

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

DISTRICT COUNCIL

Tuesday, March 4, 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. Service Awards..... CHAIR ROCKY SHELTON
 - A. John Augustine – 15 Years
 - B. Rick Swier – 15 Years
2. Request for Approval of the Minutes for the Meeting of February 4, 2025
..... CHAIR ROCKY SHELTON
3. Council Committee Chairs and Liaisons Reports CHAIR ROCKY SHELTON
4. SRP 2025 Series B Revenue Bond Sale ReviewJASON RIGGS;
and MIKE MACE, PFM FINANCIAL ADVISORS

Informational presentation to provide a review of the sale of the SRP 2025 Series B Bonds that took place in February 2025 to refinance existing debt.
5. Economic OutlookPAUL BACHMAN

Informational presentation regarding the national and local economic outlook with a specific focus on the labor market, consumer spending, inflation, business investment/economic development pipeline, and governmental economic policies.
6. 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 ServicesBRIAN KOCH
 - C. Water StewardshipLESLIE MEYERS
7. Reservoir Report / Weather Report BO SVOMA
8. President's ReportPRESIDENT DAVID ROUSSEAU
9. 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, APRIL 8, 2025**

02/25/2025

SAFETY MINUTE: PROTECT YOUR VALUABLES SRP COUNCIL

**SARA MCCOY
DIRECTOR, RISK MANAGEMENT
MARCH 4, 2025**



Delivering water and power™

SAFETY MINUTE: PROTECT YOUR VALUABLES

Protect your valuables

- Be aware of your surroundings
- Keep valuables in closed bags and in front of you

Prepare in advance

- Create list/copies of what is in your wallet, bag or purse
- Include contact and account information
- Ensure your phone and devices are password protected

When wallet is lost

- File a police report
- Replace lost keys and rekey/replace locks
- Cancel and replace items that were lost
- Contact Credit Bureaus to set up fraud alerts, check often





MINUTES OF COUNCIL
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER
DISTRICT

DRAFT

February 4, 2025

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, February 4, 2025, 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
January 28, 2025

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, February 4, 2025, 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 28th day of January 2025.

/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; Council Vice Chair T.M. Francis; and J.R. Augustine, M.L. Farmer, G.E. Geiger, E.L. Gorseger, 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 M.B. Brooks, A.A. Freeman, R.S. Kolb, and I.M. Rakow.

Also present were Vice President C.J. Dobson; Council Member M.A. Freeman of the Association; L. Arthanari, A.N. Bond-Simpson, A.P. Chabrier, J.D. Coggins, A.C. Davis, J. Ding, J.M. Felty, L.F. Hobaica, J.W. Hubbard, R.T. Judd, V.P. Kisicki, B.J. Koch, K.J. Lee, S.C. McCoy, L.A. Meyers, G.A. Mingura, M.J. O'Connor, B.A. Olsen, J.M. Pratt, J.I. Riggs, D.S. Roach, C.M. Sifuentes-Kohlbeck, P.B. Sigl, and R.R. Taylor of SRP; Mike Mace of Public Financial Management, Inc. (PFM); Tricia Gasparine of Chiesa Shahinian & Giantomasi PC (CSG Law); Will Frymann of J.P. Morgan; and Rajendra Gangadean of Spencer Fane LLP.

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, January 31, 2025.

Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, provided a safety minute regarding the circle of safety and performing it on your vehicle while getting fuel.

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.

Approval of Minutes

On a motion duly made by Council Member B.E. Paceley, seconded by Council Member C.M. Leatherwood and carried, the Council approved the minutes for the meeting of January 7, 2025, 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 January 7, 2025. The vote was recorded as follows:

YES:	Council Chair J.R. Shelton; Council Vice Chair T.M. Francis; and Council Members J.R. Augustine, M.L. Farmer, G.E. Geiger, E.L. Gorseger, 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	(25)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Council Members M.B. Brooks, A.A. Freeman, R.S. Kolb, and I.M. Rakow	(4)

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 Member M.C. Pedersen reported on discussions held at the Water Committee. Council Member J.L. Miller reported on discussions held at the Customer Utility Panel meeting. Council Members W.W. Schrader III and R.W. Swier reported on discussions held at the Finance and Budget Committee. Council Member M.G. Rakow reported on discussions held at the Compensation Committee.

S.C. McCoy of SRP left the meeting after the reports. Council Members A.A. Freeman and I.M. Rakow entered the meeting during the reports.

Key Trends Driving Increased SRP Resource Capacity Needs

Using a PowerPoint presentation Angie N. Bond-Simpson, SRP Senior Director of Resource Management, stated that the purpose of the presentation was to provide information regarding key trends driving increased year over year generation resource capacity needs.

A.N. Bond-Simpson provided a chart from Fiscal Year 2000 (FY00) projected through FY35 depicting the impact that load growth in the Phoenix metro area is forecasted to have on SRP's system peak load, measured in megawatts (MW). They said that growth continues to accelerate in small (residential, small commercial, and other entities) and large (large commercial and industrial) customer groups.

A.N. Bond-Simpson presented a second chart from FY00 projected through FY35 depicting the impact that energy growth in the Phoenix metro area is forecasted to have on SRP's annual retail sales, measured in gigawatt-hour (GWh). They explained that the high load factor customers will uniquely influence infrastructure requirements.

A.N. Bond-Simpson explained that based on SRP's Integrated System Plan (ISP) Current Trends Scenario, customer demand is forecasted to grow from FY30 through FY35. They highlighted that each annual forecast update has increased expectations for peak demand.

A.N. Bond-Simpson further explained that the past four forecasts have steadily increased towards the ISP Desert Boom scenario. They stated that the projected peak demand requirements for summer of FY32 are 1,300 MW higher than the ISP Balanced System Plan.

A.N. Bond-Simpson said that on April 25, 2024, the U.S. Environmental Protection Agency (EPA) finalized the following four significant new regulations impacting the power sector: 1) Greenhouse Gas (GHG) Rules – i) performance standards for new stationary combustion turbines; and ii) emission guidelines for existing coal- and oil-fired steam boiler generating units; 2) Mercury and Air Toxics Standards (MATS) Rule;

3) Legacy Coal Combustion Residuals (CCR) Rule; and 4) Effluent Limitations Guidelines and Standards (ELGs) Rule. They summarized the elements of the final power sector GHG Rule impacting FY26 resource planning decisions (not comprehensive) as follows: 1) existing coal units – cease coal generation by the end of FY31, or co-fire or fully convert to natural gas by the end of FY29; 2) new natural gas units – capacity factor limited to 40% unless equipped with carbon capture; and 3) Coronado Generating Station (CGS) and the Springerville Generating Station Unit 4 (SGS4) would be required to close by the end of FY31, as currently configured.

A.N. Bond-Simpson said that the ISP scenario planning analyzed a wide range of plausible futures and resource builds, based on the ISP strategic approaches – technology neutral, no new fossil, and minimum coal. They reminded the Council that the ISP Balance System Plan was constructed to work well under the following scenarios: 1) Desert Contraction; 2) Current Trends; 3) Strong Climate Policy; and 4) Desert Boom.

A.N. Bond-Simpson provided an overview of the ISP Balance System Plan approach from FY25 through FY35. They highlighted that by FY35, triple the capacity of renewable and storage resources are forecasted, approximately 26,500 MW (an 80% increase in ten years).

A.N. Bond-Simpson reviewed the planning considerations under the Desert Boom conditions. They stated that without new firm generation capacity, the system cannot satisfy reliability requirements under a high load growth scenario.

A.N. Bond-Simpson detailed customer cost from the lens of the FY23 ISP. They discussed the plan in development, aligning on capacity need for Financial Plan 2026 (FP26). A.N. Bond-Simpson noted that the capacity needs for FY32 have doubled since the drafting of the FP25. They outlined the following strategic decisions for this fiscal year: 1) updated the Resource Plan, balancing costs while adding firm generation capacity; 2) potential expansion of gas pipeline infrastructure to support new gas resources to meet capacity needs; and 3) decisions around key facilities including CGS and SGS4.

A.N. Bond-Simpson concluded with a discussion of next steps. They 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.

President D. Rousseau entered the meeting during the presentation.

2025 Series B Revenue Bond Sale to Refinance Existing Debt

President D. Rousseau announced that the purpose of the item was to review and take action on the adoption of the resolution approving the private sale and ratifying and

confirming terms and conditions of up to \$715,000,000 in par value of Salt River Project Electric System Revenue Bonds, 2025 Series B. They stated that the Council had been called to hear details of the proposed sale from SRP Management, the District's financial advisor for the bond sale, the District's lead banker for the bond sale, and the District's bond counsel.

President D. Rousseau stated that upon completion of the presentations, the Council would take action on the **"RESOLUTION OF THE COUNCIL APPROVING THE PRIVATE SALE BY THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND RATIFYING AND CONFIRMING TERMS AND CONDITIONS OF NOT EXCEEDING \$715,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2025 SERIES B."**

President D. Rousseau asked Jon W. Hubbard, SRP Treasurer and Senior Director of Financial Operations and Compliance, to proceed. Using a PowerPoint presentation, J.W. Hubbard provided introductory remarks on the 2025 Series B bond sale. They reviewed SRP's refunding outlook, and the estimated refunding savings based on rates as of January 27, 2025. J.W. Hubbard discussed the retirement of Commercial Paper and the prospective Fiscal Year 2025 allocations.

J.W. Hubbard provided an overview of the 2025 Series B bond sale and said that, if approved, the proceeds of the bond sale will replenish the General Fund through reimbursement of Capital Expenses through the Construction Fund. They introduced Jason I. Riggs, SRP Assistant Treasurer and Director of Treasury Operations and Compliance.

Continuing, J.I. Riggs provided a list of the transaction participants of the 2025 Series B bond sale. They reviewed the bond sale parameters including the par value, true interest cost, final maturity, call option, purchaser's compensation, and pricing execution. J.I. Riggs concluded with the Board and Council calendar for the bond sale.

J.W. Hubbard and J.I. Riggs responded to questions from the Council.

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

President D. Rousseau asked Mike Mace, Senior Director of PFM, the District's financial advisor for the bond sale, to proceed.

Using a PowerPoint presentation, M. Mace detailed the 2025 Series B bond sale. They provided a comprehensive overview of the prevailing market conditions and recent interest rate trends. M. Mace highlighted the good market dynamics to start 2025. They concluded by stating that SRP's 2025 bond structure should draw strong demand and there is positive momentum for SRP's transaction.

M. Mace offered their recommendation for approval of the sale and responded to questions from the Council.

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

President D. Rousseau asked Will Frymann, Executive Director of J.P. Morgan, the District's lead bank for the bond sale, to proceed.

Using a PowerPoint presentation, W. Frymann provided a 2025 Series B financing overview. They reviewed preliminary financing results, including new money, refunding, and aggregate. W. Frymann concluded with an overview of the process for the public to place retail orders for bonds.

W. Frymann offered their recommendation for approval of the sale and responded to questions from the Council.

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

President D. Rousseau asked Tricia Gasparine of CSG Law, the District's bond counsel for the bond sale, to proceed.

Using a PowerPoint presentation, T. Gasparine reviewed the proposed resolution, purchase contract, bond issuance parameters, and authorizations required.

T. Gasparine responded to questions from the Council.

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

President D. Rousseau asked J.I. Riggs to proceed with the recommendation. Using a PowerPoint presentation, J.I. Riggs recommended that the Council adopt a resolution approving the private sale by the Salt River Project Agricultural Improvement and Power District and ratifying and confirming terms and conditions of not exceeding \$715,000,000 in par value of Salt River Project Electric System Revenue Bonds, 2025 Series B.

There being no further questions, President D. Rousseau asked for a motion by the Council to adopt the proposed form of resolution authorizing the private sale by the Salt River Project Agricultural Improvement and Power District and ratifying and confirming terms and conditions of not exceeding \$715,000,000 in par value of Salt River Project Electric System Revenue Bonds, 2025 Series B.

On a motion duly made by Council Member B.E. Paceley, seconded by Council Vice Chair T.M. Francis and carried, the Council adopted the following resolution, the form of

which appeared before the Council Members:

RESOLUTION OF THE COUNCIL APPROVING THE PRIVATE SALE BY THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND RATIFYING AND CONFIRMING TERMS AND CONDITIONS OF NOT EXCEEDING \$715,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2025 SERIES B

WHEREAS, The Board of Directors (the “Board”) of the Salt River Project Agricultural Improvement and Power District (the “District”), by resolution entitled “Supplemental Resolution Dated September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds,” which became effective January 11, 2003, as amended and supplemented, has created and established an issue of Salt River Project Electric System Revenue Bonds (the “Bonds”), which Bonds may be authorized from time to time pursuant to Series Resolutions; and

WHEREAS, on February 3, 2025, the Board adopted its “RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$715,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2025 SERIES B OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF” (the “2025 Bond Resolution”) (the form of which is attached hereto as **Exhibit A**), that, among other things, fixes the form, terms and conditions of the 2025 Series B Bonds, authorizes the issuance of the 2025 Series B Bonds and the private sale of the 2025 Series B Bonds to a group of purchasers represented by and including J.P. Morgan Securities LLC, BofA Securities, Inc., Goldman, Sachs & Co., LLC, Morgan Stanley & Co. LLC and TD Securities (USA) LLC (hereinafter collectively referred to as the “2025 Purchasers”) pursuant to the terms and conditions of a Purchase Contract, to be dated the date of sale of the 2025 Series B Bonds, by and among the District and the 2025 Purchasers (the “2025 Purchase Contract”) (the form of which is attached hereto as **Exhibit B**); and

WHEREAS, pursuant to the 2025 Bond Resolution, (i) the par amount of the 2025 Series B Bonds shall not exceed \$715,000,000, (ii) the final maturity of any 2025 Series B Bonds shall not be later than fifteen (15) years from the date of issuance of such 2025 Series B Bonds, (iii) the true interest cost of the 2025 Series B Bonds shall not exceed five percent (5.00%) per annum, (iv) the 2025 Series B Bonds shall be subject to optional redemption no later than ten and one-half (10 ½) years from the date of issuance of such 2025 Series B Bonds, (v) the Redemption Price for any 2025 Series B Bond shall not exceed one hundred percent (100%) of the principal amount of such 2025 Series B Bond, (vi) the compensation

paid to the 2025 Purchasers shall not exceed \$2.00 per \$1,000 of 2025 Series B Bonds to be issued and (vii) the 2025 Series B Bonds shall be sold not later than April 30, 2025.

WHEREAS, pursuant to the requirements of Title 48, Chapter 17, Article 7, of the Arizona Revised Statutes, no bonds may be issued by the District unless the Council, by resolution adopted by an affirmative vote of a majority of its members, ratifies and confirms the amount of the bonds authorized to be issued by the Board and, if the Board determines to sell bonds at private sale, such sale shall be subject to prior approval by a majority of the members of the Council;

NOW, THEREFORE, BE IT RESOLVED, by the members of the Council of the Salt River Project Agricultural Improvement and Power District as follows:

- (i) The final maturity, redemption provisions and other terms and conditions of the 2025 Series B Bonds, as contained in the 2025 Bond Resolution, are hereby ratified, confirmed and approve.
- (ii) The private sale of not exceeding \$715,000,000 2025 Series B Bonds to the 2025 Purchasers, pursuant to the 2025 Bond Resolution and the 2025 Purchase Contract is hereby ratified, confirmed and approved.
- (iii) This resolution shall take effect immediately.

Corporate Secretary J.M. Felty polled the Council Members on Council Member B.E. Paceley's motion to adopt the resolution. The vote was recorded as follows:

YES:	Council Chair J.R. Shelton; Council Vice Chair T.M. Francis; and Council Members J.R. Augustine, M.L. Farmer, A.A. Freeman, G.E. Geiger, E.L. Gorseger, 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, I.M. Rakow, 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	(27)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Council Members M.B. Brooks and R.S. Kolb, and	(2)

Council Chair J.R. Shelton declared the Council resolution adopted.

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

A.N. Bond-Simpson of SRP left the meeting.

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.

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.

Council Members A.A. Freeman, M.R. Mulligan, I.M. Rakow, and N.J. Vanderwey; President D. Rousseau; Council Member M.A. Freeman of the Association; L. Arthanari, J.W. Hubbard, J.I. Riggs, D.S. Roach, and P.B. Sigl of SRP; Mike Mace of PFM; Tricia Gasparine of CSG Law; Will Frymann of J.P. Morgan; and Rajendra Gangadean of Spencer Fane LLP left the meeting.

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 January 2025, stating that January's customer peak demand of 4,463 megawatts (MW) occurred on January 14th with 38-degree temperature, which was 538 MW lower than forecasted. J.D. Coggins highlighted that SRP's grid assets continue to perform extremely well, and that planned maintenance season continues.

J.D. Coggins provided an overview on the Salt River Pumped Storage Project, explaining how it stores solar power during the day and releases stored energy when needed. They reviewed the needs, benefits, unique advantages, status, and next steps related to the Salt River Pumped Storage Project.

J.D. Coggins provided an overview of the Advanced Distribution Management System (ADMS), announcing that it went live on January 21, 2025. They concluded with a review of the Coronado Generating Station (CGS) Selective Catalytic Reduction (SCR) Project.

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 December 2024 and

year-to-date.

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 water stewardship. They reviewed the January 15, 2025 SRP/Central Arizona Project (CAP) Interconnection Facility funding agreement signing. L.A. Meyers provided a video overview of the SRP/CAP Interconnection Facility.

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.

B.M. Svoma of SRP entered the meeting during the presentation.

Reservoir and Weather Report

Using a PowerPoint presentation, Bo M. Svoma, SRP Principal Climate Scientist/Meteorologist, reviewed the cumulative watershed precipitation outlook to-date for Water Year 2025 (October 2024 – June 2025) and the watershed snowpack on January 30, 2025. They discussed the surface runoff and pumping data for January 2025.

B.M. Svoma 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 January 30, 2025. They provided a monthly precipitation forecast and a review of the seasonal percent of normal precipitation outlook from March 2025 through May 2025. B.M. Svoma concluded with an overview of streamflow forecast from January 1, 2025 to May 31, 2025.

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 reminded the Council that there will be a Price Process meeting on February 6, 2025.

B.M. Svoma of SRP left the meeting.

Future Agenda Topics

Council Chair J.R. Shelton asked the Council if there were any future agenda topics. Council Member M.G. Rakow requested a tutorial on how to navigate the BoardVantage portal site.

There being no further business to come before the Council, the meeting was adjourned at 12:36 p.m.

John M. Felty
Corporate Secretary

Review of 2025 Series B Bond Sale to Refinance Existing Debt

March 4, 2025 | SRP Council Meeting

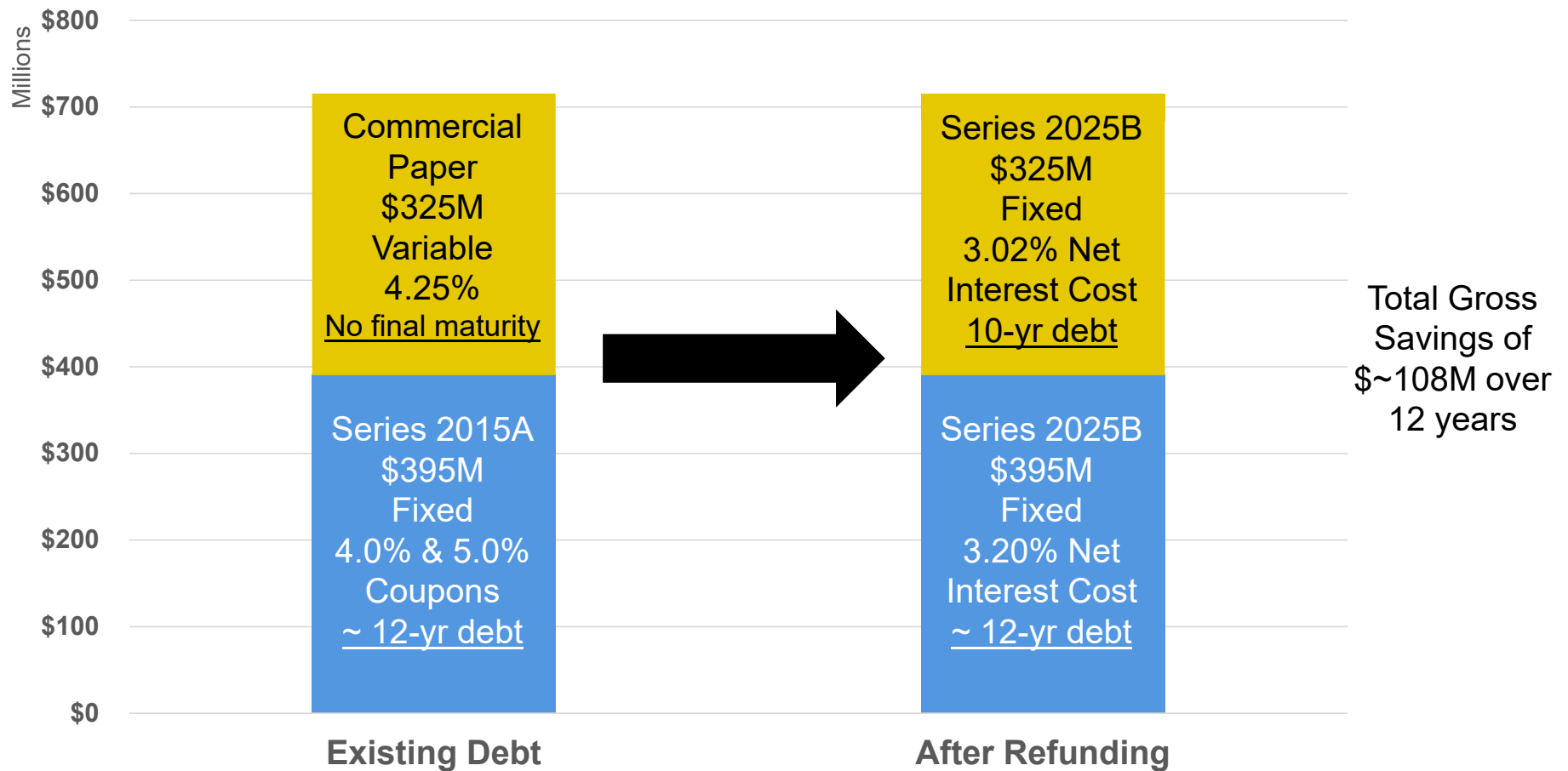
Jason I. Riggs | Director & Asst. Treasurer, Treasury Operations & Compliance

Bond Refunding Summary

- Successfully refinanced \$715M in existing debt saving \$108M in interest expense
- Sale executed on 2/11/2025
- All Bond Sale Parameters achieved
- No additional debt added to Balance Sheet

Savings Achieved After Execution of Pricing

No additional debt on balance sheet



Bond Sale Team

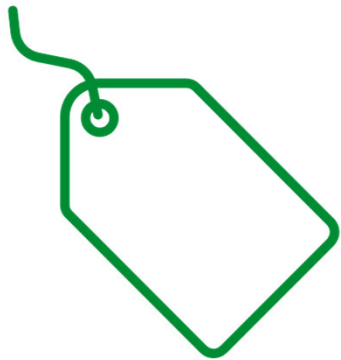
• Lead Banker:	J.P. Morgan Securities LLC
• Co-managers:	BofA Securities, Inc. Goldman Sachs & Co. LLC TD Securities LLC Morgan Stanley & Co. LLC
• Underwriter's Counsel:	James Normile , <i>Katten Muchin Rosenman LLP</i>
• Financial Advisor:	Michael Mace , <i>PFM Financial Advisors LLC</i>
• Bond Counsel:	Tricia Gasparine , <i>Chiesa Shahinian & Giantomasi PC</i>
• Tax Counsel:	Mitch Rapaport , <i>Nixon Peabody</i>
• Arizona Counsel:	Bill Clarke/Raj Gangadean , <i>Spencer Fane</i>

Bond Sale: Approved Parameters and Final Execution

Successful refinancing saved our customer ~\$108M in interest expense

1	2	3	4	5	6
Par Value	True Interest Cost	Final Maturity	Redemption Price & Timing	Underwriter's Compensation	Pricing Execution
<ul style="list-style-type: none">• Not to exceed \$715,000,000 in par value	<ul style="list-style-type: none">• Not to exceed 5.0%	<ul style="list-style-type: none">• Not greater than 15 years	<ul style="list-style-type: none">• Not to exceed 100%• Not later than 10 years from date of issuance	<ul style="list-style-type: none">• Not to exceed \$2.00 per \$1,000 of bonds issued	<ul style="list-style-type: none">• Execute final pricing by 4/30/2025
\$637,230,000 ✓	3.12 % ✓	~12 years ✓	100% 10 years ✓	\$1.85 per \$1,000 ✓	2/11/2025 ✓
----- Final Revenue Bond Sale Results -----					

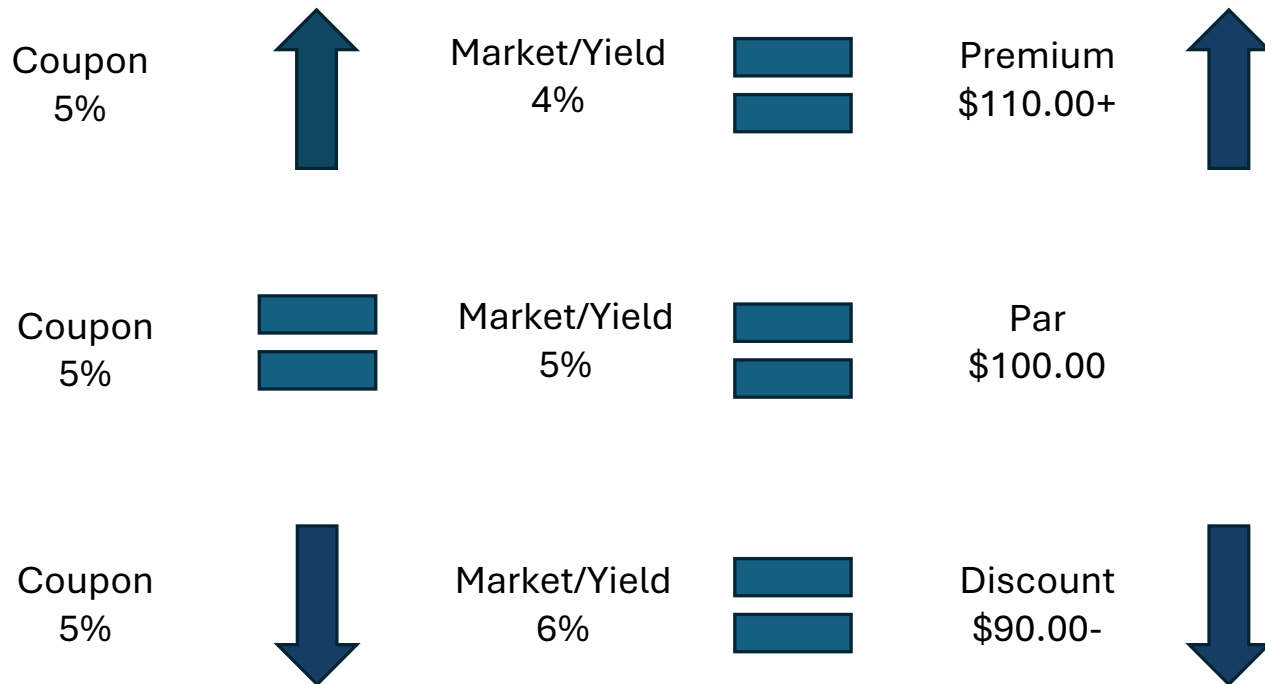
**Pricing
Executed 2/11
Total
Subscription
2.6x**



Electric System Revenue Bonds, 2025 Series B

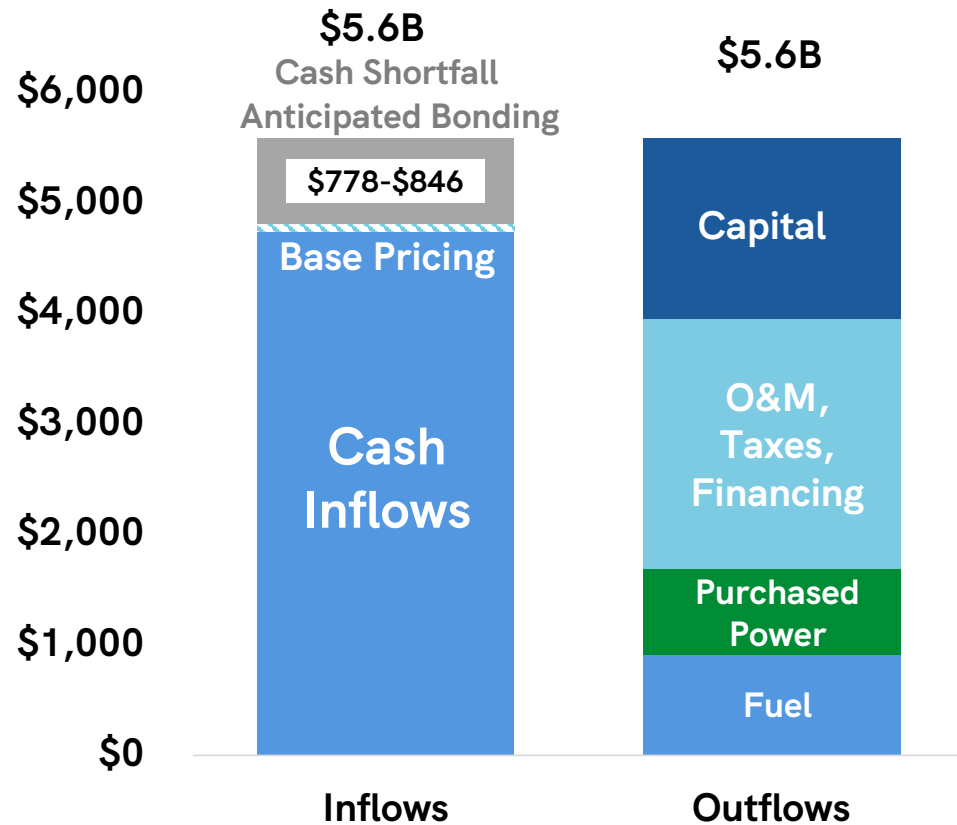
<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Premium</u>
1/1/2026	22,405,000	5.000%	2.630%	101.918	429,728
1/1/2027	20,465,000	5.000%	2.680%	104.101	839,270
1/1/2028	23,635,000	5.000%	2.720%	106.155	1,454,734
1/1/2029	23,625,000	5.000%	2.760%	108.074	1,907,483
1/1/2030	26,390,000	5.000%	2.780%	109.955	2,627,125
1/1/2031	19,365,000	5.000%	2.850%	111.460	2,219,229
1/1/2032	37,020,000	5.000%	2.900%	112.914	4,780,763
1/1/2033	101,125,000	5.000%	2.980%	114.002	14,159,522
1/1/2034	83,150,000	5.000%	3.040%	115.067	12,528,210
1/1/2035	149,310,000	5.000%	3.110%	115.890	23,725,359
1/1/2036	75,110,000	5.000%	3.170%	116.002	12,019,102
1/1/2037	55,630,000	5.000%	3.210%	115.621	8,689,962
\$ 637,230,000					\$ 85,380,487

What does “Premium” mean?



Outlook on Bonding for FY26

- Treasury plans to seek Board and Council debt issuance approval during FY26 supporting the FY26 Budget
- Next refunding opportunity anticipated in Fall 2026





SRP 2025 Series B Bonds

Information Prepared for the SRP Council

Mike Mace, Senior Director

March 4, 2025

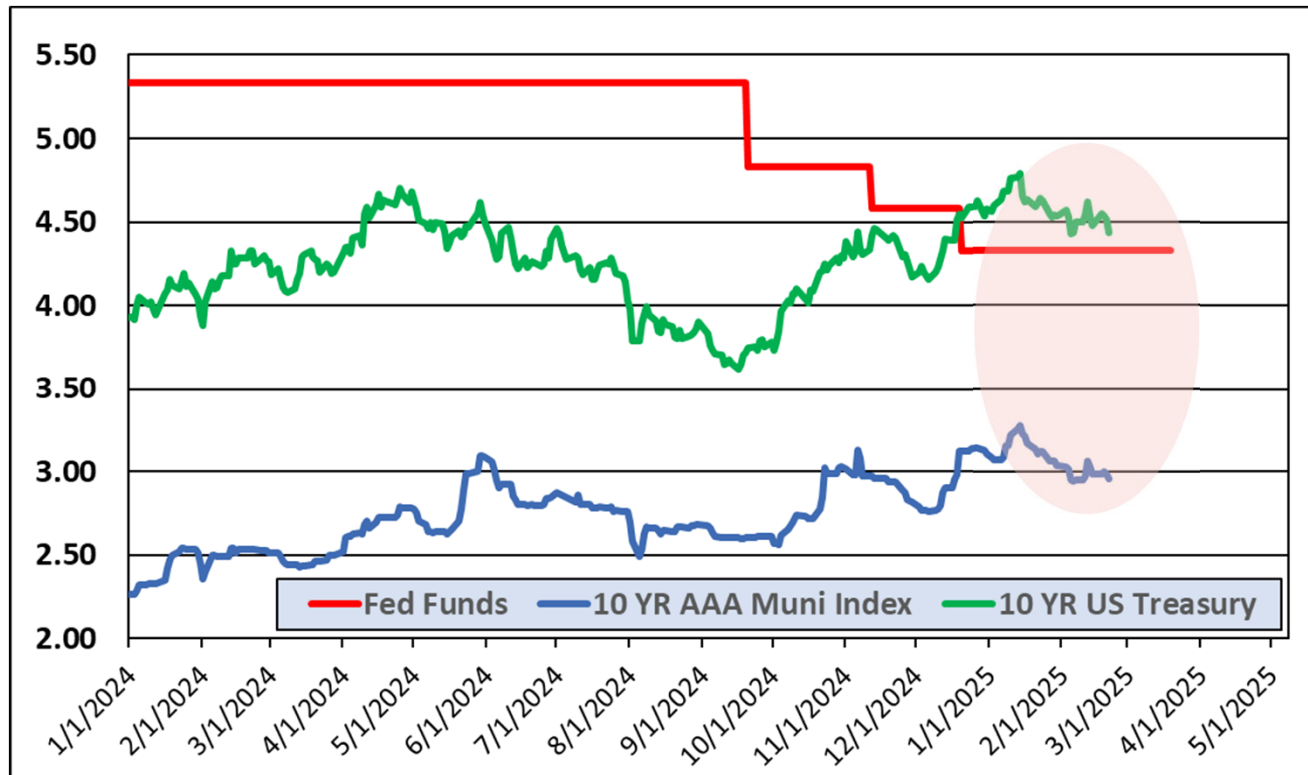
New York, NY
Philadelphia, PA
Charlotte, NC
Chandler, AZ

pfm.com



SRP 2025 Bonds – Leading up to the Bond Sale

◆ Positives outweighing the negatives in the market



◆ Measured optimism

- Great SRP credit
- Demand for SRP maturities
- Solid recent investor demand
- \$40 Bn Feb redemptions
- Bond fund inflows

◆ Some concerns

- Good, but not great, market
- Insurance companies ??
- Long-term fundamentals
- Data and political sensitive



Interest Rate Thoughts Leading up to Formal Pricing

- Monday: PreMarket levels reflect optimism from the finance team
Positive indications by a few, but large, investors
- Tuesday AM: Treasury and muni markets were slightly weaker
Slight upward rate revisions prior to formal pricing

<u>Maturity</u>	<u>Par Amount</u>	<u>Coupon</u>	2/10/2025 <u>PreMarket</u>	2/11/2025 <u>Pricing</u>	<u>Adjust</u>
1/1/2026	22,405,000	5.00%	2.65	2.65	
1/1/2027	20,465,000	5.00%	2.68	2.68	
1/1/2028	23,635,000	5.00%	2.72	2.72	
1/1/2029	23,625,000	5.00%	2.76	2.76	
1/1/2030	26,390,000	5.00%	2.80	2.81	0.01
1/1/2031	19,365,000	5.00%	2.83	2.85	0.02
1/1/2032	37,020,000	5.00%	2.88	2.90	0.02
1/1/2033	101,125,000	5.00%	2.96	2.98	0.02
1/1/2034	83,150,000	5.00%	3.02	3.04	0.02
1/1/2035	149,310,000	5.00%	3.09	3.11	0.02
1/1/2036	75,110,000	5.00%	3.15	3.17	0.02
1/1/2037	55,630,000	5.00%	3.20	3.22	0.02



The “Book” Develops Slowly on Tuesday AM

- Order Period opens at 9:45AM, extending until 11:45 AM
- Treasury and muni markets continued to edge higher in rates
- At 11AM, most investors were still in wait and see mode

Maturity	Amount	Retail	Institutional	Stock	Priority Orders	#Priority	Priority Balance	Priority Subscription
1/1/2026	22,295	10	4,700	20,000	4,710	4	17,585	21%
1/1/2027	20,355	0	2,215	20,000	2,215	4	18,140	11%
1/1/2028	23,515	0	150	10,000	150	1	23,365	1%
1/1/2029	23,505	0	0	10,000	0	0	23,505	0%
1/1/2030	26,265	0	19,770	10,000	19,770	5	6,495	75%
1/1/2031	19,230	0	260	15,000	260	2	18,970	1%
1/1/2032	36,885	0	5,755	40,000	5,755	4	31,130	16%
1/1/2033	100,975	0	20,880	52,500	20,880	5	80,095	21%
1/1/2034	82,990	0	290	32,500	290	3	82,700	0%
1/1/2035	149,165	10	22,560	30,000	22,570	7	126,595	15%
1/1/2036	74,905	0	13,750	25,000	13,750	3	61,155	18%
1/1/2037	55,165	0	48,595	50,000	48,595	9	6,570	88%
Totals:	635,250	20	138,925	315,000	138,945	47	496,305	22%



Key Investors Submit Orders Near End of Order Period

- 5-7 investors totaling over \$800 MM submit orders in the last 15 minutes
- Most of which had indicated interest the day before
- Leaving a small balance in one maturity, and slight yield reductions on 3 maturities

Maturity	Amount	Retail	Institutional	Stock	Priority Orders	#Priority	Priority Balance	Priority Subscription
1/1/2026	22,295	510	56,835	20,000	57,345	9	(35,050)	257%
1/1/2027	20,355	25	25,445	20,000	25,470	9	(5,115)	125%
1/1/2028	23,515	0	21,310	10,000	21,310	9	2,205	91%
1/1/2029	23,505	125	32,565	10,000	32,690	9	(9,185)	139%
1/1/2030	26,265	100	86,300	10,000	86,400	16	(60,135)	329%
1/1/2031	19,230	0	37,040	15,000	37,040	14	(17,810)	193%
1/1/2032	36,885	25	72,280	40,000	72,305	19	(35,420)	196%
1/1/2033	100,975	75	173,590	52,500	173,665	19	(72,690)	172%
1/1/2034	82,990	100	144,665	32,500	144,765	15	(61,775)	174%
1/1/2035	149,165	10	356,830	30,000	356,840	27	(207,675)	239%
1/1/2036	74,905	0	156,095	25,000	156,095	16	(81,190)	208%
1/1/2037	55,165	0	141,680	50,000	141,680	22	(86,515)	257%
Totals:	635,250	970	1,304,635	315,000	1,305,605	184	2,205	206%

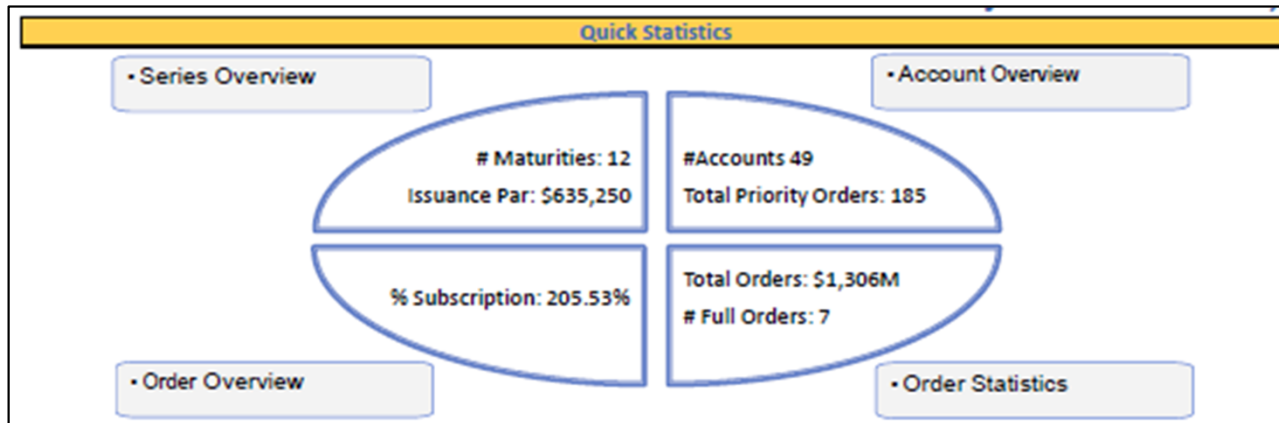
-2 BP

-3 BP

-1 BP



SRP 2025 Series B Bonds – Investor Summary



Type	Order Count	Full Orders	Total Orders	%Par	% Total Orders
Money Manager	5	5	\$444,920	70.04%	34.08%
SMA	12	0	\$141,025	22.20%	10.80%
SMA	11	1	\$140,310	22.09%	10.75%
Bond Fund	12	0	\$88,310	13.90%	6.76%
Bond Fund	6	0	\$50,000	7.87%	3.83%
Bond Fund	8	0	\$47,665	7.50%	3.65%
Manager/Trader	5	0	\$35,000	5.51%	2.68%
Money Manager	3	0	\$35,000	5.51%	2.68%
Manager/Trader	1	0	\$25,000	3.94%	1.91%
ETF	2	1	\$23,795	3.75%	1.82%
	65	7	\$1,031,025	162.30%	78.97%

Top 10 Investors



End Results are Quite Favorable

- ◆ Pricing improvement on a day when rates moved higher
- ◆ Excellent comparative results – SRP 7 Year Bond at 2.90%

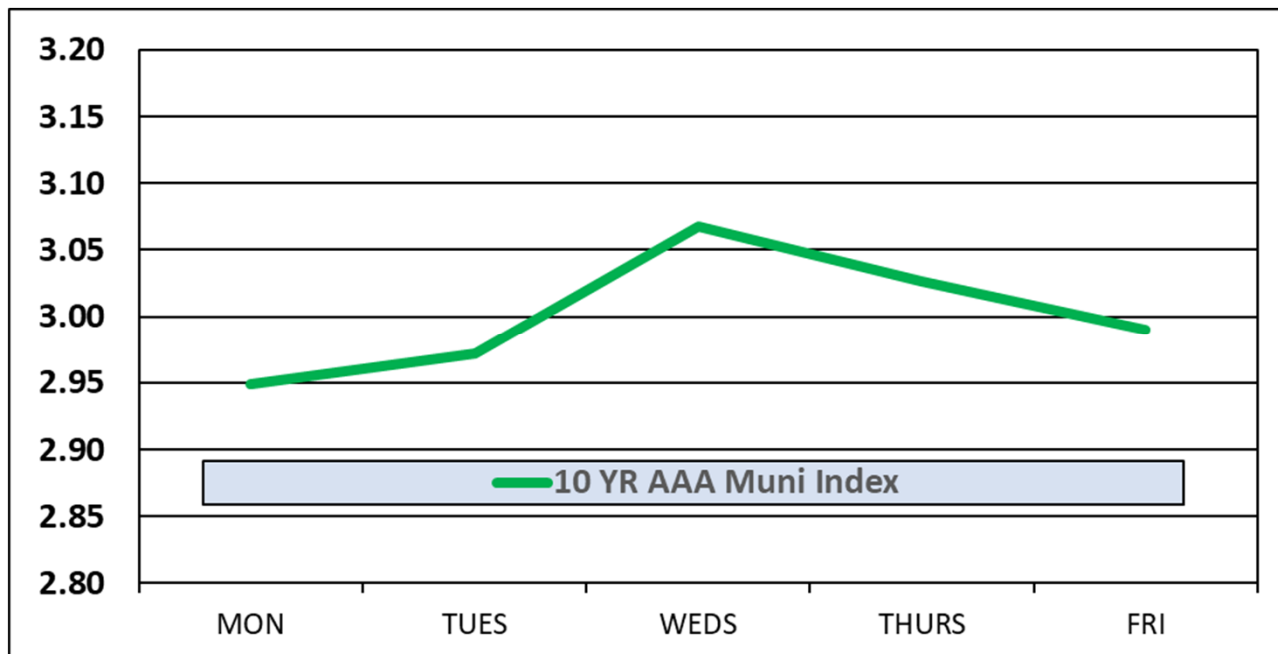
Recent Utility Bond Sales and Rates on 7 Yr Maturities					
Bond Issuer	State	Par (\$MM)	Sale Date	7-Yr Bond Rate (%)	Credit Ratings M/S&P/Fitch
SRP	AZ	637	2/11/2025	2.90	Aa1/AA+/-
Metro Atlanta Transit	GA	478	2/12/2025	3.05	AAA/-/-
Santee Cooper	SC	1,021	2/26/2025	3.18	A3/A-/A-
LCRA	TX	519	2/4/2025	3.07	A1/A/A+
Orlando Utilities Comm	FL	184	1/27/2025	3.02	Aa2/-/AA
San Antonio Water	TX	89	1/22/2025	3.10	Aa1/AA+/AA+
City of Portland W/S	OR	425	1/22/2025	3.07	Aa2/AA/-
Indiana Muni Power	IN	261	1/15/2025	3.31	A1/A+/A+
Salt Lake City W/S	UT	184	1/14/2025	3.06	Aa1/AAA/-
JEA W/S	FL	532	1/14/2025	3.24	Aa1/AA+/AA+
Goodyear W/S	AZ	57	1/14/2025	3.25	Aa3/AA/-
San Antonio Water (Jr)	TX	181	1/7/2025	3.09	Aa1/AA+/AA

However - a day away from a
VERY different result!



Roller Coaster Week for Interest Rates

- Wednesday CPI “surprise?” led to a spike in rates – Treasuries and munis



Muni Index up 0.12%

US Treasury up 0.13%

“Real” market was worse than indices

Large AAA issuer had to increase rates almost $\frac{1}{4}\%$ to attract investors



Lessons Learned and Relearned

- ◆ Markets and investors are NOT predictable
 - Overall market remains strong, but every day is different
- ◆ The SRP “difference” may be even more valuable in a tough market
 - One more “piling on” order always helps, but the “filling” order is essential
- ◆ Flexibility and having a “Plan B” is essential

thank you!



Economic Outlook

District and Association Council Meeting

Paul Bachman | March 4, 2025

Today's Topics

- Trends and outlook of the:
 - U.S. economy
 - Arizona and Phoenix
 - SRP's service territory

National Economic Conditions

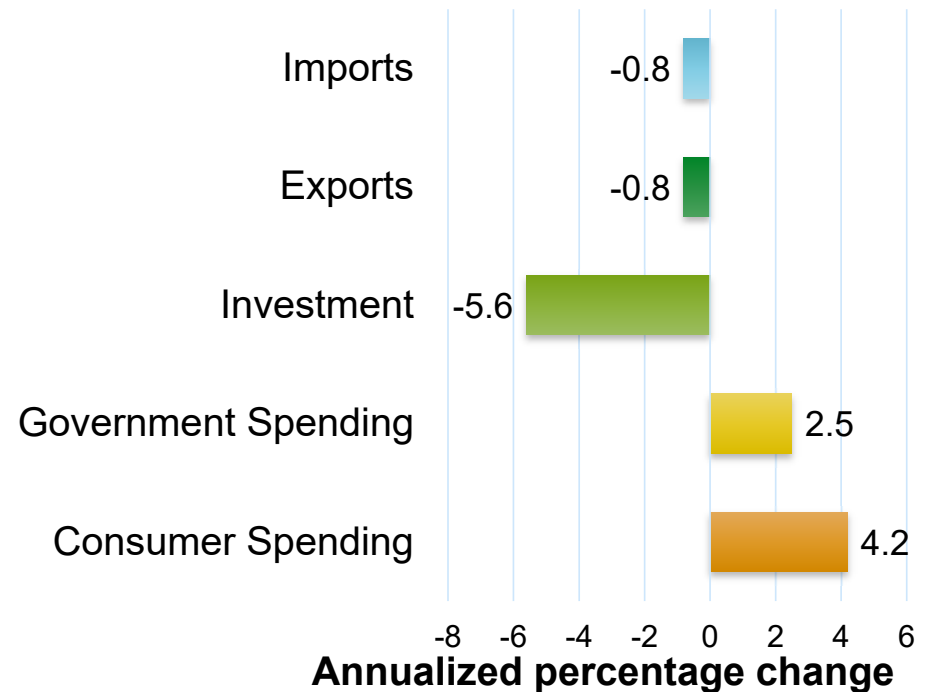
In Q4 of 2024

Consumer spending 

Government spending 

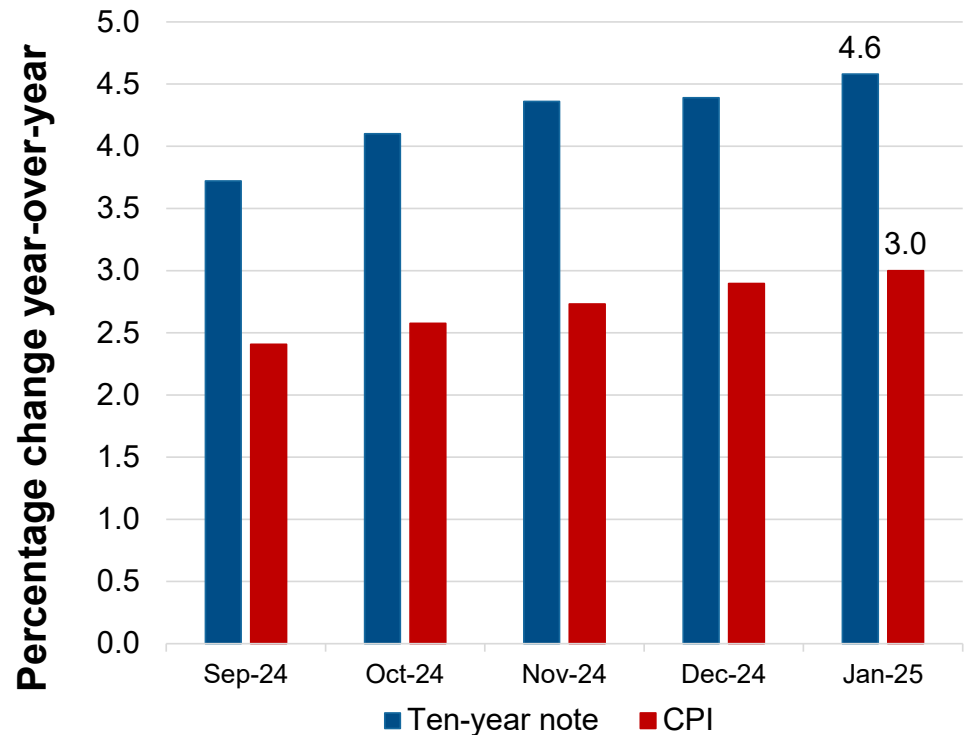
Business investment 

Q4 Real GDP Components



Outlook for the National Economy

- Inflation increased again and long-term interest rates rose, increasing borrowing costs.
- The Federal Reserve will pause rate cuts through Q2 of 2025.
- Slowing U.S. economic growth, but no recession signals for 2025 yet.



Source: Federal Reserve Economic Data

Federal Initiatives & Policies to Watch

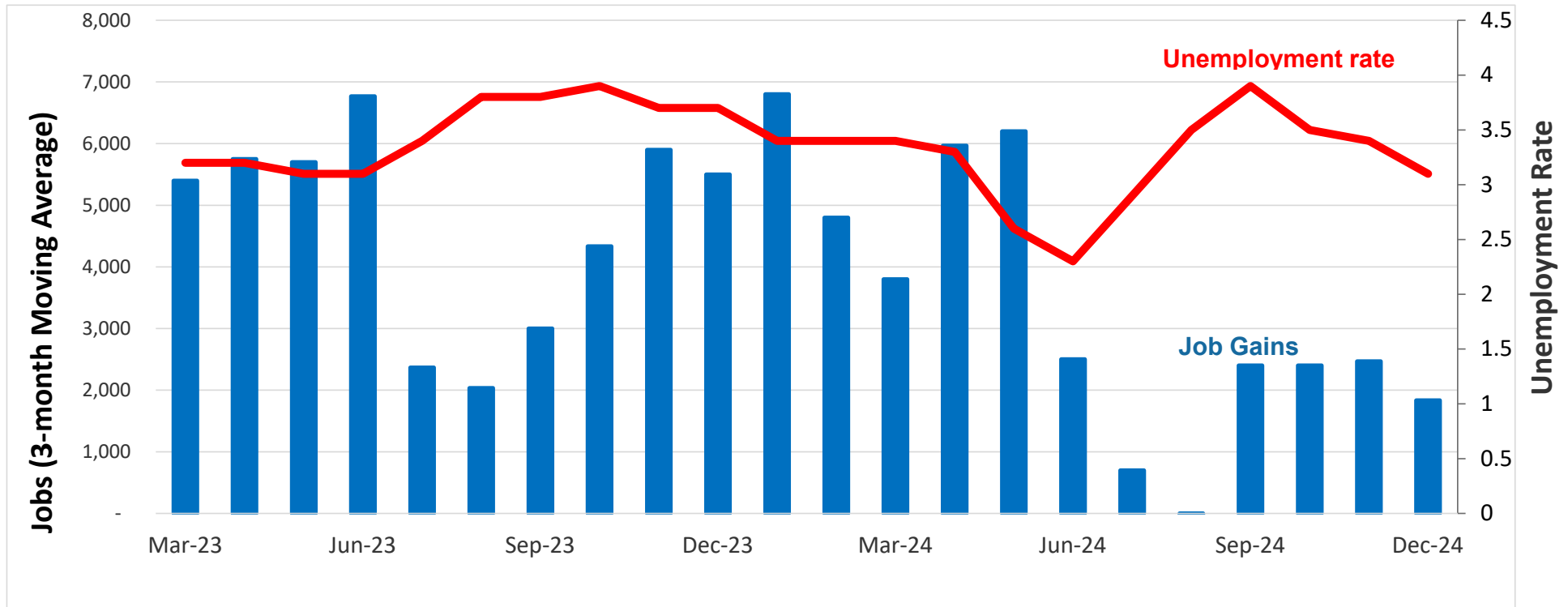
- Regulation
- Trade
- Program funding: IRA, IIJA, CHIPS...



Arizona and Phoenix

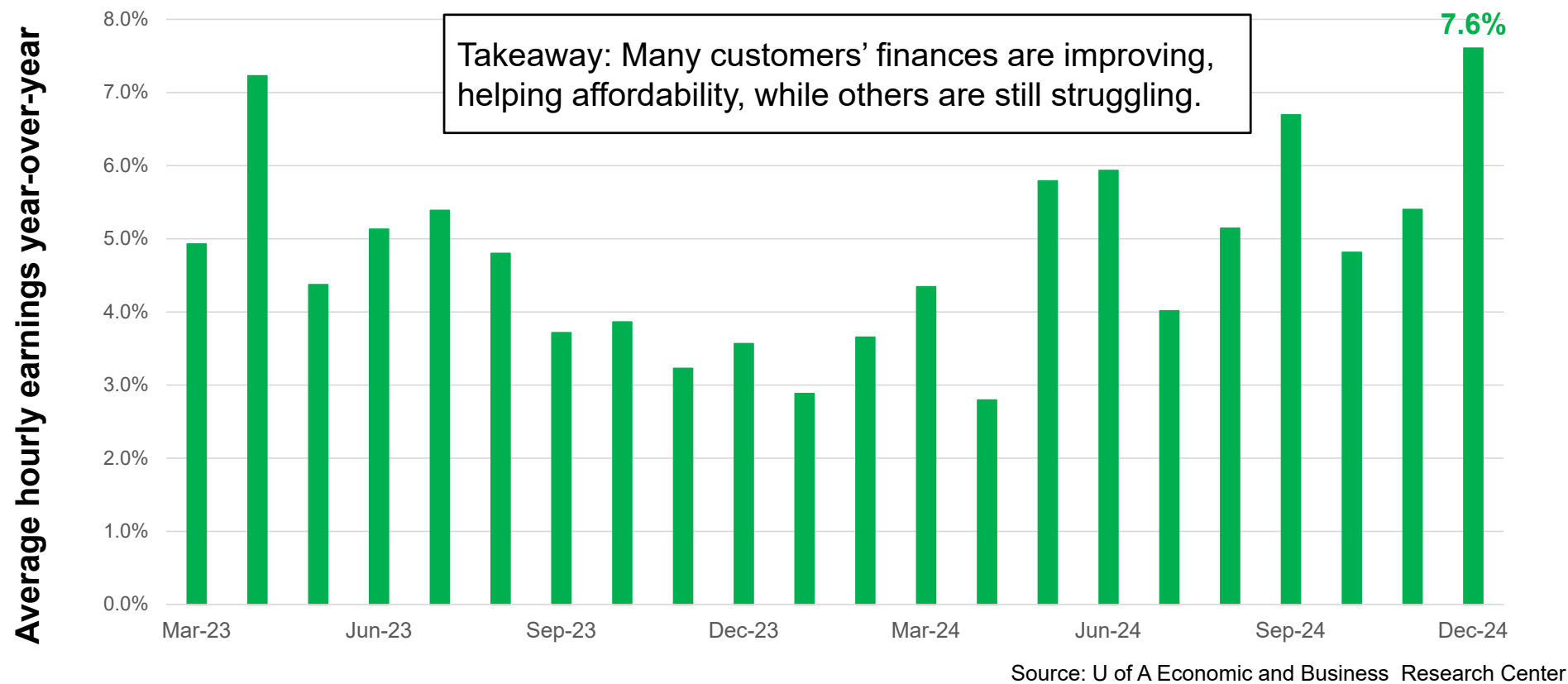
- The economy is performing at its historic trend.
- Job growth is concentrated in specific industries
- The unemployment rate hit a historic low.

Overall, Steady Gains for Phoenix Area Employment

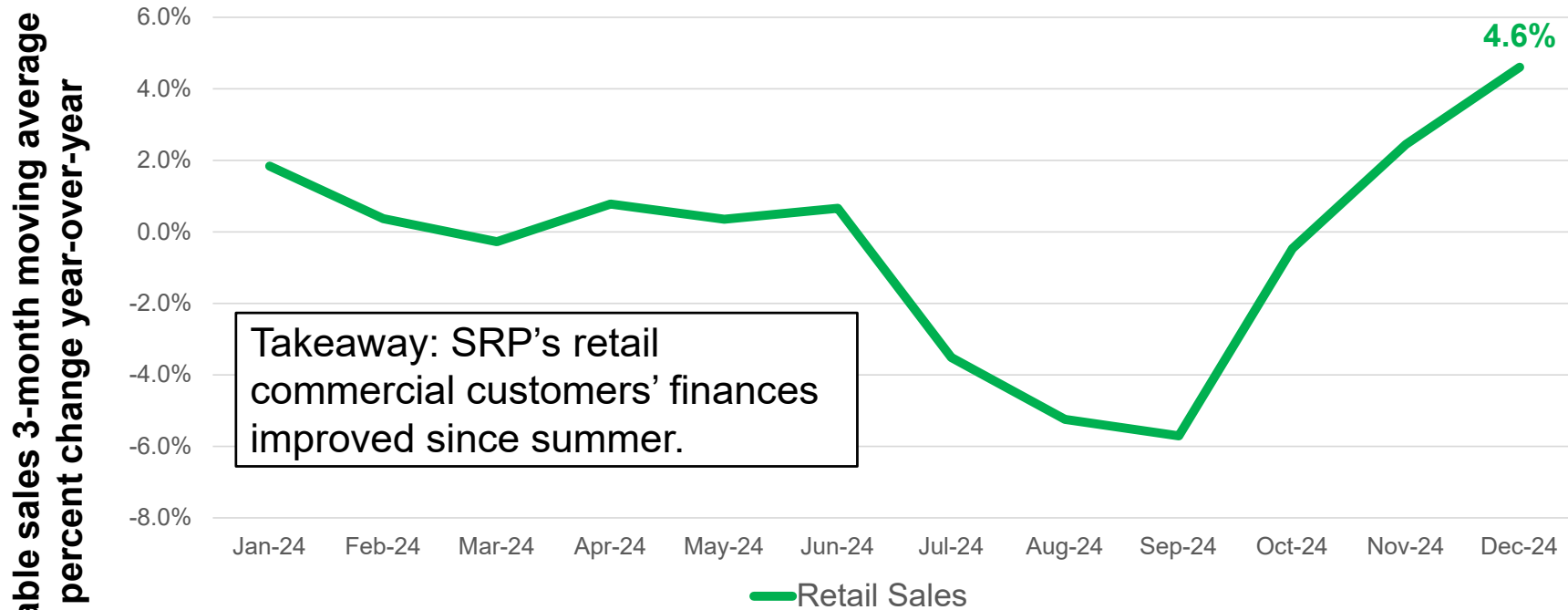


Source: U.S. Bureau of Labor Statistics

Supporting Robust AZ Wage Growth

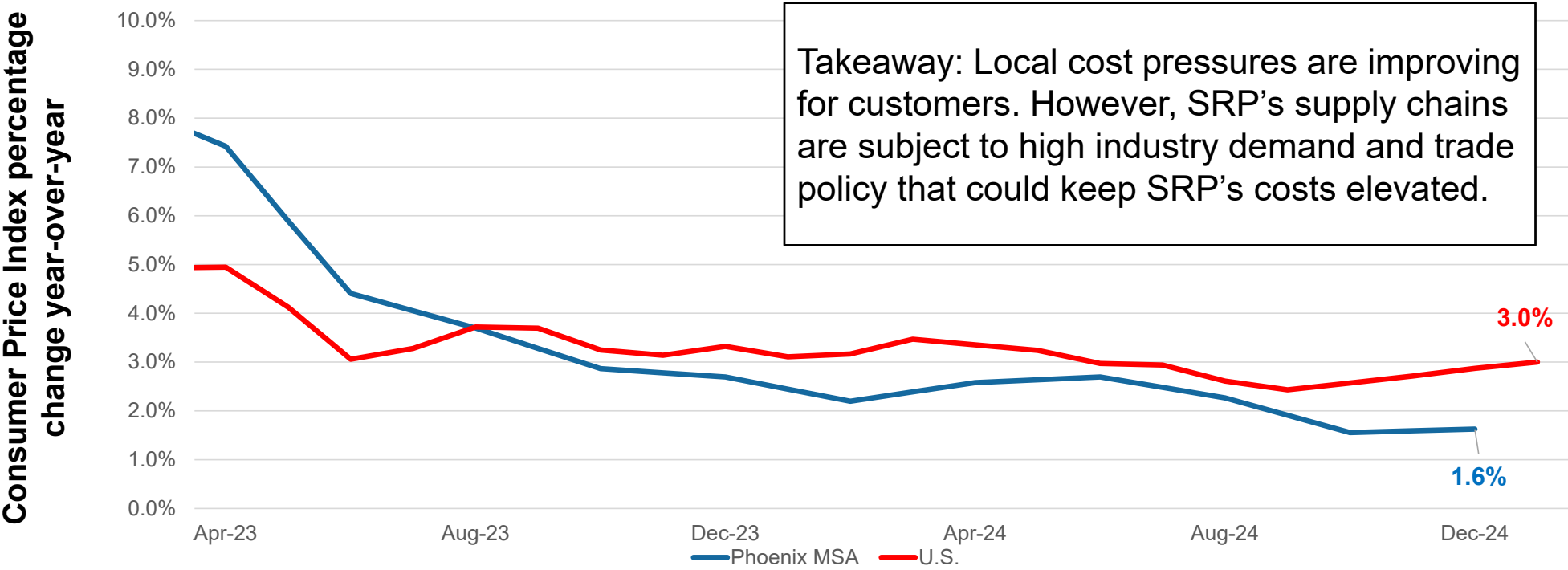


Phoenix Consumer Spending Rebounded



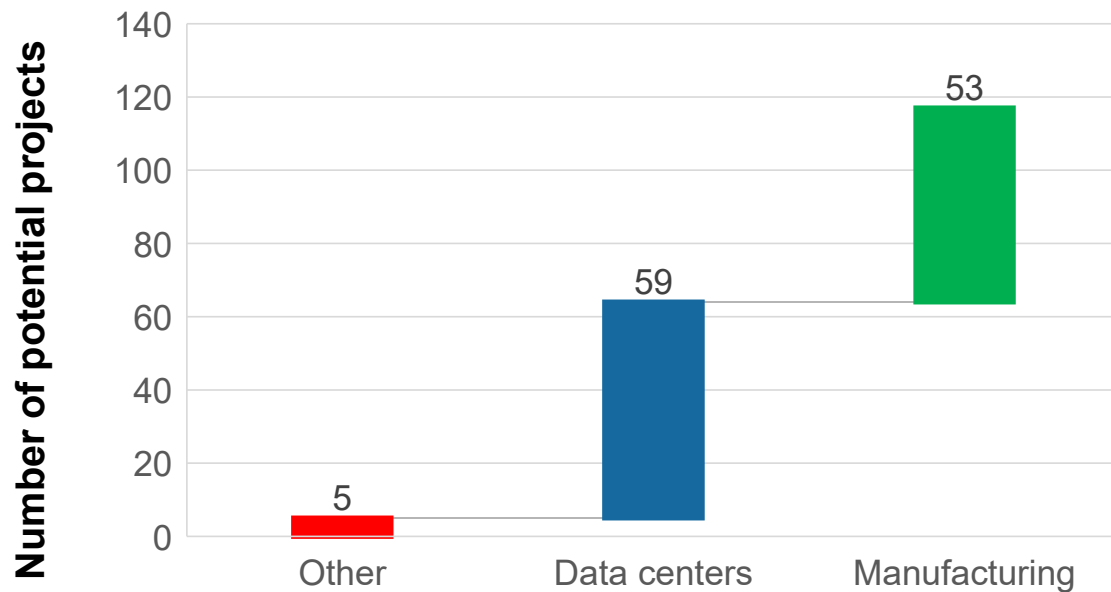
Source: U of A Economic and Business Research Center

Phoenix Area Inflation Continues to Moderate



Source: U of A Economic and Business Research Center

SRP's Economic Development Pipeline



Pipeline Potential:

- Jobs: 25,850
- Investment: \$30 billion
- 4,015 MW is the peak load for large customers in the 2035 load forecast

Note: Economic Development pipeline represents prospective projects in SRP's service territory

Top Three Announced Job Gains and Losses

Employer	# of Jobs	City	Service Area	Industry
Manpower Group	(564)	Goodyear	APS	Workforce Services
Microchip	(500)	Tempe	SRP	Semiconductor
Safeway	(225)	Phoenix	APS	Retail
7 Brew	4,700*	Valley wide	APS/SRP	Restaurant
Target	400	Multiple	SRP/APS	Retail
Gulfstream	100	Mesa	SRP	Aviation

*Planned employment, likely over several years.

Source: U of A Forecasting Project,
Arizona Job Connection

Economic Outlook Summary

- The U.S. economy faces policy uncertainties that could impact growth in 2025.
- A steady labor market would keep wages growing consumers spending.
- While uncertainty exists, SRP's service territory is expected to grow faster than its historic trend.

thank you!





Council Report – Current Events

Council Meeting

March 4, 2025



Current Events

Jim Pratt

Power System Update – Current Events

John Coggins

Financial Update

Brian Koch

Financial Summary Through January 2025

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

Combined Net Revenue

January	Year-To-Date
(\$53M) \$7M	\$742M \$317M

Debt Service Coverage Ratio & Debt Ratio

Year-To-Date DSCR	Year-End* Debt Ratio
5.57 1.29	46.9% 0.5

Liquidity (General Fund)

January	Year-End Forecast
104 Days Cash \$1,492M \$1,091M	51 Days Cash \$738M \$138M

FPPAM Collection Balance

January	Year-End Forecast
(\$178M) \$156M	(\$150M) \$203M

*Projected year-end Debt Ratio

Water Stewardship

Leslie Meyers

thank you!



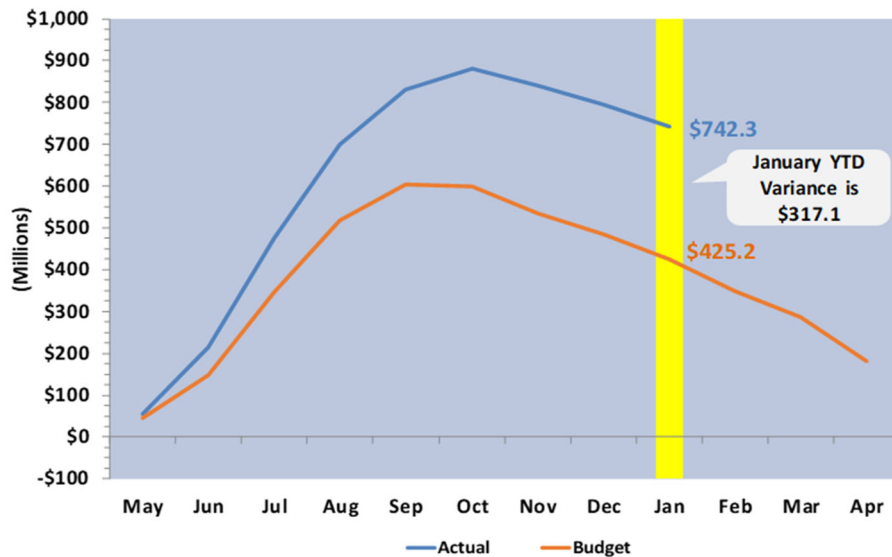
Operating Environment – January 2025

	Actual	Budget	Variance	% Budget
Elec Customer Accounts - January 2025	1,183,927	1,177,481	6,446	101%
Elec Customer Accounts - April 2024	1,158,913			
Elec Customer Accounts - January 2024	1,158,864			
System Sales GWH	2,400	2,540	(141)	94%
Wholesale Sales GWH	695	373	322	187%
Total A.F. Water Delivered	38,758	31,000	7,758	125%

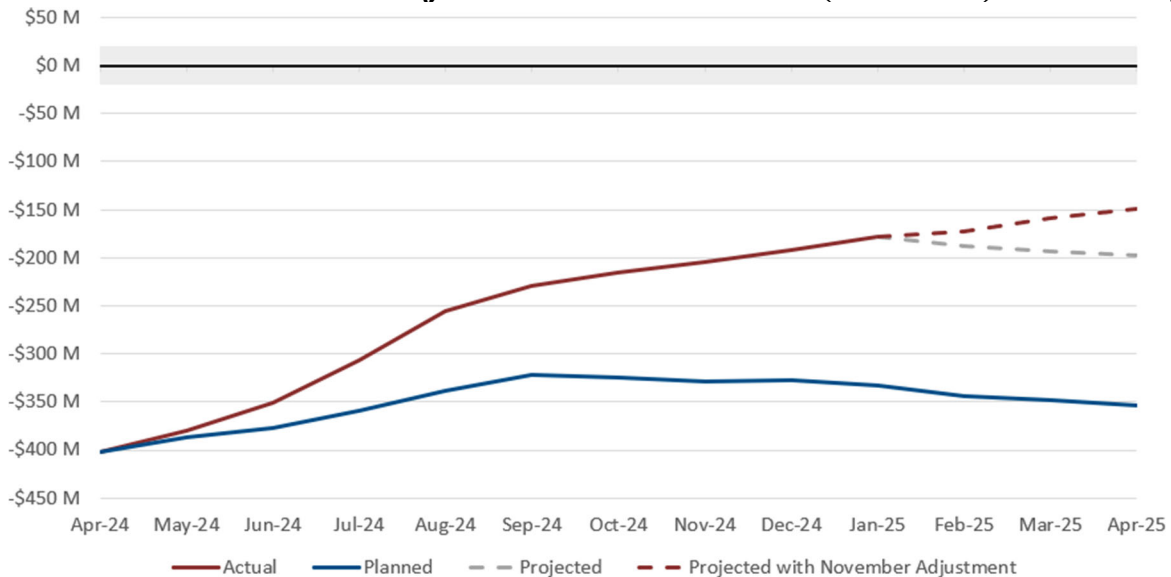
Financial Summary – January 2025

\$ Millions	Actual	Budget	Variance	% Budget
Comb Net Revs (Loss)	(\$53.0)	(\$59.6)	\$6.6	89%
Funds Available	\$67.4	(\$20.7)	\$88.1	326%
Capital Expenditures (without CIAC)	\$111.8	\$135.4	(\$23.6)	83%

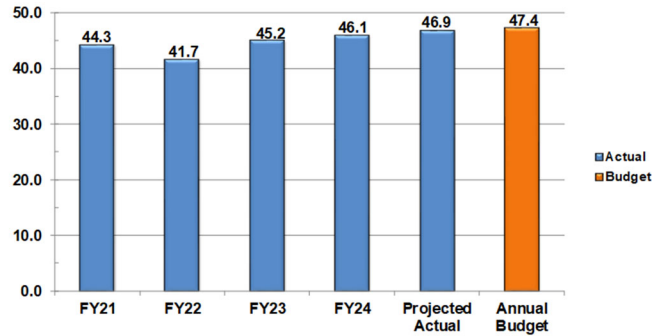
Combined Net Revenues



Fuel & Purchased Power Adjustment Mechanism (FPPAM) – January 2025

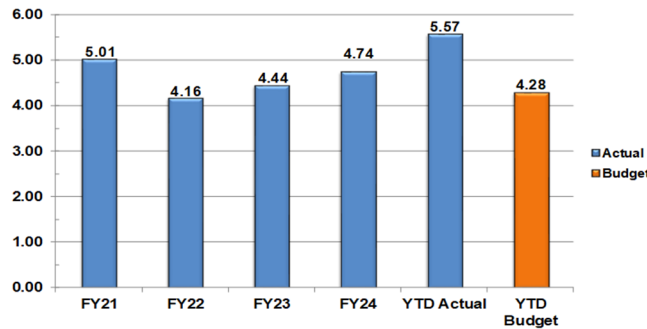


Debt Ratio – Year End Actuals and Projection



Note: Prior Years and Budget are Fiscal Year-End Ratios

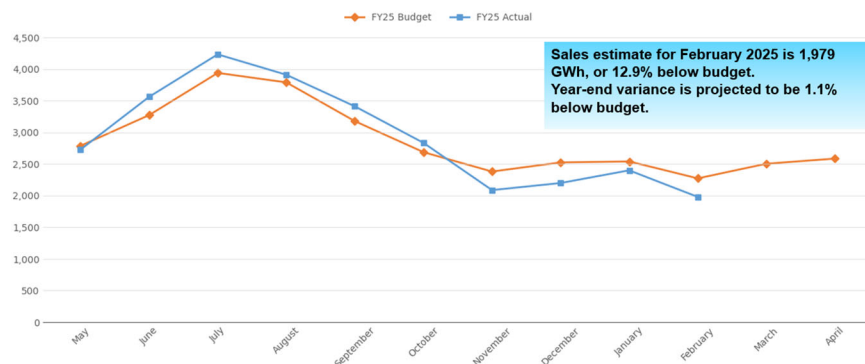
Debt Service Coverage Ratio – YTD Through January 2025



Note: Debt Service Coverage Ratio on Total Debt

Preliminary Retail Sales (GWh) Estimate Through February 2025

FY25 Preliminary Retail Energy Sales (GWh)



Financial Definitions for Dashboard

Combined Net Revenue

- SRP's "bottom line"
- Comparable to Net Income
- "Combines" SRP's electric and water income statements

Debt Service Coverage Ratio & Debt Ratio

- 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)

- SRP's checking account
- Days Cash = number of days that SRP can continue to pay its cash expenses without any cash inflow

FPPAM Collection Balance

- Fuel & Purchased Power Adjustment Mechanism
- Recovers the appropriate fuel & purchased costs over time (no more, no less)

MEMORANDUM



February 28, 2025

TO: SRP Board Members

FROM: Brian Koch, Chief Financial Executive

SUBJECT: FY26 Operating Budget Book

Attached is the FY26 Operating Budget Book, which includes the FY26 proposed financial statements, operating and capital budgets for each organization, and supporting details. The FY26 Operating Budget was developed with involvement from areas throughout SRP to support corporate goals and objectives.

The FY26 Operating Budget Book materials are organized as follows:

- Section 1: Summary to be presented to the Finance & Budget Committee on March 11th
- Section 2: Historical reference and perspective for key metrics
- Section 3: SRP financial statements which includes the Water Function Budget with its proposed rate changes.
- Section 4: Supporting detailed information for each line of SRP's financial statements
- Section 5: Operating and capital budgets for each organization including highlights of budget changes
- Section 6: Workforce details including the additional needs associated with SRP's goals and objectives
- Section 7: Multi-year contracts under negotiation or renegotiation in FY26 that contain penalties for early termination. In these instances, the Board would be providing approval that goes beyond the one-year Operating Budget timeframe.
- Section 8: Estimated impacts to financial statements if proposed water rates are not approved
- Section 9: Appendix containing a listing of all capital expenditures, Municipal Aesthetics program allocation, cash contributions, full life capital projects, and loads related to the operating and capital budgets.

On March 11th, SRP management will present this proposed Operating Budget to the Finance & Budget Committee.

On March 25th, SRP management will address any questions on the proposed Operating Budget at the Finance & Budget Committee meeting.

On March 27th, SRP management will request approval of the FY26 Operating Budget, including:

- Multi-year contracts identified in the FY26 Operating Budget
- FY26 Water Function Budget

If anyone wishes to submit questions regarding the FY26 Operating Budget, please contact John Felty at John.Felty@srpnet.com, (602) 236-8147, or Lora Hobaica at Lora.Hobaica@srpnet.com, (602) 236-4430. The Corporate Secretary's Office will work with SRP management to provide responses at the March 11th, March 25th, and March 27th Finance & Budget Committee meetings.

Thank you,



Brian Koch

CC: D. Rousseau, C. Dobson, J. Pratt, G.M. Staff, J. Felty, L. Hobaica, R. Judd

FY2026 Proposed Operating Budget

February 28, 2025

Table of Contents

Sections:

- 1. Financial Highlights of FY26 Operating Budget**
- 2. Reference/Perspective**
- 3. Financial View**
- 4. Supporting Detail**
- 5. Organizational View**
- 6. Workforce**
- 7. Multi-Year Contracts**
- 8. Water Rates**
- 9. Appendices**

FY26 Proposed Operating Budget

Finance and Budget Committee

Brian Koch

March 11, 2025

FY26 Operating Budget Summary

Overview of the Budget Book Binder mailed out on February 28th

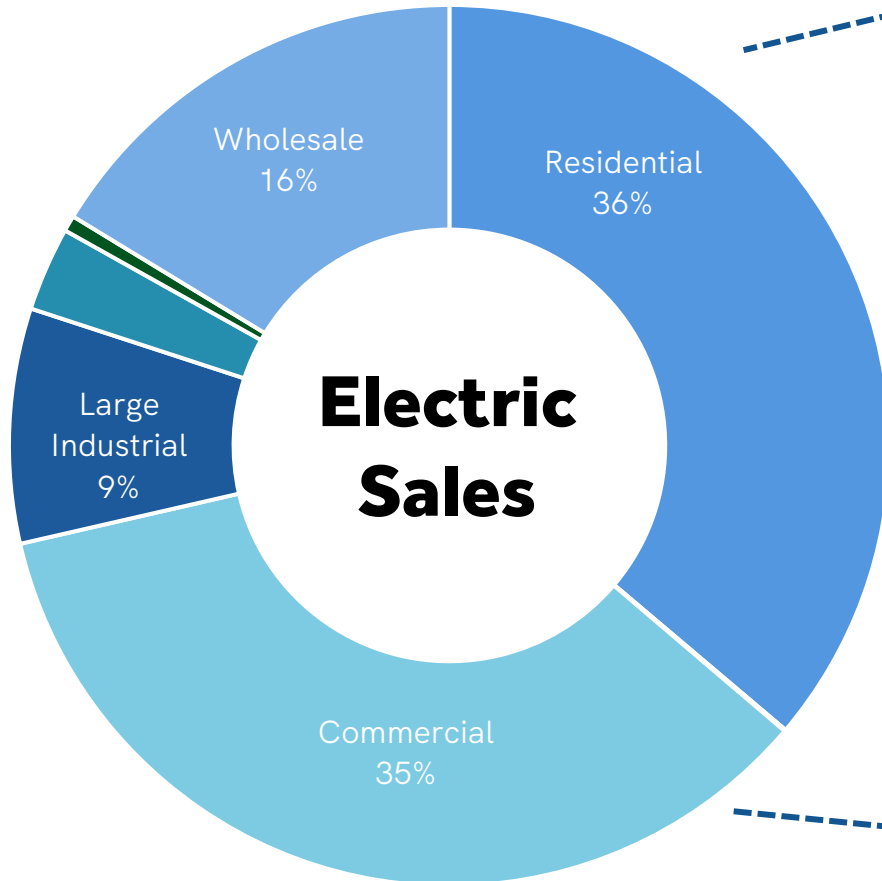
- Reflects all budgeted revenues and expenditures for May 1, 2025 – April 30, 2026
- Includes funding necessary to support corporate goals and objectives
- Provides transparency to Board, customers and stakeholders
- Data presented in both a financial and organizational view
- Preserves financial strength and flexibility to ensure continued affordability

Financial View & Supporting Details

Including 2/27 FPPAM & Base Pricing Proposals

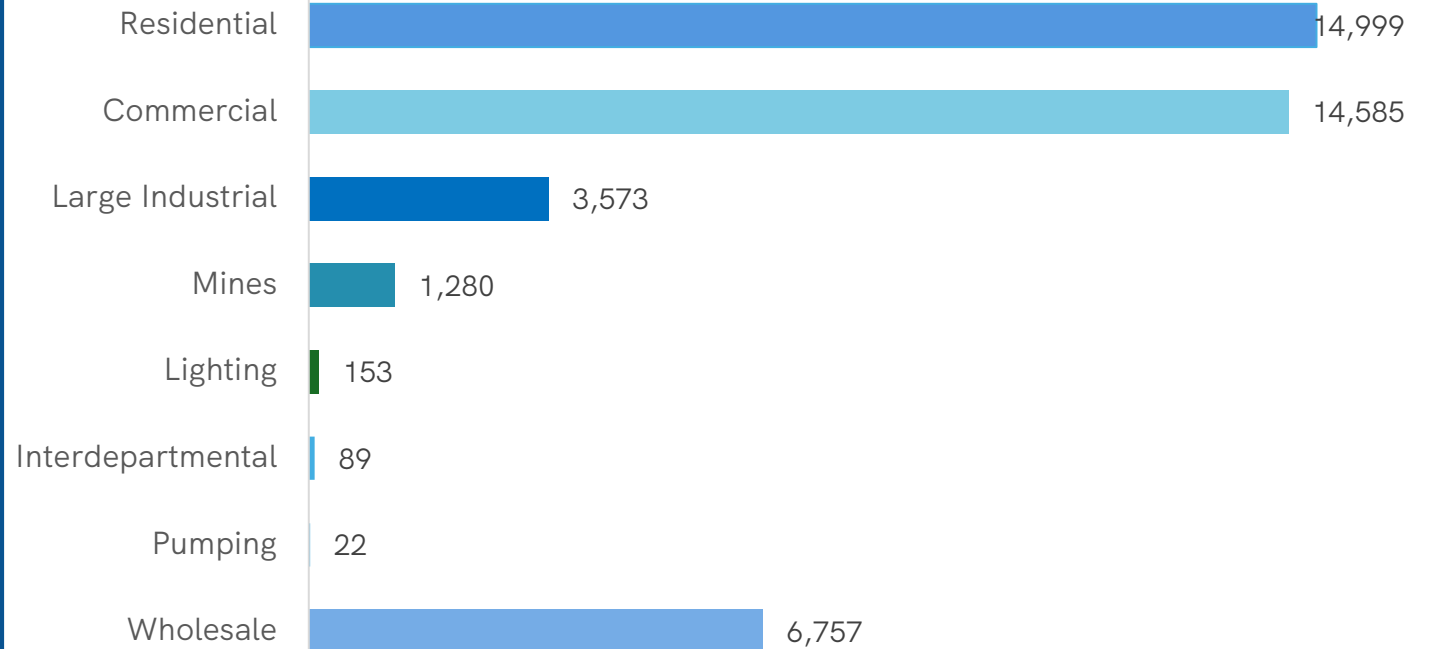
RETAIL SALES ARE PROJECTED TO BE 91% OF SRP'S ELECTRIC REVENUES

SRP's retail revenues are primarily driven by **residential & commercial sales**



RESIDENTIAL & COMMERCIAL ARE THE LARGEST CONTRIBUTORS TO RETAIL SALES

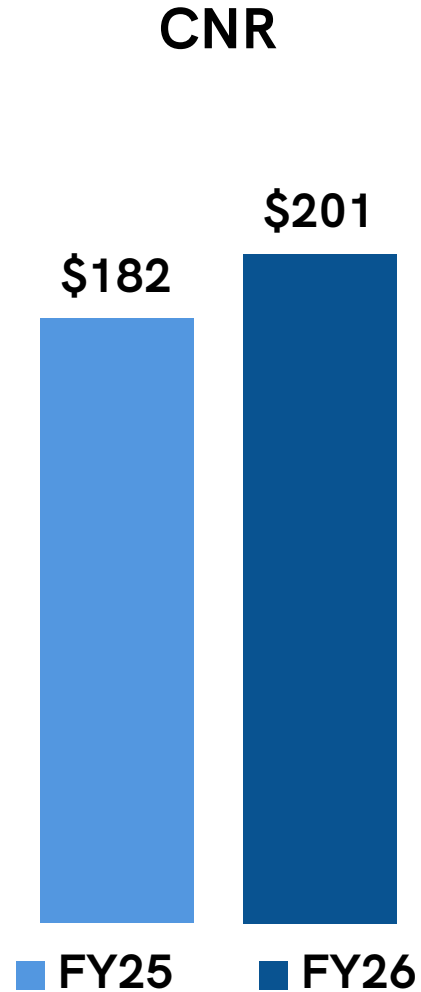
Residential & commercial make up nearly **71%** of the annual budgeted retail revenues



Details found in the Electric Sales section, pages 32-33

FY26 Operating Budget Summary

Overview of the Budget Book Binder mailed out on February 28th



	FY25 Budget	FY26 Budget	Change	% Change
Total Operating Revenues	\$4,319	\$4,536	\$217	5.0%
Total Fuel/PP	1,661	1,684	23	1.4%
Gross Margin	\$2,658	\$2,852	\$194	7.3%
Expenses				
O&M	\$1,508	\$1,639	\$131	8.7%
Depr/Amort	652	713	61	9.4%
Taxes & Tax Equivalents	180	177	(3)	-1.7%
Financing Costs	181	203	22	12.2%
Total Expenses	\$2,521	\$2,732	\$211	8.4%
Other Income (Deductions)				
Net	45	81	36	80.0%
CNR	\$182	\$201	\$19	10.4%
Sales (GWh)	40,999	41,458	459	1.1%

*Includes revenues from 2/27 Board pricing proposal
Details found in the Supporting Details section, pages 31-49

FY25 vs. FY26 Comparison Summary

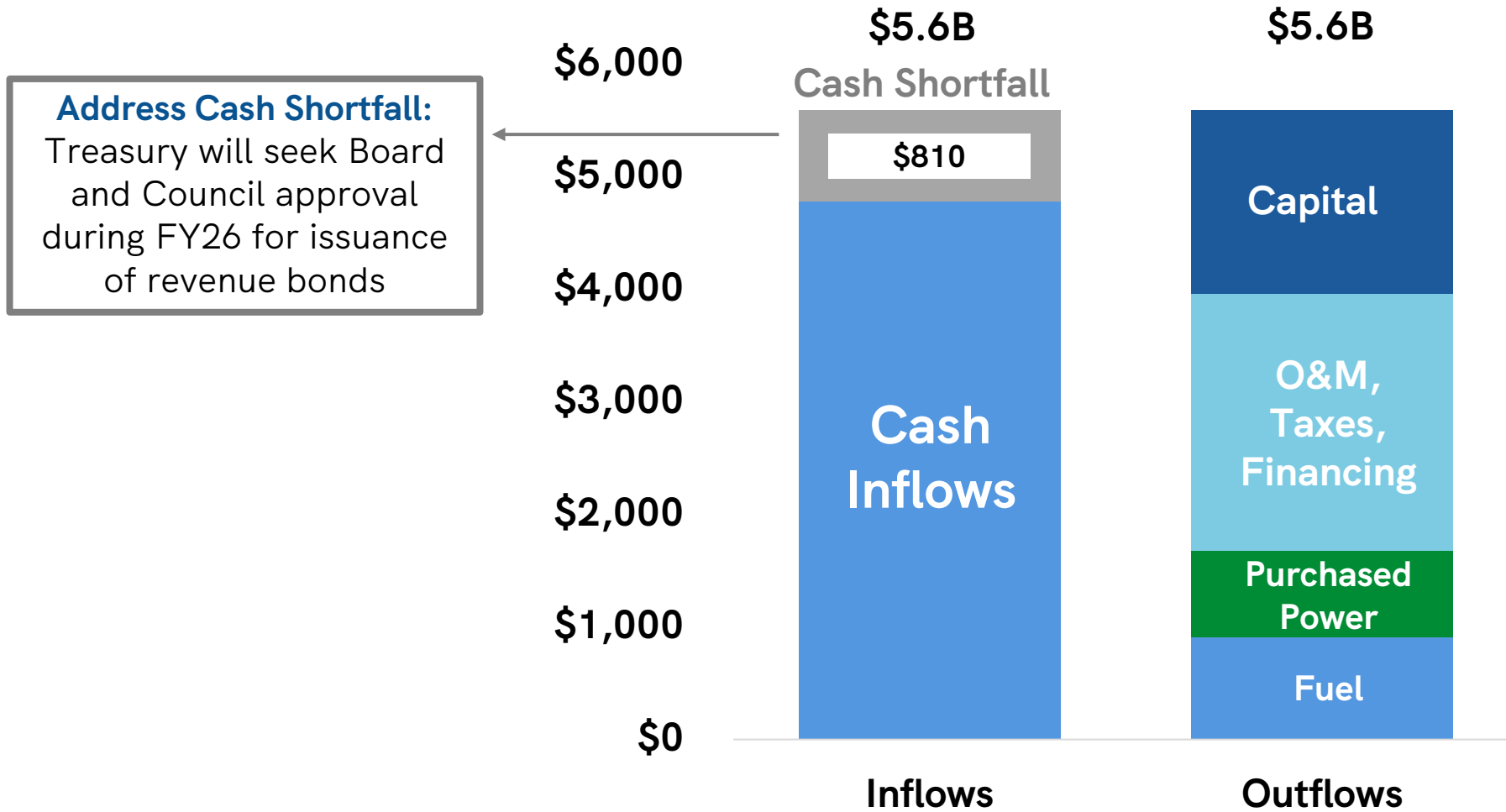
Higher revenues in FY26 result in lower debt issuance

Metric	FY25	FY26	Summary of Metric
Combined Net Revenues	\$182M	\$201M	Revenues minus expenses
Funds Available	\$645M	\$706M	Revenues minus cash expenses
Debt Ratio*	48.5%	47.9%	Percentage of assets funded by debt
Debt Issuance	\$840M	\$810M	Projected borrowing needs
General Fund Target	\$600M	\$625M	Year-end cash balance
Days Cash	42	41	Days of expenses General Fund can cover

*The debt ratio includes planned revenue bonds and commercial paper.

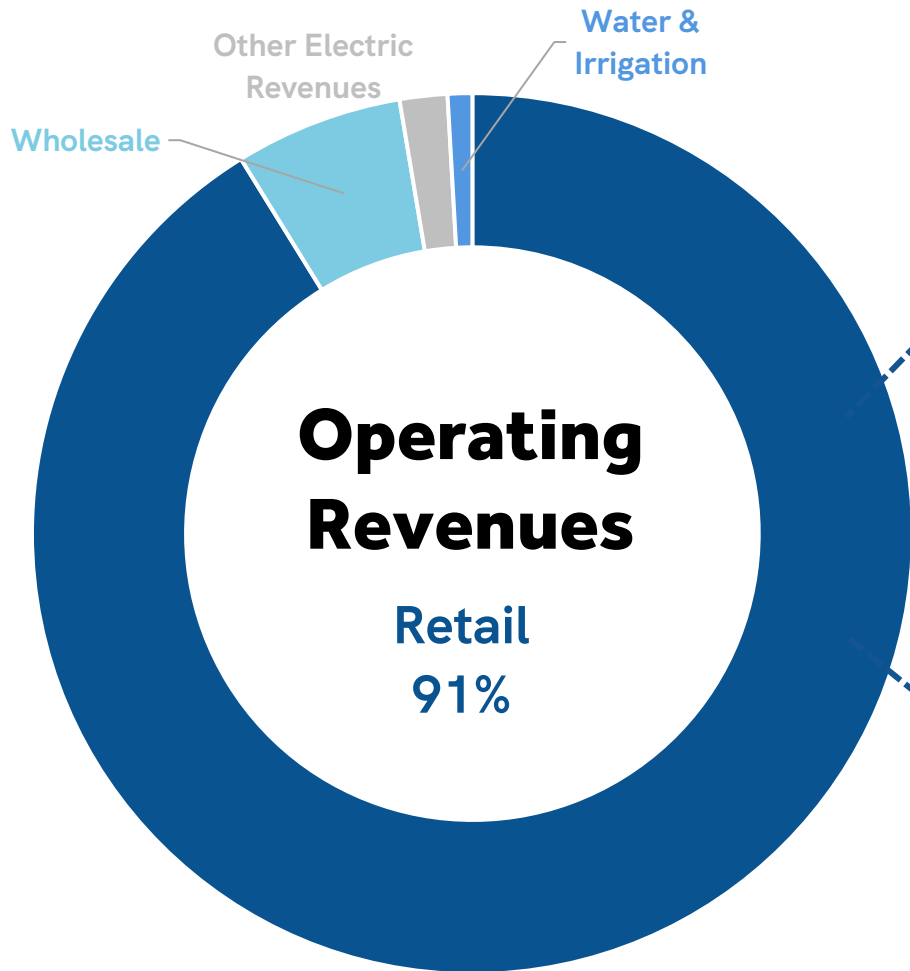
FY26 Cash Inflows & Outflows

Increasing capital driving an annual cash shortfall that will be met with a mixture of borrowing and pricing action



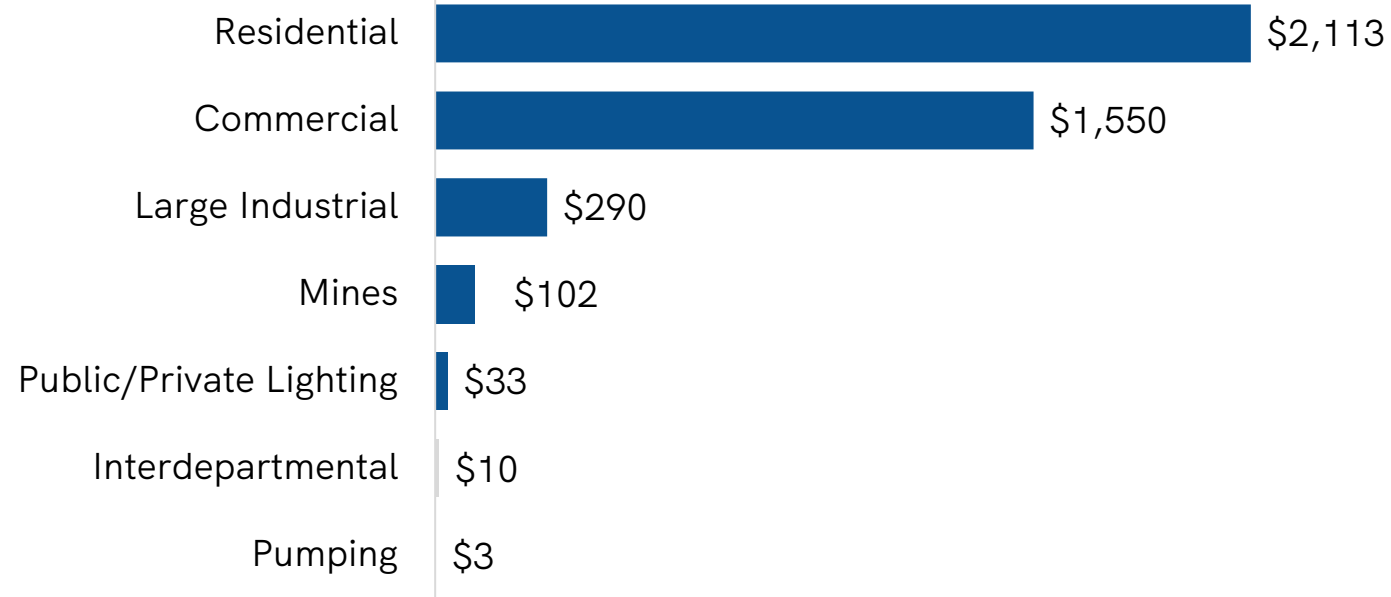
RETAIL REVENUES ARE PROJECTED TO BE 91% OF SRP'S ELECTRIC REVENUES

SRP's retail revenues are primarily driven by **residential & commercial sales**



RESIDENTIAL & COMMERCIAL ARE THE LARGEST CONTRIBUTORS TO RETAIL REVENUES

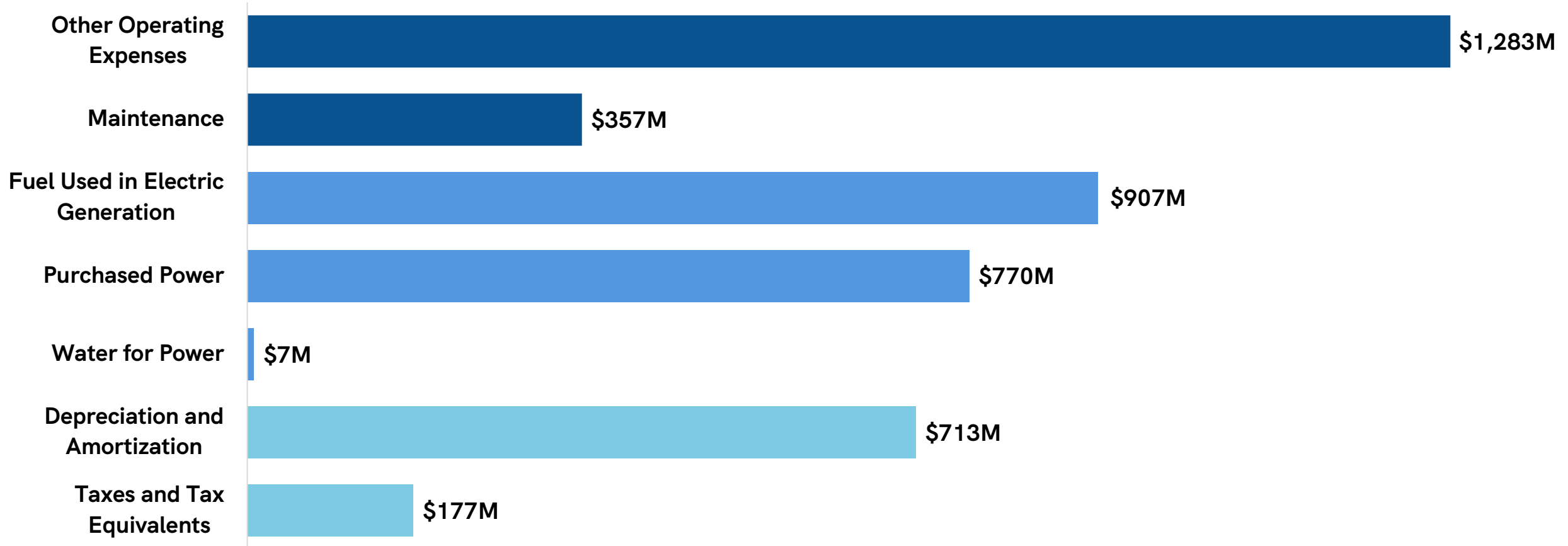
Residential & commercial make up nearly **89%** of the annual budgeted retail revenues



Details found in the Electric Operating Revenues section, pages 34-35

SRP'S BUDGETED OPERATING EXPENSES ARE DRIVEN BY O&M

Fuel & Purchased Power are the next largest drivers followed by the non-cash item of Depreciation & Amortization



Details found in the Supporting Details section, pages 31-49

Organizational View

FY26 Organizational Primary Costs – Operating

(Thousands)

	FY25 Budget	FY26 Proposed	\$ Change	% Change
President & Staff	\$ 7,398	\$ 7,823	\$ 425	5.7%
General Manager	1,985	2,135	150	7.6%
Public Affairs & Corporate Services	112,627	120,175	7,548	6.7%
Community, Communications & Marketing	58,669	61,348	2,679	4.6%
Financial & Information Services	187,178	191,524	4,346	2.3%
Law, Land & Risk Management	66,776	76,076	9,300	13.9%
Human Resources	158,200	168,874	10,674	6.7%
Customer Operations	239,674	278,704	39,030	16.3%
Water Stewardship	61,590	64,525	2,935	4.8%
Power System	629,448	675,668	46,220	7.3%
Corporate Planning & Strategy	1,752,951	1,778,595	25,644	1.5%
Organizational Operating Primary Costs	\$ 3,276,496	\$ 3,425,447	\$ 148,951	4.5%
Operating Contingency	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>	(20.0%)
Total Organizational Primary & Contingency	\$ 3,301,496	\$ 3,445,447	\$ 143,951	4.4%

Details found in the Organizational View section, pages 51-120

FY26 Organizational Primary Costs – Capital

(Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Public Affairs & Corporate Services	\$ 82,220	\$ 113,540	\$ 31,320	38.1%
Community, Communications & Marketing	430	239	(191)	(44.4%)
Financial & Information Services	86,322	114,754	28,432	32.9%
Law, Land & Risk Management	83,954	118,849	34,895	41.6%
Customer Operations	241,501	283,081	41,580	17.2%
Water Stewardship	61,423	61,699	276	0.4%
Power System	745,632	807,992	62,360	8.4%
Corporate Planning & Strategy	<u>48,856</u>	<u>24,405</u>	<u>(24,451)</u>	(50.0%)
Organizational Capital Primary Costs	\$ 1,350,338	\$ 1,524,559	\$ 174,221	12.9%
Capital Contingency & Risk Portfolio	<u>73,198</u>	<u>46,866</u>	<u>(26,332)</u>	(36.0%)
Total Organizational Primary, Contingency & Risk	\$ 1,423,536	\$ 1,571,425	\$ 147,889	10.4%

Details found in the Organizational View section, pages 51-120

WORKFORCE: Table of Organization (T.O.)

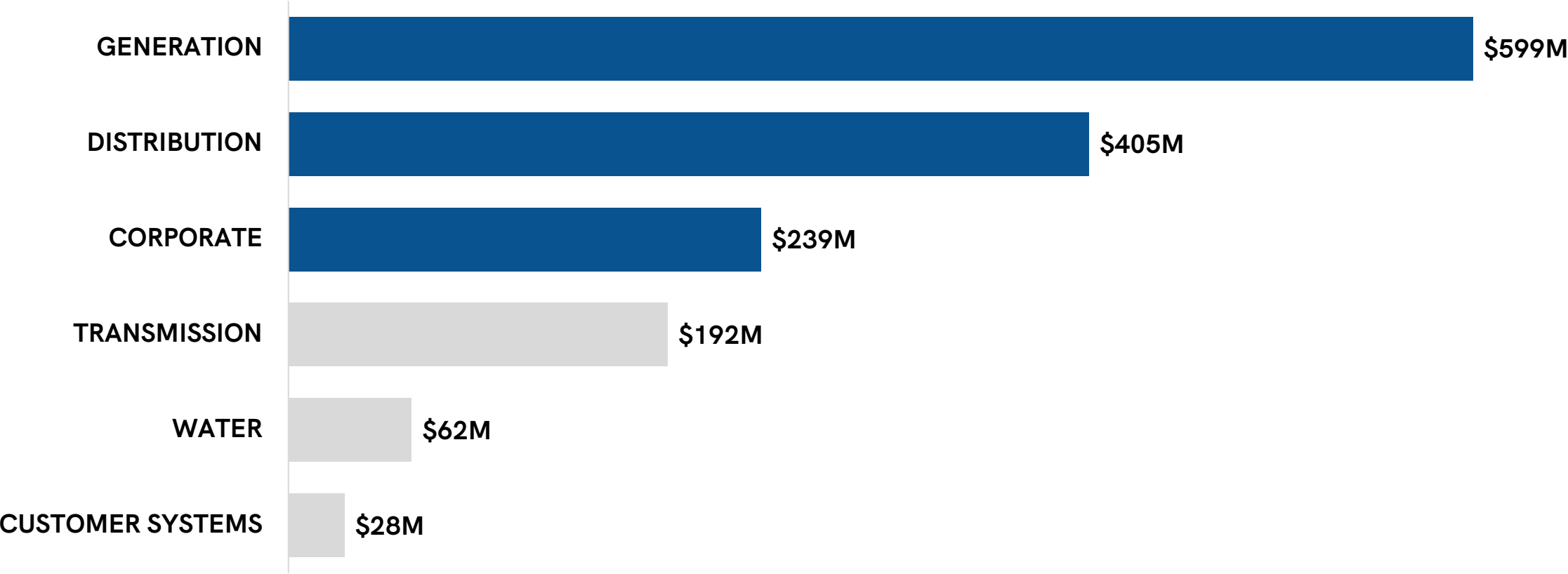
Organizations are requesting 217 New Positions, a 3.7% increase from FY25

	FY25 Workforce			New	FY26 Workforce	
	Regular	Provisionals	Transfers	Positions	Regular	Provisionals
President & Staff	39	0	0	1	40	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	545	1	(30)	10	525	1
Community, Communication & Marketing	156	0	1	1	158	0
Financial & Information Services	659	0	(58)	4	605	0
Power System	1,564	0	25	80	1,669	0
Customer Operations	1,671	4	55	71	1,797	4
Law, Land & Risk Management	186	0	0	4	190	0
Water Stewardship	414	0	1	5	420	0
Corporate Planning & Strategy	209	0	7	12	228	0
Human Resources	112	0	0	3	115	0
PERA	53	0	0	0	53	0
Managed Development Program	215	0	0	15	230	0
Total Allocated	5,827	5	1	206	6,034	5
Unallocated	20	0	(1)	11	30	0
Total	5,847	5	0	217	6,064	5
	5,852				6,069	

Details found in the Workforce section, pages 125-131

GENERATION, DISTRIBUTION, AND CORPORATE (GD&C) ARE THE TOP 3 CONTRIBUTORS TO SRP'S BUDGETED CAPITAL COSTS

GD&C make up approximately 81% of SRP's budgeted capital costs



Details found in the Organizational View section, pages 51-120

MULTI-YEAR CONTRACTS

Organizations are requesting \$358M covering 30 multi-year contracts

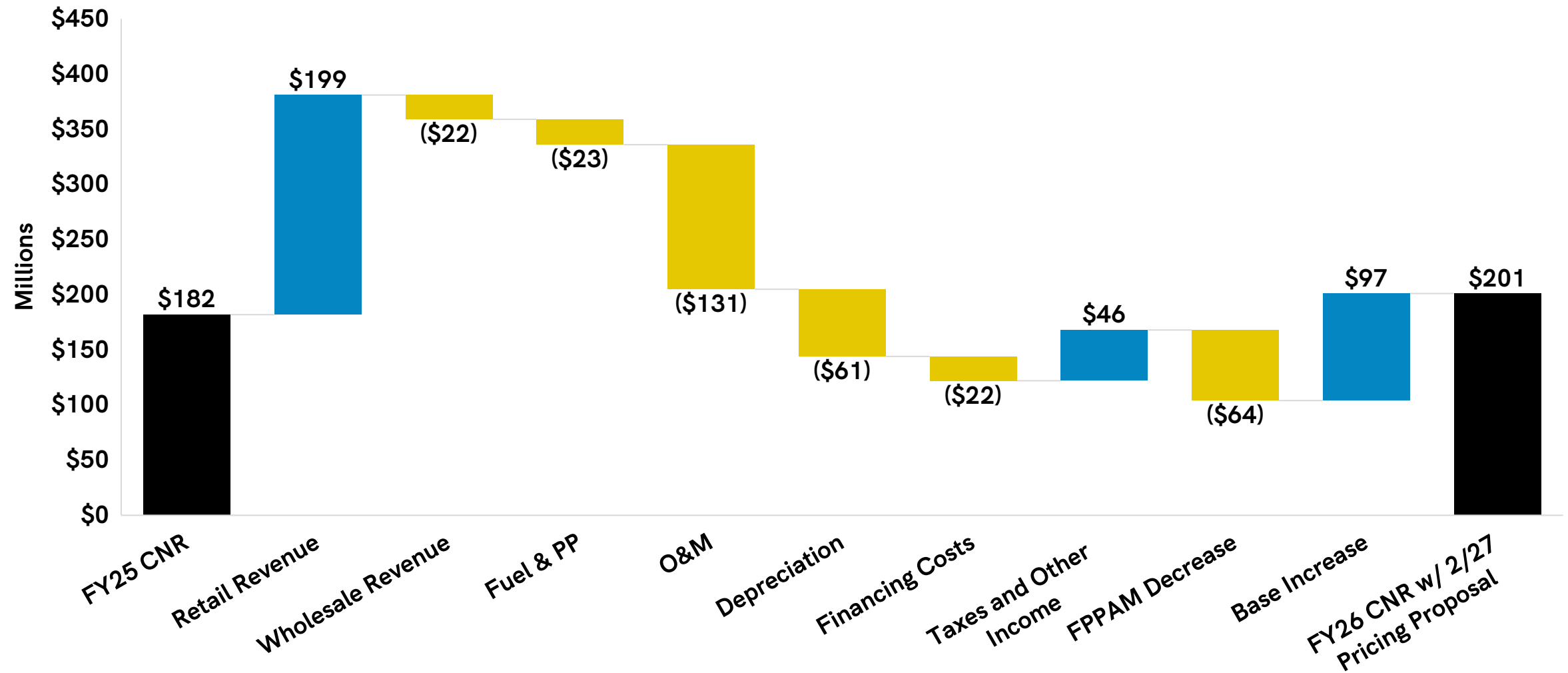
FY26 Budget book contains a list of multi-year contracts of \$500,000 or more, contain a penalty for early termination, and are under negotiation or renegotiation during FY26

Multi-year contracts containing a penalty that arise during the year, not approved by the Board during the budget process, require individual presentation to the Board for approval, unless already approved by an existing Board authorization

Details found in the Multi-Year Contracts section, pages 133-137

Combined Net Revenues

FY26 CNR maintains SRP's financial health and flexibility



Details found in the Supporting Details section, pages 31-49

Next Steps

Communicate with FP&A through Secretary's Office

Send any questions to Secretary's office in advance of March 25th Meeting

March 25th Finance & Budget Meeting

- Respond to FY26 budget questions

March 27th Special Finance & Budget Meeting & Special Board Meeting

- Respond to FY26 budget questions
- Seek approval of the FY26 Operating Budget

FY26 Operating Budget

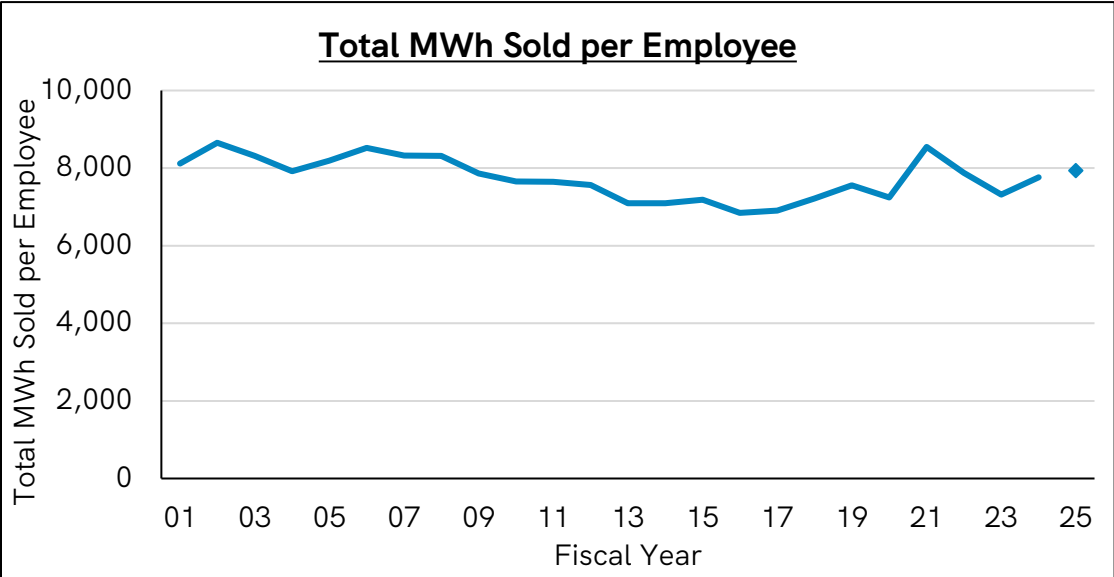
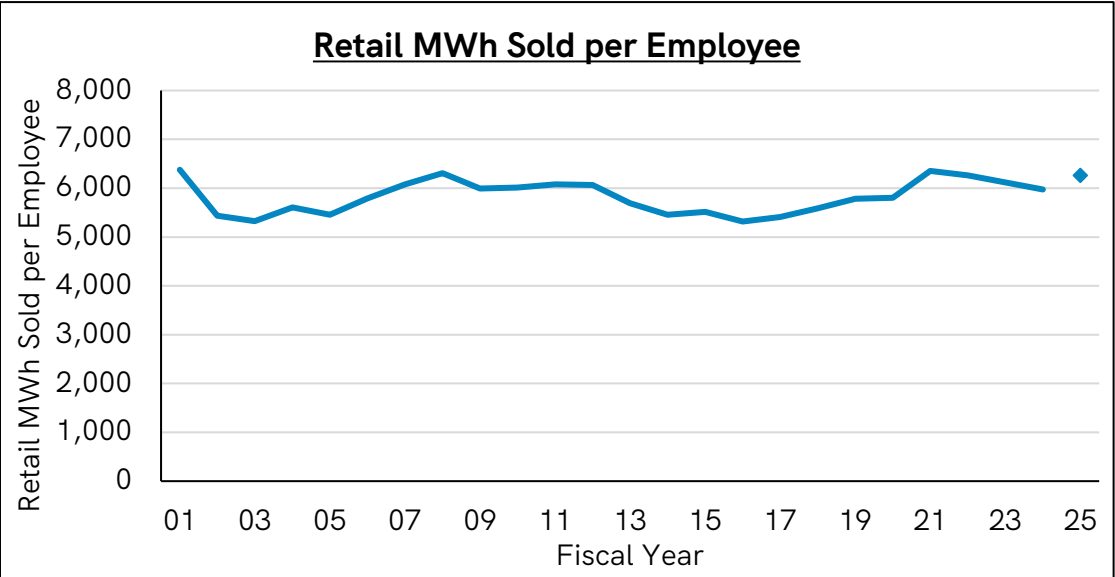
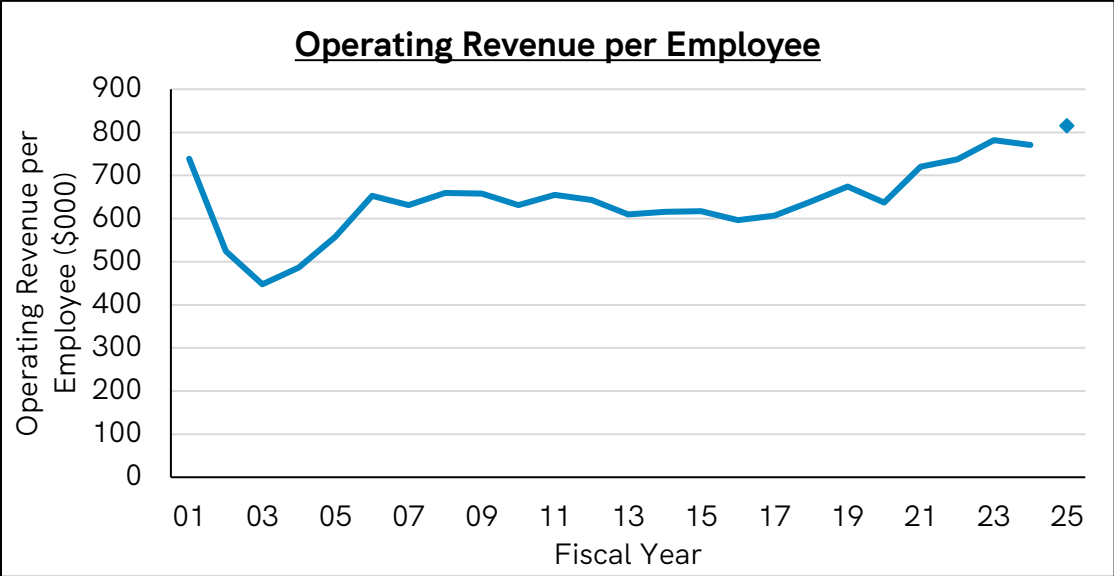
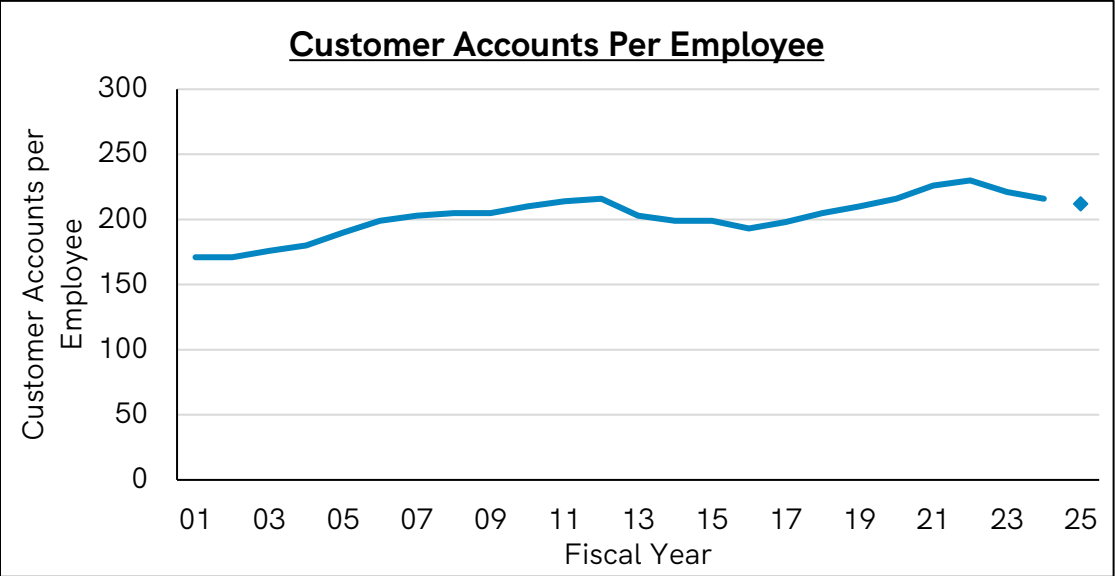
Detailed descriptions within the Budget Book Binder

Requesting Approval of FY26 Operating Budget on 3/27/25 including:

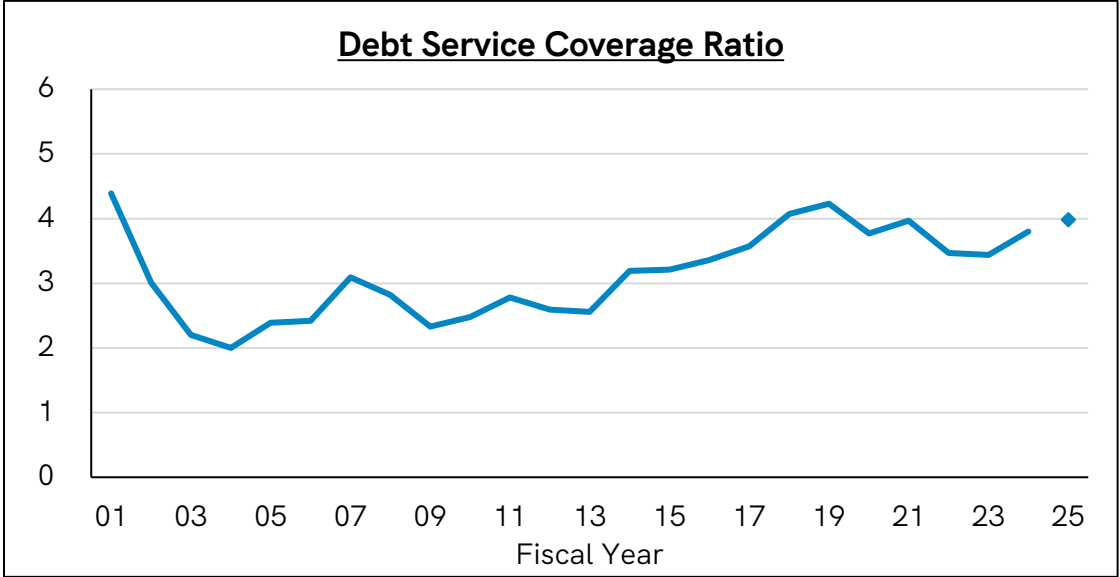
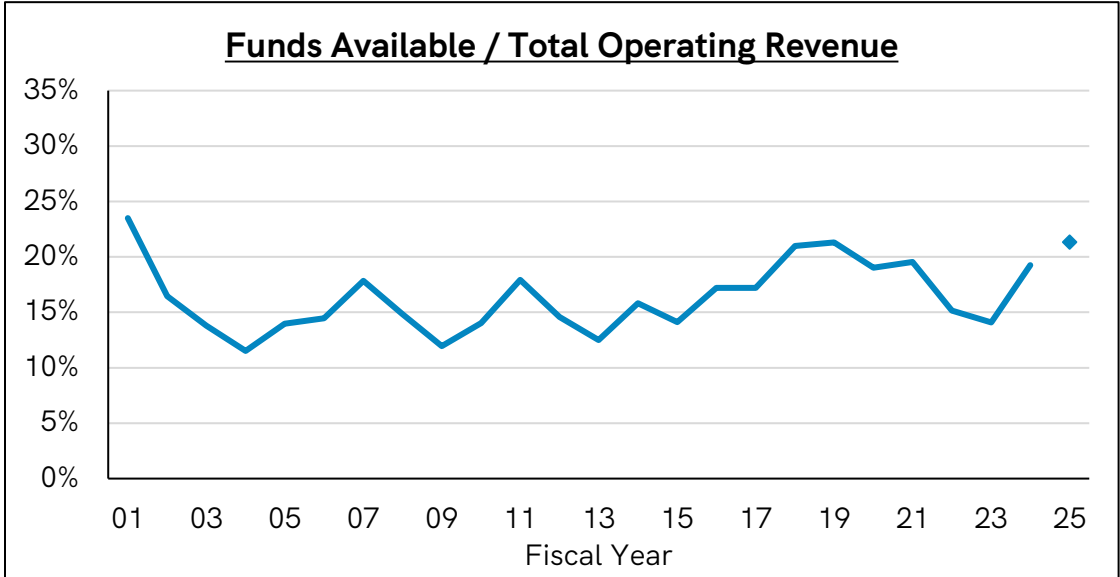
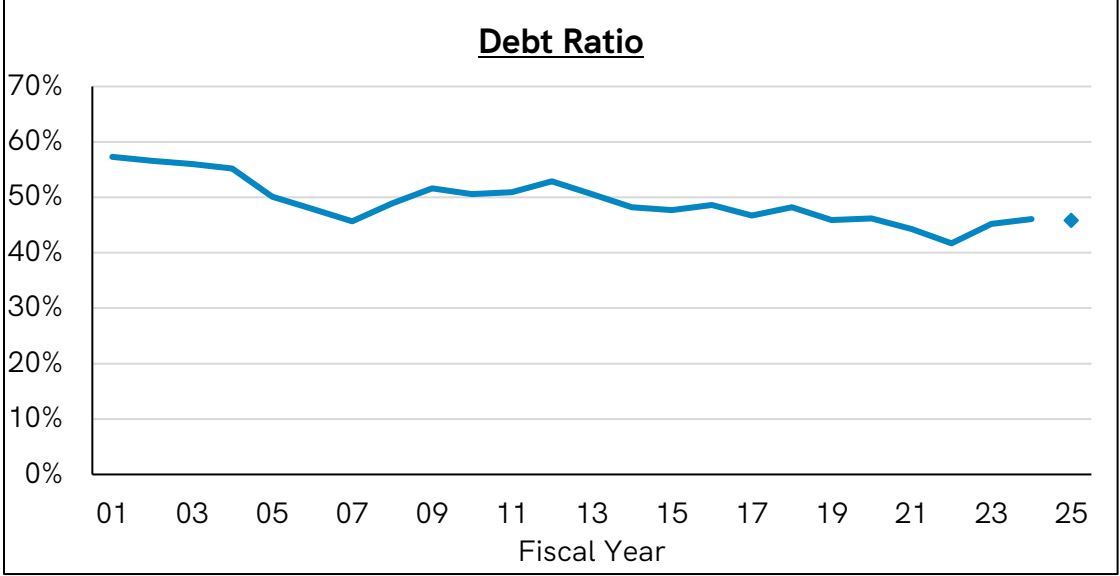
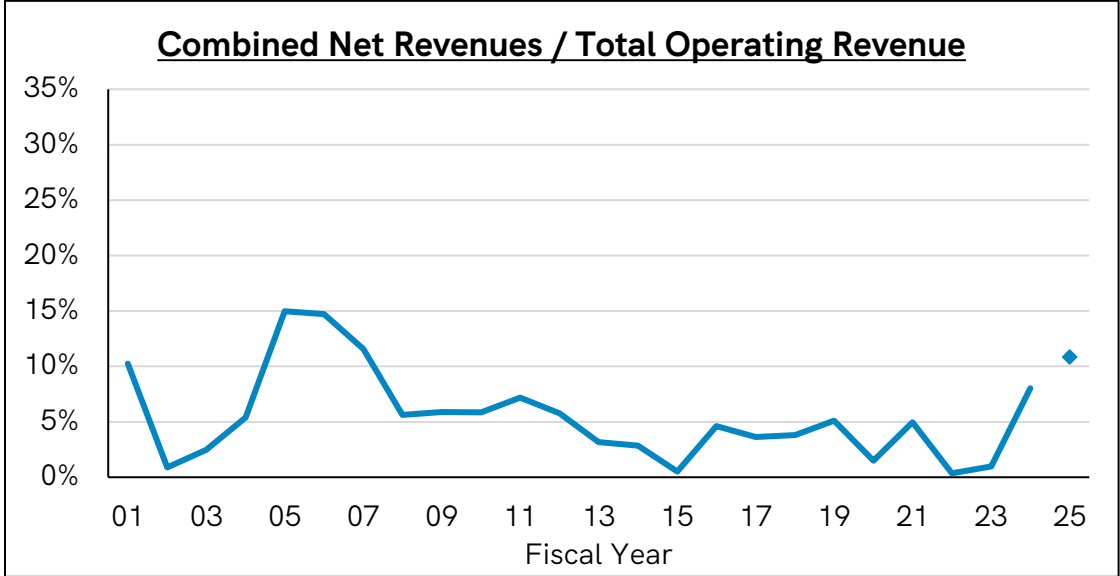
- Multi-Year Contracts
- FY26 Water Function Budget including the Falling Water Allocation

Reference & Perspective Regarding Long-Term Trends

Metrics per Employee



Financial Indicators



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Financial View

The Financial View Section steps through the FY26 financial statements including the Statement of Funds Available from Operations, the Combined Statement of Net Revenues, the Statement of Net Revenues Electric, the Statement of Net Revenue Water and Irrigation, and the Statement of Revenues and Expenses Association Budget.

Salt River Project
2025-2026 Operating Budget
Statement of Funds Available from Operations
(\$ Thousands)

FY24		FY25	FY26	\$	%
Actual		Budget	Proposed	Change	Change
\$ 4,101,566	Electric Operating Revenues	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
<u>2,904,669</u>	Electric Operating Expenses	<u>3,113,362</u>	<u>3,256,860</u>	<u>143,498</u>	4.6%
1,196,897	Net Operating Revenues	1,128,692	1,199,711	71,019	6.3%
<u>126,611</u>	Interest and Other Income (Net)	<u>81,407</u>	<u>116,428</u>	<u>35,021</u>	43.0%
1,323,508	Funds Available for Debt Service	1,210,099	1,316,139	106,040	8.8%
	Debt Service Requirements on Revenue Bonds:				
216,319	Net Interest on Bonds	238,695	285,696	47,001	19.7%
<u>115,547</u>	Principal	<u>121,324</u>	<u>132,960</u>	<u>11,636</u>	9.6%
<u>331,866</u>	Total	<u>360,019</u>	<u>418,656</u>	<u>58,637</u>	16.3%
3.99	Debt Service Coverage Ratio on Revenue Bonds	3.36	3.14	(0.22)	(6.5%)
	Debt Service Requirements on Subordinated Debt:				
16,746	Net Interest on Subordinated Debt	17,716	0	(17,716)	(100.0%)
<u>0</u>	Principal	<u>0</u>	<u>0</u>	<u>0</u>	--
<u>16,746</u>	Total	<u>17,716</u>	<u>0</u>	<u>(17,716)</u>	(100.0%)
<u>348,612</u>	Debt Service Requirements on Revenue Bonds and Subordinated Debt	<u>377,735</u>	<u>418,656</u>	<u>40,921</u>	10.8%
3.80	Debt Service Coverage Ratio on Revenue Bonds and Subordinated Debt	3.20	3.14	(0.06)	(1.9%)
974,896	Funds After Debt Service	832,364	897,483	65,119	7.8%
4,583	Interest on Construction Fund	228	900	672	294.7%
107,613	Less: Contributions in Lieu of Taxes	116,616	106,880	(9,736)	(8.3%)
66,633	Contributions to Water Operations	63,680	77,953	14,273	22.4%
<u>8,491</u>	Falling Water Charges	<u>6,897</u>	<u>7,178</u>	<u>281</u>	4.1%
\$ 796,742	Funds Available for Corporate Purposes	\$ 645,399	\$ 706,372	\$ 60,973	9.4%

Salt River Project
2025-2026 Operating Budget
Combined Statement of Net Revenues
(\$ Thousands)

FY24		FY25	FY26	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues:				
\$ 4,101,566	Electric	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
<u>33,982</u>	Water and Irrigation	<u>38,437</u>	<u>40,564</u>	<u>2,127</u>	5.5%
4,135,548	Total Operating Revenues	4,280,491	4,497,135	216,644	5.1%
	Operating Expenses:				
3,619,156	Electric	3,881,825	4,075,794	193,969	5.0%
<u>115,791</u>	Water and Irrigation	<u>119,620</u>	<u>136,675</u>	<u>17,055</u>	14.3%
3,734,947	Total Operating Expenses	4,001,445	4,212,469	211,024	5.3%
400,601	Net Operating Revenues	279,046	284,666	5,620	2.0%
	Other Income:				
<u>42,536</u>	Earnings on Investments and Deposits	<u>38,689</u>	<u>38,497</u>	<u>(192)</u>	(0.5%)
443,137	Net Revenues before Financing Costs	317,735	323,163	5,428	1.7%
	Financing Costs:				
208,479	Interest on Bonds	230,859	277,860	47,001	20.4%
(45,163)	Amort. of Bond Disc. (Prem.), Issue and Refinancing Expenses	(42,376)	(43,032)	(656)	1.5%
23,234	Interest on Other Obligations	24,241	6,868	(17,373)	(71.7%)
<u>24,172</u>	Capitalized Interest - Deduction	<u>32,109</u>	<u>38,607</u>	<u>6,498</u>	20.2%
162,378	Net Financing Costs	180,615	203,089	22,474	12.4%
51,105	Other Income (Deductions) Net	44,391	80,739	36,348	(81.9%)
<u>\$ 331,864</u>	Combined Net Revenues (Loss)	<u>\$ 181,511</u>	<u>\$ 200,813</u>	<u>\$ 19,302</u>	10.6%

Salt River Project
2025-2026 Operating Budget
Statement of Net Revenues, Electric
(\$ Thousands)

FY24		FY25	FY26	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues				
\$ 4,101,566	Total Operating Revenues	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
	Operating Expenses				
678,563	Purchased Power	766,250	769,601	3,351	0.4%
910,784	Fuel Used in Electric Generation	887,628	906,621	18,993	2.1%
8,491	Water for Power	6,897	7,178	281	4.1%
935,106	Other Operating Expenses	1,065,465	1,182,105	116,640	10.9%
331,587	Maintenance	341,444	339,600	(1,844)	(0.5%)
591,748	Provision for Depreciation	637,191	697,422	60,231	9.5%
<u>162,877</u>	Taxes and Tax Equivalents	<u>176,950</u>	<u>173,267</u>	<u>(3,683)</u>	(2.1%)
3,619,156	Total Operating Expenses	3,881,825	4,075,794	193,969	5.0%
482,410	Net Operating Revenues	360,229	380,777	20,548	5.7%
<u>42,536</u>	Total Other Income	<u>38,689</u>	<u>38,497</u>	<u>(192)</u>	(0.5%)
524,946	Net Revenues Before Financing Costs	398,918	419,274	20,356	5.1%
162,378	Net Financing Costs	180,615	203,089	22,474	12.4%
<u>49,125</u>	Other Income (Deductions) Net	<u>41,635</u>	<u>77,863</u>	<u>36,228</u>	(87.0%)
<u>\$ 411,693</u>	Net Revenues (Loss) Electric	<u>\$ 259,938</u>	<u>\$ 294,048</u>	<u>\$ 34,110</u>	13.1%

Salt River Project
2025-2026 Operating Budget
Statement of Net Revenue, Water & Irrigation
(\$ Thousands)

FY24		FY25	FY26	\$	%
Actual		Budget	Proposed	Change	Change
	Operating Revenues				
\$ 33,982	Total Operating Revenues	\$ 38,437	\$ 40,564	\$ 2,127	5.5%
	Operating Expenses				
81,773	Operation	84,207	100,458	16,251	19.3%
17,388	Maintenance	17,239	17,058	(181)	(1.0%)
13,196	Depreciation	14,747	15,282	535	3.6%
<u>3,434</u>	Taxes and Tax Equivalents	<u>3,427</u>	<u>3,877</u>	<u>450</u>	13.1%
115,791	Total Operating Expenses	119,620	136,675	17,055	14.3%
(81,809)	Net Operating Revenues (Loss)	(81,183)	(96,111)	(14,928)	(18.4%)
<u>1,980</u>	Other Income (Deductions) Net	<u>2,756</u>	<u>2,876</u>	<u>120</u>	(4.4%)
<u>\$ (79,829)</u>	Net Revenues (Loss) Water & Irrigation	<u>\$ (78,427)</u>	<u>\$ (93,235)</u>	<u>\$ (14,808)</u>	(18.9%)

This managerial financial statement aligns the Association's revenue and expenses for operations and maintenance of the irrigation and drainage system, as indicated within the 1937 contract between the Association and the District (subsequently amended in 1949) and should be read in conjunction with the Statement of Net Revenue, Water & Irrigation, and the Supporting Detail Section.

STATEMENT OF REVENUES AND EXPENSES

ASSOCIATION BUDGET

	FY25 Budget (000)	Proposed FY26 Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$12,006	\$12,625
Additional Deliveries	\$2,315	\$2,407
Water Delivery Revenues	\$1,993	\$2,026
Other Service Revenues	\$4,552	\$4,748
Falling Water	\$6,897	\$7,177
Total Operating Revenues	\$27,763	\$28,983
<i>Operating Expenses</i>		
Operations & Maintenance	\$76,029	\$82,610
Power for Pumping	\$4,191	\$5,268
Total Operating Expenses	\$80,220	\$87,878
Net Operating Revenues (Loss)	(\$52,457)	(\$58,895)
Other Income (Deductions) Net	\$2,751	\$2,872
Net Revenues (Loss)	(\$49,706)	(\$56,023)

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Supporting Detail

The Supporting Detail Section steps through the financial statement Combined Statement of Net Revenues. The major drivers of each line item of the statement are discussed.

Salt River Project
2025-2026 Operating Budget
Electric Sales and Customers

Sales of Electric Energy	FY25	FY26		%
MWh	Budget	Proposed	Change	Change
Residential	14,806,431	14,999,449	193,018	1.3%
Commercial	13,522,148	14,584,645	1,062,497	7.9%
Large Industrial	4,398,211	3,572,830	(825,381)	(18.8%)
Mines	1,464,703	1,279,936	(184,767)	(12.6%)
Public/Private Lighting	165,341	153,231	(12,110)	(7.3%)
Interdepartmental	83,924	88,874	4,950	5.9%
Pumping	20,333	21,991	1,658	8.2%
System Sales	34,461,091	34,700,956	239,865	0.7%
Wholesale	6,538,003	6,757,208	219,205	3.4%
Total Sale of Energy	40,999,094	41,458,164	459,070	1.1%

Number of Customer Accounts	FY25	FY26		%
At Fiscal Year-End	Budget	Proposed	Change	Change
Residential	1,063,371	1,088,782	25,411	2.4%
Commercial	103,138	104,249	1,111	1.1%
Large Industrial	29	27	(2)	(6.9%)
Mines	19	22	3	15.8%
Public/Private Lighting	10,173	10,105	(68)	(0.7%)
Interdepartmental	1	1	0	0.0%
Pumping	150	153	3	2.0%
Total	1,176,881	1,203,339	26,458	2.2%

Electric Sales

Total Sale of Energy 41,458,164 MWh

There is an increase of 1.1% in Total Energy Sales.

FY26 System Sales: 34,700,956 MWh

FY26 System Sales are projected to increase by 0.7%, or 239,865 MWh over the FY25 budget. Details are as follows:

- Long-run population growth, above the national average and employment growth continue to drive residential and small commercial customer growth in FY26.
- Offset by reduced scopes and additional risks of large, advanced manufacturing projects, already connected, or nearly connected, to SRP's power system.

Wholesale Sales: 6,757,208 MWh

Wholesale Energy Sales increase by 3.4% from FY25 to FY26, due to additional opportunities to sell excess generation into the wholesale markets.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Residential	
Commercial	
Large Industrial	
Mines	
Public/Private Lighting	
Interdepartmental	
Pumping	
System Revenues	
Wholesale	
Total Sales Revenues	
Other Electric Revenues	
Total Operating Revenues	

**Salt River Project
2025-2026 Operating Budget
Electric Operating Revenues
(\$ Thousands)**

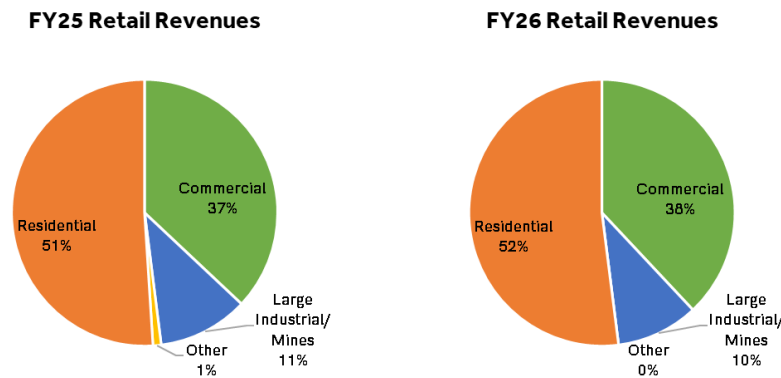
FY25	FY26	\$	%
Budget	Proposed	Change	Change
\$ 1,972,386	\$ 2,113,044	\$ 140,658	7.1%
1,411,987	1,550,057	138,070	9.8%
327,072	290,178	(36,894)	(11.3%)
112,212	101,883	(10,329)	(9.2%)
33,376	33,129	(247)	(0.7%)
9,458	10,242	784	8.3%
2,259	2,535	276	12.2%
\$ 3,868,750	\$ 4,101,068	\$ 232,318	6.0%
299,218	276,861	(22,357)	(7.5%)
\$ 4,167,968	\$ 4,377,929	\$ 209,961	5.0%
74,086	78,642	4,556	6.1%
\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%

Electric Operating Revenues \$4,456,571,000

Total Sales Revenues \$4,377,929,000

System Revenues: \$4,101,068,000

System revenues increase by \$232.3 million, or 6.0%. The mix of Retail revenues by customer class remains nearly the same as FY25, with a slight decrease in Large Industrial and a slight increase in Commercial & Small Industrial. System revenues increase due to an increase in sales. Additionally, the approved Fuel and Purchased Power Adjustment Mechanism increase implemented in November 2024, the proposed Fuel and Purchased Power Adjustment Mechanism decrease effective in November 2025, and the proposed base price increase effective in November 2025, have a net FY26 revenue impact of \$185.5 million.



Wholesale Revenues: \$276,861,000

Wholesale revenue decreases by 7.5% in FY26 driven by fewer Transmission Spread Trade opportunities in the region.

Other Electric Revenues \$78,642,000

Other electric revenues include transmission sales, customer service-related fees including late fees, direct cut-off fees, service fees, and wireless and wireline telecom revenues. The increase of \$4.6 million, or 6.1%, is driven primarily by an increase in transmission services revenue for long-term point-to-point sales inclusive of the approved Open Access Transmission Tariff pricing that will become effective November 1, 2025.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Water Delivery Revenues

Stored and Developed	
Additional Deliveries (including pump)	
Water Delivery Revenues	
Other Service Revenues	
Total Water Delivery Revenues	
Falling Water	
Total Operating Revenues	

Salt River Project 2025-2026 Operating Budget Water & Irrigation Revenue (\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Stored and Developed	\$ 12,006	\$ 12,623	\$ 617	5.1%
Additional Deliveries (including pump)	2,316	2,406	90	3.9%
Water Delivery Revenues	1,994	2,028	34	1.7%
Other Service Revenues	15,224	16,329	1,105	7.3%
Total Water Delivery Revenues	\$ 31,540	\$ 33,386	\$ 1,846	5.9%
Falling Water	6,897	7,178	281	4.1%
Total Operating Revenues	\$ 38,437	\$ 40,564	\$ 2,127	5.5%

Water & Irrigation Revenue \$40,564,000

Total Water Delivery Revenue \$33,386,000

The FY26 budget includes the approved 2025 and 2026 increase in revenue due to the increase in the Basic Charge and Additional Deliveries prices. Water Delivery Fees escalated 3.7% in accordance with the formula outlined in the By-Laws. Other Service Revenues include increases in 1) the number of City Shareholder accounts and City Shareholder Fees charged to the cities, 2) Canal Transportation, 3) Decreed Stored Water, and 4) Well Lease Fees.

Falling Water Allocation \$7,178,000

The FY26 budget reflects the FY26 Falling Water allocator. The \$0.3 million increase is driven by an increase in natural gas prices from FY25 to FY26.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Salt River Project
2025-2026 Operating Budget
Fuel & Purchased Power
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Purchased Power				
Energy	\$ 584,162	\$ 436,282	\$ (147,880)	(25.3%)
Demand	<u>182,088</u>	<u>333,319</u>	<u>151,231</u>	83.1%
Total Purchased Power	\$ 766,250	\$ 769,601	\$ 3,351	0.4%
Fuel				
Valley Gas	\$ 525,074	\$ 577,958	\$ 52,884	10.1%
Coal	320,059	285,206	(34,853)	(10.9%)
Nuclear	<u>42,495</u>	<u>43,457</u>	<u>962</u>	2.3%
Total Fuel	\$ 887,628	\$ 906,621	\$ 18,993	2.1%
Water for Power	\$ 6,897	\$ 7,178	\$ 281	4.1%

Fuel & Purchased Power

Purchased Power \$769,601,000

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts.

Several storage resources were realigned within the Purchased Power category, resulting in approximately \$160 million dollars shifting from Purchased Power - Energy to Purchased Power - Demand. The 0.4% increase in the Purchased Power budget is primarily due to the addition of a new battery energy storage system contract in FY26 partially offset by refinements to geothermal and solar outage forecasts.

Fuel \$906,621,000

Total fuel expenses increased by 2.1% in FY26 driven by an increase in forecasted generation to meet higher projected customer demand.

Valley Gas expenses increase by \$52.9 million, or 10.1%, in FY26 due to available combined cycle capacity at times when more expensive coal generation can be ramped down.

Coal expenses decreased by \$34.9 million, or 10.9%, in FY26 driven primarily by a decrease in coal generation due to lower cost gas resources.

Nuclear expenses increased slightly by \$0.9 million, or 2.3%, in FY26 due to slightly higher nuclear generation.

Water for Power \$7,178,000

The FY26 budget reflects a 4.1% increase in the calculated Falling Water Allocation, driven by an increase in natural gas prices from FY25 to FY26.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Water & Irrigation

Electric

Total O&M

**Salt River Project
2025-2026 Operating Budget
Operating & Maintenance Expenses
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
	\$ 101,446	\$ 117,516	\$ 16,070	15.8%
	<u>1,406,909</u>	<u>1,521,705</u>	<u>114,796</u>	8.2%
	\$ 1,508,355	\$ 1,639,221	\$ 130,866	8.7%

Operating & Maintenance Expenses \$1,639,221,000

Operating and Maintenance costs (O&M) increase \$130.9 million, or 8.7%, when compared to the FY25 budget.

The FY26 budget reflects the Employee Performance Incentive Compensation, or EPIC, and contains two components, one budgeted and one unbudgeted. The FY26 budget includes \$21.6 million in funding for core performance metrics, while the financial - based metrics remain self-funded through better than budget financial performance.

Water & Irrigation \$117,516,000

The \$16.1 million, or 15.8%, increase in water O&M costs is primarily due to higher reimbursable costs related to Bartlett Dam and Forest Thinning, new T.O. requests and labor inflation, which drive higher allocation of costs of associated benefits and payroll taxes, and increased Power for Pumping volumes.

Electric \$1,521,705,000

Overall electric O&M costs increase \$114.8 million, or 8.2%. Driving the increase from FY25 are changes in organizational spend related to 1) additional workforce to support new generation units, further transition to renewable resources, maintain aging assets, operate a larger electric system, plan for and support the modernization and replacement of critical information systems, and expanding the Apprenticeship Program to meet demand for future business needs, 2) increased annual generation maintenance expenses due to inflationary increases and expanding resource fleet, 3) adapting to an evolving power grid inclusive of increased power delivery technology services expenses, and 4) enhancing customer programs and services such as the modernization of legacy Billing applications.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Water & Irrigation

Electric

Total Depr & Amort

**Salt River Project
2025-2026 Operating Budget
Depreciation & Amortization
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Water & Irrigation	\$ 14,747	\$ 15,282	\$ 535	3.6%
Electric	<u>637,191</u>	<u>697,422</u>	<u>60,231</u>	9.5%
Total Depr & Amort	\$ 651,938	\$ 712,704	\$ 60,766	9.3%

Depreciation & Amortization \$712,704,000

Water & Irrigation Depreciation \$15,282,000

The \$0.5 million increase in depreciation expense is primarily due to plant additions for facilities betterments, security equipment and water transmission assets.

Electric Depreciation \$697,422,000

The \$60.2 million increase in Electric Depreciation expense is due to several contributing items including:

- Plant additions at generating stations, Coronado, Hayden, and Craig, as well as an increase for the Asset Retirement Obligation (ARO) at Coronado due to updated estimates from a recently completed study.
- Plant additions at Palo Verde Nuclear Generating Station.
- Plant additions at a valley generating station, Agua Fria, and the addition of Copper Crossing.
- Increases for transmission and distribution assets for items including conduit, conductor, poles, line transformer, services, and substations due to valley growth.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Payroll Taxes, Net

In Lieu Taxes

Ad Valorem & Generation Taxes

Total Taxes & Tax Equivalents

**Salt River Project
2025-2026 Operating Budget
Taxes & Tax Equivalents
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
	\$ 60,053	\$ 66,876	\$ 6,823	11.4%
	116,616	106,880	(9,736)	(8.3%)
	<u>3,708</u>	<u>3,388</u>	<u>(320)</u>	(8.6%)
	\$ 180,377	\$ 177,144	\$ (3,233)	(1.8%)

Taxes & Tax Equivalents \$177,144,000

Payroll Tax, Net \$66,876,000

The \$6.8 million, or 11.4%, increase in Payroll Taxes is driven by an estimated increase in gross wages due to both labor inflation and workforce growth.

In Lieu Taxes \$106,880,000

In Lieu Taxes decrease of \$9.7 million is driven by a decline in the property tax assessment ratio of 0.5% per year for the next few years and an estimated decrease in tax rates, partially offset by a 4.5% increase due to plant additions.

Ad Valorem Taxes \$3,388,000

The increase in Ad Valorem Tax is due to slight increases in the estimated property taxes for SRP plants outside of Arizona.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

**Salt River Project
2025-2026 Operating Budget
Other Income & Other Income (Deductions) Net
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Other Income	\$ 38,689	\$ 38,497	\$ (192)	(0.5%)
Other Income (Deductions) Net				
Water & Irrigation	\$ 2,756	\$ 2,876	\$ 120	(4.4%)
Electric	41,635	77,863	36,228	(87.0%)
Total Other Income (Deductions) Net	\$ 44,391	\$ 80,739	\$ 36,348	(81.9%)

Other Income & Other Income (Deductions) Net

Other Income \$38,497,000

Other Income decreases in FY26 as interest rates are expected to decrease, resulting in lower interest earnings projected on SRP's General Fund and Debt Service Fund.

Other Income (Deductions) Net \$80,739,000

Other Income (Deductions) Net is a non-operating category and includes corporate contributions, shareholders compensation, lobbying expenses, rental income, earnings on equity method investments, other non-operating activities, and certain retirement benefits. The current plan reflects a \$75 million contribution to the Pension in the FY26 budget year. The main driver of the increase is budgeting for the first year of the Production Tax Credit.

Combined Statement of Net Revenues	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
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Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
Combined Net Revenues (Loss)	

Salt River Project 2025-2026 Operating Budget Financing Costs (\$ Thousands)				
	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Interest on Bonds	\$ 230,859	\$ 277,860	\$ 47,001	20.4%
Amort - Bond Disc/Issuance/Refinancing	(42,376)	(43,032)	(656)	1.5%
Interest on Other Obligations	24,241	6,868	(17,373)	(71.7%)
Capitalized Interest - Deduction (AFUDC)	<u>(32,109)</u>	<u>(38,607)</u>	<u>(6,498)</u>	20.2%
Net Financing Costs	\$ 180,615	\$ 203,089	\$ 22,474	12.4%
Informational:				
Principal Repayment				
Revenue Bonds	\$ 121,324	\$ 132,960	\$ 11,636	9.6%

Financing Costs \$203,089,000

Interest on Bonds \$277,860,000

Interest on revenue bonds is a part of the debt service requirements. The increase in FY26 is a result of new money bond issuance in FY25 and planned new money bond issuance in FY26 to support the capital plan.

Amortization - Bond Discounts, Issuance & Refinancing (\$43,032,000)

Amortization - Bond Discounts, Issuance and Refinancing is a component of revenue bond financing. The change in amortization is due to new money bond issuance in FY25 and planned new money bond issuance in FY26.

Interest on Other Obligations \$6,868,000

The Interest on Other Obligations decrease in FY26 is due to the planned repayment of outstanding Commercial Paper.

Capitalized Interest - Deduction (AFUDC) (\$38,607,000)

Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY25 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

Principal Repayment - Revenue Bonds \$132,960,000

SRP's annual principal repayment schedule reflects the compilation of all outstanding long-term debt issues with payments due during each fiscal year. As such, annual principal repayments vary from year to year. The year-over-year variance was anticipated. SRP structures its Revenue Bond program such that a portion of outstanding principal is repaid annually.

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Organizational View

The Organizational View Section steps through the operating and capital budgets for each Organization. The major drivers of each line item are discussed.

Salt River Project
2025-2026 Organizational Budget
Operating Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
President & Staff	\$ 7,398	\$ 7,823	\$ 425	5.7%
General Manager	1,985	2,135	150	7.6%
Public Affairs & Corporate Services	112,627	120,175	7,548	6.7%
Community, Communications & Marketing	58,669	61,348	2,679	4.6%
Financial & Information Services	187,178	191,524	4,346	2.3%
Law, Land & Risk Management	66,776	76,076	9,300	13.9%
Human Resources	158,200	168,874	10,674	6.7%
Customer Operations	239,674	278,704	39,030	16.3%
Water Stewardship	61,590	64,525	2,935	4.8%
Power System	629,448	675,668	46,220	7.3%
Corporate Planning & Strategy	<u>1,752,951</u>	<u>1,778,595</u>	<u>25,644</u>	1.5%
Organizational Operating Primary Costs	\$ 3,276,496	\$ 3,425,447	\$ 148,951	4.5%
Operating Contingency	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>	(20.0%)
Total Organizational Primary & Contingency	\$ 3,301,496	\$ 3,445,447	\$ 143,951	4.4%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Public Affairs & Corporate Services	\$ 82,220	\$ 113,540	\$ 31,320	38.1%
Community, Communications & Marketing	430	239	(191)	(44.4%)
Financial & Information Services	86,322	114,754	28,432	32.9%
Law, Land & Risk Management	83,954	118,849	34,895	41.6%
Customer Operations	241,501	283,081	41,580	17.2%
Water Stewardship	61,423	61,699	276	0.4%
Power System	745,632	807,992	62,360	8.4%
Corporate Planning & Strategy	<u>48,856</u>	<u>24,405</u>	<u>(24,451)</u>	(50.0%)
Organizational Capital Primary Costs	\$ 1,350,338	\$ 1,524,559	\$ 174,221	12.9%
Capital Contingency & Risk Portfolio	<u>73,198</u>	<u>46,866</u>	<u>(26,332)</u>	(36.0%)
Total Organizational Primary, Contingency & Risk	\$ 1,423,536	\$ 1,571,425	\$ 147,889	10.4%

Notes for Contingency and Risk Portfolio

Operating Contingency \$20,000,000

The FY26 Operating Contingency is budgeted at \$20.0 million. These dollars are intended to cover unforeseen or unplanned operating expenditures. This represents 1.1% of total organizational operating costs excluding Fuel and Purchased Power expenses. The decrease of \$5.0 million is due to organizational-wide analysis of contingency needs.

Capital Contingency and Risk Portfolio \$46,866,000

The FY26 Risk Portfolio of \$46.9 million was created as a result of estimates provided by various organizations to address potential needs by taking into account the probability of occurrence and the magnitude of potential impact for a given project. This represents 3.1% of total organizational capital primary costs. Projects represented in this year's Risk Portfolio, in order of dollar magnitude, are associated predominantly with land for future solar generation sites, the Crosscut Site Redevelopment, and the SRP/CAP Interconnection Facility. The Capital Contingency, which is funded in the latter half of the six-year plan, was established to meet potential expenditures for elements such as unplanned replacement of large equipment, expenditures for asset purchase opportunities and other unforeseen circumstances.

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Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
President & Staff	Budget	Proposed	Change	Change
President & Staff	\$ 657	\$ 646	\$ (11)	(1.7%)
Corporate Secretary's Office	3,491	3,794	303	8.7%
Corporate Audit Services	<u>3,250</u>	<u>3,383</u>	<u>133</u>	4.1%
Total	\$ 7,398	\$ 7,823	\$ 425	5.7%

Notes for Operating Primary Costs

President & Staff

The Office of President & Staff is comprised of three areas: the President's Office, the Corporate Secretary's Office, and Corporate Audit Services. Each area works with management to establish policies and procedures to further the business affairs of SRP.

President & Staff \$646,000

The President & Staff budget includes the operating costs for the President, Vice President, and direct staff. The decrease is driven by less planned travel and training partially offset by labor inflation.

Corporate Secretary's Office \$3,794,000

The Corporate Secretary's Office facilitates and supports the operations and activities of the President's Office as well as SRP's Board and Council. The increase is driven by labor inflation and higher costs for contracted elections staff and title plant services required to maintain SRP Election property rolls.

Corporate Audit Services \$3,383,000

Corporate Audit Services provides independent objective assurance and consulting services designed to add value and improve SRP's operations. The increase is driven primarily by labor inflation and higher travel and training costs.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
General Manager	Budget	Proposed	Change	Change
General Manager & Staff	<u>\$ 1,985</u>	<u>\$ 2,135</u>	<u>\$ 150</u>	7.6%
Total	\$ 1,985	\$ 2,135	\$ 150	7.6%

Notes for Operating Primary Costs

General Manager

General Manager & Staff \$2,135,000

The General Manager & Staff budget includes the operating costs for the General Manager and direct staff. The increase is driven by higher contracted services funding to support succession management and employee engagement corporate objectives.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Public Affairs & Corporate Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 1,791	\$ 1,918	\$ 127	7.1%
Facilities, MCM & Transportation Services	64,417	71,010	6,593	10.2%
Federal Affairs	1,853	1,927	74	4.0%
Local Government Affairs	2,059	2,107	48	2.3%
Policy, Strategy & Consumer Affairs	2,794	2,787	(7)	(0.3%)
Regulatory Affairs & Compliance	4,128	4,202	74	1.8%
State Government Affairs	2,455	2,508	53	2.1%
Supply Chain & Flight Services	<u>33,130</u>	<u>33,716</u>	<u>586</u>	1.8%
Total	\$ 112,627	\$ 120,175	\$ 7,548	6.7%

Notes for Operating Primary Costs

Public Affairs & Corporate Services

Associate General Manager \$1,918,000

The Associate General Manager (AGM) budget includes the operating costs for the AGM and direct staff. The FY26 increase is primarily driven by reallocation of materials funding from Community, Communications & Marketing and labor inflation.

Facilities, MCM & Transportation Services \$71,010,000

Facilities, Mechanical Construction & Maintenance (MCM), and Transportation Services promotes operational excellence by strategically providing innovative, sustainable, reliable, and customized work solutions throughout SRP's service territory.

The Facilities, MCM & Transportation Services department consists of:

- Facilities Business Operations
- Facilities Design & Construction
- Facilities Operations & Maintenance
- Facilities Workplace Strategy
- Mechanical Construction & Maintenance
- Transportation Fleet Engineering
- Transportation Fleet Services

The FY26 budget supports the operation and maintenance of 21 Valley sites (110 buildings and more than 2.1 million square feet), MCM's manufacturing, maintenance, and repair of equipment across SRP's water, power and telecom distribution networks, and provides ongoing maintenance for over 3,000 fleet assets and 57 fuel tanks across 19 SRP locations. The primary driver of the FY26 budget increase is inflation (labor, utilities, materials, and service contracts). The FY26 budget includes funding for three additional full-time T.O. for increased support of building infrastructure, large-scale facilities projects, and maintenance for the additional fleet equipment needed to support customer workloads.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Federal Affairs \$1,927,000

The Federal Affairs department provides management with information, intelligence, and strategic counsel on federal policy issues. The department also ensures SRP's positions on key federal policy issues and effectively advocates to policymakers and stakeholder groups in Washington. Finally, the department develops and implements strategies to achieve favorable outcomes on SRP's priority issues. This includes the development of long-term collaborative relationships with tribal communities to support SRP's interests in expanding the understanding of respective concerns regarding the management of energy and water supplies.

Local Government Affairs \$2,107,000

Local Government Affairs interacts with local governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. It includes the Public Involvement group which provides public outreach services to SRP organizations that are involved in projects that can affect the community, such as the construction of transmission lines, generation facilities, and upgrades to the distribution delivery system. The FY26 increase is driven by funding for one new T.O.

Policy, Strategy & Consumer Affairs \$2,787,000

The Policy, Strategy & Consumer Affairs department drives policy and messaging of Government Relations Teams to internal and external leaders and equips them with strategies, information, perspectives, and policy messaging to achieve SRP's Corporate Objectives. In addition, the Consumer Affairs department provides dispute resolution services for both SRP's power and water customers, as well as the public. The FY26 decrease is primarily due to lower funding for corporate sponsorships and consulting services to support ad hoc projects partially offset by labor inflation.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Regulatory Affairs & Compliance \$4,202,000

The Regulatory Affairs & Compliance department manages relationships and the matters that affect SRP at the Arizona Corporation Commission and the Federal Energy Regulatory Commission and provides support and assistance for activities focused on limiting SRP's corporate risk exposure, ensuring SRP's regulatory compliance with North American Electric Reliability Corporation/Critical Infrastructure Protection (NERC/CIP) Compliance and Western Electricity Coordinating Council (WECC) Regional Criteria standards, and limiting SRP's corporate risk exposure via internal environmental, health, and safety audits. The FY26 increase is primarily due to labor inflation.

State Government Affairs \$2,508,000

The State Government Affairs department interacts with state governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory.

Supply Chain & Flight Services \$33,716,000

Supply Chain & Flight Services (SC&FS) provides internal services aligned with SRP's corporate objectives to support customer needs. SC&FS offers a suite of services that supports and promotes operational excellence throughout SRP.

The Supply Chain & Flight Services department consists of:

- Flight Services
- Strategic Solutions & Support Services
- Logistics & Material Management
- Purchasing Services

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

The Supply Chain & Flight Services operating budget is driven primarily by the day-to-day operations of the respective roles related to purchasing, logistics, material management, inventory stewardship and flight services. Additional funding supports strategic engagements and efforts, system upgrades and enhancements, and training.

The FY26 budget increase is driven by labor inflation and higher costs associated with strategic initiatives, rentals, and lease agreements. Furthermore, SRP continues to see impacts from inflation and ongoing supply chain challenges.

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Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Public Affairs & Corporate Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Facilities, MCM & Transportation Services	84,520	117,040	32,520	38.5%
Federal Affairs	0	0	0	--
Local Government Affairs	0	0	0	--
Policy, Strategy & Consumer Affairs	0	0	0	--
Regulatory Affairs & Compliance	0	0	0	--
State Government Affairs	0	0	0	--
Supply Chain & Flight Services	<u>(2,300)</u>	<u>(3,500)</u>	<u>(1,200)</u>	52.2%
Total	\$ 82,220	\$ 113,540	\$ 31,320	38.1%

Notes for Capital Primary Costs

Public Affairs & Corporate Services

Facilities, MCM & Transportation Services \$117,040,000

The Facilities, MCM and Transportation Services capital budget is crucial to the reliability of SRP operations and business continuity and includes funding for corporate real estate construction and purchases, comprehensive building renovations, infrastructure improvements, and life-cycling of critical assets. This budget also provides funding for projects identified during the Facilities Betterments Roadmap strategic planning effort, replacement of fleet equipment that has reached or exceeded the vehicle lifecycle, the purchase of electric vehicles, and incorporates Facilities and Transportation internal customer requests. Main drivers of the FY26 budget include:

- Crosscut (XCT) Modernization Phase 1: In FY26 Facilities Services will focus on site enablement and design for new Mechanical Construction and Maintenance buildings, as well as an upgrade to the site perimeter fencing.
- Falcon Field Hangar: Construction of the Falcon Field Hangar is underway and will be complete in FY26, enabling SRP to relocate Flight Services from Phoenix Sky Harbor Airport due to lease expirations.
- Customer Driven Transportation Additions: Transportation received an increased number of customer driven fleet requests for FY26. These requests are above and beyond the existing fleet allocations and will support the significant increased workloads.

Supply Chain & Flight Services (\$3,500,000)

The Supply Chain & Flight Services budget is driven primarily by Flight Services, Investment Recovery, Logistics (inbound & outbound), and Materials Management Departments. The main driver of the reduction in FY26 is related to a one-time Investment Recovery Equipment purchase in FY25. This purchase was for a granulator, which is used to process wire conductor into its most basic components of aluminum, copper, and steel to keep up with increasing demands that have doubled the amount of old scrap wire output to be processed for resale.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Community, Communications & Marketing	Budget	Proposed	Change	Change
Community, Communications & Marketing	<u>\$ 58,669</u>	<u>\$ 61,348</u>	<u>\$ 2,679</u>	4.6%
Total	\$ 58,669	\$ 61,348	\$ 2,679	4.6%

Notes for Operating Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing \$61,348,000

The Community, Communications & Marketing (CCM) organization uses an integrated marketing, communications, creative, media relations, and community outreach model that represents a best practice across industries. CCM's work supports SRP's short and long-term objectives and works to educate customers on programs and services. The integrated model proactively leads and responds to the ongoing changes at SRP, in the utility industry, with customers' expectations, with the regulatory environment, and more. The work performed by CCM provides customer insights to inform company decisions.

Community, Communications & Marketing consists of the following organizations:

- Community Partnerships
- Integrated Communications
- Customer Insights, Brand Strategy & Marketing

The primary drivers of the increase include additional funding for labor inflation, one new T.O., market research and communications support for Customer Modernization.

- **Corporate Contributions \$5,281,000**

A portion of the budget is comprised of Corporate Contributions (grants to community nonprofits). The Contribution budget is comprised of a predetermined calculation of approximately \$4 per SRP customer.

Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Community, Communications & Marketing	Budget	Proposed	Change	Change
Community, Communications & Marketing	<u>\$ 430</u>	<u>\$ 239</u>	<u>\$ (191)</u>	(44.4%)
Total	\$ 430	\$ 239	\$ (191)	(44.4%)

Notes for Capital Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing \$239,000

Capital costs for Community, Communications & Marketing are associated with the planned lifecycle and refresh of audio-visual, printing equipment, and outgoing mail operations in support of the organization's Customer, Community, Workforce, and Innovation & Sustainability goals. The budget decrease is due to the printing equipment replacement cycle cadence and efficiencies gained in the print services redesign.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Financial & Information Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 3,783	\$ 3,549	\$ (234)	(6.2%)
Corporate Accounting Services	8,896	9,483	587	6.6%
Cyber Security Services	11,492	13,176	1,684	14.7%
Financial Operations & Compliance	6,550	5,955	(595)	(9.1%)
Financial Strategy	3,368	3,994	626	18.6%
IT Services	<u>153,089</u>	<u>155,367</u>	<u>2,278</u>	1.5%
Total	\$ 187,178	\$ 191,524	\$ 4,346	2.3%

Notes for Operating Primary Costs

Financial & Information Services

Financial & Information Services (F&IS) includes several groups that provide various services within SRP. These departments include Corporate Accounting Services, Cyber Security Services, Financial Operations & Compliance, Financial Strategy, and Information Technology Services. The primary driver for the 2.3% increase in FY26 is higher costs associated with software licensing and hardware.

Associate General Manager \$3,549,000

The AGM's budget contains labor costs for direct reports and contracted services for projects across the organization. The decrease is primarily driven by the Strategic Risk Management department and associated labor moving to the Corporate Planning & Strategy organization in FY26.

Corporate Accounting Services \$9,483,000

The Corporate Accounting department maintains SRP's books, prepares monthly and annual financial statements, monitors and pays SRP's payroll, sales/use and property taxes, and manages SRP's accounts payable. The main driver for the increase in FY26 is additional resources to support the increased workload for the Accounts Payable function within Corporate Accounting Services.

Cyber Security Services \$13,176,000

The Cyber Security department's main responsibility is to protect SRP's corporate cyber assets in a risk-based manner by ensuring the preservation of confidentiality, integrity, and availability of cyber systems. The strategy to accomplish this mission employs a defense-in-depth approach to protecting SRP cyber resources. The main driver for the increase in FY26 is the additional software and resources to support the increased workload associated with Operational Technology (OT) Vulnerability Management and OT Cyber Security Monitoring and Incident Response.

Notes for Operating Primary Costs

Financial & Information Services (continued)

Financial Operations & Compliance \$5,955,000

The Financial Operations & Compliance department consists of various activities and services including daily cash flow, corporate debt agreements, corporate investing activities, and management of market, credit, and operational risks. The decrease in budget is driven by the reorganization of Financial Services to Financial Strategy and Financial Operations & Compliance.

Financial Strategy \$3,994,000

The Financial Strategy department consists of various activities and services including customer pricing, annual budget facilitation, and financial performance analysis and forecasting. The increase in budget is driven by the reorganization of Financial Services to Financial Strategy and Financial Operations & Compliance.

Information Technology Services \$155,367,000

Information Technology Services (ITS) provides information technology expertise and solutions to support business operations, including the following services: business application implementation and support, data analytics and management, collaboration solutions for telephony, conferencing and information sharing, and project implementation services.

The budget consists of service and equipment expenditures to maintain SRP's technology solutions and infrastructure. One of the top components of the budget is materials, which cover the cost of computer peripherals, hardware warranties/maintenance, and software licenses, maintenance, and subscriptions for enterprise platforms and productivity solutions.

Notes for Operating Primary Costs

Financial & Information Services (continued)

Major drivers for the increase are due to software license and hardware commodity cost increases attributed to growth and the supply chain market, industry and business research subscriptions, and consolidation of leased circuit services, offset by the reorganization of the Customer Modernization department and associated labor shifting to capital.

Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Financial & Information Services	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Corporate Accounting Services	0	0	0	--
Cyber Security Services	250	250	0	0.0%
Financial Operations & Compliance	0	0	0	--
Financial Strategy	0	0	0	--
IT Services	<u>86,072</u>	<u>114,504</u>	<u>28,432</u>	33.0%
Total	\$ 86,322	\$ 114,754	\$ 28,432	32.9%

Notes for Capital Primary Costs

Financial & Information Services

Cyber Security \$250,000

Cyber Security's capital program includes the tools and contracted services required to help secure SRP's cyber assets. Capital expenditures have remained relatively unchanged.

Information Technology Services \$114,504,000

The ITS capital program consists of major system implementations/modifications and hardware replacements and improvements. Ongoing capital expenses for ITS include the lifecycle and growth for End User Compute (desktop computers, laptops and conference room equipment) and Infrastructure (server, network and storage). The main drivers for the FY26 increase are attributed to OT technology for additional Generation sites; the Open Analytics Platform, Enterprise Asset Serialization, Microsoft 365, Contract Management Contract Authoring, and the Enterprise Content Management retention schedule.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Law, Land & Risk Management	Budget	Proposed	Change	Change
Associate General Manager	\$ 1,263	\$ 1,304	\$ 41	3.2%
Land Department	5,439	6,597	1,158	21.3%
Legal Services	16,256	17,004	748	4.6%
Risk Management	25,577	31,650	6,073	23.7%
Security Services	<u>18,241</u>	<u>19,521</u>	<u>1,280</u>	7.0%
Total	\$ 66,776	\$ 76,076	\$ 9,300	13.9%

Notes for Operating Primary Costs

Law, Land & Risk Management

Associate General Manager \$1,304,000

The AGM budget is comprised of the operating costs related to executive oversight and support of the overall organization. The increase is driven by labor inflation.

Land Department \$6,597,000

The Land Department is responsible for managing and enforcing SRP's land rights for generation, transmission, distribution, irrigation, and corporate facilities. The operating budget supports the Land Rights Management, Acquisitions, Document Management, and Survey Departments. The increase is primarily the result of labor inflation and additional permanent and contract resources to support business operational needs.

Legal Services \$17,004,000

The Legal Services department manages all legal issues related to SRP, including all claims brought against SRP by its customers and other third-party claimants. The department's focus is to provide legal expertise and advice to SRP clients in a collaborative effort to mutually support, strengthen, and advance SRP's interests. The increase is driven by labor inflation and additional resources to support contract and procurement activities. Demand for electricity in SRP's electric service area is expected to continue to increase which will require SRP to acquire additional electric generation and transmission assets. In addition, as SRP continues to increase the amount of renewable energy in its portfolio, it will require changes to its electric infrastructure. On the water side, SRP is currently planning multiple projects to address drought, climate change and the potential for a shift in the hydrologic cycle that will require additional water storage and infrastructure to transport water.

Notes for Operating Primary Costs

Law, Land & Risk Management (continued)

- **Outside Legal \$9,500,000**

Outside Legal represents the costs necessary to provide for outside legal expenses based on litigated matters, regulatory compliance, and commercial and financial transactions.

Risk Management \$31,650,000

The Risk Management department is responsible for advancing SRP's strong commitment to safety, managing OneSRP Safety, managing SRP's fire protection program, and managing SRP's insurance programs.

The Risk Management department consists of:

- Insurance Services
- Safety Services

The major drivers for the increased funding in Risk Management are increased insurance premiums and additional resources in Safety Services required to support Safety Leadership Team activities and the SRP Safety Culture Advancement Plan.

- **Insurance Premiums \$26,481,000**

Insurance Premiums represent costs for the procurement of property, casualty, and other insurance programs to protect SRP assets. The insurance marketplace has changed substantially in recent years resulting in fewer insurance product offerings, fewer insurance carriers, less coverage, and higher costs resulting in the need for a budget increase. Supply chain and inflation costs impact future asset valuation which increases the cost of the property coverage. Liability insurance costs are increasing due to industry claims and wildfire risk.

Notes for Operating Primary Costs

Law, Land & Risk Management (continued)

Security Services \$19,521,000

Security Services operating costs represent funds necessary to assist SRP management in protecting human, physical, and financial resources from accidental loss and criminal acts, reducing exposure to litigation and regulatory risk, and managing a corporate contingency planning process by using selected risk management techniques.

The increase is driven by additional resources needed to keep pace with the additional sites SRP continues to buy and build to meet service demands and to stay in line with best practices in the industry with new and improved security technologies to protect SRP's assets.

Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Law, Land & Risk Management	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Land Department	75,604	113,156	37,552	49.7%
Legal Services	0	0	0	--
Risk Management	350	1,693	1,343	383.7%
Security Services	<u>8,000</u>	<u>4,000</u>	<u>(4,000)</u>	(50.0%)
Total	\$ 83,954	\$ 118,849	\$ 34,895	41.6%

Notes for Capital Primary Costs

Law, Land & Risk Management

Land Department \$113,156,000

The Land Department capital program consists of the costs associated with acquiring land rights for generation, transmission, distribution, irrigation, and corporate facilities. This also includes costs incurred in association with the acquisition of land rights such as litigation, insurance, survey, and appraisal costs. Increases for FY26 are primarily driven by generation and transmission projects to support load growth and 2035 sustainability goals. This includes land acquisitions for generation, as well as transmission easements for Cheatham-Hodgkins 230kV, Honor-Pico 69kV, Alpha-Scott 69kV, and Anderson-Wilkins 69kV.

Risk Management \$1,693,000

The Risk Management capital program is comprised of materials and contracted services needed to support SRP Fire Protection System Betterments at SRP facilities. FY26 funding will support replacement of the San Tan Generating Station fire suppression system protecting the telecommunication room located on the second level of Unit 5, replacement of the diesel engine driver and controller servicing the back-up fire pump at Desert Basin Generating Station, and design work for the Agua Fria fire protection pipe replacement project.

Security Services \$4,000,000

The Security Services capital program is made up of expenses related to Security Services and equipment. The decrease from FY25 is due to a lack of personnel resources and supply chain issues. Many of these initiatives are being deferred to future years.

Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Human Resources				
Human Resources	<u>\$ 158,200</u>	<u>\$ 168,874</u>	<u>\$ 10,674</u>	6.7%
Total	\$ 158,200	\$ 168,874	\$ 10,674	6.7%

Notes for Operating Primary Costs

Human Resources

Human Resources \$168,874,000

Human Resources (HR) is a trusted strategic partner dedicated to supporting, engaging, and developing the SRP workforce to drive SRP's success. HR delivers innovative workforce solutions that meet the evolving needs of both SRP employees and the business and is committed to the engagement and professional development of the SRP workforce that addresses the unique challenges and opportunities within the organization. HR empowers SRP leaders to inspire and guide their teams effectively and strives to create an environment where employees feel valued, supported, and motivated to achieve their best.

The HR department consists of:

- Benefits and Wellness
- Compensation
- Diversity, Equity, and Inclusion (DEI)
- Employee and Labor Relations
- Health Services
- HR Business Partners
- HR Operations
- Management Development Programs
 - o Apprenticeship and Skills Training
 - o Rotational Engineer and Analyst Programs
- PERA Facilities
- Professional and Organizational Development
- Talent Acquisition
- Talent Management

Notes for Operating Primary Costs

Human Resources (continued)

The Human Resources FY26 budget includes funding for Corporate Benefits, labor, and contracted services required to support workforce strategic initiatives and to continue to provide HR-related support to all SRP employees.

The increase in FY26 is primarily due to rising Corporate Benefits expenses and labor inflation.

- **Corporate Benefits \$135,072,000**

The Corporate Benefits department manages and distributes all SRP employee benefits including medical, dental, vision, life insurance, retirement plans, employee leave benefits, group legal, and employee assistance programs. The increase in FY26 funding for Corporate Benefits is primarily due to increases in 401(k) company match due to labor inflation and additional T.O. as well as increases in insurance premiums including medical, prescription, and behavioral health costs.

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Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Customer Operations	Budget	Proposed	Change	Change
Associate General Manager	\$ 2,493	\$ 2,464	\$ (29)	(1.2%)
Customer Modernization	19,013	24,299	5,286	27.8%
Customer Services	62,022	85,297	23,275	37.5%
Customer Strategy	85,424	92,962	7,538	8.8%
Distribution Grid Services	<u>70,722</u>	<u>73,682</u>	<u>2,960</u>	4.2%
Total	\$ 239,674	\$ 278,704	\$ 39,030	16.3%

Notes for Operating Primary Costs

Customer Operations

Customer Operations is responsible for the distribution of power below the substation and manages all facets of customer service including metering, billing and payment processing, power contact centers, and commercial key accounts. Customer Operations is also responsible for administrating and developing a portfolio of customer programs as well as implementing strategic customer initiatives. The organization is comprised of approximately 1,730 employees.

Customer Operations aligns with SRP's strategic directions by focusing on SRP's mission of serving customers and communities with reliable, affordable, and sustainable power, all while ensuring an exceptional customer experience. By staying in sync with SRP's corporate goals and objectives, Customer Operations has identified initiatives that will continue to support SRP's customers now and in the future. To support a new initiative aimed at modernizing the customer experience, Customer Operations underwent a reorganization to help SRP meet evolving customer expectations.

Associate General Manager \$2,464,000

The AGM budget includes funding for operations and maintenance for the AGM as well as direct staff oversight of all operational, strategic, and financial aspects of the business. The FY26 budget decrease is primarily due to the removal of funds allocated for hosting the Innovate Utility Customer Experience (IUCX) conference, formerly known as Customer Service Week. The conference is hosted by a different utility every year therefore funding is not needed on an annual basis.

Customer Modernization \$24,299,000

The Customer Modernization Technology & Program team develops and supports strategic initiatives to enhance the customer's experience. The department develops and maintains nearly 100 systems to support the power customer experience.

The increase in FY26 is primarily due to the labor costs of employees transitioning from other business areas including Information Technology Services and Customer Strategy to the Customer Modernization team. Additionally, material costs

Notes for Operating Primary Costs

Customer Operations (continued)

increased due to Five9 (phone system) maintenance.

Customer Services \$85,297,000

Customer Services operates the power contact centers that respond to approximately four million annual power customer calls. The department also bills 1.1 million electric customers and develops a wide variety of customer programs and operational support on behalf of both residential and commercial customers, including billing, metering, and customer credit services.

Labor inflation and other significant increases in FY26 are due to the labor costs associated with the Customer Information System (Phoenix) replacement which began in FY24 and will be completed by FY27. The current Customer Information System relies on outdated COBOL language, making it difficult to support and maintain. The system will be replaced with an SAP product, providing greater program management capabilities and better interconnection with SRP's other technology systems. Additionally, increased uncollectible expenses and decreased first-time meter installation credits due to a reduction in the meter install forecast contribute to the increase. Cost increases related to the support of the Customer Modernization program are offset by a decrease in anticipated FISERV expenses, reduced M-Power expenses related to B-Meter contracted services, and postage for bill printing (which is now budgeted within Community, Communications & Marketing).

Customer Strategy \$92,962,000

Customer Strategy works with existing and prospective business customers to support expansion and relocation in the Valley. This team is also responsible for designing and managing a portfolio of programs that help customers achieve their sustainability goals, control their energy usage and costs, and reduce SRP's overall peak demand. These program offerings continue to help the organization better understand and meet evolving customer needs and thereby enhance customer satisfaction. In addition to implementing and evaluating programs to understand their direct impact, Customer Strategy

Notes for Operating Primary Costs

Customer Operations (continued)

oversees account managers and representatives who provide dedicated support and solutions to industrial, commercial, and small business customers.

The increase in Customer Strategy's FY26 budget is primarily due to a 25 MW custom Demand Response agreement with a large industrial customer that was executed in FY24. Additionally, strong customer demand and market activity for energy efficiency initiatives have led to further budget increases.

Distribution Grid Services \$73,682,000

Distribution Grid Services maintains over 22,300 circuit miles of 12kV distribution lines, which include approximately 110,000 wood poles, 185,000 service transformers, 42,900 switches, and 6,000 capacitor banks. The department is also responsible for responding to power outages to restore service, building distribution system infrastructure for new residential, commercial, and small industrial customers, and performing line clearing and Blue Stake locating functions on behalf of SRP.

The main driver for the FY26 budget increase is labor inflation and additional workforce to address the increased workload. Another factor contributing to the FY26 increase is the need for additional contract support to handle the rise in Blue Stake tickets, driven by the expansion of fiber installation due to recent federal incentives. These increases are partially offset by the reduced costs associated with phasing out contract work to address the Distribution Line Maintenance backlog and the deployment of the Advanced Distribution Management System (ADMS).

Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Customer Operations	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Customer Modernization	1,641	500	(1,141)	(69.5%)
Customer Services	22,090	27,550	5,460	24.7%
Customer Strategy	525	200	(325)	(61.9%)
Distribution Grid Services	<u>217,245</u>	<u>254,831</u>	<u>37,586</u>	17.3%
Total	\$ 241,501	\$ 283,081	\$ 41,580	17.2%

Notes for Capital Primary Costs

Customer Operations

Customer Modernization \$500,000

The Customer Technology business unit in the Customer Modernization capital program consists of work on technology projects to support customer interactions, provide an improved customer experience, and enhance functionalities to meet current business needs. This work includes enhancements and modifications to various IT solutions. The budget for FY26 was reduced due to the rescheduling of the Advanced Security Project to prevent it from coinciding with the Customer Modernization project.

Customer Services \$27,550,000

The Customer Services capital program primarily consists of the New Meter program. The leading drivers for the increase in FY26 are due to the commencement of a meter replacement project, delayed FY25 project work that will now take place in FY26, as well as adjustments in the growth forecasting model.

Customer Strategy \$200,000

Due to business transitions, Customer Strategy now includes Customer Programs' capital budget which consists of the Innovation Test Center, located adjacent to the Santan Generating Station in Gilbert, Arizona. The center includes a testing lab, a manufactured home, and a garage, in which teams can research, analyze, and pilot innovative technology solutions that benefit both SRP and its customers. This enables different technology solutions to be tested and refined in-house, prior to being offered to customers. The reduction in Customer Strategy's FY26 capital budget is due to the discontinuation of the EV Charging Stations Pilot.

Notes for Capital Primary Costs

Customer Operations (continued)

Distribution Grid Services \$254,831,000

The Distribution Grid Services department is responsible for the capital asset maintenance of SRP's existing distribution system. The organization installs new distribution line assets to support system growth, connect new customers to the distribution grid, and collaborates with municipalities to relocate and underground existing overhead lines. In FY26, increases are due to the construction workload for new business work, with 10% higher average cost per unit of line transformers. The pole replacement plan includes 2,100 poles, due to failure rates and backlog catchup. Other workload increases are for distribution system expansion to serve new load and equipment relocations for Arizona Department of Transportation (ADOT) expansion projects.

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Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Water Stewardship	Budget	Proposed	Change	Change
Associate General Manager	\$ 6,821	\$ 7,470	\$ 649	9.5%
Water Customer Services	11,958	13,504	1,546	12.9%
Water Strategic Services	17,615	16,971	(644)	(3.7%)
Water Supply & System	<u>25,196</u>	<u>26,580</u>	<u>1,384</u>	5.5%
Total	\$ 61,590	\$ 64,525	\$ 2,935	4.8%

Notes for Operating Primary Costs

Water Stewardship

Associate General Manager \$7,470,000

The AGM budget is comprised of the operating costs for the AGM and direct staff and the management of SRP's water resources to sustain life and the economy in the Valley by integrating expertise, leadership, and planning. Protecting and developing these water resources ensures the continued economic growth and vitality of the communities served by SRP.

The FY26 increase is driven by higher Power for Pumping and & Groundwater Savings Facility expenses. This overall increase is in alignment with SRP's mission to meet future electric and water demands, while balancing stewardship, cost, and reliability.

- **Power for Pumping, Groundwater Tax, & Groundwater Savings Facility (GSF) \$5,538,000**

Volume of planned pumping and planned GSF was increased for FY26 which contributed to the overall increase in the planned budget.

Water Customer Services \$13,504,000

Water Customer Services provides an exceptional experience by ensuring a reliable water supply, maintaining a safe workplace, and prioritizing customer service. Water Customer Services emphasizes community involvement and efficient water distribution to SRP Shareholders and other external partners.

Water Customer Services budget includes costs related to Water Distribution Scheduling, Water Strategic Field Customer Services and Water Communications, Water Distribution Operations, Water Contact Center and Water Accounting, and Water Contact Center Support Services. These teams collectively nurture positive relationships with stakeholders, drive the company's goals forward, and uphold the pledge to exceptional customer support.

Notes for Operating Primary Costs

Water Stewardship (continued)

The FY26 budget increase is driven by hourly labor contract increases and adjustments, labor inflation for salaried employees, and adjustments to better align the labor budget with current trends and actual expenditures.

Water Strategic Services \$16,971,000

The Water Strategic Services department plays a vital role in ensuring water resiliency for SRP's customers, communities, and Arizona as a whole. This focus is achieved through a commitment to local and regional leadership, partnership, expertise, and staff empowerment. The department's budget includes costs related to Water Rights and Contracts, Water Strategy, Water Information Technology Services, and Water Pricing & Finance.

The FY26 budget supports these critical functions and aligns with the department's mission of water resiliency, ensuring that resources are managed effectively to meet the needs of SRP's customers, communities, and the growing demands of Arizona.

The primary driver of the decreased budget for FY26 is due to a reduction in the land easement budget, shifting the project funds into the O&M risk portfolio due to the uncertainty about when outlays for easements will occur, as well as a shift to capital projects as the Water Information Technology Services team supports the corporate Customer Modernization project. The budget decrease is partially offset by increased labor funding for new T.O.

Water Supply & System \$26,580,000

The Water Supply & System department combines long range planning for surface water resources and aquifer management, with the engineering, operations, construction, and maintenance functions. This is achieved by working together to ensure that SRP water resources and infrastructure are managed to meet customers' demands by providing a resilient water supply. Continual improvement is leveraged by working collaboratively with internal and external partners, with a focus on safety, to ensure team members get home safe every day.

Notes for Operating Primary Costs

Water Stewardship (continued)

The department's budget includes costs related to Water Engineering & Transmission, Water Groundwater Construction & Maintenance, and Water Supply.

The primary driver of the overall increases for FY26 include inflationary increases seen in materials and supplies including steel, concrete, and software, additional costs associated with landfills, a secondary payment to the United States Geological Survey (USGS) that allows us to coordinate fiscal year payments, as well as additional training throughout the department and increased labor funding for new T.O.

Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Water Stewardship	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Water Customer Services	0	0	0	--
Water Strategic Services	10,170	29,814	19,644	193.2%
Water Supply & System	<u>51,253</u>	<u>31,885</u>	<u>(19,368)</u>	(37.8%)
Total	\$ 61,423	\$ 61,699	\$ 276	0.4%

Notes for Capital Primary Costs

Water Stewardship

Water Strategic Services \$29,814,000

Water Strategic Services capital projects are focused on water resource support and technology solutions.

The SRP/CAP Interconnect Facility (SCIF) and Verde River Sedimentation Mitigation Project (VRSMP) address critical water resiliency challenges and ensure the availability of sufficient water resources during times of drought. These projects focus on managing regional water supply and demand issues to secure new water supplies for power generation and population growth through collaboration with stakeholders.

In addition to water resource projects, the capital budget includes technology projects aimed at improving the reliability and cyber security for operational, hydrology, meteorology, and accounting data. These technology investments will enhance system functionality to meet evolving business needs by transitioning from aging infrastructure to modern technology platforms. This will provide greater efficiency, flexibility, and security in managing critical water-related data and operations.

The FY26 budget increase is primarily attributed to the planning and construction of the SCIF project with federal funding and partner contributions offsetting expenses. In FY26, Engineering Design will move into the 60% design phase of the SCIF project and a design contracting firm will be hired to proceed with that effort. The increase is also driven by Water Information Technology Services support for the corporate Customer Modernization project.

Notes for Capital Primary Costs

Water Stewardship (continued)

Water Supply & System \$31,885,000

Water Supply & System capital projects support the evaluation and drilling of new wells and replacement wells. This includes the acquisition of land for well sites, along with well modifications due to either aging infrastructure, city water system needs, recovery of water storage credits, or in response to poor water quality. The Water Supply & System capital budget also includes work to maintain and improve SRP's canal system, as well as technology projects that will provide improved reliability and cyber security for operational, hydrology, meteorology, and accounting data. Additionally, the technology projects provide enhanced functionality to meet current business needs as systems are transitioned from aging infrastructure to new technology platforms.

The primary drivers for the FY26 budget decrease comes from a thorough assessment of planned future work versus the ability to complete this work given constraints of crew availability as well as competing priority work. The decrease is also driven by the completion of the pipeline portion of the Gilbert Road Pipeline project.

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Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Power System	Budget	Proposed	Change	Change
Associate General Manager	\$ 2,202	\$ 2,617	\$ 415	18.9%
Distribution Strategy, Planning & Operations	26,920	27,999	1,079	4.0%
Operational Technology Services	55,965	67,717	11,752	21.0%
Power Delivery	70,682	84,122	13,440	19.0%
Power Generation	<u>473,679</u>	<u>493,213</u>	<u>19,534</u>	4.1%
Total	\$ 629,448	\$ 675,668	\$ 46,220	7.3%

Notes for Operating Primary Costs

Power System

The Power System (PS) group brings together core departments that play a significant role in meeting SRP's mission by producing and delivering energy to meet demand while enabling options for customers. These departments include Power Generation, Power Delivery, Distribution Strategy, Planning and Operations, and Operational Technology Services.

Power System operates with the following core values in mind: 1) **Safety** - We work safely for our families, our health, and each other. Safety values are at the forefront of all our decisions and actions, both at home and at work. 2) **Customer Service** - Considering the customer's perspective in all of decisions and actions and seek to do what is best for customers. 3) **Community Support** - Proactively seeking to understand and address the preferences and priorities of both the communities we serve and the communities where we own significant assets. 4) **Operational Excellence** - Achieving premier business performance through the continuous cycle of identifying, measuring, and improving processes in order to reduce costs and improve efficiency. 5) **Culture** - Establishing a culture of mutual respect, open and honest communication, treating people fairly, and welcoming and valuing input from all employees.

The Power System FY26 budget supports SRP's strategic directions:

- **Customers:** Planning, engineering, and construction of numerous dedicated transmission and substation facilities for new industrial customers or expansion of existing industrial customer facilities. Planning, engineering, and construction of new infrastructure to support residential and small commercial customer growth including substations and distribution lines.
- **Community:** Support for community-based economic development plans through the planning, engineering, and construction of new electrical infrastructure; strengthening relationships with local communities and stakeholders where large SRP assets are located, including investments in communities to help address gaps and provide benefits to both the community and SRP.
- **Reliability:** Planning, engineering, and construction of new generation facilities to ensure resource adequacy. Continued implementation of the Asset Management Program, which includes capital planning, procurement, construction, operation, maintenance, risk assessment, and proactive replacement of Power System assets. Continued implementation

Notes for Operating Primary Costs

Power System (continued)

of the Power System Resiliency Program, including wildfire mitigation, cyber and physical security, analysis and preparation for extreme heat conditions, spare equipment strategy, and analysis and corrective actions related to unplanned outages. Design and implementation of engineering standards to balance reliability, risk, and cost.

- **Affordability:** Analysis and optimization of maintenance activities and proactive equipment replacement pursuant to the Asset Management Program. Design and implementation of engineering standards to balance reliability, risk, and cost. Ongoing monitoring, assessment, and mitigation of generating unit operating efficiency and equipment performance. Ongoing assessment of labor needs and the evaluation of the most efficient way to fill identified gaps. Continuance of the Operational Excellence initiative to drive costs down and improve efficiency.
- **Sustainability:** Completion of Generation flexibility upgrades to support renewable integration. Continued implementation of the Distribution Enablement Program to enable the interconnection of all customer-sided resources while maintaining grid integrity. Continued implementation of the Operational Readiness program to successfully integrate and operate the grid with very high levels of intermittent resources. Planning, engineering, and construction of the Copper Crossing Research & Energy Center, including a new solar project and provisions for the testing of long duration storage technologies. Planning, engineering, and construction of peaking gas fired generation to enable the integration of solar and wind resources.
- **Workforce:** Development of workforce in anticipation of process and technology changes in the utility industry. “Keys to Our Success” employee recognition program; Power System-driven initiatives related to enhancing the workplace culture in order to attract and retain the best employees.

Associate General Manager \$2,617,000

The Associate General Manager budget includes the dollars for executive management and support staff for the Power System organization, as well as expenses related to employee events and awards. The increase is primarily driven by a reorganization in support of succession planning and other miscellaneous adjustments.

Notes for Operating Primary Costs

Power System (continued)

Distribution Strategy, Planning & Operations \$27,999,000

The Distribution Strategy, Planning, & Operations (DSP&O) department is responsible for the planning and operations of the electric distribution system. An increase of \$1.1 million is the result of labor inflation and 9 new T.O. The DSP&O T.O. increase is driven by run-the-business support of a rapidly expanding electric system aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.

Operational Technology Services \$67,717,000

The Operational Technology Services (OTS) department is responsible for the operations, planning, engineering, design, construction, and maintenance for operational technology supporting the electric grid. This also includes telecommunications in support of the enterprise and telecom commercial services business. An increase of \$11.8 million is the result of labor inflation, 16 new T.O., and additional contracted services expenses related to operational technology support. The increase in operational technology expenses is driven by software support and implementation costs of the Southwest Power Pool Markets+ transition. The OTS T.O. increase is driven by run-the-business support of a larger electric system and strategic operational technology initiatives driven by evolving technology requirements and aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.

Power Delivery \$84,122,000

The Power Delivery organization handles a wide range of activities and services, including operations, planning, engineering, design, construction, and maintenance of SRP's transmission and substation assets, and coordinates participation in transmission project activities. The \$13.4 million increase is primarily attributed to labor inflation, rising costs of materials and rental equipment, and additional labor required to implement new business processes recommended by Operational Readiness, which are essential for the reliable integration of new inverter-based resources. Other internal labor movements also contribute to the budget increase. The addition of 39 new Power Delivery T.O. is driven by ongoing system

Notes for Operating Primary Costs

Power System (continued)

growth related to large industrial customers, new generation interconnections, and an overall increase in workload.

Power Generation **\$493,213,000**

The Power Generation budget includes the operations and maintenance expenses for the coal, gas, nuclear, and hydro generating facilities and departments, as well as generation support groups. The following generation sites encompass SRP's generation fleet: the SRP-operated generating stations (gas plants: Agua Fria, Coolidge, Copper Crossing, Desert Basin, Gila River, Kyrene, Mesquite, and Santan; coal plant: Coronado), the participant-operated generating stations (nuclear plant: Palo Verde; coal plants: Springerville, Four Corners, Craig, and Hayden), as well as SRP's hydro generating sites and dams. SRP's gas and hydro generating resources enhance SRP's flexibility to meet higher peak demand and integrate more renewable resources into SRP's system.

The \$19.5 million increase for Power Generation is primarily driven by Palo Verde expenses, Mesquite Generating Station Block 1 turbine outage, and Desert Basin Generating Station turbine/generator outage.

- **Associated Fuel Expenses \$9,639,000**

The Associated Fuel Expenses comprise expenses incurred for moving coal at the plant, and in some cases the cost of transporting coal to the plant. Additionally, these expenses include maintenance for the SRP-owned railway sections (e.g., rail spur for Coronado and Springerville). The increase in Associated Fuel Expenses is driven by rail road cost increases and general inflation.

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Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Power System	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Distribution Strategy, Planning & Operations	633	685	52	8.2%
Operational Technology Services	29,429	35,181	5,752	19.5%
Power Delivery	240,791	244,883	4,092	1.7%
Power Generation	<u>474,779</u>	<u>527,243</u>	<u>52,464</u>	11.1%
Total	\$ 745,632	\$ 807,992	\$ 62,360	8.4%

Notes for Capital Primary Costs

Power System

Distribution Strategy, Planning & Operations \$685,000

The Distribution Strategy, Planning, & Operations capital portfolio includes investments defined in the Distribution Enablement Roadmap, along with tools budgets required for the upgrade and maintenance of the distribution operations system. The overall increase is a result of increasing prices relating to distribution operations tools.

Operational Technology Services \$35,181,000

The Operational Technology Services (OTS) capital portfolio includes projects required for the upgrade and replacement of critical operational technology infrastructure, strategic investments defined by the Distribution Enablement Roadmap, and initiatives in support of the commercial telecom business, which is recovered with margin via customer revenue. The overall increase is the net result of both increases and decreases within the project portfolios. Noteworthy increases include the implementation of a secondary High Security Operations Center (HSOC) site to increase data center resiliency, along with the movement of HSOC hardware lifecycle costs from Information Technology Services (ITS) to the OTS portfolio. In addition, increased costs from materials and contracted services are seen throughout the OTS portfolio. Noteworthy decreases include reductions to customer driven projects in Telecommunication Systems based off current customer demands, and delays in the planned lifecycle of Energy Management System (EMS) hardware.

Power Delivery \$244,883,000

The Power Delivery capital program includes projects for jointly owned transmission resources, multiple capital maintenance (aging infrastructure) projects, load growth related projects, and dedicated customer facilities including:

- Customer driven work - customer requested construction of SRP facilities to be recovered as a part of the Contribution in Aid of Construction (CIAC) process
- Transmission Substation Maintenance and Transmission Station Additions/Upgrades

Notes for Capital Primary Costs

Power System (continued)

- Distribution Substation Maintenance and Distribution Station Additions/Upgrades
- Transmission Line Additions and Wood Pole Asset Management

The increase from FY25 for Power Delivery's capital program is driven by the commencement of construction activities for several customer-driven projects including:

- Falcon Expansion – addition of a 69/12kV 28MVA Transformer at Falcon Substation
- Coutts New 69/34.5kV Dedicated Substation
- Red Hawk Phase 2 New Double Circuit OH 230kV Line

These increases are offset by the completion of all or a portion of larger projects in FY25:

- Cyrus One Chandler New 69/12.47kV Substation
- EdgePower 69/12kV Dedicated Distribution Substation
- Hermosa Ranch Tech Campus New 69/34kV Dedicated Switchyard

Power Generation \$527,243,000

Power Generation capital betterment project funding is focused on maintaining the performance of existing coal, gas, nuclear, and hydro assets, as well as constructing new generation assets. The increase for Power Generation is primarily driven by the Salt River Pumped Storage Development, Mesquite Generating Station Block 1 turbine outage, and Palo Verde Projects. These increases are offset by the winding down of the Copper Crossing Research & Energy Center Phase 1 and Gila River Block 1 turbine outage. As part of the approved Coolidge Expansion Project plan, 575 megawatts (MW) of new power generation produced by 12 gas turbines are under construction — enough energy to power more than 139,000 average-size homes, while also supporting the integration of wind, solar, and batteries on our system.

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Salt River Project
2025-2026 Organizational Budget
Operating Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Corporate Planning & Strategy	Budget	Proposed	Change	Change
Associate General Manager	\$ 2,012	\$ 3,131	\$ 1,119	55.6%
Energy Market Strategy	1,270	2,299	1,029	81.0%
Environmental Services	7,358	8,136	778	10.6%
Future System Assets and Strategy	19,425	20,976	1,551	8.0%
Resource Management	11,699	13,545	1,846	15.8%
Supply & Trading	<u>1,711,187</u>	<u>1,730,508</u>	<u>19,321</u>	1.1%
Total	\$ 1,752,951	\$ 1,778,595	\$ 25,644	1.5%

Notes for Operating Primary Costs

Corporate Planning & Strategy

Corporate Planning & Strategy (CP&S) provides an extensive portfolio of services and support for SRP. The departments within CP&S work together to anticipate, plan, and deliver reliable, affordable, sustainable, and innovative solutions valued by SRP's water and power customers.

At the beginning of FY25 CP&S implemented a reorganizational change, acquiring the Energy Market Strategy and the Supply & Trading departments directly reporting to the Associate General Manager. This change is in response to the transformational growth and expansion of services that SRP continues to provide for their customers.

Corporate Planning & Strategy consists of the following organizations:

- Energy Market Strategy
- Environmental Services
- Executive Business Operations
- Future System Assets & Strategy
- Resource Management
- Supply & Trading

Associate General Manager \$3,131,000

The FY26 Associate General Manager budget includes funding for senior leadership, executive consultants, and support staff within CP&S as well as funding to support key initiatives which also includes a newly developed team in FY25, Executive Business Operations. This new department includes two new full time T.O. to support and oversee organizational initiatives, including budget facilitation for the organization, information management, and the CP&S Skill Enhancement & Employee Development (SEED) Program. These employee programs support individual contributors in their career paths and leadership journeys while providing the workforce with learning and developmental opportunities. There is also funding for labor inflation for senior leadership, direct reports, and AGM direct costs.

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

Energy Market Strategy \$2,299,000

The Energy Market Strategy organization coordinates the enterprise-wide strategy for engaging in the development of and potential participation in new energy markets, resource adequacy (RA) programs, and regional transmission organizations (RTOs). The team develops and maintains relationships with key industry personnel, builds coalitions, and influences decisions related to market structure in the interest of SRP's customers. In addition, it directs efforts to model, analyze, and assess potential benefits and risks of new energy market/RA/RTO opportunities, as well as support the potential SRP implementation and transition into new energy markets, RA programs, and RTOs. On November 4, 2024, the SRP Board approved the execution of all necessary agreements for SRP to participate in the Southwest Power Pool's (SPP) Markets+, a day-ahead market. The FY26 increase is driven by SRP's day-ahead implementation process with the goal of joining the market in FY28. This timeline necessitates various operational efforts to ensure a smooth transition and successful integration into the day-ahead market.

Environmental Services \$8,136,000

Environmental Services (ES) provides support for resource planning and development initiatives, as well as routine compliance support for multiple business units in Power System, Water Stewardship, and other departments. ES is responsible for identifying and tracking changes to environmental legislation, regulations, and policies that may impact SRP power and water operations.

The Environmental Services department consists of:

- Air Quality & Environmental Policy
- Biological & Cultural Resource Services
- Environmental Laboratory & Field Services
- Environmental Systems
- Water Quality & Waste Management Services

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

The Environmental Services budget includes funding for permit acquisition, permit maintenance and other routine compliance activities where professional consulting support is needed to supplement in-house staff or meet certain regulatory requirements. The department also maintains budget line items to support on-going and new electronic data acquisition, management, and reporting initiatives. Funding is included for one new full-time T.O. in Biological & Cultural Resource Services.

Future System Assets & Strategy \$20,976,000

Future System Assets & Strategy (FSA&S) leads SRP's efforts in creating, monitoring, and updating the overarching corporate strategy with further specific strategy leadership responsibilities for economics, sustainability, electric vehicles, innovation, strategic risk management, and the preservation of SRP's history and heritage. This department is further responsible for the focused development of strategic long-lead asset options such as advanced nuclear generation, hydrogen infrastructure, carbon capture and storage technologies, enhanced geothermal, long-duration energy storage, and future transmission lines and/or upgrades.

The Future System Assets & Strategy department consists of:

- Corporate Strategy & Sustainability
- Electric Vehicle Strategy
- Future Energy Assets
- Innovation & Development
- Research Archives & Heritage
- Strategic Planning
- Strategic Risk Management
- Sustainability Policy & Programs

The FSA&S budget includes funding for innovation and development programs and projects, sustainability programs, and initiatives with a strategic focus on the early development of long lead asset options, including hydrogen/carbon capture

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

technological evaluations, and site and technology assessments for new nuclear. Additional work includes developing an electric vehicle (EV) fleet online education and comparison tool and furthering the development of new long-duration storage technologies. Included in the budget is funding for SRP's membership in the Electric Power Research Institute (EPRI) and for collaborative research projects with Arizona universities. Funding is included for four new full-time T.O. in Future Energy Assets.

- **EPRI \$6,546,000**

The EPRI funds are used to pursue utility-related research including generation, transmission, distribution, environmental and customer end-use technologies, and operational improvements. The EPRI budget increased due to inflation.

Resource Management \$13,545,000

Resource Management ensures future reliability, affordability, and sustainability for SRP customers through rigorous analysis of customer needs, thoughtful planning of future generation facilities, and partnership, coordination, and execution of development of Power System generating resources and infrastructure. By integrating new types of intermittent generation and storage resources, the department is able to respond to industry innovations and expanding customer needs. Developing innovative policies, technologies, and capabilities supports SRP's commitment to responsible decarbonization while providing reliable, affordable power.

The Resource Management department consists of:

- Integrated System Planning & Support
- Resource Planning, Acquisition & Development
- Forecasting & Load Research

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

The Resource Management budget accounts for labor inflation and necessary adjustments to support operational and planning initiatives. Consulting arrangements will continue in FY26 to further aid resource decisions, siting, permitting, developing, and the integration of new resources. The budget also includes funding for four new full-time T.O. to address increasing workload in this area. These include three T.O. in Resource Planning, Acquisition & Development and one T.O. in Integrated System Planning & Support.

Supply & Trading \$1,730,508,000

Supply & Trading's mission is to ensure sufficient energy supply for meeting retail load, to optimize SRP's resources to minimize retail costs, and to maximize the value from SRP's resources when not needed to meet retail demand. The department's primary business activities include generation dispatch planning, fuel procurement, natural gas hedging, power trading, and management of power contracts.

The Supply & Trading department consists of:

- Energy Supply & Trading
- Fuel Supply & Trading
- Market Operations Training
- Market Operations Strategies
- Operations Planning
- Real-Time Power Trading
- Short Term Trading

Fuel and Purchased Power expenses account for approximately 97% of the Supply & Trading operating budget. The increase from FY25 is attributed to the higher costs of natural gas and purchased power due to higher prices and increased volumes. The non-fuel portion of the Supply & Trading budget changes are primarily driven by contracted services to support the Markets+ Day Ahead market implementation activities, one new full time T.O., and labor inflation.

Notes for Operating Primary Costs

Corporate Planning & Strategy (continued)

- **Purchased Power \$769,601,000**

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts. The increase in the Purchased Power budget is primarily due to a new battery energy storage system contract that will be added in FY26 partially offset by refinements to geothermal and solar outage forecasts.

- **Valley Fuel \$504,705,000**

Included in Valley Fuel are the fuel expenses for Valley gas generation as well as financial components such as retail and wholesale gas hedges, gas balancing and storage, and physical gas sales. Valley Fuel expenses increased due to available combined cycle capacity at times when more expensive coal generation can be ramped down.

- **Fuel \$407,717,000**

Included in the Fuel budget are coal expenses for SRP's coal generation resources, nuclear spent fuel expenses, natural gas transportation costs, water for power expenses, and pumped storage costs at the hydro resources. The Plant Fuel budget decreased primarily due to a decrease in coal generation due to lower cost gas resources.

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Salt River Project
2025-2026 Organizational Budget
Capital Primary Costs
(\$ Thousands)

	FY25	FY26	\$	%
Corporate Planning & Strategy	Budget	Proposed	Change	Change
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Energy Market Strategy	0	0	0	--
Environmental Services	0	0	0	--
Future System Assets and Strategy	0	0	0	--
Resource Management	48,856	24,405	(24,451)	(50.0%)
Supply & Trading	<u>0</u>	<u>0</u>	<u>0</u>	--
Total	\$ 48,856	\$ 24,405	\$ (24,451)	(50.0%)

Notes for Capital Primary Costs

Corporate Planning & Strategy

Resource Management \$24,405,000

The FP26 Resource Management capital portfolio encompasses solar and storage projects, along with project specific transmission upgrades and community support. It allocates planning funds necessary to successfully site, develop, connect, and implement future resources, while collaborating with local communities to identify their needs. The decrease from FY25 is driven by transferring funds for the SRP Pumped Storage project to Power System.

- Solar and storage additions support SRP's 2035 sustainability goals. Approximately 200 MW of self-built solar and 200MW of self-built storage by FY29, which will require certain costs to be incurred for early design and procurement in FY26.
- Funds allocated for project transmission help ensure projects meet their commercial operation dates and comply with regulatory requirements.
- The Long Duration Energy Storage Pilot assumes a 50MW project and includes funding for site prep and interconnection infrastructure, including power, water, and sewer.
- Randolph community support has been budgeted in accordance with the Randolph Parties settlement commitments and Certificate of Environmental Compatibility (CEC) conditions. Budget dollars represent funds needed to support community improvements such as community center construction and landscaping.
- The Environmental Lab capital budget will provide funding of the replacement of equipment that has reached or exceeded the life cycle.
- The Real Time Quality Sensor Replacement capital funding is customer driven and is for the replacement of the network of real-time water quality equipment. The monitoring network is tied to a web-based portal ("Water Quality Viewer") where SRP and its municipal customers can utilize and share information regarding the water quality in the canal system. The system aids municipal shareholders by providing basic data for the planning and efficient operation of their water treatment facilities.

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Workforce

The Workforce summary is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the staffing summaries listed on the following pages.

Table of Organization (T.O.) Summary Notes

Overall, there is an increase of 217 T.O. positions for FY26. Details are as follows:

- Organizations increase 217 regular T.O. positions as part of the normal budgeting process.

The details of these changes can be found on the following pages.

Salt River Project 2025-2026 Workforce Budget

Table of Organization (T.O.) Positions

	FY25 Workforce		Transfers	New Positions	FY26 Workforce	
	Regular	Provisionals			Regular	Provisionals
President & Staff	39	0	0	1	40	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	545	1	(30)	10	525	1
Community, Communication & Marketing	156	0	1	1	158	0
Financial & Information Services	659	0	(58)	4	605	0
Power System	1,564	0	25	80	1,669	0
Customer Operations	1,671	4	55	71	1,797	4
Law, Land & Risk Management	186	0	0	4	190	0
Water Stewardship	414	0	1	5	420	0
Corporate Planning & Strategy	209	0	7	12	228	0
Human Resources	112	0	0	3	115	0
PERA	53	0	0	0	53	0
Managed Development Program	215	0	0	15	230	0
Total Allocated	5,827	5	1	206	6,034	5
Unallocated	20	0	(1)	11	30	0
Total	5,847	5	0	217	6,064	5
	5,852				6,069	

Table of Organization (T.O.) Summary Notes

President & Staff [Regular]

The increase of 1 regular T.O. position is driven by:

- 1 regular T.O. position in the **Corporate Secretary's Office** to manage additional workload related to corporate governance record keeping and shareholder archives driven by the increasing size and complexity of the Corporate Secretary's permanent archives.

Public Affairs & Corporate Services [Regular]

The increase of 10 regular T.O. positions is driven by:

- 1 regular T.O. position in **Local Government Affairs** to support increased concentration on local City Councils and Boards, to expand and advance engagement efforts in more localities, advancing community presence.
- 1 regular T.O. position in **Public Power Relations** to further assist SRP's working tribal connections and establish increased corporate-wide visibility and collaboration on the large number of pending projects and outstanding issues impacting various departments across the company.
- 3 regular T.O. positions in **Facilities & MCM** needed for increased support of building infrastructure, internal customer needs, and an increase in large-scale projects.
- 5 regular T.O. positions in **Supply Chain, Transportation & Flight Services** to support increased demand for materials, services, technology, and equipment driven by customer growth. Additional effort to mitigate risk associated with continued worldwide supply chain disruptions.

Community, Communication & Marketing [Regular]

The increase of 1 regular T.O. position is driven by:

- 1 regular T.O. position in **Cartographic & GIS Services**, due to increased workload and responsibilities driven by the need to increase automation, manage complex computing environments to interface with diverse customers, growth in technologies such as LiDAR and Remote Sensing, and in support of Water Strategic Services water data efforts to ensure delivery of SRP's contractual obligations with community partners.

Financial & Information Services [Regular]

The increase of 4 regular T.O. positions is driven by:

- 1 regular T.O. position in **Corporate Accounting** to support increased strategic emphasis and planning for expense report processing.
- 2 regular T.O. positions in **Cyber Security** to support growth and increased workload related to Operational Technology (OT) Vulnerability Management and OT Cyber Security Monitoring and Incident Response.
- 1 regular T.O. position in **Information Technology Services** (ITS) to support participation in the Day-Ahead Market.

Power System [Regular]

The increase of 80 regular T.O. positions is driven by:

- 20 regular T.O. positions in **Power Generation** are needed to support the generation construction projects, fill operator positions for new generation facilities, support the transition to renewable resources, and increasing maintenance due to aging assets.
- 14 regular T.O. positions in **Operational Technology Services** is driven by run-the-business support of a larger and growing electric system and associated technology requirements (12 T.O. positions), as well as strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan (4 T.O. positions).
- 9 regular T.O. positions in **Distribution Strategy, Planning & Operations** is driven by run-the-business support of a larger and growing electric system and strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.
- 37 regular T.O. positions in **Power Delivery** is motivated by several key factors: (1) facilitating generation and load growth projects, (2) maintaining SRP's expanding transmission system, (3) aiding SRP's transition to renewable-based resources and other operational enhancements, and (4) supporting business processes across multiple departments in Power Delivery.

Customer Operations [Regular]

The increase of 71 regular T.O. positions is driven by:

- 4 regular T.O. positions in **Customer Modernization** to support the implementation and stabilization of the new SAP Customer Information System (CIS) and related systems.
- 58 regular T.O. positions in **Customer Services** to support the transformational workload of the new SAP Customer Information System (CIS) across customer service, customer contact center, and billing functions.
- 4 regular T.O. positions in **Customer Strategy** to support the increased workload from commercial and industrial customer growth, and to develop and support innovative customer solutions and programs.

- 5 regular T.O. positions in **Distribution Grid Services** to support the growing needs for design, construction, and support of the distribution system.

Law, Land & Risk Management [Regular]

The increase of 4 regular T.O. positions is driven by:

- 3 regular T.O. positions in the **Land Department** to support increased workload related to survey work driven by transmission, generation, and distribution growth in the valley within SRP's service territory.
- 1 regular T.O. position in **Risk Management** to provide support for the Safety Culture Advancement Plan and One SRP Safety Projects throughout the organization.

Water Stewardship [Regular]

The increase of 5 regular T.O. positions is driven by:

- 2 regular T.O. positions in **Water System Projects** in support of cities and other external entities to help mitigate impacts from Colorado River limitations and other water supply challenges, address design and contractor management as we enter the design phases, address NEPA process needs, and provide a technical conduit to the Bureau of Reclamation.
- 1 regular T.O. position in **Water Maintenance** for dedicated caddisfly remediation on a full-time basis to mitigate impact to customers.
- 1 regular T.O. position in **Water & Forest Sustainability** to support the need for modeling forest health project water and carbon benefits, provide a technical interface with local university technical experts, and better position SRP with potential financial partners requiring this type of data information exchange for funding support.
- 1 regular T.O. position in **Groundwater** for increased workload driven by the growth in additional assets like SCIF, lateral automation, automatic trash rake, and new well sites supporting power, hydro, and environmental services.

Corporate Planning & Strategy [Regular]

The increase of 12 regular T.O. positions is driven by:

- 1 regular T.O. position in **Environmental Services** to provide increased support for environmental legislation, regulations, and policies that impact SRP power and water operations.
- 2 regular T.O. positions in **Executive Business Operations** needed to support budget facilitation, employee development programs, executive leadership presentations, and operational processes.

- 4 regular T.O. positions in **Future System Assets & Strategy** due to increased workload and support for the early development of long lead generation assets.
- 4 regular T.O. positions in **Resource Management** to provide support for enhanced procurement and planning efforts to meet peak capacity and carbon-free energy needs, increased customer demand, and advance development of a forward-looking strategy for power generation resources.
- 1 regular T.O. position in **Supply & Trading** to provide leadership, guidance and strategy for daily and hourly trading operations, and consolidate training activities to focus on trading and market bidding fundamentals.

Human Resources [Regular]

The increase of 3 regular T.O. positions is driven by:

- 1 regular T.O. position in **HR Total Rewards & HR Operations** for a Retirement Coordinator to centralize the retirement experience and organize education efforts for retirees.
- 1 regular T.O. position in **HR Operations** for a Compensation Analyst due to increased workload to complete job evaluations, educate leaders on career framework and salary structure, and provide additional, comprehensive support during labor union negotiations.
- 1 regular T.O. position in **Talent Management** for an Organizational Design Program Manager to analyze and assess current structures to align with business goals and objectives, collaborate to understand business needs, develop organizational solutions, and facilitate significant reorganizations through large scale change management initiatives to ensure smooth transitions.

Managed Development Program [Regular]

The increase of 15 regular T.O. positions is driven by:

- 15 T.O. positions supporting the **Apprenticeship Program** within the Managed Development Program. SRP's attrition rate in the Skills Trade Career Ladders remains steady, and an increase of current apprentices is needed to more closely offset projected retirements. The labor market for these trades is increasingly competitive, and business area requirements for skilled trades are expanding. These additional T.O. positions mitigate risk of failing to sustain our pipeline with the skilled labor crucial for our operations and growth.

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Multi-Year Contracts

The multi-year contract Short List is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the multi-year contracts listed on the following pages.

Multi-Year Contract Management

Multi-year contracts of \$500,000 or more under negotiation or renegotiation during FY26 require a thorough review and approval process. ALL multi-year contracts that contain a penalty for early termination are reviewed and require approval of the Board of Directors. Multi-year contracts that contain a penalty for early termination constitute the "Short List".

The process requires the multi-year contracts on the Short List be presented to the Board of Directors during the annual budget process for preliminary approval. If a contract that contains a penalty arises during the year, the policy requires that the proposed contract be presented individually to the Board for approval.

For the purposes of developing SRP's FY26 budget, General Manager's Staff members identified all existing and planned multi-year contracts that obligate or commit SRP beyond FY26 which are open for negotiation, then submitted summary lists of those contracts that contain a penalty clause to the Purchasing department. Financial Planning & Analysis has reviewed the submitted lists of contracts to confirm that total multi-year contract expenditures contemplated are consistent with SRP's Six-Year Financial Plan.

Salt River Project
Contract Management - Multi-Year Contracts

Description		Annual Expenditure (\$ Thousands)						Total Beyond 6-Year		Total		O&M		Capital					
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FinPlan	Contract										
Public Affairs & Corporate Services																			
Total O&M		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Total Capital		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Total Public Affairs & Corporate Services		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Community, Communications & Marketing																			
Total O&M		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Total Capital		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Total Community, Communications & Marketing		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0		
Financial & Information Services																			
1	Cyber access administration platform	\$	475	\$	475	\$	475	\$	475	\$	0	\$	0	\$	2,375	\$	2,375	\$	0
2	Omnichannel marketing platform and web analytics	\$	275	\$	275	\$	275	\$	0	\$	0	\$	0	\$	825	\$	825	\$	0
3	Software to create/read PDF documents	\$	550	\$	550	\$	550	\$	550	\$	0	\$	0	\$	2,750	\$	2,750	\$	0
4	Solution to automate and centralize indirect tax determination	\$	275	\$	275	\$	275	\$	0	\$	0	\$	0	\$	1,100	\$	1,100	\$	0
5	Asset accounting system and support services	\$	0	\$	460	\$	460	\$	460	\$	0	\$	0	\$	1,840	\$	1,840	\$	0
6	Solution to automate power trading and transmission	\$	600	\$	600	\$	600	\$	600	\$	0	\$	0	\$	2,400	\$	2,400	\$	0
7	Enterprise geographical information system (GIS) software	\$	600	\$	600	\$	600	\$	0	\$	0	\$	0	\$	1,800	\$	1,800	\$	0
8	Database platform	\$	1,875	\$	1,875	\$	1,875	\$	1,875	\$	0	\$	0	\$	9,375	\$	9,375	\$	0
9	Virtual tour platform	\$	225	\$	225	\$	225	\$	225	\$	0	\$	0	\$	900	\$	900	\$	0
10	Enterprise roadmapping solution	\$	375	\$	375	\$	375	\$	375	\$	0	\$	0	\$	1,500	\$	1,500	\$	0
11	Software licensing for virtual server environment	\$	4,250	\$	4,250	\$	4,250	\$	4,250	\$	0	\$	0	\$	21,249	\$	21,249	\$	0
12	Customer communications and marketing platform	\$	225	\$	225	\$	225	\$	0	\$	0	\$	0	\$	675	\$	675	\$	0
13	Digital adoption platform for delivering onboarding experiences	\$	700	\$	700	\$	700	\$	0	\$	0	\$	0	\$	2,100	\$	2,100	\$	0
14	Background check soluton	\$	180	\$	180	\$	180	\$	0	\$	0	\$	0	\$	540	\$	540	\$	0
15	Operating system platform to run critical workloads	\$	660	\$	660	\$	660	\$	0	\$	0	\$	0	\$	1,980	\$	1,980	\$	0
16	Software maintenance and support for dispatch system	\$	330	\$	330	\$	330	\$	330	\$	0	\$	0	\$	1,320	\$	1,320	\$	0
17	Application programming interface platform	\$	200	\$	200	\$	200	\$	0	\$	0	\$	0	\$	600	\$	600	\$	0
18	Data security and information lifecycle management application	\$	600	\$	600	\$	600	\$	0	\$	0	\$	0	\$	1,800	\$	1,800	\$	0
19	Enteprise digital signature software	\$	250	\$	250	\$	250	\$	0	\$	0	\$	0	\$	750	\$	750	\$	0
20	Enterprise content management platform	\$	1,300	\$	1,300	\$	1,300	\$	1,300	\$	0	\$	0	\$	6,500	\$	6,500	\$	0
21	Subscription for utility and industry research and analysis	\$	1,800	\$	1,800	\$	1,800	\$	0	\$	0	\$	0	\$	5,400	\$	5,400	\$	0
22	Subscription for utility and industry research and analysis	\$	240	\$	240	\$	240	\$	0	\$	0	\$	0	\$	720	\$	720	\$	0
23	Leased circuit services	\$	400	\$	400	\$	400	\$	0	\$	0	\$	0	\$	1,200	\$	1,200	\$	0
Total O&M		\$	16,385	\$	16,845	\$	16,845	\$	10,715	\$	8,910	\$	0	\$	69,699	\$	69,699	\$	0
Total Capital		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Total Financial & Information Services		\$	16,385	\$	16,845	\$	16,845	\$	10,715	\$	8,910	\$	0	\$	69,699	\$	69,699	\$	0

**Salt River Project
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031				
Law, Land & Risk Management										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Law, Land & Risk Management	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Human Resources										
1 Online learning library platform licensing	\$ 333	\$ 333	\$ 333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 0
2 Leadership development impact platform licensing	\$ 333	\$ 333	\$ 333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 0
3 Benefits administration system licensing	\$ 233	\$ 700	\$ 467	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,400	\$ 1,400	\$ 0
4 Worker's compensation vendor contract	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 10,800	\$ 10,800	\$ 0
Total O&M	\$ 2,700	\$ 3,167	\$ 2,933	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 14,200	\$ 14,200	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Human Resources	\$ 2,700	\$ 3,167	\$ 2,933	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 14,200	\$ 14,200	\$ 0
Customer Operations										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Customer Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Water Stewardship										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Water Stewardship	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Salt River Project
Contract Management - Multi-Year Contracts

Description		Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital	
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031					
Power System												
1	ARO Decommissioning services	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,300	\$ 0	\$ 9,300
2	Engineer, procure, and construct contractor services	\$ 185,847	\$ 59,736	\$ 885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,469	\$ 0	\$ 246,469
3	Engineer, procure, and construct contractor services	\$ 10,334	\$ 7,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,084	\$ 0	\$ 18,084
Total O&M		\$ 205,480	\$ 67,486	\$ 885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 273,852	\$ 0	\$ 273,852
Total Capital		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Power System		\$ 205,480	\$ 67,486	\$ 885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 273,852	\$ 0	\$ 273,852
Corporate Planning & Strategy												
Total O&M		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Corporate Planning & Strategy		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total SRP Multi-Year Contracts												
Total O&M		\$ 224,565	\$ 87,498	\$ 20,663	\$ 12,515	\$ 10,710	\$ 1,800	\$ 0	\$ 357,751	\$ 83,899	\$ 273,852	
Total Capital		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Contracts		\$ 224,565	\$ 87,498	\$ 20,663	\$ 12,515	\$ 10,710	\$ 1,800	\$ 0	\$ 357,751	\$ 83,899	\$ 273,852	

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Water Rates

The Water Rates section steps through the proposed changes and estimated impacts to the FY26 financial statements if the proposed rates are not approved.

DRAFT STATEMENT OF REVENUES AND EXPENSES ASSOCIATION BUDGET

	FY25 Budget (000)	FY26 Proposed Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$12,006	\$12,411
Additional Deliveries	\$2,315	\$2,404
Water Delivery Revenues	\$1,993	\$2,029
Other Service Revenues	\$4,552	\$4,642
Falling Water	\$6,897	\$7,177
<i>Total Operating Revenues</i>	<i>\$27,763</i>	<i>\$28,663</i>
<i>Operating Expenses</i>		
Operations & Maintenance	\$76,029	\$82,610
Power for Pumping	\$4,191	\$5,268
<i>Total Operating Expenses</i>	<i>\$80,220</i>	<i>\$87,878</i>
<i>Net Operating Revenues (Loss)</i>	<i>(\$52,457)</i>	<i>(\$59,215)</i>
<i>Other Income (Deductions) Net</i>	<i>\$2,751</i>	<i>\$2,872</i>
<i>Net Revenues (Loss)</i>	<i>(\$49,706)</i>	<i>(\$56,343)</i>

Appendix

The Appendix Section includes capital detail by Summary of Municipal Aesthetics Program Allocation, Summary of Cash Contributions, Capital Budget Item (CBI), Capital Costs for Full Life Items, Summary of Operating Chargebacks and Loads, and Capital Summary of Loads.

Salt River Project
Summary of Municipal Aesthetics Program Allocation
(\$ Thousands)

Description	FY25 Budget	FY26 Budget	\$ Change	% Change
Municipal Aesthetics Program	\$ 18,000	\$ 18,000	\$ 0	0.0%

Note: The Municipal Aesthetics Program Fund balance as of January 31, 2025 is \$80,608,655.

Salt River Project
Summary of Cash Contributions
Subsidiaries, LLCs, and/or Related Entities
(\$ Thousands)

Entity	FY26 Budget
Gila River Water Storage, LLC	\$ 887
Total	\$ 887

**Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)**

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Public Affairs & Corporate Services					
Supply Chain & Flight Services					
3922500	IR: Transportation Fleet Salvage	\$ (1,500)	\$ (1,500)	\$ 0	0.0%
3925000	Flight Services: Aircraft Transportation	400	0	(400)	(100.0%)
3931001	Material Services: Equipment	1,230	1,500	270	22.0%
3931005	Investment Recovery: Equipment	1,250	250	(1,000)	(80.0%)
3981511	Flight Services: Equipment & UAS; Drones	420	350	(70)	(16.7%)
3984005	General Equipment Salvage	(4,100)	(4,100)	0	0.0%
Total Supply Chain & Flight Services		\$ (2,300)	\$ (3,500)	\$ (1,200)	52.2%
Facilities, MCM & Transportation Services					
3902043	POB Modernization	\$ 2,000	\$ 2,700	\$ 700	35.0%
3902100	Facilities Betterments	32,900	36,900	4,000	12.2%
3903042	ISB Modernization	3,000	650	(2,350)	(78.3%)
3903043	XCT Modernization	5,500	17,000	11,500	209.1%
3903240	Falcon Field Hangar	12,400	16,500	4,100	33.1%
3922000	Transportation Svcs:Fleet Transportation	24,800	39,270	14,470	58.3%
3941201	Building Services Tools & Shop Equipment	20	20	0	0.0%
3941202	Transportation Svcs: Tools & Equipment	1,100	1,200	100	9.1%
3941300	Mechanical C&M Tools	300	300	0	0.0%
3941306	MCM Equipment Replacements	2,500	2,500	0	0.0%
Total Facilities, MCM & Transportation Services		\$ 84,520	\$ 117,040	\$ 32,520	38.5%
Total Public Affairs & Corporate Services		\$ 82,220	\$ 113,540	\$ 31,320	38.1%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Community, Communications & Marketing				
Community, Communications & Marketing				
3981401 A-V & Other Equipment	\$ 210	\$ 165	\$ (45)	(21.4%)
3981410 CC&M Printing Equipment	<u>220</u>	<u>74</u>	<u>(146)</u>	<u>(66.4%)</u>
Total Community, Communications & Marketing	\$ 430	\$ 239	\$ (191)	(44.4%)
 Total Community, Communications & Marketing	 \$ 430	 \$ 239	 \$ (191)	 (44.4%)

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Financial & Information Services				
Cyber Security Services				
3981708 Application Roadmap-Cyber Security Prgrm	\$ 250	\$ 250	\$ 0	0.0%
Total Cyber Security Services	\$ 250	\$ 250	\$ 0	0.0%
IT Services				
3911200 Managed Print Services	\$ 150	\$ 267	\$ 117	78.3%
3912001 End User Compute	10,405	8,483	(1,922)	(18.5%)
3912052 Infrastructure Equip. Lifecycle & Growth	17,375	18,180	805	4.6%
3972025 Telephone System Upgrades	2,996	195	(2,801)	(93.5%)
3981640 Enterprise Content Management Program	2,227	2,083	(144)	(6.5%)
3981641 Enterprise System Improvements	6,270	6,842	572	9.1%
3981655 Corporate Data Dictionary	6,396	4,024	(2,372)	(37.1%)
3981660 Customer Modernization	37,526	72,665	35,139	93.6%
3981665 GIS Replatform	560	0	(560)	(100.0%)
3981714 Application Road Map-SAP Improvement Prg	0	1,765	1,765	--
3981715 Work Asset Management Systems	2,167	0	(2,167)	(100.0%)
Total IT Services	\$ 86,072	\$ 114,504	\$ 28,432	33.0%
Total Financial & Information Services	\$ 86,322	\$ 114,754	\$ 28,432	32.9%

**Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
Law, Land & Risk Management				
Land Department				
2891104 Purchase Right Of Way Irrigation Facilit	\$ 585	\$ 184	\$ (401)	(68.5%)
3101800 Generation Right Of Way	20,007	50,245	30,238	151.1%
3501802 Transmission Right Of Way	51,559	59,579	8,020	15.6%
3601197 Distribution Right Of Way	3,038	2,807	(231)	(7.6%)
3891001 Retirement of Land & Rights	34	10	(24)	(70.6%)
3891012 Airport Ground Lease	150	100	(50)	(33.3%)
3891095 Survey Equipment and Instruments	231	231	0	0.0%
Total Land Department	\$ 75,604	\$ 113,156	\$ 37,552	49.7%
Risk Management				
3901395 Fire Protection System Betterments	\$ 350	\$ 1,693	\$ 1,343	383.7%
Total Risk Management	\$ 350	\$ 1,693	\$ 1,343	383.7%
Security Services				
3971300 Security Equipment	\$ 8,000	\$ 4,000	\$ (4,000)	(50.0%)
Total Security Services	\$ 8,000	\$ 4,000	\$ (4,000)	(50.0%)
Total Law, Land & Risk Management	\$ 83,954	\$ 118,849	\$ 34,895	41.6%

**Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
Customer Operations				
Customer Modernization				
3981626 Customer Technology Projects	\$ 1,641	\$ 500	\$ (1,141)	(69.5%)
Total Customer Modernization	\$ 1,641	\$ 500	\$ (1,141)	(69.5%)
Customer Services				
3704400 New Meters	\$ 21,940	\$ 27,400	\$ 5,460	24.9%
3941440 Metering-Electric System Planning & Eng	150	150	0	0.0%
Total Customer Services	\$ 22,090	\$ 27,550	\$ 5,460	24.7%
Customer Strategy				
3606000 EV Charging Stations Pilot	\$ 325	\$ 0	\$ (325)	(100.0%)
3904000 SRP Innovation Test Center	200	200	0	0.0%
Total Customer Strategy	\$ 525	\$ 200	\$ (325)	(61.9%)

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Distribution Grid Services					
3601210	Distribution Lines - System Plan	\$ 18,996	\$ 20,181	\$ 1,185	6.2%
3601220	Distribution - Customer Improvements	9,519	12,643	3,124	32.8%
3601230	Distribution - System Replacements	16,299	16,998	699	4.3%
3601240	Electric System Upgrades to Standards	155	825	670	432.3%
3601250	Public Agency Management	2,190	2,392	202	9.2%
3601300	Light Rail Project	92	30	(62)	(67.4%)
3601401	Residential New Business	32,940	42,842	9,902	30.1%
3601405	Commercial New Business	24,542	27,501	2,959	12.1%
3601415	Distribution Transformers	35,356	51,977	16,621	47.0%
3601416	Residential & Commercial Services	18,164	19,500	1,336	7.4%
3601500	Wood Pole Asset Management Project	12,988	13,713	725	5.6%
3601510	Underground Cable Replacement	45,200	45,200	0	0.0%
3603605	Municipal Aesthetics Program	80,609	18,000	(62,609)	(77.7%)
3609999	Municipal Program Carry-Out	(80,609)	(18,000)	62,609	(77.7%)
3941303	CCS New Business D&C Tools	118	140	22	18.6%
3941304	Distribution Grid Services Tools	594	694	100	16.8%
3981233	Reprographics Equipment	92	195	103	112.0%
Total Distribution Grid Services		\$ 217,245	\$ 254,831	\$ 37,586	17.3%
Total Customer Operations		\$ 241,501	\$ 283,081	\$ 41,580	17.2%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Water Stewardship					
Water Supply & Systems					
2301110	Granite Reef and Basin Improvements	\$ 1,740	\$ 100	\$ (1,640)	(94.3%)
2401009	Groundwater Combined Improvements	840	1,000	160	19.0%
2401010	Groundwater Resource Development	8,192	9,031	839	10.2%
2401014	Groundwater Electrical Improvements	540	420	(120)	(22.2%)
2402010	Water Quality Management	2,273	1,915	(358)	(15.8%)
2502001	Water Transmission	11,765	6,425	(5,340)	(45.4%)
2502012	Gilbert Road Pipeline	6,763	1,861	(4,902)	(72.5%)
2502015	Canal Water Measurement Bridges	0	300	300	--
2602001	Water Distribution	2,500	2,500	0	0.0%
2602005	Water Distribution Improvements	12,299	3,713	(8,586)	(69.8%)
2891170	Land Budget for New Well Sites	1,063	1,000	(63)	(5.9%)
2943009	Tools - C&M/Groundwater	110	130	20	18.2%
2972105	SCADA Infrastructure	3,153	3,178	25	0.8%
2972131	Real Time Nitrate Monitoring	0	282	282	--
2972133	Pluvial Precipitation Gauges	15	30	15	103.0%
Total Water Supply & Systems		\$ 51,253	\$ 31,885	\$ (19,368)	(37.8%)
Water Strategy Services					
2321015	Verde River Sedimentation Mitigation Prj	\$ 250	\$ 250	\$ 0	0.0%
2502014	SRP/CAP Interconnection	1,958	18,619	16,661	850.9%
2911025	Water Delivery Systems	3,703	6,374	2,671	72.1%
2911030	Hydromet & Mobility Systems	4,259	4,571	312	7.3%
Total Water Strategy Services		\$ 10,170	\$ 29,814	\$ 19,644	193.2%
Total Water Stewardship		\$ 61,423	\$ 61,699	\$ 276	0.4%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Power System					
Distribution Strategy, Planning & Operations					
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	\$ 500	\$ 500	\$ 0	0.0%
3941435	Distribution Operations Tools	133	185	52	39.1%
Total Distribution Strategy, Planning & Operations		\$ 633	\$ 685	\$ 52	8.2%
Operational Technology Services					
3502010	Transmission SCADA	\$ 244	\$ 457	\$ 213	87.3%
3502020	Telecom Wide Area Network Improvements	2,211	2,156	(55)	(2.5%)
3502022	Telecom Infrastructure Improvements	1,653	1,905	252	15.2%
3502024	Telecom Microwave & Power Improvements	2,582	3,875	1,293	50.1%
3502035	Energy Management System Upgrades	10	2,836	2,826	28,257.5%
3503904	Transmission Station Relaying	2,272	2,282	10	0.4%
3504020	Substation Communication Network Upgrade	0	1,290	1,290	--
3504025	Substation Multiplex-JMUX Project	933	149	(784)	(84.1%)
3602010	Distribution SCADA	2,368	1,903	(465)	(19.6%)
3602015	Dist. Stations Power Quality Monitors	42	192	150	358.2%
3603044	Distribution Station Relaying	4,202	5,282	1,080	25.7%
3904100	HSOC Multi-Site Buildout	0	4,465	4,465	--
3912053	HSOC Equip. Lifecycle & Growth	0	1,273	1,273	--
3951330	Telecom Lab and Tools Equipment	456	593	137	30.0%
3951335	Relay & Central Test Equipment	412	412	0	0.0%
3971415	Telecom Field Area Network Improvements	252	241	(11)	(4.4%)
3971416	Cap. Controller Lifecycle Replacement	82	646	564	690.4%
3971420	Telecom Land Mobile Radio Improvements	2,491	686	(1,805)	(72.4%)
3971500	SRP Wireline Customer Capital	460	243	(217)	(47.2%)
3971510	SRP Wireless Customer Capital	697	475	(222)	(31.8%)
3982035	Advanced Distribution Management System	4,062	820	(3,242)	(79.8%)
3982038	PAC Digital Transformation Project	4,000	3,000	(1,000)	(25.0%)
Total Operational Technology Services		\$ 29,429	\$ 35,181	\$ 5,752	19.5%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Power Delivery					
3501074	Transmission Line Additions	\$ 13,192	\$ 11,015	\$ (2,177)	(16.5%)
3501100	Transmission Pole Asset Management	3,693	5,640	1,947	52.7%
3501301	Navajo Southern Transmission System	239	277	38	15.8%
3503603	Transmission Substation New Business	14,839	12,837	(2,002)	(13.5%)
3503604	Transmission Line New Business	9,128	18,256	9,128	100.0%
3503630	Mead-Phoenix Improvements	148	2,027	1,879	1,268.6%
3503901	Transmission Substation Maintenance	9,963	7,623	(2,340)	(23.5%)
3503903	Transmission Stations Additions/Upgrades	27,612	39,759	12,147	44.0%
3503905	Palo Verde Transmission Sys Improvements	2,217	4,176	1,959	88.4%
3503906	Rudd System Improvements	531	6,605	6,074	1,143.9%
3503910	Palo Verde-Pinal Central Betterments	1,234	1,455	221	17.9%
3503915	Browning Bank T2A 500/230kV Xfrmr Addtn	1,951	0	(1,951)	(100.0%)
3505200	Southeast Power Link	5,436	0	(5,436)	(100.0%)
3506009	Mesquite Transmission Improvements	13	10	(3)	(23.8%)
3506012	Four Corners Switchyard Participation	0	18	18	--
3506015	Coronado-Springerville Improvements	1,268	81	(1,187)	(93.6%)
3506020	Rogers System Improvements	3,903	341	(3,562)	(91.2%)
3507005	Red Hawk 230kv Project	0	5,478	5,478	--
3507020	High-Tech Interconnect Project (HIP)	3,996	0	(3,996)	(100.0%)
3507025	South Mountain Transmission	971	531	(440)	(45.3%)
3603040	Distribution Station Capital Maintenance	12,881	15,256	2,375	18.4%
3603042	Distribution Stations Additions/Upgrades	18,265	29,962	11,697	64.0%
3603603	Distribution Substation New Business	103,791	80,309	(23,482)	(22.6%)
3941301	System Operations Tools	1,644	2,340	696	42.3%
3941430	Planning & Engineering Tools	430	282	(148)	(34.4%)
3981628	Flowgate Methodology Implementation	2,450	0	(2,450)	(100.0%)
3981634	Operational Readiness Implementation	996	605	(391)	(39.3%)
Total Power Delivery		\$ 240,791	\$ 244,883	\$ 4,092	1.7%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

		FY25	FY26	\$	%
		Budget	Proposed	Change	Change
Power Generation					
3102003	Hayden Capital Projects	\$ 327	\$ 393	\$ 66	20.2%
3103002	Craig Capital Projects	23	23	0	0.9%
3105020	Coronado Capital Projects	4,661	4,726	65	1.4%
3105026	Coronado Capital Emissions	12,027	0	(12,027)	(100.0%)
3105557	Springerville Betterments	3,323	3,706	383	11.5%
3105591	Renewable Resource Projects	0	125	125	--
3105594	Coolidge Plant Improvement	6,917	10,115	3,198	46.2%
3105595	Coolidge Expansion Project	209,820	224,193	14,373	6.9%
3108002	Four Corners Capital Projects	12,027	3,744	(8,283)	(68.9%)
3109095	Agua Fria Capital Projects	2,939	12,971	10,032	341.4%
3109112	Kyrene Capital Projects	28,843	3,104	(25,739)	(89.2%)
3201004	Palo Verde Capital Projects	37,153	63,323	26,170	70.4%
3301213	Hydro Capital Projects	8,972	5,856	(3,116)	(34.7%)
3301230	SRP Pumped Storage	0	89,041	89,041	--
3421027	Santan Capital Projects	9,037	8,594	(443)	(4.9%)
3421125	Mesquite Capital Projects	3,129	41,098	37,969	1,213.6%
3421140	Gila River Capital Projects	44,212	12,354	(31,858)	(72.1%)
3421150	Desert Basin Capital Projects	3,885	12,033	8,148	209.7%
3421225	Copper Crossing Research & Energy Center	85,748	29,073	(56,675)	(66.1%)
3421230	Copper Crossing Capital Projects	40	0	(40)	(100.0%)
3506005	Gila River Switchyard	500	430	(70)	(14.0%)
3506010	Mesquite Switchyard Improvements	103	0	(103)	(100.0%)
3941311	Tools - Hydro	40	617	577	1,442.8%
3941313	Tools and Equipment - Coronado	120	120	0	0.0%
3941316	Tools and Equipment - Agua Fria	50	100	50	100.0%
3941317	Tools and Equipment - Kyrene	35	125	90	257.1%
3941318	Tools and Equipment - Santan	56	174	118	211.4%
3941334	Tools and Equipment - Desert Basin	50	150	100	200.0%
3941335	Tools and Equipment - Mesquite	59	50	(9)	(14.6%)
3941340	Tools and Equipment - Gila River	50	50	0	0.0%
3941342	Tools and Equipment - Coolidge	80	105	25	31.3%

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
3941345 Power Generation Services Tools	\$ 178	\$ 115	\$ (63)	(35.4%)
3951110 Generation Engineering Tools	200	200	0	0.0%
3961000 Coronado Rolling Stock	<u>175</u>	<u>535</u>	<u>360</u>	205.7%
Total Power Generation	\$ 474,779	\$ 527,243	\$ 52,464	11.1%
Total Power System	\$ 745,632	\$ 807,992	\$ 62,360	8.4%
Corporate Planning & Strategy				
Resource Management				
2951202 Chemistry Lab	\$ 550	\$ 245	\$ (305)	(55.5%)
2972132 Real Time Water Quality Probe Replacemen	85	85	0	0.0%
3105580 Future Resources	47,271	21,700	(25,571)	(54.1%)
3901394 Randolph Parties Settlement	<u>950</u>	<u>2,375</u>	<u>1,425</u>	150.0%
Total Resource Management	\$ 48,856	\$ 24,405	\$ (24,451)	(50.0%)
Total Corporate Planning & Strategy	\$ 48,856	\$ 24,405	\$ (24,451)	(50.0%)

Salt River Project
2025-2026 Organizational Budget
Capital Costs
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Total Capital Primary Costs	\$ 1,350,338	\$ 1,524,559	\$ 174,221	12.9%
Contingency & Risk Portfolio				
3990300 Capital Contingency	\$ 0	\$ 0	\$ 0	--
3990400 Capital Risk Portfolio	<u>73,198</u>	<u>46,866</u>	<u>(26,332)</u>	(36.0%)
Total Contingency & Risk Portfolio	\$ 73,198	\$ 46,866	\$ (26,332)	(36.0%)
Total Capital Expenditures	\$ 1,423,536	\$ 1,571,425	\$ 147,889	10.4%
Loads & Financials				
Loads	\$ 304,899	\$ 296,200	\$ (8,699)	(2.9%)
Financial	<u>28,915</u>	<u>35,199</u>	<u>6,284</u>	21.7%
Total Loads & Financials	\$ 333,814	\$ 331,399	\$ (2,415)	(0.7%)
Subtotal	\$ 1,757,350	\$ 1,902,823	\$ 145,474	8.3%
Cash Contributions (CIAC)	<u>\$ (254,536)</u>	<u>\$ (235,692)</u>	<u>\$ 18,844</u>	(7.4%)
Grand Total	\$ 1,502,814	\$ 1,667,131	\$ 164,317	10.9%

Salt River Project
2025-2026 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI							
Number	Description	FY26	FY27	FY28	FY29	FY30	FY31
2301110	Granite Reef and Basin Improvements	\$ 100	\$ 600	\$ 0	\$ 0	\$ 0	\$ 0
2321015	Verde River Sedimentation Mitigation Prj	250	409	409	0	0	0
2402010	Water Quality Management	1,915	1,915	1,915	1,915	1,915	1,915
2502012	Gilbert Road Pipeline	1,861	406	281	0	0	0
2502014	SRP/CAP Interconnection	18,619	43,976	29,685	21,783	78,133	60,889
2502015	Canal Water Measurement Bridges	300	375	0	0	0	0
2891170	Land Budget for New Well Sites	1,000	1,000	1,000	1,000	1,000	1,000
2911025	Water Delivery Systems	6,374	5,294	0	1,537	1,537	1,537
2911030	Hydromet & Mobility Systems	4,572	5,365	4,019	1,493	1,493	3,589
2972133	Pluvial Precipitation Gauges	30	0	0	0	0	0
3105022	Coronado Long Term Projects	0	0	20,000	30,000	20,000	0
3105580	Future Resources	21,700	291,667	119,967	210,867	310,294	399,150
3105591	Renewable Resource Projects	125	330	0	0	0	0
3105594	Coolidge Plant Improvement	10,115	3,645	4,426	5,518	4,302	508
3105595	Coolidge Expansion Project	224,193	70,342	2,087	0	0	0
3301230	SRP Pumped Storage	89,041	153,509	336,221	507,594	564,001	444,016
3421225	Copper Crossing Research & Energy Center	29,073	0	0	0	0	0
3502035	Energy Management System Upgrades	2,836	1,324	10	547	560	3,031
3504020	Substation Communication Network Upgrade	1,290	269	269	0	0	0
3504025	Substation Multiplex-JMUX Project	149	428	0	0	0	0

Salt River Project
2025-2026 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI							
Number	Description	FY26	FY27	FY28	FY29	FY30	FY31
3507005	Red Hawk 230kv Project	5,478	0	0	0	0	0
3507025	South Mountain Transmission	531	63,266	0	0	0	0
3507030	Transmission Expansion Projects	0	390	11,700	19,740	31,371	26,877
3601300	Light Rail Project	30	210	220	400	2,400	2,400
3602015	Dist. Stations Power Quality Monitors	192	146	184	177	185	177
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	500	2,132	500	500	500	500
3901394	Randolph Parties Settlement	2,375	0	0	0	0	0
3901395	Fire Protection System Betterments	1,693	1,050	350	350	350	350
3902043	POB Modernization	2,700	9,000	16,000	7,000	8,000	8,000
3903042	ISB Modernization	650	0	0	0	0	0
3903043	XCT Modernization	17,000	12,000	13,500	35,000	25,500	3,500
3903240	Falcon Field Hangar	16,500	0	0	0	0	0
3904100	HSOC Multi-Site Buildout	4,465	0	0	0	0	0
3941306	MCM Equipment Replacements	2,500	2,500	2,500	2,500	2,500	2,500
3971415	Telecom Field Area Network Improvements	241	391	391	391	6,247	6,247
3971416	Cap. Controller Lifecycle Replacement	646	1,257	787	1,066	1,350	1,067
3971420	Telecom Land Mobile Radio Improvements	686	4,403	695	1,606	1,998	1,008
3971515	Paging System Replacement	0	0	84	0	0	0
3972025	Telephone System Upgrades	195	489	818	379	876	499
3981629	Transient Cyber Assets	0	0	1,500	0	0	0

Salt River Project
2025-2026 Operating Budget
Capital Costs for Full Life Items
(\$ Thousands)

CBI							
Number	Description	FY26	FY27	FY28	FY29	FY30	FY31
3981634	Operational Readiness Implementation	605	75	0	0	0	0
3981640	Enterprise Content Management Program	2,083	0	0	0	0	0
3981655	Corporate Data Dictionary	4,024	3,131	2,240	2,240	2,240	2,240
3981660	Customer Modernization	72,665	55,825	0	0	0	0
3981708	Application Roadmap-Cyber Security Prgrm	250	250	750	250	250	250
3982035	Advanced Distribution Management System	820	2,646	2,937	2,025	973	155
3982038	PAC Digital Transformation Project	<u>\$ 3,000</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Primary Cost for Full Life Items		\$ 553,374	\$ 742,016	\$ 576,443	\$ 856,877	\$ 1,067,974	\$ 971,404
Loads		\$ 54,684	\$ 62,799	\$ 45,238	\$ 58,384	\$ 70,989	\$ 63,185
Total Full Life Items		\$ 608,058	\$ 804,814	\$ 621,681	\$ 915,261	\$ 1,138,963	\$ 1,034,589

Salt River Project
2025-2026 Organizational Budget
Summary of Operating Chargebacks and Loads
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Total Organizational Primary & Contingency	\$ 3,301,496	\$ 3,445,447	\$ 143,951	4.4%
Chargebacks and Loads				
President & Staff	\$ 4,301	\$ 4,305	\$ 4	0.1%
General Manager	1,190	1,129	(61)	(5.1%)
Public Affairs & Corporate Services	41,698	40,603	(1,095)	(2.6%)
Community, Communications & Marketing	17,305	16,900	(405)	(2.3%)
Financial & Information Services	59,087	56,361	(2,726)	(4.6%)
Law, Land & Risk Management	16,568	18,660	2,092	12.6%
Human Resources	18,731	20,324	1,593	8.5%
Customer Operations	269,381	286,149	16,768	6.2%
Water Stewardship	60,440	62,991	2,551	4.2%
Power System	227,330	244,567	17,237	7.6%
Corporate Planning & Strategy	<u>27,949</u>	<u>29,531</u>	<u>1,582</u>	5.7%
Total Chargebacks and Loads	\$ 743,980	\$ 781,520	\$ 37,540	5.0%

Notes for Operating Chargebacks and Loads

Chargebacks \$299,394,000

The chargeback category includes dollars for all of SRP's shared service providers which include: Information Technology, Facilities Services, Supply Chain, Graphic Records, Transportation Services, Communications System Support, Environmental Lab, Mail Services, Security Services, and Flight Services. Chargebacks increased year-over-year. The increase over FY25 is primarily due to Transportation Services, which had a business reorganization resulting in absorbing another business unit.

Loads \$482,126,000

The loads category includes the following subcategories: Labor Loads (Sick, Vacation, Holiday, and Leave (SVHL), Benefits, and Payroll Tax), Supply Chain Loads, Functional Loads, and Transportation Loads. Loads increased from FY25 due primarily to an increase in Labor loads. This increase is driven by general inflationary pressures and increased workforce, increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits and taxes drove an increase to Labor load rates.

Salt River Project
2025-2026 Organizational Budget
Capital Summary of Loads
(\$ Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Total Organizational Primary, Contingency & Risk	\$ 1,423,536	\$ 1,571,425	\$ 147,889	10.4%
Loads				
Public Affairs & Corporate Services	\$ 10,924	\$ 12,435	\$ 1,511	13.8%
Community, Communications & Marketing	24	12	(12)	(49.2%)
Financial & Information Services	7,986	11,827	3,841	48.1%
Law, Land & Risk Management	7,245	7,775	530	7.3%
Customer Operations	132,087	138,163	6,076	4.6%
Water Stewardship	22,679	20,441	(2,238)	(9.9%)
Power System	120,718	104,245	(16,473)	(13.6%)
Corporate Planning & Strategy	<u>3,236</u>	<u>1,301</u>	<u>(1,935)</u>	(59.8%)
Total Loads	\$ 304,899	\$ 296,199	\$ (8,700)	(2.9%)
Financial	<u>\$ 28,915</u>	<u>\$ 35,199</u>	<u>\$ 6,284</u>	21.7%
Subtotal	\$ 333,814	\$ 331,398	\$ (2,416)	(0.7%)
Cash Contributions (CIAC)	<u>\$ (254,536)</u>	<u>\$ (235,692)</u>	<u>\$ 18,844</u>	(7.4%)
Grand Total	\$ 1,502,814	\$ 1,667,131	\$ 164,317	10.9%

Notes for Capital Loads

Loads \$296,199,000

The Loads category includes the following subcategories: Labor Loads, Supply Chain Loads, Administrative & General Loads, Functional Loads, Transportation Loads, and Municipal Aesthetics Loads. Loads decreased from FY25 due primarily to a decrease in Labor loads and A&G loads. This decrease is driven by loads shifting from capital to O&M.

Financial \$35,199,000

The Financial category includes AFUDC. Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY25 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

Contributions-In-Aid-of-Construction (CIAC) (\$235,692,000)

CIAC are funds recovered from residential or commercial customers to defray the cost of new business or customer requested construction of SRP-owned facilities. The largest contributor of the decrease from FY25 is a \$31.5 million decrease related to Distribution Substation New Business as less customer driven work was requested in FY26. This decrease is offset by a \$12.4 million increase for more customer driven work related to Distribution New Business.

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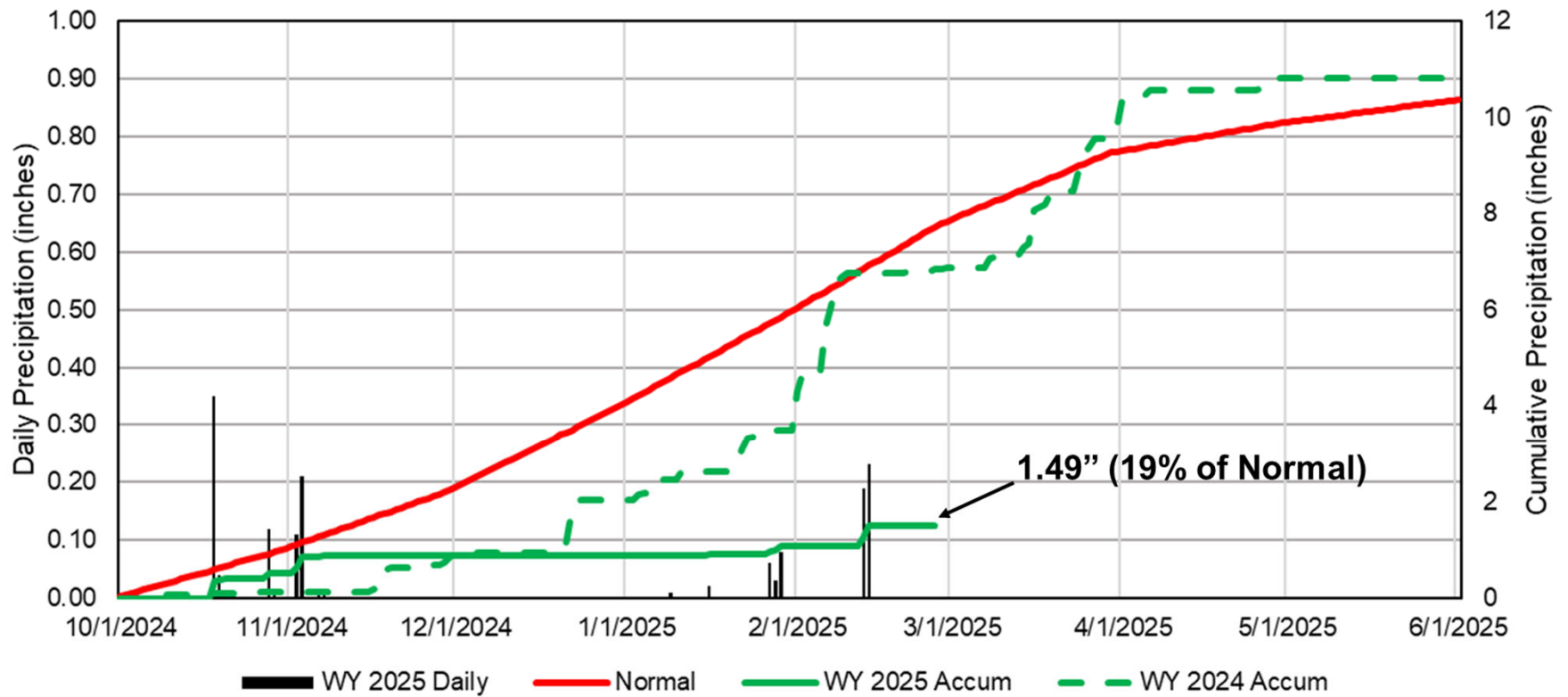
Water Supply and Weather Report

March Council Meeting

March 4, 2025

Bo Svoma

Cumulative Watershed Precipitation: Fall-Winter-Spring (WY 2025)



Third driest winter to date on record (0.62" since December 1st)

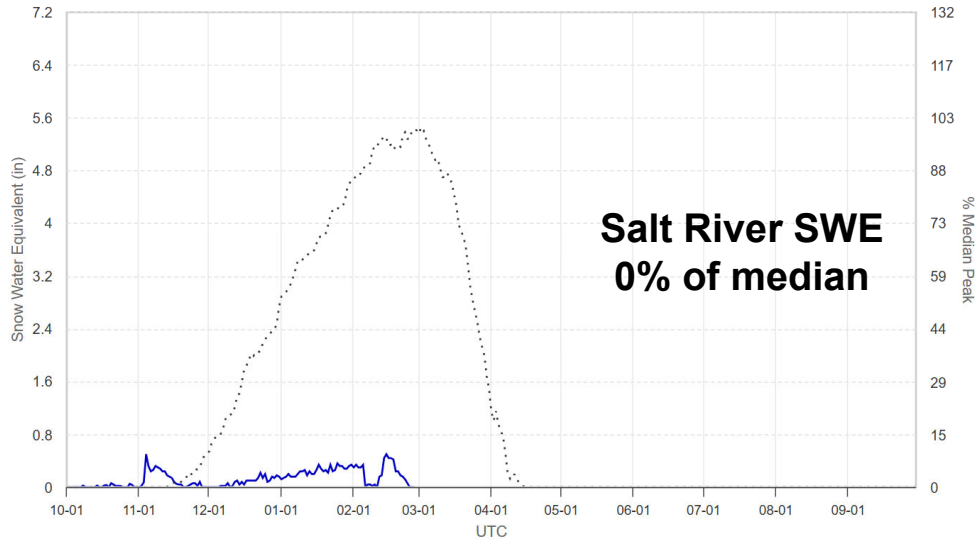
Watershed Snowpack: February 27, 2025

Salt River - Group SNOTEL Plot

BLDA3,CNDA3,HNMA3,MVFA3,WCTA3

Ob (02-27): 0.00 in, 0% Med - Rate (in/dy): 0.00 (3-day), 0.00 (week)

Peak (11-04): 0.50 in (9.00 % Med Pk) - Med Peak (03-01): 5.46 in

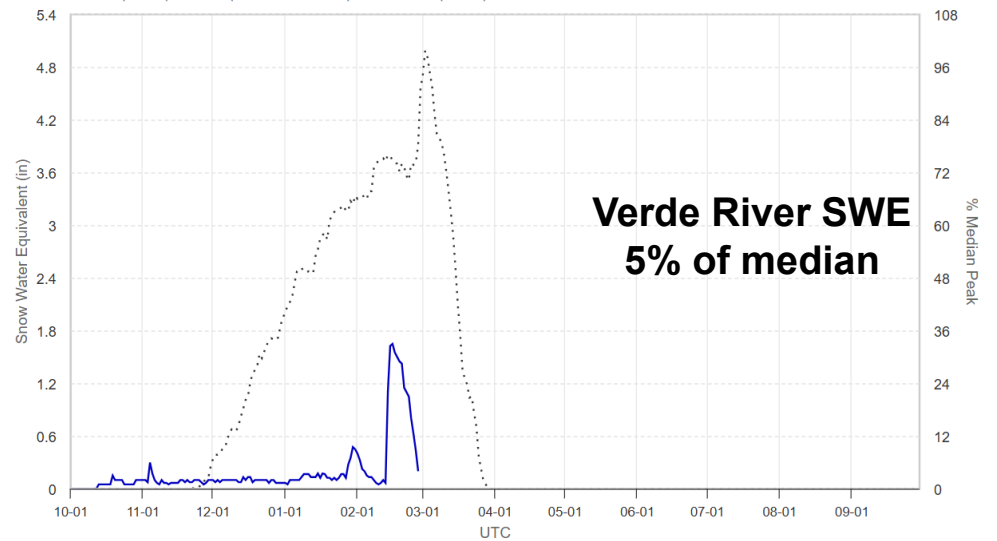


Verde River - Group SNOTEL Plot

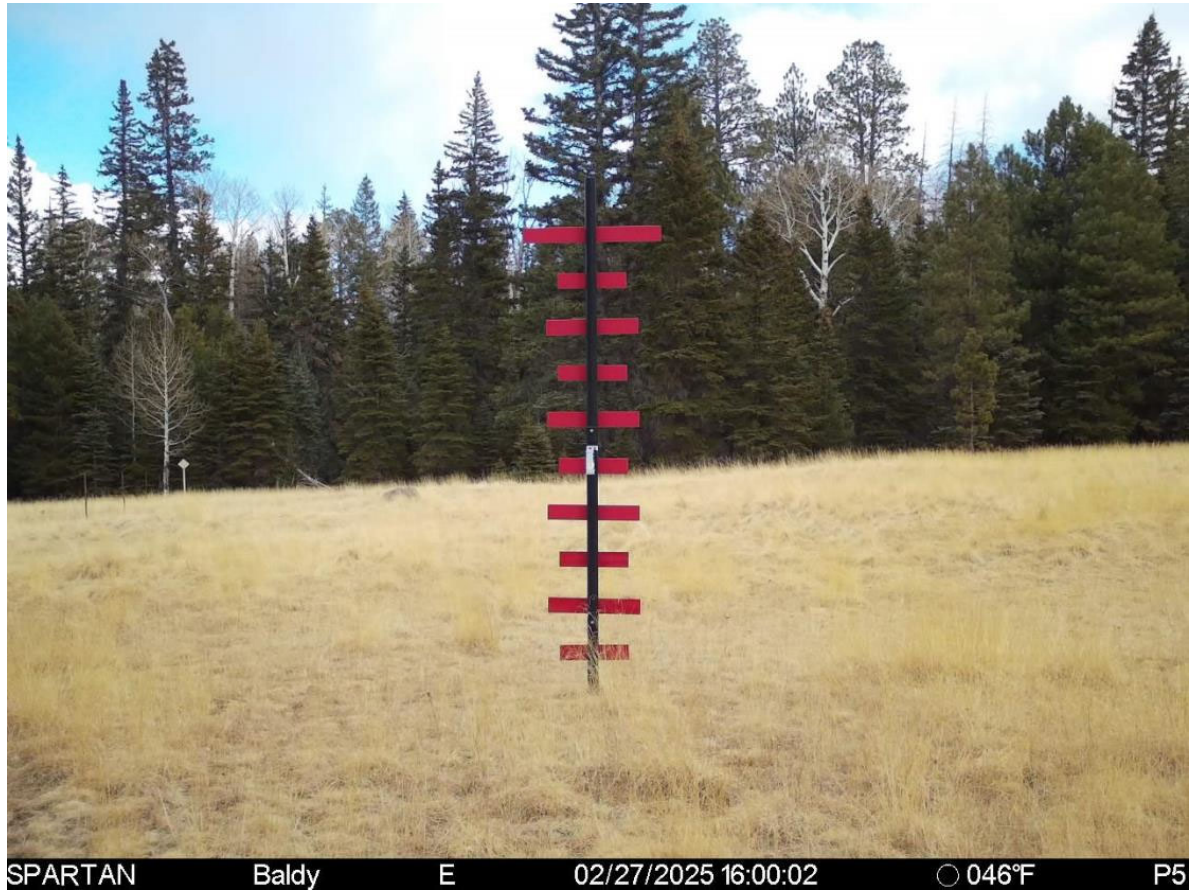
BKBA3,FRYA3,MRMA3,WHLA3

Ob (02-27): 0.20 in, 5% Med - Rate (in/dy): -0.20 (3-day), -0.18 (week)

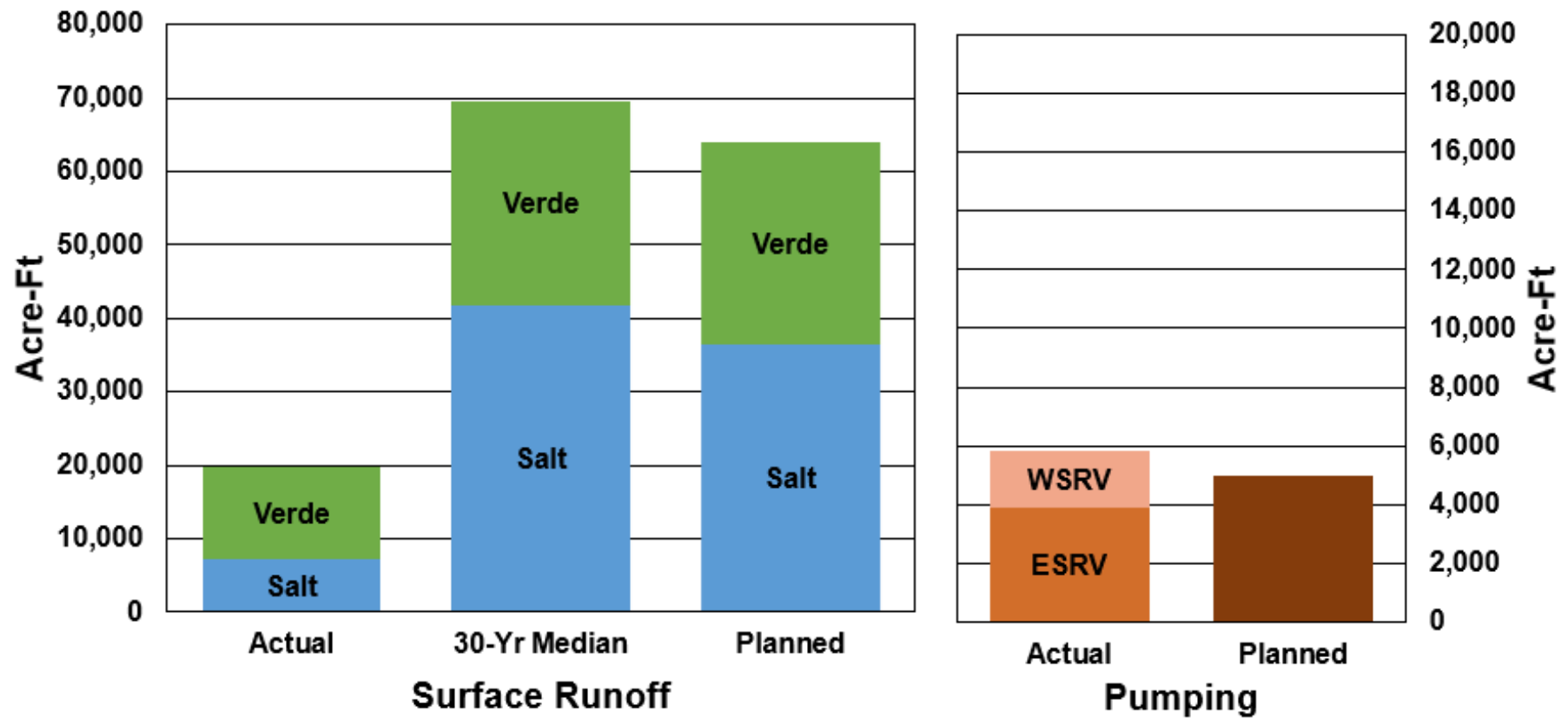
Peak (02-16): 1.65 in (33.00 % Med Pk) - Med Peak (03-02): 4.99 in



Watershed Snowpack: February 27, 2025

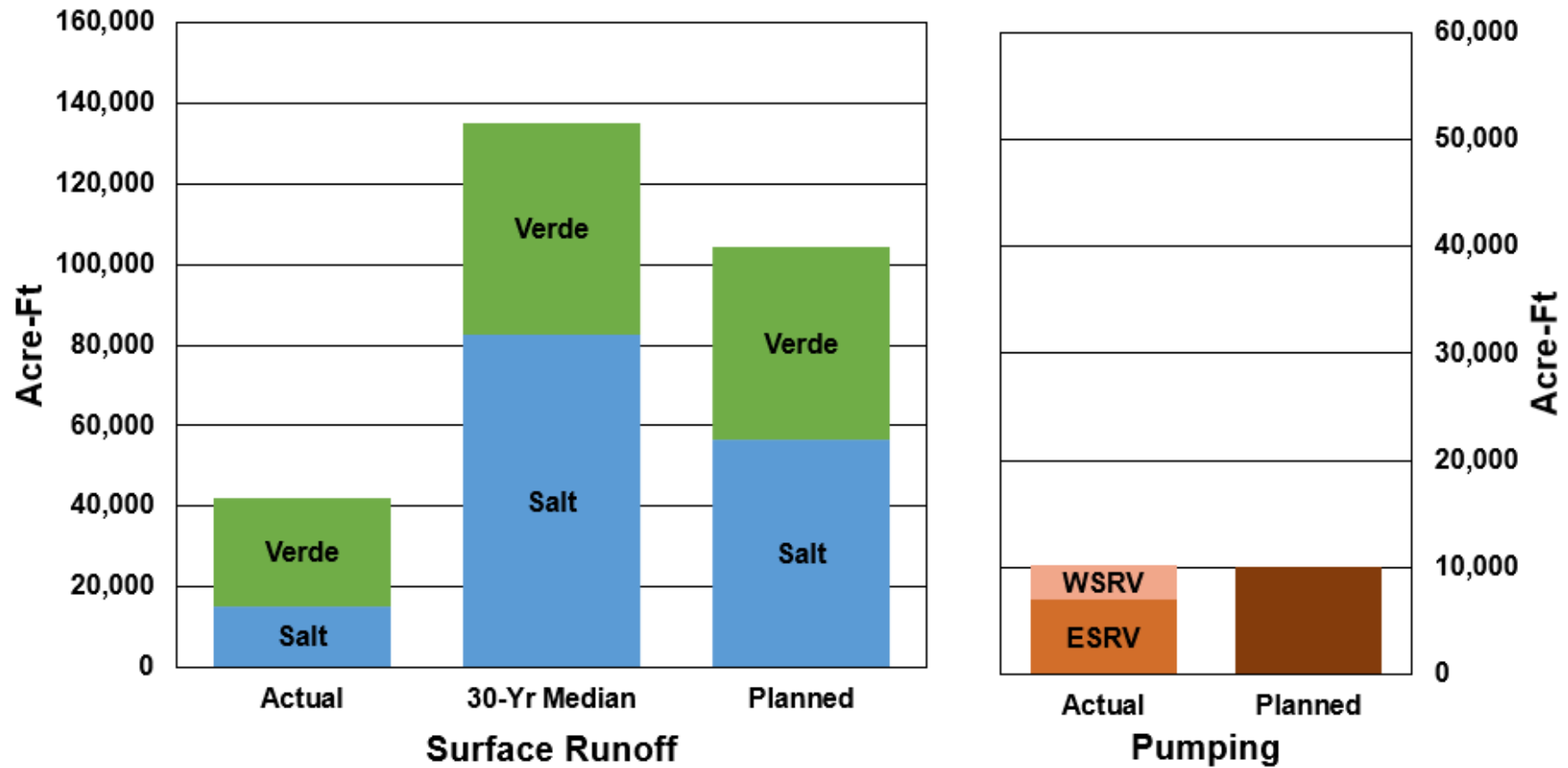


February 2025



*2025 January and February runoff along Salt River (and Salt/Verde combined) is a record low (back to 1913)

Year to Date 2025



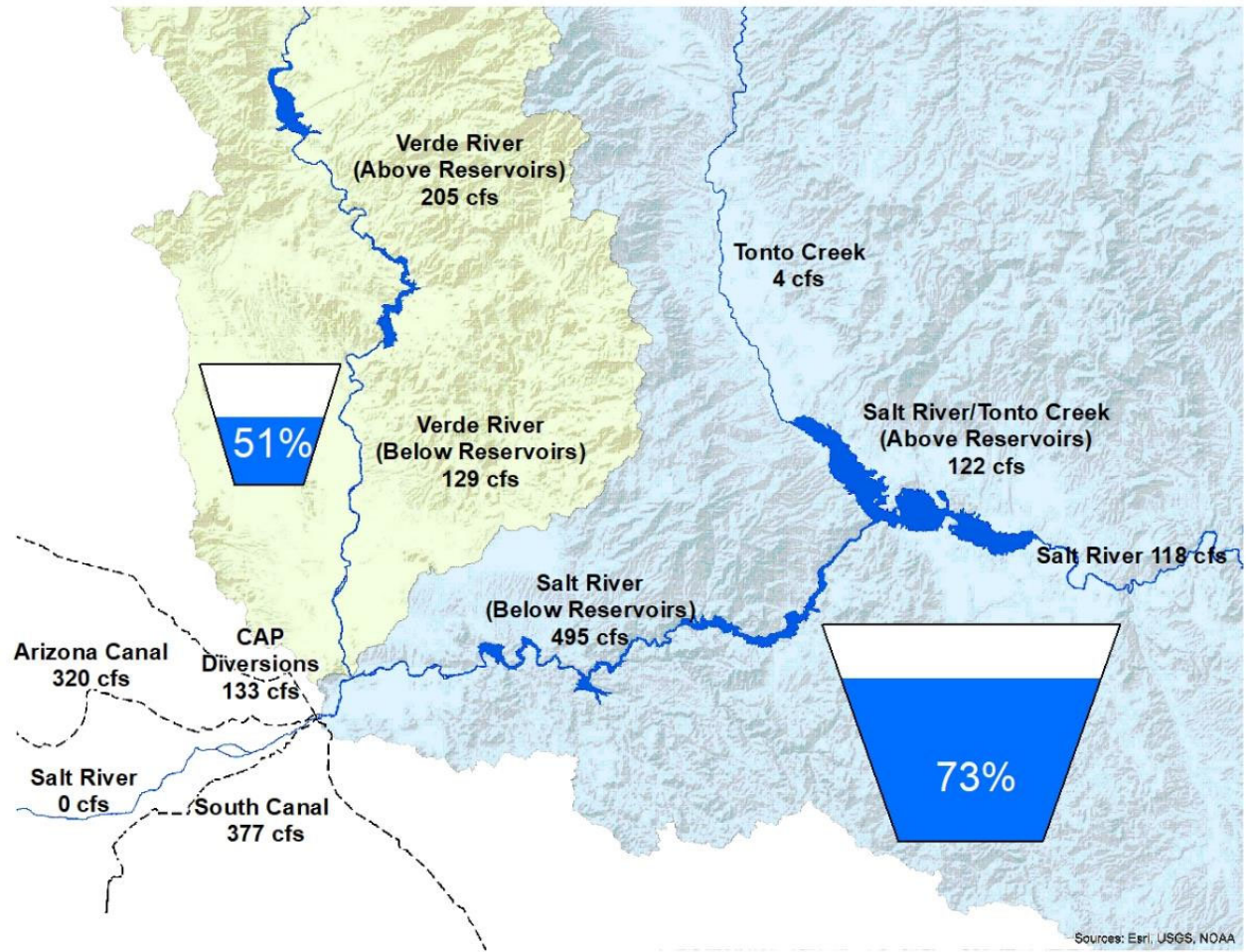
*2025 Total Groundwater Use (Pumping) PROP target increased from 100,000 AF to 150,000 AF. Mix adjusted to 2.3 SW / 1.0 GW

SRP Reservoir System Status

February 27, 2025

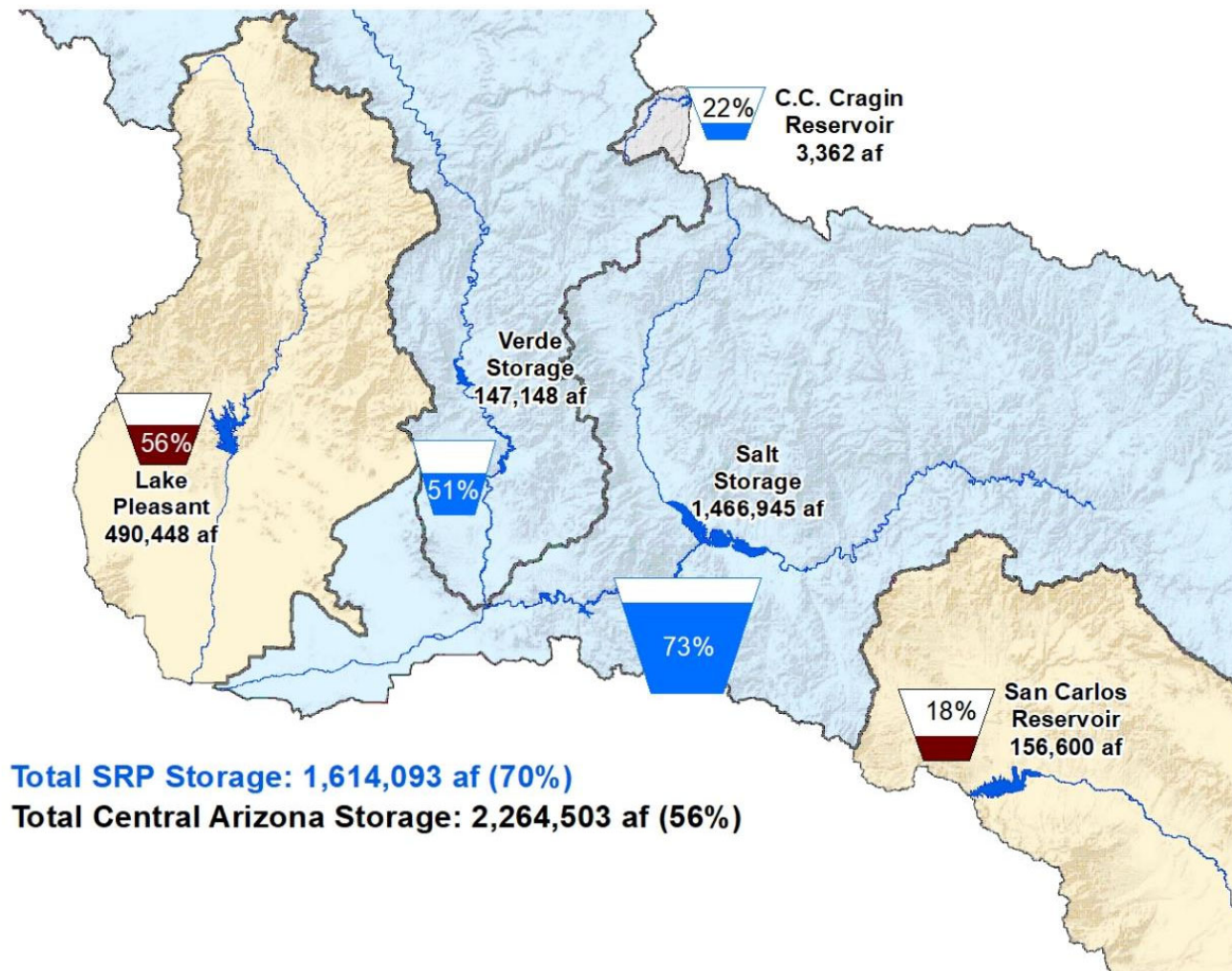
Current Storage:

Salt	1,481,077 AF
Verde	145,015 AF
<hr/>	
Total	1,626,092 AF



Central Arizona Reservoir Status

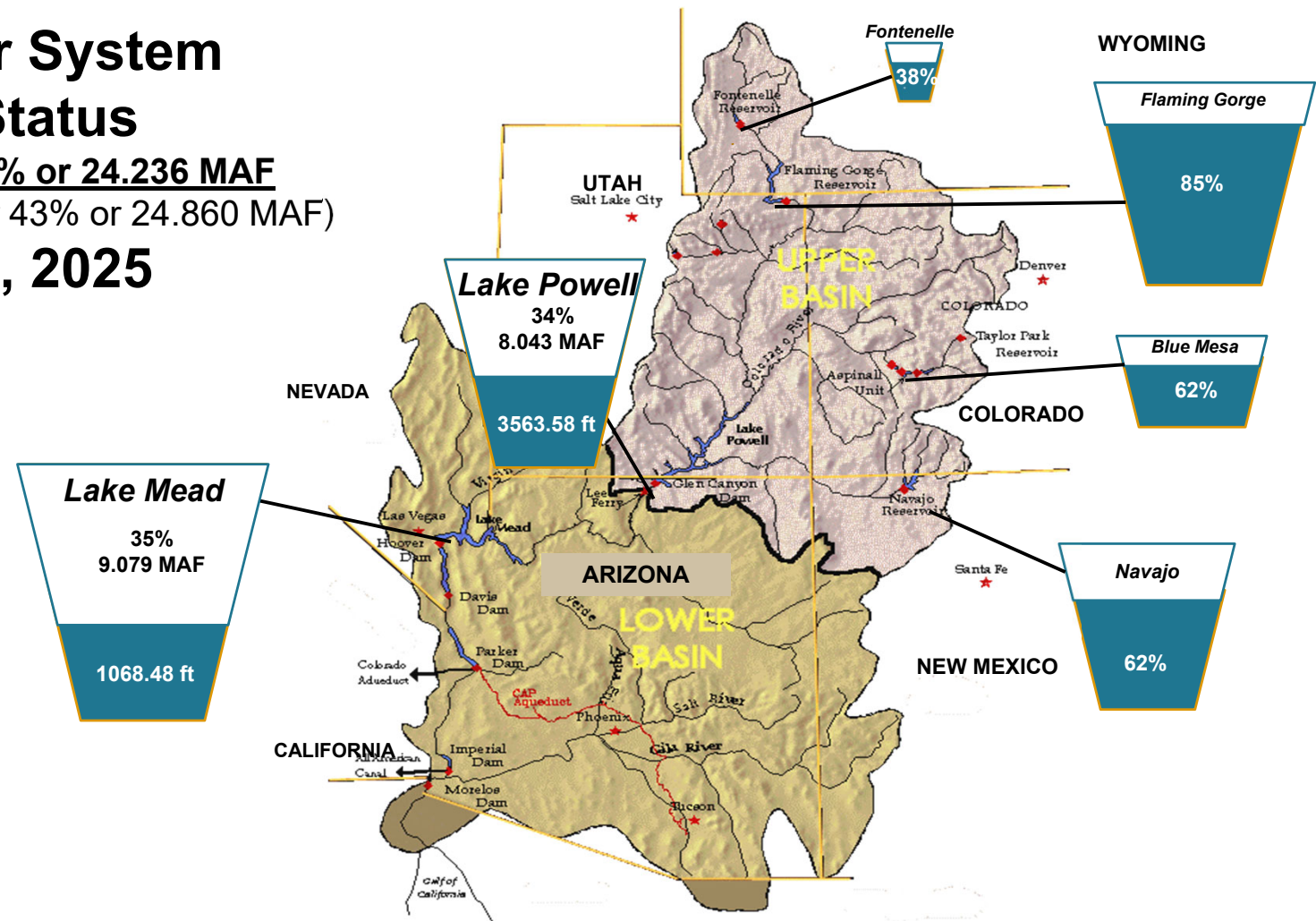
February 27, 2025



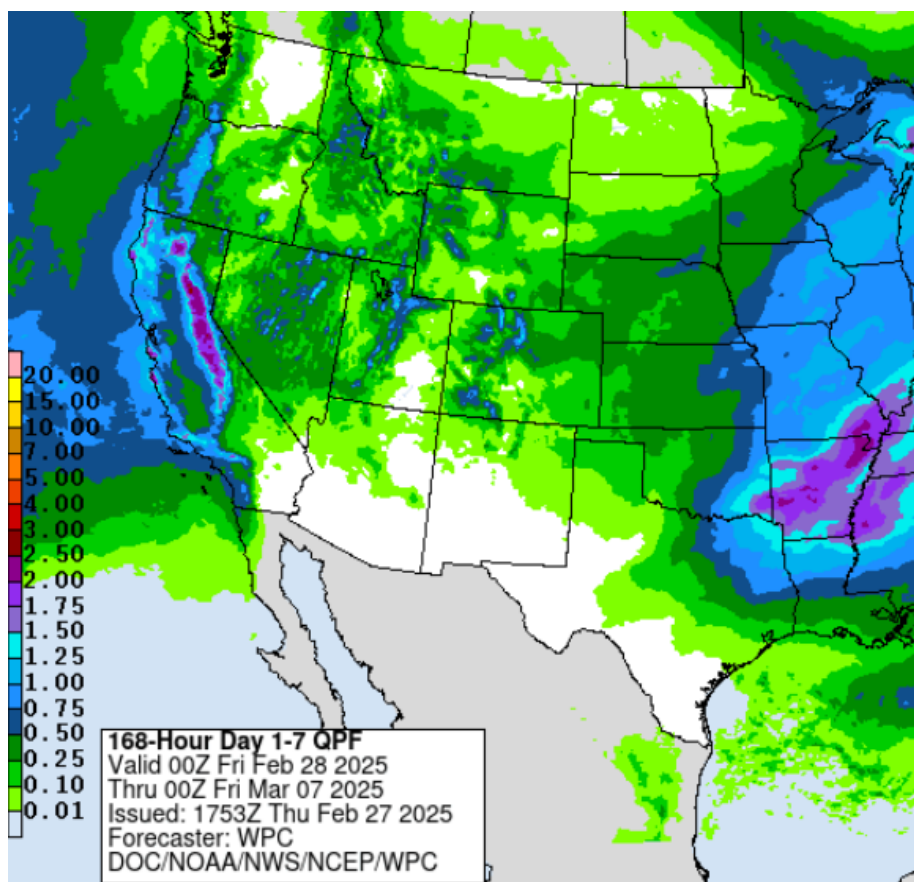
Total System Contents 41% or 24.236 MAF
(Total system contents last year 43% or 24.860 MAF)
February 27, 2025

(Total system contents last year 43% or 24.860 MAF)

February 27, 2025

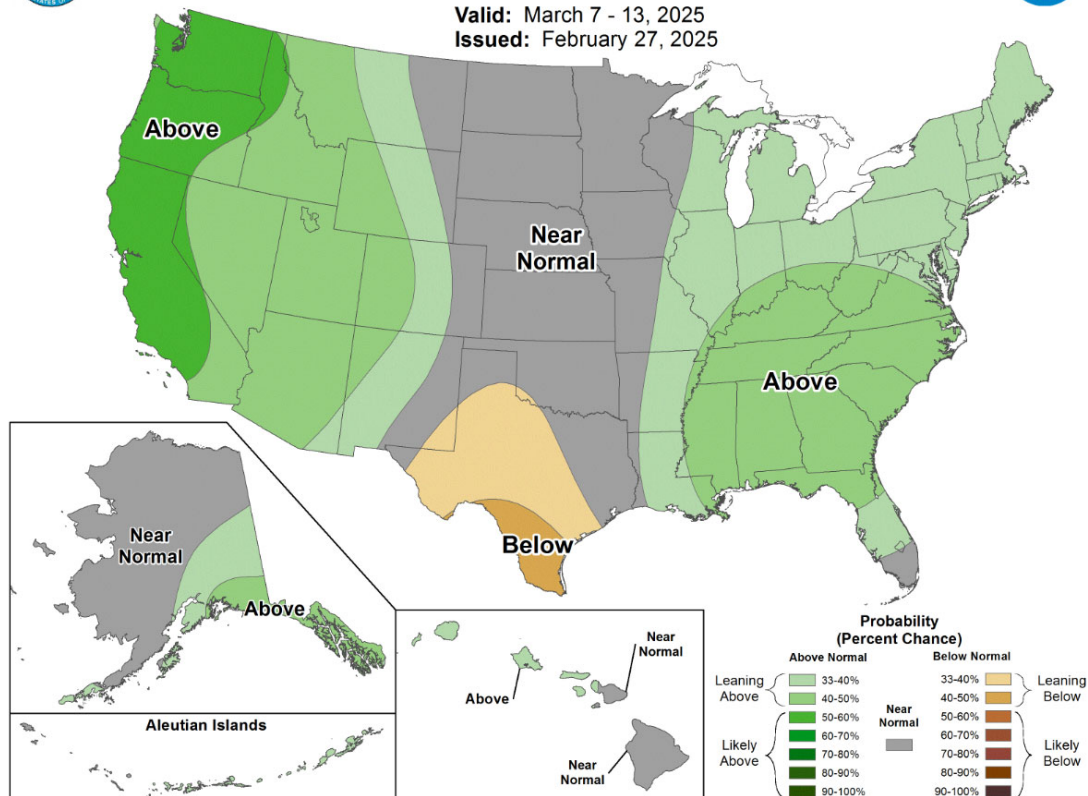


March Precipitation Outlook

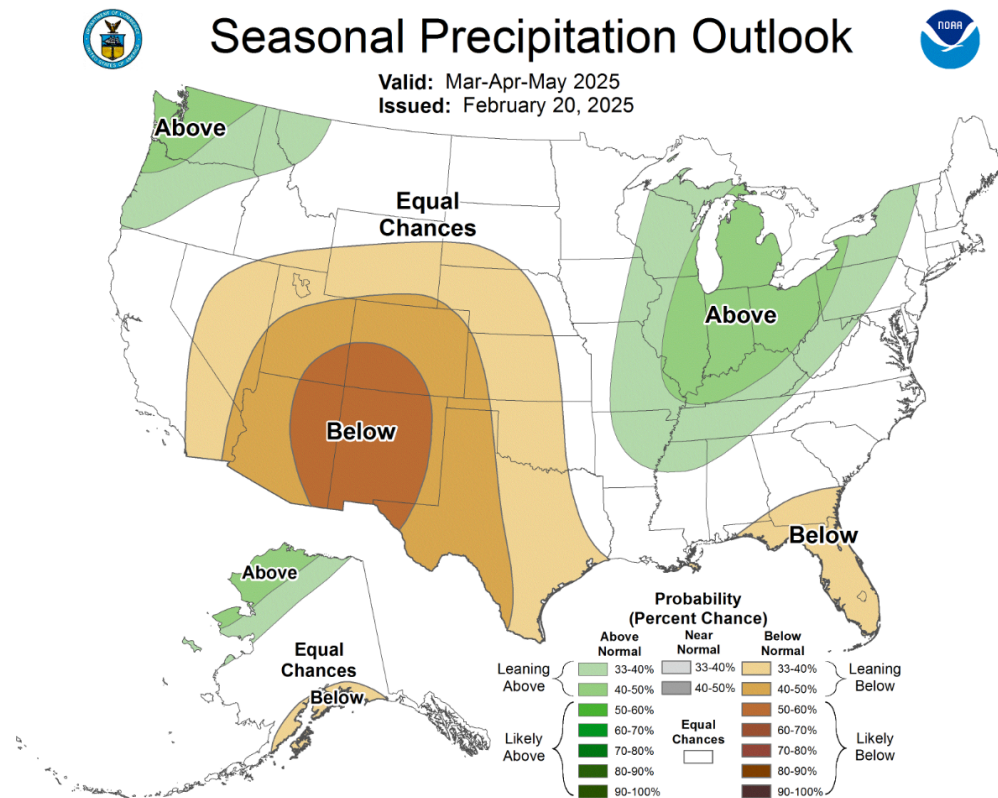


8-14 Day Precipitation Outlook

Valid: March 7 - 13, 2025
 Issued: February 27, 2025

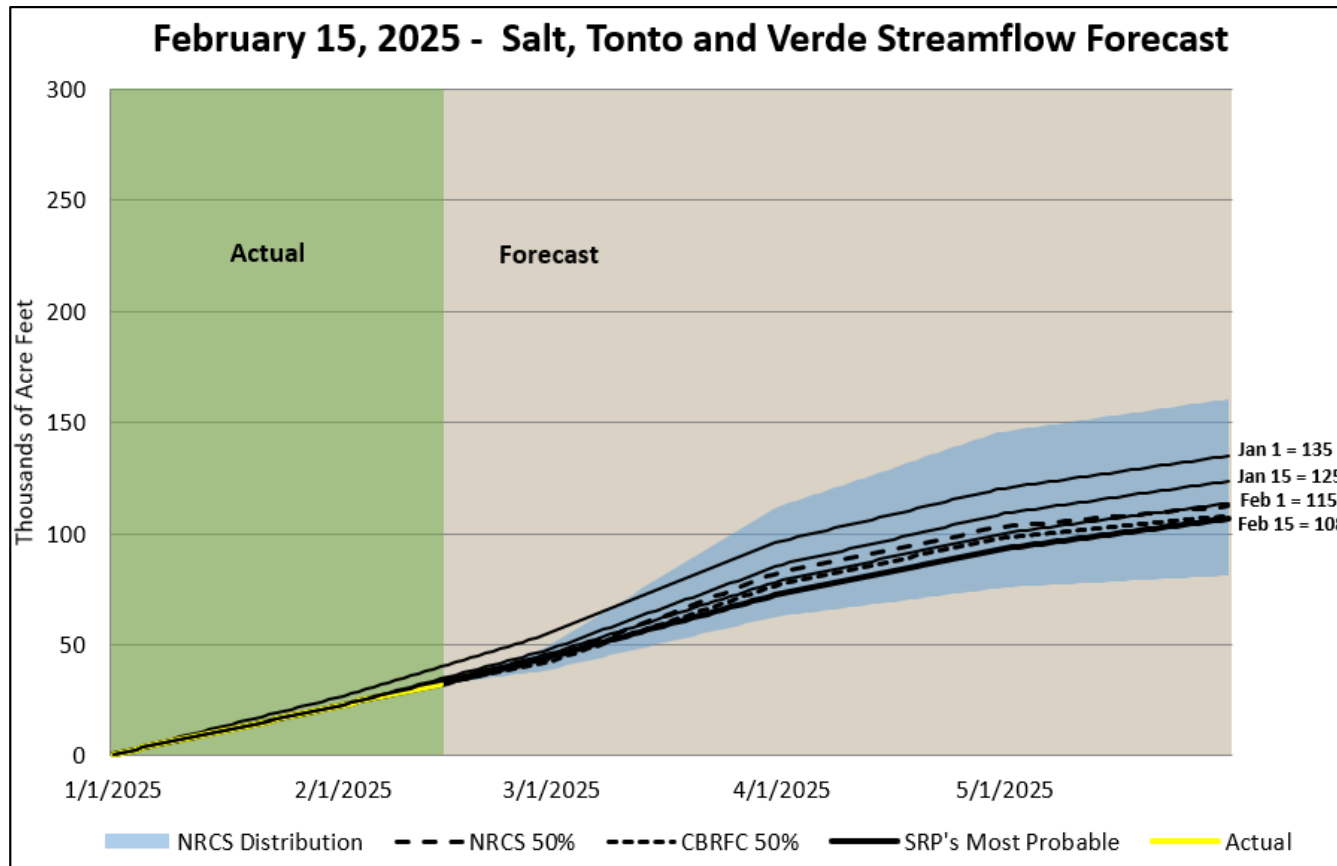


March-May Seasonal Weather Outlook



La Niña conditions are expected to last through winter, then transition to neutral conditions in spring

February 15 Streamflow Forecast (Jan 1 – May 31, 2025)



Salt, Tonto, Verde Forecasted Inflows

Feb 15 Forecast ~108,000 AF
(24% of median) for January
1 to May 31, 2025

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

Lowest Jan 1 – May 31 Inflows

2018: 100,000 AF (record low)
2021: 104,000 AF
2002: 106,000 AF

thank you!

