SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT COUNCIL MEETING NOTICE AND AGENDA

DISTRICT COUNCIL

Tuesday, January 7, 2025, 9:30 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Call to Order
Invocation
Pledge of Allegiance
Roll Call
Safety Minute

1. Request for Approval of the Minutes for the Meeting of November 5, 2024 ..... CHAIR ROCKY SHELTON

2. Council Committee Chairs and Liaisons Reports ..... CHAIR ROCKY SHELTON

3. Informational Presentation to Provide Council Training Regarding the SRP Standards of Conduct and Written Procedures.....THOMAS DAVIS

4. Informational Presentation Regarding Open Meeting Law Requirements for SRP Elected Officials..... SARAH GLOVER

5. Making a Corporate Board a Strategic Force for the Company .....SUSAN SCHULTZ, THE BOARD INSTITUTE

   Informational presentation regarding the relationship between management and Council Members, the role of Council Members, what traits make a good Council Member, and what good Council Members do.

6. Principles of the Law and Government Ethics ..... RICHARD BRIFFAULT, COLUMBIA UNIVERSITY

   Informational presentation regarding the Principles of Law and Government Ethics and how these Principles can be applicable or informative to the SRP Council.

7. Report on Current Events by the General Manager and Chief Executive Officer and Designees ..... JIM PRATT

   A. Power System ..... JOHN COGGINS
   B. Finance and Information Services .....BRIAN KOCH
   C. Water Stewardship .....LESLIE MEYERS

8. Reservoir Report / Weather Report .....TIM SKARUPA

9. President's Report .....PRESIDENT DAVID ROUSSEAU

10. Future Agenda Topics ..... CHAIR ROCKY SHELTON

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. §30-805(B), for discussion of records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.

THE NEXT COUNCIL MEETING IS SCHEDULED FOR TUESDAY, FEBRUARY 4, 2025

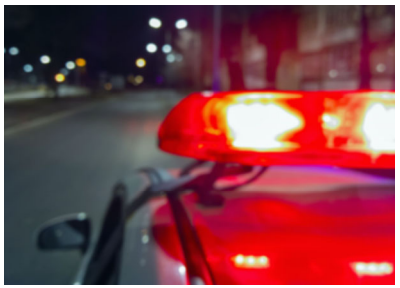
SAFETY MINUTE: AZ WINTER DRIVING
SRP BOARD

SARA MCCOY
DIRECTOR, RISK MANAGEMENT

JANUARY 7, 2025

Delivering water and power™

SAFE DRIVING IN THE AZ WINTER



Weather Conditions

- Be prepared for expected and unexpected weather – snow, rain, sunny, dark

Vehicle Conditions

- Have a well-maintained vehicle with proper equipment, enough fuel, and an emergency kit

Traffic Conditions

- Be ready for unexpected road changes such as construction or new roundabouts (AZ511)
- Watch for the unexpected – emergency vehicles, pedestrians, bright roadside lights/decorations
- Remain calm in heavy traffic or around drivers unfamiliar with the area
- If you are unfamiliar with the area - use navigators, check maps in advance, avoid sudden moves

MINUTES OF COUNCIL
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

DRAFT

November 5, 2024

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, November 5, 2024, 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 Chair J.R. Shelton called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona
October 29, 2024

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, November 5, 2024, 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 29th day of October 2024.

/s/ John R. Shelton
Council Chair

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

Council Members present at roll call were Council Chair J.R. Shelton; and J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, E.L. Gorsegner, A.S. Hatley, A.M. Herrera, D.B. Lamoreaux, C.M. Leatherwood, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, B.E. Paceley, M.C. Pedersen, M.G. Rakow, C. Resch-Geretti, W.P. Schrader Jr., W.P. Schrader III, W.W. Sheely, R.W. Swier, N.J. Vanderwey, P.A. Van Hofwegen, and M.A. Warren.

Council Members absent at roll call were Council Vice Chair T.M. Francis; and R.S. Kolb and I.M. Rakow.

Also present were Vice President C.J. Dobson; Council Member M.A. Freeman of the Association; and I.R. Avalos, M.J. Burger, A.P. Chabrier, B.E. Coelho, J.D. Coggins, A.C. Davis, J.M. Felty, V.P. Kisicki, B.J. Koch, K.J. Lee, S.C. McCoy, L.A. Meyers, M.J. O'Connor, B.A. Olsen, D.M. Palmer, J.M. Pratt, and J.S. Overstreet of SRP.

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, November 1, 2024.

Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, provided a safety minute regarding holiday safety reminders, including safety around decorations, preventing food illness, and travel safety.

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.

S.C. McCoy left the meeting after the presentation.

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 meeting of October 8, 2024, as presented.

Corporate Secretary J.M. Felty polled the Council Members on Council Member B.E. Paceley's motion to approve the minutes for the meeting of October 8, 2024. The vote was recorded as follows:

YES:	Council Chair J.R. Shelton; and Council Members J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, E.L. Gorsegner, A.S. Hatley, A.M. Herrera, D.B. Lamoreaux, C.M. Leatherwood, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, B.E. Paceley, M.C. Pedersen, M.G. Rakow, C. Resch-Geretti, W.P. Schrader Jr., W.P. Schrader III, W.W. Sheely, R.W. Swier, N.J. Vanderwey, P.A. Van Hofwegen, and M.A. Warren	(26)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Council Vice Chair T.M. Francis; and Council Members R.S. Kolb and I.M. Rakow	(3)

Council Committee Chairs and Liaisons Reports

Council Chair J.R. Shelton asked for reports from the Council Committee Chairs and Liaisons to the Standing Board Committees. Council Members M.R. Mulligan and T.S. Naylor reported on discussions held at the October 18, 2024, SRP Integrated System Plan (ISP) Advisory Group meeting. Council Member M.G. Rakow reported on discussions held at the Compensation Committee. Council Member J.L. Miller reported on discussions held at the Customer Utility Panel. Council Member B.E. Paceley reminded the Council that the Council Education Committee is meeting on November 12, 2024. Council Member M.C. Pedersen reported on discussions held at the Water Committee. Council Member W.P. Schrader III reported on discussions held at the Finance and Budget Committee.

Overview of Board and Council Open Enrollment Benefits

Using a PowerPoint presentation, Jason S. Overstreet, SRP Director of Total Rewards and Human Resources (HR) Operations, stated that the purpose of the presentation was to provide information regarding Open Enrollment and the many resources and benefit options available to the Board and Council. They reviewed the 2025 benefits open enrollment, eligibility and qualifying events, and how to access the benefits portal.

J.S. Overstreet provided an overview of what is new for January 1, 2025: HealthComp is now known as Personify Health; there are enhancements to the LIVEwell Wellness Program; the CCP plan deductibles and out of pocket maximums will increase; the PPO individual out of pocket maximum will increase; and there will be a slight increase in premiums. They reviewed pharmacy benefits with Express Scripts, mental and emotional health resources, life insurance and supplemental elections, and who to contact/where to find resources.

J.S. Overstreet concluded with common questions and responded to questions from the Council.

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.

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

Using a PowerPoint presentation, Jim M. Pratt, 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 on SRP’s significant accomplishments during the summer of 2024.

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 SRP's power system. They provided operational updates for September and October 2024, stating that September's customer peak demand of 7,769 megawatts (MW) occurred on September 5th with 114 degree temperature and that October's customer peak demand of 7,148 MW occurred on October 1st with 113 degree temperature. J.D. Coggins said that record heat continues with 70 days of temperatures at 110 degrees or higher. They highlighted that SRP's grid assets continue to perform extremely well during the record heat and that planned maintenance season is underway.

J.D. Coggins explained the new calculation methodology for available transmission capacity, stating that the new Flowgate methodology uses real time information to calculate available capacity. They concluded with safety recognition for Santan Generating Station and Hydro Generation.

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, Brian J. Koch, SRP Associate General Manager and Chief Financial Executive, reviewed the financial summary through September 2024 and year-to-date. They discussed projected cash inflows and outflows from Fiscal Year 2025 (FY25).

Copies of the handout distributed and 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 Water Stewardship

Using a PowerPoint presentation, Leslie A. Meyers, SRP Associate General Manager and Chief Water Resources and Services Executive, provided an update on the 2024 Canal Convergence that will take place November 8th through November 17th. They stated that the Canal Convergence is an internationally recognized, free, ten-night public art event that takes over the Scottsdale Waterfront each November. L.A. Meyers explained how this year is the 12th annual Canal Convergence, which attracts over 175,000 visitors to the Waterfront over its 10-day duration.

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.

J.C. Walter of SRP entered the meeting during the presentation.

Reservoir and Weather Report

Using a PowerPoint presentation, James C. Walter, SRP Surface Water Manager, reviewed the cumulative watershed precipitation outlook for Water Year 2025 (October 2024 – June 2025). They discussed the surface runoff and pumping data for October 2024 and year-to-date. J.C. Walter provided images and an update on October 2024 watershed precipitation.

J.C. Walter reviewed the reservoir storage data for the Salt River, Verde River, C.C. Cragin Reservoir, Lake Pleasant, San Carlos Reservoir, and Upper and Lower Colorado River Basin systems as of November 1, 2024. They concluded with a November weather outlook, a 7-day precipitation forecast, and the Winter 2024 seasonal outlook.

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.

President's Report

Vice President C.J. Dobson reported on discussions held at the October 18, 2024 SRP ISP Advisory Group meeting.

Future Agenda Topics

Council Chair J.R. Shelton asked the Council if there were any future agenda topics. Council Member C. Resch-Geretti requested a presentation on SRP security measures for the safety of SRP facilities and infrastructure. Council Member J.L. Miller requested a presentation on the impact company planned adjustments have on meeting customer demands.

There being no further business to come before the Council, the meeting was adjourned at 11:20 a.m.

John M. Felty
Corporate Secretary

Standards of Conduct Training

Tom Davis| January 7, 2025

The Standards of Conduct (SOC)

- The SOC govern the use and dissemination of non-public transmission information to help ensure fair wholesale energy and transmission markets
- The Federal Energy Regulatory Commission (FERC) adopted SOC rules applicable to regulated (or jurisdictional) utilities
- SRP's Board established and approved SRP's SOC Procedures to be consistent with FERC's rules
- SRP's SOC Procedures are posted on SRP's Open Access Same Time Information System (OASIS) at SRP_SOC_Procedures_Eff_2-1-2022_Final.pdf
- All SRP employees, officers, directors, contractors and consultants must comply with the SOC
- Limited exceptions to maintain or restore operations, or ensure compliance with reliability standards

Non-Public Transmission Function Information

- Non-public transmission function information may include:
  - Information about transmission service prices, operations, system conditions or available transmission capability not posted on SRP's OASIS and not publicly available;
  - Information related to transmission outages and system maintenance activities;
  - Critical Energy Infrastructure Information (CEII);
  - Transmission and interconnection service requests; and
  - Information about a transmission customer

SOC Employee Classifications

- The SOC focus on the interactions among three distinct employee classifications:
  - **Transmission Function Employees** or **TFEs**,
  - **Marketing Function Employees** or **MFEs**, and
  - **No Conduit Employees**
- Classifications are assigned based on individual job functions, not a specific department, organizational code or group within the company

Transmission Function Employees and Transmission Functions

Transmission Function Employees, or **TFEs**, are employees who "actively and personally engage on a day-to-day basis in Transmission Functions"

Transmission Functions are generally defined as "the planning, directing, organizing or carrying out of day-to-day transmission operations"

Marketing Function Employees and Marketing Functions

Marketing Function Employees, or **MFEs**, are employees who “actively and personally engage on a day-to-day basis in Marketing Functions”

Marketing Functions are generally defined as “the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights”

No Conduit Employees

- No Conduit Employees are employees not classified as TFEs or MFEs, but who may become privy to non-public transmission function information
- No Conduit Employees are prohibited from disclosing non-public transmission function information to MFEs
- Board and Council members are No Conduit Employees

General Requirements of the SOC

1. **Independent Functioning**: TFEs must operate independently from MFEs and cannot perform mixed functions
2. **No Conduit**: Neither TFEs nor other employees may share non-public transmission function information with MFEs and MFEs cannot have access to non-public transmission function information
3. **Non-Discrimination**: SRP must treat all transmission customers (both affiliated and non-affiliated) the same
4. **Transparency**: SRP must ensure certain SOC information is posted on its OASIS at https://www.oasis.oati.com/SRP/index.html

Questions or Concerns About the SOC

If you are not certain something is right or if you have a question, please contact:

- SRP Corporate Secretary's Office
- Tom Davis, SRP SOC Chief Compliance Officer (602-236-6306),
- SRP SECURELINK: 800-618-2227 (*A 24/7 private and anonymous reporting line*)

thank you!

Arizona Open Meeting Law

Sarah Glover | January 7, 2025

Open Meeting Law
A.R.S. §§ 38-431 – 431.09

A set of laws that are intended to:

- Maximize public access to the governmental process
- Open deliberations and proceedings to the public
- Prevent public bodies from making decisions in secret

The Open Meeting Law Applies to “Public Bodies”

“Public Bodies” include:

- The District’s Board and Council
- All standing, special, or advisory committees of, or appointed by, the Board or Council
- The Boards and Committees of the District’s subsidiaries

What Must the Public Body Do?

- Hold all meetings in public
- Post advance notice of meetings
- Post an agenda with the meeting notice (and stick to it)
- With limited exceptions, allow the public to listen to the proceedings
- Prepare meeting minutes

Definition of “Meeting”

Any gathering:

- in person, or through technological devices
- of a quorum of the members of a public body*
- at which they discuss, propose, or take legal action, including any deliberations with respect to that action.

“Legal action” means a collective decision, commitment, or promise made by a public body.

** consider committee membership*

Electronic Communication

The following are “meetings” under the Open Meeting Law:

- one-way electronic communication by one member sent to a quorum of the members of a public body that proposes legal action
- exchange of electronic communications among a quorum of the members that involves a discussion, deliberation or the taking of legal action by the public body concerning a matter likely to come before the public body for action

“Here’s an article I found interesting.”

“We should vote to adopt a program like the one described in this article.”

Serial Communications

- Communications need not be at the same time or in the same manner to result in a “meeting”
- Serial communications (splintering the quorum) may not be used to circumvent public discussion
- Cannot use e-mail or other means of communication among a quorum to:
  - Discuss or deliberate on Council business
  - Propose or take legal action

Agendas

- Must list the specific matters to be discussed, considered, or decided
    - Include general description of matters to be discussed in executive session
- Must be available at least 24 hours before meeting
- The public body may discuss, consider, and decide only those matters listed on the agenda and “other matters related thereto”

Communications with Media and Public

A public body member does not violate the Open Meeting Law by expressing an opinion or discussing an issue with the public outside of a public meeting or through the media if:

- The opinion or discussion is not principally directed at, or directly given to, another member of the public body
- There is no concerted plan to engage in collective deliberation to take legal action

Executive Sessions

- Exception to the general requirement that meetings must be open to the public
- Prior notice is required
- Only permitted for specific purposes
- Must vote to go into an executive session
- Limited attendance
- No final action allowed (cannot vote or take “straw polls”)
- Confidential by law (admonition must be provided)

Closed Sessions – Information Confidential by Law
A.R.S. § 30-805(B)

- Available for discussion of confidential commercial or financial information
- No vote needed to go into closed session
- Legal action is permitted

Enforcement

- Attorney General and County Attorneys have investigative authority
- Any person affected, as well as the Attorney General and County Attorneys, may file suit to require compliance, or prevent violations, by the public body
- The Attorney General may also file suit against an individual member for a knowing violation

Consequences of Violation

- Nullification of legal action taken (absent ratification)
- Penalties for a member who knowingly violates, or knowingly aids in the violation of, the Open Meeting Law:
  - Civil Penalties
    - Up to $500 for second violation and $2,500 for third and subsequent violations
    - Public body may not pay the civil penalties
  - Removal from office
  - Assessment of the plaintiff's costs and attorneys' fees

Questions?

Salt River Project Elected Officials

Third Party Communication and Social Media Policy

The Salt River Project Agricultural Improvement and Power District Council (hereinafter the "District Council"), acknowledging that its members 1) have a fiduciary duty of loyalty and care to the Salt River Project ("SRP") and 2) are publically elected officials with First Amendment rights, hereby adopts the following SRP Elected Officials Third Party Communication and Social Media Policy.

1. The District Council reaffirms its commitment to compliance with the Arizona Open Meeting Law A.R.S. §38-431 et. Seq. The District Council acknowledges that third party communication and social media can be subject to the Open Meeting Law and thus will request that each Council member shall take affirmative steps to both understand and comply with their respective obligations under the Arizona Open Meeting Law;

2. To the extent any Council member (individually or as a member of any group other than the full SRP District Council) engages in third party communication regarding SRP operations or policy, such Council member shall take affirmative steps to make clear that his/her views are those solely held by the Council member and that such do not reflect the views of SRP or the SRP District Council as a whole. An example of an appropriate disclaimer in written form is attached hereto as exhibit A;

3. To the extent a Council member (individually or as a member of any group other than the full SRP District Council) creates or uses a social media page/site, the Council member shall take affirmative steps to identify that such media page/site is the Council members individual page and that such is not an official SRP social media platform, and that such does not reflect SRP's position or the SRP Council's position. Examples of appropriate disclaimers are attached hereto as exhibit B;

4. To the extent a Council member (individually or as a member of any group other than the full SRP District Council) uses an internet domain name or social media page/site, the Council member shall take affirmative steps to prevent any confusion with regard to any SRP intellectual property right. Each SRP Council member shall, prior to the use of any domain name or social media page/site that includes the term "SRP" or "Salt River Project", provide such proposed domain name to the SRP President, the SRP GM/CEO and the Council Chair for review and approval;

5. To the extent that a Council member (individually or as a member of any group other than the full SRP District Council) has an existing domain name or social media page/site that uses the term "SRP" or "Salt River Project" as of the time of this policy, such Council member shall provide the identity of each such domain name to the SRP President, the SRP GM/CEO and the Council Chair for review and approval for continued use;

6. In the event a Council member's proposed use of a domain name, social media page/site or use of SRP intellectual property material is not approved by the SRP President, Council Chair and SRP GM/CEO and the Council member continues to use or desires to use such, it will be presented to the District Council who shall determine what action, if any, is to be taken with respect to the individual Council member and the requested use;

7. To the extent that any SRP District Council member engages in third party communication regarding SRP operations or policies, such SRP District Council member shall take affirmative steps to demonstrate the highest standards of personal integrity and conduct and to refrain from use of any personal attacks and inappropriate language. Every Council member shall comply with all obligations regarding limitations of disclosure of any SRP confidential or proprietary information.

– Definitions

For purposes of this policy, (a) the term "third party communication" shall mean all forms of communication, oral, written and electronic, between a Council member on the one hand, and any non-SRP elected official or employee on the other, and (b) the term "social media" shall mean any form of electronic communication (such as websites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages and other content.

Exhibit A

Example of an Appropriate Disclaimer for use by SRP Elected Official for Third Party Communications.

(Elected Official Name) is a Salt River Project Council member. The views expressed in this (article) are solely (his/her) individual views and opinions and are not made on or on behalf of the SRP Council or Salt River Project Agricultural Improvement and Power District.

Exhibit B

Example of an Appropriate Disclaimer for use by SRP Elected Official for Social Media pages/sites.

"SRP" is a federally registered service mark of the Salt River Project Agricultural Improvement and Power District (the "District"). This website is not owned or sponsored by the District, but rather is owned and sponsored by an SRP elected official and reflects (his/her) own personal views, which may not be the same as the elected (Board/Council) or the Salt River Project Agricultural Improvement and Power District views or position.

SRP Council Meeting

January 7, 2025

Susan Shultz Presentation Regarding Good Governance

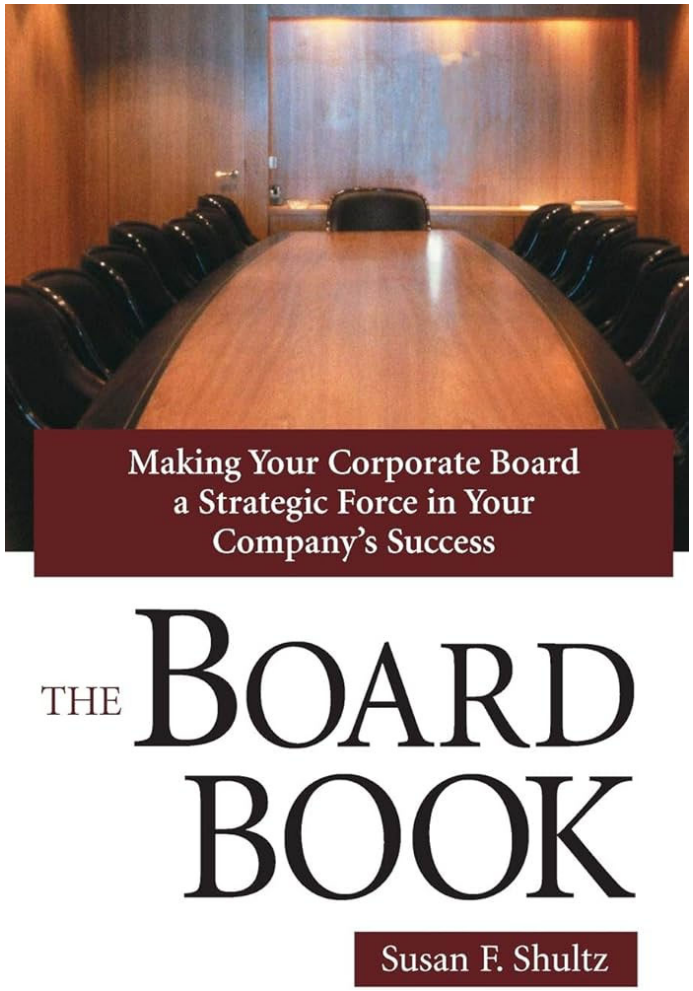
Susan Shultz | January 7, 2025

Agenda

1. My Background
2. My General knowledge of SRP
3. Topics I will be addressing:
    a. What is Good Governance
    b. Role of the Board or Directors in good governance
    c. Role of management in good governance
    d. What makes a “good director”
4. How these observations may be helpful to Salt River Project

My Background

1. Founder – The Board Institute, Inc
2. Founder – SSA Executive Search International Ltd.
3. Author – “The Board Book: Making Your Corporate Board a Strategic Force in Your Company’s Success”
4. Board Consultant – for profit/not for profit entities
5. Long time Arizona resident
6. Prior membership – Board of the ASU School of Agribusiness and Environmental Resources


Making Your Corporate Board
a Strategic Force in Your
Company's Success
THE BOARD BOOK
Susan F. Shultz

What is “Good Governance”

Good governance is when the board(s) and management work in concert to sustain and enhance the purpose of the corporation.

SRP Mission: We serve our customers and communities by providing reliable, affordable and sustainable water and energy.

SRP Vision: A secure water and clean energy future empowers Arizona to thrive for generations to come.

What is the role of the Board of Directors in "Good Governance"?

1. To enhance the enterprise and pursue excellence
2. To protect and represent the interests of all the stakeholders
3. To oversee and enrich the strategic direction of the corporation
4. To focus on policy, oversight and strategy
5. To review managements implementation of the strategic direction and progress towards SRP's mission and vision

What is the role of the Board of Directors in "Good Governance"? Continued

6. To select and ensure that the right leadership is in place and has the resources necessary to succeed
7. To ensure the future success of the corporation by succession planning
8. To address the "big issues" relative to the purpose of the corporation, to drive a cohesive vision and provide allegiance to the corporation
9. To model ethical and legal standards for the entire corporation

What is the role of management in “Good Governance”?

1. Provide strategic vision, communicate the proposed strategy to the board, and implement the strategy upon approval of and any modification by the board
2. Run the day-to-day operations of the company
3. Maintain compliance with all federal, state and local rules and regulations
4. Provide timely material and accurate information to the Board of Directors, both good and bad
5. Be accountable to the Board for the execution or lack of execution of the strategic direction

What makes a “good director”?

1. The quality of a director makes the difference
2. The director should know the business
    a. Know the key metrics
    b. Know the strengths and weaknesses
    c. Do your homework
3. The director should actively participate
    a. Attend all the meetings
    b. Ask questions
    c. Speak up, share ideas
    d. Make sure to ask “Why”
    e. Share your point of view and experiences

What makes a “good director”? continued

4. Don’t micromanage
5. Comply with all legal requirements, including those regarding disclosures
6. Manifest allegiance to the success of the enterprise
7. Support Board decisions once made
8. Support management – not an adversarial relationship

What makes a “good director”? continued

9. Build the culture
    a. Share your opinions – add new thoughts
    b. Don’t confuse taking a position with destructive controversy
10. Avoid unnecessary conflicts with other board members, council members and management
    a. Quality of board’s dialogue enables strategic synergies that enhance the organization
    b. Leadership starts from the top
    c. Bad governance means that things go unstated, hidden agendas fester, and issues do not get properly addressed

How is this applicable to Salt River Project?

1. SRP is a very complex institution
2. SRP and its leadership, the board and executive management play a critical role in the continued success of SRP and the valley
3. The concepts above can be applied and used to foster “good governance”

Questions?

thank you!

SRP Council Meeting

January 7, 2025

Principles of the Law of Government Ethics

Richard Briffault | January 7, 2025

Agenda

1. My Background
2. My interactions with and understanding of SRP Governance
3. Topic I will be addressing today - Governance Ethics and SRP
    a. Discussion of American Law Institute Project- Principles of Government Ethics
    b. Key takeaways and concepts from the Project
    c. How these takeaways and concepts can be instructive to SRP
4. Some examples for discussion purposes
5. Questions and comments

What I will not be addressing

1. My comments today will address the critical importance in ethics in governance
    a. Focused on conflicts of interests, disclosure obligations, outside activities of elected officials and the public interest nature of elected governmental office
2. I will not be addressing general corporate law duties and obligations.
3. I will not be addressing any specific SRP director action.
4. I will not be addressing the remedies for any specific breach of any ethical duty.
5. I will not be addressing any pure policy disputes among elected officials.

My Background

1. Professor at Columbia University School of Law since 1983.
2. I have taught courses on State and Local Government Law, Law of the Political Process, Legislation & Regulation, and Public Integrity and Public Corruption
3. Reporter, American Law Institute – “Principles of the Law, Government Ethics” (forthcoming 2025)
4. Why this topic is critically important

Principles of the Law, Government Ethics

1. What is the Publication – “Principles of the Law, Government Ethics?” This study by the American Law Institute draws from the wide range of ethics standards, rules, and procedures that currently exist at all levels of government, and in a variety of legal forms, including statutes, regulations, administrative determinations, advisory opinions, and case law. It articulates a set of general principles applicable to all public servants, and more specific rules and procedures to implement the general principles.
2. What is its purpose and who is its audience? Its purpose is to distill a basic set of principles for governments to use in developing, reviewing, revising, refining or strengthening ethics rules and mechanisms. The goal is to provide a normative and operational framework for governments to use in their ethics codes.
3. What is its relationship to other recognized concepts such as fiduciary duty, corporate directors’ standards and statutory obligations?

Principles of the Law, Government Ethics: General Takeaways

1. What is the nature of a public office?
2. How do you identify and address conflicts of interest?
3. What are the disclosure obligations of the elected government official?
4. How do you address outside activities of an elected governmental official?
5. How to identify and discuss areas of uncertainty

The Nature of Public Office

1. “At the core of government ethics is the principle that public office is a public trust. Individuals who hold public office have a fiduciary duty to use their office to serve the public interest, not their private interest.” Chapter 1, Section 101(a)
2. “Public servants are called upon to exercise discretion and make decisions that inevitably benefit some private parties and harm others. To ensure that the public can have confidence that public servants are acting to promote the public interest rather than their own or a closely associated party’s private interest, government ethics restrictions generally prohibit public servants from participating in matters in which they have a financial interest or where there is reason to doubt their impartiality.” Chapter 3, Introductory comment.

General Principles

1. Section 301: “Public Office for the Public Good, Not Private Gain:” “A public servant should not use public office for the private gain of the public servant or of any person closely associated with the public servant”
2. Section 302: “Avoiding Financial Conflicts of Interest”
3. “(a) Except in an emergency requiring that the public servant act, a public servant should recuse from a governmental action that is so likely to have a substantial effect on a financial interest either of the public servant or of someone who is so closely associated with the public servant that a reasonable observer with knowledge of the relevant facts would likely question whether the financial interest would influence the public servant’s performance of official duties.”
4. “(b) A public servant should not acquire or retain a financial interest that would require a public servant to recuse from a core responsibility of the public servant’s government position.”

General Principles Continued

5. Section 303: “Avoidance of Bias in Government Matters Affecting the Legal Rights of Specific Parties”
6. “In a government matter affecting the legal rights of specific parties, (a) a public servant should act without bias with respect to any party and its representative; (b) a public servant should not participate in the matter if a reasonable observer with knowledge of the relevant facts would likely question the public servant’s ability to act without bias for or against a party or its representative; and (c) a public servant’s prior expression of views with respect to a subject of such a government matter should generally not be considered the basis for an imputation of bias concerning the subject of that matter or the parties involved.”

Selected additional specific principles to be discussed

1. Section 313 “Duty to Avoid Bias in Particular Matters Involving Specific Parties”
2. Section 315 “Prohibition on Use and Disclosure of Nonpublic Government Information”
3. Section 316 “Prohibition on Use of Public Resources for Private Benefit”
4. Section 317 “Prohibition of Nepotism”
5. Section 318 “Appearance on Behalf of a Private Party Before a Government Agency or in a Proceeding Against the Government”
6. Section 401 “The Use of Public Resources in Election Campaigns”
7. Chapter 6, “Disclosure”

“Duty to Avoid Bias in Particular Matters Involving Specific Parties”

“This Section requires that public servants who participate substantially in a particular matter involving . . . specific parties be free from bias, whether for or against any of the parties. Bias, sometimes referred to as a lack of impartiality, may arise from a wide range of sources, such as having a financial stake in a matter or a connection to, affinity for, or animus against, a party or a person representing a party in the matter.”

“Individuals and organizations whose legal rights may be affected by government action rightly expect that public servants participating in such action will act impartially”

“The standard . . . does not require evidence that a public servant is actually biased. Instead, it looks to whether a reasonable person, aware of the relevant facts would likely question whether the public servant is biased with respect to a party in the matter. The focus is on external factual circumstances rather than on the interior mental state of the public servant.” (Section 313, comments *a* and *b*)

“Prohibition on Use and Disclosure of Nonpublic Government Information”

“A public servant may not disclose nonpublic government information outside the public servant’s agency for the public servant’s own financial benefit or when the public servant knows or reasonably should know that another person is likely to use that information principally for financial benefit.”

“A public servant’s use or disclosure of nonpublic government information for purposes other than financial benefit is now within the scope of this Section but may be prohibited by other applicable laws and regulations.” (Section 315, Comment *a)*

Prohibition on Use of Public Resources for Private Benefit

A public servant may not use public resources for the private benefit of the public servant, a close relative of the public servant, or any other person associated with the public servant.

"For purposes of this prohibition, 'private benefit' is not limited to financial benefit but includes any private or personal advantage for the public servant or person associated with the public servant." (Section 316, comment *a*)

Prohibition of Nepotism

A public servant may not use public resources for the private benefit of the public servant, a close relative of the public servant, or any other person associated with the public servant.

“For purposes of this prohibition, ‘private benefit’ is not limited to financial benefit but includes any private or personal advantage for the public servant or person associated with the public servant.” (Section 317, comment *a*)

Appearance on Behalf of a Private Party Before a Government Agency or in a Proceeding Against the Government

A public servant owes a duty of loyalty to the public servant's government and ultimately to the public that government serves. That duty of loyalty is challenged when the public servant appears on behalf of private interests, especially when the public servant's appearance is opposed to the government. The public servant's appearance may also give rise to concern that that appearance will improperly influence the government agency, court, or other decision-maker before which the public servant appears to favor the private interest the public servant represents. Consequently, many ethics codes – federal, state, and local – impose limitations on public servants' representation of or appearances on behalf of private interests before the government." (Section 318, comment *a)*

The Use of Public Resources in Election Campaigns

"A public servant may not use public resources to benefit or oppose the campaign of any candidate for elected office, political party, or any organization engaged in the support or a candidate for elected office unless such election-related use of public resources is authorized as part of an established public program for supporting campaign activity." (Section 401)

Duty of Disclosure

"Reporting and disclosure of financial and other information by public servants are key components of most government ethics systems. Reporting facilitates the ability of ethics agencies and officers to secure compliance with applicable ethics rules, and public disclosure of the information allows the public to verify compliance. Requiring reporting and disclosure also reminds public servants of ethics principles, detects and deters conflicts of interests, and promotes public confidence in government. . . . Public confidence in government in turn is critical to the continued public support that is the ultimate foundation of our representative democracy."

Chapter 6, Introductory Note

How these Principles may be used by SRP

1. SRP is a very complex legal entity, and is a very successful organization
2. These Principles are to be informative and assist the Board and management as issues arise
3. At the core- as stated in the Project- public office is a public trust and I hope that these principles assist you in that goal

Questions?

thank you!

Council Report – Current Events

Council Meeting

January 7, 2025

Current Events

Jim Pratt

Financial Update

Brian Koch

Financial Summary Through November 2024

Green text means better than budget/plan; red text means worse than budget/plan

Combined Net Revenue

November	Year-To-Date
($42M) *$22M*	$839M *$304M*

Debt Service Coverage Ratio & Debt Ratio

Year-To-Date DSCR	Year-End* Debt Ratio
6.54 *1.31*	46.6% *0.8*

Liquidity (General Fund)

November	Year-End Forecast
107 Days Cash $1,545M *$993M*	*50 Days Cash* $725M *$125M*

FPPAM Collection Balance

November	Year-End Forecast
($205M) *$124M*	($145M) *$208M*

**Projected year-end Debt Ratio*

Key Remaining FY25 Initiatives

- Price Process
- Possible Opportunity to Refinance Existing Debt
- Replace/Update Revolving Credit Facility
- Financial Plan/Budget
- Year-End Audit

Water Stewardship

Leslie Meyers

thank you!

MEMORANDUM

TO: Board and Council

FROM: Jim Pratt, General Manager & CEO

DATE: November 22, 2024

SUBJECT: SRP FY25 Corporate Objectives Mid-Year Report

Attached is a mid-year report on SRP's FY25 Corporate Objectives. Included are the status for each deliverable which aligns with SRP's commitment to serve our customers, shareholders, and community.

The objectives are organized consistent with our primary areas of focus for the fiscal year: customers, community, reliability, affordability, sustainability, and workforce. I will gladly answer any questions you may have regarding the attached detailed mid-year report during the December 2nd Board meeting or any future meetings.

Sincerely,

Jim Pratt

Attachments:
SRP FY25 Corporate Objectives Mid-Year Report

FY25 CORPORATE OBJECTIVES

CUSTOMERS

Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations.

1. **Achieve at least 68% of customers rating their experience with SRP as a "9 or 10."**
   Responsible Departments: CO, CCM

STATUS: On Track

During Q1 FY25, we exceeded our Employee Performance Incentive Compensation (EPIC) Customer Experience Index target of 68% with a score of 73.8%. We closed out Q2 with a score of 74%.

2. **Initiate the execution phase of the Customer Modernization Program Implementation by October 31, 2024, in preparation for the targeted October 2026 go-live.**
   Responsible Department: CO

STATUS: Complete

The System Integrator, Business Integrator, Project Management Office, Controls & Security, Meter Data Management System (MDMS) Implementor, and SAP Software contracts were all signed by September 30, 2024 for the Customer Modernization program to begin on October 1, 2024. The formal kick-off with SRP stakeholders and vendor partners took place on October 15, 2024 at PERA where multiple leaders spoke about the importance of the Customer Modernization program to SRP. The kick-off also shared the overall scope of the program with presentations from each workstream as well as team building activities so people involved could get to know each other. During October, the program entered the month-long Prepare phase to prepare for overall program management activities and prepare for the Validate phase, including requirements/design workshops that began on November 4, 2024 and last for 6 months.

3. **Complete the Advanced Distribution Management System (ADMS) Foundation implementation and achieve successful go-live by December 31, 2024.**
   Responsible Department: PS

STATUS: On Track

The Advanced Distribution Management System (ADMS) project is positioned to go-live early December 2024. The ADMS team must evaluate the success of key stage gates – parallel operations of both ADMS

and legacy Outage Management System (OMS) (early November), end user readiness via training and practice (50% complete), and full completion of product patch from vendor (early November). The outcome of these tasks will guide the final go/no-go decision for early December go-live.

COMMUNITY

Be a collaborative community partner and thought leader on issues at the heart of SRP's mission.

1. **Initiate the National Environmental Policy Act (NEPA) review process for the Modified Bartlett Dam project by December 1, 2024, which, if approved by Congress, will restore and increase surface water supplies for the benefit of SRP customers and central Arizona communities.**
   Responsible Department: WS

STATUS: On Track

Staff is working with the Bureau of Reclamation staff on preparing the necessary verbiage to issue the Notice of Intent (NOI) for the National Environmental Policy Act (NEPA) process in December 2024.

2. **Develop and execute a continuity plan for SRP's Community Ambassador program by April 30, 2025, to increase reach and engagement in communities where SRP has facilities.**
   Responsible Department: CCM

STATUS: On Track

The program charter and updated Responsible, Accountable, Consulted, and Informed (RACI) tool have been completed. A redefined job description was completed, and with the assistance of the Business Continuity team, action plan development started in August and will lead to plans for scalability.
Road shows with Business Operations, Community Engagement Strategy, Power Generation Budget Operations & Plant Directors and Media Relations were completed.

The completion date for a Bellomy Survey targeting 200 responses from participants within the Gila Bend community has been pushed out to the end of the calendar year. The continuity plan is targeted to be complete by end of December and will include all the information on the stakeholders, protocols for continuing all work, and the business impact analysis.

The Community Involvement Initiative Annual Report is still targeted to be complete early FY26 and will include all work involved through the end of FY25.

Community Partnerships spoke at two conferences sharing work with other community and utility specialists. These conferences generated new conversations and provided reassurance that SRP is leading the way in this engagement across the industry. Since the inception of Community Ambassadors, we continue to work with several areas within SRP to support the community where projects are occurring.

RELIABILITY

Invest in the long-term resilience, flexibility and security of our water and power systems.

1. **Achieve water delivery availability 95% of the time within 15 minutes of the scheduled start time.**
   Responsible Department: WS

STATUS: On Track

Q1 FY25 - On Time Deliveries 97.20%
Q2 FY25 - On Time Deliveries 96.71%

2. **Maintain 95% preventative maintenance (PM) compliance for Power System overall.**
   Responsible Department: PS

STATUS: On Track

Preventative Maintenance (PM) compliance for Power System overall is 97% through October 2024.

3. **Achieve a run reliability of 96.3% for Valley gas and hydro facilities.**
   Responsible Department: PS

STATUS: On Track

Run Reliability is currently 98.1% through October 2024.

4. **Achieve ≥90% for the Electric System Asset Health Index.**
   Responsible Department: PS

STATUS: On Track

The Electric System Asset Health Index is at 96% through October 2024.

5. **Achieve an annual System Average Interruption Duration Index (SAIDI) of ≤73.1 minutes.**
   Responsible Department: PS

STATUS: On Track

System Average Interruption Duration Index (SAIDI) through the end of October 2024 is 39.6 minutes, 9% below the fiscal year-to-date target. SAIDI is projected to finish FY25 below its goal of ≤ 73.1 minutes by 22%.

6. **Achieve an annual System Average Interruption Frequency Index (SAIFI) of ≤0.82 interruptions.**
   Responsible Department: PS

STATUS: At Risk

System Average Interruption Frequency Index (SAIFI) through the end of October 2024 is 0.63 interruptions per customer, 29% above the fiscal year-to-date target. SAIFI was 30% and 33% above the monthly goal in August and September, respectively. SAIFI is currently projected to finish FY25 above its goal of ≤0.82 interruptions by 11%.

AFFORDABILITY

Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility.

1. **Achieve direct cost per customer account of ≤$1,125**
   Responsible Department: F&IS

STATUS: At-Risk

SRP is currently forecasting to be 0.4% higher than the target of $1,125 per customer account. The above target forecast is largely driven by the following variances in operating costs: higher forecasted uncollectibles due to high past-due balances driven by the record-breaking summer heat and the extension of the summer heat moratorium into October, and unbudgeted customer program expenditures for a custom demand response agreement with a Large Industrial customer in support of meeting SRP's summer peak load. Financial Planning provides monthly results to leadership across SRP with updates on the year-end forecasts along with guidance to continue to focus on cost controlling efforts to outweigh the unbudgeted expenditures expected this fiscal year.

2. **Seek Board approval of an updated Fuel and Purchased Power Adjustment Mechanism (FPPAM) rate by September 30, 2024.**
   Responsible Department: F&IS

STATUS: Complete

The updated Fuel & Purchased Power Adjustment Mechanism (FPPAM) received Board approval on September 9, 2024.

3. **Receive authorization from the Arizona Corporation Commission (ACC) for SRP to issue new revenue bonds by December 31, 2024, to support funding of SRP's near-term capital requirements.**
   Responsible Department: F&IS

STATUS: Complete

On September 5, 2024, the Arizona Corporation Commission (ACC) approved SRP's application for an additional $6.4B in bonding authorization to issue new debt in support of SRP's financial plan, plus an additional $7.0B for refinancing existing debt to lower costs for customers, should market conditions allow SRP to pursue refinancing opportunities in the future.

4. **Complete a public price process by February 28, 2025, to evaluate and propose updates to SRP's base electric prices.**
   Responsible Department: F&IS

STATUS: On Track

The current calendar calls for a request to the Board to approve the Price Process on February 27, 2025. The information room is expected to open on Monday December 2, 2024.

SUSTAINABILITY

Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact.

1. **Subject to the passage of related federal legislation, initiate the National Environmental Policy Act (NEPA) review process for a pumped storage facility on the Salt River by October 31, 2024.**
   Responsible Department: CP&S

STATUS: On Track (with risk)

The pumped storage project team is completing pre-work activities to streamline the Federal National Environmental Policy Act (NEPA) process, which cannot formally begin until the land withdrawal legislation is passed in Congress. The Design team concluded the 30% design phase, including development of the engineering appendix summarizing the design alternatives and plans for public consumption during the NEPA process and necessary in the development of the project footprint. The Environmental team has continued to complete supplemental cultural, biological, and eagle surveys as project plans evolve to ensure data is available for development of the NEPA Environmental Impact Statement (EIS). Building on the Tribal outreach efforts from prior fiscal year, the team is initiating a Tribal ethnography study during Q3 FY25 to allow for close coordination of project plans with Tribal entities to avoid areas of importance and reducing the risk of Tribal objections during the NEPA process. The team is also actively working with the Bureau of Reclamation on Memorandums of Understanding as a prerequisite to the NEPA process. A NEPA consultant was hired to assist with planning and preparing for the formal NEPA process in close coordination with Reclamation and SRP, including drafting a Notice of Intent and sections of the EIS during the second half of the fiscal year.

2. **Complete a transmission expansion study by December 31, 2024, to identify requirements and options for connecting future generation resources at preferable sites identified in SRP's siting study.**
   Responsible Department: PS

STATUS: On Track

The transmission expansion study (Study I) was completed in Q1 FY25, and summary presentations were shared with both Resource Planning and Transmission Planning departments.
The analysis for Study I.B was completed and showed several transmission upgrades needed for each of the three injection locations studied. The mitigations that were evaluated included: new 500kV transmission lines, new 500/230kV transformers, new 230kV transmission lines, and several 230kV transmission upgrades. All findings from Study I.B will be documented in the final study report that will encompass the results from Study I.B and Study II.

Study II efforts have recently begun; the 2035 base case is currently under development. Due to the large amounts of resources being added to the case, this effort is proving to be a challenge. Internal meetings are being held to discuss various approaches best modeling the large number of resources and realistic amounts of load. After the base case is developed, the next step is to perform the generator deliverability studies and determine transmission upgrades.

The benchmark PV East case showing a PV East total transfer capability (TTC) of 13,676MW has been created. The benchmark case includes the addition of the second Jojoba - Pinal West 500kV line, second Duke 500/230kV transformer, and upgrades to the Duke - Test Track 230kV line and the Test Track - Santa Rosa 230kV line. Studies are currently underway to evaluate system additions and modifications to increase the PV East TTC. The evaluations include, but are not limited to, new transmission additions, series reactor additions, and Grid Enhancing Technologies (GETs) such as advanced power flow controllers and advanced conductors.

The studies are on track to be completed by the end of November 2024 with the final study report on track to be completed by December 31, 2024.

3. **Complete a competitive process to finalize a short list of strategic utility-scale solar development partners by March 31, 2025.**
   Responsible Department: CP&S

STATUS: On Track

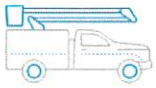
Resource Management collaborated with a cross-functional internal team and utilized Guidehouse Consulting to develop a Request for Proposals (RFP) for a Solar Development Partnership. The goal of the partnership is to implement 3,000 MW of solar by 2035 in support of SRP's Resource Plan. Five renewable developers were selected to receive the RFP based on demonstrated experience implementing utility-scale solar projects and specific experience in Arizona. SRP reviewed the RFP responses and selected a shortlist of four developers for in-person interviews. SRP will use the information collected in the interviews and RFP responses to select a top candidate and will pursue negotiations on a solar partnership agreement with the selected developer.

4. **Complete an updated and expanded assessment for new nuclear generation by March 31, 2025, to determine whether to proceed with early-stage permitting efforts.**
   Responsible Department: CP&S

STATUS: On Track

SRP, in close coordination with Arizona Public Service (APS) and Tucson Electric Power (TEP), has been conducting a new nuclear feasibility assessment with the intent to evaluate and prioritize site, technology, and financing options. Cross functional teams within SRP have been established for each of those critical areas and are collaborating with their counterparts within the other utilities. This collaborative feasibility assessment is expected to be completed by the end of January 2025. SRP has also engaged consultant

MPR to help develop a road map for SRP's new nuclear development initiative that is intended to inform a future leadership decision regarding if and when to move forward with early nuclear development activities. This work also has a target completion date of January 2025.



WORKFORCE

Further develop an engaged and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities.

1. **Complete a strategic workforce planning (SWP) pilot by September 30, 2024, to inform and implement an enterprise-wide SWP framework by December 31, 2024, that addresses workforce risk and aids in closing critical skill and capability gaps.**
   Responsible Department: HR

STATUS: Delayed

The workforce planning team has completed the following milestones:

- Confirmed pilot target audience (Power System (PS) Engineers) and executive sponsor.
- Performed workforce analysis on PS engineer roles. Met with key business subject matter experts to validate division-specific supply/demand inputs and assumptions as well as uncovered additional inputs.
- Completed review of draft Workforce Readiness Playbook with Power Delivery Engineering (~25% of pilot) as of October 2024. Playbook includes supply/demand analysis, skills gap, success profiles, and recommendations.

In mid-November, workforce planning held a progress review and gathered lessons learned from the pilot (to date), proposing to delay the completion of the pilot until more information is gathered thereby moving the completion date to at least April 2024.

The team identified several key enablers needed to improve the quality of the data documented in the current Workforce Readiness Playbook:

- Update Success Profiles and Technical Skills with the purchase of TalentNeuron platform.
- Update supply & demand forecasts with additional SRP and industry data (from newly built forecast model).
- Continue validation of skills/success profiles from PS engineering leaders and SMEs.

The team anticipates completion of a second round of vetting success profiles with PS engineering business leaders by the end of this calendar year.

2. **Based on recommendations by the Action Champion Team (ACT), initiate approved actions by January 31, 2025, to address SRP's FY24 employee engagement survey focus area: "At SRP, there are open and honest conversations."**
   Responsible Department: HR

STATUS: On Track

The Enterprise Action Champion Team (ACT) has completed the following milestones:

- **Developed an Initiation Plan (August 2024) -** Established the deliverables, resource requirements, structure, and support, and identified individuals with the right skills to execute on the plan. The team conducted research and interviews to further understand sentiment on the enterprise focus area.
- **Obtained General Manager Staff approval on recommendation for action (September 2024) -** Met one-on-one with each AGM and presented the Initiation Plan to General Manager Staff for approval to implement and execute actions. Considered all feedback and incorporated suggestions into overall plan.
- **Identification of Resources for Initiation Plan (October/December 2024) -** Team leads were identified, and tasks were assigned to individual team members. Teams will develop action plans to execute on their respective objectives and will continue to communicate progress.

3. **75% of all SRP supervisors, managers, and senior managers will complete the SRP LEAD (Leadership Excellence and Development) Program by April 30, 2025.**
   Responsible Department: HR

STATUS: On Track

The Leadership Excellence and Development (LEAD) program target completion of 75% is 648 leaders, and as of October 25, 2024, 511 leaders will have started or completed the program. This represents an estimated 78.9% completion by the end of December 2024. The next set of cohorts commence in January 2025 and will help achieve a 90%+ completion ratio by the end of the fiscal year.

4. **Define the safety culture measures for SRP's Top 10% Safety Culture by April 30, 2025.**
   Responsible Department: LL&RM

STATUS: On Track

The Safety Leadership Team (SLT) is determining safety culture measures based upon the safety culture attributes in the Safety Culture Advancement Plan. The measures are being developed with input from

the SLT, the Operational Safety Committee, and the Frontline Employee Advisory Team. Among the measures being considered is participation in the National Safety Council's Safety Culture Survey. The final recommendation will be provided to the SLT for approval in February 2025 and the FY26 safety culture measures will be implemented May 1, 2025.

5. **Ensure that 98% of employees complete three proactive safety activities by April 30, 2025.**
   Responsible Department: LL&RM

STATUS: On Track

60% of employees have completed or are on track to complete three proactive safety activities by April 30, 2025. Many of these include monthly safety activities which require the entire fiscal year to complete.

Responsible Departments

CCM	Community, Communications & Marketing
CO	Customer Operations
CP&S	Corporate Planning & Strategy
F&IS	Financial & Information Services
HR	Human Resources
LL&RM	Law, Land, & Risk Management
PA&CS	Public Affairs & Corporate Services
PS	Power System
WS	Water Stewardship

2024 GRID PERFORMANCE REPORT

SRP Delivering water and power®


DANGER
SRP

Table of Contents

SRP's fiscal year runs from May 1 through April 30.

MESSAGE FROM LEADERSHIP

SRP continues to deliver industry-leading reliability to our customers because of the hard work and dedication of team members across the company. This is especially notable when you consider the challenges we're facing at this critical point in our industry's evolution.

At SRP, we're transforming the power grid, introducing large-scale renewable resources, continuing to retire coal resources, and expanding infrastructure to meet the ongoing and unprecedented increase in demand.

We've embraced new energy resources and are working proactively to identify any challenges as these innovative technologies are added to the grid. We also have a robust operational readiness strategy to ensure we're prepared for anything.

Because of the hard work of our dedicated team members, SRP is at the forefront of utilities in terms of grid transformation and is well positioned to succeed in a future powered largely by renewables.

The demand for power in the Valley continues to grow at a rapid pace with no signs of slowing down. The growth is primarily driven by large industrial customers, who collaborate with SRP to obtain the power and infrastructure needed for their businesses. Last year, SRP built the largest substation on its system — Parlett Substation — to serve the massive expansion at Intel's Ocotillo manufacturing facility in Chandler.

Arizona set several heat-related records in the summer of 2023, and SRP customers set several records for peak demand during that period, with the highest being 8,163 MW. Meteorologists expect this trend toward higher temperatures will persist as we continue to experience the impacts of climate change, but we're ready.

In fact, SRP achieved most of our FY24 reliability goals despite the heat and challenges of adding so many renewable resources onto the system.

In this report, you'll read about some of our key initiatives, including examples of how SRP team members use innovation and expertise to find solutions for our customers that enable them to achieve their goals. In fact, our customers are top of mind in everything we do. SRP's mission is to deliver reliable, affordable and sustainable power to our customers to help enable our community to grow and thrive. Thanks to our dedicated and talented team members, we continue to fulfill that mission and are building a strong energy future for the Valley.

John Coggins
Associate General Manager
& Chief Power System Executive

ABOUT THE POWER DELIVERY SYSTEM

SRP provides power to more than 1.1 million customers in a 2,900-square-mile service area. There are 1,232,000 advanced meters serving SRP customers. Of these, approximately 904,000 second-generation advanced meters have been deployed. In addition, there are approximately 205,000 prepay meters that also have advanced features but without the enhanced capabilities of SRP's second-generation advanced meters.

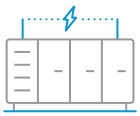
1.1 MILLION+ CUSTOMERS

2,900-SQUARE-MILE SERVICE AREA

For more than a decade, SRP has been steadily investing in utility-scale solar energy to meet the clean energy demands of our customers. SRP purchases solar energy from 12 utility-scale solar plants, including three with on-site storage, for a total capacity of 907 megawatts (MW) which is about 204,000 homes. In addition, SRP utilizes 458 MW of solar-charged storage and 25 MW of grid-charged storage to allow energy to be used during times of highest demand.

907 MEGAWATTS CAPACITY

In total, 58,256 customer-owned Distributed Energy Resources (DERs) are interconnected with the SRP grid, including stand-alone solar generation, solar paired with battery storage, and stand-alone battery storage. Of those DERs, 57,353 are residential and 903 are commercial. These DERs provide a total generation capacity of 513 MW and a battery storage capacity of almost 26 MW.



26 MW DER BATTERY STORAGE CAPACITY

Last year, SRP's Energy Efficiency (EE) programs saved SRP customers 626,063 megawatt-hours (MWh) of energy. The Residential and Commercial Demand Response (DR) portfolios have subscribed a combined 165 MW of cumulative dispatchable capacity, with the residential SRP Bring Your Own Thermostat Program™ (BYOT) having 89,458 smart thermostats enrolled and nearly 738 commercial customer sites participating in the SRP Business Demand Response Program™ at fiscal year-end.

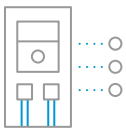
626,063 MWH OF ENERGY SAVED FOR CUSTOMERS

The Electric Technology (E-Tech) program provides rebates to commercial and industrial customers who replace fossil fuel-powered equipment, such as forklifts and other systems, with cleaner, cheaper-to-operate and quieter electric equipment. The E-Tech program delivered 19,130 MWh of energy impact this past year. The Transportation Electrification program currently stands at 51,682 light-duty electric vehicles (EVs) in operation within SRP's service territory. SRP offers a comprehensive portfolio of EV-related programs to help educate and offset the cost of chargers for our existing residential and business customers, as well as homebuilders. These efforts are intended to overcome some of the barriers to EV adoption and help transform this emerging market.

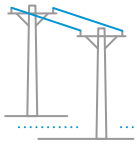
19,130 MWH OF ENERGY IMPACT THIS PAST YEAR

Distribution switches are used to facilitate switching customer load from one circuit to another and to interrupt flow in the event of an outage, construction or maintenance. There are 42,891 distribution switches on the distribution system, including 396 automated switches.

396
AUTOMATED SWITCHES



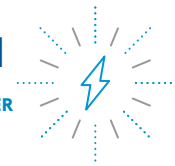
Most of SRP's distribution system is looped, meaning there is more than one path that electricity can travel to serve a customer, but only through one path at a time. SRP operates and maintains 22,099 circuit miles of lines that make up the SRP distribution system, which entails 1,440 distribution circuits.



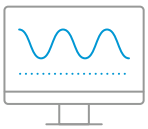
22,099
CIRCUIT MILES

Service transformers step down the voltage from 12.47 kilovolts (kV) or 21.6 kV to deliver power to customers. There are 185,151 service transformer units in the SRP distribution system.

185,151
SERVICE TRANSFORMER UNITS



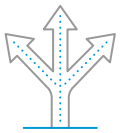
SRP has more than 325 power quality monitors installed throughout its electric system to help ensure that SRP is delivering quality power to its customers.



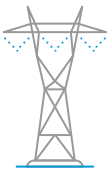
325+
POWER QUALITY MONITORS

SRP operates and maintains 287 substations, including 191 distribution substations that transform power to the 12 kV voltage level to serve neighborhoods and other customers.

287
SUBSTATIONS



SRP operates and maintains 2,433 circuit miles of three-phase power lines at voltages of 69–500 kV. These power lines, combined with additional equipment such as circuit breakers and transformers, make up the SRP transmission system.



2,433 CIRCUIT MILES

Generating stations and substations contain power transformers that increase or decrease voltage. SRP maintains 599 active power transformers.

599
ACTIVE POWER TRANSFORMERS

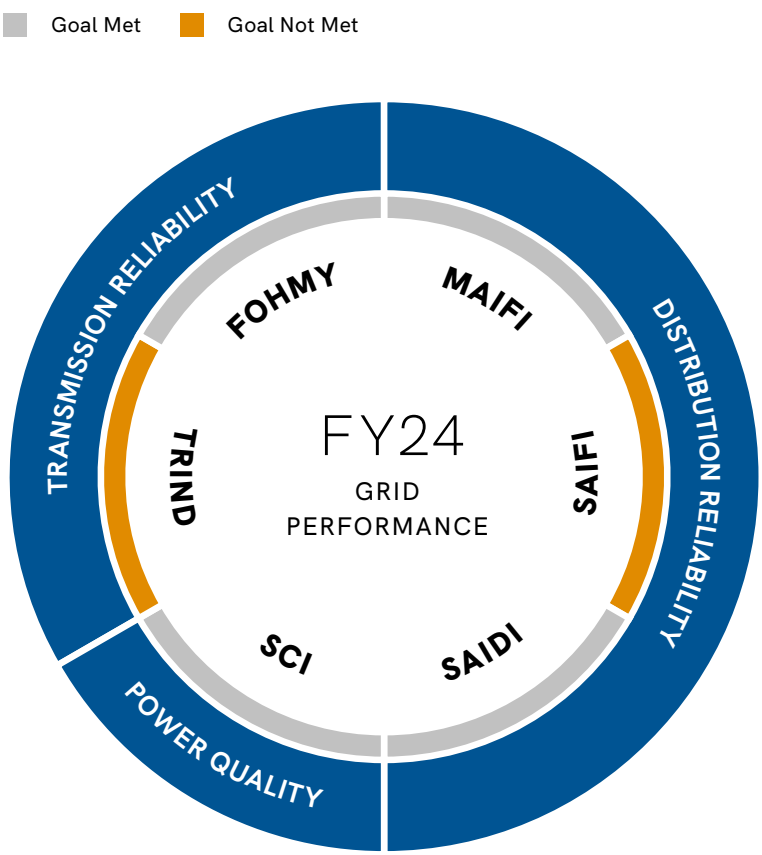
GRID PERFORMANCE

Grid Performance Scorecard

SRP consistently maintains industry-leading reliability levels. A key factor contributing to this success is SRP's meticulous focus on metrics, particularly reliability and power quality performance. By comparing actual performance against established goals, SRP can assess whether the system is meeting expectations. When goals are not achieved, SRP investigates performance challenges to identify root causes and develop solutions for improvement.

The Grid Performance Scorecard in Figure 1 demonstrates that SRP has successfully met four of six FY24 reliability and power quality goals.

FIGURE 1 | Grid Performance Scorecard



Key Indices

The FY24 Grid Performance Scorecard shows SRP's performance against the following reliability and power quality key indices:

- ***System Average Interruption Duration Index (SAIDI)**: This metric tracks the number of minutes customers are without power for a duration of more than five minutes, averaged over all SRP retail customers. This includes any loss of customer load, planned or unplanned.*
- ***System Average Interruption Frequency Index (SAIFI)**: This metric tracks the number of times customers are without power for a duration of more than five minutes, averaged over all SRP retail customers. This includes any loss of customer load, planned or unplanned.*
- ***Momentary Average Interruption Frequency Index (MAIFI)**: This metric tracks the number of times customers are without power for a duration of five minutes or less, averaged over all SRP retail customers. This includes any loss of customer load, planned or unplanned.*
- ***Sag Count Index (SCI)**: This metric tracks how often a voltage sag event is recorded.*
- ***Forced Outage Rate per Hundred Miles of Transmission per Year (FOHMY)**: This metric tracks the number of unplanned outages per 100 miles of transmission line.*
- ***Transmission Index (TRIND)**: This metric measures each outage based on the voltage level, the type of element lost, the duration of the outage and the cause of the outage.*

DISTRIBUTION RELIABILITY

SRP establishes ambitious reliability goals and prioritizes system reliability. These goals are derived from a 10-year average of historical data, augmented by one standard deviation. If the calculated value falls more than 5% below the previous goal, adjustments are made downward. This approach underscores SRP's unwavering commitment to operational excellence, even in anticipation of adverse weather conditions. SRP's distribution reliability metrics encompass all interruption types and remain unadjusted for major events, weather or planned maintenance.

Customer Minutes of Interruption (SAIDI)

System Average Interruption Duration Index (SAIDI) is an industrywide metric that measures the number of minutes of customer interruption averaged over all customers. For FY24, SAIDI was 67.1 minutes, achieving the goal of 73.1 minutes or less. This means there were 67.1 minutes of customer interruption for the entire year when averaged over all customers.

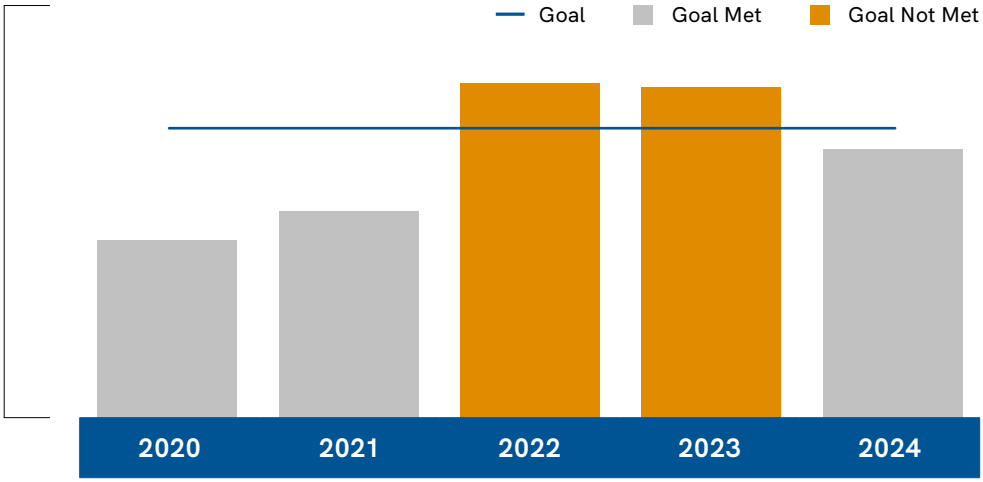
During the first and second quarters of the fiscal year, considerable storm activity occurred. Each month that surpassed its SAIDI goal encountered one Major Event Day (MED). MEDs represent days when reliability metrics exceed specific threshold values, indicating that system operational or design limits were exceeded. Notably, on Sept. 12, a storm event led to the largest MED impact of the year, resulting in 7.5 customer minutes of interruption. In FY24, there were three MEDs, a decrease from the seven experienced in FY23.

Figure 2 depicts the five-year SAIDI trend and monthly performance for FY24. The FY24 SAIDI value is the lowest of the past three years and is back to successfully aligning with the goal. Excluding the months with MEDs, SRP consistently met each of its monthly goals.

FIGURE 2 | SAIDI | Duration: The Average Number of Minutes Customers Experienced a Sustained Interruption

YEAR

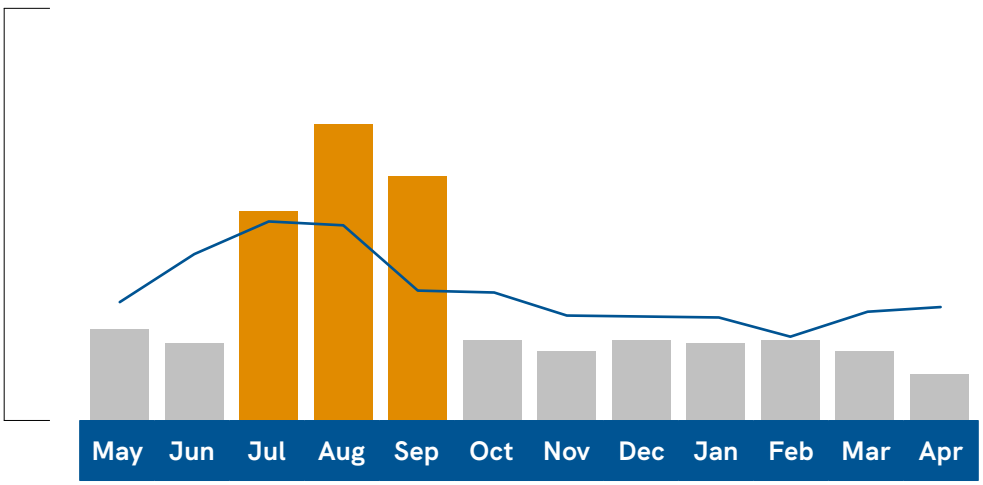
Results - 5 Year Trend (Minutes)



	2020	2021	2022	2023	2024
Actual Result	44.7	52.0	84.3	83.3	67.1
Goal	73.1	73.1	73.1	73.1	73.1
Variance	-28.4	-21.1	11.2	10.2	-6.0

MONTH

Results - FY24 (Minutes)

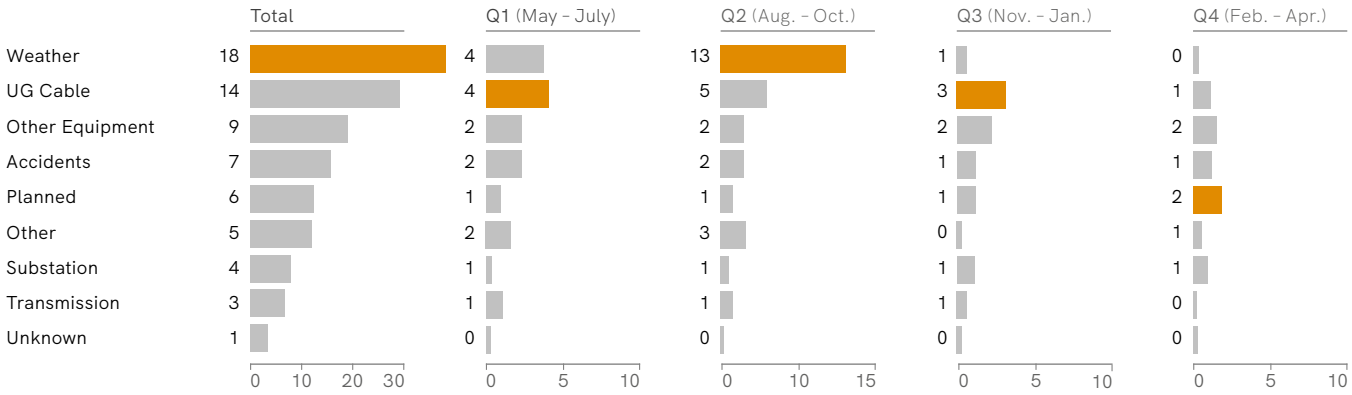


	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	4.3	3.7	9.9	14.0	11.6	3.8	3.2	3.8	3.6	3.8	3.3	2.2
Goal	5.6	7.8	9.4	9.2	6.2	6.0	4.9	4.9	4.8	4.0	5.1	5.3
Variance	-1.3	-4.1	0.5	4.8	5.4	-2.2	-1.7	-1.1	-1.2	-0.2	-1.8	-3.0

Figure 3 illustrates the primary factors behind customer outage minutes, highlighting the largest driver for each fiscal year quarter and the total fiscal year. In FY24, weather was the predominant contributor to SAIDI, accounting for 17.9 minutes of customer outages, or 27% of overall FY24 SAIDI. Underground (UG) cable failures ranked second, contributing 13.5 minutes, or 20% of overall FY24 SAIDI. Although planned outage work led in Q4, it only accounted for 5.7 minutes of interruption, or 9% of the total fiscal year interruption minutes.

FIGURE 3 | SAIDI | Cause Code Contribution to SAIDI — FY24

Number of Minutes per Customer



Cause Codes

Distribution electric service reliability directly influences the customer experience. SRP investigates outages to determine what caused them and categorizes these causes as follows:

- ***UG Cable**: Underground distribution line failures.*
- ***Other Equipment**: Distribution equipment failures excluding UG Cable, Substation or Transmission.*
- ***Weather**: Primarily storm activity such as high winds, rain and lightning.*
- ***Accidents**: Damaged equipment due to automobile accidents.*
- ***Substation**: Equipment failures inside a substation such as a transformer failure.*
- ***Planned**: System maintenance activities such as cable replacement projects.*
- ***Other**: Combination of all other less impactful causes.*
- ***Transmission**: Transmission line failures.*
- ***Unknown**: No known cause found. The condition was temporary and can no longer be observed.*

Figure 4 shows how UG cable failure (in orange) has contributed to annual SAIDI values over the past 10 years. Over that period, 12%–28% of SAIDI values were due to underground cable failures. The FY24 contribution to SAIDI was 13.5 minutes, or 20%, which is up from last year's contribution to SAIDI of 12.3 minutes, or 15%.

Figure 5 shows how changes in weather (in blue) have affected annual SAIDI values over the past 10 years. Weather outages primarily stem from storm activity, such as high winds, rain and lightning. A substantial decrease in weather contributions to SAIDI can be seen: 17.9 minutes in FY24 compared to 30.5 minutes in FY23.

FIGURE 4

Underground Cable Failure Contribution to SAIDI

Minutes of Outage per Customer

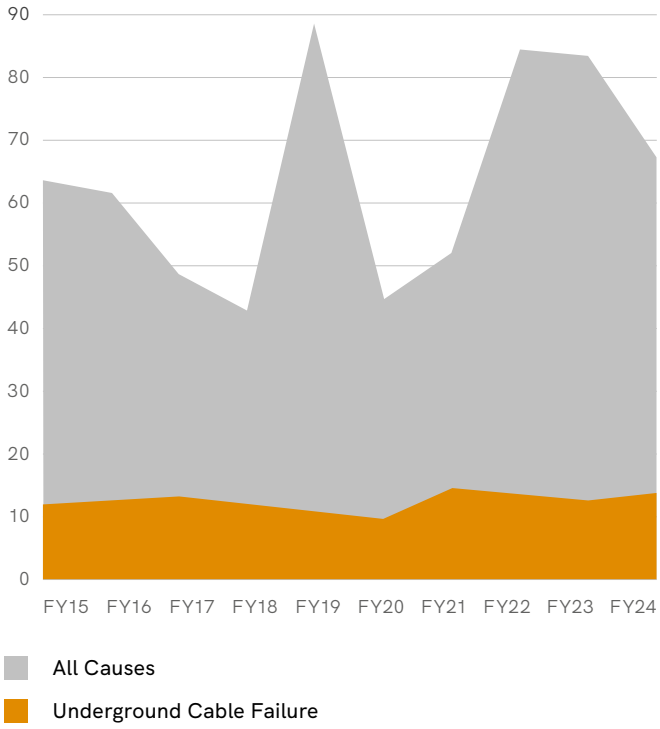
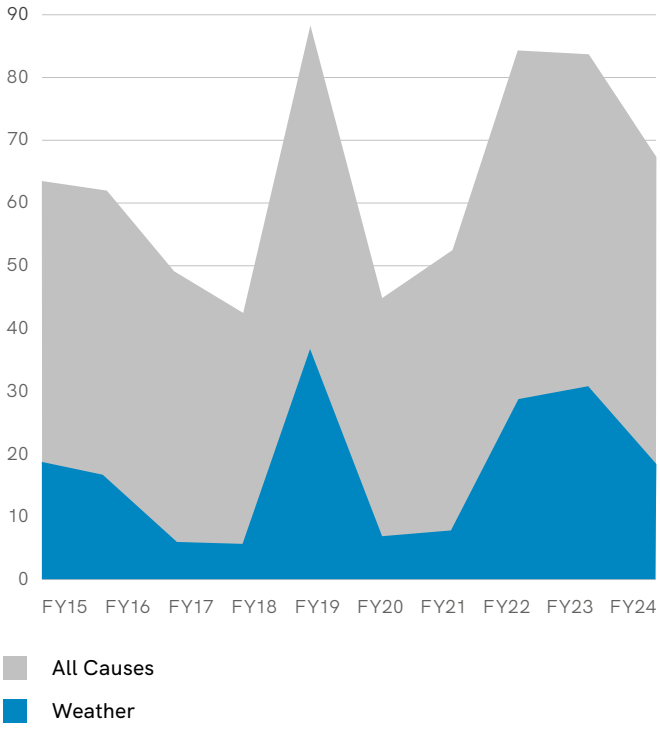


FIGURE 5

Weather Contribution to SAIDI

Minutes of Outage per Customer




24419

Distribution Reliability Performance Relative to Peers

The U.S. Energy Information Administration (EIA), a governmental entity under the U.S. Department of Energy, gathers data from utilities across the country, which are required to file EIA 861 or 861S forms. SRP is using the available EIA distribution reliability data to measure its performance against that of its peers.

For the SRP corporate metric SAIDI, SRP ranked fifth in 2023 among all electric utilities with over 500,000 customers. Figure 6 depicts SRP's ranking for SAIDI performance against all other utilities. Each utility's region is coded by color, with 11, including SRP, located in the Southwest Region. SRP had the lowest SAIDI score for the Southwest Region.

Figure 7 provides additional information on how SRP's SAIDI performance stacked up against other utilities. The SAIDI scores in the Southwest Region ranged from a low of 70 minutes to a high of 712 minutes. The SAIDI scores for all electric utilities with over 500,000 customers ranged from a low of 19 minutes to a high of 3,265 minutes. SRP's SAIDI score for the 2023 calendar year was 70 minutes, significantly below the median of 203 minutes.

FIGURE 6 | 2023 EIA SAIDI Benchmarking Results (released in 2024)

Participating Electric Utility | Calendar Year 2023 Data

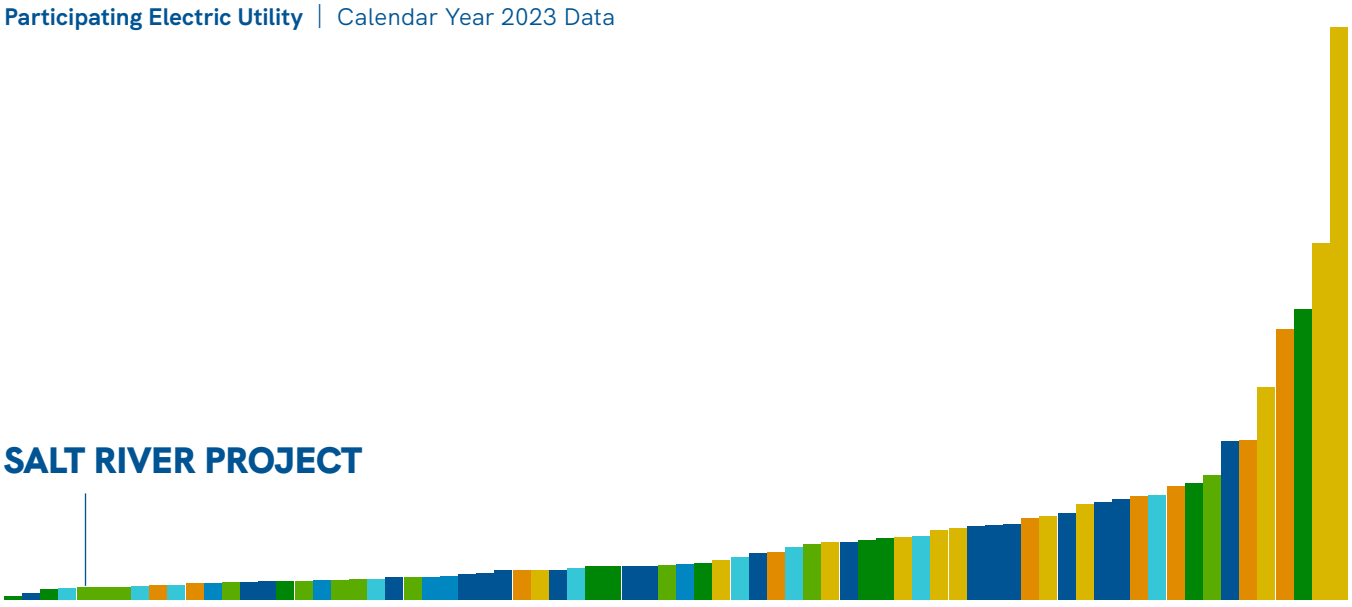
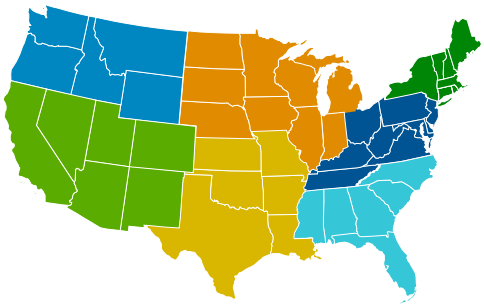


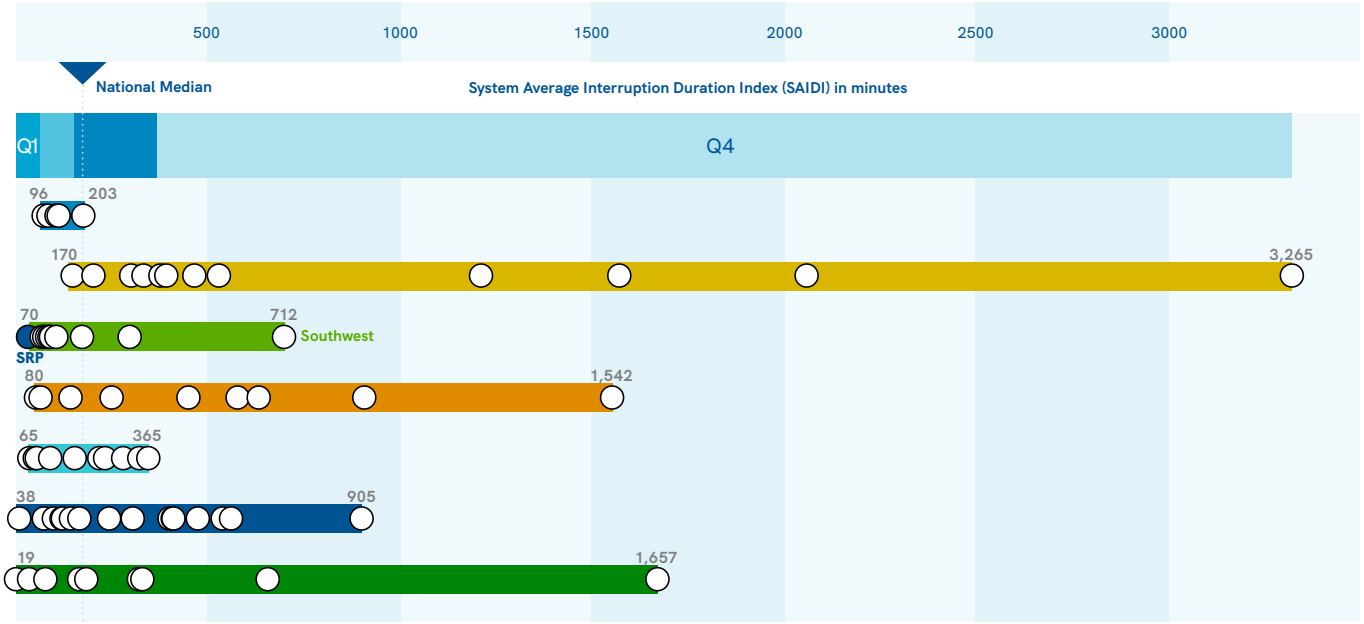
FIGURE 7 | 2023 EIA SAIDI Benchmarking Results (released in 2024)

Distribution reliability performance relative to peers

Based on data from calendar year 2023 for 75 large utilities that filed EIA 861 forms. Each bar represents the range of SAIDI scores for the region, and each circle represents the scores of individual utilities in the region.

Southwest
Northwest
South
Midwest
Southeast
Mid-Atlantic
Northeast





MEDIAN PERFORMERS

The median SAIDI for all large utilities was 203 minutes.

SRP 2024 RESULTS

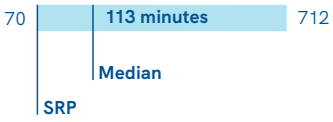
70 minutes
#5 ranking overall
#1 ranking in southwest

Calendar Year 2023 Data

BEST PERFORMERS

All large utilities in Quartile 1 (top 25% of scores) had SAIDI of 109 minutes or less.

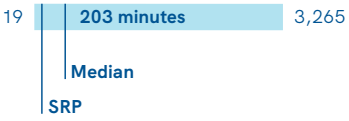
SOUTHWEST REGION



WORST PERFORMERS

All large utilities in Quartile 4 (bottom 25% of scores) had SAIDI of 427 minutes or more.

LARGE UTILITIES



SRP is categorized as a large-sized utility (over 500K customers)


COMMANDER
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PHOENIX, AZ
US DOT 876785
7483

Customer Sustained Interruptions (SAIFI)

System Average Interruption Frequency Index (SAIFI), another industry standard metric, quantifies the frequency of sustained interruptions experienced by customers. Specifically, SAIFI is the frequency at which customers experience a sustained interruption averaged over all customers.

A sustained interruption is an outage lasting more than five minutes. Transient faults caused by events like lightning strikes and arcing are not factored into the SAIFI calculation, as they will generally resolve in less than a second. These faults and others that do not surpass a five-minute outage duration are a part of the momentary interruptions (MAIFI) calculation.

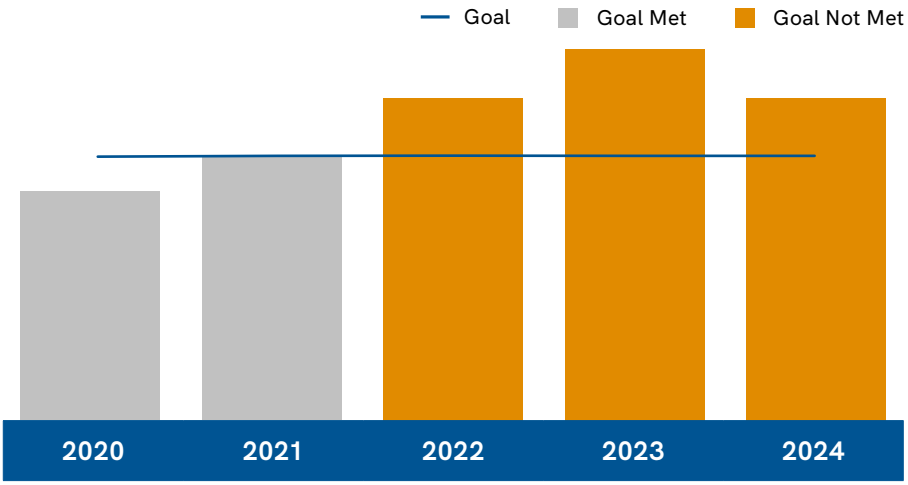
For FY24, the SAIFI result was 0.99 outages, exceeding the goal of 0.82 outages or less. This means that, on average, there was just under one outage per customer during the year.

Figure 8 illustrates the five-year trend for SAIFI, highlighting FY24 as the first year in the last four with a decrease in SAIFI. Monthly performance data reveals that the goal was met only in June, October, November and April; however, apart from July and August, the variances were minimal. The primary contributors to SAIFI in FY24 were weather, underground cable failure and other equipment.

FIGURE 8 | SAIFI | Frequency: The Average Number of Times Customers Experienced Sustained Interruption

YEAR

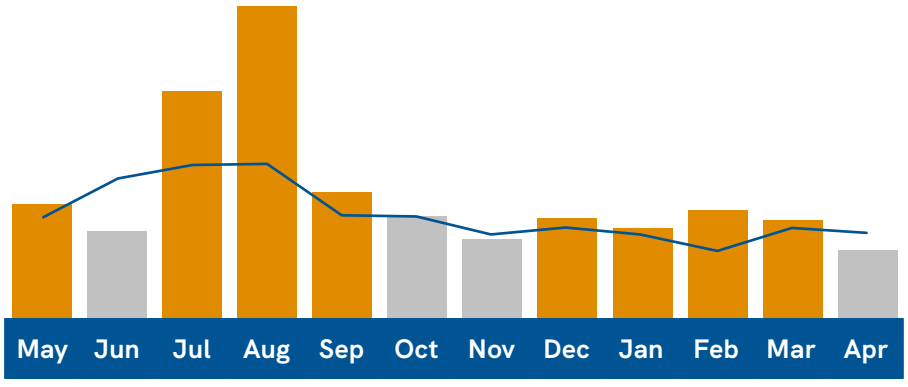
Results - 5 Year Trend (Outages)



	2020	2021	2022	2023	2024
Actual Result	0.70	0.82	0.99	1.14	0.99
Goal	0.82	0.82	0.82	0.82	0.82
Variance	-0.12	0.00	0.17	0.32	0.17

MONTH

Results - FY24 (Outages)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	0.075	0.057	0.148	0.203	0.083	0.067	0.053	0.066	0.059	0.071	0.064	0.045
Goal	0.065	0.091	0.101	0.101	0.067	0.067	0.056	0.059	0.055	0.045	0.059	0.056
Variance	0.010	-0.034	0.047	0.102	0.016	0.000	-0.003	0.007	0.004	0.026	0.005	-0.011

Customer Momentary Interruptions (MAIFI)

Momentary Average Interruption Frequency Index (MAIFI) represents the frequency at which customers experience momentary interruptions, averaged across all customers. These interruptions encompass both transient outages and semi-permanent outages caused by factors like animals or branches briefly bridging power lines.

The SRP system incorporates auto-reclosers, which automatically close circuit breakers after a fault occurs. As a result, customers only encounter short, momentary outages during these transient faults. Tracking MAIFI separately from SAIFI enables SRP to monitor the occurrence of these distinct outage types.

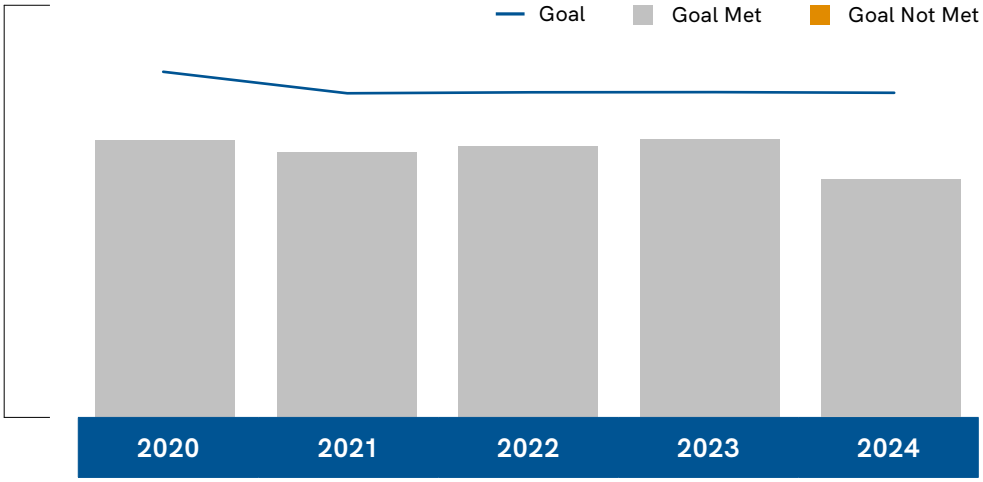
For FY24, the MAIFI result of 1.38 momentary outages met the goal of 1.88 momentary outages or less. This performance indicates that SRP customers had less than two momentary outages during the year when averaged over all customers.

Figure 9 illustrates SRP's consistent MAIFI trend over the past five years, with FY24 achieving the best MAIFI score. Monthly data in the following graph reveals that in FY24 MAIFI met its goal every month except for August.

FIGURE 9 | MAIFI | Frequency: The Average Number of Times Customers Experienced a Momentary Interruption

YEAR

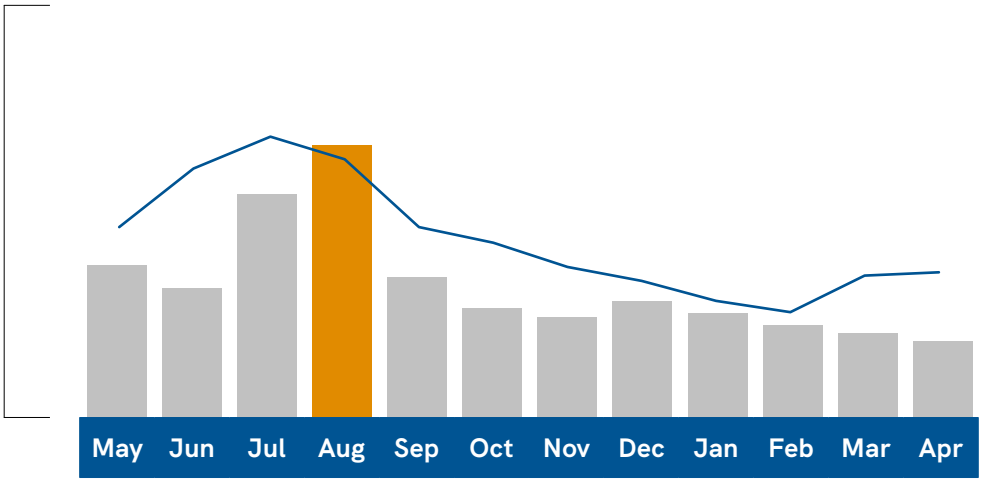
Results - 5 Year Trend (Outages)



	2020	2021	2022	2023	2024
Actual Result	1.58	1.52	1.55	1.59	1.38
Goal	2.00	1.88	1.88	1.88	1.88
Variance	-0.42	-0.36	-0.33	-0.29	-0.50

MONTH

Results - FY24 (Outages)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	0.13	0.11	0.20	0.24	0.12	0.09	0.09	0.10	0.07	0.08	0.07	0.07
Goal	0.17	0.22	0.25	0.23	0.17	0.15	0.13	0.12	0.10	0.09	0.13	0.13
Variance	-0.04	-0.11	-0.05	0.01	-0.05	-0.06	-0.04	-0.02	-0.03	-0.01	-0.06	-0.06

TRANSMISSION RELIABILITY

Tracking and measuring transmission system performance is an essential part of maintaining a reliable power grid. When events do occur on the system, SRP investigates to determine the cause. SRP has recently migrated the management of root cause analysis of transmission disturbance events to the newly implemented Intelex Incident Management Platform. This platform is built to better capture, track, investigate, analyze and report on incidents and near misses. It includes additional trackable fields that, when coupled with refined reporting and dashboarding, can lead to improved tracking and system reliability.

SRP uses two measurements of transmission reliability:

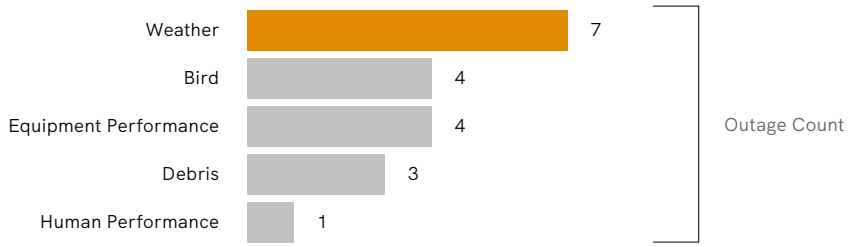
- FOHMY (Forced Outage rate per Hundred Miles of transmission per Year), which is established across the industry, and
- TRIND (Transmission Index), which was developed by the North American Transmission Forum (NATF) as a more comprehensive metric.

Unlike distribution metrics, FOHMY and TRIND do not consider planned outages, such as maintenance outages.

Using metrics to compare with other utilities furthers understanding of system performance. SRP participates in the NATF, which collects transmission outage data from participants and allows for collaboration and comparison with other entities.

Figure 10 depicts the number of transmission line outages broken down by cause code. The top cause of transmission outages in FY24 was weather-related events, such as lightning and wind. Bird-related events, which include bird streamers, and substation equipment failures are also a notable portion of transmission line outages.

FIGURE 10 | Transmission Line Outages - FY24*



*Includes outages on 115 kV, 230 kV and 500 kV lines.

FOHMY

SRP uses FOHMY to track transmission system performance and benchmark against other utilities. This metric tracks the number of unplanned outages per 100 miles of transmission line, enabling performance comparisons between short- and long-distance transmission line owners. Lower FOHMY scores indicate a smaller number of outages and a more reliable transmission system. Currently, SRP is only providing and comparing FOHMY for the Bulk Electric System (BES), which is transmission operated at or greater than 100 kV.

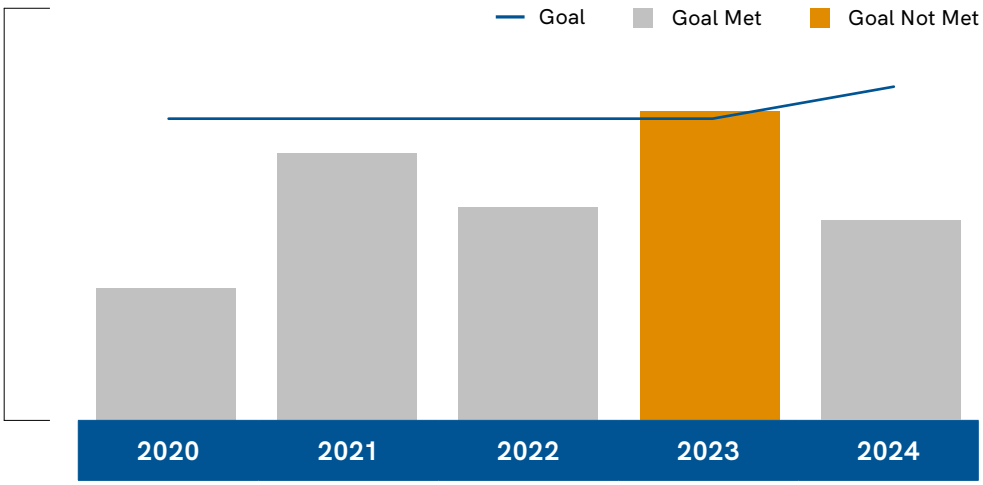
As shown in Figure 11, SRP had 1.32 BES transmission outages per hundred miles, which is better than SRP's FOHMY reliability goal of having fewer than 2.20 outages per hundred miles. This is a decrease of 0.71 outages per hundred miles from the FY23 result. This advantageous decrease was primarily the result of a return to more typical weather in FY24 than the very aggressive previous year. Weather was still the largest contributor, particularly in the form of lightning, with a total of seven BES transmission line outages due to weather-related causes, which is about the average SRP experiences in a year.

SRP's FOHMY performance ranked fourth among 18 Western Electricity Coordinating Council (WECC) utilities, according to 2023 outage data gathered by the NATF. The NATF promotes best practices to maintain and improve transmission system reliability, and its rankings help SRP understand how to improve performance for its more than 1.1 million power customers.

FIGURE 11 | FOHMY | Forced Outage Rate per Hundred Miles of Transmission per Year

YEAR

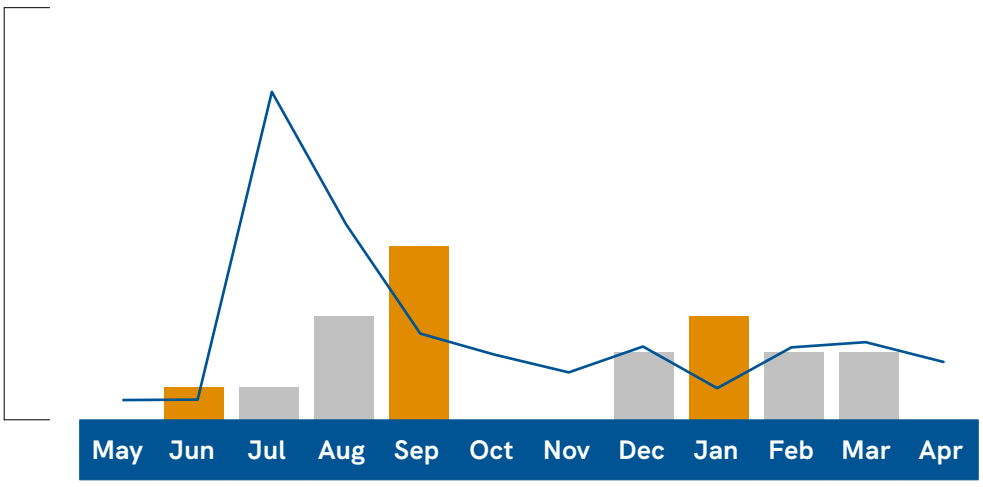
Results - 5 Year Trend (Outages)



	2020	2021	2022	2023	2024
Actual Result	0.89	1.77	1.40	2.03	1.32
Goal	2.00	2.00	2.00	2.00	2.20
Variance	-1.11	-0.23	-0.60	0.03	-0.88

MONTH

Results - FY24 (Outages)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	0.00	0.07	0.07	0.21	0.35	0.00	0.00	0.14	0.21	0.14	0.14	0.00
Goal	0.05	0.06	0.67	0.40	0.17	0.13	0.10	0.15	0.06	0.14	0.16	0.12
Variance	-0.05	0.01	-0.60	-0.19	0.18	-0.13	-0.10	-0.01	0.15	0.00	-0.02	-0.12

Transmission Index

While FOHMY tracks the number of transmission outages, Transmission Index (TRIND) measures the severity of transmission outages. TRIND is a relatively new metric developed by the NATF. TRIND measures each outage based on the voltage level and type of element lost, as well as the duration and cause of the outage. The more severe an outage, the more points that outage is assigned. For example, a 500 kV line outage will have more points than a 69 kV outage of the same duration. This allows a high-level comparison of the severity between outages that FOHMY doesn't provide.

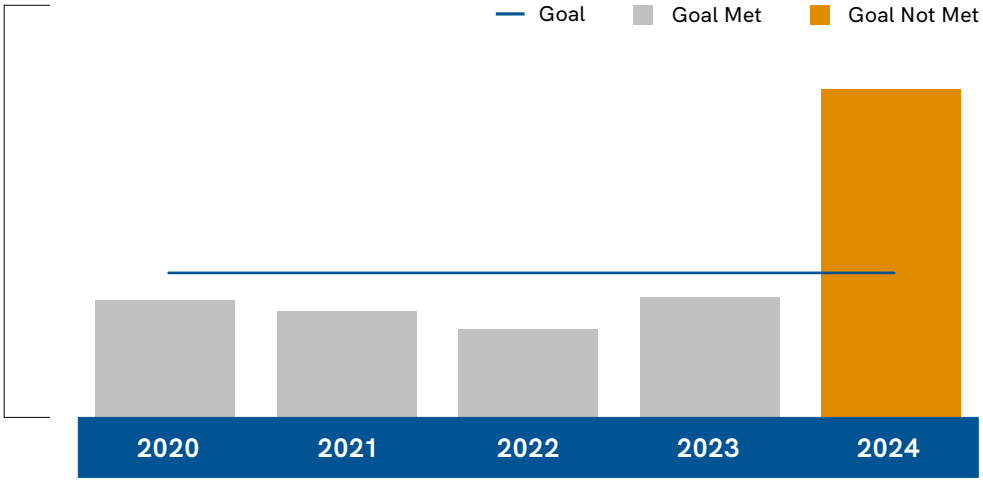
The sum of the outage points is then normalized with another score based on system size and average NATF member performance. This allows for better comparison between utilities despite different system sizes. A TRIND score of 50 implies an average reliability performance.

As depicted in Figure 12, FY24 TRIND was 57.2, which is worse than the SRP goal of being at or below a TRIND score of 25. The greatest contributors to the high TRIND score were several forced outages of high-voltage transformers that occurred in August, October, December and January. The cause of each transformer event differed, but none were because of a problem with the transformer itself. For example, one transformer outage event was caused by a fault on a breaker inside the substation due to dielectric breakdown; other breakers opened to clear the fault and the transformer was de-energized as a result. Another outage occurred while work was being performed on a relay panel. There are a lot of cables in close proximity on those panels, so work on and around relays requires a lot of care and precision to avoid inadvertently tripping energized transmission elements. Human performance tools, such as placards, barricades and insulating devices, are being used to reduce inadvertent events in the future.

FIGURE 12 | TRIND | Transmission Index

YEAR

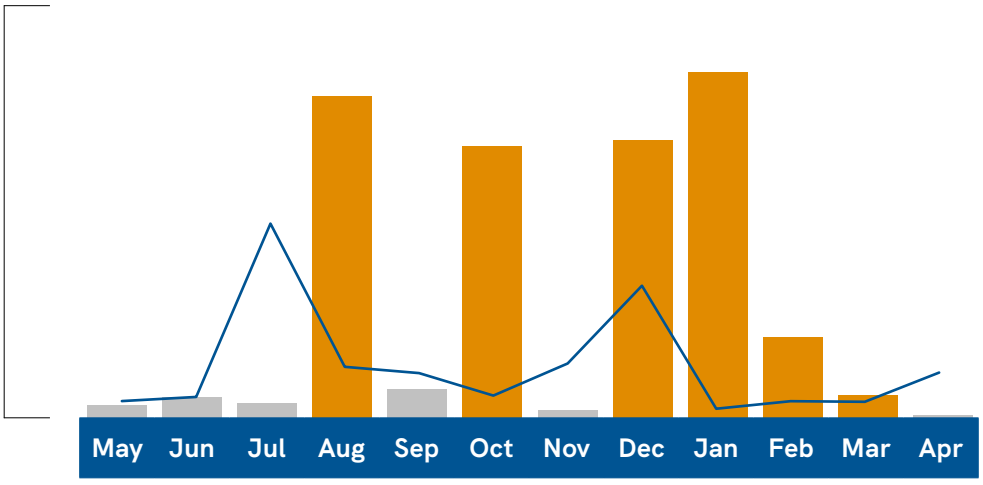
Results - 5 Year Trend (Score)



	2020	2021	2022	2023	2024
Actual Result	20.5	18.5	15.3	21.0	57.2
Goal	25.0	25.0	25.0	25.0	25.0
Variance	-4.5	-6.5	-9.7	-4.0	32.2

MONTH

Results - FY24 (Score)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	0.54	0.89	0.64	12.99	1.14	10.99	0.40	11.26	13.92	3.36	0.92	0.10
Goal	0.63	0.87	7.78	2.03	1.81	0.91	2.13	5.33	0.44	0.63	0.62	1.82
Variance	-0.09	0.02	-7.14	10.96	-0.67	10.08	-1.73	5.93	13.48	2.73	0.30	-1.72

POWER QUALITY

Power quality refers to how effectively the supplied electric energy can support customer loads without adversely affecting sensitive equipment. As technology advances, SRP's energy supply faces higher expectations in terms of power quality.

Voltage sags are the most common power quality event. These brief drops in voltage, lasting fractions of a second, can disrupt sensitive electronic equipment and control systems. While residential customers are typically less affected by voltage sags, this may change with advances in home technology. The impact depends on sag magnitude, duration and equipment sensitivity.

Large loads, such as large customer motors, can result in a voltage sag when the equipment turns on. The challenge for SRP is to maintain adequate systemwide power quality levels, which includes helping customers with power quality problems caused by their own power equipment.

Faults at higher voltages (e.g., 230 kV, 500 kV) affect larger areas but are less likely to disrupt processes due to milder sag effects. Lower voltage faults (e.g., 12 kV) affect fewer customers but can be more severe and disrupt processes.

To monitor voltage sag events, SRP uses over 325 power quality monitors. This enables SRP to track and plot the location of these events on the system.

The deployment strategy for power quality monitors was to achieve comprehensive monitoring of the electrical infrastructure by initially targeting all 69 kV loops and eventually transition to cover most dedicated substation transformers. SRP's long-term goal is to reach 100% coverage of all 4–500 kV substation buses.

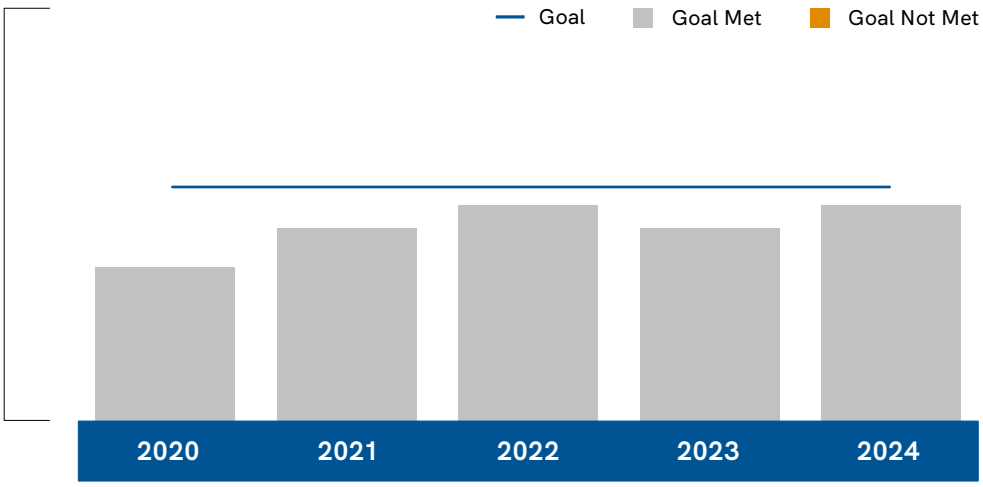
The Sag Count Index (SCI) tracks how often a power quality monitor detects a voltage sag event. A voltage sag event occurs any time the voltage level drops below 90% of the normal voltage level.

Figure 13 illustrates the monthly trend, five-year trend and variance-to-goal for each of the past five years for SCI. In FY24, the SCI was 1.6 events per monitor, per month, indicating an average of one and six-tenths voltage sag events detected. This year's performance was the highest of the past five years but still below the goal of less than 1.7 events per monitor, per month.

FIGURE 13 | SCI | How Often a Voltage Sag Event is Detected

YEAR

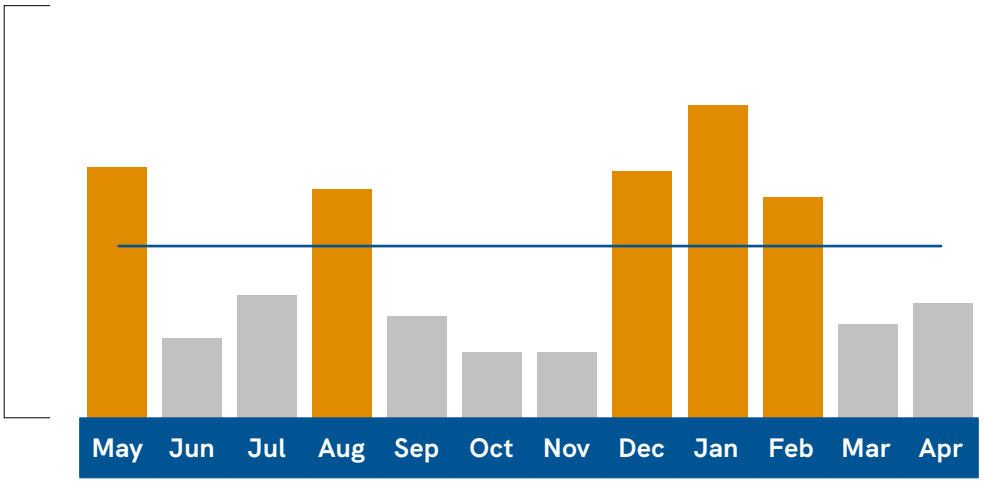
Results - 5 Year Trend (Events)



	2020	2021	2022	2023	2024
Actual Result	1.1	1.4	1.5	1.4	1.6
Goal	1.7	1.7	1.7	1.7	1.7
Variance	-0.6	-0.3	-0.2	-0.3	-0.1

MONTH

Results - FY24 (Events)



	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Actual Result	2.49	0.78	1.21	2.27	1.01	0.64	0.64	2.46	3.09	2.19	0.93	1.14
Goal	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Variance	0.79	-0.92	-0.49	0.57	-0.69	-1.06	-1.06	0.76	1.39	0.49	-0.77	-0.56

OPERATIONAL EXCELLENCE

In this section of the Grid Performance Report, you will see several examples of initiatives that demonstrate SRP's commitment to operational excellence and continuous improvement. Through this work, SRP is ensuring that our power delivery system is optimally maintained and operating at the highest standards.

Stories

POWERING JA SOLAR'S EXPANSION IN ARIZONA

Customers count on SRP for reliable power. When JA Solar Technology Co., Ltd., a leading global manufacturer of photovoltaic power generation solutions, made the decision to expand their manufacturing capacity in the U.S., they quickly selected Phoenix.

"The executive team set the strategic objective of developing a plan that would result in the shortest time to market possible," said Randy Liao, General Manager of JA Solar AZ.

To execute this strategy, JA Solar turned to SRP to help find an innovative solution to bring additional electrical capacity to a preexisting vacant building.

JA Solar's new plant will produce high-efficiency, sustainable solar panels for commercial and residential rooftop application. It will leverage highly automated assembly-line technology to meet the growing demand for renewable energy solutions in the U.S. This technology requires SRP's enhanced service, which means the 14 MVA (megavolt ampere) of power it needs will be provided by two dedicated feeders.

SRP has been expanding capacity at Stoker Substation to accommodate JA Solar's anticipated demand, but the substation expansion project won't be completed until mid-2025. Because of this, JA Solar needed an interim power solution to bring its plant online in 2024.

After assessing the situation, SRP determined it could install a mobile modular unit substation (MUS) at Stoker Substation to meet JA Solar's power requirements. A small bay expansion at Stoker was necessary for the MUS, which consisted of transmission and distribution bus bars to connect the MUS to SRP's power system. With this solution in place, the MUS could temporarily serve the required load for JA Solar.

Knowing that JA Solar needed to get its plant operational as quickly as possible, SRP expedited the installation of the MUS. In spring 2024, the unit was energized, which enables JA Solar and SRP to stay on schedule with the plant construction. The MUS will provide power until the summer of 2025, when the newly expanded Stoker Substation is set to take over.

"Our partnership with SRP has been instrumental in enabling the smooth expansion of our manufacturing capabilities in Arizona," said Steven Lucero, Deputy General Manager of JA Solar AZ.

"SRP's commitment to providing reliable and flexible power solutions has allowed us to reduce the time to market, hire numerous Arizona-based employees, build a strong manufacturing and operations team, and deliver innovative solar modules to our customers as quickly as possible," Lucero added.

Several teams at SRP collaborated to ensure JA Solar has reliable and safe temporary power until the permanent Stoker Substation expansion is complete. By partnering with customers on innovative solutions to address their unique challenges, SRP is able to provide them with the reliable power they need to keep their businesses running smoothly.


JASOLAR

TRANSMISSION & GENERATION OPERATIONS PLAYS KEY ROLE IN SYSTEM RELIABILITY

SRP is proud to provide customers with reliable power. Part of delivering on this promise is ensuring that team members are prepared to respond to any situation that may arise during the operation of SRP's generation and transmission system. As part of SRP's Operational Readiness strategy, the Transmission & Generation Operations (TGO) team has a robust ongoing training program to make sure that happens.

SRP strives to offer the best system operator training in the industry. The TGO training team uses simulator training technology in its initial and continuing education program for system operators as well as for new hires. By using a simulator, system operators can respond to system disturbances, such as outages or faults, and the simulator will perform just as SRP's system would without real-world consequences.

The simulator is used during refresher training cycles for TGO system operators. Recently, it helped prepare generation and transmission system operators for the summer. The simulator presented the operators with system conditions, and the operators had to determine if the system was in a capacity or energy emergency and respond appropriately. This season-specific training helps ensure operators have the knowledge they need to respond to any system issues throughout the year.

TGO training cycles occur five or six times per year and enable system operators to fulfill requirements to maintain their North American Electric Reliability Corporation (NERC) certifications. They also allow operators to run through exercises on renewable resources, such as solar and battery storage facilities, so they are prepared to respond to any potential situation as the power grid evolves.

TGO team members and others across SRP also participate in GridEx, a national crisis simulation exercise designed to stress-test the ability of utilities and other critical infrastructure providers to respond to threats against the power grid. Every three years, more than 200 utilities in the United States, Canada and Mexico participate in the exercise, which is sponsored by NERC. NERC also conducts audits of TGO's operation every three years to ensure SRP meets or exceeds NERC's reliability standards.

SRP also recently launched a system operator apprenticeship program, in addition to its ongoing recruitment efforts, to ensure it has the highly trained experts it needs to operate a reliable transmission and generation system now and in the future.

And finally, as of May 2024, TGO team members have a newly remodeled, cutting-edge control center where they can monitor SRP's transmission and generation systems.

Thanks to SRP's Operational Readiness efforts, a culture of continuous training and new state-of-the-art technology, TGO can help maintain SRP's commitment to reliable power for our customers.

SRP PIONEERS USE OF DRONES TO INSPECT URBAN POWER LINES

SRP takes a proactive and innovative approach to ensuring it can provide reliable power for customers. In fact, SRP is one of the first utilities in the nation to use drones to inspect overhead distribution lines in urban settings. The inspections boost reliability by helping SRP identify issues on distribution lines before they become problems.

Using drone technology, team members are now able to inspect, record and create repair work orders for conditions found on-site for up to 130 poles in a single day. Engineers analyze data to identify which areas of the service territory need to be inspected. Areas with unexplained outages are prioritized so SRP can determine if an issue with overhead distribution lines could be causing the outages.

During an inspection, an expert from SRP's Flight Services team flies the drone, which has a high-resolution camera attached. The drone flies over distribution lines while a journeyman lineworker with a separate set of controls manipulates the camera imagery to inspect the equipment. Images of problems can be recorded when necessary to aid in repair efforts. The journeyworker is able to use a standard camera view to look for problems, such as visible scorch marks and defects in insulators, or switch to an infrared view to see hot spots on energized equipment. This versatility improves the effectiveness of the inspection.

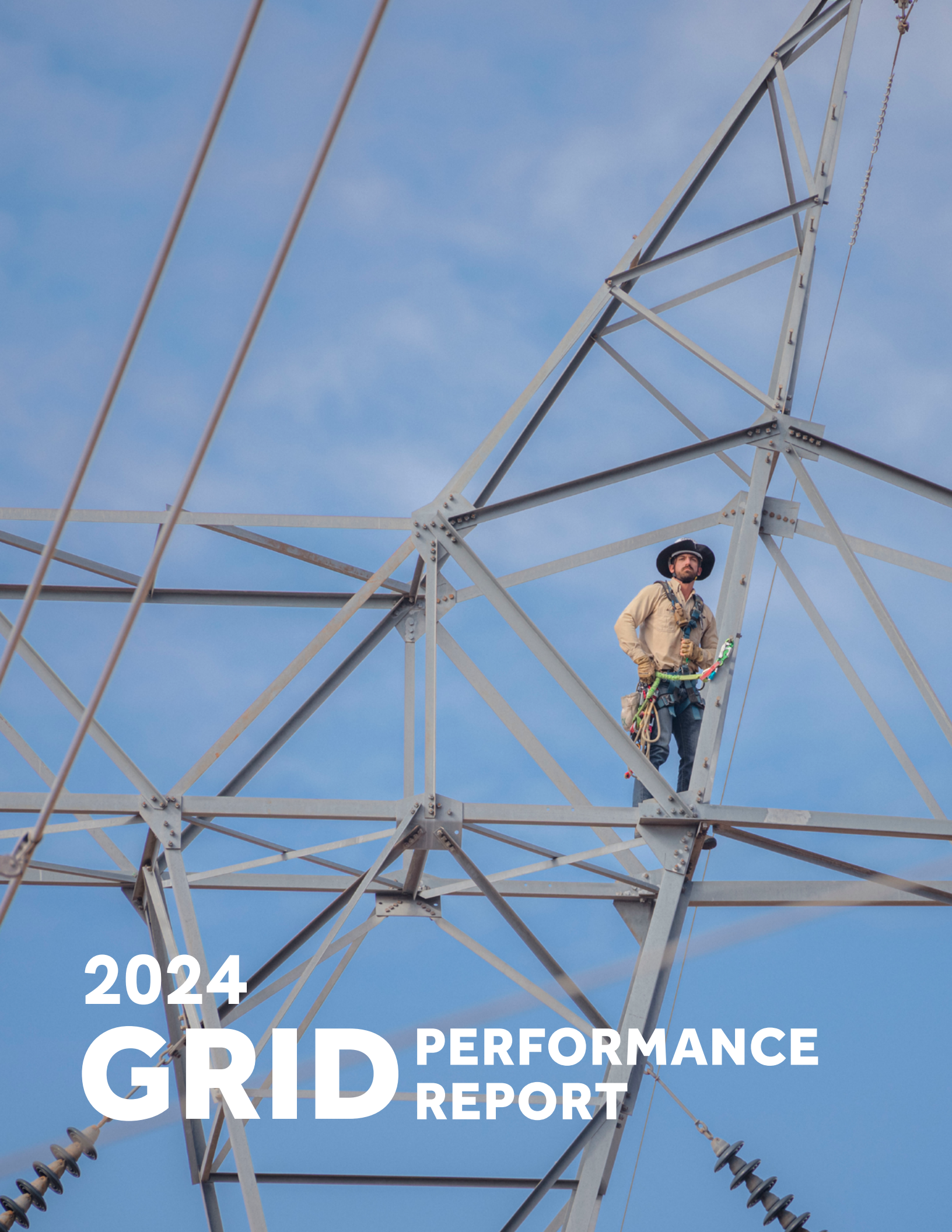
Previously, distribution lines were inspected from the ground using binoculars. This made it difficult to determine whether certain discoloration should be attributed to scorch marks or simply dirt. Due to accessibility challenges, the traditional method too often only allowed a limited view of the equipment. Drone technology allows the equipment to be viewed clearly even in backyards and areas of compact urban growth.

Drone technology also allows SRP to inspect equipment inside manholes. In the past, inspecting electrical lines in manholes was uncommon, as it is dangerous for inspectors and requires de-energizing all lines under the manhole lid. This could cause up to a five-circuit outage per manhole. Also, with the lines de-energized, the effectiveness of the inspection is decreased because infrared inspection tools require the heat of energized equipment to detect problems.

Using SRP's 3D printing program, the inspection team created a special holder that attaches the drone to a hot stick. Drones, which steady the camera, produce better quality video footage than a camera alone. The hot stick is then used to maneuver the drone throughout the manhole to inspect for potential energized issues. This innovation has reduced inspection times from several hours to as little as five minutes, all while keeping the circuits powered.

By using drone technology, SRP can easily and efficiently inspect its assets to ensure they are in good working order. Recently, drone inspections resulted in more than 300 work orders for proactive repairs to the distribution system. This work plays a significant role in preventing future outages and improving the reliability of the grid for customers who count on SRP for the power they need, when they need it.


KATE A



2024 GRID PERFORMANCE REPORT

ACKNOWLEDGMENTS

The Grid Performance Report is produced by a cross-functional team with many other contributors. The formal work team by department includes:

Analytics & Insights Consulting | **Mark Jamieson**

Business Project Center | **Chelsea Clark**

Community, Communications & Marketing | **Dante Dimabuyu, Pahl Shipley, Julie Wilson, Luke Mallinger, Drew Dominowski, Doug Anderson and Sachiyo Spires**

Distribution Operations Applications | **Peggy Riordan-Norman**

Distribution Performance | **Wendy Weathers and Caden Carpenter**

Large Business Account Management | **Jeff Klefstad**

Midsize Business Account Management | **Christy Eubanks**

Policy, Procedures & Standards | **Catherine O'Brien**

Project Management | **Cynthia Saavedra**

Resilience and Asset Management | **Alex Doddoli**

Strategic Business Account Management | **Brad Kerley**

Substation Design | **Josh King**

Transmission Line Asset Management | **Daryl Chipman**

Transmission Strategy | **Daniel McGuire**

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Delivering water and power®

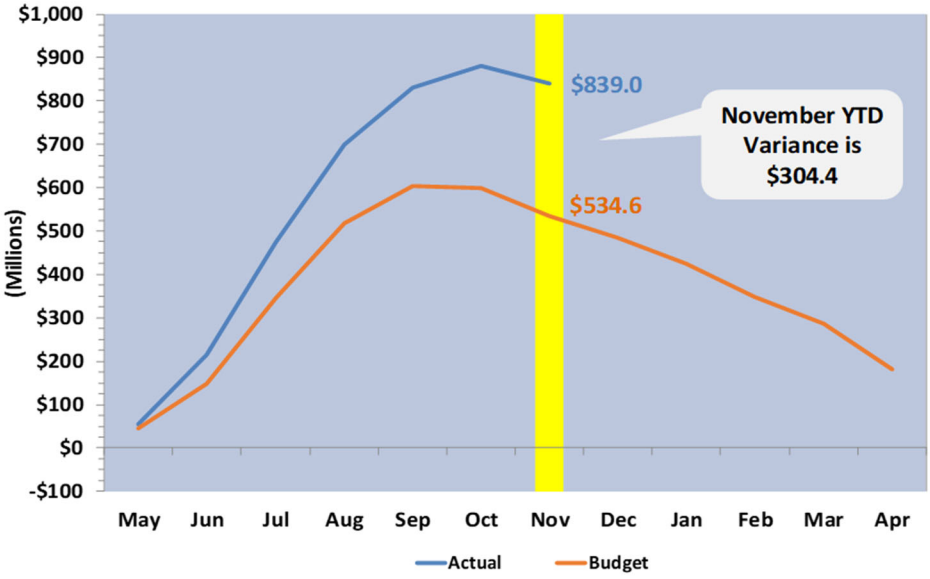
Operating Environment – November 2024

	Actual	Budget	Variance	% Budget
Elec Customer Accounts - November 2024	1,178,512	1,171,726	6,786	101%
Elec Customer Accounts - April 2024	1,158,913			
Elec Customer Accounts -November 2023	1,152,434			
System Sales GWH	2,089	2,380	(292)	88%
Wholesale Sales GWH	1,169	458	711	255%
Total A.F. Water Delivered	66,497	49,000	17,497	136%

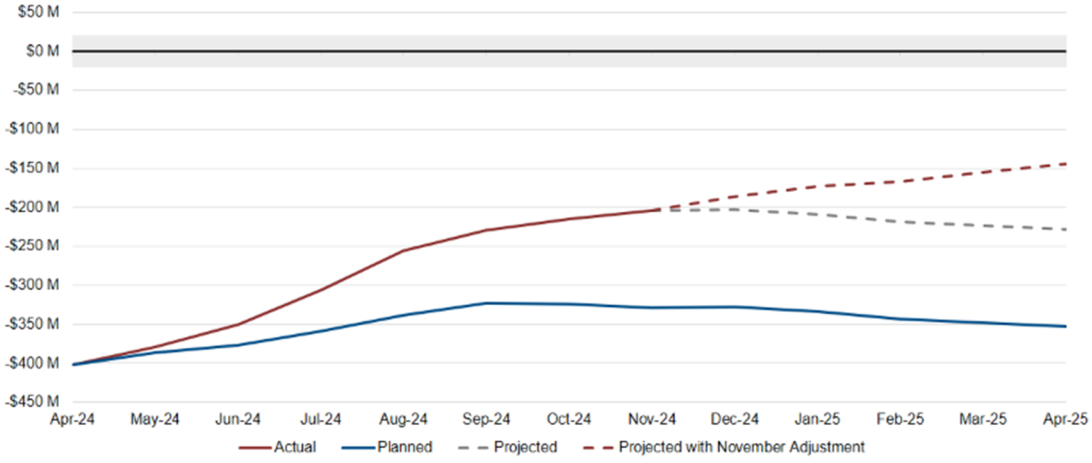
Financial Summary – November 2024

$ Millions	Actual	Budget	Variance	% Budget
Comb Net Revs (Loss)	($42.9)	($64.7)	$21.8	66%
Funds Available	$5.6	($25.8)	$31.4	-22%
Capital Expenditures	$152.9	$157.8	($4.9)	97%

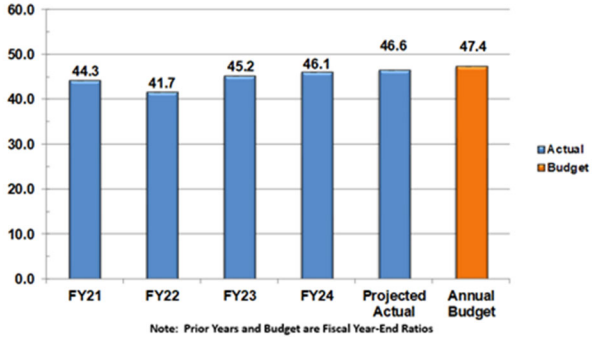
Combined Net Revenues



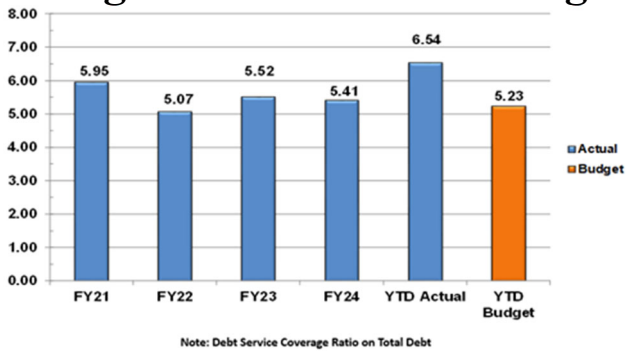
Fuel & Purchased Power Adjustment Mechanism (FPPAM) – Nov 2024



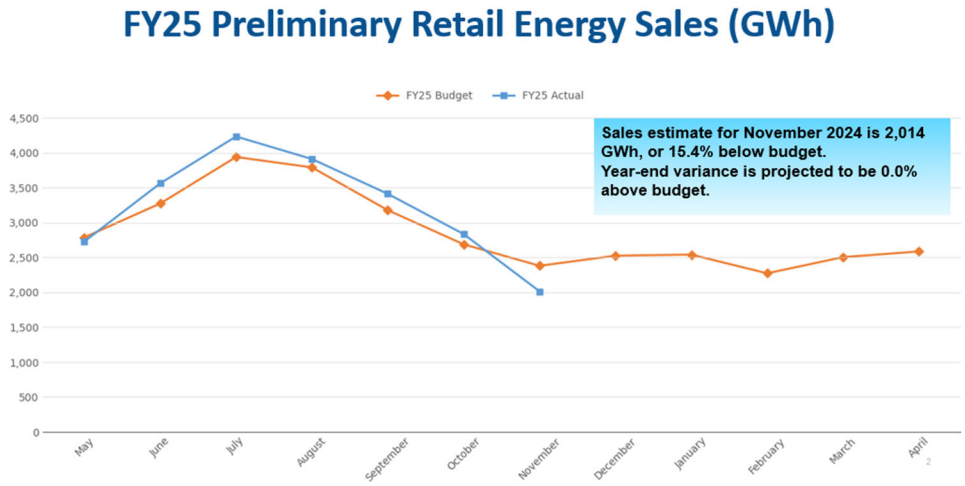
Debt Ratio – Year End Actuals and Projection



Debt Service Coverage Ratio – YTD Through November 2024



Preliminary Retail Sales (GWh) Estimate Through November 2024



Financial Definitions for Dashboard

Combined Net Revenue	Debt Service Coverage Ratio & Debt Ratio
• SRP's "bottom line" • Comparable to Net Income • "Combines" SRP's electric and water income statements	• DSCR = ratio of net cash inflows vs. annual interest & principal payments • Debt Ratio = percentage of long-life assets paid for with debt

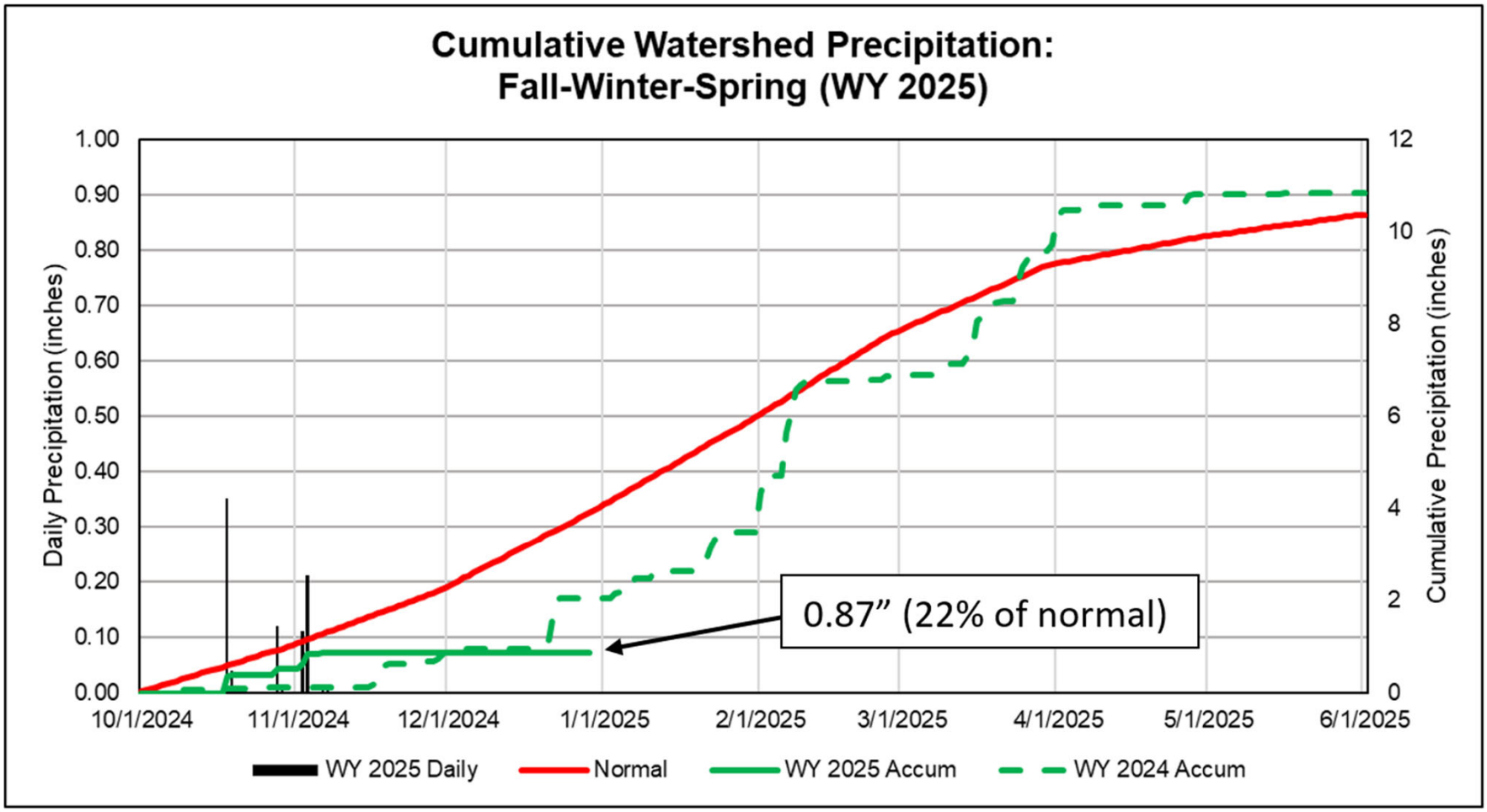
Liquidity (General Fund)	FPPAM Collection Balance
• SRP's checking account • Days Cash = number of days that SRP can continue to pay its cash expenses without any cash inflow	• Fuel & Purchased Power Adjustment Mechanism • Recovers the appropriate fuel & purchased costs over time (no more, no less)

Water Supply and Weather Report

January Council Meeting

January 7, 2025

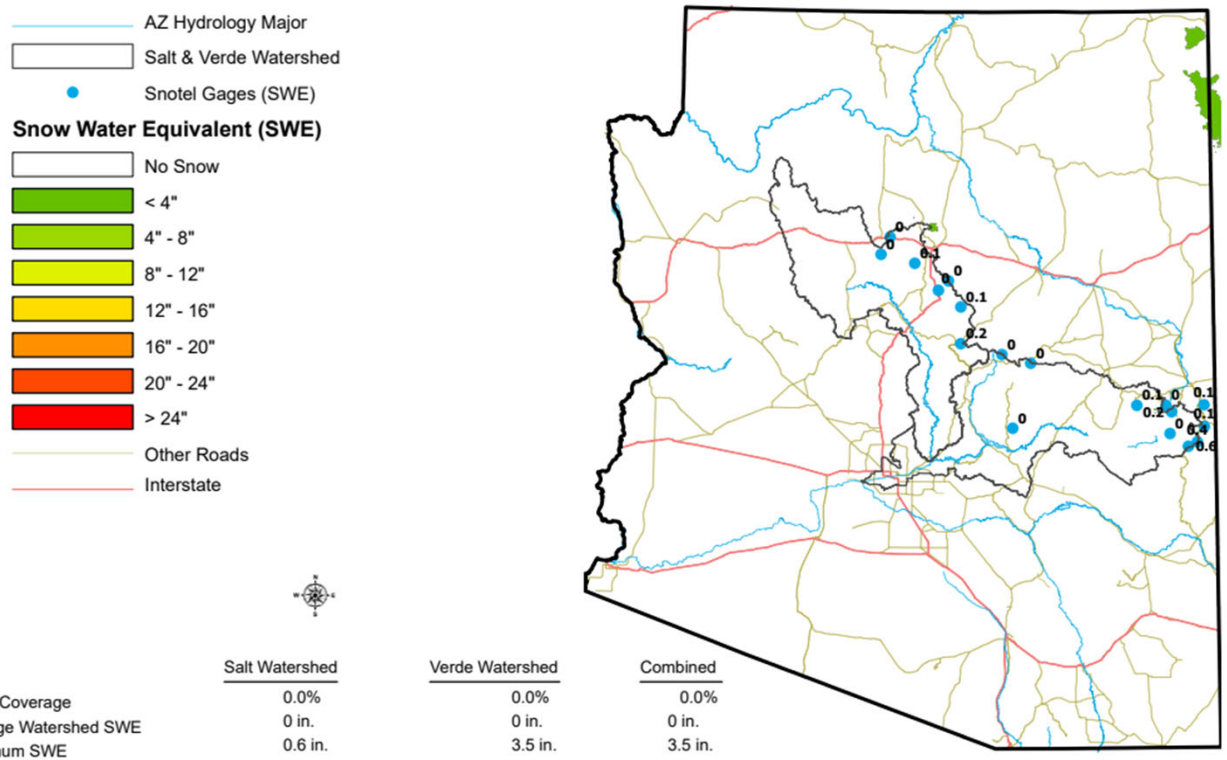
Tim Skarupa



December 2024 watershed precipitation = 0.00”

Watershed Snowpack: December 29, 2024

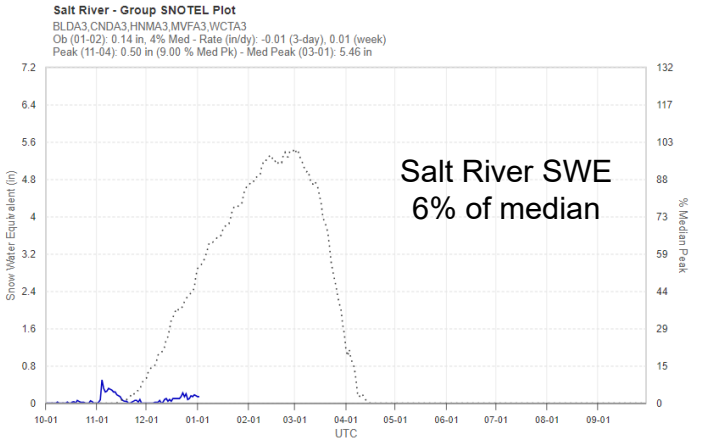
Salt and Verde Watershed Snow Conditions
December 29, 2024

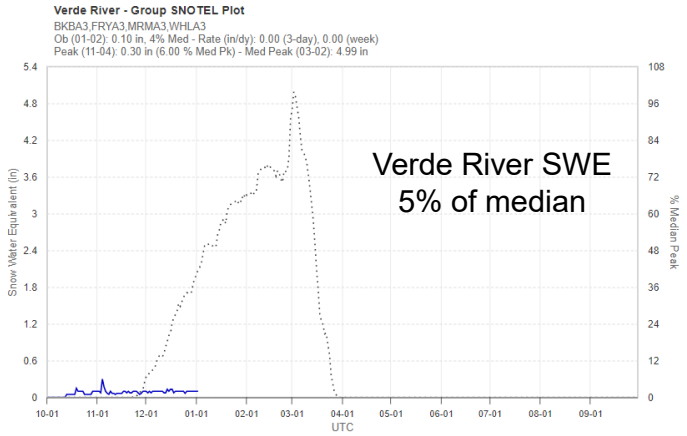


	Salt Watershed	Verde Watershed	Combined
Snow Coverage	0.0%	0.0%	0.0%
Average Watershed SWE	0 in.	0 in.	0 in.
Maximum SWE	0.6 in.	3.5 in.	3.5 in.
Volume Stored	34 AF	240 AF	274 AF

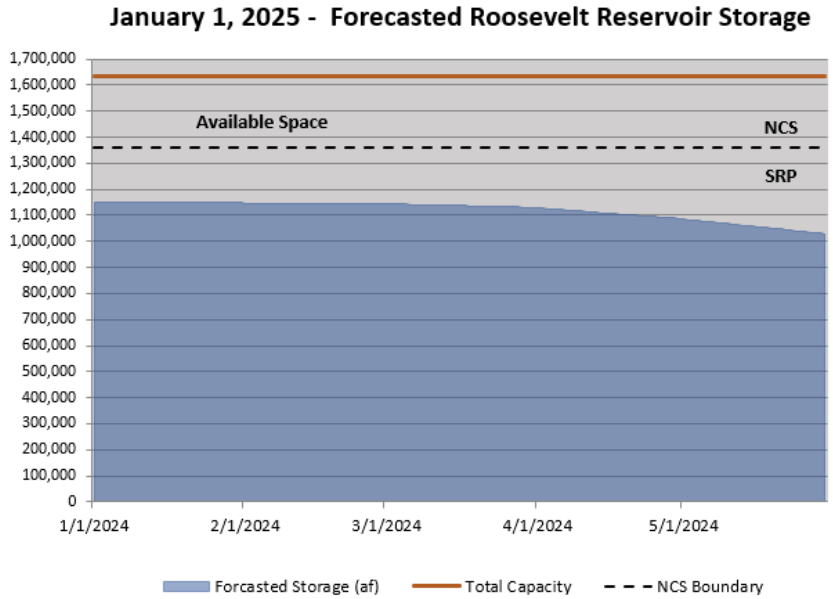
SWE: Snow Water Equivalent

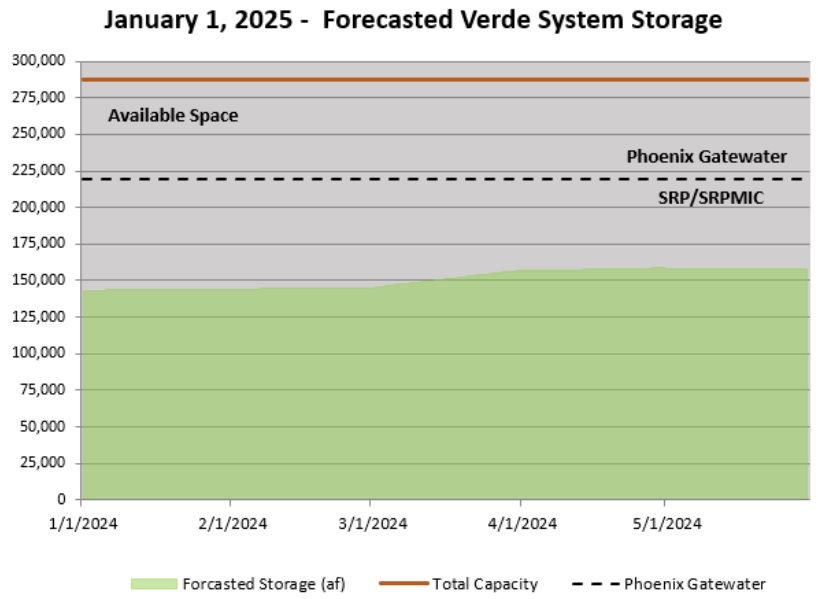
Source: University of Arizona Snow Water Artificial Neural Network (SWANN)





January 1 Streamflow/Reservoir Forecast (Jan 1 – May 31, 2025)



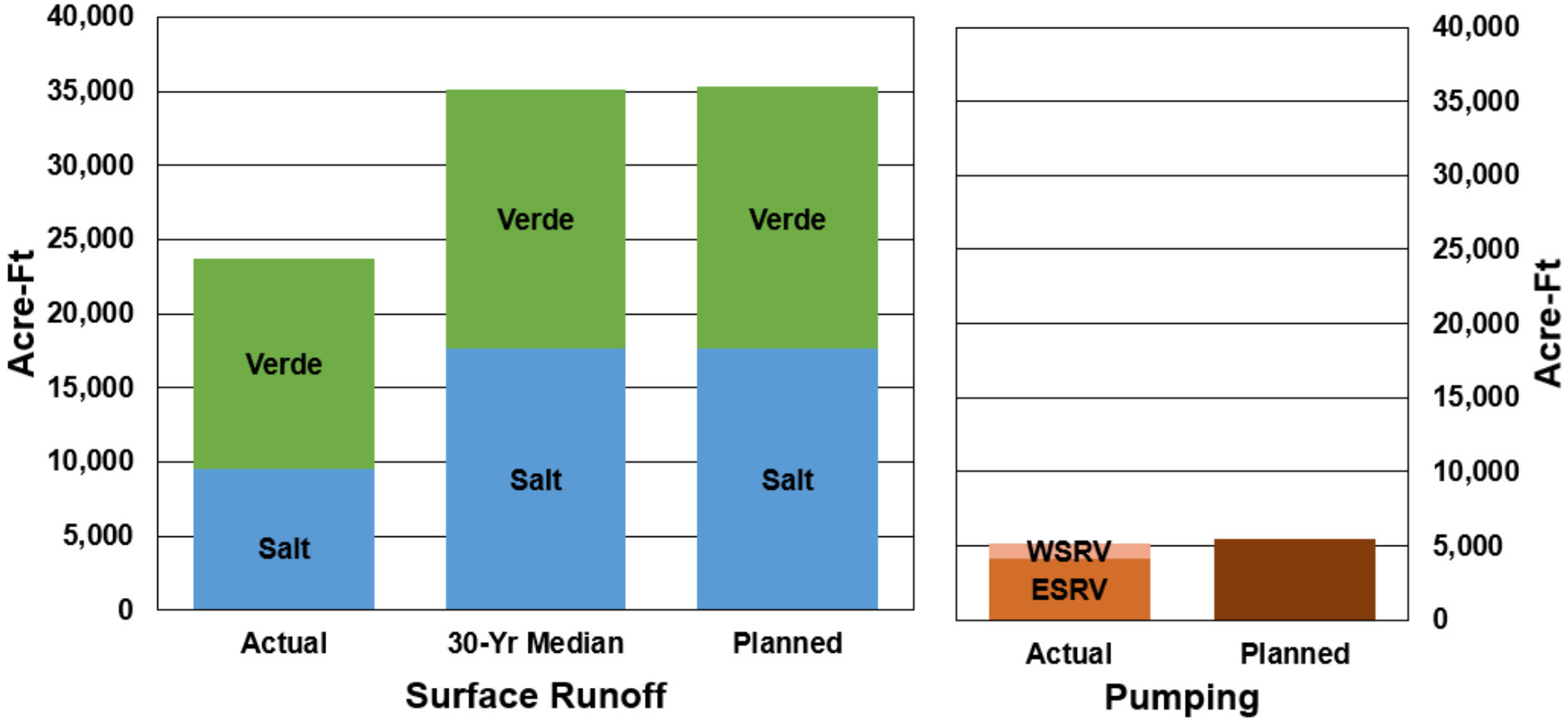


<u>Salt, Tonto, Verde Forecasted Inflows</u>
Jan 1 Forecast ~135,000 AF (30% of median) for January 1 to May 31, 2025

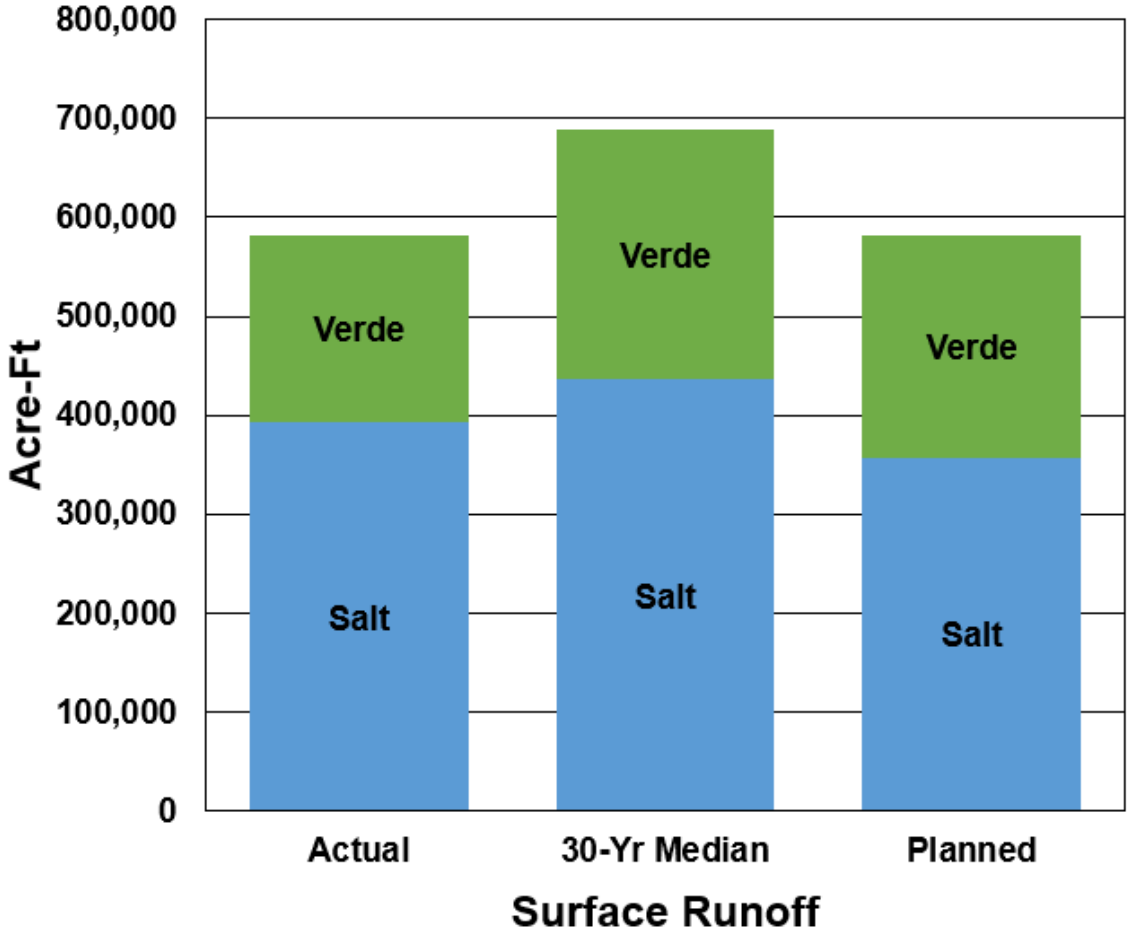
Minimal to no increase in SRP reservoir storage projected in winter 2025.

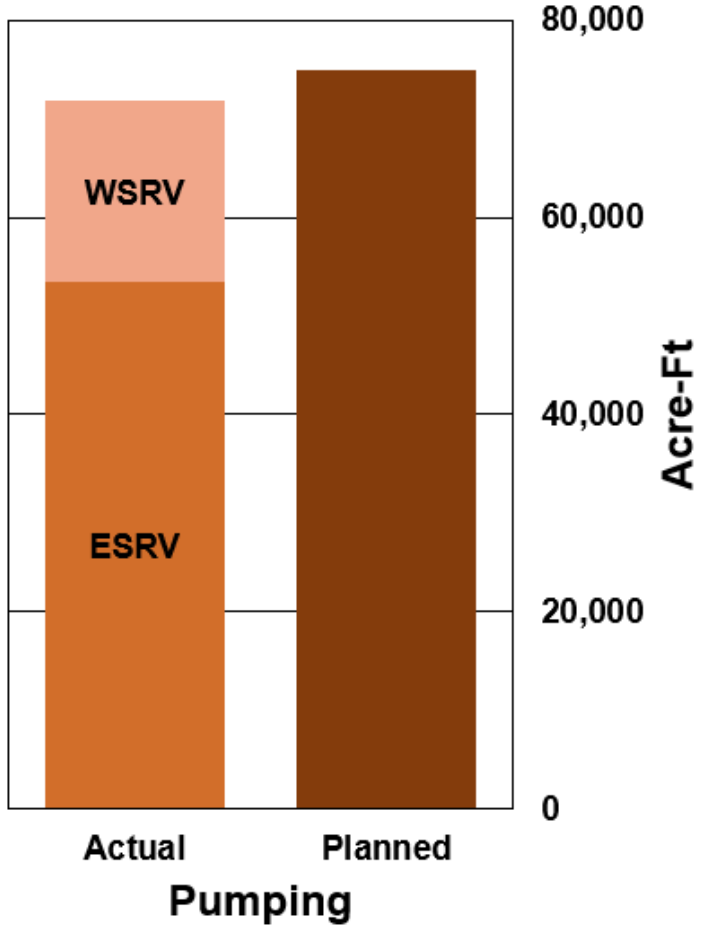
<u>Lowest Jan 1 – May 31 Inflows</u>
2018: 100,000 AF
2021: 104,000 AF
2002: 106,000 AF

December 2024



Year to Date 2024



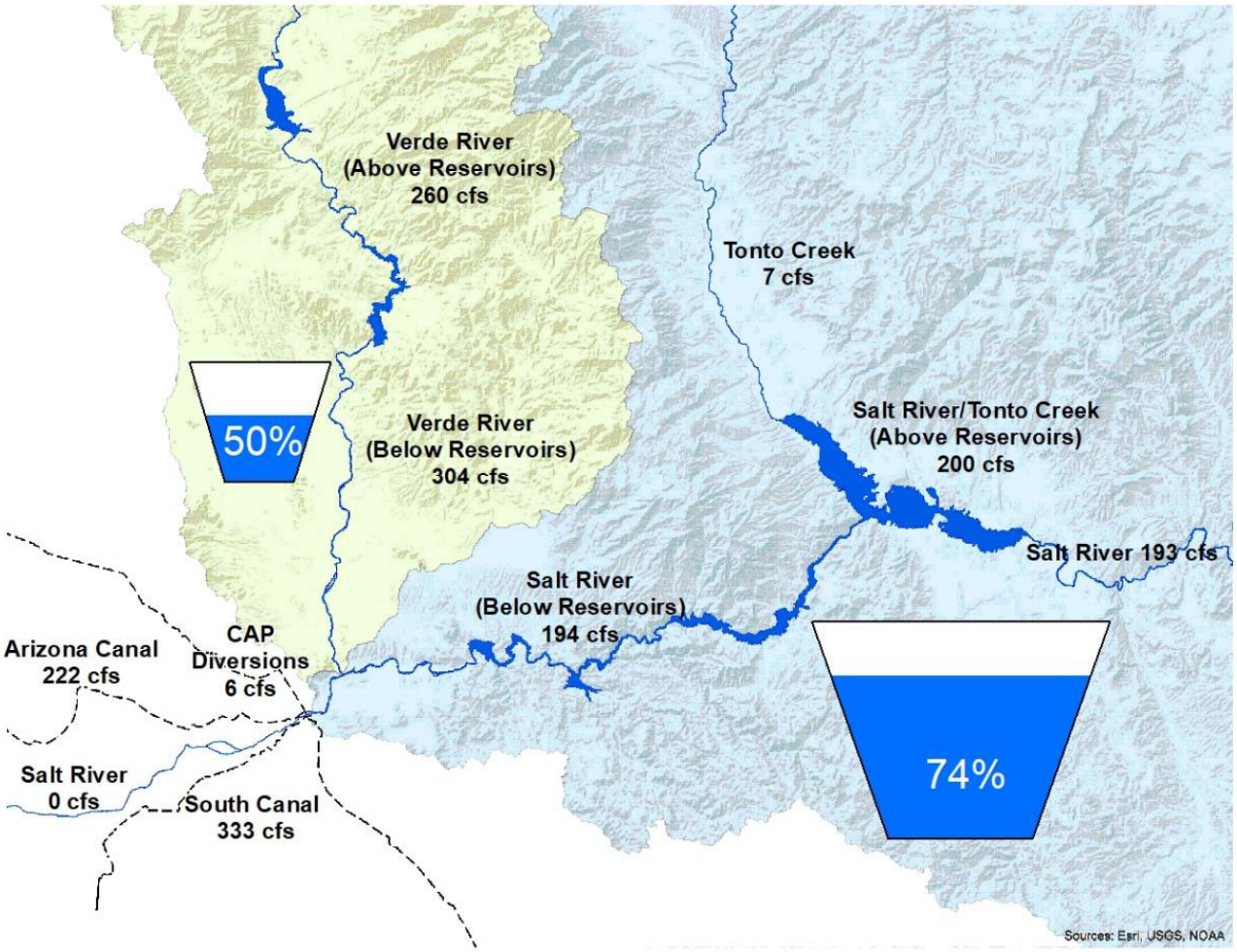


SRP Reservoir System Status

January 1, 2025

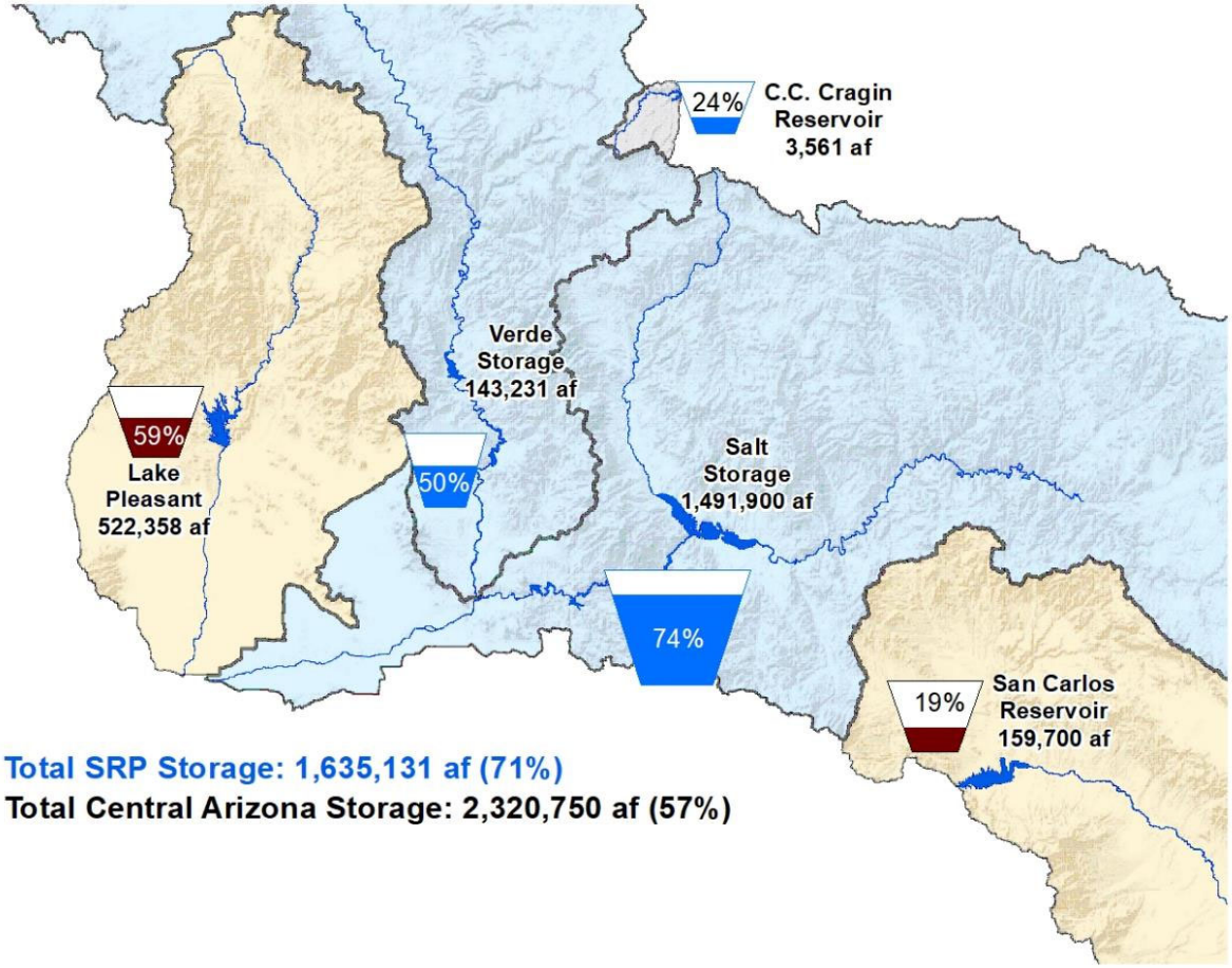
Current Storage:

Salt	**1,491,900 AF**
Verde	**143,231 AF**
Total	**1,635,131 AF**



Central Arizona Reservoir Status

January 1, 2025

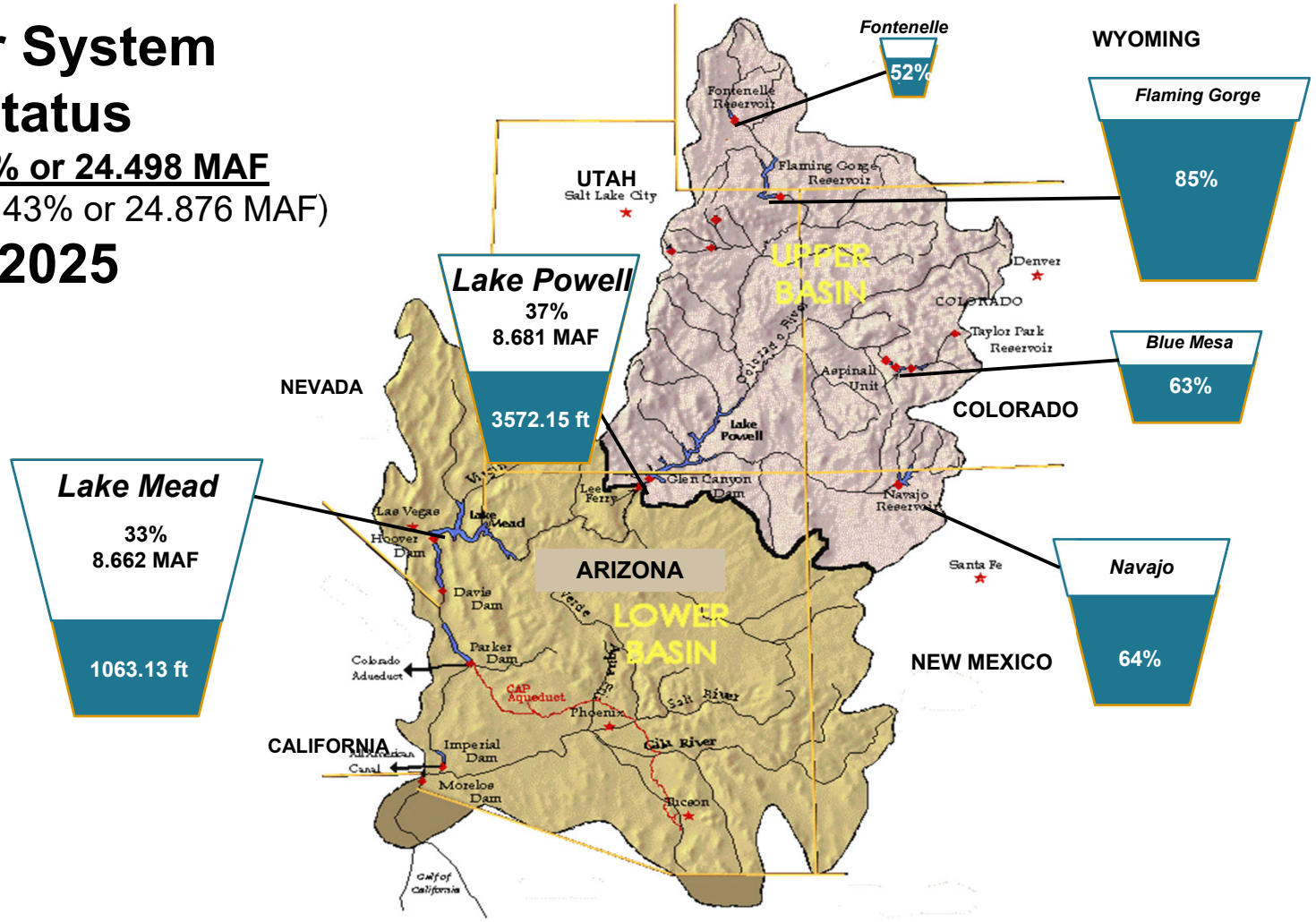


Colorado River System Reservoir Status

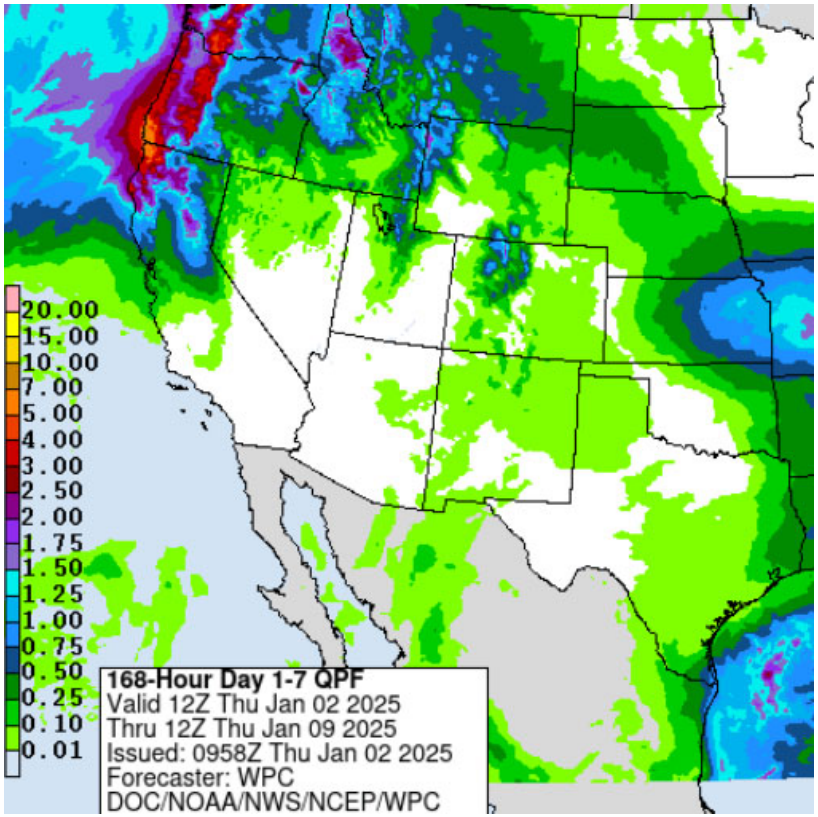
Total System Contents 42% or 24.498 MAF

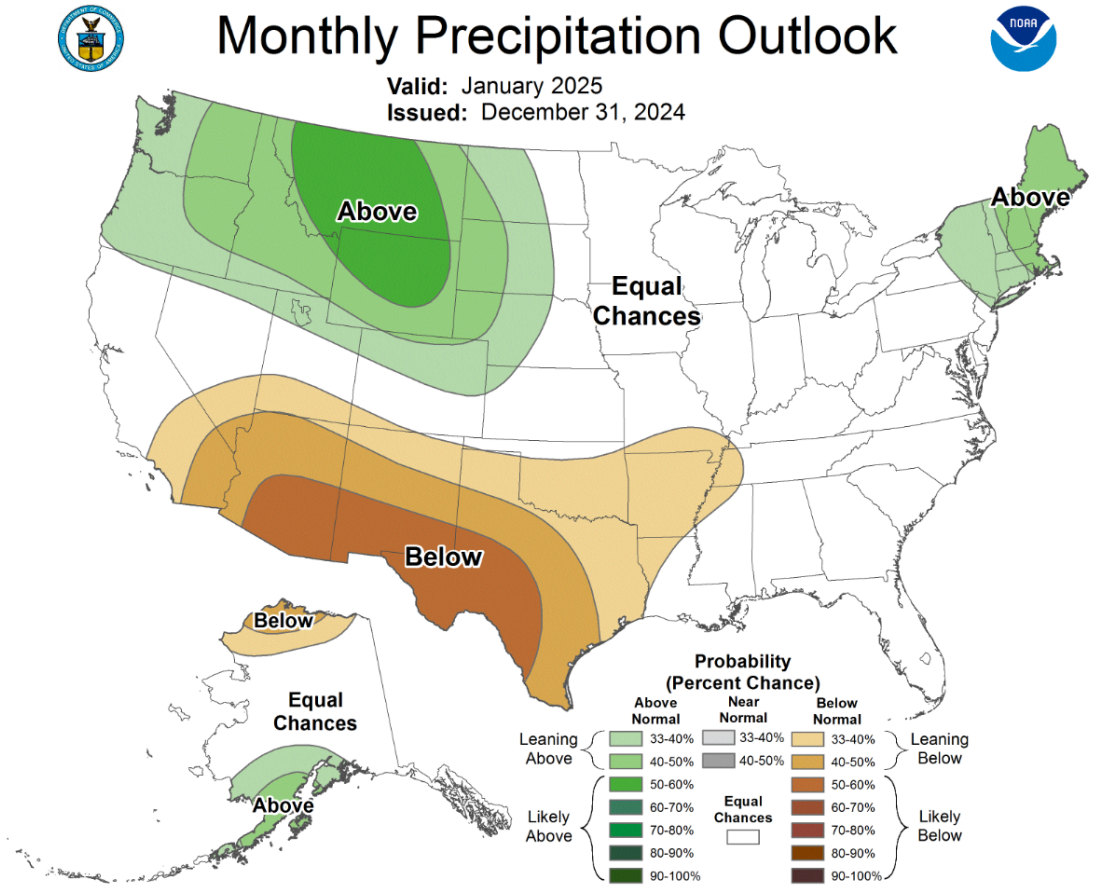
(Total system contents last year 43% or 24.876 MAF)

January 1, 2025

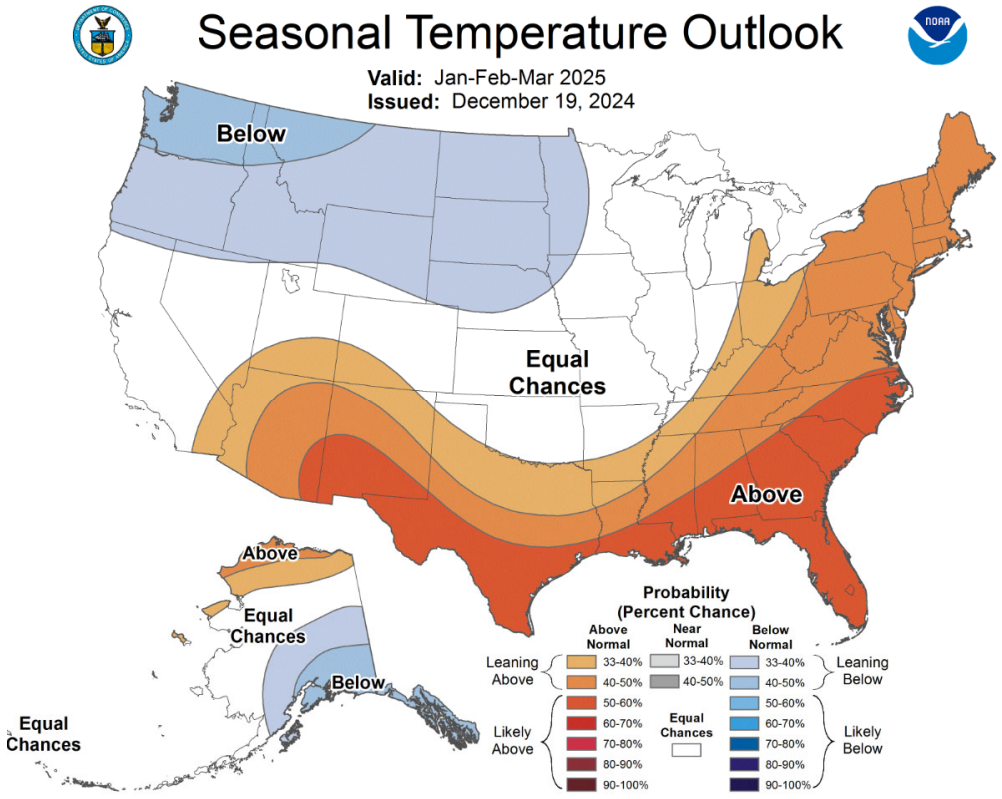


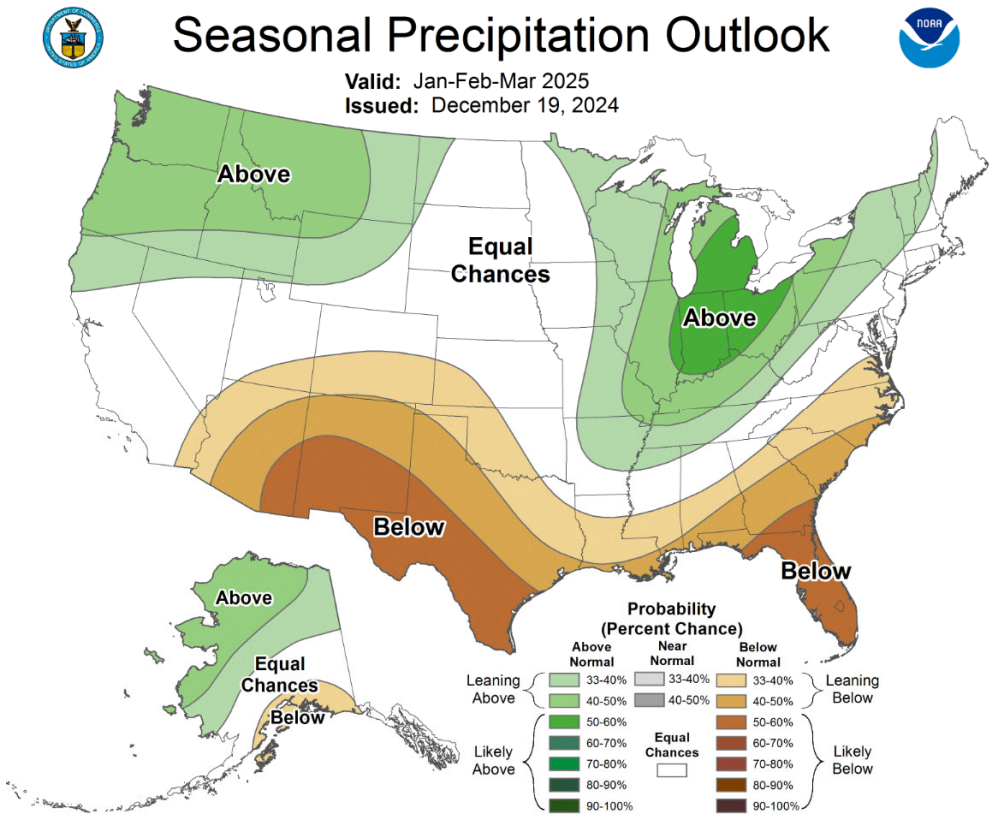
January Precipitation Outlook





January-March Seasonal Weather Outlook





Weak La Niña conditions are expected through Winter

thank you!