2026 | ANNUAL REPORT

INCLUDING FIVE-YEAR OPERATIONAL AND STATISTICAL REVIEW AND FINANCIAL SUMMARY

Delivering water and power®

Contents

CORPORATE HEADQUARTERS

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About SRP

Salt River Project (SRP) is a community-based, not-for-profit organization providing reliable, affordable and sustainable water and energy to more than 2 million people in central Arizona. Since our founding in 1903, we remain committed to helping the Phoenix metropolitan area develop and thrive.

As a not-for-profit utility, every decision we make is in the best interest of our customers. Without the need to generate profits for investors, any surplus revenue is reinvested directly back into improving infrastructure, enhancing customer programs and benefiting the communities we serve. Our not-for-profit status also enables us to provide the lowest rates possible for our customers.

From the President and General Manager & CEO

Fiscal year 2026 (FY26) marked another chapter of strong results and innovation for SRP. Despite evolving challenges across the industry and unprecedented growth in the Valley, we continued to deliver on our mission while advancing key initiatives that strengthen our system today and help us prepare for tomorrow. These results reflect the dedication of our team members and the strength of our strategy. As SRP continued to build for the future, the organization also welcomed new leadership. In May, following the April Board and Council elections, Chris Dobson and Barry Paceley were seated as SRP's President and Vice President, respectively. SRP leadership and the Board and Council remain committed to working together to serve our customers and communities.

DELIVERING FOR CUSTOMERS

Putting customers first remains central to everything we do. In FY26, SRP again ranked No. 1 in J.D. Power's Residential and Business Customer Satisfaction studies among large utilities in the West. This marks 24 consecutive years of achieving the top ranking in residential satisfaction. SRP was also recognized by Forbes as one of America's Best Large Employers and Best Employers for Engineers, reinforcing our commitment to both customers and employees.

SRP made significant progress on the Customer Modernization Program, which will replace legacy customer systems with a modern, integrated platform to improve operational efficiency, system resiliency and customer experience while significantly reducing long-term technological and operational risk. The program remains on track for a March 2027 launch. This transformation will deliver enhanced digital tools through a new SRP Energy My Account web portal and SRP Energy mobile app, expanded self-service options and more personalized energy insights for customers while providing SRP with a scalable platform to support future growth and evolving energy needs.

To manage unprecedented demand from new large energy users, SRP implemented the Large Business Customer strategy and integration process. This effort ensures that new large loads greater than 20 megawatts (MW) are carefully evaluated and that dedicated infrastructure and associated mitigation activities do not shift costs to existing customers. A comprehensive load study evaluated 24 proposed projects representing approximately 7.2 gigawatts (GW) of potential demand and an estimated $12.8 billion in transmission investment. Through structured financial and operational requirements, including project scoping agreements and letters of credit, SRP narrowed this pipeline to three viable projects representing nearly 1 GW of demand.

This new approach ensures that these large load customers support regional economic development while maintaining reliability and affordability for all customers.

STRONG FINANCIAL PERFORMANCE

SRP maintained a strong financial position in FY26, with direct costs per customer 4.2% better than budget and continued industry-leading credit ratings (AA+ from S&P and Aa1 from Moody's). Rates remained significantly below peers — approximately 37% lower than the regional average and 17% lower than Arizona utilities — while maintaining top-tier reliability. In addition, the FY26 year-end debt ratio is 46.9% (2% better than budget), and the debt service coverage ratio is 3.6 (14.3% better than budget).

SRP successfully implemented the FY25 Board-approved pricing updates during FY26, delivering customer choice improvements and increased support for at-risk populations. New customer-facing digital tools improved rate transparency, while updated pricing structures enabled the launch of clean energy programs, including the Renewable Energy Credit Purchase Program and the Residential Battery Virtual Power Plant Pilot. These accomplishments demonstrate SRP's ability to manage increasingly complex pricing environments while maintaining customer confidence and operational integrity.

In addition, SRP identified an opportunity to provide customer relief as the Fuel and Purchased Power Adjustment Mechanism (FPPAM) balance exceeded $50 million as of January month end. Management proposed and the Board approved a 3% overall summer price decrease through a reduction to the FPPAM price for the May through October 2026 billing cycles. This is expected to provide approximately $80 million in bill relief for customers during a time when bills are highest.

SRP also completed the largest natural gas prepay transaction in our history, which is projected to save customers more than $290 million over 30 years. The transaction was designed to generate substantial customer value while avoiding additional financial risk. Because the arrangement functions solely as a long-term gas purchase, it has no impact on SRP's balance sheet. This achievement highlights the strength of SRP's industry partnerships, the value of our best-in-class credit ratings and the effectiveness of cross-departmental collaboration. Most importantly, it directly advances SRP's core mission by securing reliable energy supplies at the lowest possible cost for our customers.

RELIABILITY, RESILIENCY AND RESOURCE PLANNING

SRP delivered strong operational performance during a record-setting year while managing continued system growth. Highlights include:

- Peak demand of 8,542 MW during a summer with 122 days above 100°
- Generation run reliability of 97.1%
- Preventive maintenance completion exceeding 98% across key facilities
- Management of approximately 200 generation outages and 144 transmission outages with minimal customer impact

To support reliability and future growth, SRP also advanced major generation initiatives. The Coolidge Expansion Project added critical capacity ahead of summer demand, and SRP secured approvals to transition Coronado Generating Station from coal to natural gas.

SRP also continued expanding and diversifying our energy portfolio to support growing demand while advancing sustainability goals. Key accomplishments included:

- Advancing the Pumped Storage Project to 60% design completion
- Executing seven major resource agreements from the 2023–24 request for proposal cycles, totaling nearly 2,300 MW of solar, storage and hybrid resource agreements
- Announcing a solar development agreement with NextEra Energy Resources for delivering up to an additional 3,000 MW of utility-scale solar to SRP's system
- Adding 55 MW of solar capacity with the launch of Copper Crossing Energy and Research Center, SRP's first utility-owned solar facility

Other notable projects underway include the Marigold and SunDog energy centers. SRP also progressed regulatory approvals and planning for key infrastructure projects, including federal environmental reviews, permitting processes and interagency coordination.

As it advanced critical infrastructure projects, SRP continued to strengthen system resilience through proactive risk management, including wildfire mitigation and operational preparedness. New fire weather forecasting capabilities were introduced to support infrastructure protection and initiatives like the Public Safety Power Shutoff program. Despite elevated wildfire risk, no direct threats to transmission infrastructure occurred during the year.

WATER STEWARDSHIP AND ADVOCACY

Arizona gets its water from a diverse mix of resources, including the Salt and Verde rivers (part of SRP's water supply), the Colorado River (delivered by the Central Arizona Project), groundwater and reclaimed water. Although SRP's water supply is independent of the Colorado River, conditions on the river have broad implications for Arizona and the Southwest. As a critical water provider and trusted voice on water policy, SRP continues to support statewide planning efforts and collaborate with partners to find solutions.

During FY26, SRP advanced major initiatives to improve water system flexibility and long-term sustainability, including:

- Progress on the Verde Reservoirs Sediment Mitigation Study and related federal processes
- Support for federal legislation authorizing potential construction of a new Bartlett Dam
- Advancement of the SRP-Central Arizona Project Interconnection Facility (SCIF) to improve coordination between major water systems

These efforts required extensive environmental review, stakeholder engagement and coordination with federal, state and tribal partners, reflecting the complexity of water infrastructure development in the region.

COMMUNITY COMMITMENT

SRP expanded its community engagement efforts in FY26, strengthening relationships in communities near our power facilities. Throughout the year, SRP's Community Activation team built partnerships with local organizations and conducted community research to better understand local priorities. Feedback gathered through these efforts helped shape an initial Community Benefits Plan that identifies investment priorities selected by community members.

In the Coronado Generating Station area, SRP took steps to ensure community support remains strong as funding sources evolve. With the Joint Utilities Grant Program coming to an end, SRP reaffirmed our independent commitment to the community by allocating $150,000 from the Coal Community Transition budget to local organizations, reinforcing a long-term commitment to community stability during and beyond the facility's operational transition from coal to natural gas.

WORKFORCE AND CULTURE

SRP launched our first enterprise-wide AI strategy and established the AI Hub to guide responsible and thoughtful adoption of new tools and technologies. The immediate outcome is a structured path from strategy to execution. Initial staffing of the AI Hub is underway, partnerships across the enterprise have been activated, and a strategic collaboration with Arizona State University will deliver targeted AI training for leaders.

This strategy ensures SRP is proactively positioned to harness emerging technologies, remain competitive as a public power utility and empower our workforce while maintaining oversight, transparency and alignment with our mission and public responsibilities.

LOOKING AHEAD

FY26 was marked by strong performance, meaningful progress and a shared commitment to our mission. Across the company, teams delivered impactful work that moved us forward and helped to reinforce the values that define who we are.

As we look to FY27 and beyond, we know the landscape will continue to evolve, bringing both challenges and opportunities. With a talented workforce and a culture grounded in adaptability and innovation, SRP is well positioned to navigate what lies ahead and continue to deliver value for the customers and communities we serve.

Chris Dobson,
President

Jim Pratt,
General Manager &
Chief Executive Officer

Reviewing Financial Results

RESULTS OF OPERATIONS

Operating revenues were $4.7 billion for fiscal year 2026 (FY26) and $4.6 billion for fiscal year 2025 (FY25), an increase of $114.9 million, or 2.5%. The increase in operating revenues was due to higher retail electric revenues, partially offset by a decrease in wholesale revenues. FY26 retail electric revenues increased $179.9 million, or 4.5%, to $4.2 billion, primarily due to higher volumes sold driven by an increase in retail customer demand and significantly warmer weather in the spring compared to FY25. Wholesale revenues decreased $111.9 million, or 23.8%, to $359.0 million compared to FY25. FY26 wholesale revenues included fair value gains of $5.5 million compared to a $7.1 million fair value gain in FY25. Excluding the fair value adjustments, FY26 wholesale revenues would have been $353.5 million compared to $463.8 million in FY25, a decrease of $110.3 million, or 23.8%. The decrease is primarily due to lower average sales prices and lower sales volume compared to FY25. The total number of customer accounts was 1,199,621 as of April 30, 2026, a 1.4% increase from the previous year.

Operating expenses were $4.5 billion for FY26 and $4.0 billion for FY25, an increase of $507.9 million, or 12.8%. The increase in operating expenses was primarily due to increased purchased power related to more renewable energy contracts, a general increase in maintenance due to planned and unplanned plant outages, and increased depreciation and amortization expenses. Fuel used in electric generation includes adjustments for the fair value of certain fuel contracts. Excluding the fair value losses of $287.6 million and $28.4 million in FY26 and FY25, respectively, fuel used in electric generation expense would have increased $5.2 million, or 0.6%.

Investment income, net was $373.1 million for FY26 compared to net income of $184.4 million for FY25. Investment income, net includes fair value gains of $315.0 million and $122.1 million for FY26 and FY25, respectively.

Net financing costs were $211.2 million and $191.1 million in FY26 and FY25, respectively. The increase is primarily due to the issuance of new revenue bonds.

Net revenues for FY26 were $430.9 million compared to net revenues of $604.0 million for FY25. Excluding the effects of the changes in the fair value of fuel and purchased power contracts, wholesale positions and investments, net revenues would have been $397.9 million and $503.2 million for FY26 and FY25, respectively.

ENERGY RISK MANAGEMENT PROGRAM

The District's mission to serve its retail customers is the cornerstone of its risk management approach. SRP builds or acquires resources to serve retail customers, not the wholesale market. However, as a summer-peaking utility, there are times during the year when the District's resources and/or reserves are in excess of its retail load, thus giving rise to wholesale activity. The District has an Energy Risk Management Program to limit exposure to risks inherent in retail and wholesale energy business operations by identifying, measuring, reporting and managing exposure to market, credit and operational risks. To meet the goals of the Energy Risk Management Program, SRP uses various physical and financial instruments, including forward contracts, futures, swaps and options. Certain of these transactions are accounted for under Accounting Standards Codification (ASC) 815, Derivatives and Hedging. For a detailed explanation of the effects of ASC 815 on SRP's financial results, see Note 7 in the notes to the Combined Financial Statements (available at **srpnet.com/about/reports**).

The Energy Risk Management Program is managed according to a policy approved by the District's Board of Directors (Board) and overseen by a Risk

Oversight Committee. The policy covers market, credit and operational risks and includes portfolio strategies, authorizations, value-at-risk limits, stop-loss limits, and notional and duration limits. The Risk Oversight Committee is composed of senior executives. The District maintains an Energy Risk Management Department, separate from the energy marketing area, which regularly reports to the Risk Oversight Committee. SRP believes that its existing risk management structure is appropriate and that risks are properly measured, reported and managed.

ELECTRICITY PRICING

The District has a diversified customer base, with no single retail customer providing more than 5% of its retail electric revenues. The District has implemented projects and programs geared toward enhancing customer satisfaction by offering customers a range of pricing and service options. Moreover, SRP is one of the low-price leaders in the Southwest.

The District is a summer-peaking utility, and it balances the summer-winter load relationships through seasonal price differentials. In addition, SRP offers prices on a time-of-use basis for residential, commercial and industrial customers.

The District's retail price plans include a base price component, a Fuel and Purchased Power Adjustment Mechanism (FPPAM) and a Transmission Cost Adjustor (TCA). Base prices recover costs for generation, transmission, distribution, customer services, metering, meter reading, billing and collections, and system benefits charges that are not otherwise recovered through the FPPAM or TCA. The TCA recovers costs associated with providing retail transmission service. The FPPAM was implemented in May 2002 to adjust for increases and decreases in fuel costs and, as of May 1, 2019, also includes renewable purchased power agreements. The TCA was revised during SRP's 2025 price process to provide a mechanism to recover transmission-related costs attributable to retail customers concurrently with increases or decreases in wholesale prices under SRP's Open Access Transmission Tariff (OATT). Through a system benefits charge to the District's transmission and distribution customers, the District recovers the costs of programs benefiting the general public, such as discounted rates for low-income customers, energy efficiency and nuclear decommissioning, including the cost of spent fuel storage.

On Sept. 9, 2024, the Board voted to approve a 3.9% increase to FPPAM prices effective Nov. 1, 2024. On Dec. 2, 2024, SRP opened a public pricing process seeking changes to standard electric price plans. On Feb. 27, 2025, the Board voted to approve a 4.0% increase to base prices and a 1.6% decrease to FPPAM prices, for a net overall increase of 2.4% effective Nov.1, 2025. On Dec. 1, 2025, the Board voted to approve a Transmission Formula Rate and adjust wholesale transmission prices under SRP's OATT, effective Jan. 1, 2026. At the same meeting, the Board also approved changes to the TCA prices for retail customers, also effective Jan. 1, 2026, resulting in an overall 0.47% decrease in retail bills.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program is driven by the need to sustain the generation, transmission and distribution systems of the District to meet customer electricity needs and to maintain a satisfactory level of service reliability.

FY26 capital spending levels were slightly above original expectations. Generation projects accounted for 39% of the year's expenditures. These projects included the Coolidge Expansion and Pumped Storage projects, as well as plant modification costs for Palo Verde, Mesquite and Coolidge.

Expansion of the electrical distribution system to meet future growth and to replace aging underground cables accounted for 30% of FY26 capital expenditures. A third of the distribution system spending was for new business projects. The addition of new transmission facilities made up 13% of FY26 capital expenditures. These projects included customer-driven work and land acquisitions, as well as transmission line and station additions.

SRP Boards and Councils

Association President and Vice President

Christopher J. Dobson,
President

Barry E. Paceley,
Vice President

District President and Vice President

Christopher J. Dobson,
President

Barry E. Paceley,
Vice President

Association Board

District 1:
Larry D. Rovey

District 2:
Paul E. Rovey

District 3:
Mario J. Herrera

District 4:
Leslie C. Williams

District 5:
Stephen H. Williams

District 6:
Ken Clark

District 7:
Seat Currently Vacant

District 8:
Melissa Harlan

District 9:
Robert C. Arnett

District 10:
Mark V. Pace

District Board

Division 1:
Kevin J. Johnson

Division 2:
Paul E. Rovey

Division 3:
Mario J. Herrera

Division 4:
Lupe Conchas

Division 5:
Stephen H. Williams

Division 6:
Ken Clark

Division 7:
Seat Currently Vacant

Division 8:
Melissa Harlan

Division 9:
Robert C. Arnett

Division 10:
Mark V. Pace

Directors at-large

Seat 11:
Casey Clowes

Seat 12:
Krista H. O'Brien

Seat 13:
Sandra D. Kennedy

Seat 14:
Kathy L. Mohr-Almeida

Association Council

District 1:
Tyler M. Francis,
Ronald S. Kolb,
Clifford M. Leatherwood

District 2:
Jerry E. Geiger,
T. Suzanne Naylor,
William W. Sheely

District 3:
Aaron M. Herrera,
Richard W. Swier,
Paul A. Van Hofwegen

District 4:
Ian Rakow,
M. Brandon Brooks,
Michael G. Rakow

District 5:
John R. Augustine,
J. Weston Lines,
John R. Shelton

District 6:
Allison Gullick,
John Travise,
Sara Travise

District 7:
Eric L. Gorsegner,
Neal Haddad,
Colleen Resch-Geretti

District 8:
Nicole Brown,
Regina Gutierrez,
Randy J. Miller

District 9:
A. Allen Freeman,
Mark A. Freeman,
Adam S. Hatley

District 10:
Dave B. Lamoreaux,
Eric M. Pedersen,
William P. Schrader III

District Council

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Tyler M. Francis,
Ronald S. Kolb,
Clifford M. Leatherwood

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T. Suzanne Naylor,
William W. Sheely

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M. Brandon Brooks,
Michael G. Rakow

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Sara Travise

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Randy J. Miller

Division 9:
A. Allen Freeman,
Adam S. Hatley

Division 10:
Dave B. Lamoreaux,
Eric M. Pedersen,
William P. Schrader III

SRP Officers and Executives

Corporate Officers

Christopher J. Dobson,
President

Barry E. Paceley,
Vice President

John M. Felty,
Corporate Secretary

Jon W. Hubbard,
Treasurer

Executive Management

Jim Pratt,
General Manager &
Chief Executive Officer

Alaina Chabrier,
Associate General
Manager & Chief
Communications Executive

Vanessa Kisicki,
Associate General Manager
& Chief Customer Executive

Brian J. Koch,
Associate General Manager
& Chief Financial Executive

Leslie Meyers,
Associate General Manager
& Chief Water Resources
and Services Executive

Michael O'Connor,
Associate General Manager
& Chief Legal Executive

Bobby Olsen,
Associate General
Manager & Chief Power
System Executive

McKell Purnell,
Associate General
Manager & Chief Human
Resources Executive

Rob Taylor,
Associate General
Manager & Chief Public
Affairs and Corporate
Services Executive

Five-Year Operational and Statistical Review

FINANCIAL DATA ($000)	2026	2025	2024	2023	2022
Total operating revenues	$ 4,674,626	$ 4,559,691	$ 4,145,895	$ 4,021,546	$ 3,565,341
Retail electric revenues	4,163,547	3,983,609	3,492,861	3,211,366	2,993,392
Water revenues	31,707	33,668	25,491	24,019	25,805
Other revenues	479,372	542,414	627,543	786,161	546,144
Total operating expenses	4,489,958	3,982,082	3,803,454	4,313,633	2,978,467
Total other income (expense), net	457,437	217,413	225,494	62,412	(61,629)
Net financing costs	211,219	191,054	162,378	131,855	130,638
Net revenues (expenses) for the year	430,886	603,968	405,557	(361,530)	394,607
Taxes and tax equivalents	177,055	174,352	166,397	165,514	177,971
Utility plant, gross	21,484,521	20,415,553	19,275,834	18,621,890	17,854,035
Long-term debt	6,578,070	6,010,377	5,470,941	4,950,900	4,560,487
Electric revenue contributions to support water operations	74,041	63,171	66,633	60,730	56,290

For comparative purposes, *certain prior-year amounts have been reclassified to conform with the current-year presentation.*

SELECTED DATA	2026	2025	2024	2023	2022
Total debt service coverage ratio	3.6	4.2	3.8	3.4	3.5
Debt ratio	46.9	46.2	46.1	45.2	41.7
Total electric sales (million kWh)	44,294	43,999	41,523	37,401	37,963
Peak SRP retail customers (kW)	8,542,000	8,219,000	8,163,000	7,620,000	7,571,000
Water deliveries (acre-feet) (1)	-	759,137	762,934	765,028	756,780
Runoff (acre-feet) (1)	-	348,258	567,933	1,927,635	575,223
Employees at year-end	5,878	5,747	5,365	5,132	4,844
Customers at year-end	1,199,621	1,183,163	1,158,912	1,135,988	1,112,683

(1) Water data is by calendar year, all other data is by fiscal year ending April 30.

FINANCIAL INQUIRIES

JON W. HUBBARD

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