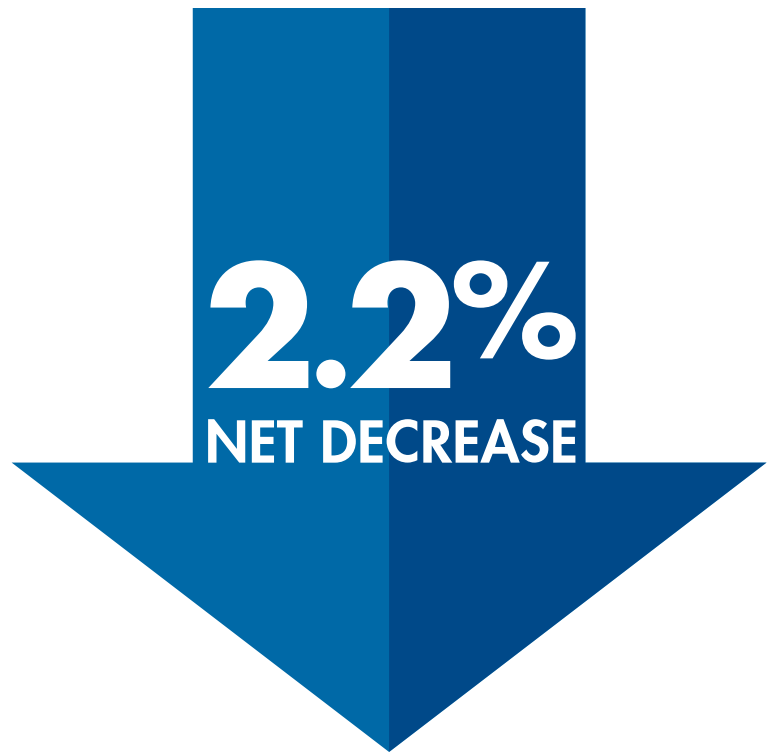


WHAT SRP IS PROPOSING

SRP is opening a public pricing process on Dec. 20 to consider **a proposed overall average annual price decrease of 2.2% – the result of a reduction in fuel expenses and a modest increase in base prices.** If approved by the publicly elected SRP Board, the price changes will appear on bills beginning in May. This proposal incorporates and adds to the decreases that SRP initially implemented on a temporary basis during Fiscal Year 2019. The proposal also includes reduced on-peak time-of-use hours for some price plans, as well as additional pricing options for residential customers who produce some of their own energy using rooftop solar or other technologies.

Learn more about the proposal and public process at srpprices.com.



IMPORTANT PRICING NOTICE

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
PHOENIX, AZ
PERMIT NO. 395

P.O. Box 52025
Phoenix, AZ 85072-2025



WHERE TO GET MORE DETAILS

Review the Legal Notice on the back of this page, visit srpprices.com or call **(602) 236-8888** for more information regarding the price proposal and public process. We offer programs that can save you money. Details are available at savewithsrp.com (residential customers) and savewithsrpbiz.com (businesses).

WHAT YOU SHOULD KNOW

SRP is a community-based, nonprofit utility. Revenues are reinvested into our electric grid for the benefit of all customers.

HOW YOU CAN PARTICIPATE

Submit your comments and questions about the proposal at srpprices.com or attend any of the following meetings:

Public comment sessions

Jan. 22, 6:30–9 p.m.
The American Legion Hall
6822 N. 57th Drive
Glendale, AZ 85301

Jan. 24, 6:30–9 p.m.
Gilbert Public Library
775 N. Greenfield Road
Gilbert, AZ 85234

Board meetings

Arizona Heritage Center at Papago Park
1300 N. College Ave., Tempe, AZ 85281

PRESENTATIONS AND COMMENTS

Feb. 18, 9:30 a.m.

ADDITIONAL BOARD MEETINGS

Feb. 26, March 4 and March 11, 9:30 a.m.

FINAL VOTE

March 25, 9:30 a.m.



Delivering water and power™

LEGAL NOTICE

NOTICE OF MEETING OF BOARD OF DIRECTORS ON CHANGES TO STANDARD ELECTRIC RATE SCHEDULES AND TERMS AND CONDITIONS FOR COMPETITION PURSUANT TO A.R.S. SECTIONS 30-802 AND 48-2334

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ("SRP")

The Board of Directors of SRP (the "Board") is considering: (i) changes and adjustments to its standard electric rate schedules, including riders (collectively, "price plans"), and (ii) modifications to certain of its terms and conditions for competition in the retail sale of electric service (collectively, the "Price Proposal"), as determined in the reasonable discretion of the Board.

Management is proposing an overall average annual price decrease of 2.2% that would first apply to usage included in customers' May billing cycle, which for many customers begins sometime in April (billing month information appears on the front of customers' bills). The Price Proposal reflects a modest increase in base prices to address growth-related expenses and increased depreciation costs. This increase is more than offset by a decrease in fuel expenses captured through the Fuel and Purchased Power Adjustment Mechanism (FPPAM) pricing component. The Price Proposal incorporates and adds to the decreases that SRP initially implemented on a temporary basis during Fiscal Year 2019. The Price Proposal also restructures SRP's price plans to collect environmental and renewable energy program costs through base prices and the FPPAM, rather than the Environmental Programs Cost Adjustment Factor. Actual billing impacts vary by price plan and usage.

Weekdays, other than SRP-observed holidays, from 8:30 a.m. to 5 p.m., Dec. 20 through June 3, SRP will make available for inspection at its main administrative offices, 1500 N. Mill Ave., Tempe, AZ 85281, information pertinent to the Price Proposal, including:

1. Management's recommended Price Proposal;
2. Relevant financial, planning and other information as may be pertinent and upon which the Price Proposal is based, including data from budgets and long-range plans; upon reasonable request of any interested person, SRP will supplement the information in a timely manner;
3. Current prices, terms, and conditions, including the terms and conditions for competition adopted by the Board at its Nov. 26, 2001, meeting, as amended to date;
4. Reports by consultants to the Board, if any; and
5. Proposals and comments submitted by interested persons.

The complete Price Proposal, and certain pertinent materials, also will be available for viewing at srpprices.com.

Interested persons may:

1. File written comments and proposals. While written comments and proposals may be submitted at any time during the process, it is recommended that they be submitted by 5 p.m. on March 15;
2. Submit written questions to SRP management at any time up to 5 p.m. on March 15. Management will answer each reasonable question posed by any interested person, and will make a reasonable effort to provide timely responses;
3. Submit written requests for documents to SRP management at any time up to 5 p.m. on March 15. Management will make a reasonable effort to timely accommodate each request, but reserves the right, to the extent permitted by applicable law, to decline requests that are unduly burdensome; and

4. Submit written requests for interviews with SRP management or with the Board's consultant(s). Interested persons may request an interview with a specific SRP employee, but SRP management will have discretion to select, based on availability and knowledge, the employee(s) to be interviewed. Interview requests must be submitted no later than 5 p.m. on Jan. 23, and must describe the general topic(s) related to the Price Proposal for which the interview is requested. Interviews will take place on Jan. 28 at SRP's main administrative offices, 1500 N. Mill Ave., Tempe, AZ 85281, beginning at 9:30 a.m. SRP will also reasonably accommodate requests for interviews at other times.

All comments, proposals, questions, and requests for interviews or documents must be in writing and must be submitted on the form at srpprices.com, mailed to SRP Corporate Secretary, PAB215, P.O. Box 52025, Phoenix, AZ 85072-2025, or hand-delivered to SRP Corporate Secretary, 1500 N. Mill Ave., Tempe, AZ 85281. The SRP Corporate Secretary will create and maintain a list of all persons or entities that submit written comments, proposals, questions, or document requests, make presentations to the Board, or interview an SRP employee or Board consultant. All submitted comments, proposals, questions and requests, and all questions asked and responses provided in an interview of an SRP employee or Board consultant, will become part of the public record.

In addition to any other person or entity that may, under applicable law, be deemed a "party," a person or entity will be considered a "party" for purposes of Title 30, Chapter 6 (Section 30-801, et seq.) of A.R.S. if that person or entity: (a) is entitled to notice under A.R.S. Section 48-2334(A)(3) or Section 30-802(B)(1); (b) is considered an "interested person" under A.R.S. Section 48-2334(A)(2) or Section 30-802(B)(3); or (c) submits a written comment, proposal, question, or document request, makes a presentation to the Board, or interviews any employee of SRP or consultant of the Board, in connection with the proceeding described in this Notice.

A meeting of the Board will convene at 9:30 a.m. on Feb. 18 at the Arizona Heritage Center at Papago Park, 1300 N. College Ave., Tempe, AZ 85281, to:

1. Afford SRP management an opportunity to explain the Price Proposal and the criteria for such prices, cost adjustment factors, escalation provisions and mechanisms, and to answer questions;
2. Afford the Board's consultant(s) an opportunity to comment upon the Price Proposal; and
3. Afford interested persons a reasonable opportunity to submit written comments and questions or make oral presentations of their views, questions, and comments.

The Feb. 18 meeting is the Board meeting described in A.R.S. Sections 48-2334(D) and 30-802(B)(3). The Board will make its decision on the Price Proposal following review of information and comments gathered under the procedures set forth in this Notice. The Board anticipates conducting a meeting for this purpose at 9:30 a.m. on March 25 at Arizona Heritage Center at Papago Park, 1300 N. College Ave., Tempe, AZ 85281.

Any changes arising from the Board's decision on the Price Proposal will first go into effect for electricity use that will appear on bills issued in May 2019. SRP will send written notice to all customers concurrently with or prior to delivery of the May bill (but not necessarily prior to customers' usage of electricity under the new prices). SRP will post the Board-approved price plans on srpprices.com and will make them available at the SRP Corporate Secretary's Office within one business day of the Board decision. SRP also will publish its notice of new prices in *The Arizona Republic* newspaper soon thereafter.

Dec. 20, 2018

John Felty
Corporate Secretary