




Delivering water and power®

THIRD-QUARTER REPORT  
NOVEMBER 1, 2024-JANUARY 31, 2025  
FISCAL YEAR 2025

# Message from the President and the General Manager & CEO



David Rousseau  
PRESIDENT



Jim Pratt  
GENERAL MANAGER & CEO

## NEWS AND ACHIEVEMENTS

### SRP Board approves pricing proposal

On Feb. 27, SRP's publicly elected Board of Directors approved SRP management's amended [pricing proposal](#) that will, among other things, support ongoing system reliability, expand low-income bill assistance, and provide super off-peak pricing that takes advantage of abundant low-cost, low-carbon utility-scale solar.

The SRP Board of Directors last approved changes to base prices in 2019.

The proposal will result in an overall net 2.4% price increase for SRP customers. This price change reflects a proposed increase of \$169 million in base revenue to support upgrades to the electric system and meet the cost of customer programs, among other things. This would be offset by an anticipated decrease of \$68.7 million in fuel and purchased power expenses, which are recovered through the Fuel and Purchased Power Adjustment Mechanism rate.

SRP is a not-for-profit utility and does not have investors. Any revenues in excess of expenses are reinvested back into our electric system to help maintain price stability for customers.

Effective with the November 2025 billing cycle, the average residential customer using 1,117 kilowatt-hours a month will see a monthly bill increase of 3.5%, or \$5.61. Actual bill impacts will vary based on customer usage and price plan.

Even with these changes, SRP customers will still pay among the lowest electricity prices in the southwestern U.S. and the lowest rates of any major utility in the state. You can find more information on the pricing process [here](#).

### Expanding battery storage

SRP is continuing to develop and deploy safe, cost-effective storage technology as part of our commitment to reducing carbon intensity (from 2005 levels) by 82% by 2035 and achieving net-zero carbon emissions by 2050. As part of that effort, SRP and Flatland Storage, a subsidiary of EDP Renewables North America, have entered into an agreement to provide 200 megawatts (MW) of new energy storage to Arizona's grid.

The [Flatland Energy Storage Project](#) will be a 200 MW battery energy storage system with four hours of storage. The project will be located near Coolidge and will use lithium-ion technology designed and manufactured in the U.S. by Tesla. Scheduled to be online in 2025, the facility will have enough capacity to power up to 45,000 homes for four hours during peak electricity demand periods.

The Flatland Energy Storage Project is set to provide significant benefits to the local economy, with a capital investment of over \$271 million and an additional \$7 million paid to local governments in the form of tax payments. Millions of dollars will also be spent supporting local small businesses during the lifetime of the project, which will create 60 construction jobs and host two permanent operations positions upon completion.

### **Enhancing reliability and saving customers money**

SRP, along with Arizona Public Service (APS), Tucson Electric Power (TEP) and UniSource Energy Services, plans to join Southwest Power Pool's (SPP) Markets+. This day-ahead and real-time energy market is anticipated to span the Northwest, Southwest and Mountain West regions of the U.S. It's designed to deliver enhanced reliability and yearly savings of nearly \$100 million (SRP, APS, TEP combined) above current market participation, which will be passed across the electric companies' customers. It will also support the addition of more renewable resources to the energy grid as Arizona continues to experience strong residential and business growth and record-breaking energy demand. After several years of strategic planning and development, SRP, APS, TEP and UniSource expect to participate in the new market as early as 2027.

Along with other western utilities, Markets+ is anticipated to help the Arizona energy providers respond efficiently to market price changes and regional weather events driving energy usage while giving them access to a larger pool of diverse generation resources.

### **Critical transmission project moves forward**

The Arizona Corporation Commission approved a Certificate of Environmental Compatibility for SRP's South Mountain Transmission Project. The project will support anticipated growth and development along Loop 202 in the Laveen area and strengthen SRP's overall transmission system reliability.

The City of Phoenix is planning for future development in Laveen, which could include a mix of land uses such as retail offerings, hospitals, hotels and resorts, residential areas, new businesses, and an industrial and tech park.

SRP's robust outreach process included open houses, emails, postcards, stakeholder meetings, a [project website](#) and social media ads in an effort to gather public feedback on the South Mountain Transmission Project and proposed routes. The input received throughout the public process was analyzed and helped to inform SRP's preferred routes.

### **Exploring new nuclear power**

SRP is exploring all options to meet the growing energy needs of the Phoenix metropolitan area reliably, affordably and sustainably. As part of that effort,

in January SRP joined with APS and TEP to announce a collaboration to explore adding nuclear generation in Arizona.

The utilities have been monitoring emerging nuclear technologies and have a shared interest in evaluating their potential to support growing energy needs in the state. APS is leading the effort in collaboration with SRP and TEP to assess a wide range of possible locations, including at the sites of retiring coal plants. Nuclear energy is and will continue to be a valuable part of a diverse energy mix, providing reliable and clean energy 24 hours a day, seven days a week.

The utilities have applied for a grant from the U.S. Department of Energy (DOE) to begin preliminary exploration of a potential site for additional nuclear energy for Arizona. The application has been submitted under the DOE's Office of Clean Energy Demonstrations & Office of Nuclear Energy's [Generation III+ Small Modular Reactor Program](#).

If approved, the grant would support a three-year site selection process and possible preparation of an early site permit application to the U.S. Nuclear Regulatory Commission.

The grant application is an initial step in a larger collaborative effort by the utilities to explore the possibility of adding reliable, efficient and clean nuclear energy in the state. This joint effort could see the selection of a preferred nuclear site in the late 2020s, at the earliest, potentially enabling additional nuclear to be in operation in the early 2040s.

### **SRP remains first in customer satisfaction**

SRP once again ranked first in customer satisfaction for the West Large segment and among all large utilities in the J.D. Power [2024 Residential Customer Satisfaction Study](#).

This is the 25th time (and the 23rd consecutive year) SRP has ranked first in the West Large segment. SRP achieved this ranking with an overall Customer Satisfaction Index (CSI) of 785 out of 1,000. SRP again ranked first in all six factors that go into the overall CSI: power quality and reliability; price; billing and payment; corporate citizenship; communications; and customer care.

## FINANCIAL RESULTS

Operating revenues were \$844.0 million for the third quarter of fiscal year 2025 (FY25) and \$874.3 million for the third quarter of fiscal year 2024 (FY24), a decrease of \$30.3 million, or 3.5%. In the third quarter of FY25, wholesale revenues decreased \$86.3 million, or 44.0%, to \$109.7 million. Wholesale revenues for the third quarter of FY25 included a fair value loss of \$5.2 million compared to a \$1.0 million fair value gain for the same period in FY24. Excluding the fair value adjustments, wholesale revenues would have been \$114.9 million and \$195.0 million in the third quarters of FY25 and FY24, respectively, a decrease of \$80.1 million, or 41.0%, primarily due to lower sales volume and lower average sales prices. Partially offsetting this decrease, retail electric revenues increased \$58.5 million, or 9.0%, to \$705.2 million, primarily due to customer growth and an increase in Fuel and Purchased Power Adjustment Mechanism (FPPAM) prices. The total number of customer accounts as of Jan. 31, 2025, was 1,183,926, an increase of 2.2% from Jan. 31, 2024.

Operating expenses were \$942.8 million for the third quarter of FY25 and \$1.1 billion for the same period in FY24, a decrease of \$130.2 million, or 12.1%. Fuel used in electric generation and power purchased include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value gains of \$26.5 million and fair value losses of \$173.9 million in the third quarters of FY25 and FY24, respectively, total operating expenses would have

increased \$70.2 million, or 7.8%, due to higher power purchases attributed to new power-purchase contracts and increased operation and maintenance expenses.

Investment income (loss), net was income of \$62.5 million for the third quarter of FY25 compared to income of \$92.7 million for the same period in FY24. Investment income (loss), net includes fair value gains of \$39.6 million and \$78.3 million in the third quarters of FY25 and FY24, respectively.

Net financing costs were \$52.5 million and \$44.3 million for the third quarters of FY25 and FY24, respectively. The increase is primarily due to issuance of new revenue bonds.

Net loss for the third quarter of FY25 was \$70.9 million, compared with net loss of \$126.4 million for the third quarter of FY24. 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 \$131.7 million and net loss of \$31.8 million for the third quarters of FY25 and FY24, 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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Water Highlights

Water Deliveries (acre-feet)



9 months ended Jan. 31

Water in Storage (capacity)



As of Jan. 31

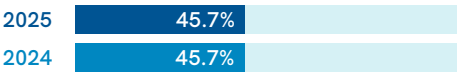
Financial Highlights

Total Debt Service Coverage Ratio



12 months ended Jan. 31

Debt Ratio



As of Jan. 31

Total Sales (kWh)



3 months ended Jan. 31

SRP Combined Balance Sheets

As of January 31	(In Thousands - Unaudited)	
ASSETS	FY25	FY24
Utility Plant, at Original Cost	\$21,697,474	\$20,477,893
Less: Accumulated Depreciation	10,908,687	10,502,041
	10,788,787	9,975,852
Other Property and Investments	2,710,134	2,581,343
CURRENT ASSETS		
Cash and Cash Equivalents	1,075,426	671,113
Temporary Investments	159,515	146,980
Current Portion, Segregated Funds	35,232	33,137
Receivables, Net	430,533	399,524
Fuel Stocks	129,682	124,919
Materials and Supplies	520,998	413,826
Current Commodity Derivative Assets	13,877	1,590
Other	68,200	51,922
	2,433,463	1,843,011
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	275,906	-
Regulatory Assets	294,927	579,971
Non-Current Commodity Derivative Assets	329	2,210
Other Deferred Charges and Other Assets	131,649	185,416
	702,811	767,597
TOTAL ASSETS	\$16,635,195	\$15,167,803

As of January 31	(In Thousands - Unaudited)	
CAPITALIZATION & LIABILITIES	FY25	FY24
CAPITALIZATION		
Accumulated Net Revenues	7,257,118	6,512,050
Long-Term Debt	6,096,399	5,481,743
	13,353,517	11,993,793
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	130,380	118,780
Accounts Payable	234,795	223,583
Accrued Taxes and Tax Equivalents	85,025	94,015
Accrued Interest	25,691	25,706
Customers’ Deposits	158,119	150,830
Current Commodity Derivative Liabilities	64,132	73,149
Other	240,045	226,398
	938,187	912,461
DEFERRED CREDITS		
Accrued Post-Retirement Liability	651,483	722,398
Asset Retirement Obligations	575,625	594,423
Non-Current Commodity Derivative Liabilities	100,143	69,198
Other Deferred Credits and Other Non-Current Liabilities	1,016,240	875,530
	2,343,491	2,261,549
TOTAL CAPITALIZATION & LIABILITIES	\$16,635,195	\$15,167,803

These unaudited financial statements should be read in conjunction with the 2024 Notes to Combined Financial Statements.

## SRP Combined Statements of Net Revenues

(In Thousands – Unaudited)	3 Months Ended Jan. 31	
	FY25	FY24
<b>OPERATING REVENUES</b>		
Retail Electric	\$705,209	\$646,718
Water	11,587	10,898
Wholesale	109,749	196,000
Other	17,468	20,649
Total Operating Revenues*	844,013	874,265
<b>OPERATING EXPENSES</b>		
Power Purchased	186,822	134,616
Fuel Used in Electric Generation*	168,639	397,757
Operations and Maintenance*	379,191	341,131
Depreciation and Amortization	162,577	154,227
Taxes and Tax Equivalents	45,619	45,326
Total Operating Expenses	942,848	1,073,057
Net Operating Revenues	(98,835)	(198,792)
<b>OTHER INCOME</b>		
Investment Income (Loss), Net	62,513	92,744
Other Income (Loss), Net	17,985	23,991
Total Other Income (Loss), Net	80,498	116,735
Net Revenues (Expenses) before Financing Costs	(18,337)	(82,057)
<b>FINANCING COSTS</b>		
Interest on Bonds	64,162	54,894
Capitalized Interest	(5,428)	(5,338)
Amortization of Bond Discount/Premium and Issuance Expenses	(11,603)	(11,385)
Interest on Other Obligations	5,408	6,146
Net Financing Costs	52,539	44,317
<b>NET REVENUES</b>	<b>(\$70,876)</b>	<b>(\$126,374)</b>

These unaudited financial statements should be read in conjunction with the 2024 Notes to Combined Financial Statements. \*Intercompany transactions eliminated.

## TOTAL SALES – THIRD QUARTER FY25

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



## ELECTRIC OPERATING REVENUES – THIRD QUARTER FY25

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

