




Delivering water and power®

SECOND-QUARTER REPORT
AUGUST 1, 2025-OCTOBER 31, 2025
FISCAL YEAR 2026

Message from the President and the General Manager & CEO


David Rousseau
PRESIDENT


Jim Pratt
GENERAL MANAGER & CEO

NEWS AND ACHIEVEMENTS

New record peak demand

Once again, SRP set a system record for peak energy demand during the summer. The new mark of 8,542 megawatts (MW) was reached on Aug. 7 between 3 and 4 p.m. when the temperature was 118 degrees — the hottest August day on record for Phoenix. One megawatt is enough energy to power approximately 225 average-sized homes. This was the third time SRP set a record for peak demand during the summer of 2025.

The increase in energy demand is attributed to several factors, including extreme temperatures and continued customer growth. SRP maintained its industry-leading reliability throughout the summer, thanks in part to our diverse mix of energy, including solar, natural gas, coal, batteries, wind and hydropower. SRP also used its residential and commercial demand response programs to reduce customer energy use during the hottest times of the day.

Natural gas pipeline project

SRP, along with Arizona Public Service, the City of Mesa, Tucson Electric Power, Southwest Gas and UniSource Energy Services, announced its commitment plans for Transwestern Pipeline's Desert Southwest expansion project. If it receives regulatory approval, this new pipeline will help maintain year-round regional energy reliability by transporting natural gas from the Permian Basin in West Texas to Arizona by late 2029 once construction is completed.

SRP will need to at least double the number of generating resources on its power system in the next

10 years to meet rapidly growing demand for energy in the Valley. Natural gas resources play a key role in maintaining reliable and affordable power as we pursue an all-of-the-above approach that also includes adding wind, solar and battery storage to our energy mix.

Because all existing interstate pipelines serving Arizona are fully subscribed, additional pipelines are needed to serve Arizona power plants and maintain reliability in all seasons.

On hot summer and cold winter days, the pipeline would fuel critical natural gas facilities that boost the energy grid to help keep customers safe and comfortable and keep businesses operating.

Pioneering research on energy storage

As SRP works to meet the growing demand for power in the Valley, battery technology is an important part of the plan for the diverse mix of energy resources that will be needed. Most battery storage in use today is limited to four hours of capacity. SRP is working to improve the technology to unlock longer storage options.

SRP recently announced a first-of-its-kind research collaboration for this effort with Google on a project to help better understand the real-world performance of emerging non-lithium-ion long-duration energy storage (LDES). The companies are looking to accelerate the advancements needed to deploy LDES at scale so communities in Arizona and beyond can meet their power needs reliably and cost-effectively for years to

come. As part of the research collaboration, Google will fund a portion of the costs for LDES pilot projects developed for SRP's grid. Google will evaluate data on the pilot projects' operational performance and provide input on the research and testing plans.

Additionally, SRP and ESS, a leading manufacturer of iron flow LDES systems, recently announced an agreement to add a 5 MW, 50 megawatt-hour battery system to the grid. The system will use ESS' Energy Base technology and will store enough energy to power 1,125 average-sized homes for 10 hours.

SRP believes that long-duration energy storage will play an essential role in ensuring grid reliability and meeting the company's sustainability goals, particularly its commitment to achieving net-zero carbon emissions by 2050.

SRP has nearly 1,300 MW of energy storage currently supporting its grid, which includes 1,100 MW of battery storage — spanning eight facilities — and 200 MW of pumped hydro storage.

Investing in the future of power and water

SRP has invested \$2.9 million in 37 research and development projects with Arizona State University, Northern Arizona University and the University of Arizona in an ongoing effort to support the reliable delivery of power and water to SRP customers. Every

funded project is assessed for alignment with SRP's long-term corporate goals and strategic objectives. SRP has invested in university research for more than 40 years and has seen lasting impacts from the joint research programs.

Some of the active projects SRP has invested in include:

- Using AI to detect causes of power outages and support grid reliability (ASU)
- Mapping future wildfire risk and impact in Arizona in the advent of climate change (U of A)
- Monitoring impacts of forest thinning projects (NAU)
- Optimizing sizing of solar and battery systems (ASU)

FINANCIAL RESULTS

Operating revenues were \$1.4 billion for the second quarters of fiscal year 2026 (FY26) and fiscal year 2025 (FY25). In the second quarter of FY26, retail electric revenues increased \$38.4 million, or 3.1%, primarily due to an increase in commercial customers and revenue generated from large industrial customers offset by a decrease in revenue from residential customers due to milder weather in FY26. Additionally, wholesale revenues decreased \$46.1 million, or 26.3%, to \$129.0 million. Wholesale revenues for the second quarter of FY26 included a fair value gain of \$3.0 million compared to a \$16.6 million fair value gain for the same period in FY25. Excluding the fair value adjustments, wholesale revenues would have been \$126.0 million and \$158.6 million in the second quarters of FY26 and FY25, respectively, a decrease of \$32.6 million, or 20.7%, primarily due to lower average sales prices and sales volume. The total number of customers as of Oct. 31, 2025, was 1,193,417, an increase of 1.6% from Oct. 31, 2024.

Operating expenses were \$1.0 billion for the second quarter of FY26 and \$979.4 million for the same period in FY25, an increase of \$33.6 million, or 3.4%. 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 \$79.1 million and \$10.2 million in the second quarters of FY26 and FY25, respectively, total operating expenses would have increased \$102.6 million, or 10.4%, primarily due to increased depreciation expenses and purchased power costs.

Investment income, net was \$118.7 million for the second quarter of FY26 compared to net income of \$35.9 million for the same period in FY25. Investment income, net includes fair value gains of \$104.0 million and \$23.3 million in the second quarters of FY26 and FY25, respectively.

Net financing costs were \$47.9 million and \$44.7 million for the second quarters of FY26 and FY25, respectively. The increase is primarily due to interest expense related to new revenue bonds issued within the last year.

Net revenues for the second quarter of FY26 were \$508.5 million, compared with net revenues of \$456.4 million for the second quarter of FY25. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and investment income, net, net revenues would have been \$322.3 million and \$406.4 million for the second 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

Sue Ann Perkinson,

Controller and Senior Director

(602) 236-5298

Water Highlights

Water Deliveries (acre-feet)



Six months ended Oct. 31

Water in Storage (capacity)



As of Oct. 31

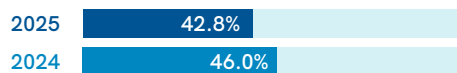
Financial Highlights

Debt Service Coverage



12 months ended Oct. 31

Debt Ratio



As of Oct. 31

Total Sales (kWh)



Three months ended Oct. 31

SRP Combined Balance Sheets

As of Oct. 31 (In Thousands - Unaudited)

ASSETS	FY26	FY25
Utility Plant, at Original Cost	\$22,881,324	\$21,363,878
Less: Accumulated Depreciation	11,243,086	10,794,088
	11,638,238	10,569,790
Other Property and Investments	2,925,309	2,933,989
CURRENT ASSETS		
Cash and Cash Equivalents	480,007	1,181,690
Temporary Investments	159,323	122,006
Current Portion, Segregated Funds	214,606	179,362
Receivables, Net	523,380	547,145
Fuel Stocks	146,711	127,804
Materials and Supplies	615,230	507,642
Current Commodity Derivative Assets	7,099	19,151
Other	77,297	66,628
	2,223,653	2,751,428
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	278,413	271,989
Regulatory Assets	471,628	297,567
Non-Current Commodity Derivative Assets	8,420	-
Other Deferred Charges and Other Assets	202,687	125,628
	961,148	695,184
TOTAL ASSETS	\$17,748,348	\$16,950,391

As of Oct. 31 (In Thousands - Unaudited)

CAPITALIZATION & LIABILITIES	FY26	FY25
CAPITALIZATION		
Accumulated Net Revenues	\$8,002,605	\$7,335,888
Long-Term Debt	5,984,670	6,238,382
	13,987,275	13,574,270
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	152,785	118,780
Accounts Payable	290,616	318,847
Accrued Taxes and Tax Equivalents	72,141	75,718
Accrued Interest	96,003	84,743
Customers' Deposits	164,044	159,925
Current Commodity Derivative Liabilities	61,167	94,917
Other	288,024	235,974
	1,124,780	1,088,904
DEFERRED CREDITS		
Accrued Post-Retirement Liability	761,641	648,219
Regulatory Liabilities	966,999	730,237
Asset Retirement Obligations	608,595	552,143
Non-Current Commodity Derivative Liabilities	25,108	90,363
Other Deferred Credits and Other Non-Current Liabilities	273,950	266,255
	2,636,293	2,287,217
TOTAL CAPITALIZATION & LIABILITIES	\$17,748,348	\$16,950,391

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 Oct. 31	
	FY26	FY25
OPERATING REVENUES		
Retail Electric	\$ 1,278,637	\$ 1,240,206
Water	5,403	5,391
Wholesale	129,049	175,181
Other	22,776	18,657
Total Operating Revenues*	1,435,865	1,439,435
OPERATING EXPENSES		
Power Purchased	215,569	209,151
Fuel Used in Electric Generation*	188,025	230,751
Operations and Maintenance*	389,959	345,222
Depreciation and Amortization	178,459	160,597
Taxes and Tax Equivalents	40,938	33,636
Total Operating Expenses	1,012,950	979,357
Net Operating Revenues	422,915	460,078
OTHER INCOME		
Investment Income (Loss), Net	118,690	35,898
Other Income (Loss), Net	14,806	5,148
Total Other Income (Loss), Net	133,496	41,046
Net Revenues (Expenses) before Financing Costs	556,411	501,124
FINANCING COSTS		
Interest on Bonds	66,129	57,963
Capitalized Interest	(6,883)	(8,261)
Amortization of Bond Discount/Premium and Issuance Expenses	(12,896)	(11,140)
Interest on Other Obligations	1,565	6,141
Net Financing Costs	47,915	44,703
NET REVENUES	\$508,496	\$ 456,421

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

TOTAL SALES - SECOND QUARTER FY26

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



ELECTRIC OPERATING REVENUES - SECOND QUARTER FY26

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

