This SRP District Council meeting will be held in the Board Room with an option to attend in-person or observe via Zoom. The public may receive the teleconference meeting access information by contacting the Corporate Secretary’s Office at (602) 236-4398. Supplemental materials will be available on the SRP website.

Call to Order
Invocation
Pledge of Allegiance
Roll Call
Safety Minute

1. Request for Approval of the Minutes for the Meeting of May 3, 2022
   ........................................................................................................ CHAIRMAN TYLER FRANCIS

2. Council Committee Chairs and Liaisons Reports... CHAIRMAN TYLER FRANCIS

3. Economic Outlook ......................... DENNIS HOFFMAN, LEE McPHETERS, and PAUL BACHMAN

   Informational presentation regarding the national and local economic outlook by external speakers and economists, Dennis Hoffman and Lee McPheters, followed by a brief overview of the economic implications of relevance for SRP.

4. Camping Activities on SRP Canal System............................................ JIM PRATT

   Informational presentation regarding the current camping activities situation on the SRP canal system.

5. Report on Current Events by the General Manager and Chief Executive Officer and Designees................................................................. AIDAN McSHEFFREY

   A. Power System ................................................................. JOHN COGGINS
   B. Finance and Information Services.............................. AIDAN McSHEFFREY
   C. Water Resources............................................................ DAVE ROBERTS


7. President's Report ................................................. VICE PRESIDENT CHRIS DOBSON

8. Future Agenda Topics............................................................. CHAIRMAN TYLER FRANCIS
The Council 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 Council on any of the matters listed on the agenda.

The Council may go into Closed Session, pursuant to A.R.S. §30-808, for discussion of records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: All property in your possession, including purses, briefcases, packages or containers, will be subject to inspection.
SAFETY MINUTE: REFLECTION
SRP COUNCIL

SARA MCCOY
DIRECTOR, RISK MANAGEMENT
JUNE 7, 2022
SAFETY REFLECTION: 28 YEARS AND STILL LEARNING

Behavior Improvements

• Safer driving
• Slower, no cell phone use
• Circle of safety, attack backing
• Using PPE
• Using handrails
• Safer tool use (i.e. – ladders)
• Tailboards, asking “what if?”
• Watch out for each other
• Powerful near-miss conversations

Work in Progress

• Eating healthy
• Frequent exercise
• Focus and not rushing
• Encouraging others
• What don’t I know?
A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, May 3, 2022, in-person and via teleconference from the Board 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. The District and Salt River Valley Water Users’ Association (the Association) are collectively known as SRP.

Council Chairman T.M. Francis called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona
April 26, 2022

NOTICE OF COUNCIL MEETING

A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) is hereby called to convene at 9:30 a.m. on Tuesday, May 3, 2022, in-person and via teleconference from the Board Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. The purpose of the meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 26th day of April 2022.

/s/ Tyler Francis
Council Chairman

Council Member D.B. Lamoreaux offered the invocation. Corporate Secretary J.M. Felty led the Council in the Pledge of Allegiance.

Also present were President D. Rousseau; Vice President C.J. Dobson; Vice President J.R. Hoopes of the Association; Council Member M.A. Freeman of the Association; Board Liaison M.J. Herrera; Director R.J. Miller; Mmes. K.J. Barr, M.J. Burger, A.P. Chabrier, S.C. McCoy, G.A. Mingura, and C.M. Sifuentes; Messrs. J.D. Coggins, J.M. Feltly, M. Hummel, K.J. Lee, A.J. McSheffrey, M.J. O’Connor, D.C. Roberts, J.C. Robertson, G. Saint Paul, P.B. Sigl; the Honorable Timothy J. Thomason of the Maricopa County Superior Court; and Steve Neil and Toni Ramsey, members of the public.

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 Council of the District meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, April 29, 2022.

Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, reported that the Agua Fria Generating Station and the Desert Basin Generating Station were awarded the Exemplary trophy from the Arizona Division of Occupational Safety and Health for their mentorship, outstanding safety and health management system, and overall safety culture. She concluded by providing a safety minute regarding safe towing practices.

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.

Ms. S.C. McCoy left the meeting.

Oaths of Office

Michael J. O’Connor, SRP Associate General Manager and Chief Legal Executive, stated that the first item of business on the agenda was to administer the Oaths of Office to the newly-elected Council Members. He introduced the Honorable Timothy J. Thomason of the Maricopa County Superior Court, who administered the Oaths of Office to the newly-elected Council Members as a body.

The Honorable Timothy J. Thomason of the Maricopa County Superior Court left the meeting.

Approval of Minutes

On a motion duly made by Council Member B.E. Paceley, seconded by Council Member P.A. Van Hofwegen and carried, the Council approved the minutes for the meetings of April 12 and April 14, 2022, as presented.
DISTRICT COUNCIL MINUTES

Corporate Secretary J.M. Felty polled the Council Members on Council Member B.E. Paceley’s motion to approve the minutes for the meetings of April 12 and April 14, 2022. The vote was recorded as follows:


NO: None

ABSTAINED: None

ABSENT: None

Mr. R.T. Judd entered the meeting.

Election of Council Chairman and Vice Chairman

President D. Rousseau announced that the election of the District Chairman and Vice Chairman of the Council for Fiscal Year 2023 (FY23) was in order. He called for nominations for the office of District Chairman and Vice Chairman of the Council.

On a motion duly made by Council Member P.A. Van Hofwegen and seconded by Council Member C.M. Leatherwood, Tyler M. Francis was nominated as District Council Chairman. With no other nominations being made, by acclamation, Tyler M. Francis was declared elected to the office of District Council Chairman for FY23.

Corporate Secretary J.M. Felty polled the Council Members on Council Member P.A. Van Hofwegen’s motion to approve the nomination of Tyler M. Francis as District Council Chairman. The vote was recorded as follows:


NO: None

ABSTAINED: None

ABSENT: None
On a motion duly made by Council Member J.R. Augustine and seconded by Council Member P.A. Van Hofwegen, J. Rocky Shelton was nominated as District Council Vice Chairman.

Corporate Secretary J.M. Felty polled the Council Members on Council Member J.R. Augustine’s motion to approve the nomination of J. Rocky Shelton as District Council Vice Chairman. The vote was recorded as follows:


NO: None

ABSTAINED: None

ABSENT: None

Corporate Secretary J.M. Felty announced that J. Rocky Shelton was elected to the office of District Council Vice Chairman for FY23.

Tyler M. Francis assumed the Chair of the meeting.

Resolution of Appreciation for Outgoing Council Member

Council Chairman T.M. Francis stated that a Resolution of Appreciation had been prepared in honor of retiring Council Member Garvey M. Biggers. He read aloud the Resolution of Appreciation for Garvey M. Biggers.

On a motion duly made by Council Member P.A. Van Hofwegen, seconded by Council Member B.E. Paceley and carried, the following resolution was ordered to be spread upon the minutes of this meeting:
RESOLUTION OF APPRECIATION
Garvey M. Biggers

WHEREAS, Garvey M. Biggers was elected in May of 2009 to the Councils of the Salt River Valley Water Users’ Association and the Salt River Project Agricultural Improvement and Power District (collectively “SRP”); and

WHEREAS, Garvey served on the Councils until his retirement in May of 2022; and

WHEREAS, during his 13 years of dedicated service, Garvey served SRP with exceptional ability and integrity and earned the respect and admiration of the entire Board and Council for his personal honesty and sincere devotion to all aspects of his duties; and

WHEREAS, Garvey has been and is now esteemed by the electors and shareholders of SRP, members of the Board and Council, and management of SRP.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the SRP Councils order this Resolution of Appreciation to be spread upon the minutes of this meeting in recognition of Garvey’s valued years of service; and

BE IT FURTHER RESOLVED that the SRP Councils offer their best wishes for the future to Garvey and his family and express the desire that Garvey will continue to share in the interests of SRP.

BY ORDER OF THE SRP COUNCILS this 3rd day of May 2022.

Corporate Secretary J.M. Felty polled the Council Members on Council Member P.A. Van Hofwegen’s motion to approve the resolution. The vote was recorded as follows:


NO: None (0)

ABSTAINED: None (0)

ABSENT: None (0)
Copies of the PowerPoint slide used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Report of Election Held on April 5, 2022

Corporate Secretary J.M. Felty stated the following: On April 11, 2022, the Board, after discussion of a computer stoppage and reset that occurred on election night, directed the Corporate Secretary to complete a rescan of ballots cast in the election to demonstrate transparency and confirm the integrity of the election process. On April 12, a public logic and accuracy test was performed on the primary and backup ballot scanning computers using the same data set as originally used in the public test conducted on March 29, 2022. The results of the logic and accuracy test exactly matched the pre-determined results and demonstrated that the ballot scanning computers were functional and were reading and attributing votes correctly prior to the start of the rescan. On April 14, the rescan was complete and unofficial totals were provided from the reporting system. Two observers monitoring the rescan process helped review and compare the unofficial results with the results provided on election night. These results were then provided via email to candidates, Board and Council Members, and posted on the elections website. The rescan confirmed the same results in terms of the number of ballots cast, the number of votes attributed to those ballots, and the successful candidates as identified in the unofficial results reported on Election night. In the rescan, three of the thirty-two candidate votes totals varied slightly from the first scan. David Rousseau (for President) received an additional 1.15 votes which increased the total from 2,580.38 to 2,581.53, Victor Flores (At-Large Seat 12) increased 1 vote from 2,562 to 2,563, and Nicholas Vanderwey (Council Area 6) decreased 0.12 votes from 238.90 to 238.78. While there was a small variation between these results, this can be attributed to the universe of ways that ballots are marked, the condition of returned ballots, and the choice of writing instrument. Ballots voted in pencil, and ballots with erasures and the use of whiteout can also create potential differences in scanned totals especially with increased physical handling. A visual review of ballots was made prior to computer scanning to reduce potential issues, however the rescan highlighted future opportunities to improve the initial screening and reduce the potential for variations. While a perfect match between the scan and rescan would have been optimal, the overall high level of correlation between the results provided assurance about the reliability and integrity of the scanning process.

Corporate Secretary J.M. Felty reported that the number of District ballots cast was 6,927 and that the number of acreage votes assigned to those ballots was 4,739.02. He said that, relative to the District votes cast, this represents approximately 5.3% of the total eligible acres (88,338.27 acres); and the largest number of ballots cast in an SRP election.

Following is a tabulation of the votes cast for each office by which the candidate with the highest number of votes won.
<table>
<thead>
<tr>
<th>Voting Division</th>
<th>Office</th>
<th>Candidate</th>
<th>Total Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>At-Large</td>
<td>President</td>
<td>David Rousseau</td>
<td>2,586.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Keith B. Woods</td>
<td>2,062.41</td>
</tr>
<tr>
<td>At-Large</td>
<td>Vice President</td>
<td>Christopher J. Dobson</td>
<td>2,410.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>John R. Hoopes</td>
<td>2,236.06</td>
</tr>
<tr>
<td>At-Large</td>
<td>Board Seat 12</td>
<td>Krista H. O’Brien</td>
<td>3,692.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Victor M. Flores</td>
<td>2,574.00</td>
</tr>
<tr>
<td>At-Large</td>
<td>Board Seat 14</td>
<td>Kathy L. Mohr-Almeida</td>
<td>3,759.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Garvey M. Biggers</td>
<td>2,517.00</td>
</tr>
<tr>
<td>2</td>
<td>Board</td>
<td>Paul E. Rovey</td>
<td>727.73</td>
</tr>
<tr>
<td></td>
<td></td>
<td>T. Suzanne Naylor</td>
<td>713.97</td>
</tr>
<tr>
<td></td>
<td></td>
<td>William “Bill” W. Sheely</td>
<td>710.31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gerald “Jerry” E. Geiger</td>
<td>710.07</td>
</tr>
<tr>
<td>4</td>
<td>Board</td>
<td>Leslie C. Williams</td>
<td>12.97</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ian Rakow</td>
<td>12.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Michael “Mike” G. Rakow</td>
<td>12.39</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M. Brandon Brooks</td>
<td>10.81</td>
</tr>
<tr>
<td>6</td>
<td>Board</td>
<td>John “Jack” M. White Jr.</td>
<td>274.80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jacqueline “Jacque” L. Miller</td>
<td>241.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nicholas “Nick” J. Vanderwey</td>
<td>238.83</td>
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<tr>
<td></td>
<td></td>
<td>Michael A. Warren</td>
<td>229.78</td>
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<tr>
<td>8</td>
<td>Board</td>
<td>Randy J. Miller</td>
<td>249.70</td>
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<tr>
<td></td>
<td></td>
<td>Deborah “Debbie” S. Hendrickson</td>
<td>211.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td>John F. Huppenthal</td>
<td>146.62</td>
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<tr>
<td></td>
<td></td>
<td>Mark Mulligan</td>
<td>282.43</td>
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<td></td>
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<td>Mark L. Farmer</td>
<td>257.87</td>
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<td></td>
<td></td>
<td>Mark C. Pedersen</td>
<td>243.97</td>
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<td></td>
<td></td>
<td>Scott G. Andersen</td>
<td>239.05</td>
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<tr>
<td></td>
<td></td>
<td>Greg Patterson</td>
<td>232.84</td>
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<tr>
<td>10</td>
<td>Board</td>
<td>Mark V. Pace</td>
<td>269.30</td>
</tr>
</tbody>
</table>
Corporate Secretary J.M. Felty concluded by stating that the Board had certified the election returns, as presented, and adopted a resolution affirming the results of the District Election held on April 5, 2022.

**Council Committee Chairs and Liaisons Reports**

Council Chairman T.M. Francis asked for reports from the Council Committee Chairs and Liaisons to the Standing Board Committees. Council Member R.W. Swier reported on discussions held at the Power Committee meeting. Council Member B.E. Paceley reported that the Work Study Session was postponed to June 2, 2022 and reminded the Council of the upcoming American Public Power Association (APPA) 2022 Annual Conference. Council Member T.S. Naylor reported on the Integrated System Planning Summer Stakeholder series and advisory group and reported on discussions held at the Audit Committee meeting. Vice President J.R. Hoopes of the Association reported on discussions held at the Customer Utility Panel meeting.

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

Using a PowerPoint presentation, Mike Hummel, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the District. He provided a video regarding an update on the Light Up Navajo initiative.

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.

**Status of Power System**

Using a PowerPoint presentation, John D. Coggins, SRP Associate General Manager and Chief Power System Executive, provided an update on the Dorman Battery facility and the fire that began on April 21, 2022 at the facility. Continuing, he provided an update on the Palo Verde Phase 2 Fault Current Mitigation project and the High-Tech Interconnect Project (HIP).

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.
**Status of Financial and Information Services**

Using a PowerPoint presentation, Aidan J. McSheffrey, SRP Associate General Manager and Chief Financial Executive, reviewed the combined net revenue (CNR) for the fiscal year-to-date, the financial highlights for the month of March, the status of collections through March 2022 within the Fuel and Purchased Power Adjustment Mechanism (FPPAM), and the forecasted FPPAM balances with current prices. He reviewed the preliminary retail energy sales for Fiscal Year 2022 (FY22) and provided a summary of wholesale net revenue for April.

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

**Status of Water Resources**

Using a PowerPoint presentation, Dave C. Roberts, SRP Associate General Manager of Water Resources, provided an update on water resources.

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

Mr. A.J. Volkmer entered the meeting.

**Reservoir and Weather Report**

Using a PowerPoint presentation, Andrew J. Volkmer, SRP Senior Hydrologist, discussed the cumulative watershed precipitation outlook from October 2021 to June 2022. He reviewed the reservoir storage data for the Salt River, Verde River, C.C. Crain Reservoir, Lake Pleasant, San Carlos Reservoir, and Upper and Lower Colorado River Basin systems as of April 28, 2022. Mr. A.J. Volkmer reviewed the surface runoff and pumping data for April 2022 and year-to-date. He reviewed the monthly and seasonal percent of normal precipitation from May 2022 through July 2022. Mr. A.J. Volkmer concluded with a review of the Colorado River Basin snowpack conditions as of April 28, 2022.

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

**President’s Report**

There was no report by Vice President C.J. Dobson.
Future Agenda Topics

Council Chairman T.M. Francis asked the Council if there were any future agenda topics. Council Member C.M. Leatherwood requested a presentation on the environmental impacts of lithium-ion batteries. Council Member B.E. Paceley requested a report on Bartlett Dam. Council Member M.G. Rakow requested a discussion on civil discourse in regards to SRP elections.

There being no further business to come before the Council, the meeting was adjourned at 12:02 p.m.

John M. Felty
Corporate Secretary
Economic Outlook

District and Association Council Meeting

Dennis Hoffman, Lee McPheters and Paul Bachman | June 7, 2022
Real Gross Domestic Product (GDP) Growth Since 1950: Covid Crater and Spike
Contributions to Real GDP Growth

Exhibit 1: Contributions to GDP Growth

Contributions to % Change in Real GDP percentage points

Source: Bureau of Economic Analysis, Morgan Stanley Research
Covid Led to Dramatic Labor Market Disruption
But the Primary Focus Seems to be Inflation

![Graph showing Consumer Price Index for All Urban Consumers: All items in U.S. City Average]

Focus on “Record Inflation” Often Excludes 70’s, 80’s
What is at the Root of Inflation?

• Too much money chasing too few goods
  • Pandemic and stimulus
  • Supply chain disruptions
  • Labor market separations
  • Fed excessive monetary expansion

• Inflation hits different people differently
  • Lenders hurt by unanticipated inflation
  • Those on fixed incomes/renters

• Consequences of Fed reaction to stop inflation
Inflation Fueled By Unnecessary Job Separations During Pandemic

Job switchers seeing very strong wage growth

Median annual wage growth

Source: Federal Reserve Bank of Atlanta, Apollo Chief Economist

APOLLO
Was The Fed Behind The Curve?

Since March 2021, the Fed has become increasingly hawkish.

Median policy rate projection, by meeting
- Mar-21
- Jun-21
- Sep-21
- Dec-21
- Mar-22

Sources: FOMC Summary of Economic Projections, Apollo Chief Economist
Fed Policy Will Switch From Easy To Tight
Investment In The Oil Patch Remains Low

U.S. Rotary Rig Count
Active Rigs

Crude Oil Price $/Barrel

January 1973 - April 29, 2022

Sources: Baker-Hughes, Energy Information Administration (DOE), WTRG Economics ©2022
www.wtrg.com
WTRG Economics (479) 293-4081
Low Rig Count Contributes to High Gas Prices

Now 727 at the End of May 2022
So Inflation Persists Because...

- Fed was too easy for too long
- Supply chain disruptions linger
- Surge in the demand for goods during and after Covid persists
- Covid lockdowns mean prolonged shortages and fewer workers
- Wages are spiraling
- Geo-political shocks
- Some of this will persist, some will fade...
## Where Do We Go From Here? Blue Chip Forecast

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th></th>
<th>2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>high 10</td>
<td>consensus</td>
<td>low 10</td>
<td>high 10</td>
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<tr>
<td>GDP</td>
<td>3.3</td>
<td>2.6</td>
<td>1.8</td>
<td>2.9</td>
</tr>
<tr>
<td>CPI</td>
<td>7.6</td>
<td>7.1</td>
<td>6.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Unemp</td>
<td>3.8</td>
<td>3.6</td>
<td>3.4</td>
<td>4.5</td>
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<tr>
<td>10 Yr Note</td>
<td>3.1</td>
<td>2.7</td>
<td>2.4</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: *Blue Chip Economic Indicators*, May 10, 2022
There are Major Headwinds

• Many have not witnessed a serious tightening cycle  
  • Will this be 1982 all over again?, ? Equities, ? Employment Impacts...

• Russia – Ukraine: oil and wheat prices

• Anti-Globalists and the costs of penalizing bad actors

• Housing remains underbuilt but will investment continue? What will it cost?

• Party politics dominate serious policy actions, e.g., Chips bill stalling
Top Worries

• Too many have lost faith in health treatments like vaccines.
• Populism and tribal politics get far too much emphasis in the media at the expense of important policy considerations. Why can’t we get something so bi-partisan like the Chips bill passed?
• Globalism is losing out to Nationalism and the economic costs of that choice. E.g., We can’t source lithium domestically.
• Our policy on immigration is nonsensical since it primarily keeps out people who can make productive contributions to the economy.
## Arizona Economic Outlook

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (% change)</td>
<td>3.7</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Employment Change</td>
<td>104,100</td>
<td>106,500</td>
<td>91,900</td>
</tr>
<tr>
<td>Population (% change)</td>
<td>1.4</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>New Residents</td>
<td>98,330</td>
<td>109,100</td>
<td>110,800</td>
</tr>
<tr>
<td>Net Migration</td>
<td>97,504</td>
<td>96,000</td>
<td>83,000</td>
</tr>
</tbody>
</table>
## Strong Q1 2022 Arizona Job Growth

<table>
<thead>
<tr>
<th>Arizona and Metros</th>
<th>% Growth</th>
<th>New Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>4.2%</td>
<td>120,770</td>
</tr>
<tr>
<td>Flagstaff MSA</td>
<td>10.7%</td>
<td>6,470</td>
</tr>
<tr>
<td>Prescott MSA</td>
<td>4.7%</td>
<td>3,030</td>
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<tr>
<td>Lake Havasu MSA</td>
<td>4.5%</td>
<td>2,340</td>
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<td>Tucson MSA</td>
<td>4.1%</td>
<td>15,300</td>
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<td>Phoenix MSA</td>
<td>4.1%</td>
<td>88,570</td>
</tr>
<tr>
<td>Yuma MSA</td>
<td>2.6%</td>
<td>1,530</td>
</tr>
<tr>
<td>Sierra Vista MSA</td>
<td>0.2%</td>
<td>100</td>
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<tr>
<td>Service Sector</td>
<td>Jobs Q1 2022</td>
<td>Jobs Q1 2021</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------</td>
<td>--------------</td>
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<tr>
<td>Lodging/Food Service</td>
<td>33,170</td>
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<td>Retail Trade</td>
<td>18,030</td>
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<tr>
<td>Professional, Tech</td>
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<td>Transport/Warehousing</td>
<td>11,930</td>
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</tr>
<tr>
<td>Health Care</td>
<td>9,100</td>
<td></td>
</tr>
</tbody>
</table>

These 5 Service Sectors Account For 72% of Arizona Private Job Growth Through Q1 2022 Vs Q1 of 2021
Unemployment At All-Time Low in 17 States

Unemployment Notes

- Arizona’s 3.3% rate is an all-time low (starting 1976)
- Arizona’s prior all-time low rate was 3.6% in July 2007
- Utah is tied with Nebraska for lowest rate of all states
- New Mexico rate of 5.3% is highest of all 50 states
Arizona 3rd In Increase in Residents

 Ranked by **ABSOLUTE CHANGE**: 2021

**Resident Population, U. S. Bureau of the Census, July 2020 to July 2021**

**Color Code**

- 50,000 or more: 9
- 10,000 to 30,000: 12
- 0 to 9,999: 12
- Lost Population: 17

US = 392,665
## Maricopa County 1<sup>st</sup> in Population Increase

<table>
<thead>
<tr>
<th>Rank</th>
<th>County &amp; State</th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maricopa County, Arizona</td>
<td>4,438,342</td>
<td>4,496,588</td>
<td>58,246</td>
</tr>
<tr>
<td>2</td>
<td>Collin County, Texas</td>
<td>1,073,149</td>
<td>1,109,462</td>
<td>36,313</td>
</tr>
<tr>
<td>3</td>
<td>Riverside County, California</td>
<td>2,422,764</td>
<td>2,458,395</td>
<td>35,631</td>
</tr>
<tr>
<td>4</td>
<td>Fort Bend County, Texas</td>
<td>828,632</td>
<td>858,527</td>
<td>29,895</td>
</tr>
<tr>
<td>5</td>
<td>Williamson County, Texas</td>
<td>615,266</td>
<td>643,026</td>
<td>27,760</td>
</tr>
<tr>
<td>6</td>
<td>Denton County, Texas</td>
<td>913,900</td>
<td>941,647</td>
<td>27,747</td>
</tr>
<tr>
<td>7</td>
<td>Polk County, Florida</td>
<td>729,233</td>
<td>753,520</td>
<td>24,287</td>
</tr>
<tr>
<td>8</td>
<td>Montgomery County, Texas</td>
<td>624,938</td>
<td>648,886</td>
<td>23,948</td>
</tr>
<tr>
<td>9</td>
<td>Lee County, Florida</td>
<td>764,679</td>
<td>787,976</td>
<td>23,297</td>
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<tr>
<td>10</td>
<td>Utah County, Utah</td>
<td>663,143</td>
<td>684,986</td>
<td>21,843</td>
</tr>
<tr>
<td>11</td>
<td>Pinal County, Arizona</td>
<td>429,583</td>
<td>449,557</td>
<td>19,974</td>
</tr>
<tr>
<td>12</td>
<td>Clark County, Nevada</td>
<td>2,273,386</td>
<td>2,292,476</td>
<td>19,090</td>
</tr>
<tr>
<td>13</td>
<td>Pasco County, Florida</td>
<td>565,745</td>
<td>584,067</td>
<td>18,322</td>
</tr>
<tr>
<td>14</td>
<td>Wake County, North Carolina</td>
<td>1,133,553</td>
<td>1,150,204</td>
<td>16,651</td>
</tr>
<tr>
<td>15</td>
<td>St. Johns County, Florida</td>
<td>276,916</td>
<td>292,466</td>
<td>15,550</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau, Population Division, March 2022
Phoenix MSA 1st in Net Domestic Migration

<table>
<thead>
<tr>
<th>Rank</th>
<th>Metro Area</th>
<th>Migration 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phoenix</td>
<td>66,850</td>
</tr>
<tr>
<td>2</td>
<td>Dallas</td>
<td>54,319</td>
</tr>
<tr>
<td>3</td>
<td>Tampa</td>
<td>42,089</td>
</tr>
<tr>
<td>4</td>
<td>Austin</td>
<td>40,264</td>
</tr>
<tr>
<td>5</td>
<td>Riverside-San Bernardino</td>
<td>34,859</td>
</tr>
<tr>
<td>6</td>
<td>Sarasota-Bradenton</td>
<td>29,186</td>
</tr>
<tr>
<td>7</td>
<td>Fort Myers</td>
<td>25,864</td>
</tr>
<tr>
<td>8</td>
<td>San Antonio</td>
<td>25,660</td>
</tr>
<tr>
<td>9</td>
<td>Lakeland-Winter Haven</td>
<td>24,939</td>
</tr>
<tr>
<td>10</td>
<td>Jacksonville</td>
<td>24,815</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau, Population Division, March 2022
## Metro Phoenix Economic Outlook

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (% change)</td>
<td>4.2</td>
<td>4.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Employment Change</td>
<td>88,400</td>
<td>90,600</td>
<td>80,400</td>
</tr>
<tr>
<td>Population (% change)</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Single Family Permits</td>
<td>35,188</td>
<td>36,157</td>
<td>31,444</td>
</tr>
<tr>
<td>Multi-Family Permits</td>
<td>16,735</td>
<td>18,121</td>
<td>12,636</td>
</tr>
</tbody>
</table>
Phoenix 11.0% Consumer Price Index (CPI) Rise Tops All Metro Areas

Over-the-Year Percent Change in Phoenix MSA CPI (April 2022)

Year-over-Year CPI Increase 11.0%

All Items Less Food & Energy Up 9.7%

Phoenix Had Greatest Wage Increase (6.4%)

Over-the-Year Percent Change in Phoenix Wages and Salaries (March 2022)

- Phoenix: 6.4%
- Boston: 6.1%
- Los Angeles: 5.6%
- Dallas: 5.4%
- Houston: 5.2%
- Detroit: 5.1%
- Minneapolis: 5.0%
- Philadelphia: 4.7%
- Miami: 4.6%
- Seattle: 4.5%
- United States: 5.0%

Source: U.S. Bureau of Labor Statistics

Phoenix Year-over-Year Wage Increase 6.4%

United States Increase 5.0%
Phoenix Home Prices Surged in Pandemic

Percent Change in Home Price Index vs. One Year Ago

Phoenix reported the highest year over year gains among the 20 cities in February with a 32.9% price increase.

- Dec 2015: 6.2%
- Dec 2019: 6.9%
- Feb 2022: 32.9%
# Phoenix Prices Still Regionally Competitive

## Home Sale Prices

<table>
<thead>
<tr>
<th>City</th>
<th>Median Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas</td>
<td>$373,800</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>$415,000</td>
</tr>
<tr>
<td><strong>Phoenix</strong></td>
<td><strong>$451,667</strong></td>
</tr>
<tr>
<td>Boise</td>
<td>$497,335</td>
</tr>
<tr>
<td>Austin</td>
<td>$509,000</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>$519,500</td>
</tr>
<tr>
<td>Portland</td>
<td>$522,667</td>
</tr>
<tr>
<td>Denver</td>
<td>$576,821</td>
</tr>
<tr>
<td>Seattle</td>
<td>$671,650</td>
</tr>
<tr>
<td>San Diego</td>
<td>$809,000</td>
</tr>
</tbody>
</table>

*Zillow, Median Sales Prices, March 2022*
The Big Picture: Arizona & Phoenix Outlook

- Biggest risk to the economy is the national business cycle

Arizona
- Expect 100,000 new residents in 2022, 3rd behind Texas, Florida
- Service sector rebound, strong retail sales drive job growth
- Technology and distribution are key sectors to watch

Phoenix MSA
- Population growth is strong – first in domestic migration
- Housing prices are regionally competitive with lower taxes
- Projected 2022 single family permits (36,157) most since 2006
- Projected 2022 multi-family permits (18,121) most since 1985
- Expect over 90,000 new jobs in 2022
Governors Envious of AZ Outlook

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income (%)</td>
<td>7.2</td>
<td>4.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Population (%)</td>
<td>1.4</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>New Residents</td>
<td>98,330</td>
<td>109,100</td>
<td>110,800</td>
</tr>
<tr>
<td>Net Migration</td>
<td>97,504</td>
<td>96,000</td>
<td>83,000</td>
</tr>
</tbody>
</table>

Washington
California
Oregon
Illinois
Local Performance and Outlook

Robust growth

• Population
• Employment
• Wages & Income

Robust Demand

• Residential load and accounts
• Commercial & Industrial customers to serve new households
• Water consumption
Higher Inflation and Interest Rates

**Inflation & Supply Chain**
- SRP
  - Business operations
  - Portfolio transition
  - Financial position
  - Employee finances
- Customers
  - Customer satisfaction, rates?
  - Business operations
  - Finances

**Interest Rates**
- SRP Bond rates
  - Portfolio transition
  - Refinancing of bonds
- Sensitive Sectors
  - Housing, autos, big ticket items...
  - Commercial real estate
  - Economic development

Demand back = to supply
Much Talk about a Possible Recession

The next recession will be mini compared to the last 2 — and feel completely different

Google Trends Data for “Recession” as of May 20, 2022

Cracks in US Economy Start to Show as Recession Warnings Mount

Economist: Recession risk is ‘increasing’ — especially for 2023

There Will Be No Soft Landing. Why a Recession Is Inevitable.

Most CEOs are bracing for a recession

Recession is ‘likely,’ former SEC chief economist says. Here’s his advice for how to prepare
Short-Term Recession Risk and Implications

Mild Downturn

• SRP – Marginal effects
  • Slower growth
  • Load, sales & accounts
  • Economic development
  • Revenues
• Customers
  • Customer satisfaction
  • Financial stress

Deeper Downturn

• SRP – Stronger effects
  • Short-term reduction
    • Load, sales & accounts
    • Revenues
    • Economic development
• Customers
  • Customer satisfaction
  • Account arrears
  • Mpower & economy price plan
  • Commercial deposits
thank you!
Canal Encampment Update

Jim Pratt | June 7, 2022
District and Association Council
Agenda

• Recreational use of canals
• Federal regulations governing canal activities
• Current challenges
• Efforts to manage
• Next Steps
SRP Canal System

Phoenix | Mesa | Tempe | SRPMIC | Gilbert
Glendale | Scottsdale | Chandler | Peoria

Legend
- Arizona Canal
- Eastern Canal
- South Canal
- Highline Lateral
- Crosscut Canal
- Western Canal
- Consolidated Canal
- Grand Canal
- Tempe Canal
- Paved Bike Trails
- Underground

06/07/2022  District & Association Council, J. Pratt
Recreational Uses

- Walkers, joggers, bicycle and horseback riders have been recreating on the canal banks for decades.
- Approximately 980,000 people use the canals for recreation annually.
- The canal banks host various special events including:
  - Marathons
  - Canal Convergence
  - Bike Events
Recreational Use / Improvements

- Canal Multiple Use (CMU) projects are designed to provide recreational enhancements for the general public to enjoy.

- CMU projects may include:
  - Paved paths
  - Path Lights
  - Landscaping
  - Signalized Crossings
  - Commissioned Public Art
Federal Regulations

Prohibited conduct includes but not limited to:

• Swimming or other water activities
• Motorized vehicles without SRP permit
• Creating or maintaining a hazardous or physically offensive condition
• Impairing the safety of any person
Federal Regulations

Short-term camping is allowed:

- Must be kept clean and sanitary
- Must provide clearance for SRP operation and maintenance
- Must not interfere with or impede public recreational users
- Not occupy any part of the canal system for longer than 14 days during any consecutive 30-day period
Canal Encampment Challenges

Health and Safety Concerns

Grand Canal near 19th Ave
Canal Encampment Challenges
Operation and Maintenance

Grand Canal – North bank 35th Ave

Grand Canal – Radial Gate at 27th Ave
Number of Camps on Grand Canal

- Pre-Pandemic: 10
- Nov-21: 81
- Jan-22: 123
- Mar-22: 183
- Apr-22: 221
- May-22: 235
Grand Canal Camps
**City of Phoenix & SRP Efforts**

- **MARCH 2020**
  - Begin discussing issue of increased camping and public complaints.

- **APRIL 2021**
  - Launch joint efforts to mitigate the hazards associated with canal camping.

- **MAY 2021**
  - Phoenix takes a “services first” approach to campers on the canals.

- **SEPT/OCT. 2021**
  - Installed new canal signs and launched joint outreach and enforcement efforts.

- **MAY 2022**
  - Despite efforts, camping continues to increase with an all-time high. Doesn’t account for camps on other canals.

- **JANUARY 2022**
  - Additional resources required in response to increased camping.
Next Steps

• Recently formed an internal task force
• Will be increasing our presence on the canals
• Continuing significant coordination with City of Phoenix
• Increase outreach to other cities
• Discussing long-term solutions with Bureau of Reclamation
Questions?
CURRENT EVENTS

GENERAL MANAGER/CEO
Power System Update

John Coggins
SRP Mobile Substation Fleet Overview

Mobile 13 Prepped For Transportation
SRP Mobile Substation Fleet Overview

Mobile 13 Eagan Substation Installation For Emergency Response
SRP Mobile Substation Fleet Overview

Mobile 9 Amplify Substation Installation For Bridge Power
115kV Transmission Line Clearance Mitigation

Crews Spreading Conductor
115kV Transmission Line Clearance Mitigation

Foundation Drill Rig
115kV Transmission Line Clearance Mitigation

Foundation Pull Test
115kV Transmission Line Clearance Mitigation

Steel Cap Installation
Financial Update

Aidan McSheffrey
FINANCIAL RESULTS SCHEDULE

• FY22 Audit and Reporting
  • FY22 Audit is in process and going well
  • Preliminary FY22 financial results will be presented at the June 23rd Finance & Budget Committee meeting

• FY23 Reporting
  • Preliminary May and June results will be presented at the August 1st Board meeting
  • FY23 Q1 results will be presented at the August 23rd Finance & Budget Committee meeting
FY22 PRELIMINARY RETAIL ENERGY SALES (GWh)

Sales estimate for June 2022 is 2,698 GWh or 4.7% above budget. Year-end variance is projected to be 0.4% above budget.
MAY WHOLESALE SUMMARY

Primary Drivers:

- Reduced sales opportunities
  - Higher retail load
  - Restricted coal output
  - Rising gas prices eroded gas resource margins
Water Resources

Dave Roberts
May 31, 2022

TO: President Rousseau, Vice President Hoopes, Vice President Dobson, Board & Council Members

FROM: Michael Hummel, General Manager & Chief Executive Officer

SUBJECT: SRP FY22 Corporate Objectives Year-End Summary

FY22 was a successful year for SRP that delivered positive results across the board, including financial performance, customer service, water resiliency and more. It was also a year when we were reminded of the character and capabilities of our team, among them resilience, commitment, innovation, collaboration and caring.

In this memo I’ll share my thoughts about SRP’s key accomplishments in FY22. In addition, the attached Corporate Objectives Year-End Summary offers a more in-depth look at the company’s performance.

I am proud of how the SRP team continued to not simply meet but exceed expectations throughout the year despite the ongoing disruption and uncertainty of the pandemic. Our employees continually adapted to changing circumstances and stayed locked-in on our mission to serve our customers and the community.

Approximately two-thirds of our employees successfully worked 100% remotely during the pandemic, most for more than two years. On March 1 of this year, we began to transition them back into the workplace, where many are now successfully on hybrid schedules, splitting time between working in the office and remotely. In addition, we’re grateful for the dedication of our many team members who are in positions that required them to work on-site or in the field the entire pandemic to ensure SRP continued to fulfill our responsibility to our customers.

Our preliminary unaudited April 2022 results show an estimated CNR of $67.4M above budget, resulting from lower operating spending and above budget other electric revenue; partially offset by lower retail margins as a result of higher fuel costs. SRP also realized significant savings from open positions. Capital spending remains robust due to rapid growth but is 1% under budget. We anticipate ending the year with over $600 million in the general fund and a debt ratio of 46%. SRP credit rating remains strong with an AA+ rating from S&P and Aa1 from Moody’s.

The Arizona economy is strong, and Maricopa is the fastest growing county in the nation. Activity reaches across all sectors but is primarily driven by large commercial and industrial customers, including new or expanded high-tech manufacturing plants and data centers. SRP is a valued partner in the economic development process, and in FY22, we helped to secure projects representing more than $1.2 billion dollars of investment and thousands of new, high-wage jobs for Arizonans. These projects include new or expanded facilities for Meta, Intel, Hello Fresh, Gulfstream Aerospace, and more.

Economic development brings the need for more power, and current forecasts indicate that SRP will need to meet expected load growth of approximately 3,400 MW by 2035. When combined with the planned
retirement of 3,000 MW of coal generation during that same time period, there is clearly a significant need for new sustainable and flexible energy resources.

SRP is working to keep pace with the rapid growth and ensure we have the resources needed to meet the near-term and long-term power needs of our customers with reliable, affordable and sustainable electricity. We are also working to add resources that keep us on track to achieve our 2035 Sustainability Goal of reducing our carbon emissions 65% from 2005 levels.

In FY22, SRP continued progress toward achieving the goal of adding 2,025 MW of solar energy to the system by 2025.

- Have procured or have online 1748MW of solar energy with 277MW left to procure.
- Brought online the 100 MW Central Line Solar facility.
- Extended the contract for the 27 MW Kayenta I solar facility and signed a contract for a new, 200 MW facility called Cameron Solar, expected to go online by the end of 2023. Both sites are located on the Navajo Nation.

A top priority for SRP as we make the transition to cleaner and renewable energy is maintaining reliability, which requires a balance of resources including renewables, battery storage and flexible natural gas generation. Gas generation is critical to fill in the gaps when intermittent resources are not available or cannot meet demand.

A key part of our resource plan is the expansion of Coolidge Generating Station, adding 800 MW of highly efficient, quick-start gas generation. While the Arizona Corporation Commission Line Siting and Transmission Committee approved the plan, it was rejected by the full ACC. SRP has petitioned the ACC for a rehearing. We recently issued an all-source RFP to identify potential resources and the data is being analyzed. All options are being considered.

Power System metrics indicate that in FY22, SRP exceeded the target of 97.2% for Run Reliability. However, we did not achieve our target for the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI) due to an active monsoon season that included more than average significant storm events. If we compare SRP’s FY22 SAIDI score to the Energy Information Administration (EIA) rankings from 2020 when SRP ranked #1, we would be 8th among 71 large utilities with more than 500,000 customers.

SRP continued to move ahead with upgrading our natural gas generating units to improve efficiency and increase capacity. Crews have now completed upgrades to more than half of SRP’s existing combined cycle fleet. Work at Mesquite and Desert Basin Unit 2 added more than 90 MW of generation capacity and significantly reduced NOx emissions.

Increasing numbers of our commercial customers have set aggressive sustainability goals and want 100% of their electricity to come from carbon-free resources. This aligns with SRP’s 2035 Sustainability Goals and the electrification of the economy. In FY22 SRP:

- Connected 6,240 residential and small business customers to solar through SRP’s Solar Choice program.
- Enabled 33 large commercial customers to account for 100% of their electricity usage with solar energy through SRP’s Sustainable Energy Offering.
- Expanded the portfolio of residential and commercial EV adoption programs, enabling 26,875 new EVs within SRP’s service territory.
- Exceeded targets for expanding energy efficiency and demand response programs.

SRP FY22 Corporate Objectives Year-End Summary
M. Hummel
May 31, 2022
Page 1 of 2
The Arizona Legislature passed, and Governor Ducey signed the Energy Reliability Act, repealing a 1998 law that promoted the implementation of retail electric competition. The new law protects Arizonans from a market structure that exposed customers to potential reliability and price impacts as well as predatory practices by third parties.

The growth throughout the Valley is also increasing the demand for water resources as the Southwest continues to be impacted by extreme drought. However, the watersheds that feed the Salt and Verde rivers and reservoirs are resilient and more resistant to drought and the effects of climate change than other river basins in the West, such as the Colorado River. Our reservoirs continue to be in good shape and finished FY22 at 71% of capacity.

Essential to the ongoing resilience and strength of SRP’s rivers and reservoirs is ensuring that the watersheds are healthy. Forests surrounding the watersheds are overcrowded with trees and brush and vulnerable to wildfires, which could severely impact the water flowing into our system.

In FY22, SRP made progress in addressing this critical situation. We entered into two agreements with the U.S. Forest Service and the Arizona Department of Forestry and Fire Management to thin a total of 76,000 acres of forest in the C.C. Cragin watershed and in the Tonto National Forest. In FY22, we completed thinning 1,256 acres as part of those agreements, and we continue to work with the Forest Service and the state to push for additional thinning projects.

SRP is moving ahead with other initiatives to improve our ability to protect, manage and conserve our precious water resources. These initiatives include:

- Bartlett Dam Modification
- Roosevelt Flood Control Space
- West Valley Water Exchange
- SRP-CAP Interconnect Facility

SRP achieved significant progress toward implementing the necessary feasibility and mitigation studies for these initiatives.

In FY22, we continued to put our customers first, delivering reliable, affordable and sustainable water and power while maintaining our industry-leading customer service. Our customers rewarded us by again making SRP #1 in business and residential customer satisfaction based on the J.D. Power survey for large utilities in the West.

As we work to serve our customers, SRP is also focused on our employees. Throughout the height of the pandemic, we enabled eligible employees to telework to reduce the risk of transmission of COVID-19 in the workplace. Our Facilities team modified workspaces and common areas to allow employees to maintain social distance while still performing their jobs. Crews also worked tirelessly to clean and sanitize the workplace.

The Facilities and IT teams have adapted the workplace for the new hybrid environment.

- Maximizing the use of office space to adapt to hybrid schedules.
- Creating drop-in workspaces for employees to use when they are not teleworking.
- Upgrading conference rooms to seamlessly integrate Teams and Zoom meetings.
- Expanding connectivity to accommodate increased remote traffic.
• Creating "Tech Stops" for easy, prompt access to technical assistance and equipment.

We are committed to achieving a truly diverse, equitable and inclusive workplace, and we believe that our employees should reflect the communities we serve. FY22 was another year of moving towards achieving this vision.

• By the close of FY22, more than 91% of leaders have completed INCLUDE, a program that promotes finding common ground, lifting people up and creating clarity. More than 94% of leaders and at least half of all employees have completed VOICE, which provides tools and resources to enable individuals to speak up more frequently and productively, share ideas with increased confidence, and effectively question decisions and challenge behaviors when needed.

• SRP published its first Diversity, Equity & Inclusion Annual Report in FY22, titled Embracing the Diversity, Equity and Inclusion Journey. The report highlighted where we’ve been, reinforced SRP’s commitment to DEI by sharing major accomplishments, re-communicated results from SRP’s first DEI employee survey, introduced several new DEI metrics and provided a look forward to plans on the horizon.

• SRP was named as a City of Tempe Equal Pay Partner which recognizes businesses that pay equal wages between genders for equal positions.

SRP significantly improved its safety performance in calendar year 2021. Our OSHA Total Recordable Incident Rate (TRIR), which quantifies a company’s frequency of injuries per 100 workers during a one-year time period, improved and was better than the national average TRIR rate for both public and private utilities. SRP’s TRIR improved from 1.26 in 2020 to 1.18 in 2021. For comparison, the TRIR for private utilities across the nation was 1.50 in 2020. The TRIR for public utilities was 3.50 that same year. Without COVID-19, the improvement was more dramatic. SRP had a rate of 1.14 in 2020 and .71 in 2021. SRP reported 42 non-COVID-related OSHA Recordables for FY22, with an additional 21 COVID-related recordables.

SRP finished FY22 with significantly fewer preventable vehicular accidents (PVAs) and operational accidents as well. We recorded a total of 39 PVAs in FY22 compared to 50 in FY21 and 56 in FY20. There were only 8 operational accidents in FY22, compared to 18 in both FY20 and FY21.

The company is in a strong position as we move into FY23, and I am confident that our team is prepared to overcome the challenges ahead. We know the pandemic will continue to evolve and there is still uncertainty about what to expect in the coming months. SRP will always act out of an abundance of caution, keeping the health and well-being of employees, their families and the community top of mind as we fulfill our mission to serve our customers and support a vibrant and growing local economy.

I am grateful for your partnership and support and look forward to continuing our work together in the year ahead.

Sincerely,

Michael Hummel

Attachment: SRP FY22 Corporate Objectives Year-End Summary
1) Provide exceptional service to our customers and communities. Ensure the delivery of sustainable, reliable, and affordable water and power by meeting operational metrics established by your organization.

Annual Metrics

a) Achieve customer satisfaction rating of 63% (Customer Operations, CCM)
   STATUS: Complete
   Based on the "Overall Customer Satisfaction" score provided in the Customer Perspectives Residential Power Summary for FY22 we exceeded the EPIC Customer Satisfaction index target of 63% with a score of 65.1%. Through this fiscal year, SRP consistently stayed above our FY22 goal of 63% satisfaction.

b) Achieve direct cost per customer of $888. (F&IS)
   STATUS: Complete
   Preliminary unaudited April 2022 results show a direct cost per customer of $847. This better than budget result is a 5% improvement over budgeted direct costs per customer and results in SRP reaching the second target in the direct cost per customer component of the EPIC program. This result is mainly driven by unspent corporate contingency funds of $10M, below budget variances in labor, due to vacancies, and travel and training due to continued restrictions. Additional savings in Customer Program spending, uncollectable expense due to lower write-offs, the delay of the FISERV project, and lower Outside Legal spending also contributed to the better than budget variance.

c) Achieve a run reliability of 96.3% for Valley Gas and Hydro facilities. (Power System)
   STATUS: Complete
   Achieved a run reliability rate of 97.2% through April 2022 versus a target of 96.3% for Valley Gas and Hydro facilities. The run reliability metric indicates how effectively the gas and hydro plants were able to start when needed and remain online.

d) Maintain 90% Preventative Maintenance compliance for Power System overall and 95% for Baseload Generation. (Power System)
   STATUS: Complete
   For Baseload Generation (CGS), the target was 95% or more for all total scheduled and/or created PMs. As of April 2022, PM compliance for CGS is 97.9%. The cumulative target for Power System is 90%. As of April 2022, PM compliance for Power System is 90.0%.
As of April 2022, the percentage of Asset Classes in the Low or Medium risk category (healthy) stands at 96.3% for Generation and 93.3% for Power Delivery

e) Achieve 2.0 or less Forced Outages per Hundred Miles of transmission per Year (FOHMY). (Power System)
**STATUS: Complete**
As of the end of April 2022, 1.404 Forced Outages per Hundred Miles (FOHMY) of transmission versus a target of 1.99 was achieved. FOHMY provides a high-level indication of how well the transmission system is performing.

f) Achieve an annual System Average Interruption Duration Index (SAIDI) of \( \leq 73.1 \) minutes. (Power System)
**STATUS: Not Met**
As of April 2022, SAIDI was 84.3 minutes which is 115% of the annual goal of 73.1 minutes. This performance is primarily the result of having 11 Major Event Days (MED), 9 due to storms and 2 due to animals. For reference, FY21 had 1 MED and FY20 had 3 MEDs.

g) Achieve an annual System Average Interruption Frequency Index (SAIFI) of \( \leq 0.82 \) interruptions. (Power System)
**STATUS: Not Met**
As of April 2022, SAIFI was 0.993 interruptions which is 121% of the annual goal of .82 interruptions. This performance is primarily the result of having 11 Major Event Days (MED), 9 due to storms and 2 due to animals. For reference, FY21 had 1 MED and FY20 had 3 MEDs.

h) Ensure 676,500 acre-feet or more of surface water and no more than 73,500 acre-feet of groundwater is available for shareholder use in calendar year 2021. (Water Resources)
**STATUS: Complete**
The CY 2021 Project Reservoir Operations Plan (PROP) target was modified from 73,500 total groundwater originally in the goal to 125,000 AF total groundwater due to near record low inflow for winter 2021. The PROP objective of 625,000 AF of surface water and 125,000 AF of groundwater for shareholder use was met for calendar year 2021 with 606,693 AF of surface water delivered and 123,223 AF of groundwater delivered during the calendar year 2021 as detailed in the Q3 Update.

i) Achieve water delivery availability 95% of the time within +/- 15 minutes of the scheduled start time. (Customer Operations)
**STATUS: Complete**
Water Services ensured water deliveries to SRP shareholders were timely throughout the year by achieving the objective that deliveries were made 96% of the time within +/- 15 minutes of the customer’s scheduled start time.
2) **Personalize and more accurately measure the customer experience to improve customer satisfaction and loyalty.** (CCM)

**Deliverables**

- **a)** Implement a new six-step customer satisfaction methodology to determine the drivers of satisfaction by customer segment by April 30, 2022.  
  **STATUS: Complete**
- **b)** Update the EPIC customer experience metric for 2023 to better represent our customer base by April 30, 2022.  
  **STATUS: Complete**
- **c)** Gather real-time insights through automation of customer surveys and social media listening and generate customer content by April 30, 2022.  
  **STATUS: Complete**
- **d)** Upgrade content management platform technology for enhanced personalization across communication channels, including a phased redesign of SRPnet.com by April 30, 2022.  
  **STATUS: Complete**

**Executive Summary:**

Since Q2, Broad Customer Experience (BCX) response rate stabilized at 9.7% with 50,900 responses. At this rate, we estimate 56,000 by FY22 year-end. Both surveys were offered in English and Spanish. A dashboard has been developed to monitor customer experience scores, verbatims and sentiment for new programs like Solar Choice and Walk-up Payments. Broad Customer Experience will help evaluate marketing bundles and will monitor the price process in Fall 2022.

Regarding updating the EPIC customer experience metric, preliminary driver analysis was completed in Q3. The model comparison revealed that Customer Experience is a broader measure and better explains customers’ perceptions of SRP than the current epic metric. Final recommendations are to update the Customer EPIC measurement to Customer Experience, include all customer types in the measurement, update the calculation that each customer type contributes to the metric, use customer segmentation to represent residential power, water and valued business customers, and to increase the online interviews to 75% with phone interviews at 25%.

The change proposed to the EPIC metric has been postponed until FY24. Strategic Research & Insights will continue to collect responses on the new experience metric and make recommendations on the goal in Q3 FY23.

In our effort to gather real-time insights, the directories were created, loaded and automated to facilitate surveys. During Q1 Customer Experience, Brand, Sustainability, Innovation and Leadership surveys were implemented. During Q2 we launched surveys for SRPnet, My Account, New Customer and Outage Management Track Study (OMTS). As of Q4, our Active Interaction surveys are working as planned, responses collected so far are as follows: New Customer Welcome: 698, My Account: 10,794, SRPnet: 302, Outage Management Tracking Study (OMTS) for business customers: 203.
For social listening, the action of creating and updating the report remain manual. Testing with automated listening resulted in too many false positives for them to be of value.

We began the SRPnet redesign effort by beginning our first migration in Q1 of the PowertoGrowPHX.com site. An audit was completed of ~700 pages of existing content. During Q2 we began a core content modeling process for ~100 high-value pages. The research phase closed in Q3. All design templates were approved in development. At this point core modeling was complete for 50+ pages and copies were drafted for nearly all others. Mockups were completed during this phase. As of Q4, the SRPnet front-end HTML is complete, and OpenText is now putting the finishing touches on the backend code, including development of all components. We anticipate getting into the system to begin page build in early April. **Launch is still targeting May 20, 2022 but is confirmed by close of Q1 of FY23.** A go/no-go decision will be made on April 14, 2022. Nearly all new copy is drafted and is now being reviewed by business partners, copy edited and translated.

3) **Implement economic development activities that engage and support the communities we serve.** (S&CS, Power System, CCM, Public Affairs)

**Deliverables**

a) Implement the third year of the six-year Economic Development Business Plan to attract 4,500 new jobs and $550 million in capital investment by April 30, 2022. (S&CS)

**STATUS: Complete**

b) Develop and implement a community engagement plan and complete an economic assessment for the communities around Coronado and Springerville Generating Stations by Feb. 1, 2022. Begin to implement a workforce transition plan. (S&CS, Power System, CCM, Public Affairs)

**STATUS: Complete**

**EXEcutive summary:**

Economic Development far exceeded the target for capital investment ($1.2 billion vs $550 million target) and will meet, or exceed, the new jobs target by April 30, 2022. Notable wins include Meta (Formerly Facebook), Hello Fresh, Optum RX, Gulfstream Aerospace, Stryker, and Edwards Vacuum. SRP has also continued to be a leading partner for some of the largest private economic development projects the state has ever been considered for.

a) The Coal Community Transition (CCT) Team hosted a meeting with public officials on March 4 in St. Johns. The CCT Team engaged with St. Johns, Springerville, Eagar, Apache County, state legislators, congressional representatives, the Governor’s Office and Commerce Authority, economic development organizations, and Tucson Electric Power (TEP). The team conveyed expectations and reviewed the challenges and opportunities to transition after the closure of Coronado and Springerville Generation Stations. The public officials confirmed their priorities, with the development of broadband as a common denominator. Community leaders also discussed needs such as transportation infrastructure, workforce development/education, and fostering small businesses. Public officials provided comments supporting these communities in transition and are actively collaborating with each other and with SRP and TEP.
b) While no Arizona applicant was awarded the National Telecommunications and Information Administration Broadband Grant, there is a collective focus on securing the Arizona Commerce Authority Grant. Awards are anticipated in June 2022. The CCT Team advocated use of the search tool: Funding - Energy Communities for additional grant opportunities. The CCT Team is working to identify grant writing resources at the county, the impacted communities, the utilities, and other organizations. The St. Johns School District is being funded a $12,500 learning grant focused on STEM. Projects will be developed and executed this coming school year.

The Education and Workforce Development subgroup led by Apache School District Superintendent, Joy Whiting has, earned SRP’s support, and community leaders were encouraged to identify other initiatives. SRP will be discussing collaboration opportunities with the regional United Way. In addition, as part of the Fiesta Bowl sponsorship, a new Kaboom playground was built at Camp Verde Elementary. A project focused on STEM education with the White Mountain Apache Tribe was delayed due to COVID; however, communications are ongoing to complete this work.

SRP and TEP hired Rounds Consulting to produce an Economic Development Study in two phases. Phase 1 focuses on the benefits broadband will bring to the impacted communities and is due in April. Phase 2 will focus on the benefits of transportation improvements including rail and the benefits of workforce development proposals. One significant purpose of the Rounds Consulting analyses is to support Apache County’s grant proposals for those areas.

ASU continues to work on the Economic Impact Study under the oversight of Strategic Planning. Study is due at the end of April. SRP and TEP are considering contracting with ASU for a Phase 2 of the Economic Impact Study that would focus on analyzing alternatives to repurpose CGS and the impact mitigation potential of such alternatives. SRP is working with ASU to produce a high-level scope document to present to SRP and TEP for consideration.

The Arizona Corporation Commission (ACC) voted to move forward with Coal Communities Transition community engagement. ACC staff is scheduling town halls and formed a Policy Task Force of three subgroups: 1) funding, 2) repurposing facilities and 3) ratepayer impact, with SRP invited to participate in the ratepayer impact subgroup. SRP declined and instead is participating in the funding and repurposing subgroups. The Director of CGS participated in the first funding meeting. Discussion sought to identify the topics and issues the participants’ wish to address through the Policy Task Force, a timeline, and assign tasks for individual participants.

Resource Planning, Acquisition & Development is commencing a high-level analysis of future resource options at the CGS site which complements this effort. Options may include the development of solar, energy storage, thermal, and nuclear generating resources. Additional work is required to establish the study parameters including scope, environmental, socio-economic, and cost-benefit analysis. This project will examine a wide spectrum of post-decommissioning uses for the CGS site and prioritize options to generate electricity for delivery to SRP territory through the existing transmission system.
4) **Provide new product and service offerings to support our customers and communities in achieving their sustainability-related goals.** (Customer Operations, S&CS, Power System, F&IS, Water Resources, Public Affairs)

**Deliverables**

a) Promote and implement new customer-specific renewables products to targeted customer segments and economic development customers by April 20, 2022. (Customer Operations, S&CS, F&IS)

**STATUS: Delayed**

A midsize offering expanding on SRP Solar Choice has been designed and presented to management; however, the team is further exploring segmentation thresholds and reviewing an implementation process. When finalized, a marketing plan and technical changes will be required prior to implementation in FY23.

b) Implement the community solar offering for both residential and small business customers by April 30, 2022. (Customer Operations, F&IS)

**STATUS: Complete**

c) Offer a forest health benefits program that includes quantifiable metrics for water balance and carbon benefits to large customers and municipalities that invest in forest thinning projects on SRP’s watersheds by Dec. 31, 2021. (Water Resources)

**STATUS: Complete**

d) Offer three specific EV partnership opportunities to each of our communities relative to information sharing, marketing, infrastructure and charging station development by Oct. 31, 2021. (Customer Operations, S&CS, Power System)

**STATUS: Complete**

e) Implement and expand SRP’s portfolio of residential and commercial EV adoption programs that achieve a total of 23,000 EVs within SRP’s service territory by April 30, 2022. (Customer Operations, S&CS, Power System)

**STATUS: Complete**

f) Execute MOUs with select Valley municipalities establishing partnerships around sustainability goals and other areas of mutual interest by April 30, 2022. (Public Affairs, S&CS, Customer Operations)

**STATUS: Complete**

**EXECUTIVE SUMMARY:**

**Renewables Products:**

**Sustainable Energy Option (SEO) Phase II:** Strategic Energy Management (SEM) secured all Phase II 21 customers by educating Customer Executive Sustainability teams to review/educate/share SRP’s Financial Model to clearly review case studies showing historical and future proposed market fuel pricing analyses. Highly successful SRP Corporate Energy Team delivery to equivalent National Customer Energy Teams provided dynamic interaction, highlighting SRP’s “Best in Class” expertise related to fluid national energy dynamics. SEM led this effort, supported by Corporate Pricing to ensure each SEO participant thoroughly evaluated and selected their respective long term 15-year SEO Billing Adjustment options. All 21 customers were secured on time without error.
SEO/GEO: The SEM team continues to be a part of ongoing SEO and GEO efforts. Through FY22 the team worked to gather data for ideas around the potential sale of RECs to customers to see if that is an offering SRP can provide to our Large and Midsize business customers to help them ‘green-up’ their load while SRP isn’t currently offering an alternative. A midsize offering expanding on SRP Solar Choice has been designed and presented to management; however, the team is further exploring segmentation thresholds and reviewing an implementation process. When finalized, a marketing plan and technical changes will be required prior to implementation in FY23.

Solar Choice Offering:
Customer Programs achieved its FY22 Objective of implementing a new offering for residential and small business customers. The SRP Solar Choice Program was launched on November 1, 2021 as planned, replacing the EarthWise Energy and Community Solar Programs. As of March 2022, 6,254 residential and 57 commercial customers were enrolled in the Program. Approximately 6,100 Solar Choice residential customers constituted legacy EarthWise Energy customers and the remainder were legacy Community Solar customers.

Successfully launching a new program while seamlessly transitioning two legacy programs required significant collaboration from a cross-functional team of subject matter experts. Internal representatives from Customer Programs, Billing, PHOENIX, Residential and Business Contact Centers, and Business Applications as well as external partners (Clean Power Research) started collaborating on this project earlier in the fiscal year. Program requirements were drafted to clearly outline eligibility requirements, to link the program to the Renewable Energy Credit (REC) Pilot Rider, to define pricing ($0.005/kWh), to describe the billing process, and to explain SRP’s retirement of RECs on participants’ behalf. Customer Programs and My Account IT teams worked closely with Clean Power Research to update the online calculator in My Account. A new user interface was launched, and additional capabilities were created for future pricing flexibility. In addition to changes in My Account, the PHOENIX Program management screen also had to be updated to accommodate this new program. SRP teams did considerable testing to ensure the updates worked successfully. Talking points were developed to support Contact Center representatives who would field customer inquiries about the new program. The team worked with Community, Communications & Marketing to develop program promotional language for email, direct mail, and web marketing. Frequently Asked Questions were developed for the website to answer questions about why SRP was closing Community Solar Program and to reassure existing EarthWise Energy customers that the Solar Choice Program was simpler and cheaper than the existing EarthWise Energy Program.

A decision was made to automatically enroll all former EarthWise Energy customers that had not yet signed-up or had not specifically rejected the new program. In late December 2021, approximately 5,000 emails or postcards were sent notifying customers of the upcoming auto-enrollment. The auto-enrollment effort took place seamlessly with the January 2022 billing cycle and a bill message was also added to inform auto-enrolled customers.

The residential customers currently participating in the program are roughly equally split between those electing to offset all their energy usage with solar and those choosing to offset 50% of their energy usage with solar. Of the 57 commercial customers enrolled, 82% of the commercial program participants have elected to offset all their energy usage with solar, with the remaining 18% choosing to offset 50% of their energy usage with solar.
**Forest Health Benefits Program:**
ASU-SRP completed the Sycamore Forest-Hydrology modeling and received the final report. ASU and SRP are currently modeling the Dude Phase 1 Project and have developed a new component to the model that adds flexibility to creating forest thinning scenarios. ASU and SRP are currently writing a new scope of work for the Dude project and longer-term modeling work. This also includes bringing on an additional consultant to help run the model. SRP is also planning to run the model for the Cragin watershed later this year. The results from Dude and Cragin will be used for a Forest Health Offering in FY23. SRP has also initiated conversations with Bonneville Environmental Foundation (BEF) and Blue Forest to review the model and discuss a forest offering framework.

Spatial Informatics Group (SIG) provided a draft report for Cragin carbon benefits and presentation to SRP. SRP provided initial comments to SIG on the draft report. SIG will provide SRP with a final report in the next 30 days. SRP will be using the Cragin carbon benefits for a Forest Health Offering in FY23.

Water Supply developed a draft Forest Health Offering framework that is based on individual thinning projects in the Cragin watershed and Tonto National Forest. Water Supply met with Strategic Energy Management to review the framework and gather feedback. The Forest Health Offering framework will be offered to corporate customers in FY23.

**EV Partnership Opportunities:**
Based on discussions with the cities, EV charging projects are being put on hold to better understand funding opportunities from the Infrastructure Investment and Jobs Act. Previously, 104-L2 charging ports were planned to be installed in FY22. Currently, approximately 10-L2 charging ports are expected to be installed. Supply chain and workforce issues are also playing a factor in this delay. In the meantime, SRP continues to promote SRP’s Fleet Assessment service and rebate to help municipalities understand what will be needed to convert their fleets to electric when they move forward with implementation. This objective is considered complete in terms of the opportunities offered as we are now well into implementation.

**EV Portfolio Expansion:**
Customer Programs delivered on its FY22 Transportation Electrification Objective and implemented expanded SRP’s portfolio of residential and commercial electric vehicle (EV) adoption programs. Based on the latest quarterly statistics from the Electric Power Research Institute, SRP supported the enablement of 26,875 EVs within its service territory through December 2021, representing 117% of the year-end objective of 23,000 EVs.

SRP launched several new Transportation Electrification (TE) offerings as well as expanded existing efforts to begin transforming the local EV market. Despite semiconductor chip shortage issues and its impact on automakers, the Product Development team worked with external program administrator, ICF, to grow the Business EV Charger Program and build a pipeline of activity. Through March 2022, 212 EV charging ports have been rebated through the program, including 126 charging ports and accompanying charging infrastructure installed via the EV
Infrastructure Program. The new Fleet Advisory Services option was added to the Business EV Charger and Electric Technologies Programs to allow trained vendors to evaluate potential opportunities from electrifying customer fleets. Several customers have expressed interest in this service and have been pre-approved to participate, including some local municipalities.

A second rebate channel was launched for the Residential Smart Charger Program, expanding the $250 rebate offering for Level 2, smart EV chargers previously offered only through the SRP Marketplace platform to customers who choose to purchase a qualifying charger through their vehicle dealership or another retail store. Through March 2022, 752 Level 2, smart EV chargers have been rebated on the SRP Marketplace platform and through this new online application channel.

Through March 2022, 264 EV-ready ENERGY STAR Homes have been rebated and a pipeline of 1,650 EV-ready ENERGY STAR Homes has been established. Due to longer build times as a result of labor shortages, about 280 EV-ready ENERGY STAR Homes are expected to be rebated in FY22 with the rest being completed in FY23. The Product Development team worked with local Valley homebuilders to enroll 19 communities in the EV-Ready ENERGY STAR Homes Program. One of the Valley’s largest homebuilders, Lennar Homes, made a commitment that all their new Phoenix-area homes will be built EV-Ready moving forward.

In order to mitigate the need for large investments in grid infrastructure to incorporate EVs, SRP’s 2035 TE Goal stipulates that EV charging should be managed. On that front, the Customer Program Innovation team launched the EV Flex Charge Pilot, which allows SRP to test active managed charging events via EV charging equipment. The team enrolled 245 customers in the pilot, 98% of the initial goal of 250 participants, within five months of the pilot’s launch. The team also reviewed the initial scope of work and other necessary documentation for the second, managed charging pilot utilizing vehicle telematics.

During FY22, the Product Development team managed activity in the Plug-In and Save Rebate Program and eventually sunsetted the offering. As the program exceeded its goal of 700 EVs or plug-in electric hybrid vehicles in Q2 of FY22 and depleted the allotted program budget, Sustainability Programs & Policy team decided to close the program. The Product Development team worked with the external program administrator, Customer Service, and Community, Communications & Marketing to manage the program closure with little to no impact to customer satisfaction.

Achieving SRP’s TE goals and objectives requires close coordination with various internal departments and external stakeholders. Customer Programs management presented on the TE programs and related market transformation strategy to the Strategic Planning Board Committee and the Sustainability and Integrated System Plan stakeholder advisory groups on a number of occasions – 2035 Goals Action Plan Updates (September 2021), TE Information Presentation (February 2022), etc. The EV Steering Committee met throughout the year to discuss current plans and future initiatives to expand SRP’s presence in the TE space. Product Development also worked closely with Sustainability Policy & Programs, Distribution & Telecom Operations, Public Affairs on various TE-related programs and initiatives.
Memorandum of Understanding (MOU) with Municipalities:
In FY22, SRP sought to execute an MOU based on sustainability and other areas of mutual interest between SRP and up to three of our municipal customers: the cities of Phoenix, Mesa, and Tempe. Teams from Public Affairs, Strategy and Corporate Services, and Customer Operations organizations collaborated during the year and met with key decision makers and political dignitaries of three municipalities: Phoenix, Tempe, and Mesa. The MOUs establish a multi-year framework to identify joint projects that support SRP and municipal goals and objectives in six collaborative areas: drought resilience and forest health; electric vehicle partnerships; decarbonization; infrastructure; social justice and heat resilience; and regional collaboration. While a Public-Affairs-led initiative, SEM has had significant roles in the effort, including: as the relationship owner with the municipalities; in drafting the MOU; and after the official Project Manager was promoted, acting as the project manager for the initiative. The MOU proposal was well-received by all three cities. The MOUs should be executed by fiscal year-end.

5) Continue implementation and communication of the 2035 Sustainability Goals action plans. 
(S&CS and All)

Deliverables
a) Update the action plans for FY23 by Dec. 31, 2021 and implement the second year (FY22) of the five-year sustainability action plans by April 30, 2022. (S&CS lead, all groups responsible to implement action plans)
   STATUS: Complete
b) Share updates to the 2035 Sustainability Goals action plans with stakeholders and SRP elected officials by Jan. 31, 2022. (S&CS)
   STATUS: Complete
c) Communicate key accomplishments of the 2035 Sustainability Goals action plans. Create an annual report and post a scorecard of progress on SRP’s website by Dec. 31, 2021. (S&CS, CCM)
   STATUS: Complete
d) Develop and implement the top three initiatives defined by the Transportation Electrification Activators group by Dec. 31, 2021. (S&CS)
   STATUS: Complete
e) Implement the following near-term actions outlined in the EV Policy Framework by April 30, 2022. (Public Affairs, S&CS)
   i) Support federal incentives and beneficial state-level policies.
   ii) Support EV-ready building code adoption.
   iii) Support an Intermountain West Electric Vehicle Corridor.
   STATUS: Complete
EXECUTIVE SUMMARY:

a) Sustainability Policy & Programs coordinated and assisted SRP goal owners in the development and presentation of the second five-year action plans to both the Board of Directors and external stakeholders. This process included a presentation to the Strategic Planning Committee in September 2021 and two Sustainability Advisory Group meetings in November 2021. The action plan document was published on the website for the public viewing in early 2022.

Customer Programs’ action plans were updated, and the programs have met, or are on track for meeting, the Energy Efficiency, Demand Response, Transportation Electrification, and Electric Technologies year-end targets for FY22 (2035 Sustainability Goals 4.1 to 4.4):

- SRP is on-track to exceeding its objective of delivering a portfolio of energy efficiency programs that generate annual incremental energy savings of 540,000 MWhs,
- SRP’s demand response capacity grew to 114 MW as of March 2022, surpassing the 110 MW goal for FY22,
- The team implemented and expanded the portfolio of residential and commercial EV adoption programs, enabling 26,875 EVs within SRP’s service territory, and
- SRP’s Electric Technologies Program is on track to exceeding its FY22 electrified load target of 12,000 MWh.

b) FY22 Action Plan updates were shared with the Board’s Strategic Planning Committee on September 15, 2021, and shared with the Advisory Group on November 3 and 5, 2021.

Customer Programs management worked closely with the SRP 2035 Sustainability Governance Committee to report on progress made and update action plans for the Customer & Grid Enablement 2035 Sustainability Goals. Management reported on the progress made in FY21 on the energy efficiency, demand response, transportation electrification, electric technologies, and distributed energy resource initiatives (goals 4.1 to 4.5) at the Board Strategic Planning Committee Meeting on September 15, 2021; key highlights from FY21 were summarized in the 2021 SRP Sustainability Report, which was published on the SRPnet Website. The team also updated action plans for FP23, and shared future commitments and goals with stakeholders during a joint Advisory Group Meeting on March 2, 2022.

c) SRP’s 2021 Sustainability Report was completed and posted to SRP’s website on December 21, 2021.

d) Sustainability Policy & Programs led the implementation of several initiatives with the Transportation Electrification Activator (TEA), a coalition of municipalities, academia, and interest groups that SRP organized in FY21 to advance community objectives supporting transportation electrification. In November 2021, SRP and other founding members officially announced creation of the group, drawing the attention of ACC Chair Marquez-Peterson, who has indicated support of the TEA’s approach to regional collaboration. The group also held three residential educational webinars on EV basics, charging, and benefits, and planned a residential EV Ride & Drive Event for April at ASU’s Tempe and Polytechnic Campuses. As a result of this early success, the TEA is now working with The Connective, a greater Phoenix smart region consortium, to develop new partnership opportunities.
During the fiscal year, Customer Programs continued to support SP&P on all the Transportation Electrification Program-related efforts.

e) Federal Affairs worked with an internal cross functional team to brainstorm and develop priorities that will be offered to the Governor’s Office on the State NEVI plan due in August 2022. Federal Affairs continues to work with Federal coalitions and utility trade associations to promote legislation that would expand EV tax credits, create additional funding for EV infrastructure, revise the model building codes, and encourage fleets to convert to EVs. At the state level, advocated EV infrastructure and road use charge parity with Legislative staff, House Transportation Committee Chair, and other Legislators; explored whether opportunities could be found in Prop 400 reauthorization. Monitored legislation for impediments to EV infrastructure deployment; and coordinated with other utilities on meeting with newly appointed EV infrastructure Coordinator in the Governor’s Office.

Environmental Policy & Strategy (EP&S) coordinated with other departments to discuss strategy for enhancement of electric vehicle (EV) charging for SRP customers with funds from the Infrastructure Investment and Jobs Act (IIJA). EP&S also continued work on the topic of EV and Air Quality as part of a joint research project with ASU. The project has created two deliverables analyzing air quality issues in Maricopa County and analyzing EV adoption projects. Future work products will compare these data sets together to gain a better understanding of how EV adoption will impact air quality.

During FY22, Product Development staff assisted in the development of national EV-ready amendments for both the 2021 International Energy Conservation Code (IECC), which is being adopted by some local jurisdictions, and the next edition, the 2024 IECC. Locally, staff continued to respond to Authorities Having Jurisdiction (AHJs) requests for assistance in developing their EV code amendments, as well as to requests for training AHJ staff. Efforts to develop standard EV-ready amendments for AHJ participating in the Maricopa Association of Governments Building Code Committee are being modified due to concerns from select industry sectors (Multi-Family Housing Association and the Home Builders of Central Arizona). The Product Development team is working with SRP State Government Relations on alternative strategies around educating and advocacy that reflects industry concerns.

6) **Enhance SRP infrastructure to address local and state water challenges.** (Water Resources)

Deliverables
a) Work with the U.S. Bureau of Reclamation (BOR) to finalize the Verde Reservoirs Sediment Mitigation Study appraisal report by Dec. 31, 2021.
   **STATUS: Complete**

b) Coordinate with Valley water providers and the BOR on the Verde Reservoirs Sediment Mitigation Study to develop a cost share agreement to fund and initiate a feasibility study by April 30, 2022.
   **STATUS: Complete**
c) Execute participants’ agreement for construction and operation of the SRP-CAP Interconnection Facility by April 30, 2022.
   STATUS: Complete

d) If acceptable, initiate environmental compliance activities for implementing Roosevelt Dam Flood Control Space temporary deviation by May 31, 2021, to enable enhanced flexibility for flood operations in runoff season 2022.
   STATUS: Complete

e) Implement SRP’s forest health strategic plan by April 30, 2022.
   STATUS: Complete

EXECUTIVE SUMMARY

The accumulation of natural sedimentation in the Verde River Basin has significantly impacted the water storage capacity of Horseshoe Reservoir, creating challenges for SRP to manage these water supplies in an increasingly variable future created by climate change. As of 2012, the existing water storage capacity at Horseshoe Reservoir is estimated to have been reduced by 45,749 acre-feet due to sedimentation—nearly one-third of the reservoir’s original constructed capacity. Through an appraisal study conducted by SRP and Reclamation during FY21, two options to raise Bartlett Dam by either 62 or 97 feet were identified as viable options for restoring capacity and managing future sediment impacts. These options also increase the total storage capacity of the Verde Reservoir System by between 100,000 and 305,000 acre-feet of conservation capacity. The next step in the federal planning process is to conduct a feasibility study of the two options to make a recommendation to the U.S. Congress on whether a project meets federal requirements to be authorized for construction. The feasibility study requires a minimum of 50% of the costs of the study to be contributed by non-federal sources.

The VRSMS Appraisal Report was finalized for publication in December 2021. SRP has since continued coordination with Reclamation and funding partners to initiate the feasibility study of Bartlett Dam Modification options. SRP received agreement from Reclamation and unanimous approval from the funding partners to hire Stantec Consulting Services to develop a scope of work and associated services agreement for engineering support for the feasibility study.

SRP and 20 other water providers executed a non-federal project proponents cost share agreement on December 14, 2021. SRP invoiced the parties for their ~$1.5 million in first year commitments on March 15, 2021. The partner funding committed by the cost-share agreement is expected to reduce SRP’s total cost of the feasibility study by between $4 million and $6 million, depending on final study costs. SRP and Reclamation have negotiated a cost-share agreement for SRP to convey funds to Reclamation from the non-federal parties, which is in final review by Reclamation. SRP is expected to sign the cost-share agreement no later than April 30, 2022, awaiting final Reclamation approval of the agreement.

The final report from HDR was delayed due to the need to further refine the cost estimates. The draft report included significant contingencies that seemed excessive. The team opted to reach out to the City of Phoenix and learn about the cost estimates of their +$300M drought pipeline project for comparison’s sake. Phoenix was very helpful in this effort and the information they provided helped HDR refine the cost estimates. Additionally, it was determined that we needed to bring the Bureau of
Reclamation into our discussions with CAP. The team met with the BOR and the Solicitor’s Office in December to discuss the project and we will be meeting with CAP, the BOR and the Solicitor’s Office on February 15.

Theodore Roosevelt Dam was modified by the Bureau of Reclamation between 1989 and 1996 with federal and local funding. The modification raised the original dam 77 feet to increase water conservation capacity, add flood control space (FCS), add safety of dams space, and increased spillway capacity to safely route large flood events. The addition of FCS created an additional pool within Roosevelt Dam of 556,000 acre-feet. To leverage this infrastructure, SRP, USACE, and Reclamation are working together to evaluate the effects on the dam and flood routing safety of a temporary change in the release requirements by extending the evacuation period from 20 to 120 days in the first five feet of FCS. If approved, the option will increase the ability to put to use up-to 109,000 acre-feet of water in very wet years shared among 15 flood water users that are served by SRP’s system including tribal, municipal, agricultural, and industrial users.

SRP received a final funding agreement from USACE for providing funding necessary to support the environmental compliance and review of the proposed extension of the flood release requirements. SRP received approval from Reclamation’s Dam Safety Review for implementation of the concept in October 2021 after a year of close coordination between Water Supply and Reclamation’s Technical Service Center. Environmental Compliance was delayed due to complications with coordinated federal review of the flood control proposal concurrently with SRP’s amendments to the Roosevelt Habitat Conservation Plan. The delayed federal schedule is expected to result in a one-year delay in implementation of the extended-release period to January 2024.

SRP continues to meet with the U.S. Forest Service (USFS) and the State of Arizona to push for another large-scale agreement or contract. In addition, SRP has worked with new industry to keep them interested in investing in Arizona. There has not been any progress on this area.

SRP, Arizona Department of Forestry and Fire Management (DFFM), and USFS planned on bringing on three projects in the Cragin Watershed for 6,500 acres and four projects in the Tonto National Forests for about 2,500 acres. The agreements for these projects will be signed by USFS and DFFM in May. USFS is providing 50% of the funding. SRP has submitted two grant applications to the Arizona Game and Fish Department and will be submitting two grant applications to DFFM in May. Finally, SRP has initiated funding discussions with the Bureau of Reclamation for help fund individual thinning projects.

SRP executed an MOU with Arizona Game and Fish Department to work on thinning projects and facilitate funding of projects. SRP continues to meet with AZ Sportsman for Wildlife Conservation on a long-term MOU.

SRP and DFFM completed the Sparky and Hardscrabble Mastication Projects in FY22. DFFM is currently bidding the Baker project. SRP and DFFM expect work to begin on Baker in May. SRP continues to work with National Wild Turkey Federation on the General Springs project with the hope work will begin in May.
7) **Implement Integrated System Planning and launch the stakeholder process by May 2021.**  
(S&CS, Power System, F&IS)

**Deliverables**

a) Launch the Integrated System Planning (ISP) stakeholder engagement effort by May 31, 2021.  
(S&CS)  
**STATUS: Complete**

b) In consultation with stakeholders, develop a comprehensive study plan and initiate system modeling by Feb. 28, 2022. (S&CS, Power System, F&IS)  
**STATUS: Complete**

c) Provide progress updates to GM Staff and SRP elected officials by Apr. 30, 2022. (S&CS)  
**STATUS: Complete**

**EXECUTIVE SUMMARY:**

a) ISP Stakeholder engagement began with a Summer Series intended to inform and educate stakeholders on SRP’s transition from the Integrated Resource Plan to a more holistic Integrated System Plan. The Summer Series ran from June through August 2021. Following the series, Integrated System Planning & Support (ISP&S), along with consulting firms E3 and K&W developed the formal engagement strategy with the following three Global Goals:

- Inform stakeholders and provide learning opportunities that illustrate the tradeoffs and realities of operating a power system.
- Consider feedback from the full range of diverse stakeholders and customers in the Integrated System Plan analysis.
- Build support for the Integrated System Plan, analysis and engagement process through transparency and a balancing of views and tradeoffs.

The Integrated System Plan includes customer research, technical working groups, large stakeholder group meetings, one-on-one discussions with interested stakeholders and the formation of an Advisory Group. In addition to the four ISP Summer Series Meetings, ISP&S hosted six Advisory Group Meetings, two Advisory Group: Modeling Subgroup Meetings, and two Large Stakeholder Group Meetings in FY22.

b) Integrated System Planning & Support (ISP&S), in collaboration with planning teams from across SRP, E3 Consulting, and the ISP Advisory Group developed a Study Plan to create SRP’s first ever Integrated System Plan. This Study Plan details the methodology, data inputs, data handoffs, and timeline for completing an Integrated System Plan analysis. The methodology includes consideration of the key trends and uncertainties facing SRP in the coming years as well as the major decisions facing the company. The Study Plan methodology provides a replicable foundation that can be built and expanded upon for future Integrated System Plans. Power System continues to support ISP through the stakeholder process.
Financial & Information Services employees serve on the Planning Leadership and Planning Coordinating Teams. These governing bodies provide overall direction on ISP activities throughout the company. Additionally, Pricing has two additional members and FP&A has three team members linked to the ISP process. They represent efforts at the project level and regularly participate in scenarios and modeling efforts. Teams have built the FP&A financial model out to 15 years.

c) SRP’s Power Committee received briefings on the Integrated System Plan in May, June, August, and November 2021. In addition, Board and Council Observers were invited to attend all Stakeholder meetings.

8) Increase power system flexibility and renewable resource hosting capabilities. (Power System, F&IS, S&CS, LL&RM)

Deliverables
a) Complete gas plant expansion and improvement plans by April 30, 2022.
   i) Increase the flexibility, capacity and sustainability of Desert Basin and Mesquite by April 30, 2022, and Dec. 31, 2021, respectively, as detailed in the Generation Flexibility Roadmap. (Power System)  
      STATUS: Complete
   ii) Prepare applications for air and water permits and a Certificate of Environmental Compatibility for internal approval for the Coolidge expansion project by Nov. 30, 2021. (S&CS, Power System, Public Affairs, LL&RM)  
       STATUS: Complete
       STATUS: Not Met

After the eight-day hearing, the Siting Committee voted in favor of issuing a CEC for the Coolidge Expansion Project on February 16, 2022. The Siting Committee Chairman docketed the CEC with the ACC on February 23, 2022, and the ACC heard oral argument on the CEC on March 16, 2022. Legal Services worked with the team to prepare for the Open Meeting on April 12, 2022, at which the ACC considered the CEC issued by the Siting Committee.

Unfortunately, on April 12, 2022, the Arizona Corporation Commission denied the CEC Application in a 4-1 vote.

b) Evaluate options for adding new generation to existing sites and develop a prioritized list of options along with a schedule for addressing the high-priority items by Oct. 31, 2021. (Power System, S&CS)  
   STATUS: Complete
c) Design, build and configure the foundational elements of the Advanced Distribution Management System (ADMS) and begin testing interfaces with enterprise-wide applications by Feb. 28, 2022. (Power System)

**STATUS: Complete**

d) Develop an operational readiness implementation strategy to prepare for the transformation of SRP’s generating resources to greater intermittent resources and battery storage systems, leveraging the value of solar plus storage study, experience with the Agua Fria Battery Storage Facility, and other R&D efforts by July 30, 2021. (Power System)

**STATUS: Complete**


**STATUS: Complete**

**EXECUTIVE SUMMARY:**

a) Near Term Capacity Project – Successfully went through all the approval, permitting, engineering, interconnection, and construction processes, to bring nearly 200MW into service in less than 18 months. Strong project management as well as all the support received across SRP contributed to this success.

- Evaluated and implemented optimal project delivery approach.
  - Established project management framework for reporting, stakeholder communication, risk management, schedule, scope, and cost management.
  - Awarded engineering, procurement, and construction scope of work for project.
  - Worked closely with environmental groups to obtain necessary permits and start construction as allowed in the permit process.
  - In cooperation with EPC and internal SRP groups, managed construction process to deliver all four units by June 1, 2022. Supply chain and vendor issues have resulted in the dates moving to the end of June.
  - Provided ongoing status reporting, risk management, and communication.

Mesquite and Desert Basin Unit 2 Upgrades

- Turbine Upgrades have been completed at both plants. Not only did these upgrades add MW capacity to the system, but they also improved turndown, emissions, and heat rate.
- Desert Basin: No major discovery issues and the project is expected to be on budget and meet all performance expectations.
- Mesquite: Complete on schedule, under budget by 16%. All performance expectations met. Turndown for both units exceeded expectations and set a new industry benchmark.
- This now completes these upgrades for half of the SRP combined cycle fleet and has added more than 90MW of generation capacity.

Air Quality Services (AQS) submitted the Coolidge Expansion Project (CEP) Air Permit Application to the Pinal County Air Quality Control District in August 2021 and the ambient air modeling report for CEP was submitted in September 2021. AQS expects the proposed final draft permit for CEP in Spring 2022.
In collaboration with multiple internal departments, the Coolidge Expansion Team secured the necessary approvals from SRP’s Board of Directors to advance the CEP on schedule. The team worked with groups across the enterprise, including Legal Services, to develop the Certificate for Environmental Compatibility (CEC) Application.

The CEC Application was filed on December 13, 2021, and the hearing before the Arizona Power Plant and Transmission Line Siting Committee (Siting Committee) was held February 7, 2022. There were several intervenors in the hearing: Sierra Club, Western Resource Advocates, Randolph residents and ACC Staff. Legal Services provided multiple witness training sessions for the witnesses in the CEP Hearing. In parallel, Legal Services worked with the witnesses to develop testimony, taking into consideration issues Legal Services anticipated may be raised during the hearing, and Legal Services represented SRP at the hearing.

After the eight-day hearing, the Siting Committee voted in favor of issuing a CEC for the Coolidge Expansion Project on February 16, 2022. The Siting Committee Chairman docketed the CEC with the ACC on February 23, 2022, and the ACC heard oral argument on the CEC on March 16, 2022. Legal Services worked with the team to prepare for the Open Meeting on April 12, 2022, at which the ACC considered the CEC issued by the Siting Committee.

Unfortunately, on April 12, 2022, the Arizona Corporation Commission denied the CEC Application in a 4-1 vote.

b) The Capacity Exploration Team completed a management approved recommendation to meet capacity needs for 2024 and 2026 with an All-Source RFP. The recommendation also included continuing efforts on several other capacity options that could be compared to RFP results for 2026, including additional new generation at existing sites. Generation Engineering retained Sargent & Lundy (S&L) to perform an assessment of existing generation facilities to identify opportunities to add flexible natural gas units. All SRP sites were evaluated along with many other sites (over 6000) across the entire state. S&L provided a copy of the report in December 2021. The report identified the top three sites, which were presented to management. Options for adding or modifying existing generation have been identified and prioritized. Results are currently under review and will be finalized by end of fiscal year

c) The ADMS Foundation project continues to make good progress and is on schedule and under budget. Business process and system design have been completed and the development and testing environments have been installed and are operational. At 69 sites, Remote Terminal Units (RTUs) in the field have been dual ported and commissioned to the ADMS, allowing for additional integration testing. Enterprise application interface testing began in February 2022 with successful integration for Outage Event subscriptions to PHOENIX and eNotifications to MyAccount.

d) The Operational Readiness team kicked off in January 2021. The focus included benchmarking with multiple utilities on the west coast, including Xcel, NV Energy, APS and Hawaiian Electric Company. Multiple focus group trainings were held on all aspects of renewable operations. The team brought in Sound Grid to help support the creation of the strategy and to assist in future phases over the next three years. Out of all the lessons learned through both benchmarking and training classes, specific areas were identified as critical to the success of real time operations
with the integration of renewable generation and storage. The team also focused on identifying resource needs to make sure that the project could succeed in the aggressive timeline. Final approval for the strategy and resources was received in October 2021. New focus groups have already been launched to identify and integrate real time needs into the all-source RFP for FY23.

e) Transmission & Generation Operations (TGO) and Transmission Planning, Strategy & Development (TPSD) started the Regional Transmission Organization (RTO) project in the spring of 2021. The objective of the project was to develop and train multiple individuals on the properties of an RTO and create a white paper that could be reused in the future breaking down all parts of RTO/Independent System Operator (ISO) operations. To expand the overall knowledge, the team met quarterly to deliver presentations sharing what each member had learned and how RTO participation would change SRP’s everyday operations. The presentations were recorded and stored on Enterprise Content Management (ECM) for future review.

To provide the team a good foundation for starting the research, SRP coordinated with the Electric Power Research Institute (EPRI) Market Operations and Design Task Force leaders to conduct custom training for SRP staff. In addition, staff from Electric Reliability Compliance, Legal, and Regulatory Policy led foundational training for TGO and TPSD staff on the Federal Power Act, Arizona Corporation Commission, North American Electric Reliability Corporation, Western Electricity Coordinating Council (WECC), and Reliability Coordinator roles and responsibilities.

In addition to the Power Delivery RTO Objective, members of TGO and TPSD worked with Regulatory Policy, Supply and Trading & Fuels (STF), Legal, Federal Affairs, Corporate Pricing, Research and Development, Generation Engineering, and Resource Planning on a corporate objective to develop a white paper on considerations for joining or forming an RTO. The white paper focused on Federal Energy Regulatory Commission (FERC) required characteristics of independence, regional configuration, operational authority, and short-term reliability. This team also developed SRP’s RTO principles related to customer benefits, governance, cost allocation, and resource adequacy.

As the SRP team explored various aspects of RTO/ISO markets, outside consultants and computer-based training were valuable education resources. Training included:

- Day-Ahead Markets – delivered by Customized Energy Solutions (CES)
- Financial Transmission Rights (FTR)/Congestion Revenue Rights – delivered by Gridwell
- California Independent System Operator (CAISO) Compliance and Engagement – delivered by Western Energy & Water
- Day-Ahead Market, Market Operations, and FTR – available through Southwest Power Pool (SPP) Learning Management System

TGO and STF participated in WECC Market Interface Committee Meetings throughout Fiscal Year 2022 (FY22). These meetings provided an overview of energy imbalance markets operating in the Western Interconnection, along with discussion of the challenges facing participants in those markets.
The above-described research and training prepared the SRP team for participation in various western wholesale market design activities. These efforts align with SRP’s core mission to continue to supply safe, reliable, and sustainable power at reasonable costs.

The Western Interconnection includes two organized market operators – CAISO, which operates the Western Energy Imbalance Market (WEIM) and SPP, which operates the Western Energy Imbalance Service on the eastern edge of the interconnection. Both markets have helped their participants achieve savings attributable to real-time optimization and redispatch.

Working with other utilities across the Western Interconnection, SRP is looking to expand on its successful participation in wholesale energy markets. The current strategy follows an incremental approach to designing new western market services. These efforts include:

**Western Power Pool (WPP) Western Resource Adequacy Program (WRAP) –** A standardized resource adequacy program for the west (SPP is the program operator).

**CAISO Extended Day Ahead Market (EDAM) –** An extension of CAISO’s day-ahead market to entities outside of the CAISO Balancing Authority Area (CAISO would be the market operator and a market participant).

**SPP Markets+ –** A Day-ahead market based on best practices from SPP’s current day-ahead market but designed specifically for the west (SPP would be the market operator, not a market participant).

**Western Markets Exploratory Group (WMEG) –** A utility group formed to develop and execute a roadmap that identifies key steps, deployment timelines, interdependencies, and regulatory challenges related to expansion of western markets, possibly including a western RTO.

During FY22, SRP became actively engaged in these four major initiatives.

In November 2021, SRP joined Phase 3A of WRAP to better understand the detailed aspects of the program while it was in a non-binding state. This also secured SRP’s participation in establishing alternative operational delivery points for desert southwest participants of a resource adequacy pool. This program could provide significant benefits to SRP’s resource planning and summer preparedness activities. SRP has fully staffed the efforts to engage WRAP, including resources across TPSD, STF, Resource Planning, Regulatory Policy, and Legal to ensure full engagement and assessment of future participation.

SRP played a lead role in the design and development of CAISO’s EDAM, with participation in what is known as the EDAM Small Group, as well as fully staffing participation in the first three working groups (Resource Sufficiency, Transmission Availability, and Greenhouse Gas). Resources from TGO, STF, Environmental Services, Regulatory Policy, and Legal are actively engaged in these processes to help shape an outcome acceptable to SRP. CAISO is developing a straw proposal, which it plans to issue the week of April 25. SRP participation will continue into FY23.
In early October 2021, SPP announced Markets+ and invited utilities across the west to engage in discussions to develop a day-ahead market alternative to CAISO’s EDAM. SRP recognized the significance of having an alternative to CAISO’s EDAM. SRP leadership has worked closely to establish support for SPP by hosting meetings as well as committing to SRP’s participation in development efforts. SPP has established three working groups, including Market Design, Governance, and Transmission. TGO, STF, Regulatory Policy, and Legal are actively participating in these groups. TGO is a co-leader of the Transmission working group. Markets+ remains on a schedule slightly behind EDAM, but SPP plans to issue a straw proposal during mid-FY23.

In July 2021, NV Energy and Xcel Energy invited SRP to become an initial member of WMEG to help pursue pathways to an RTO. After a slow start, efforts on WMEG accelerated in September and October of 2021. In January 2022, WMEG Members reviewed responses to a request for proposals for facilitating the development of a roadmap and key deliverables identified by the participants. WMEG selected Utilicast for this effort. SRP representatives from TGO, TPSD, STF, Regulatory Policy, and Legal will continue active involvement with WMEG during FY23 as the group prepares these deliverables.

In addition to these four major efforts, SRP collaborated with western utilities in various other meetings to promote alignment and understanding of issues. Some of these activities included:

**Western Market Balancing Authority (BA) Coordinating Group** (previously Energy Imbalance Market Entities EDAM Steering Committee) – This group of western BAs and BA-representatives conducts bi-weekly calls to discuss key issues related to WEIM and emerging western market services. The group sometimes develops joint comments on policy initiatives. SRP participants includes representatives from TGO, STF, Regulatory Policy, and Legal.

**Energy Imbalance Market Publicly Owned Utilities Group** – This group of public power WEIM participants conducts bi-weekly calls to discuss CAISO policy initiatives and impacts that are unique to public power. Regulatory Policy and Legal represent SRP on these calls.

**EDAM Desert Southwest Transmission Working Group** – SRP formed this group with NV Energy, Arizona Public Service (APS), and Tucson Electric Power (TEP) to create a clear understanding of potential impacts to desert southwest operations related to EDAM design. The group met weekly following EDAM Transmission Working Group Meetings. In addition to the desert southwest utilities, Powerex joined one meeting to provide insight into CAISO’s congestion revenue allocation strategy. TGO organized these calls. STF and Regulatory Policy staff also participated.

**Markets+ BA Working Group** – Bonneville Power Administration (BPA) formed this group of utilities participating in Markets+ design to review proposals from the previous SPP meetings and strategize for upcoming meetings. This group covers all three Markets+ working groups – Market Design, Transmission, and Governance. The group invites SPP subject matter experts to these calls when further technical explanation is needed. TGO, STF, and Regulatory Policy participate in the calls.
Markets+ Desert Southwest Working Group – SRP formed this group with NV Energy, APS, and TEP to create a clear understanding of potential impacts to desert southwest operations related to Markets+ design. The group meets bi-weekly. TGO organizes these calls. STF and Regulatory Policy staff also participate.

Markets+ BA Working Group Communications Team – This voluntary group includes one or two members from select BAs that are participating in Markets+ design. The goal of the group is to increase the visibility of Markets+ design efforts to regulators and senior leadership within western utilities. TGO and STF participate in these calls.

In addition to these routine calls, SRP also created collaborative focus groups to improve WEIM operations. Participants include NV Energy, APS, and TEP. TGO, STF, and Power Accounting Services are involved in these joint learning sessions.

9) Support affordability by maintaining company performance, reporting and compliance efforts to ensure long-term credit ratings of Aa1/AA+. (F&IS)

Deliverables
a) Grow the general fund fiscal year-end balance to at least $525 million to ensure a fund balance that covers two months of cash expenditures by April 30, 2022.  
STATUS: Complete
b) By April 30, 2022, build the FP23 Financial Plan to ensure the debt ratio remains below 50% and gradually grows the year-end General Fund balance over the plan to $600 million.  
STATUS: Complete
c) Manage liquidity through optimizing the investment mix in the general fund and re-evaluating our commercial paper/RCA thresholds, as appropriate, by April 30, 2022.  
STATUS: Complete

Executive Summary:
As of March 2022, the General Fund is forecasted to end the year at $632 million, well above the targeted $525 million.  The FP23 Financial Plan represents a six-year plan in which no year exceeds a 50 percent debt ratio. This was accomplished even with the heavy shift of borrowing into the first two years of the financial plan. Additionally, the plan supported growth in the General Fund, such that it would achieve a low balance at fiscal year-end of $600 million by the end of FY25.

The Treasury Operations & Compliance successfully expanded the size of the Revolving Credit Agreement program from $500 million to $800 million.
10) Strengthen SRP’s commitment to safety by continually improving the SRP safety culture. (LL&RM, CCM and All)

Deliverables
a) Identify and implement actions for improvement based on results of the FY21 Safety Culture Assessment by Nov. 1, 2021. (LL&RM)
**STATUS: Complete**
b) Begin to implement ideas for safety improvements at SRP based on a benchmark comparison of top-ranked safety companies by Nov. 1, 2021. (LL&RM)
**STATUS: Complete**
**STATUS: Complete**
d) Develop a three-year plan to achieve improved public safety education and partnerships with SRP contractors, vendors, and cities by April 30, 2022. (LL&RM)
**STATUS: Complete**
e) 98% of employees complete three proactive safety activities by April 30, 2022.
**STATUS: Complete**
f) Implement the Near-Miss Safety Program as designed and approved in FY21 by April 30, 2022. (LL&RM)
**STATUS: Delayed**
Near-miss program key ideas were presented to and supported by GM Staff in August. A Focus Group of SRP employees (including IBEW members) completed the design of the program and completed the list of application/tool requirements. The implementation of the tool has been postponed to effectively partner with another department to purchase a multi-functional tool from a vendor, saving SRP money and gaining advantages for both programs.

g) Implement a redesigned Water Safety Community Partnership fund to expand safety outreach and education to underserved families by July 1, 2021. (CCM and LL&RM)
**STATUS: Complete**
h) Identify partnerships through the SRP Safety Connection Program, provide partner organizations with grants and sponsorships, and sponsor at least 25 events in designated service territory communities. Support nonprofits and other organizations promoting safety initiatives in SRP service territory by April 30, 2022. (CCM, LL&RM)
**STATUS: Complete**

EXECUTIVE SUMMARY:

SRP Safety Metrics as of March 31, 2022:
Lagging indicators improved compared to last FY, except for OSHA Recordable lost days. The increase in lost days were due to 2 strain injuries (knee, shoulder) with long recovery times. The leading indicator of SOS entries were slightly fewer than last FY.
### Incidents by Type FY22 YTD (as of March 31, 2022)

<table>
<thead>
<tr>
<th>SOS Entries</th>
<th>Vehicular Incidents</th>
<th>OSHA Recordables</th>
</tr>
</thead>
<tbody>
<tr>
<td>74,084</td>
<td>91</td>
<td>63</td>
</tr>
<tr>
<td>PVA</td>
<td>30</td>
<td>Lost Days 1,423</td>
</tr>
<tr>
<td>Non-PVA</td>
<td>61</td>
<td>Restricted Days 947</td>
</tr>
<tr>
<td>Operational*</td>
<td>9</td>
<td>COVID-19 Incidents 21</td>
</tr>
</tbody>
</table>

### Incidents by Type FY21 YTD (as of March 31, 2021)

<table>
<thead>
<tr>
<th>SOS Entries</th>
<th>Vehicular Incidents</th>
<th>OSHA Recordables</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,591</td>
<td>104</td>
<td>68</td>
</tr>
<tr>
<td>PVA</td>
<td>49</td>
<td>Lost Days 1,201</td>
</tr>
<tr>
<td>Non-PVA</td>
<td>62</td>
<td>Restricted Days 1,318</td>
</tr>
<tr>
<td>Operational*</td>
<td>16</td>
<td>COVID-19 Incidents 31</td>
</tr>
</tbody>
</table>

Note: Operational Incidents are excluded from the Vehicular Incidents totals.

FY22’s Objective to strengthen SRP’s commitment to safety by continually improving the SRP safety culture is on track for completion.

The completed deliverables include:

- FY21 Safety Culture Assessment Survey recommendations were approved by the GM Staff and implementation is in progress. The safety value statement was adopted SRP-wide, AGM teams received their survey results to determine improvements, targeted safety communications were created, the Safety Leader Training standard curriculum was implemented, and 1,379 employees attended the Safety Leader Training for Individual Contributors.
- Benchmarked comparison of top-ranked safety companies and “top 10% safety culture” definition has been completed.
- The SRP Safety Leader Training standard initial curriculum has been created and 91% of SRP leaders have completed the training.
- A three-year plan for improved public safety education and partnerships was developed.
- The near-miss program was designed and the application requirements determined.
- The Accident Prevention Rules have been updated.
- Finalized Phoenix Children’s / SRP Pediatric Drowning Program Sponsorship Agreement, identified Child Crisis of Arizona as the new Pool Fence Program Administrator, and partnering with Phoenix Fire Charities’ new initiative, ZERO Drownings.
- SRP participated in more than 30 community events that were both safety-centric and safety-relevant, promoted safety messages at existing sponsored events, and incorporated safety messages on digital assets at partners’ facilities.

Progress for the deliverables on track for completion includes:

- As of April 30, 2022, 98% of employees have completed three proactive safety activities (98% target)
- The Near-Miss Program vendor tool implementation has been postponed to effectively partner with another department for cost savings.
In addition, Risk Management developed a recommendation for evolving the SRP corporate safety program to achieve the 2035 Corporate Goal of a top 10% ranking for safety as benchmarked against appropriate industries with an aspirational goal of zero incidents. This recommendation included corporate-wide safety improvements, benchmarked comparisons, safety culture measures, formal safety program structure, and expansion of OSHA VPP Star Certifications. These recommendations were approved by the GM Staff.

11) Design and implement best practices in response to the COVID-19 pandemic to serve communities and to protect employees. (S&CS, CCM, LL&RM and HR)

**Deliverables**

a. Define our vision for post-pandemic success and develop a plan to cultivate our culture for SRP to be successful post-pandemic. Communicate to all employees by June 30, 2021. (HR, CCM)

**STATUS: Complete**

b. Continue to ensure safe work environments that adapt to changes are incorporated post-pandemic by implementing updated on-site workspace strategies and effectively implementing our telework plan by April 30, 2022. (HR, S&CS, LL&RM)
   i. LEADERS ONLY: Participate in Journey: Leadership Essentials for the Hybrid Workplace
   ii. LEADERS ONLY: Complete Journey survey(s); encourage team members to complete survey(s)
   iii. LEADERS ONLY: Document application of skills or use of resources each quarter in the FY22 objective plan

**STATUS: Deferred**

The return-to-the-workplace was initially moved to January 18, 2022. Subsequently due to impacts of the COVID-19 Omicron Variant, the return-to-the-workplace was delayed to March 1, 2022. This change in return-to-the-workplace date and on-site requirements resulted in impacts to leadership learning expectations. In an effort to accommodate leaders with year-end schedules, training requirements, and other critical deadlines, training for Leadership Essentials for the Hybrid Workplace no longer show as required in the leadership training plan.

c. Update community outreach initiatives to adapt to pandemic-caused changes in community needs, adjusting support of nonprofits to meet those changed needs by April 30, 2022. (CCM)

**STATUS: Complete**

d. Capture lessons learned from the pandemic with the ASU/SRP Strategic Partnership to support the overall mission of planning for “Communities of the Future” by Oct. 31, 2021. (S&CS)

**STATUS: Complete**
EXECUTIVE SUMMARY:
We defined our vision for post-pandemic success by formally adopting hybrid workplace practices. We’re doing that by providing leaders with a development opportunity in Leadership Essentials for the Hybrid Workplace (in Percipio). CCM announced this corporately for us on 6/28/2021. When leaders completed their Leadership Essentials “Kick-Off” Workshops back in June, the plan was described for leaders to complete their Journey and apply their learnings.

The return-to-the-workplace was initially moved to January 18, 2022. Subsequently due to impacts of the COVID-19 Omicron Variant, the return-to-the-workplace was delayed to March 1, 2022. This change in return-to-the-workplace date and on-site requirements resulted in impacts to leadership learning expectations. In an effort to accommodate leaders with year-end schedules, training requirements, and other critical deadlines, training for Leadership Essentials for the Hybrid Workplace no longer show as required in the leadership training plan. The training is still available for all leaders and is recommended to complete. As of April 11, over 60% of leaders have completed their journey. The content of the journey continues to receive positive feedback from leaders with and without teleworking employees, and leaders still plan to discuss their learnings during performance conversations.

The hybrid workspace pilots at EVSC, PAB4, PAB5 and POB (Phase 1) are complete, and employees have moved into the new spaces.

A new pilot was initiated in late FY22 at PAB 3rd floor Central, consisting of Financial Services, Corporate Accounting Services and Corporate Strategy, Planning & Innovation departments. This pilot is slightly different in nature, as it is using existing space and furniture to support a hybrid workforce, with three departments sharing the same space. Other new concepts being tested include space assignment for employees onsite four days a week or more and reserving of private offices.

Drop-In Areas at six different sites were completed and in use prior to re-entry to the workplace in March. Teams from multiple areas in Facilities partnered with IT, HR, and Corporate Communications to finalize the spaces, upload the offices into Outlook for reserving and communicate with the workforce. After re-entry to the workplace, the spaces will be monitored for usage.

Facilities Services completed the initial hybrid workplace strategy for SRP. Senior Leadership and other stakeholder interviews were crucial to this process, as they provided an understanding of how various teams across SRP would adopt hybrid work. The strategy deliverable recommended shifting to a mostly shared approach to space allocation, assigning space based on time spent onsite and the introduction of new space types that support a hybrid workforce. As hybrid work is still evolving at SRP, the strategy is flexible and will be adapted as additional decisions around "time in office" are made by the GM Staff and as we learn from the hybrid workspace pilots.

The Partnership held a fifth webinar on Covid-19 to share the latest scientific information from the ASU Biodesign Institute and provide several “Return to the Workplace” presentations by community representatives. The sharing of this information is contributing to building stronger communities for the future.
12) Strengthen and increase SRP’s commitment to workforce diversity and inclusion to improve decision-making, spur innovation and develop a better understanding of our customers’ wants and needs. (HR)

Deliverables
a. Deliver VOICE training to 50% of all employees and complete INCLUDE training for all leaders by April 30, 2022.
STATUS: Complete
b. Publish a Diversity and Inclusion Annual Report detailing progress on objectives, workforce demographics, employee survey results and metrics by July 31, 2021.
STATUS: Complete
c. Update and implement bias mitigation best practices in hiring and succession planning processes by April 30, 2022, that contribute to achieving workforce representation targets.
STATUS: Complete

EXECUTIVE SUMMARY:
SRP aspires to fully apply the power of diversity, inclusion and belonging to build a more equitable and sustainable future for our customers, employees and community. FY22 was another year of moving towards achieving this vision. By the close of FY22, 91% of leaders have completed INCLUDE and remaining leaders assigned a CBT version or will complete in New Leader Foundations. We will have also delivered the VOICE learning opportunity for close to 50% of all SRP employees including, 94% of leaders by the end of this fiscal year. SRP also published its first Diversity, Equity & Inclusion Annual Report in FY22, titled Embracing the Diversity, Equity and Inclusion Journey. The report highlighted where we’ve been on our DEI journey, reinforced SRP’s commitment to DEI by sharing major accomplishments, re-communicated results from SRP’s first DEI Employee Survey, introduced several new DEI metrics and provided a look forward to plans on the horizon.

The Talent Management team has closely collaborated to expand bias mitigation best practices through the development of a new Inclusive Hiring Framework to be introduced in FY23. This framework and accompanying standards will be applied to both hiring and the succession planning processes through the Succession Module in OneWorkforce(OWF). Demographic updates in OWF, were successfully implemented to provide accurate demographic representation data and enablement of the “diverse flag” in OWF for identification of diverse succession candidates.

13) Structure and coordinate a company-wide Innovation Program to leverage enterprise-wide innovation and operational excellence activities. (S&CS)

Deliverables
a. Launch the formal Innovation Center of Excellence based on input and guidance from the initial development team by July 1, 2021.
STATUS: Deferred
In support of management’s efforts to reduce employees’ workloads, this deliverable was identified as a project that could be temporarily deferred and will likely be phased in over time instead. Currently, the Innovation Executive Committee (IEC) has the revised proposal for the Innovation Center of Excellence under advisement, and there is no scheduled launch date at this time.

b. Hold an SRP Innovation Day to spark innovative ideas across the company by April 30, 2022.

**STATUS: Deferred**

In support of management’s efforts to reduce employees’ workloads, this deliverable was identified as a project that could be temporarily deferred and will likely be phased in over time instead. The occurrence of an SRP Innovation Day event will largely depend on the determination of when to commence the launch of the formal Innovation Center of Excellence.

c. Develop and implement a structured process to link existing innovation efforts and align such efforts with SRP’s Corporate Strategy by April 30, 2022.

**STATUS: Complete**

d. Coordinate, link to and capture external opportunities with partners such as the Large Public Power Council, Electric Power Research Institute and the ASU/SRP Strategic Partnership to bring innovative ideas into SRP by April 30, 2022.

**STATUS: Complete**

**EXECUTIVE SUMMARY:**

a) The Innovation Executive Committee determined the launch of a formal innovation program should be deferred indefinitely due to workload constraints, though the work of the development team was commended and will prove useful when such a program is revisited in the future.

b) The SRP Innovation Day effort has been deferred until FY23 due to the high volume of other high priority activities in CSP&I.

c) The Innovation Center of Excellence Development Team participated in EPRI’s Global Innovation Effectiveness project to assess SRP’s innovation maturity, identify gaps within our innovation practices, and capture other utilities’ best practices. The development team leveraged the results of the project to propose a two-prong innovation strategy for SRP that would establish programmatic approaches for Operational Innovation and Transformational Innovation.

d) In addition to working with EPRI, SRP worked with ASU in our partnership to develop several other ideas / concepts. As chair of the LPPC’s Emerging Trends Task Force, SRP is involved in idea sharing on several topics, including Distributed Energy Resources, Transportation Electrification and Digital Transformation. Information from these sessions have been provided to the appropriate SRP business groups.
Water Supply and Weather Report

Andrew Volkmer
Cumulative Watershed Precipitation: Fall-Winter-Spring (WY 2022)

7.05” (68% of Normal)
### SRP Reservoir System Status

#### June 1, 2022

**Current Storage:**

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>Storage (AF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt</td>
<td>1,481,428</td>
</tr>
<tr>
<td>Verde</td>
<td>92,025</td>
</tr>
<tr>
<td>Total</td>
<td>1,573,453</td>
</tr>
</tbody>
</table>

![Reservoir Map](source.png)
Central Arizona Reservoir Status

June 1, 2022

Total SRP Storage: 1,573,451 af (69%)
Total Central Arizona Storage: 2,348,933 af (58%)
May 2022

Surface Runoff

- Actual
- 30-Yr Median
- Planned

- Verde
- Salt

Pumping

- Actual
- Planned

WSRV
ESRV

Acre-Ft
Colorado River Basin Snowpack Conditions, 2 June. 2022
Colorado River System
Reservoir Status
Total System Contents – 34% or 20.511 MAF
(Total system contents last year 42% or 25.005 MAF)
June 1, 2022