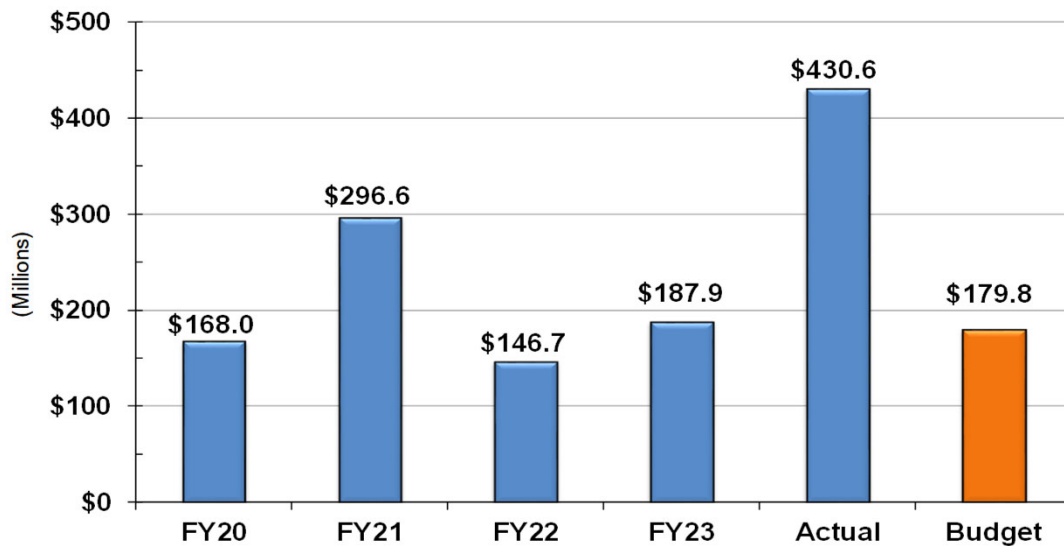
(Thousands)	Actual	Budget	Variance
Operating Revenues	\$ 250,979	\$ 243,070	\$ 7,909
Operating Expenses			
Fuel	107,678	106,716	962
O&M	125,728	121,125	4,603
Depr & Tax	63,922	65,678	(1,756)
Total Operating Expenses	297,328	293,519	3,809
Net Financing Costs	14,616	13,237	1,379
Other, Net	9,954	5,005	4,949
Combined Net Revenues	\$ (51,011)	\$ (58,681)	\$ 7,670

Key Financial Indicators - YTD February 2024

(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Capital Expenditures	\$ 1,079,254	\$ 1,146,645	\$ (67,391)
Funds Available	\$ 816,997	\$ 538,804	\$ 278,193
Debt Service Coverage	4.34	3.43	0.91



CNR without Fair Value Adjustments - YTD February 2024

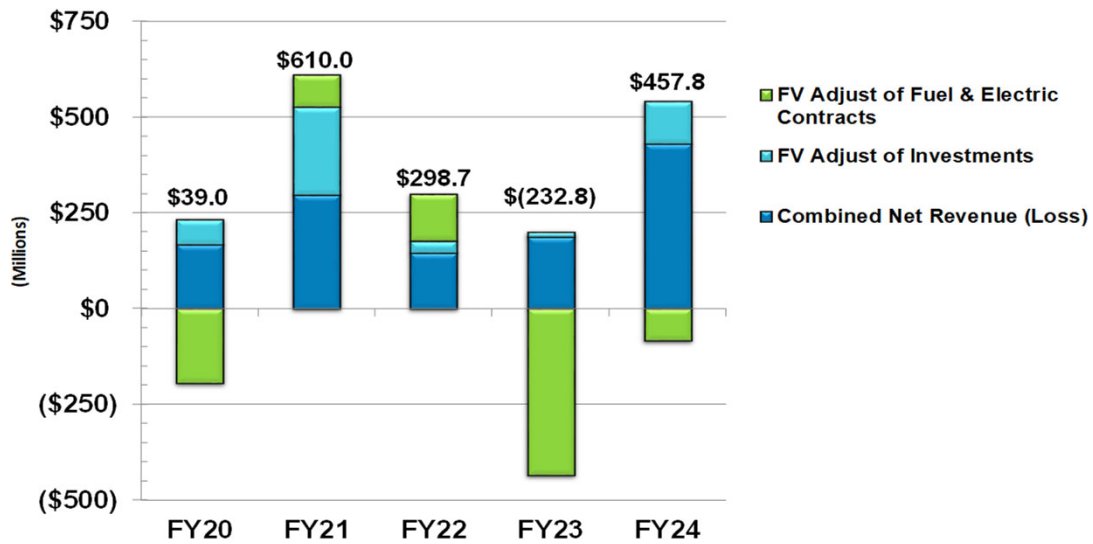


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 1

1

CNR with Fair Value Adjustments - YTD February 2024

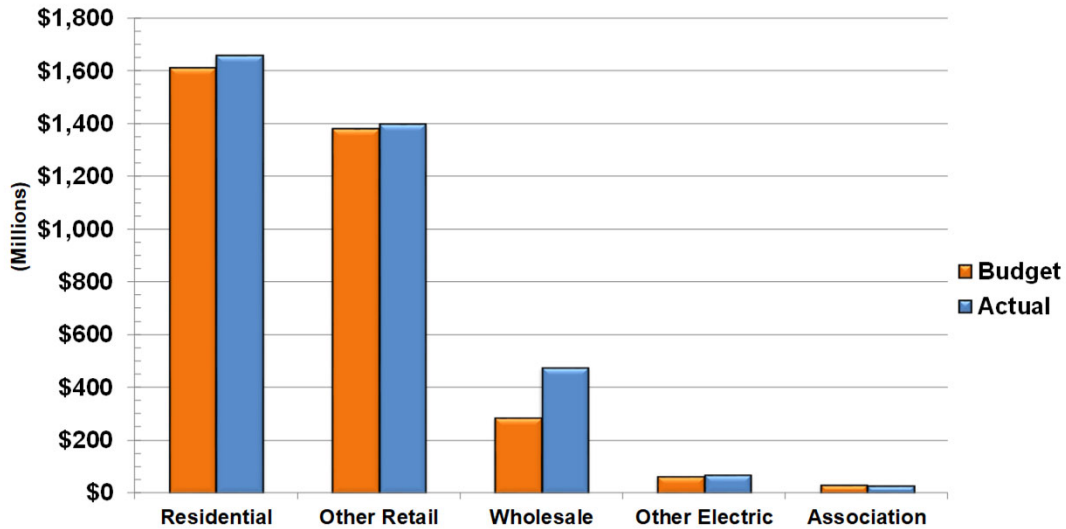


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 2

2

Combined Operating Revenues - YTD February 2024

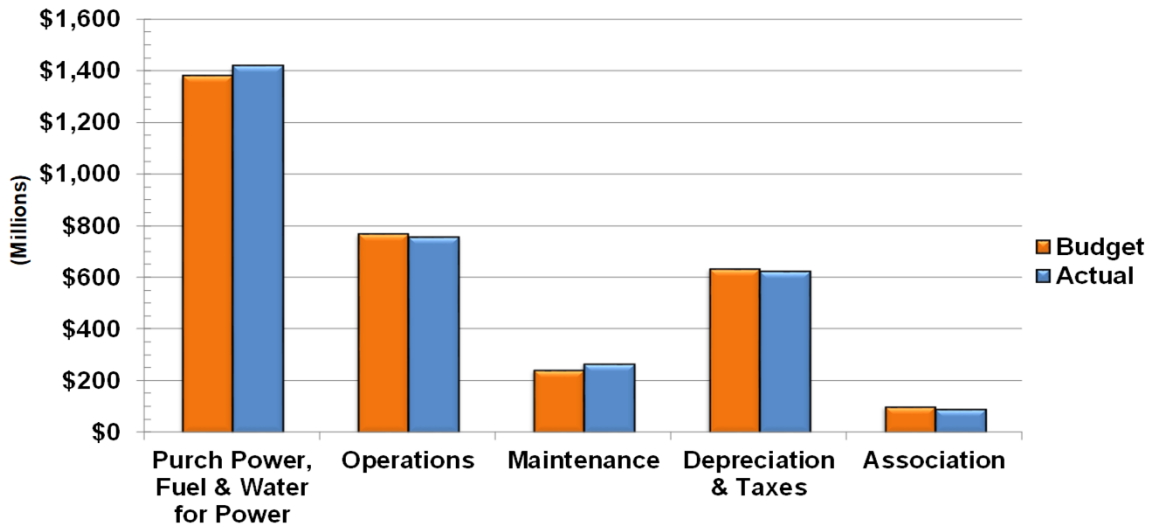


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 3

3

Combined Expenses - YTD February 2024

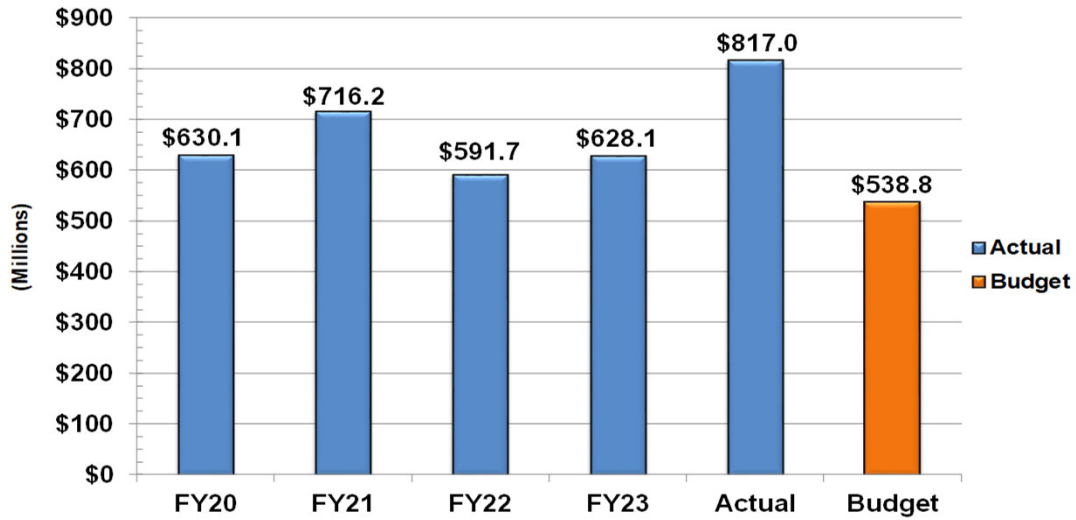


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 4

4

Funds Available - YTD February 2024

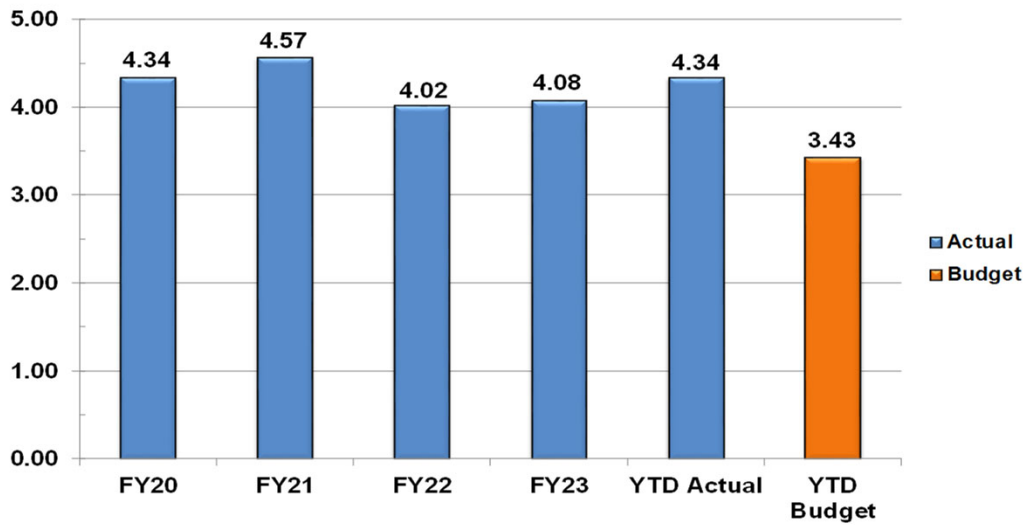


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 5

5

Debt Service Coverage - YTD February 2024



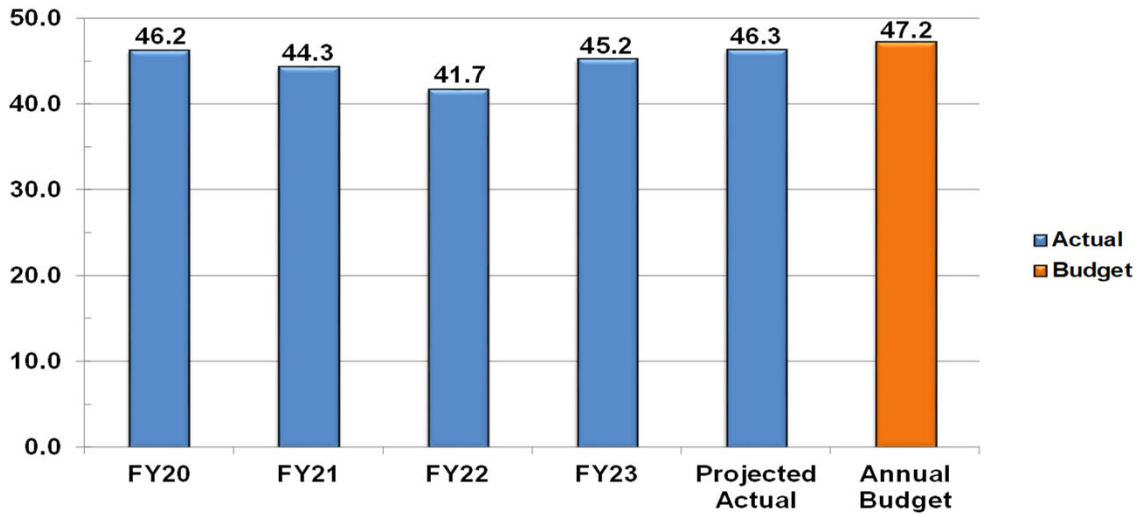
Note: Debt Service Coverage Ratio on Total Debt

03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 6

6

Debt Ratio - YTD February 2024



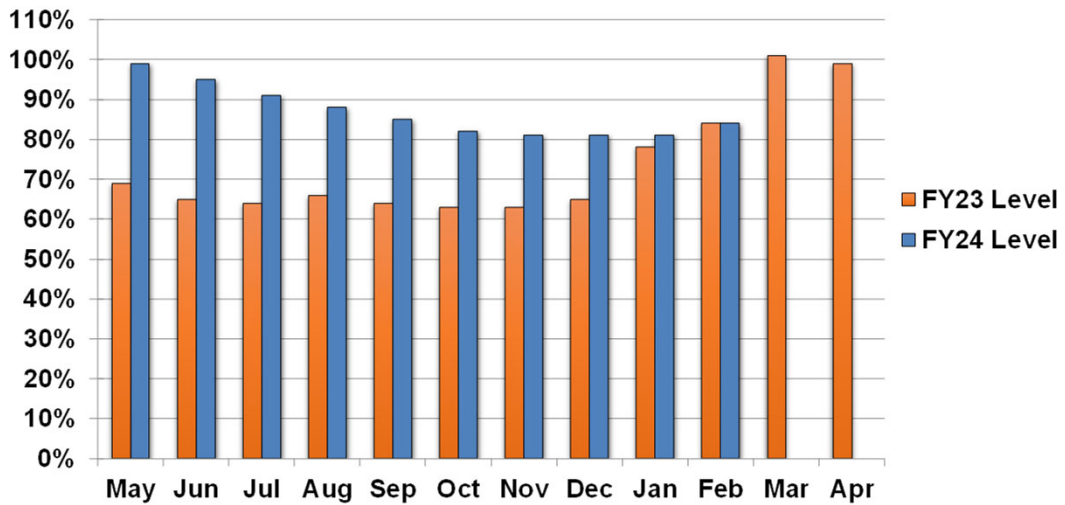
Note: Prior Years and Budget are Fiscal Year-End Ratios

03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 7

7

Water Storage Levels

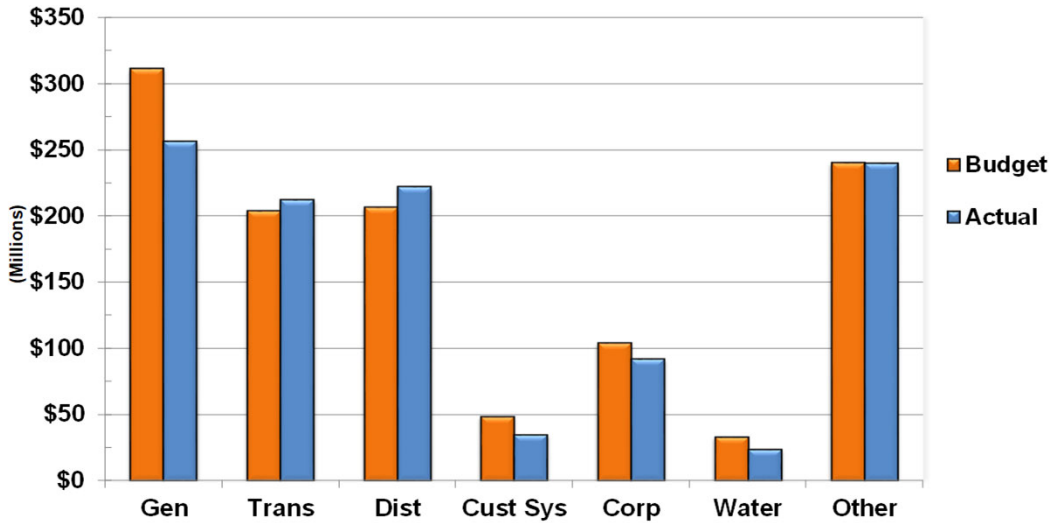


03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 8

8

Capital Expenditures - YTD February 2024



03/26/2024 Finance & Budget Committee Meeting, J. A. Wright

(Non-GAAP, Unaudited) 9