



Delivering water and power®

THIRD-QUARTER REPORT
NOVEMBER 1, 2025-JANUARY 31, 2026
FISCAL YEAR 2026

Message from the President and the General Manager & CEO

David Rousseau
PRESIDENT

Jim Pratt
GENERAL MANAGER & CEO

NEWS AND ACHIEVEMENTS

SRP to convert Springerville Unit 4 to natural gas

In November 2025, the SRP Board of Directors approved converting the SRP-owned coal-fired Springerville Generating Station (SGS) Unit 4 to run on natural gas. The decision is the lowest-cost option to preserve the plant's approximately 430-megawatt (MW) generating capacity, enough to serve 90,000 homes, which is important to meeting the Valley's growing power needs.

SRP reviewed the upfront investment and annual operating costs for potential replacement alternatives through 2049. Converting SGS Unit 4 to run on natural gas is expected to save SRP customers about \$45 million compared to building a new natural gas facility and about \$826 million relative to adding new long-duration lithium-ion batteries over the same period.

The decision also provides a bridge to the mid-2040s, when other generating technology options, including advanced nuclear, will be mature.

The converted SGS Unit 4 will be served by the new natural gas pipeline lateral that is also needed to serve the Coronado Generating Station (CGS) site. SRP will work to execute agreements for pipeline access. The SRP Board approved converting the coal-fired boilers at CGS to natural gas in June 2025.

SRP is working to more than double the capacity of its power system in the next 10 years while maintaining reliability and affordability and making continued progress toward our sustainability goals. SRP will

accomplish this through an all-of-the-above approach that includes plans to add renewables in addition to natural gas and storage resources.

SRP has nearly 3,000 MW of carbon-free energy — including more than 1,500 MW of solar — currently serving its customers. SRP also has nearly 1,300 MW of battery and pumped hydro storage supporting its grid.

SGS is operated by Tucson Electric Power (TEP), which owns units 1 and 2. Last year, TEP announced its plans to convert units 1 and 2 to natural gas. Tri-State Generating and Transmission owns SGS Unit 3.

SRP Sustainability Goals

SRP is making progress toward reaching its ambitious 2035 Sustainability Goals, which focus on reducing the company's carbon footprint, ensuring a resilient water supply, evolving SRP's grid and customer energy solutions, promoting a sustainable supply chain, reducing waste, and engaging the customers and communities SRP serves. The recently published Sustainability Goals Update highlights SRP's fiscal year 2025 achievements, challenges and upcoming milestones on the path to meeting our 2035 Sustainability Goals. Key milestones include:

- The addition of more than 700 MW of carbon-free energy generation to SRP's portfolio. This includes 500 MW of new solar generation, 161 MW of new wind generation and 40 MW of carbon-free nuclear generation.

- A 5.7% reduction in total water use across SRP's power generation assets, even as systemwide generation grew by 4%.
- The launch of a successful industrial waste diversion program to recycle retired utility poles, which are now being used as fencing, road berms and agricultural structures. SRP diverted 600 tons of poles in the program's first year, successfully keeping them out of Valley landfills.
- A partnership with seven federal, state and local government and nonprofit partners to collaboratively fund and implement 14 forest restoration projects that will restore 33,694 acres across SRP's watershed.
- As SRP moves forward with forest restoration, the amount of biomass material generated by these projects will increase. Given that there are limited outlets for this material, and in an effort to diversify the portfolio of end uses, SRP has published an innovative Request for Proposals seeking a biochar producer to locate a facility in Arizona to create biochar from the biomass generated. Biochar has been used for thousands of years as a soil amendment and has recently gained popularity as a tool for storing carbon in soil. SRP hopes to award one or more contracts in 2026.

SRP earns top ranking in J.D. Power studies

SRP has once again ranked first in residential customer satisfaction in the western U.S. This is the 24th consecutive year and the 26th time SRP has achieved the top customer satisfaction ranking in the West Large segment of the J.D. Power [Electric Utility Residential Customer Satisfaction Study](#). SRP was also the highest-ranked utility among all large utilities nationwide.

In the West Large segment, SRP ranked first across all Customer Satisfaction Index (CSI) factors: problem resolution, cost, safety and reliability, ease, people, digital channels, and information provided. SRP's CSI score of 583 (on a 1,000-point scale) is:

- 105 points higher than other utilities in the West Large segment; and
- 84 points higher than the national average CSI for all electric utilities surveyed.

The 2025 U.S. Electric Utility Residential Customer Satisfaction Study is based on responses from 127,103 online interviews conducted from January through November 2025 among residential customers of the 152 largest electric utility brands in the United States. This represents more than 109 million households.

SRP also ranked first in the nation in Utility Digital Experience Satisfaction in the [2026 Utility Digital Experience Study](#) from J.D. Power. The study evaluates customer satisfaction with the utility digital experience, including apps and websites, based on four factors: information/content, navigation, speed and visual appeal.

FINANCIAL RESULTS

Operating revenues were \$891.1 million for the third quarter of fiscal year 2026 (FY26) compared to \$844.0 million for the third quarter of fiscal year 2025 (FY25). In the third quarter of FY26, retail electric revenues increased \$46.1 million, or 6.5%, primarily due to customer growth and reallocation of costs due to the November 2025 pricing process. Partially offsetting this increase, wholesale revenues decreased \$19.2 million, or 17.5%, to \$90.5 million. Wholesale revenues for the third quarter of FY26 included a fair value loss of \$0.5 million compared to a \$5.2 million fair value loss for the same period in FY25. Excluding the fair value adjustments, wholesale revenues would have been \$91.0 million and \$114.9 million in the third quarters of FY26 and FY25, respectively, reflecting a decrease of \$23.9 million, or 20.8%, primarily due to lower average sales volume. The total number of customers as of January 31, 2026, was 1,200,357, an increase of 1.4% from January 31, 2025.

Operating expenses were \$1.2 billion for the third quarter of FY26 and \$942.8 million for the same period in FY25, an increase of \$230.2 million, or 24.4%. Fuel used in electric generation and power purchases include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value loss of \$189.5 million and fair value gain of \$26.5 million in the third quarters of FY26 and FY25, respectively, total operating expenses would have increased \$14.2 million, or 1.5%, primarily due to increased depreciation expenses and operation and maintenance expenses.

Investment income (loss) net, was a net loss of \$25.8 million for the third quarter of FY26 compared to a net income of \$62.5 million for the same period in FY25. Investment income (loss), net, includes a fair value loss of \$41.9 million and a fair value gain of \$39.6 million in the third quarters of FY26 and FY25, respectively.

Net financing costs were \$57.3 million and \$52.5 million for the third quarters of FY26 and FY25, respectively. This increase is primarily due to interest expenses related to new revenue bonds issued within the last year.

Net expenses for the third quarters of FY26 and FY25 were \$353.4 million and \$70.9 million, respectively. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and net investment income (loss), net expenses would have been \$121.5 million and \$131.7 million for the third quarters of FY26 and FY25, 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

1500 N. Mill Ave., Tempe

(602) 236-5900 | srp.net

Financial Inquiries

Jeremy Fry,

Controller and Senior Director

(602) 236-5041

Water Highlights

Water Deliveries (acre-feet)

FY26	514,896
FY25	584,954

9 months ended Jan. 31

Water in Storage (capacity)

FY26	57%
FY25	71%

As of Jan. 31

Financial Highlights

Debt Service Coverage

2026	3.42
2025	4.50

12 months ended Jan. 31

Debt Ratio

2026	46.3%
2025	45.7%

As of Jan. 31

Total Sales (kWh)

FY26	9,117,123
FY25	9,331,783

3 months ended Jan. 31

SRP Combined Balance Sheets

As of Jan. 31	(In Thousands - Unaudited)	
	FY26	FY25
ASSETS		
Utility Plant, at Original Cost	\$23,189,227	\$ 21,697,474
Less: Accumulated Depreciation	11,366,496	10,908,687
	11,822,731	10,788,787
Other Property and Investments	3,372,259	2,710,134
CURRENT ASSETS		
Cash and Cash Equivalents	343,214	1,075,426
Temporary Investments	131,796	159,515
Current Portion, Segregated Funds	33,774	35,232
Receivables, Net	407,129	430,533
Fuel Stocks	146,692	129,682
Materials and Supplies	648,756	520,998
Current Commodity Derivative Assets	-	13,877
Other	86,498	68,200
	1,797,859	2,433,463
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	357,287	275,906
Regulatory Assets	469,050	294,927
Non-Current Commodity Derivative Assets	-	329
Other Deferred Charges and Other Assets	231,697	131,649
	1,058,034	702,811
TOTAL ASSETS	\$18,050,883	\$16,635,195

As of Jan.31	(In Thousands - Unaudited)	
	FY26	FY25
CAPITALIZATION & LIABILITIES		
CAPITALIZATION		
Accumulated Net Revenues	\$7,649,164	\$7,257,118
Long-Term Debt	6,590,148	6,096,399
	14,239,312	13,353,517
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	157,960	130,380
Accounts Payable	252,491	234,795
Accrued Taxes and Tax Equivalents	87,590	85,025
Accrued Interest	27,089	25,691
Customers' Deposits	166,295	158,119
Current Commodity Derivative Liabilities	23,814	64,132
Other	278,114	240,045
	993,353	938,187
DEFERRED CREDITS		
Accrued Post-Retirement Liability	766,864	651,483
Regulatory Liabilities	1,016,682	750,164
Asset Retirement Obligations	614,495	575,625
Non-Current Commodity Derivative Liabilities	142,979	100,143
Other Deferred Credits and Other Non-Current Liabilities	277,198	266,076
	2,818,218	2,343,491
TOTAL CAPITALIZATION & LIABILITIES	\$18,050,883	\$16,635,195

These unaudited financial statements should be read in conjunction with the 2025 Notes to Combined Financial Statements.

SRP Combined Statements of Net Revenues

(In Thousands - Unaudited)	Three Months Ended Jan. 31	
	FY26	FY25
OPERATING REVENUES		
Retail Electric	\$751,347	\$ 705,209
Water	14,001	11,587
Wholesale	90,546	109,749
Other	35,198	17,468
Total Operating Revenues*	891,092	844,013
OPERATING EXPENSES		
Power Purchased	185,298	186,822
Fuel Used in Electric Generation*	371,350	168,639
Operations and Maintenance*	393,227	379,191
Depreciation and Amortization	180,400	162,577
Taxes and Tax Equivalents	42,793	45,619
Total Operating Expenses	1,173,068	942,848
Net Operating Expenses	(281,976)	(98,835)
OTHER INCOME		
Investment Income, Net	(25,839)	62,513
Other Income (Loss), Net	11,697	17,985
Total Other Income (Loss), Net	(14,142)	80,498
Net Expenses before Financing Costs	(296,118)	(18,337)
FINANCING COSTS		
Interest on Bonds	74,509	64,162
Capitalized Interest	(6,038)	(5,428)
Amortization of Bond Discount/Premium and Issuance Expenses	(12,810)	(11,603)
Interest on Other Obligations	1,662	5,408
Net Financing Costs	57,323	52,539
NET EXPENSES	(353,441)	(70,876)

TOTAL SALES - THIRD QUARTER FY26

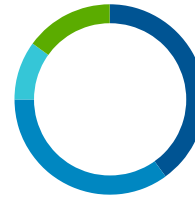
(Percent by kWh; three months ended Jan. 31)



RESIDENTIAL	27%
COMMERCIAL	36%
WHOLESALE	23%
LARGE INDUSTRIAL/MINES/OTHER	14%

ELECTRIC OPERATING REVENUES - THIRD QUARTER FY26

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



RESIDENTIAL	40%
COMMERCIAL	35%
WHOLESALE	10%
LARGE INDUSTRIAL/MINES/OTHER	15%

These unaudited financial statements should be read in conjunction with the 2025 Notes to Combined Financial Statements. *Intercompany transactions eliminated.