

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

SPECIAL BOARD OF DIRECTORS

Tuesday, June 24, 2025, No Sooner Than 10:25 AM

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

Call to Order

Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Board of Directors and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Board Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item PRESIDENT DAVID ROUSSEAU
 - A. Request for approval of the Proposed Fiscal Year 2026 (FY26) Audit Plan (recommended by the Audit Committee on June 17, 2025).
 - B. Request for approval of the Monthly Cash Statements for April and May 2025 (recommended by the Finance and Budget Committee on June 24, 2025).
2. Report on the FY25 Audit Results by PricewaterhouseCoopers (PwC)
..... RAÚL PIÑA, PwC
3. Report of the Power Committee Meeting of June 24, 2025
..... DIRECTOR JACK WHITE JR.
 - A. Request for approval to convert the existing boilers at Coronado Generating Station from coal to gas.
 - B. Closed Session, pursuant to A.R.S. §30-805(B), for the Board to consider matters relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information, with respect to a request for approval for the District to enter into a proposed natural gas transportation capacity agreement.
4. Report of the Finance and Budget Committee Meeting of June 24, 2025
..... DIRECTOR MARK PACE

Request for approval to initiate the Shareholder Compensation Program for Calendar Year 2024 per the Rules and Regulations.
5. Report on Current Events by the General Manager and Chief Executive Officer and Designees..... JIM PRATT
6. Council Chairman's Report COUNCIL CHAIR ROCKY SHELTON
7. President's Report PRESIDENT DAVID ROUSSEAU

The Board 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 Board on any of the matters listed on the agenda.

The Board 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 BOARD MEETING IS SCHEDULED FOR
MONDAY, AUGUST 4, 2025**

06/17/2025



A REPORT PRESENTED TO
SALT RIVER PROJECT

QUALITY ASSESSMENT REPORT

**Presentation of the results of the External Quality Assurance (EQA)
review of Corporate Audit Services, completed 10/31/2024.**

Salt River Project

This Internal Audit Department **generally conforms** to the *International Standards for the Professional Practices of Internal Auditing* and the IIA Code of Ethics.

This level of conformance demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing (“Core Principles”) and the Definition of Internal Auditing.

GOVERNANCE		STAFF		MANAGEMENT		PROCESS	
Standard	Rating	Standard	Rating	Standard	Rating	Standard	Rating
1000	GC	1200	GC	2000	GC	2200	GC
1100	GC			2100	GC	2300	GC
1300	GC			2450	GC	2400	GC
Code of Ethics	GC			2600	GC	2500	GC



Anne Etter, CIA, CPA, CRMA
Lead Independent Assessor - Team Lead
IIA Quality Services



Warren Hersh, CIA, CPA, CISA, CFE
Director, IIA Quality Services
IIA Quality Services



Team member:
Robert Riegel, CIA, CISA, CRISC, CFE, CRMA, MA
Independent Assessor
IIA Quality Services

Objectives, Scope, and Methodology

OBJECTIVES

The primary objective of this assessment was to evaluate conformance to the *Standards*, which require an EQA of an internal audit activity at least every five years. In addition, the Assessment Team:

- Assessed conformance with the IIA Code of Ethics
- Assessed Internal Audit's effectiveness in providing assurance and advisory services to stakeholders and other interested parties
- Identified opportunities, offered recommendations for improvement, and provided counsel to Internal Audit for improving its performance and services, as well as promoting its image and credibility throughout the organization

SCOPE

The scope of this assessment included an evaluation of Internal Audit's efficiency and effectiveness in executing its mission, as set forth by the Internal Audit Charter, which defines the purpose, authority, responsibilities, and accountabilities of Internal Audit.

METHODOLOGY

To accomplish the aforementioned objectives, the Assessment Team:

- Reviewed information prepared by Internal Audit at the Assessment Team's request
- Conducted interviews with key stakeholders of Internal Audit including senior executives, the external auditors, the Chief Audit Officer (CAE), and members of the Internal Audit function
- Reviewed a sample of audit projects and associated work papers and reports
- Reviewed survey data received from Internal Audit stakeholders resulting from IIA Quality Services' survey process
- Prepared diagnostic tools consistent with the methodology established for an EQA as stated in the *Quality Assessment Manual*

Successful Practices

The Independent Assessors identified the following areas where Internal Audit operates in a successful practice manner.

#	STANDARD	OBSERVATION
SP-1	1100 – Independence and Objectivity – The internal audit activity must be independent, and internal auditors must be objective in performing their work.	During annual RA interviews, CAS provides each manager with the company Statement of Policy on Internal Control. This document clearly outlines the role of CAS in providing assurance and advisory services, along with the responsibilities of management, internal audit, and the SRP audit committee. This is a successful practice that contributes both to communicating the independent and advisory aspects of CAS' work and contributes to management's understanding of the overall governance, risk, and control processes at SRP.
SP-2	1120 – Individual Objectivity – Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.	Currently, all CAS management and staff are required to adhere to SRP Code of Conduct and Ethics requirements and must disclose any actual or perceived impairments to these requirements. In addition, the CAS Charter requires all internal auditors to adhere to the Standards and the IIA Code of Ethics and its Core Principles. An annual confirmation process is in place whereby CAS management and staff confirm that they are aware of and agree to abide by these requirements. Confirming independence and objectivity specific to their role as internal auditors and agreeing to abide by the IIA Code of Ethics is a successful internal audit practice that demonstrates a commitment to these core and foundational requirements.
SP-3	<p>1</p> <p>1210 – Proficiency – Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities...or collectively must obtain those needed to perform its responsibilities.</p> <p>1230 – Continuing Professional Development – Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.</p>	<p>There is a good blend of skills from a technical, financial, and operational perspective and individuals have professional certifications including but not limited to the Certified Internal Auditor, Certified Public Accountant, Certified Fraud Examiner, and Certified Information Systems Auditor. Continuing Professional Education ("CPE") requirements associated with these certifications are supported for all CAS management and staff and align with annual audit planning. Proficiency is enhanced by a commitment to training and professional development that includes an onboarding process for new personnel. They have also implemented a competency framework.</p> <p>Formal team member self-assessments are measured against the defined competency framework, tied to the annual audit plan, and result in an Individual Development Plan and specific training plan.</p>
SP-4	Standard 1300 – Quality Assurance and Improvement Program. - The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.	CAS has quality built into their internal audit processes, conducts a holistic periodic self-assessment against the professional practice <i>Standards</i> , and ensures that an independent review by qualified team assessors occurs more frequently than the <i>Standards</i> require. All are successful internal audit practices that contribute to the integrity, professionalism, and trust in the internal audit function.

Successful Practices (continued)

The Independent Assessors identified the following: areas where Internal Audit operates in a successful practice manner.

#	STANDARD	OBSERVATION
SP-5	Standard 2000 Managing the Internal Audit Activity – <i>The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.</i>	CAS does an exceptional job in communicating the mission, vision, values and strategic direction of the internal audit function and the importance and promotion of internal auditing <i>Standards</i> through communication on its intranet team site, discussions at team meetings, laminated ready reference cards, and providing memberships and reference materials to CAS staff and stakeholders, including the Audit Committee Chair.
SP-6	Standard 2330 Documenting Information – <i>Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.</i>	CAS use of the TeamMate software management system is sophisticated, well-structured and includes embedded templates to ensure consistency in execution, the work is supported by timely completion of required documentation, and reflects proper approvals for planning activities (including data analytics where appropriate).
SP-7	Standard 2010– Planning – <i>The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals</i>	<p>CAS conducts extensive annual interviews and mid-year planning updates with management to develop and update the risk-based audit plan. Co-sourcing partner input is also considered via a formal meeting where partners share industry risks that CAS may consider during their annual planning process.</p> <p>In addition, CAS facilitates periodic meetings called “Information Exchanges” which cover important business topics. Business units are brought together to discuss areas of risk and ways of approaching mitigations. Stakeholder interviews confirmed the high value they place on these meetings</p>
SP-8	Standard 2120 – Risk Management – <i>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</i>	For higher risk system development projects, CAS hosts a formal risk workshop and in collaboration with management, issues a report titled “Risk and Mitigation Strategies” which supports risk mitigation activities as the project progresses. Stakeholder interviews confirmed the value they place on CAS involvement in system development projects.

Improvement Opportunities

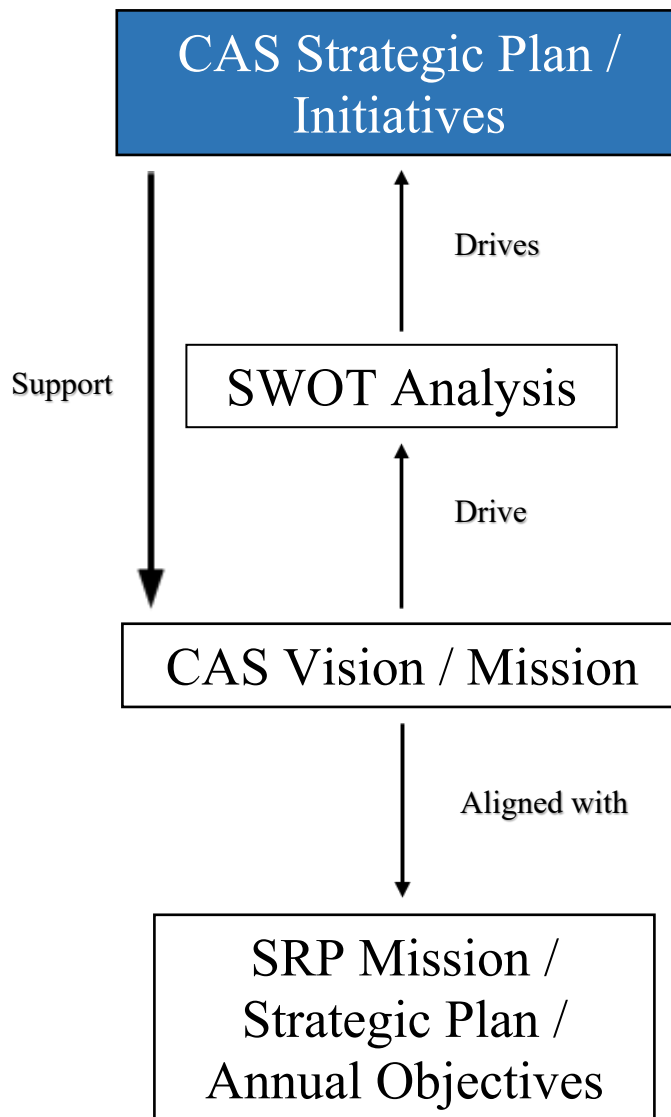
The Independent Assessors identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure.

#	STANDARD	OBSERVATION	INTERNAL AUDIT RESPONSE
IO#1	Standard 1110 – Organizational Independence	<p><i>Standard 1110 – The CAE must report to a level within the organization that allows the IA activity to fulfill its responsibilities. The CAE must confirm to the board, at least annually, the organizational independence of the IA activity.</i></p> <p>While the governance oversight structure at SRP is somewhat unique, CAS reports to a level within the organization that supports its independence and provides for direct communication with and oversight by the SRP President and Audit Committee of the board of directors. CAS has an approved governing charter that defines its purpose, authority, and responsibilities and recognizes the mandatory nature of the International Professional Practices Framework. The Audit Committee governing charter also outlines its responsibilities over the internal audit activity.</p> <p>To enhance documentation and actions covering organizational independence, clarify and align the accountabilities and responsibilities in the CAS departmental charter and the AC governing charter and document in the AC meeting minutes the following required and recommended actions and approvals as they occur:</p> <ul style="list-style-type: none"> • <i>Annual confirmation of IA independence. Consider including a written statement of independence in internal audit committee materials and document / acknowledge receipt in the meeting minutes.</i> • <i>Internal Audit's budget and resource plan. Consider including information in internal audit communication to the audit committee and document approval in the meeting minutes.</i> • <i>CAE performance and remuneration. Consider including a statement of review and approval of CAE performance and remuneration in audit committee meeting minutes only.</i> <p>The IIA has a model internal audit charter which may be customized to align with SRPs governance structure and once implemented will align with the new Global Internal Audit Standards.</p> <p>https://www.theiia.org/en/content/guidance/recommended/supplemental/practice-guides/model-internal-audit-activity-charter</p>	CAS agrees and will take action to implement the related recommendations.

Improvement Opportunities (continued)

#	STANDARD	OBSERVATION	INTERNAL AUDIT RESPONSE
IO#2	Standard 2050 – Coordination and Reliance	<p>Standard 2050 – The CAE should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.</p> <p>Assurance Map: IA works closely with second line functions to coordinate activities and has developed a comprehensive assurance map that outlines organizational risk and how these risks are addressed and managed by SRP's first, second, and third lines of defense. An assurance map is a leading practice that supports stakeholders and the internal audit activity in ensuring adequate and efficient risk coverage and provides a clear linkage between risk, assurance activities, and stakeholder accountabilities.</p> <p>To enhance the process, consider how to socialize the assurance map with stakeholders and how the document may be leveraged and support the organization's maturing Enterprise Risk Management activities.</p> <p>Coordination and Reliance: IA works closely with SRP's second line activities and external auditors to coordinate its activities and ensure effective and efficient coverage of risk. To further support IA's reliance on second line functions, consider developing a second line reliance strategy aligned with stakeholder expectations, documenting the specific criteria used to evaluate second line functions, and include second functions in IA's risk-ranked audit universe and annual audit plan.</p> <p>See also the IIA Resource: Coordination and Reliance: Developing an Assurance Map and Reliance by Internal Audit on Other Assurance Providers</p>	CAS agrees and will take action to implement the related recommendations.
IO#3	Standard 2600 – Risk Acceptance	<p>Standard 2600 – Communicating the Acceptance of Risk.</p> <p>Internal Audit and stakeholders have robust discussions around findings and corrective action plans taken or developed in response to audit findings. Organizations vary by how much and what types of risk they consider acceptable. Further, organizations consider different factors in determining the level of acceptable risk.</p> <p>Our interviews and stakeholder survey responses indicate that IA and management could enhance this process and agree on and formalize a risk acceptance process or policy including the actions taken when the CAE concludes that management has accepted a level of risk that is unacceptable to the organization. Consider the following article from the IIA Magazine for some considerations.</p> <p>https://internalauditor.theiia.org/en/articles/2022/february/risk-acceptance/</p>	CAS agrees and will take action to implement the related recommendations.
IO#4	Standard 2000 – Managing the Internal Audit Activity	<p>Global Internal Audit Standards: A revision to professional guidance was issued in January 2024 and will take effect in January 2025. Any time there are significant changes to professional guidance, internal audit activities are challenged to incorporate changes into their infrastructure and methodology. Changes will need to be made to Internal Audit governance documents and departmental policies and procedures and presented to Stakeholders for review and approval. Commensurate with the review and revision process, a socialization and training component for Internal Audit management and staff will need to take place.</p> <p>See also the IIA resource: https://www.theiia.org/en/standards/2024-standards/global-internal-audit-sta</p>	CAS agrees and will take action to implement the related recommendations.

CAS Strategic Planning Contextual Diagram

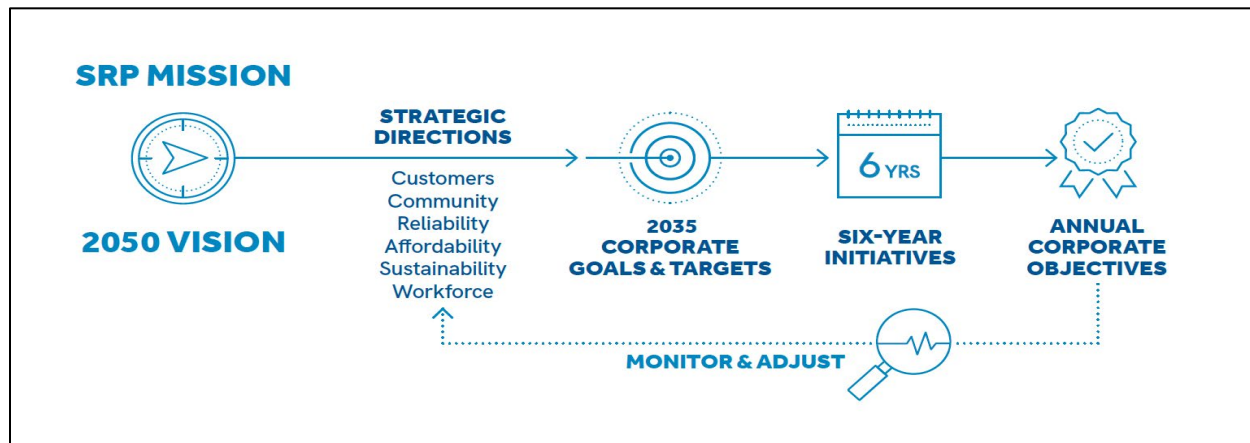


Note: When working on the completion of the CAS strategic plan and related initiatives, team members **should** refer back to the CAS Mission and Vision in order to ensure they are fulfilling the purpose of each initiative.

Corporate Audit Services Strategic Plan and Related Initiatives Fiscal Year 2026

SRP Mission

We serve our customers and communities by providing sustainable, reliable, and affordable water and energy. SRP's mission is supported by its 2035 Corporate Goals & Targets, which are in turn supported by annual corporate objectives.



SRP corporate objectives for FY 2026 are directly aligned with SRP's six Strategic Directions:

- Customers
- Community
- Reliability
- Affordability
- Sustainability
- Workforce

Annual corporate objectives identify the specific priorities SRP aims to achieve in the near term to ensure progress toward the 2035 Corporate Goals and its 2050 Vision.

Corporate Audit Services Vision

Deliver value through independence and collaboration, in alignment with SRP corporate objectives.

Corporate Audit Services Mission

Collaborate and engage with our stakeholders to provide relevant and valued services that reduce risk and strengthen performance, in alignment with SRP corporate objectives.

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

FY 2026 CAS SWOT Analysis Results

Strengths	Opportunities
1. Aligning Efforts with the Company's Broad Goals	1. Build Client Relationships and Partnerships
2. Continuing Education, Development, and Training	2. Continuing to Develop People
3. Effective and Efficient Client Communication	3. Data Analytics Refinement to Improve Audit Process
4. Highly Skilled, High Performing Staff, Mentoring	4. Increasing Collaboration with Second Lines of Defense
5. Mature Audit Process and Quality Program	5. Modernize Technologies to Enhance Audit Services
Weaknesses	Threats
1. Awareness of Internal Audit's Value and Services	1. Awareness of Internal Audit's Value and Services
2. Staying Current with Knowledge of Business	2. Changing Client Relationships and Partnerships
3. Investment in Soft Skills	3. Extensive Business Changes – Staying Current
4. Proficiency in One Data Analytics Solution	4. Insufficient Internal Audit Resources
5. Internal Control Knowledge	5. Loss of Seasoned Individuals

Based on the SWOT Analysis for FY 2026, CAS will focus on actions that maintain strengths, take advantage of opportunities, improve in areas of weakness, and avoid threats to our effectiveness.

Note that all SWOT elements are addressed with corresponding initiatives, except for aligning efforts with company's broad goals (strength 1). This item is firmly embedded into our audit process (we align our audits with stated company objectives). We will continue to do so in the future. For this reason, this item is not called out specifically in our FY 2026 initiatives.

The table below organizes our FY 2026 efforts into four categories:

**Strategic Initiative Categories for FY 2026
In Support of CAS Mission and Vision**

Category	SWOT Mappings			
	Strengths	Weaknesses	Opportunities	Threats
Technology Methodology Skillsets	2, 4, 5	3	2, 5	1
Internal Controls	3	1, 5	1, 4	1, 3, 4
Business Partnership Outreach	3	1, 2	1, 4	1, 2, 3, 5
Data Analytics Quality Assurance	5	4	3, 5	1

On the following pages, the initiatives for FY 2026 are presented in detail. As noted in the contextual diagram (page 1), when working on the completion of an initiative, team members **must** always refer back to the CAS Mission and Vision in order to ensure they are fulfilling the purpose of each initiative.

Unless otherwise specified, all initiatives should be completed in FY 2026. The following effort estimates apply to initiatives and support activities: High (80 + hours); Medium (20-80 hours); Low (0-20 hours).

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

1. Technology | Methodology | Skillsets

Description: Taking actions that 1) improve CAS use of technology and refined internal audit methodology, and 2) increase team member capabilities in key areas of risk (e.g., technology, cybersecurity) and capabilities as a trusted advisor (i.e., soft skills).

Objectives:

- A. Our use of technology that increases internal audit efficiency should be an area of continuous improvement. Likewise, following internal audit methodologies that are sound and robust will lead to increased efficiency and value to SRP.
- B. To fulfill CAS' mission and charter, our base skillsets need to be refined and effective in key areas of risk, particularly in areas of technology, finance, and compliance. Likewise, our soft skillsets will enable CAS to fulfill its role as service provider and trusted advisor.

SWOT Mapping: Strengths – 2, 4, 5; Weaknesses – 3; Opportunities – 2, 5; Threats – 1

FY 2026 Strategic Initiatives:

Technology:

1. Audit Board Implementation (Risky Business) – High Effort

- a. Complete the tasks necessary for the full implementation of the Audit Board software.
- b. Implement Audit Board module for tracking open audit recommendations.

Methodology:

2. System Development Life Cycle – 3-year horizon (Risk Busters) – Medium Effort

- a. Make final refinements to the SDLC methodology updated in FY 2025.
- b. Implement the new methodology and templates based on the refinements.
- c. Make the process available for use on similar projects (e.g., HSOC, Markets +)

Skillsets:

3. IT Audit Skillsets – 2-year horizon (Leadership) Medium Effort

- a. Consistently implement the practice of having co-sourcing experts provide training.
 - i. Windows Security Audit
 - ii. Data Analytics Platform Audit
 - iii. Other audits where co-sourcing is used.
- b. Conduct 1-2 training courses on basic IT audit concepts and practices.

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

1. Technology | Methodology | Base Skillsets (continued)

Skillsets (continued):

3. IT Audit Skillsets – 2-year horizon (Leadership) (continued):

- c. Develop a set of standard IT audit procedures that can be considered for use on audits that have an IT component. Include:
 - i. Security / access controls
 - ii. IT general controls
 - iii. Application controls
 - iv. Technical audit topics (e.g., operating systems, database systems, networks, etc.)
 - v. GIAS topical requirements

4. Knowledge Transfer (2-year horizon) (Leadership) Medium

- a. Continue from FY 2026 to implement 2-3 use cases.
- b. Conduct at least three knowledge transfer sessions.
- c. Consider an agenda item for the team huddle to include the following:
 - i. Presentation on a recent audit completed or in process
 - ii. Use of unique audit approaches or skills
 - iii. Application of soft skills
 - iv. Use of artificial intelligence
- d. Invite at least four speakers from collaboration activities to present at a team huddle.

5. Complete soft skills initiative begun in FY 2025 (Entire Team) Medium

- a. Complete remaining activities outlined the Statement of Work
- b. Build four major soft skills into the internal audit process
- c. Hold discussion with Dean Newlund and the Team about how CAS can solidify the Trusted Advisor Brand

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

2. Internal Controls

Description: Increase team member and client understanding of internal controls, including enablement of policies, processes, and audit methodology to improve related internal control mechanisms.

Objectives:

- A. The Statement of Policy on Internal Control is the basis for risk identification and mitigation at SRP. The Policy supports strong business practices that ensure the goals of SRP are met.
- B. Internal audit continues to be a leader at SRP in helping the Policy be effectively implemented throughout the company. Building on prior efforts, CAS will continue to work in our assessment and advisory role to ensure the Policy is effectively implemented.

SWOT Mapping: Strengths – 3; Weaknesses – 1, 5; Opportunities – 1, 4; Threats – 1, 3, 4

FY 2026 Initiatives:

6. Increase awareness of the Statement of Policy on Internal Control (Leadership) Medium

- a. Include the Policy on the CAS website
- b. Hold two team discussions about how the Policy can be socialized. Gather ideas from the discussion and prioritize them for current or future use.

7. Develop tools for application of the Policy Two-year horizon (Risk Busters) Medium

- a. Tools for clients would include a worksheet or similar tool that would assist in evaluating risks and designing effective internal controls.
- b. Tools for team members would include those included in our standard audit process. In addition, CAS will evaluate whether the tools used today are effective in implementing our assessment and advisory role.
 - i. Each team member should complete at least one application of the Policy in an audit.

8. Make a video that increases awareness of and helps management to utilize the Statement of Policy on Internal Control (Risky Business) Medium

- a. Reach out to Communications for assistance
- b. Write the script and provide to Communications
- c. Present the script to the entire team for input
- d. Develop a slide deck for use in roadshow

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

3. Business Partnership | Outreach

Description: Reach out to business partners to collaborate on areas of common interest. Explore opportunities to collaborate with external partners.

Objectives:

- A. The SRP CAS audit charter indicates the need to work with internal business partners to achieve the audit directive at SRP. Continued work in this area is needed.
- B. Exploring opportunities for sharing between SRP Corporate Audit Services and other internal audit shops will result in increased perspective, leading practices, and capabilities.
- C. Looking forward, staying in touch with our current and future colleagues will yield benefits and provide a funnel for future resources and best practices.

SWOT Mapping: Strengths – 3; Weaknesses – 1, 2; Opportunities – 1, 4; Threats – 1, 2, 3, 5

FY 2026 Initiatives:

**9. Business Partnerships – Continue Collaboration Activities (Small Teams; Leadership)
Low**

- a. Each small team hold one collaboration activity with a key client
- b. Invite SRM to co-present at the SRP audit committee
- c. Do a joint event with Cybersecurity (ICF)
- d. Consider a joint collaboration event with another audit department in the Valley

10. Outreach – Stay in Touch with Key Associates (ICF) Low

- a. Do two things to stay in touch
 - i. Students
 - ii. Professional Associates

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

4. Quality | Data Analytics

Description: Improve our Quality standing through implementation of improvements. Put in place foundational elements for the use of data analytics in our work.

Objectives:

- A. Our audit software and other tools should be in place to facilitate our work and result in higher quality audits, processes, and documentation.
- B. Given constructive change, the goal of internal audit, is dependent on effective use of higher soft skills such as persuasion, negotiation, and communication, we should improve our skill sets in these critical areas.
- C. Our methodology should be easy to understand and follow.

SWOT Mapping: Strengths – 5; Weaknesses – 4, Opportunities – 3, 5; Threats – 1

FY 2026 Initiatives:

Quality:

11. Implement the EQA recommendations from the FY 2025 assessment (Leadership) Low

Data Analytics:

12. Develop a High-Level Data Analytics Strategy (2-year horizon) (ICF) Medium

- a. Form a cross-functional team to evaluate and propose pillars
 - i. Include considerations for data repositories, skillsets needed, tools, methodologies
 - ii. Consider how artificial intelligence fits into the data analytics process
 - iii. Present to leadership team and team huddle

**Corporate Audit Services
Strategic Plan and Related Initiatives
Fiscal Year 2026**

Support Activities (anticipated level of effort noted)

Risky Business Team:

- 1. On-boarding Program – Low**
 - a. Maintain and improve the onboarding checklist
- 2. Audit Software – AuditBoard Issues – High**
 - a. Provide resolution for issues that arise
- 3. Template Updates – Low**
 - a. Implement updates as needed
- 4. Internship – Medium**
 - a. As needed, hire one or more interns. (Leadership team)

Risk Busters Team:

- 5. SharePoint – Low**
 - a. Update SharePoint site as needed
- 6. MS Teams – Low**
 - a. Provide information and resolutions for issues that arise

ICF Team:

- 7. Individual Development Plan (IDP) – Low**
 - a. Prepare, approve, and complete Individual Development Plans
- 8. Annual Audit Planning – High**
 - a. Coordinate development of the annual internal audit plan and mid-year update process.
- 9. CAS Website – Low**
 - a. Update content as appropriate and agreed to by the leadership team.
- 10. Externship – Medium**
 - a. Organize the externship event in Spring 2026

Entire Team:

- 11. IIA Phoenix Chapter (All team members invited to participate) Medium-High**
 - a. Provide one or more resources to the local Chapter of the IIA

**Salt River Project
Corporate Audit Services
Fiscal 2026 Audit Plan**

COMPLIANCE AUDITS

ACH / Surepay
Crisis Management
NERC-WECC Electric Reliability

CONTRACT AUDITS

Contract Reviews
Coolidge Expansion Project
Four Corners O&M
Generation Interconnection Milestone Billings
Hayden O&M
Mead-Phx (APS Westwing)
Mead-Phx (WAPA)
PPA Data Analytics
Purchase Power - Dry Lake Wind & Poseidon Wind
Purchase Power - Renewables 2024 COD
Purchase Power - Springerville Unit 3
PV-Pinal Central O&M
Resilient Water & Forest Initiative
Strategic System Projects

FINANCIAL & OPERATIONAL AUDITS

Accounts Payable
CAS Quality Assurance and Improvement Program (QAIP) - FY2026
Conflict of Interest
Construction Work in Progress Capitalization
Crisis Management Team
EPIC - FY2025 - CNR/Direct Cost
EPIC - FY2025 - Overall
EPIC - FY2025 - Payout
EPIC - FY2025 - Preventive Maintenance
EPIC - FY2025 - Run Reliability
EPIC - FY2025 - Safety
EPIC - FY2025 - SAIDI
EPIC - FY2026 - CNR/Direct Cost
EPIC - FY2026 - Overall
EPIC - FY2026 - Payout
EPIC - FY2026 - Preventive Maintenance
EPIC - FY2026 - Run Reliability
EPIC - FY2026 - Safety
EPIC - FY2026 - SAIDI
ERM and Trading Activities - FY2025

**Salt River Project
Corporate Audit Services
Fiscal 2026 Audit Plan**

FINANCIAL & OPERATIONAL AUDITS (continued)

Federal Grant Compliance
Internal Book Wires
Internal Controls over Financial Reporting (ICFR)
Internal Controls Project - Electric Reliability Compliance
Internal Controls Projects - Operational Controls
Large Customer Billing Process
Markets+ - Participation in Process Design
Office Supplies
PO Approval Process Automation
Political Involvement Committee (PIC): November 9, 2022 to November 5, 2024
Price Plan Compare Display
Purchasing Practices - FY2025
PwC Audit Assistance - Operating Expense Classification and Internal Order Testing - FY2025
PwC Audit Assistance-Capital, O&M- FY2025
PwC Audit Assistance-Capital, O&M- FY2026
PwC Audit Assistance-Entity Level Controls - FY2026
PwC Audit Assistance-General Journal Testing - FY2025
PwC Audit Assistance-General-Coordination & Team Meetings w PwC- FY2025
PwC Audit Assistance-General-Coordination & Team Meetings w PwC- FY2026
PwC Audit Assistance-IT Audit Assistance - FY2025
PwC Audit Assistance-IT Audit Assistance - FY2026
PwC Audit Assistance-LT Debt and Notes Payable - FY2025
PwC Audit Assistance-Meter Testing FY2025
PwC Audit Assistance-Meter Testing FY2026
PwC Audit Assistance-Revenue - FY2025
PwC Audit Assistance-Revenue - FY2026
PwC Audit Assistance-SSAE18 - FY2025
PwC Audit Assistance-SSAE18 - FY2026
Review of PwC Audit Work - FY2025
Risk Oversight Committee (ROC) Activities
Solution Center
SRP Paintings & Art Collection
SRP Wildfire Mitigation Plan
Succession Planning
Sustainability Goals Process
Travel, Procurement & Hosting Expenses - FY2025 November '24 to April '25
Travel, Procurement & Hosting Expenses - FY2025 November '25 to April '26
Travel, Procurement & Hosting Expenses - FY2026 May '25 to October '25
Voluntary Contribution in Lieu of Property Taxes

**Salt River Project
Corporate Audit Services
Fiscal 2026 Audit Plan**

INFORMATION TECHNOLOGY AUDITS

Analytics Data Platform
Artificial Intelligence
BCP/DRP Annual Audit - FY2025
BCP/DRP Annual Audit - FY2026
Business Continuity Oversight Processes
Cloud Platform Operations
Cyber Security Audit Activities
Data Privacy - Vendor
ECM Security Audit
HIT Reassessment Backlog Support
Hosted Solutions Maturity Assessment
Information Technology General Controls
Insider Threat Management Software
IT Penetration and Vulnerability Assessments
MFA Authentication Process
Microsoft 365 Security
OT Transformation Project
Security Risk Oversight Committee (SROC) Activities
Storage Management

JOINT PARTICIPATION AUDITS

Four Corners O&M
Palo Verde A&G
Palo Verde O&M
Palo Verde O&M - CY2024
Palo Verde O&M - CY2025 Planning (SRP Leading)
Participant Audit Committees
Springerville O&M
Yampa-Craig O&M

SYSTEMS DEVELOPMENT AUDITS

Advanced Distribution Management System (ADMS)
Alert Enterprise (SAFE Replacement)
Customer Modernization
High Security Operations Center (HSOC)
Water Data Governance and Analytics Program (SDLC)
Water Scheduling Application Suite Rewrite

SPECIAL PROJECTS, REQUESTS & INVESTIGATIONS

Special Projects, Requests, Investigations

**Statement of Cash Received and Disbursed****April 2025****(\$000)**

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Funds Balance Beginning of Period	\$ 1,278,021	\$ 512	\$ 1,278,533	\$ 785,829
Cash Receipts:				
Electric Revenues	276,097	---	276,097	4,294,245
Water Revenues	---	1,192	1,192	23,705
Electric Customer Deposits	5,302	---	5,302	51,276
Reimbursement on Joint Ownership Projects	5,897	---	5,897	146,843
Construction Contributions and Advances	40,270	---	40,270	325,629
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	50,934	---	50,934	1,450,628
Sales Tax Collected	18,313	---	18,313	302,521
Other Cash Receipts	15,696	---	15,696	203,158
Total Cash Receipts	<u>412,509</u>	<u>1,192</u>	<u>413,701</u>	<u>6,798,005</u>
Fund Transfers - Net	<u>(5,863)</u>	<u>5,863</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	114,709	---	114,709	1,414,087
Operations and Maintenance	113,387	2,125	115,512	1,328,514
Employee Payroll and Payroll Taxes	77,661	5,226	82,887	812,919
Purchased Inventory	33,634	---	33,634	303,669
Cash Segregated for -				
Bond Interest	12,802	---	12,802	239,050
Bond Principal	12,732	---	12,732	124,511
Other Debt - Principal Repayment	77,630	---	77,630	182,430
Other Debt - Interest Expense	12	---	12	14,955
Capital Expenditures	147,841	---	147,841	1,214,736
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	376,455
In Lieu and Ad Valorem Taxes	650	---	650	111,101
Sales Tax Remitted	16,541	---	16,541	315,927
Margin and Collateral Disbursed - Net	(29,547)	---	(29,547)	4,364
Miscellaneous Cash Disbursements	1,269	---	1,269	35,554
Total Cash Disbursements	<u>579,321</u>	<u>7,351</u>	<u>586,672</u>	<u>6,478,272</u>
Funds Balance End of Period	<u>\$ 1,105,346</u>	<u>\$ 216</u>	<u>\$ 1,105,562</u>	<u>\$ 1,105,562</u>

Cash Position

April 2025

	(\$000)		
	District	Association	Total
Composition of Funds Balance			
Cash and Cash Equivalents	\$ 677,396	\$ 216	\$ 677,612
Other Temporary Investments	163,570	---	163,570
Other Non-Current Investments	264,380	---	264,380
General Fund	1,105,346	216	1,105,562
Segregated Funds			
Electric System Debt Reserve Fund	80,615	---	80,615
Debt Service Fund	126,066	---	126,066
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	702,714	---	702,714
Post-Retirement Benefits Fund	1,309,469	---	1,309,469
Construction Fund	54,306	---	54,306
RHCP Fund	12,686	---	12,686
HHCP Fund	9,017	---	9,017
SPRHCP Fund	3,552	---	3,552
Four Corners Mine Reclamation Trust	16,172	---	16,172
Other Special Funds	2,703	---	2,703
Total Segregated Funds	\$ 2,317,300	\$ ---	\$ 2,317,300

Statement of Cash Received and Disbursed

May 2025

(\$000)

	District	Association	Total Month	Year-to-Date
Funds Balance Beginning of Period	\$ 1,105,346	\$ 216	\$ 1,105,562	\$ 1,105,562
Cash Receipts:				
Electric Revenues	289,571	---	289,571	289,571
Water Revenues	---	6,524	6,524	6,524
Electric Customer Deposits	3,392	---	3,392	3,392
Reimbursement on Joint Ownership Projects	10,834	---	10,834	10,834
Construction Contributions and Advances	73,853	---	73,853	73,853
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	4,064	---	4,064	4,064
Sales Tax Collected	23,132	---	23,132	23,132
Margin and Collateral Received - Net	4,931	---	4,931	4,931
Other Cash Receipts	9,522	---	9,522	9,522
Total Cash Receipts	419,299	6,524	425,823	425,823
Fund Transfers - Net	195	(195)	---	---
Cash Disbursements:				
Purchased Power and Fuel	103,701	---	103,701	103,701
Operations and Maintenance	117,679	1,970	119,649	119,649
Employee Payroll and Payroll Taxes	62,608	3,402	66,010	66,010
Purchased Inventory	26,683	---	26,683	26,683
Cash Segregated for -				
Bond Interest	21,368	---	21,368	21,368
Bond Principal	12,732	---	12,732	12,732
Other Debt - Principal Repayment	40,400	---	40,400	40,400
Other Debt - Interest Expense	7	---	7	7
Capital Expenditures	159,989	---	159,989	159,989
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	4,064	---	4,064	4,064
In Lieu and Ad Valorem Taxes	50,277	---	50,277	50,277
Sales Tax Remitted	20,278	---	20,278	20,278
Miscellaneous Cash Disbursements	906	---	906	906
Total Cash Disbursements	620,692	5,372	626,064	626,064
Funds Balance End of Period	\$ 904,148	\$ 1,173	\$ 905,321	\$ 905,321

Cash Position

May 2025

	(\$000)		
	District	Association	Total
Composition of Funds Balance			
Cash and Cash Equivalents	\$ 468,698	\$ 1,173	\$ 469,871
Other Temporary Investments	151,070	---	151,070
Other Non-Current Investments	284,380	---	284,380
General Fund	904,148	1,173	905,321
Segregated Funds			
Electric System Debt Reserve Fund	80,615	---	80,615
Debt Service Fund	156,102	---	156,102
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	702,714	---	702,714
Post-Retirement Benefits Fund	1,309,469	---	1,309,469
Construction Fund	54,591	---	54,591
RHCP Fund	12,375	---	12,375
HHCP Fund	8,873	---	8,873
SPRHCP Fund	3,422	---	3,422
Four Corners Mine Reclamation Trust	16,172	---	16,172
Other Special Funds	2,703	---	2,703
Total Segregated Funds	\$ 2,347,036	\$ ---	\$ 2,347,036

June 24, 2025

The PwC audit

For when trust matters



Salt River Project

Audit Results

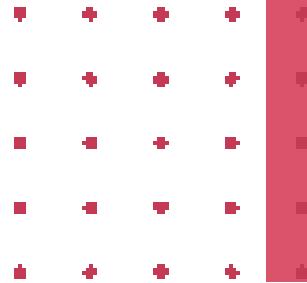
Report to the Audit Committee

R. Pina



CONFIDENTIAL

This report and the information that it contains is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be, and should not be used by anyone other than these specified parties.





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Highlights

Independence and other required communications	Status of the audit	Significant changes to audit plan	Audit findings
<ul style="list-style-type: none">• No matters were identified that would impact our independence.• No fraud, illegal acts, or non-compliance with regulations were identified.• A summary of other required communication is included on pages 7 – 11.	<ul style="list-style-type: none">• We have substantially completed our audits of the SRP financial statements and the Segregated Funds• We expect to issue our unqualified opinion on June 27, 2025.• Significant open items still in progress as of the date of our mailing of this report include:<ul style="list-style-type: none">• Signed management representation letters• In-house and external counsel legal letter• Finalize documentation and review of audit procedures• Final review and tie out of financial statements including Segregated Funds• Review of subsequent events	<ul style="list-style-type: none">• There were no significant changes to the audit plan	<ul style="list-style-type: none">• There were no misstatements identified by us as a result of audit procedures performed.• As previously reported in January 2025, Management identified a prior year misstatement related to certain jointly-owned capital projects not placed into service in a timely manner.• The misstatement was not deemed material to the prior period financial statements impacted (FY2024 and FY2023) and therefore corrected (as of October 31, 2024) in the FY2025 financial statements.• Management concluded the misstatement was indicative of a significant deficiency and has asserted it has implemented a remediation plan.



Audit results

Identified misstatements

The table below summarizes the effects of the prior period misstatement identified by management on the combined financial statements:

Summary of Uncorrected Misstatements and Out-of-Period Adjustments					
				Balance Sheet Impact	Statement of Net Revenues Impact
Period Impacted	Description	Debits/ Credits (Dr/Cr)	Financial Statement Line Item (FSLI) Impacted	Assets Increase/(Decrease)	Net Revenues Increase/(Decrease)
FY 2024 - Annual	Joint Ownership Misstatement (Cumulative Effect as of April 30, 2024)	Dr	Depreciation and Amortization expense		\$ (2,547,000)
		Dr	Operating expenses		\$ (1,545,000)
		Dr	Property, plant and equipment	\$ 84,550,000	
		Cr	Construction Work in Process	\$ (86,095,000)	
		Cr	Accumulated Depreciation (contra-asset)	\$ (2,547,000)	

Certain footnote disclosures within management's FY2024 combined financial statements were also misstated. This includes depreciation expense for utility plant disclosed in Note 2 (understated by \$2.5 million) and Utility Plant in Service disclosed in Note 13 (understated by \$84.6 million). As we consider the impact of the error immaterial to the Combined Balance Sheets and Combined Statements of Net Revenues, we also consider the related disclosure impacts to be immaterial. The impact to the statement of cash flows was an overstatement in operating and investing cash flows of \$1.5 million, which was also deemed immaterial.

The uncorrected misstatements individually and in aggregate were determined to be quantitatively and qualitatively immaterial to the FY2024 financial statements as a whole. As a result, the correction was recorded in FY2025. The impact of the correction to the FY2025 financial statements is also considered immaterial.



Control deficiencies

In planning and performing our audit of the combined financial statements of Salt River Project as of and for the year ended April 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the Company's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Below is a summary of the significant deficiency identified:

Final conclusion on severity of deficiency	Specific account(s) or disclosure(s) impacted	Description of the control deficiency	Remediated as of, or prior to year-end (Yes / No)
Significant deficiency	Utility Plant, Construction work in process, depreciation expense, operations and maintenance expense	Each month for the financial close, Cost & Plant Accounting (C&PA) is responsible for reviewing capital project expenditures (WBS balances) to determine if any of those costs are charged to projects as capital Construction Work-in-progress (CWIP) or as operating and maintenance expense (O&M). If not reclassified elsewhere, costs in WBSs are reported as CWIP. C&PA is also responsible for moving capital projects out of CWIP to Plant-in-Service when the asset is put into service.	Yes *
	Footnote 2		
	Statement of Cash Flows	The control was not operating effectively for items reviewed related to Joint Ownership projects which resulted in assets not being placed into service timely.	

* The identified deficiency was considered a significant deficiency; however, management has asserted that the deficiency has been remediated. The remediated control that was deficient has been tested for operating effectiveness by management. We did not test the operating effectiveness of the remediated control, as our planned audit approach was not to rely on the control that was deficient and the deficiency did not impact our planned audit approach. Management's assessment included judgment and an evaluation of the sufficiency of evidence demonstrating the control operated effectively; which primarily included management knowledge and experience and self-assessments. Although we have not performed operating effectiveness testing of the remediated control, we have considered management's assessment, and we are not aware of information that would be contradictory to management's conclusion regarding the remediation of the deficiency.



Other required communications



Other required communications

Matter to report	No	Yes	Comments
Ethics and independence requirements	✓		<p>We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the AICPA Code of Professional Conduct and the rules of applicable state boards of accountancy.</p> <p>Our policies related to ethics, including independence, integrate the requirements of the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA code) and the relevant standards and regulations established by US standard setting bodies and by external regulators.</p>
Independence breaches	✓		<p>In accordance with the AICPA's Code of Professional Conduct, we are required to communicate a breach of external independence requirements to you as soon as possible or in line with a communication protocol that is confirmed in writing. There were no independence matters that occurred or were identified subsequent to the date on December 12, 2024 of our most recent recent communication provided to the Audit Committee.</p>



Other required communications

Matter to report	No	Yes	Comments
Fraud	✓		We did not identify any fraud or suspected fraud.
Non-compliance with laws and regulations	✓		We are not aware of any instances of non-compliance with laws and regulations.
Related Parties	✓		After evaluating the company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, we have identified no significant findings or issues arising during the audit in connection with the company's related parties
Quality of the company's financial reporting	✓		We have considered the qualitative aspects of the company's significant accounting policies and practices and we identified no reportable matters
			We have evaluated whether the difference between (1) estimates best supported by the audit evidence and (2) estimates included in the financial statements, which are individually reasonable, indicate a possible bias on the part of the company's management. We did not identify any areas of possible bias.
			We have performed an evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework, including our consideration of the form, arrangement, and content of the financial statements (including the accompanying notes). We did not identify any instances of non conformity.
Alternative accounting treatments	✓		We did not identify any alternative treatments permissible under US GAAP for accounting policies and practices related to material items, including recognition, measurement, and presentation and disclosure.



Other required communications

Matter to report	No	Yes	Comments
Material uncertainties related to events and conditions (specifically going concern)	✓		There were no conditions and events that we identified that indicate that there is substantial doubt about the Company's ability to continue as a going concern.
Other information in documents containing audited financial statements	✓		<p>AICPA Auditing Standards Board Statement on Auditing Standards No. 137 (SAS 137) requires that we communicate to you our responsibility with respect to other information, the procedures performed related to the other information, and the results.</p> <p>These standards require that we read other information, whether financial or nonfinancial, included in the Company's annual report and consider whether a material inconsistency exists between the other information and the financial statements and to remain alert for indications that</p> <ul style="list-style-type: none">• A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, and/or• A material misstatement of fact exists or the other information is otherwise misleading. <p>We assume no obligation to perform procedures to corroborate such other information as part of our audit.</p> <p>As it relates to other information included in the annual report, refer to the management representation letter attached for management's written acknowledgment of the document(s) which comprise the annual report and the planned manner and timing of issuance of those document(s). We have not completed our procedures over the other information. If a material inconsistency, material misstatement or statement that is otherwise misleading is identified and uncorrected by management, we will inform you accordingly.</p>



Other required communications

Matter to report	No	Yes	Comments
Disagreements with management	✓		There were no disagreements with management.
Consultation with other accountants	✓		We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.
Difficulties encountered during the audit	✓		There were no significant difficulties encountered during the audit.
Difficult or contentious matters	✓		There were no difficult or contentious matters for which we consulted outside the engagement team and we reasonably determined are significant and relevant to those charged with governance regarding the responsibility to oversee the financial reporting process.
Other material written communications	✓		The Committee has been provided copies of other material written communications with management, including a copy of management's representation letter, audit report, no default letter.
Other matters	✓		There were no other matters arising from the audit that are significant and relevant to the oversight of the company's financial reporting process.



Segregated funds audit



Audit objectives

Our primary objectives are to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America to obtain reasonable assurance the Salt River Project Agricultural and Improvement District's statement summarizing the receipts, transfers and disbursements by Segregated Fund is prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than GAAP, as required under the terms of the Master Bond Resolution, and
- Render an opinion on the financial statement as of April 30, 2025 and for the year then ended
- Our audit does not relieve management of its responsibilities with regards to the financial statement
- An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. The engagement team is placing partial reliance on controls in certain areas, such as testing of IT general controls over the SAP general ledger system.

Our audit deliverables

- Audit report on the statement of receipts, transfers and disbursements by Segregated Fund as of April 30, 2025



Other required communications

Matter to report	No	Yes	Comments
Terms of the audit engagement	✓		The terms of the segregated funds audit engagement, including the objective of the audit and management's and our responsibilities, are set forth in our engagement letter dated December 12, 2024, which has been provided to management and the Audit Committee.
Accounting policies and practices, accounting estimates	✓		The basis of accounting is disclosed in Note 2 to the financial statement. These policies are consistent with those followed in previous years and we believe such policies are appropriate.
Significant unusual transactions	✓		We have not identified any significant unusual transactions.
Identified misstatements	✓		There were no misstatements identified during our audit.
Identified significant risk	✓		The only identified significant risk is management override of controls.
Management representations	✓		The Committee has been provided a draft of management's representation letter for the segregated funds audit.
Audit report	✓		The Committee has been provided a draft of our unqualified report.



For when trust matters

Report to the **Audit Committee**

June 24, 2025

The PwC audit

For when trust matters



Salt River Project

Audit Results

Report to the Audit Committee

R. Pina



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This report and the information that it contains is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be, and should not be used by anyone other than these specified parties.



The PwC Audit

For when trust matters

June 24, 2025

Dear Members of the Audit Committee of Salt River Project:

We are pleased to submit our Report to the Audit Committee related to the results of our FY2025 audit of Salt River Project (the "Company"). Our report includes an update on the status of our audit, a summary of the results of our audit work to date and other required communications. We've also taken the opportunity to highlight how our technology and people-driven approach is delivering enhanced quality and other key benefits like greater customization, time-savings and insights from the audit.

This report has been prepared in advance of our meeting and prior to the completion of our procedures. Other matters of interest to the Audit Committee may arise, which we will bring to your attention at our meeting.

We look forward to presenting this report on your PwC Audit. If you have any questions or wish to discuss any other matters prior to our meeting, please do not hesitate to contact me at (708) 310-2358 or raul.pina@pwc.com.

Very truly yours,

Raúl Piña
Engagement Partner

PricewaterhouseCoopers LLP, 4300 E Camelback Rd, Suite 475, Phoenix, AZ 85018 T: (602) 364 8000



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Highlights

Independence and other required communications	Status of the audit	Significant changes to audit plan	Audit findings
<ul style="list-style-type: none">• No matters were identified that would impact our independence.• No fraud, illegal acts, or non-compliance with regulations were identified.• A summary of other required communication is included on pages 8 – 12.	<ul style="list-style-type: none">• We have substantially completed our audits of the SRP financial statements and the Segregated Funds• We expect to issue our unqualified opinion on June 27, 2025. Draft audit reports are included in Appendix I and III.• Significant open items still in progress as of the date of our mailing of this report include:<ul style="list-style-type: none">• Signed management representation letters• In-house and external counsel legal letter• Finalize documentation and review of audit procedures• Final review and tie out of financial statements including Segregated Funds• Review of subsequent events	<ul style="list-style-type: none">• There were no significant changes to the audit plan	<ul style="list-style-type: none">• There were no misstatements identified by us as a result of audit procedures performed.• As previously reported in January 2025, Management identified a prior year misstatement related to certain jointly-owned capital projects not placed into service in a timely manner.• The misstatement was not deemed material to the prior period financial statements impacted (FY2024 and FY2023) and therefore corrected (as of October 31, 2024) in the FY2025 financial statements.• Management concluded the misstatement was indicative of a significant deficiency and has asserted it has implemented a remediation plan.



Audit results

Identified misstatements

The table below summarizes the effects of the prior period misstatement identified by management on the combined financial statements:

Summary of Uncorrected Misstatements and Out-of-Period Adjustments					
				Balance Sheet Impact	Statement of Net Revenues Impact
Period Impacted	Description	Debits/ Credits (Dr/Cr)	Financial Statement Line Item (FSLI) Impacted	Assets Increase/(Decrease)	Net Revenues Increase/(Decrease)
FY 2024 - Annual	Joint Ownership Misstatement (Cumulative Effect as of April 30, 2024)	Dr	Depreciation and Amortization expense		\$ (2,547,000)
		Dr	Operating expenses		\$ (1,545,000)
		Dr	Property, plant and equipment	\$ 84,550,000	
		Cr	Construction Work in Process	\$ (86,095,000)	
		Cr	Accumulated Depreciation (contra-asset)	\$ (2,547,000)	

Certain footnote disclosures within management's FY2024 combined financial statements were also misstated. This includes depreciation expense for utility plant disclosed in Note 2 (understated by \$2.5 million) and Utility Plant in Service disclosed in Note 13 (understated by \$84.6 million). As we consider the impact of the error immaterial to the Combined Balance Sheets and Combined Statements of Net Revenues, we also consider the related disclosure impacts to be immaterial. The impact to the statement of cash flows was an overstatement in operating and investing cash flows of \$1.5 million, which was also deemed immaterial.

The uncorrected misstatements individually and in aggregate were determined to be quantitatively and qualitatively immaterial to the FY2024 financial statements as a whole. As a result, the correction was recorded in FY2025. The impact of the correction to the FY2025 financial statements is also considered immaterial.



Control deficiencies

In planning and performing our audit of the combined financial statements of Salt River Project as of and for the year ended April 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the Company's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Below is a summary of the significant deficiency identified:

Final conclusion on severity of deficiency	Specific account(s) or disclosure(s) impacted	Description of the control deficiency	Remediated as of, or prior to year-end (Yes / No)
Significant deficiency	Utility Plant, Construction work in process, depreciation expense, operations and maintenance expense	Each month for the financial close, Cost & Plant Accounting (C&PA) is responsible for reviewing capital project expenditures (WBS balances) to determine if any of those costs are charged to projects as capital Construction Work-in-progress (CWIP) or as operating and maintenance expense (O&M). If not reclassified elsewhere, costs in WBSs are reported as CWIP. C&PA is also responsible for moving capital projects out of CWIP to Plant-in-Service when the asset is put into service.	Yes *
	Footnote 2		
	Statement of Cash Flows	The control was not operating effectively for items reviewed related to Joint Ownership projects which resulted in assets not being placed into service timely.	

* The identified deficiency was considered a significant deficiency; however, management has asserted that the deficiency has been remediated. The remediated control that was deficient has been tested for operating effectiveness by management. We did not test the operating effectiveness of the remediated control, as our planned audit approach was not to rely on the control that was deficient and the deficiency did not impact our planned audit approach. Management's assessment included judgment and an evaluation of the sufficiency of evidence demonstrating the control operated effectively; which primarily included management knowledge and experience and self-assessments. Although we have not performed operating effectiveness testing of the remediated control, we have considered management's assessment, and we are not aware of information that would be contradictory to management's conclusion regarding the remediation of the deficiency.



Other required communications



Other required communications

Matter to report	No	Yes	Comments
Ethics and independence requirements	✓		<p>We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the AICPA Code of Professional Conduct and the rules of applicable state boards of accountancy.</p> <p>Our policies related to ethics, including independence, integrate the requirements of the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA code) and the relevant standards and regulations established by US standard setting bodies and by external regulators.</p>
Independence breaches	✓		<p>In accordance with the AICPA's Code of Professional Conduct, we are required to communicate a breach of external independence requirements to you as soon as possible or in line with a communication protocol that is confirmed in writing. There were no independence matters that occurred or were identified subsequent to the date on December 12, 2024 of our most recent recent communication provided to the Audit Committee.</p>



Other required communications

Matter to report	No	Yes	Comments
Fraud	✓		We did not identify any fraud or suspected fraud.
Non-compliance with laws and regulations	✓		We are not aware of any instances of non-compliance with laws and regulations.
Related Parties	✓		After evaluating the company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, we have identified no significant findings or issues arising during the audit in connection with the company's related parties
Quality of the company's financial reporting	✓		We have considered the qualitative aspects of the company's significant accounting policies and practices and we identified no reportable matters
			We have evaluated whether the difference between (1) estimates best supported by the audit evidence and (2) estimates included in the financial statements, which are individually reasonable, indicate a possible bias on the part of the company's management. We did not identify any areas of possible bias.
			We have performed an evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework, including our consideration of the form, arrangement, and content of the financial statements (including the accompanying notes). We did not identify any instances of non conformity.
Alternative accounting treatments	✓		We did not identify any alternative treatments permissible under US GAAP for accounting policies and practices related to material items, including recognition, measurement, and presentation and disclosure.



Other required communications

Matter to report	No	Yes	Comments
Material uncertainties related to events and conditions (specifically going concern)	✓		There were no conditions and events that we identified that indicate that there is substantial doubt about the Company's ability to continue as a going concern.
Other information in documents containing audited financial statements	✓		<p>AICPA Auditing Standards Board Statement on Auditing Standards No. 137 (SAS 137) requires that we communicate to you our responsibility with respect to other information, the procedures performed related to the other information, and the results.</p> <p>These standards require that we read other information, whether financial or nonfinancial, included in the Company's annual report and consider whether a material inconsistency exists between the other information and the financial statements and to remain alert for indications that</p> <ul style="list-style-type: none">• A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, and/or• A material misstatement of fact exists or the other information is otherwise misleading. <p>We assume no obligation to perform procedures to corroborate such other information as part of our audit.</p> <p>As it relates to other information included in the annual report, refer to the management representation letter attached for management's written acknowledgment of the document(s) which comprise the annual report and the planned manner and timing of issuance of those document(s). We have not completed our procedures over the other information. If a material inconsistency, material misstatement or statement that is otherwise misleading is identified and uncorrected by management, we will inform you accordingly.</p>



Other required communications

Matter to report	No	Yes	Comments
Disagreements with management	✓		There were no disagreements with management.
Consultation with other accountants	✓		We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.
Difficulties encountered during the audit	✓		There were no significant difficulties encountered during the audit.
Difficult or contentious matters	✓		There were no difficult or contentious matters for which we consulted outside the engagement team and we reasonably determined are significant and relevant to those charged with governance regarding the responsibility to oversee the financial reporting process.
Other material written communications	✓		Appendix I, II and V includes a copy of other material written communications with management, including a copy of management's representation letter, audit report, no default letter.
Other matters	✓		There were no other matters arising from the audit that are significant and relevant to the oversight of the company's financial reporting process.



Segregated funds audit



Audit objectives

Our primary objectives are to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America to obtain reasonable assurance the Salt River Project Agricultural and Improvement District's statement summarizing the receipts, transfers and disbursements by Segregated Fund is prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than GAAP, as required under the terms of the Master Bond Resolution, and
- Render an opinion on the financial statement as of April 30, 2025 and for the year then ended
- Our audit does not relieve management of its responsibilities with regards to the financial statement
- An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. The engagement team is placing partial reliance on controls in certain areas, such as testing of IT general controls over the SAP general ledger system.

Our audit deliverables

- Audit report on the statement of receipts, transfers and disbursements by Segregated Fund as of April 30, 2025



Other required communications

Matter to report	No	Yes	Comments
Terms of the audit engagement	✓		The terms of the segregated funds audit engagement, including the objective of the audit and management's and our responsibilities, are set forth in our engagement letter dated December 12, 2024, which has been provided to management and the Audit Committee.
Accounting policies and practices, accounting estimates	✓		The basis of accounting is disclosed in Note 2 to the financial statement. These policies are consistent with those followed in previous years and we believe such policies are appropriate.
Significant unusual transactions	✓		We have not identified any significant unusual transactions.
Identified misstatements	✓		There were no misstatements identified during our audit.
Identified significant risk	✓		The only identified significant risk is management override of controls.
Management representations	✓		Appendix IV includes a draft of management's representation letter for the segregated funds audit.
Audit report	✓		A draft of our unqualified report is included in Appendix III.



Appendices



Appendices

Audit report draft	I
Management representation letter draft	II
Segregated Funds Audit report draft	III
Segregated Funds Management representation letter draft	IV
No default letter draft	V
Glossary	VI



Audit report draft



Report of Independent Auditors

To the Management, the Board of Directors of Salt River Project Agricultural Improvement and Power District and the Board of Governors of Salt River Valley Water Users' Association

Opinion

We have audited the accompanying combined financial statements of Salt River Project Agricultural Improvement and Power District and its subsidiaries and the Salt River Valley Water Users' Association (the "Company"), which comprise the combined balance sheets as of April 30, 2025 and 2024, and the related combined statements of net revenues and of cash flows for the years then ended, including the related notes (collectively referred to as the "combined financial statements").

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

[PricewaterhouseCoopers LLP (signed)]

June 28, 2025



Management representation letter draft



June 27, 2025

PricewaterhouseCoopers LLP
Attn: Raúl Piña
4300 East Camelback Road
Suite 475
Phoenix, Arizona 85012

We are providing this letter in connection with your audits of the combined financial statements Salt River Project Agricultural Improvement and Power District and its subsidiaries, and the Salt River Valley Water Users' Association (collectively "SRP") as of April 30, 2025 and April 30, 2024 and for the years then ended for the purpose of expressing an opinion as to whether such combined financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of SRP in conformity with accounting principles generally accepted in the United States of America. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of December 12, 2024, for the preparation and fair presentation in the combined financial statements of financial position, results of operations, and of cash flows in conformity with generally accepted accounting principles, including the appropriate selection and application of accounting policies.

Certain representations in this letter are described as being limited to those matters that are material. Materiality is entity specific. The omission or misstatement of an item in a financial report is material, regardless of size, if in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item. Materiality used for purposes of these representations is \$8,200,000.

We confirm, to the best of our knowledge and belief, as of June 27, 2025, the date of your report, the following representations made to you during your audit:

1. The combined financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which SRP is subject. We have prepared the SRP's combined financial statements on the basis that SRP is able to continue as a going concern. There are no conditions or events, considered in the aggregate, that raise substantial doubt about SRP's ability to continue as a going concern within one year after the date the combined financial statements are available to be issued.
2. We have made available to you:
 - a. All financial records and related data.
 - b. Unconditional access to persons within the entity from whom you have requested audit evidence.
 - c. All minutes of the meetings of the District Board of Directors, the Association Board of Governors, the District and Association Councils and the committees of the Boards and Councils. For meeting minutes not approved in final form (noted by asterisk below), draft minutes or agendas that include

all substantial actions taken at such meetings were provided. The most recent meetings held were:

Governance Committee	October 4, 2023	*
District Council By-laws Committee	April 17, 2025	*
Council Education Committee	April 17, 2025	*
Joint District Board & Council Work Study	April 28, 2025	*
Strategic Planning Committee	May 8, 2025	*
Community Relation Committee	May 22, 2025	*
District Board	June 2, 2025	*
District Council	June 3, 2025	*
Compensation Committee	June 17, 2025	*
District Water Committee	June 17, 2025	*
Audit Committee	June 17, 2025	*
Power Committee	June 24, 2025	*
Finance & Budget	June 24, 2025	*
Facilities & Support Services	June 24, 2025	*
Special District Board	June 24, 2025	*

- d. All changes or expected changes to SRP's affiliates, as defined in the AICPA Code of Professional Conduct, during the period ended April 30, 2025. We understand that such changes could have come about, for example, as a result of mergers, acquisitions, investments or establishment of new entities. Changes were communicated prior to the date for which independence was required with respect to the affiliate (e.g., in coordination with the letter of intent or the commitment date of the transaction). The independence rules encompass not only SRP, but also its affiliates, as defined in the AICPA Code of Professional Conduct.
3. We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the combined financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the combined financial statements, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All combining entries have been properly recorded. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the combined financial statements.
4. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

5. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the combined financial statements.
6. The effects of the uncorrected financial statement misstatements and out-of-period adjustments summarized in the accompanying Attachment I are immaterial, both individually and in the aggregate, to the combined financial statements taken as a whole.
7. We did not use any instances of artificial intelligence in the preparation of the combined financial statements or in the supporting financial records and related data provided to you, to the extent that such use involved or related to information or account balance(s) that was, or had the potential to be, material.
8. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of December 12, 2024, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error and we have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware. We have also disclosed to you which of these deficiencies we believe are significant deficiencies or material weaknesses in internal control over financial reporting. We did not use any instances of artificial intelligence in the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements.
9. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to provide reasonable assurance that fraud is prevented and detected.
10. We have disclosed to you the results of our assessment of the risk that the combined financial statements may be materially misstated as a result of fraud and we have no knowledge of any fraud or suspected fraud affecting SRP involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the combined financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting SRP received in communications from employees, former employees, analysts, regulators, or others.

(As to the three preceding representations, we understand the term "fraud" to mean those matters described in AICPA AU-C 240.)

12. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the combined financial statements or as a basis for recording a loss contingency.
13. SRP has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. We have disclosed to you the identity of all SRP's related parties and all the related party relationships and transactions of which we are aware.



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15. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
16. The following, if material, have been properly recorded or disclosed in the combined financial statements:
 - a. Relationships and transactions with related parties, as described in Accounting Standards Codification (ASC) 850, *Related Party Disclosures*, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which SRP is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with ASC 275, *Risks and Uncertainties*. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)
17. SRP has satisfactory title to all owned assets, and there are no material liens or encumbrances on such assets of which we are not aware that are being contested in good faith nor has any asset been pledged as collateral, except as disclosed in the combined financial statements.
18. SRP has complied with all aspects of contractual agreements that would have a material effect on the combined financial statements in the event of noncompliance.
19. Receivables classified as current do not include any material amounts which are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value. We have considered all reasonably available information about past events, current conditions, and reasonable and supportable forecasts of future events and economic conditions and where applicable, we have recognized an appropriate loss allowance.
20. Inventory quantities at the balance sheet dates were determined from physical counts or from perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees at various times during the year and due provision was made to reduce slow moving, obsolete, or unusable inventories to their estimated useful or scrap values.
21. All liabilities of SRP of which we are aware are included in the combined financial statements at the balance sheet dates. There are no other liabilities or gain or loss contingencies that are required to be recognized or disclosed by ASC 450, Contingencies, and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and required to be disclosed in accordance with that Topic.
22. We are responsible for all significant estimates and judgments affecting the combined financial statements. The methods, underlying data, and significant assumptions used in developing accounting estimates and the related disclosures are reasonable and appropriate to achieve recognition, measurement, or disclosure in the combined financial statements in accordance with accounting principles generally accepted in the United States of America. The methods used in developing accounting estimates have been consistently applied in the periods presented and the data used in developing accounting estimates is accurate and complete. Accounting estimates and



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judgments appropriately reflect management's intent and ability to carry out specific courses of action, where relevant. There have been no subsequent events that would require the adjustment of any significant estimates and related disclosures.

Asset Retirement Obligations (AROs)

23. There are no legal and/or conditional obligations associated with retirement activities that have not already been disclosed to you. We reviewed tangible long-lived assets, lease agreements that contain provisions that require the underlying assets to be returned in the same condition that existed at lease inception and other agreements for associated asset retirement obligations (AROs), and we recognized all related liabilities in accordance with ASC 410-20, *Asset Retirement Obligations*. The fair value of AROs was determined in accordance with ASC 410-20 and ASC 820, *Fair Value Measurement*.

Cash

24. We consistently applied our policy regarding classification of cash and cash equivalents, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that there is insignificant risk of changes in value due to interest rate or other credit risk changes in accordance with ASC 230, *Statement of Cash Flows*, 230-10-45-6.
25. All cash and deposit accounts and all other properties and assets of SRP are included in the combined financial statements. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, and collateral posted or similar arrangements have been properly disclosed in the combined financial statements.

Commitments

26. We disclosed in the combined financial statements any material unconditional purchase obligations that are not recorded on the balance sheet in accordance with ASC 440, *Commitments*, 440-10-50-4.

Consolidations

27. We identified all explicit and implicit variable interests, determined whether each entity in which SRP had a variable interest was a variable interest entity (VIE), consolidated the VIEs for which SRP was the primary beneficiary, and considered reconsideration events, in accordance with the guidance of ASC 810, *Consolidation*.
28. We have included disclosures in the combined financial statements to comply with the principal disclosure objectives, as well as the required disclosures, in accordance with ASC 810-10-50.

Debt

29. All borrowings and financial obligations of SRP have been disclosed to you and are properly recorded and disclosed in the combined financial statements.
30. We have reviewed all of our debt agreements and determined that we have not violated any covenants of our debt agreements during any of the periods presented, and we disclosed to you all covenants and information related to how we determined compliance with the covenants.
31. We appropriately classified debt as current and non-current in the classified combined balance sheets in accordance with the appropriate authoritative guidance.



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Derivatives

32. We evaluated all contracts and financial instruments to determine whether they meet the definition of a derivative under ASC 815, *Derivatives and Hedging*.
33. We designated certain contracts that meet the definition of a derivative as normal purchases and normal sales in accordance with ASC 815, *Derivatives and Hedging*, 815-10-15-22 through 15-51, and represent that the quantities to be purchased (or sold) are normal in relation to the entity's business needs. For all such contracts for which we elected the normal purchase and normal sale scope exception, we documented the basis for that conclusion in accordance with ASC 815-10-15-37 and 15-38.
34. We evaluated power purchase / sale agreements designated as normal purchase normal sale transactions, and such agreements qualify for the normal purchase / sale exception as they meet the criteria in ASC 815-10-15-45 through 15-51.
35. For any derivatives not currently designated in a hedge relationship (including so-called economic hedges), we recognized all gains and losses, including any cash settlements, in a single income statement line.
36. We are responsible for all significant estimates and judgments affecting derivative financial instruments and commodity derivatives valuation. The methods, underlying data, and significant assumptions used in derivative financial instruments and commodity derivatives valuation and related disclosures are consistent with what a market participant would use, and are reasonable and appropriate to achieve recognition, measurement or disclosure in the combined financial statements, in accordance with ASC 820, *Fair Value Measurement*, and ASC 815, *Derivatives and Hedging*. The methods used in valuation have been consistently applied in the periods presented and the data used in valuation is accurate and complete. Accounting estimates and judgments appropriately reflect management's intent and ability to carry out specific courses of action, where relevant. There have been no subsequent events that would require the adjustment of any valuations and related disclosures.
37. We disclosed in the combined financial statements each significant concentration of credit risk arising from all financial instruments in accordance with ASC 825, *Financial Instruments* (ASC 825) and ASC 815-10-65.
38. We have met the applicable right of offset criteria in accordance with ASC 210, *Balance Sheet*, 210-20-45-1 and ASC 815, *Derivatives and Hedging*, 815-10-45-1 through 45-7 and have elected to offset the fair values of certain derivatives with receivables or payables arising from cash collateral amounts posted or received in accordance with ASC 815-10-45-5, consistent with established policies and have complied with disclosure requirements contained in ASC 210-20 and 815-10-50-7 through 50-8.

Environmental Remediation Liabilities

39. We recorded liabilities for losses that are probable from environmental remediation obligations. Such liabilities are reasonable based on available information and the liabilities, related loss contingencies and the expected outcome of uncertainties have been adequately disclosed in the combined financial statements in accordance with ASC 410-30, *Environmental Obligations*.



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Financial Instruments

40. For those instruments for which the fair value option in ASC 825, *Financial Instruments*, has been elected: (1) those instruments represent items eligible for the fair value option under ASC 825-10-15-4 and 15-5, and (2) the election was made at an appropriate election date as noted in ASC 825-10-25-4 and 25-5. All disclosures required by ASC 825-10-50-24 through 50-32 have been made in the combined financial statements.

Impairment of Long-Lived Assets

41. We reviewed long-lived assets to be held and used for impairment in accordance with ASC 360, *Property, Plant, and Equipment*, 360-10-35, *Subsequent Measurement*, and determined no adjustment was necessary.

Investments

42. SRP has the intent and ability to hold to maturity, debt securities classified as held-to-maturity. All other debt securities are classified as trading.
43. We are responsible for the fair value of estimates related to debt and equity securities, and determined the models, methods and assumptions used by pricing services and other parties are reasonable.

Leases (following the adoption of ASC 842)

44. We have evaluated all arrangements of SRP to determine whether they contain leases, including embedded leases, within the scope of ASC 842, *Leases*.

Pension and Other Postretirement Benefit Obligations

45. The actuarial valuation of pension benefit and postretirement benefit obligations and costs was determined using an acceptable methodology applied on a consistent basis and taking into account the individual characteristics of the plans and reasonable assumptions incorporating all relevant available information, including those for the discount rate, rate of return on plan assets, mortality rate, expected rate of compensation increase, and other demographic assumptions.
46. We accurately disclosed in the combined financial statements how investment allocation decisions are made, including the target allocation percentages or range of percentages for each major category of plan assets, and the process used by management to determine the overall expected long-term rate of return on assets.
47. The amounts of expected employer contributions to the benefit plans during the next fiscal year represent our best estimate.
48. We applied the recognition, disclosure and measurement date provisions of ASC 715, *Compensation—Retirement Benefits* (ASC 715). The resulting benefit liability and benefit asset represent the aggregation of all unfunded and underfunded plans, respectively, and regulatory assets includes all previously unrecognized prior service costs and credits, net gains/losses and transition assets and obligations, net of taxes.
49. We measured and recognized all plan assets as of the plan's measurement date at fair value in accordance with ASC 715.



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50. We have appropriately identified and accounted for all benefit and/or compensation plans of SRP as of April 30, 2025.

Revenue (ASC 606)

51. We recognize revenue when (or as) performance obligations are satisfied by transferring control of a promised good or service to a customer in accordance with ASC 606, *Revenue from Contracts with Customers*.
52. We have evaluated the timing of our performance and customer payments on our contracts and have appropriately recognized contract receivables and deferred revenue (recorded in other current liabilities) in accordance with ASC 606-10-45-1 through 45-3.

Specialists

53. We assume responsibility for the findings of specialists. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have had an impact on the independence or objectivity of the specialists. We adequately considered qualifications of the specialists in determining the amounts and disclosures used in the combined financial statements and underlying accounting records related to fair values, coal inventories and pension and other postretirement benefit obligations.

Fair Value Measurements

54. For assets and liabilities that were measured or disclosed at fair value, the valuation was determined using an acceptable methodology applied on a consistent basis and taking into account reasonable market participant-based assumptions in accordance with ASC 820. We classified and disclosed financial assets and liabilities in the combined financial statements as Level 1, Level 2 and Level 3 in accordance with ASC 820, *Fair Value Measurement*.
55. We disclosed the fair values in the combined financial statements of financial assets and liabilities not required to be recorded at fair value in accordance with ASC 825, *Financial Instruments*, and ASC 820, *Fair Value Measurement*.

Utilities

56. We account for regulated operations in accordance with ASC 980, *Regulated Operations*, which requires recording the effects of the rate regulation to which these operations are subject in the combined financial statements. The use of ASC 980 is applicable to the regulated operations that meet all of the criteria in ASC 980-10-15-2. We believe that such regulated operations for which we are applying ASC 980 continue to qualify as of April 30, 2025. We will continue to evaluate, at least annually, significant changes in the regulatory and competitive environment to assess overall compliance with such criteria.
57. We believe regulatory assets and liabilities reflected as of April 30, 2025, are probable of recovery through the rate-making process and are properly recorded in accordance with ASC 980, *Regulated Operations*. Our conclusion that the regulatory assets are probable of recovery is based on specific actions taken by the Board of Directors. All significant regulatory matters have been disclosed in the notes to the combined financial statements.
58. We believe that it is appropriate to record regulatory assets relating to pension and other postretirement benefit plan (OPEB) liabilities that have been recorded as a result of the application of ASC 715. We believe that these regulatory assets reflected as of April 30, 2025, are probable of



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recovery through the rate-making process and are properly recorded in accordance with ASC 980. Our conclusion that these regulatory assets are probable of recovery is based on the current rate recovery of pension and other post-retirement plan costs.

Taxes

59. The District is a tax-exempt organization. There have been no material changes in the District's character, purpose or method of operation that would jeopardize its tax-exempt status. The Association is not exempt from federal and state income taxes; however, it is not liable for income taxes on operations relating to its acting as an agent for the District. The Association has not engaged in operations where it is not acting as an agent for the District that could result in federal and/or state income tax liabilities as of April 30, 2025.

Other Information

60. We will provide you with the final version of the documents listed in Attachment II to this letter, which comprise the annual report (as defined by AU-C Section 720) when available. Attachment II also lists the annual report documents that we have not yet provided and the planned manner and timing of issuance of such documents. We acknowledge and confirm our responsibility to provide the final version of the documents prior to issuance of the annual report, such that you can complete the procedures required by applicable professional standards.
61. We have notified you of (i) any current or planned offerings of securities on a regulated market in a non-U.S. country or (ii) when we have provided or plan to provide audited combined financial statements to a non-U.S. regulator or government in connection with our access to its public capital markets, whether or not we include or refer to your report or include reference to your Firm.



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To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned combined financial statements.

David Rousseau
President

Jim Pratt
General Manager & Chief Executive Officer

Brian Koch
Associate General Manager & Chief Financial Executive

Sue Ann Perkinson
Senior Director & Controller

Jeremy Fry
Director, Financial Reporting

Summary of Uncorrected Misstatements and Out-of-Period Adjustments					
Salt River Project			4/30 FY2025		
				Balance Sheet Impact	Income Statement Impact
Period Impacted	Description	Debits/Credits (Dr/Cr)	Financial Statement Line Item (FSLI) Impacted	Assets Increase/(Decrease)	Income Statement Impact Increase/(Decrease)
FY 2024 - Annual	Joint Ownership Misstatement Uncorrected Misstatement (Cumulative FY2024)	Dr	Depreciation and Amortization expense		\$(2,547,000)
		Dr	Operating expenses		\$(1,545,000)
		Dr	Property, plant and equipment	\$84,550,000	
		Cr	Construction Work in Process	\$(86,095,000)	
		Cr	Accumulated Depreciation (contra-asset)	\$(2,547,000)	

Disclosure Exception

Disclosure Exception #	Disclosure exception description (e.g., description of the required or expected disclosure and the amounts impacted, if applicable, and reference applicable workpapers)
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Footnote 2 - Summary of Significant Accounting Policies & Footnote 13 Interest in Jointly Owned Utility Plants and Transmission Facilities

As a result of the Joint Ownership error identified in Q2 FY2025, there are various footnote disclosures within management's FY2024 combined financial statements that are therefore quantitatively misstated. This includes depreciation expense for utility plant disclosed in Note 2 and Utility Plant in Service disclosed in Note 13. Note that as we consider the impact of the error immaterial on the immaterial to the Combined Balance Sheets and Combined Statements of Net Revenues. We also consider the related disclosure impacts to be immaterial.

Statement of Cash Flows Uncorrected Misstatements

SALT RIVER PROJECT COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED APRIL 30, 2024 AND 2023 (Thousands)									
As Reported		(Iron curtain)							
2024	2023	FY24 misstatement	FY24 corrected			FY23 misstatement	FY23 corrected		
Cash Flows from Operating Activities									
Net Revenues (Expenses)	\$ 405,557	\$ (361,530)	\$ (4,092)	\$ 401,465	-1.0% overstated	\$ (1,159)	\$ (362,689)	0.3% understated	
Adjustments to reconcile net revenues to net cash provided by operating activities:									
Depreciation and amortization	613,191	670,091	2,547	615,738	0.4% understated	422	670,513	0.1% understated	
Net cash provided by operating activities	725,488	362,722	(1,545)	723,943	-0.2% overstated	(737)	361,985	-0.2% overstated	
Cash Flows from Investing Activities									
Capital expenditures	(1,507,350)	(1,311,014)	1,545	(1,505,805)	-0.1% understated	737	(1,310,277)	-0.1% understated	
Net cash used for investing activities	(1,144,789)	(935,229)	1,545	(1,143,244)	-0.1% understated	737	(1,310,277)	-0.1% understated	



Acknowledgement of Plans to Issue Other Information

As set forth in the terms of our engagement letter dated December 7, 2024, we acknowledge and understand our responsibility to provide written acknowledgment of which document or documents comprise Salt River Project Agricultural Improvement and Power District and its subsidiaries, and the Salt River Valley Water Users' Association (collectively, "SRP") annual report and SRP's planned manner and timing of issuance of such documents. We also acknowledge and understand our responsibility for the preparation of any other information, whether financial or nonfinancial, accompanying the combined financial statements and the auditor's report thereon in SRP's annual report ("other information"), in a manner which is (a) materially consistent with information appearing in the financial statements (b) materially factual; and (c) not otherwise misleading. We acknowledge and understand our responsibility to provide you with the final version of the document or documents comprising the annual report in a timely manner, and, if possible, provide the final version of other information prior to the date of your audit report on the combined financial statements. When some or all of the other information will not be available until after the date of your report on the combined financial statements, we acknowledge and understand our responsibility to provide a written representation that the final version of the other information will be provided to you when available, and prior to SRP's issuance of other information, such that you can complete any procedures that may be required by auditing standards generally accepted in the United States of America.

The purpose of this Attachment is to provide the written acknowledgment described in the preceding paragraph.

We acknowledge and confirm that, as of the date of this letter, we plan to furnish an annual report containing, accompanying, or incorporating by reference the combined financial statements and your report thereon.

Documents comprising the annual report include:

- Incorporation by reference to the combined financial statements
- Letter from the President and the Vice President
- Letter from the General Manager and CEO
- Review of Financial Results
- SRP Board and Councils
- SRP Officers and Executives
- Five-Year Operational and Statistical Review



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Segregated funds management representation letter draft



June 27, 2025

PricewaterhouseCoopers LLP
Attn: Raúl Piña
4300 E Camelback Rd Suite 475
Phoenix, Arizona 85018

We are providing this letter in connection with your audit of the statement summarizing receipts, disbursements and transfers by segregated fund of the Salt River Project Agricultural Improvement and Power District (the "District") for each of the Electric System Construction Fund, Electric System Revenue Fund, Electric System Debt Service Non-Trusteed Account, Electric System Debt Reserve Trusteed Account, and Electric System Rate Stabilization Fund (each, a "Segregated Fund" and collectively, the "Segregated Funds") as of April 30, 2025 and 2024 and for the year ended April 30, 2025 for the purpose of expressing an opinion as to whether such financial statement presents fairly, in all material respects, the receipts, disbursements and transfers by each Segregated Fund in conformity with the cash basis of accounting in accordance with the resolutions of the Board of Directors establishing the Segregated Funds, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of December 12, 2024 for the preparation and fair presentation in conformity with the cash basis of accounting in accordance with the resolutions of the Board of Directors establishing the Segregated Funds.

Certain representations in this letter are described as being limited to those matters that are material. Materiality is entity specific. The omission or misstatement of an item in a financial report is material, regardless of size, if in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item. Materiality used for purposes of these representations is \$100,000.

We confirm, to the best of our knowledge and belief, as of June 27, 2025, the date of your report, the following representations made to you during your audit:

1. The financial statement referred to above are fairly presented in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and includes all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which the District is subject. We have prepared the District's financial statement on the basis that the District is able to continue as a going concern. There are no conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date the financial statement is available to be issued.

2. We have made available to you:

- a. All financial records and related data.
- b. Unconditional access to persons within the entity from whom you have requested audit evidence.
- c. All minutes of the meetings of the District Board of Directors and the committees of the Board. For meeting minutes not approved in final form (noted by the asterisk below), draft minutes or agendas that include all substantive actions taken at such meetings were provided. The most recent meetings held were:

Governance Committee	October 4, 2023	*
District Council By-laws Committee	April 17, 2025	*
Council Education Committee	April 17, 2025	*
Joint District Board & Council Work Study	April 28, 2025	*
Strategic Planning Committee	May 8, 2025	*
Community Relation Committee	May 22, 2025	*
District Board	June 2, 2025	*
District Council	June 3, 2025	*
Compensation Committee	June 17, 2025	*
District Water Committee	June 17, 2025	*
Audit Committee	June 17, 2025	*
Power Committee	June 24, 2025	*
Finance & Budget	June 24, 2025	*
Facilities & Support Services	June 24, 2025	*
Special District Board	June 24, 2025	*

- d. All changes to the District's organizational structure that have resulted in new affiliates, as defined in the AICPA Code of Professional Conduct, during the period ended April 30, 2025 or are expected to result in new affiliates, as a result of mergers, acquisitions, investments or establishment of new entities prior to the date for which independence was required with respect to the affiliate (e.g., in coordination with the letter of intent or the commitment date of the transaction). The independence rules encompass not only the District, but also its affiliates, as defined in the AICPA Code of Professional Conduct.
3. We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the financial statement to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statement, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statement.

4. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
5. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the financial statement.
6. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letter of December 12, 2024, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error and we are not aware of any deficiencies in the design or operation of internal control over financial reporting.
7. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
8. We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud and we have no knowledge of any fraud or suspected fraud affecting the District involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statement.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, or others.

(As to items 7, 8 and 9, we understand the term “fraud” to mean those matters described in AICPA AU-C 240.)

10. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statement or as a basis for recording a loss contingency.
11. The District has no plans or intentions that may materially affect the carrying value or classification of the Segregated Funds.
12. We have disclosed to you the identity of all the District’s related parties and all the related party relationships and transactions of which we are aware.
13. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
14. The following, if material, have been properly recorded or disclosed in the financial statement:
 - a. Relationships and transactions with related parties, as described in Accounting Standards Codification (ASC) 850, *Related Party Disclosures*, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

- b. Guarantees, whether written or oral, under which the District is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with ASC 275, *Risks and Uncertainties*. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)
- 15. The District has satisfactory title to all owned assets, and there are no material liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the financial statement.
 - 16. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
 - 17. All fund balances are maintained at the required amounts under the terms of the Electric System Revenue Bond Resolution.
 - 18. The District has not violated any resolutions of the Electric System Revenue Bonds. We have fully disclosed to you all resolutions and information related to how we determined our compliance with the terms of the Electric System Revenue Bonds.
 - 19. The Electric System Revenue Bonds have retained their tax-exempt status except those bonds issued as taxable "Build America Bonds."

To the best of our knowledge and belief, no events have occurred subsequent to the date of the financial statement and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statement.

David Rousseau
President

Jim Pratt
General Manager & Chief Executive Officer

Brian Koch
Associate General Manager & Chief Financial Executive

Sue Ann Perkinson
Senior Director & Controller

Jeremy Fry
Director, Financial Reporting



Segregated funds audit report draft



Report of Independent Auditors

To the Board of Directors of Salt River Project Agricultural Improvement and Power District

Opinion

We have audited the accompanying statement summarizing receipts, transfers and disbursements by segregated fund of Salt River Project Agricultural Improvement and Power District for each of the Electric System Construction Fund, Electric System Revenue Fund, Electric System Debt Service Non-Trusteed Account, Electric System Debt Service Trusteed Account, Electric System Debt Reserve Trusteed Account, and Electric System Rate Stabilization Fund as of April 30, 2025 and 2024, and for the year ended April 30, 2025 (the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the individual fund balances of the Electric System Construction Fund, Electric System Revenue Fund, Electric System Debt Service Non-Trusteed Account, Electric System Debt Service Trusteed Account, Electric System Debt Reserve Trusteed Account, and Electric Service Rate Stabilization Fund as of April 30, 2025 and 2024, and the individual fund receipts, transfers and disbursements for the year ended April 30, 2025, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As discussed in Note 2 to the financial statement, the financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, for the purpose of complying with the provisions of the Supplemental Resolution Dated September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds (the "Master Bond Resolution"). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.



In preparing the financial statement, management is responsible for the evaluation of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

[PricewaterhouseCoopers LLP (signed)]

June 27, 2025



No default letter



Report of Independent Auditors

To the Management, the Board of Directors of Salt River Project Agricultural Improvement and Power District, and the Board of Governors of Salt River Valley Water Users' Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined financial statements of Salt River Project Agricultural Improvement and Power District (the "District") and its subsidiaries and the Salt River Valley Water Users' Association (collectively "SRP"), which comprise the combined balance sheet as of April 30, 2025 and the related combined statements of net revenues and cash flows for the year then ended, and have issued our report thereon dated June 27, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that SRP failed to comply with the terms, covenants, provisions, or conditions of Section 7.11 (subsection 1) of Article VII of the Salt River Project Agricultural Improvement and Power District, Arizona Supplemental Resolution dated September 10, 2001, authorizing an Amended and Restated Resolution Concerning Revenue Bonds (the "Master Bond Resolution") with U.S. Bank National Association, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SRP's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Master Bond Resolution, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors of the District, the board of governors of Salt River Valley Water Users' Association, management of SRP and U.S. Bank National Association and is not intended to be and should not be used by anyone other than these specified parties.

/signature

Phoenix, Arizona
June 27, 2025



Glossary

Significant accounting policies and practices

Accounting principles followed by the entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, or results of operations.

Critical accounting policies and practices

A company's accounting policies and practices that are both most important to the portrayal of the company's financial condition and results, and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Particularly sensitive accounting estimates

Key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Also may be referred to as key sources of estimation uncertainty.

Significant unusual transactions

Significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature.

Identified misstatements

Identified misstatements include those that are uncorrected misstatements related to accounts and disclosures that the auditor presented to management and corrected misstatements, other than those that are clearly trivial, related to accounts and disclosures that might not have been detected except through the auditing procedures performed.



Glossary

Material weakness

A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant deficiency

A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Control deficiency

Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.



For when trust matters

Report to the **Audit Committee**

MEMORANDUM



June 11, 2025

TO: SRP Board of Directors

FROM: Jason I. Riggs

SUBJECT: Approval of Shareholder Compensation Program for 2024

Request for approval to initiate the Shareholder Compensation Program for calendar year 2024 according to the Rules and Regulations.

EXECUTIVE SUMMARY

The Articles of Incorporation of the Salt River Valley Water Users' Association (the Association) and the Association's By-Laws require that Association shareholders living in the 15% Area are to be notified and compensated if the annual cost difference between Arizona Public Service Company (APS) and Salt River Project Agricultural Improvement and Power District (SRP) residential electric service is 15% or more.

Management has reviewed electric rates for six patterns of typical residential usage and found that in all six patterns, APS Residential rates are at least 15% greater than what SRP would have charged. Thus, a 15% Area Shareholder Compensation Program for 2024 should be implemented. Fixed Energy Charge Plan (R-1, Large Tier 3) is the most common APS residential rate in the 15% Area.

BACKGROUND AND DISCUSSION

In recent years, SRP residential electric rates have typically been substantially below those of APS. As such, the District has been required to run annual Shareholder Compensation Programs.

The following table shows a comparison of 2024 bills under APS and SRP residential electric rates (APS R-1, Large, Tier 3, SRP E-23):

**Comparison of Residential Customer Bills for 2024
APS and SRP Rates**

<u>Customer Pattern</u>	<u>Average kWh/Month</u>	<u>Percent of Customers Represented</u>	<u>Percent Difference APS>SRP</u>	<u>Average Annual Compensation</u>
1	254	33.7%	19.8%	\$115
2	495	14.3%	28.4%	\$266
3	744	16.2%	31.7%	\$413
4	1,012	15.7%	33.6%	\$570
5	1,391	14.0%	34.9%	\$787
6	2,235	6.1%	36.0%	\$1,263

The 2024 Rules and Regulations have been changed from 2023 to reflect the dates for the 2024 program. The Administrative Fee for the 2024 program, as approved by the District's Board of Director, is \$50. Those areas of the Rules and Regulations required by the Hitt Litigation are italicized and explained in the related end notes.

Management again recommends a ninety-day application period for the 2024 program, which is expected to begin June 25, 2025, and end September 23, 2025. All potential applicants will be notified at the start of the program by first-class mail, and newspaper advertisements will be run four times during the application period.

BUDGET AND FINANCIAL CONSIDERATIONS

The 2023 program paid out \$2,900,989 in compensation to 6,490 shareholders. In addition, \$638,911 was spent on administering the 2023 program. The District's financial statements contain a reserve of approximately \$3.8 million for the 2024 program.

CONCLUSION

Management recommends that the Board approve implementation of the 2024 Shareholder Compensation Program.

Thank you,

Jason I. Riggs

Cc: D. Rousseau, C. Dobson, J. Pratt, G.M. Staff J. Felty, L. Hobaica, R. Judd, S. Glover,
J. Hubbard



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EXECUTIVE/STAFF SUMMARY

TITLE OF ITEM

SHAREHOLDER COMPENSATION PROGRAM FOR 2024

BOARD ACTION RECOMMENDED

Approval to initiate a Shareholder Compensation Program for calendar year 2024 according to the attached Rules and Regulations.

EXECUTIVE SUMMARY

The Articles of Incorporation of the Salt River Valley Water Users' Association (the Association) and the Association's By-Laws require that Association shareholders living in the 15% Area are to be notified and compensated if the annual cost difference between Arizona Public Service Company (APS) and Salt River Project Agricultural Improvement and Power District (SRP) residential electric service is 15% or more.

Management has reviewed electric rates for six patterns of typical residential usage and found that in all six patterns, APS Residential rates are at least 15% greater than what SRP would have charged. Thus, a 15% Area Shareholder Compensation Program for 2024 should be implemented. Fixed Energy Charge Plan (R-1, Large Tier 3) is the most common APS residential rate in the 15% Area.

BACKGROUND AND DISCUSSION

In recent years, SRP residential electric rates have typically been substantially below those of APS. As such, the District has been required to run annual Shareholder Compensation Programs.

The following table shows a comparison of 2024 bills under APS and SRP residential electric rates (APS R-1, Large, Tier 3, SRP E-23):

**Comparison of Residential Customer Bills for 2024
APS and SRP Rates**

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4	1,012	15.7%	33.6%	\$570
5	1,391	14.0%	34.9%	\$787
6	2,235	6.1%	36.0%	\$1,263

The actual rate schedules are shown in Exhibit A.

The 2024 Rules and Regulations have been changed from 2023 to reflect the dates for the 2024 program and with an administrative charge of \$50 as approved by the Board. Those areas of the Rules and Regulations required by the Hitt Litigation are italicized and explained in the end notes.

Management again recommends a ninety-day application period for the 2024 program, which is expected to begin June 25, 2025, and end September 23, 2025. All potential applicants will be notified at the start of the program by first-class mail, and newspaper advertisements will be run four times during the application period.

BUDGET AND FINANCIAL CONSIDERATIONS

The 2023 program paid out \$2,900,989 in compensation to 6,940 shareholders. In addition, \$638,911 was spent on administering the 2023 program. The District's financial statements contain a reserve of approximately \$3.8 million for the 2024 program.

CONCLUSION

Management recommends that the Board approve implementation of the 2024 Shareholder Compensation Program.

Exhibit A

Summary of Certain Rates in Effect for 2024 For Salt River Project and Arizona Public Service Company

SALT RIVER PROJECT (E-23)

	<u>Summer (May 1 – Oct 31)</u>	<u>Summer Peak (July1– Aug 31)</u>
Customer Charge	\$ 20.00	\$ 20.00
First 0-2000 kWh	\$0.1267	\$0.1333
Next 2001+ kWh	\$0.1310	\$0.1446
	<u>Winter (Jan 1 – Apr 30)</u>	<u>Winter (Nov 1 – Dec 31)</u>
Customer Charge	\$ 20.00	
All kWh	\$0.0976	
Customer Charge		\$20.00
All kWh		\$0.1046

ARIZONA PUBLIC SERVICE (R-1, LARGE TIER 3)

	<u>Summer (May 1 – Oct 31)</u>	
Customer Charge	\$0.458 per day	
All kWh	\$0.15418	
	<u>Winter (Jan 1 – Mar 7)</u>	<u>Winter (Nov 1 – Dec 30)</u>
Customer Charge	\$0.400 per day	
All kWh	\$0.13478	
	<u>Winter (Eff. Mar 8)</u>	
Customer Charge	\$0.458 per day	\$0.458 per day
All kWh	\$0.15418	\$0.15418

ARIZONA PUBLIC SERVICE (ADJUSTMENT SCHEDULES)

	<u>Jan 1 – Dec 31</u>
PSA-1 Forward Adjustor (Jan – Mar 7, 2024)	\$(0.005527) per kWh
PSA-1 Forward Adjustor (Eff. Mar 8 – Dec 2024)	\$(0.012624) per kWh
PSA-1 Historical (Jan – Dec 2024)	\$0.013071 per kWh
PSA-1 Transition (Jan – Dec 2024)	\$0.011530 per kWh
REAC-1 (Jan - Dec 2024)	\$0.007100 per kWh
EIS (Jan – Mar 7, 2024)	\$0.000137 per kWh
EIS (Cancelled - Eff. Mar 8, 2024)	\$0.000000 per kWh
TCA-1 (Jan – May 2024)	\$0.000370 per kWh
TCA-1 (Eff. Jun 1 - Dec 2024)	\$0.001060 per kWh
DSMAC (Jan – Mar 7, 2024)	\$0.001726 per kWh
DSMAC (Eff. Mar 8 – Dec 2024)	\$0.002393 per kWh
LFCR (Jan – Mar 7, 2024)	\$0.00263 per kWh
LFCR (Eff. Mar 8 - Apr 2024)	\$0.00142 per kWh
LFCR (Eff. May 1 - Dec 2024)	\$0.00180 per kWh
CRS-1 (Jan – Mar 7, 2024)	\$0.00175 per kWh
CRS-1 (Eff. Mar 8 – Dec 2024)	\$0.001480 per kWh
SRB-1 (Eff Mar 8 - Dec 2024)	\$0.00000 per kWh
TEAM Phase I (Jan - Dec 2024)	\$(0.000000) per kWh
TEAM Phase II (Jan - Dec 2024)	\$0.000000 per kWh
TEAM Phase III (Jan - Dec 2024)	\$(0.000000) per kWh



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RULES & REGULATIONS

SHAREHOLDER COMPENSATION PROGRAM FOR 2024

I. GENERAL

Pursuant to the District's contract with the Salt River Valley Water Users' Association, the Board of Directors of the Salt River Project Agricultural Improvement and Power District hereby adopts and promulgates the following rules and regulations setting forth the procedures for administration of claims for compensation of past and present Shareholders, as defined below, who received and paid for residential electric service from Arizona Public Service Company during 2024.

II. DEFINITIONS

- A. "Administrative Fee" – An administrative fee shall be deducted from each successful application for compensation. The Administrative Fee for the 2024 program, as approved by the District's Board of Directors, is \$50.00.
- B. "Annual Cost of Electric Service"
 - 1. For Qualifying Shareholders on APS' kilowatt-hour-only rate E12 or R-1 (Small Tier 1, Medium Tier 2, or Large Tier 3), the amount determined by totaling each bill incurred during the Compensation Period (including fuel adjustments and temporary rate increases subsequently made permanent, but not including sales taxes, or regulatory taxes).

2. For Qualifying Shareholders on APS' RTOUE47, R3-47, R- 2, R-EV, ET-1, ET-2, ECT-2, or ECT-1R rates, the amount determined by totaling each APS bill incurred during the Compensation Period or, if lower, what would have been charged for the billed amount of electricity under the lowest APS kilowatt-hour-only rate available to the Shareholder (including, in either case, fuel adjustments and temporary rate increases subsequently made permanent but not including sales, or regulatory taxes). It shall be assumed that the R-1 (Small Tier 1, Medium Tier 2, or Large Tier 3) kilowatt-hour-only rate is the only kilowatt-hour-only rate available to RTOUE47, R3-47, R- 2, R-EV, ET-1, ET-2, ECT-2, or ECT-1R, customers after January 1, 2024.
- C. "Applicant" – A person or entity submitting an application prior to 5:00 p.m., September 23, 2025.
- D. "Application" – The form used to request compensation for 2024, substantially in the form of Exhibit A attached hereto, together with additional information supplied by the Applicant.
- E. "APS" – Arizona Public Service Company: the public service corporation serving Shareholders in 2024
- F. "Association" – The Salt River Valley Water Users' Association.
- G. "Compensation Period" – The period from January 1, 2024 through December 31, 2024.
- H. "District" – The Salt River Project Agricultural Improvement and Power District.
- I. "District's Comparable Charge" – The amount chargeable on the District's E-23 standard electric rate for the same kilowatt hour usage which was used to determine a Qualifying Shareholder's Annual Cost of Electric Service.

- J. "Eligible Property" – Land upon which the Association is entitled to levy an assessment and to which APS provides residential electric service (generally including areas, excluding town site lands, within or adjacent to the corporate limits of the Cities of Chandler, Gilbert, Glendale, Peoria, Phoenix, Scottsdale, and Tempe), as shown on the maps attached hereto as Exhibit B.
- K. "Qualifying Differential" – 1.15.¹
- L. "Qualifying Rate" – Any of the following *APS residential service electric rate: E-12, R-1 (Small Tier 1, Medium Tier 2, or Large Tier 3), RTOUE47, R3-47, R-2, R-EV, ET-1, ET-2, ECT-2, and ECT-1R.*²
- M. "Qualifying Shareholder" – A Residential Customer who occupied and owned an Eligible Property during the Compensation Period. Qualifying Shareholders may include individuals, trustees, partnerships, corporations, and Religious Institutions (as defined herein) if the same meet all other qualifications. *No Shareholder shall be disqualified from compensation because he or she is a trustor under a deed of trust used as security for financing purposes in securing a debt to the beneficiary.*³
- N. "Religious Institution" – Ecclesiastical or monastic order, nonprofit corporation or other non-profit organization which was formed for the purpose of maintaining or propagating a system of spiritual beliefs or to implement spiritual practices.
- O. "Residential Customer" – A person or entity who was billed for residential electric service by APS under a Qualifying Rate during the Compensation Period.
- P. "Shareholder(s)" – Any person owning land that is within the Salt River Reservoir District and recognized as member land by the Secretary of the Association. A map attached hereto as Exhibit C identifies member land.

III. NOTICE

- A. The District shall publish four advertisements in newspapers of general circulation in Maricopa County, intended to notify all Qualifying Shareholders that they may be entitled to compensation for all or a portion of the Compensation Period. Such notices shall also contain information pertaining to the period during which Applications must be filed, and instructions for obtaining an Application.
- B. *In addition, the District shall send an Application form to any person eligible to receive compensation and having at least a 15% difference between their APS annual bill for residential electric service and the bill they would have received if they had received domestic electricity on the District's residential standard kilowatt-hour-only rate. In using data obtained from the Public Service Corporation to determine eligibility for such compensation, the District shall use due diligence to ensure that the exclusion of any person from eligibility is based on reliable criteria. The Application shall be sent by first-class mail to the address of the Eligible Property or such person's last known address. Included with the Application shall be a statement of the last compensation year's average compensation payment.*⁴ In lieu of mailing the Application, the District may send, by first-class mail, instructions for completing the Application online or requesting a paper Application. The District will mail a paper Application to any person that requests it.
- C. All other notifications specified by these rules shall be made in writing and sent by first class mail to the Applicant's last known address, or if elected by the Applicant, by electronic mail. All notifications required or permitted to be delivered by the District under these rules shall be deemed effective and received (i) two days after being deposited in the mail, if sent by mail, or (ii) on the date of transmission, if sent by email.

IV. APPLICATION PERIOD

- A. The District shall accept Applications online, or by mail to the address specified in the Application, until 5:00 p.m., September 23, 2025.
- B. An Application shall be deemed submitted only upon receipt by the District.
- C. Failure to submit an Application electronically, or have an Application postmarked, prior to 5:00 p.m., September 23, 2025, shall be deemed a waiver of any claims or rights to compensation for all or any portion of the Compensation period. An Application with a metered postmark must be received prior to 5:00 p.m., September 23, 2025, to comply with this provision.

V. APPLICATIONS FOR COMPENSATION

- A. Any person or entity desiring to receive compensation for all, or part of the Compensation Period must complete and submit an Application for the 2024 program, either online or by mail. The online application is available at srp.net/apply-compensation.
- B. The Applicant must complete the Application to the best of the Applicant's knowledge and belief. The Applicant's signature on an Application constitutes the Applicant's representation that all information supplied by the Applicant therein is made and supplied fully and truly to the best of the Applicant's knowledge and belief.
- C. A separate Application is required for each Eligible Property owned and occupied by a Qualifying Shareholder during the Compensation Period.
- D. The District shall confirm receipt of each Application by sending a confirmation letter to the Applicant, in the form of Exhibit D attached hereto, showing the date the District input the Application and the reference number assigned to it.

VI. DETERMINATION OF QUALIFYING SHAREHOLDER

- A. As soon as practicable following receipt of an Application, the District shall undertake to determine whether the Applicant was a Qualifying Shareholder during the Compensation Period, in accordance with the following provisions.
- B. Is the Application submitted with respect to Eligible Property?
 - 1. The District shall determine from plat maps maintained by the Secretary of the Association or from legal descriptions of those areas within the Salt River Reservoir District served electricity by APS whether the property for which an Application is submitted is an Eligible Property.
 - 2. If the District determines that property for which an Application is submitted is not an Eligible Property, the District shall notify the Applicant, in writing, of its determination.
 - 3. If the District is unable to determine whether the property for which an Application is submitted is an Eligible Property, the District may so notify the Applicant and may require the Applicant to submit evidence showing that the property for which the Application is submitted is an Eligible Property. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.
- C. Was the Eligible Property owned by the Applicant?
 - 1. The District shall initially determine from property records maintained by or available to the Secretary of the Association whether and for what periods during the Compensation Period the Applicant owned the Eligible Property for which an

Application is submitted. The Applicant shall be considered a Qualifying Shareholder only during the periods of ownership so identified.

2. If the District determines that an Applicant did not, during the Compensation Period, own the Eligible Property for which an Application is submitted, the District shall notify the Applicant, in writing, of its determination.
 3. If the District is unable to determine whether or for which periods during the Compensation Period the Applicant owned the Eligible Property for which an Application is submitted, the District may so notify the Applicant and may require the Applicant to submit evidence showing the periods in which the Applicant owned said property during the Compensation Period. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.
- D. If owned by the Applicant, did the Applicant, occupy the Eligible Property at any time during the Compensation Period?
1. The District shall obtain billing information from APS for every Eligible Property that receives residential electric service under a Qualifying Rate.
 2. The District shall determine from utility bills submitted by the Applicant or from the customer billing information provided by APS whether and for what billing periods during the Compensation Period the Applicant occupied the Eligible Property he/she owned.
 - a. *Occupancy by a Shareholder shall include the provision of electricity to the Shareholder or the Shareholder's "relatives" of the first degree of consanguinity (parents and/or children) or affinity (spouse, stepparents,*

*stepchildren), so long as the "relatives" who reside in the Shareholder's Property do so without payment of rent. Under this circumstance, the Shareholder shall not be disqualified from compensation if the Public Service Corporation customer is either the Shareholder or the Shareholder's "relatives."*⁵

- b. *Occupancy by a Shareholder which is a non-profit Religious Institution shall be established where APS provides electricity under a Qualifying Rate to full-time employees of the Religious Institution who are provided a residence in the Eligible Property free of charge as part of the employee's compensation. Under this circumstance, the Shareholder shall not be disqualified if the Residential Customer is either the Religious Institution or the employee.*⁶
- c. *Occupancy by a Shareholder which is a Religious Institution shall be established where APS provides electricity under a Qualifying Rate to members of an ecclesiastical or monastic order who devote themselves full-time to the activities of the order and are provided a residence in the Eligible Property free of charge. Under this circumstance, the Shareholder shall not be disqualified if the Residential Customer is either the Religious Institution or the member.*⁷
- d. *Occupancy by a Shareholder/trustee to whom a trustor has transferred fee title to an Eligible Property for substantially less than fair market value shall be established where APS provides electricity under a Qualifying Rate to the trustor or the trustor's "relatives" of the first degree of consanguinity (parents and/or children) or affinity (spouse, stepparents, stepchildren) who reside in the Eligible Property. Under this circumstance, the*

*Shareholder shall not be disqualified if the Residential Customer is either the trustee, trustor or one of their "relatives."*⁸

3. If the District determines that the Applicant did not occupy the Eligible Property, he/she owned, the District shall notify the Applicant in writing of its determination.
4. If the District is unable to determine whether and for what billing periods an Applicant occupied the Eligible Property he/she owned, the District may so notify the Applicant and may require the Applicant to submit evidence showing when the Applicant occupied said property during the Compensation Period. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application period.

VII. DETERMINATION OF DIFFERENTIAL

- A. If the District determines that the Applicant was Qualifying Shareholder during the Compensation Period, the District shall then determine whether the Qualifying Shareholder paid APS substantially more for residential electricity during the Compensation Period, in accordance with the following provisions.
- B. Was the Qualifying Shareholder charged for residential electric service to the Eligible Property under a Qualifying Rate?
 1. The District shall determine from APS bills submitted by the Applicant or from billing information provided by APS those periods of time during the Compensation Period when the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property for which an Application is submitted.

2. If the District determines that a Qualifying Shareholder was not charged under a Qualifying Rate for residential electric service delivered to the Eligible Property, the District shall notify the Applicant, in writing, of its determination.
 3. If the District is unable to determine whether the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property, the District may so notify the Applicant and may require the Applicant to submit evidence showing that the Qualifying Shareholder was charged under a Qualifying Rate for residential electric service delivered to the Eligible Property. The Applicant has thirty (30) days from the date the District delivers the notification, or until the last day of the Application Period, whichever is later, to submit the proper information. If the District does not receive the information within the period set forth above, the Applicant shall be deemed not to have submitted a valid Application within the Application Period.
- C. Did the Qualifying Shareholder pay substantially more for APS residential electric service than he/she would have paid the District?
1. For residential electric service provided to a Qualifying Shareholder's Eligible Property under a Qualifying Rate, the District shall determine the Qualifying Shareholder's Annual Cost of Electric Service from APS billing information submitted by the Qualifying Shareholder or from information provided by APS.
 2. The District shall then calculate the District's Comparable Charge to the Qualifying Shareholder.
 3. The District shall then divide the Qualifying Shareholder's Annual Cost of Electric Service by the District's Comparable Charge to determine if the difference equals or exceeds the Qualifying Differential.

VIII. PAYMENT OF COMPENSATION

- A. If the amount of the Qualifying Shareholder's Annual Cost of Electric Service divided by the District's Comparable Charge equals or exceeds the Qualifying Differential, the District shall pay the Qualifying Shareholder the amount by which the Annual Cost of Electric Service exceeded the District's Comparative Charge, minus the Administrative Charge. The Administrative Charge shall not be prorated if compensation is calculated based on a period of less than a calendar year.
- B. The District shall notify each Qualifying Shareholder of the amount of compensation determined to be due as soon as practicable.

IX. VERIFICATION OF APPLICATIONS, AUDIT OF PROGRAMS, REQUESTS FOR RECONSIDERATION, AND FINAL DECISIONS

- A. District management shall undertake such actions as it deems appropriate to verify the information or evidence submitted by Applicants in their Applications, or in support thereof. Such actions may be undertaken with respect to every Application or may be done only with respect to certain Applications.
- B. District management may institute such internal audit procedures of the compensation program as it deems appropriate.
- C. The notices specified by sections VI(B)(2), VI(C)(2), VI(D)(3), VII(B)(2), and VIII(B) shall constitute the District's initial decision on an Application. The District initial decision shall become final 40 days after it is delivered by the District, unless a timely request for reconsideration is filed under IX (D) below. When an Application is deemed invalid under section VI(B)(3), VI(C)(3), VI(D)(4) or VII(B)(3) of these rules, that shall be deemed a final decision as of the last day specified for providing information in such section, and no request for reconsideration may be filed.

D. Any Applicant dissatisfied with an initial decision may submit a request for reconsideration within 40 days after the District delivers the initial decision. All requests for reconsideration must be in writing and must state the reasons the Applicant believes reconsideration to be appropriate. Failure to submit a timely request for reconsideration shall be deemed a waiver of all objections to the initial decision. If an Applicant files a timely request for reconsideration, the District's decision on that request shall constitute its final decision.

X. ANNUAL REPORT

At least once a year management shall at an open meeting provide the District's Board of Directors a report upon the conduct of the prior year's compensation program, including a report on the number of Applications sent out to the public service corporation's customers, number of Applications filed, number of Applications paid, number of Applications rejected for each reason stated in a rejection letter and the total amount of compensation paid. If no compensation program is conducted for the prior year, management shall at an open meeting, provide the Board of Directors a report explaining why any Shareholder whose APS billing record shows a 115% differential would not be entitled to compensation. Two weeks prior to said meeting notice shall be published in two newspapers of general circulation within the Salt River Reservoir District informing the Shareholders that a report on the prior year's 15% area compensation program, or, the fact that no program was conducted shall be presented to the Board of Directors. The report shall be made public and available upon request upon payment of copying costs.⁹

¹ Paragraph I.F of the Settlement Agreement, pg. 3, defines "substantially more" as being "15% or more." This term captures that definition.

- ² Paragraph I.C(2) of the Settlement Agreement, pg. 3, provides that compensation shall be available for "all residential rates, whether implemented or created in the future, including APS E-10, E-12, ECT-1, ET-1, and EC-1, except any experimental rate." This listing of Qualifying Rates cannot be used to exclude any residential, non-experimental rate that APS uses. So long as this listing includes all eligible rates, the enumeration is valid.
- ³ This language is required by paragraph II.F of the Settlement Agreement, pg. 7.
- ⁴ This language is required by paragraph II.G of the Settlement Agreement, as modified by Judge Moroney's Order signed August 6, 1996.
- ⁵ This paragraph is required by Judge Moroney's Order signed August 6, 1996.
- ⁶ This paragraph is required by section I.F of the Settlement Agreement, pg. 4, regarding employees of a Religious Organization. The rules use the phrase "Religious Institution" rather than the phrase "Religious Organization" which was used in the Settlement Agreement. Paragraph II.N of the rules defines religious institution.
- ⁷ This paragraph is required by section I.G of the Settlement Agreement, pg. 4, regarding members of a Religious Organization. The rules use the phrase "Religious Institution" rather than the phrase "Religious Organization" which was used in the Settlement Agreement. Paragraph II.N of the rules defines religious institution.
- ⁸ This paragraph is required by paragraph I.H of the Settlement Agreement, pg. 4.
- ⁹ This paragraph is required by paragraph II.H of the Settlement Agreement, pg. 7-8.



2024 SRP Shareholder Compensation Application

This completed Shareholder Compensation Application must be submitted to Salt River Project Agricultural Improvement and Power District (SRP) to apply for compensation under the Salt River Valley Water Users' Association's shareholder compensation program. SRP will rely on the information in this application to determine the amount of any compensation to which the Applicant may be entitled. **To complete the application online, go to srp.net/apply-compensation.**

INSTRUCTIONS

1. Please print or type.
2. This application must be completed and signed by the owner of the eligible land. If the owner is a trust, it must be signed by the trustee.
3. Submit completed application by mail to **SRP, Shareholder Compensation, P.O. Box 29077, Phoenix, AZ 85038-9077**.
4. Mailed applications must be postmarked by Sept. 23, 2025. **NO LATE APPLICATIONS WILL BE ACCEPTED.** (Metered postmarks received after Sept. 23, 2025, are unacceptable.)
5. If you have any questions or need assistance in completing this application, please call **(602) 236-8888** Monday through Friday, 8 a.m. to 5 p.m. *Si quiere usted contestación a sus preguntas en español, llame a La Línea, (602) 236-1111, de lunes a viernes, de 8 a.m. a 5 p.m.*

SECTION I – APPLICANT AND PROPERTY INFORMATION

IF THE OWNER IS A TRUST, WHAT IS THE TRUST'S NAME? _____

APPLICANT'S FIRST NAME _____	MIDDLE NAME _____	LAST NAME _____
SPOUSE/CO-APPLICANT'S FIRST NAME _____	MIDDLE NAME _____	LAST NAME _____
APPLICANT'S PHONE NUMBERS: HOME _____	MOBILE _____	WORK _____ EXT. _____

APPLICANT'S EMAIL ADDRESS _____

Residential address on the eligible land for which this Application for Compensation is made (the "Residence"): _____

SERVICE ADDRESS (INCLUDE UNIT NUMBER IF APPLICABLE) _____ CITY _____ STATE _____ ZIP CODE +4 _____

Is Applicant's mailing address different from the property address? ☐ Yes ☐ No

MAILING ADDRESS (INCLUDE UNIT NUMBER IF APPLICABLE) _____ CITY _____ STATE _____ ZIP CODE +4 _____ COUNTRY _____

TAX PARCEL ID NUMBER (PER **SERVICE ADDRESS**) _____

ARIZONA PUBLIC SERVICE CO. (APS) ACCOUNT NUMBER (PER **SERVICE ADDRESS**) _____

SECTION II – OWNERSHIP AND OCCUPANCY INFORMATION

In the year 2024, Applicant **OWNED**

the eligible land from _____ / _____ / 2024 to _____ / _____ / 2024
MONTH DAY YEAR MONTH DAY YEAR

During Applicant's period of ownership, the Residence was (check and complete all that apply - at least one answer must be selected):

☐ Occupied by Applicant from _____ / _____ / 2024 to _____ / _____ / 2024
MONTH DAY YEAR MONTH DAY YEAR

☐ Occupied by a relative of Owner from _____ / _____ / 2024 to _____ / _____ / 2024
MONTH DAY YEAR MONTH DAY YEAR
Relationship to Owner _____

☐ Occupied by a tenant from _____ / _____ / 2024 to _____ / _____ / 2024
MONTH DAY YEAR MONTH DAY YEAR

☐ Unoccupied from _____ / _____ / 2024 to _____ / _____ / 2024
MONTH DAY YEAR MONTH DAY YEAR

Have you transferred ownership of this Residence? ☐ Yes ☐ No Date of Transfer _____

SECTION III – VERIFICATION

By signing below, I certify that I have answered the questions contained in this application fully and truly to the best of my knowledge. For purposes of processing this application, I consent to APS releasing account information (past or current) with respect to the Residence. I further consent and agree to any reasonable request by SRP intended to verify the information contained herein or submitted by me in support of this application. I avow that the information provided is true under penalties for false statements as provided by Arizona Revised Statutes §13-2704.

☐ By checking this box, I consent to the electronic delivery, using the email address set forth above, of all documents, communications, and notices that SRP elects to deliver to me in connection with this application.

DATE _____ SIGNATURE OF APPLICANT/TRUSTEE _____

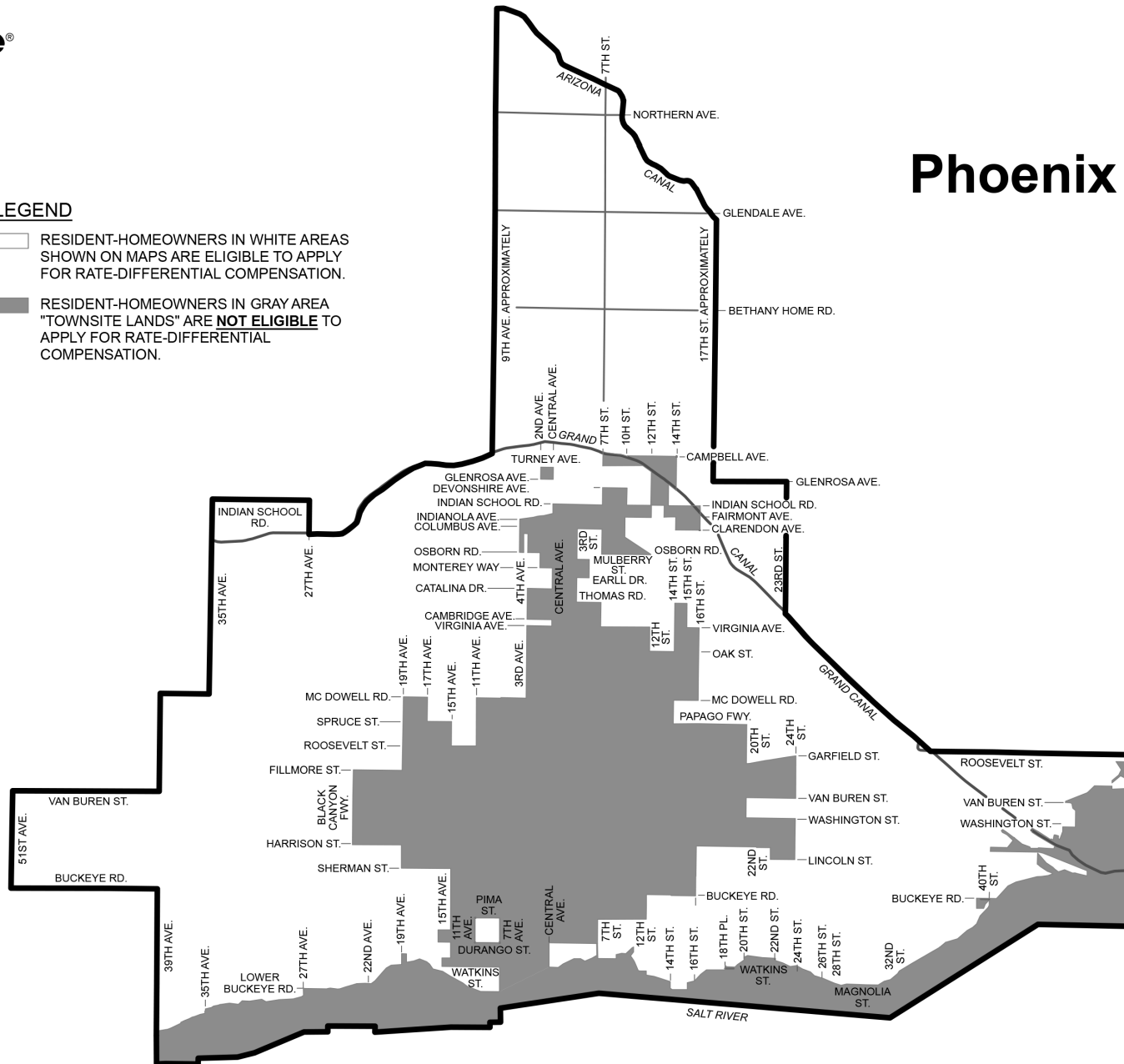
***NOTE:** If property is held in a trust, Applicant must submit to SRP trust documents identifying the trustor, trustee and successor trustee(s), and the page that is signed and notarized.

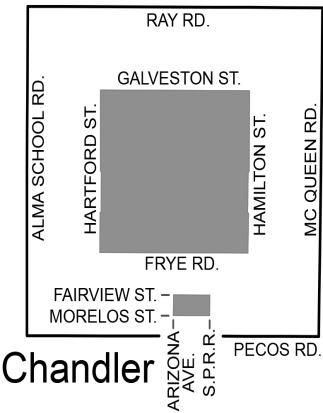


Phoenix

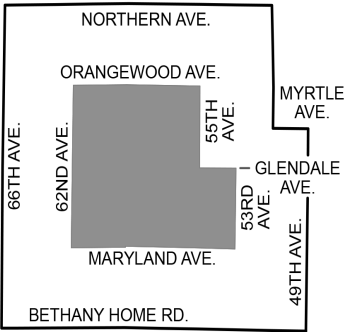
LEGEND

- RESIDENT-HOMEOWNERS IN WHITE AREAS SHOWN ON MAPS ARE ELIGIBLE TO APPLY FOR RATE-DIFFERENTIAL COMPENSATION.
- RESIDENT-HOMEOWNERS IN GRAY AREA "TOWNSITE LANDS" ARE **NOT ELIGIBLE** TO APPLY FOR RATE-DIFFERENTIAL COMPENSATION.

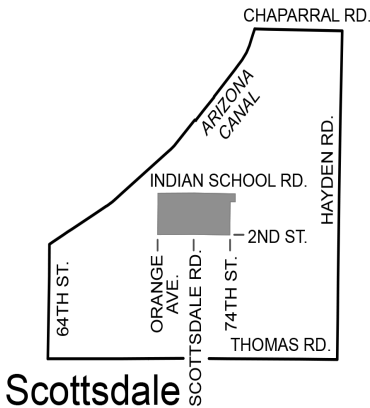




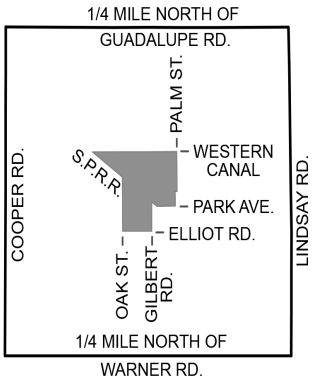
Chandler



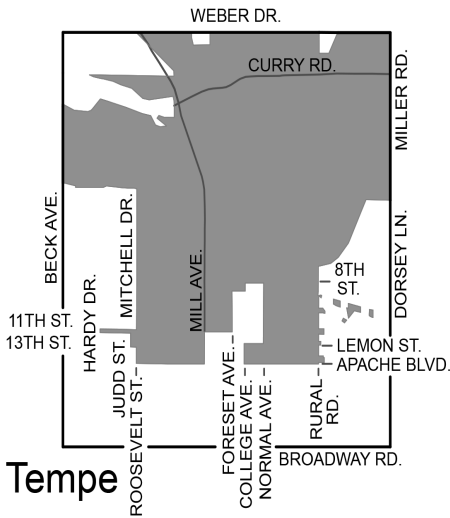
Glendale



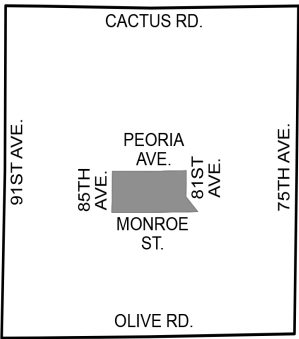
Scottsdale



Gilbert



Tempe



Peoria

LEGEND

- RESIDENT-HOMEOWNERS IN WHITE AREAS SHOWN ON MAPS ARE ELIGIBLE TO APPLY FOR RATE-DIFFERENTIAL COMPENSATION.
- RESIDENT-HOMEOWNERS IN GRAY AREA "TOWNSITE LANDS" ARE **NOT ELIGIBLE** TO APPLY FOR RATE-DIFFERENTIAL COMPENSATION.

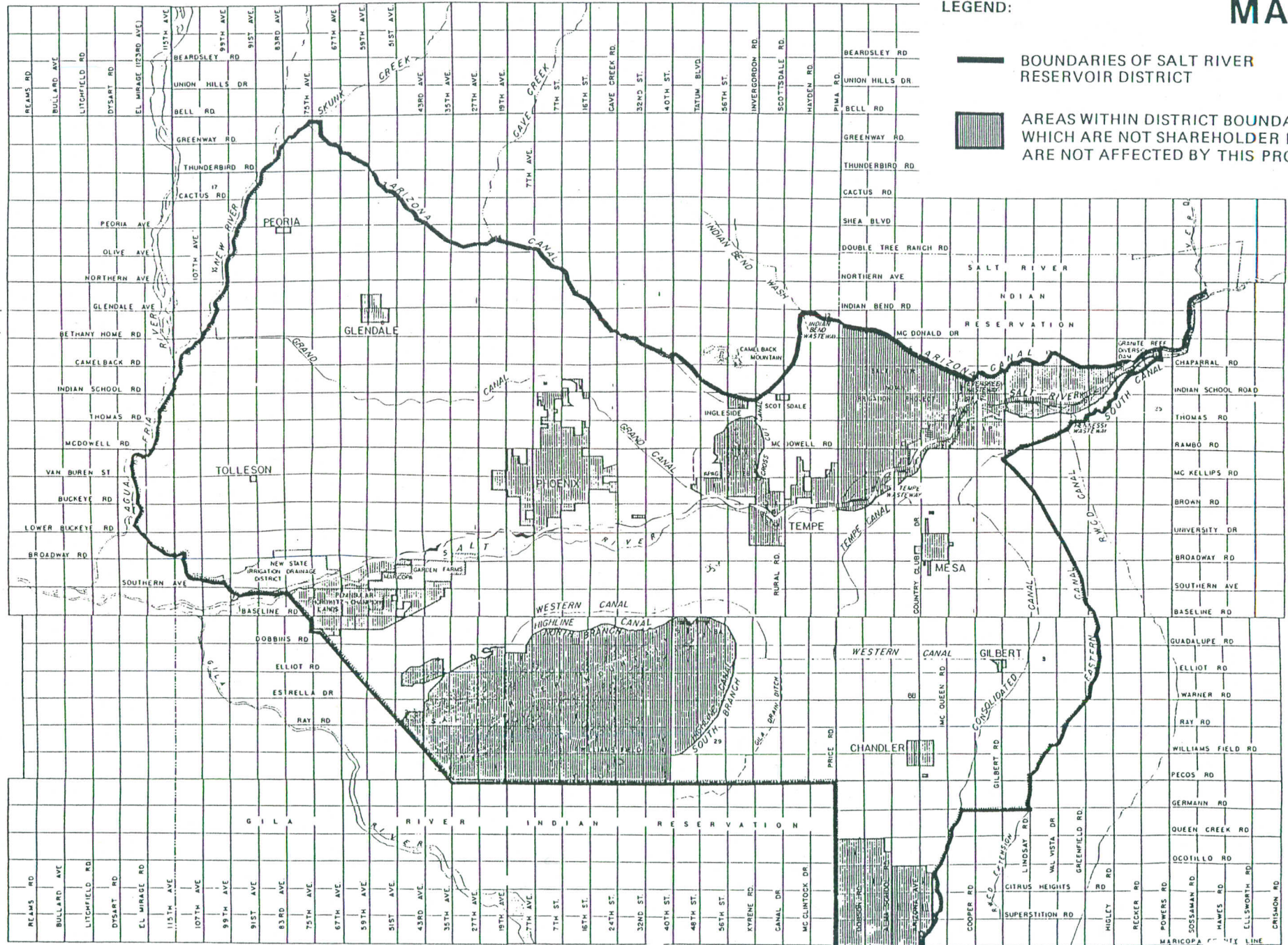


MAP A

LEGEND:

— BOUNDARIES OF SALT RIVER
RESERVOIR DISTRICT

▨ AREAS WITHIN DISTRICT BOUNDARIES
WHICH ARE NOT SHAREHOLDER LAND AND
ARE NOT AFFECTED BY THIS PROGRAM.





Shareholder Compensation
P.O. Box 29077
Phoenix, AZ 85038-9077

xx-xx-2025

Reference Number & Address

JOHN SMITH
1234 E MAIN ST
ANYWHERE, AZ 85015

24-xxxxx
1234 E MAIN ST
ANYWHERE, AZ 85015

Your 2024 Application for Compensation has been received by the Shareholder Compensation Office at SRP. It will be processed to determine eligibility and you will be notified of the disposition by mail. If you have any questions, please call 602-236-8888.

Above is the reference number assigned to your application and the date it was input. Please refer to this reference number on any correspondence to this office. Please notify our office in writing if you have a change of address.

Claims are processed in the order they are received. Normal processing takes six months.

Si quiere usted contestación a sus preguntas en español, llame a La Línea, 602-236-1111, de lunes a viernes, de 8:00 a.m. a 5:00 p.m.

Sincerely,

SRP Shareholder Compensation