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

SPECIAL BOARD OF DIRECTORS

Thursday, March 26, 2026, No Sooner Than 9:45 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..... VICE PRESIDENT CHRIS DOBSON

   A. Request for approval of the Operating Budget for Fiscal Year 2027 (FY27) (recommended by the Finance and Budget Committee on March 26, 2026) including:

      i. Multi-year contracts identified in the FY27 Operating Budget
      ii. FY27 Water Function Budget, including the falling water allocation

   B. Request for approval to temporarily decrease SRP's Fuel and Purchased Power Adjustment Mechanism (FPPAM) prices by $0.0038 per kilowatt-hour (kWh) effective with the May 2026 billing cycle. The temporary decrease would be applicable to both summer and summer peak 2026 seasons for all price plans (recommended by the Finance and Budget Committee on March 26, 2026).

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

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

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, APRIL 13, 2026

03/19/2026

MEMORANDUM

February 27, 2026

TO: SRP Board Members
FROM: Danielle Jackson, Director Financial Planning & Analysis
SUBJECT: FY27 Operating Budget Book

Attached is the FY27 Operating Budget Book, which includes the FY27 proposed financial statements, operating and capital budgets for each organization, and supporting details. The FY27 Operating Budget was developed with involvement from areas throughout SRP to support the Board approved 2035 Corporate Goals.

Note: Due to timing of the budget process, this budget book is inclusive of the proposal to implement a temporary Fuel & Purchased Power Adjustment mechanism (FPPAM) decrease for the May through October 2026 billing periods. SRP Management will adjust the budget as necessary based on the Board's decision in the March 26th Special Finance & Budget committee meeting and subsequent Special Board meeting.

The FY27 Operating Budget Book materials are organized as follows:

- Section 1: Summary to be presented to the Finance & Budget Committee on March 10th
- Section 2: Historical reference and perspective for key metrics
- Section 3: SRP financial statements which include the impacts if the proposed temporary adjustment to Fuel & Purchased Power Adjustment Mechanism (FPPAM) is approved, as well as the Statement of Revenues and Expenses Association Budget with its proposed rate changes
- Section 4: Supporting detailed information for each line of SRP's financial statements
- Section 5: Operating and capital budgets for each organization including highlights of budget changes
- Section 6: SRP's existing workforce
- Section 7: Multi-year contracts under negotiation or renegotiation in FY27 that contain penalties for early termination
- Section 8: Estimated impacts to financial statements if proposed water rates are not approved
- Section 9: Appendix containing a listing of all Municipal Aesthetics program allocation, cash contributions, loads related to the operating and capital budgets, capital expenditures, and full life capital projects.
- Section 10: Estimated impacts to financial statements if the proposed temporary adjustment to FPPAM is not approved

On March 10th, SRP management will present this proposed Operating Budget to the Finance & Budget Committee. During that meeting, management will also be discussing with the Committee a recommendation for a temporary reduction to the FPPAM rate.

On March 24th, SRP management will address any questions on the proposed Operating Budget at the Finance & Budget Committee meeting.

On March 26th, SRP management will request approval of the FY27 Operating Budget, including:

- Multi-year contracts identified in the FY27 Operating Budget
- FY27 Water Function Budget

Please submit questions regarding the FY27 Operating Budget to John Felty at John.Felty@srpnet.com, (602) 236-8147, or Lora Hobaica at Lora.Hobaica@srpnet.com, (602) 236-4430. The Corporate Secretary's Office will work with SRP management to provide responses at the March 10th, March 24th, and March 26th Finance & Budget Committee meetings.

Thank you,

Danielle Jackson

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

FY2027 Proposed Operating Budget

February 27, 2026

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Sections:

1. Financial Highlights of FY27 Operating Budget
2. Reference/Perspective
3. Financial View
4. Supporting Detail
5. Organizational View
6. Workforce
7. Multi-Year Contracts
8. Water Support
9. Appendices
10. Alternate Financial View

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FY27 Proposed Operating Budget

Special Finance & Budget Committee

Danielle Jackson

March 10, 2026

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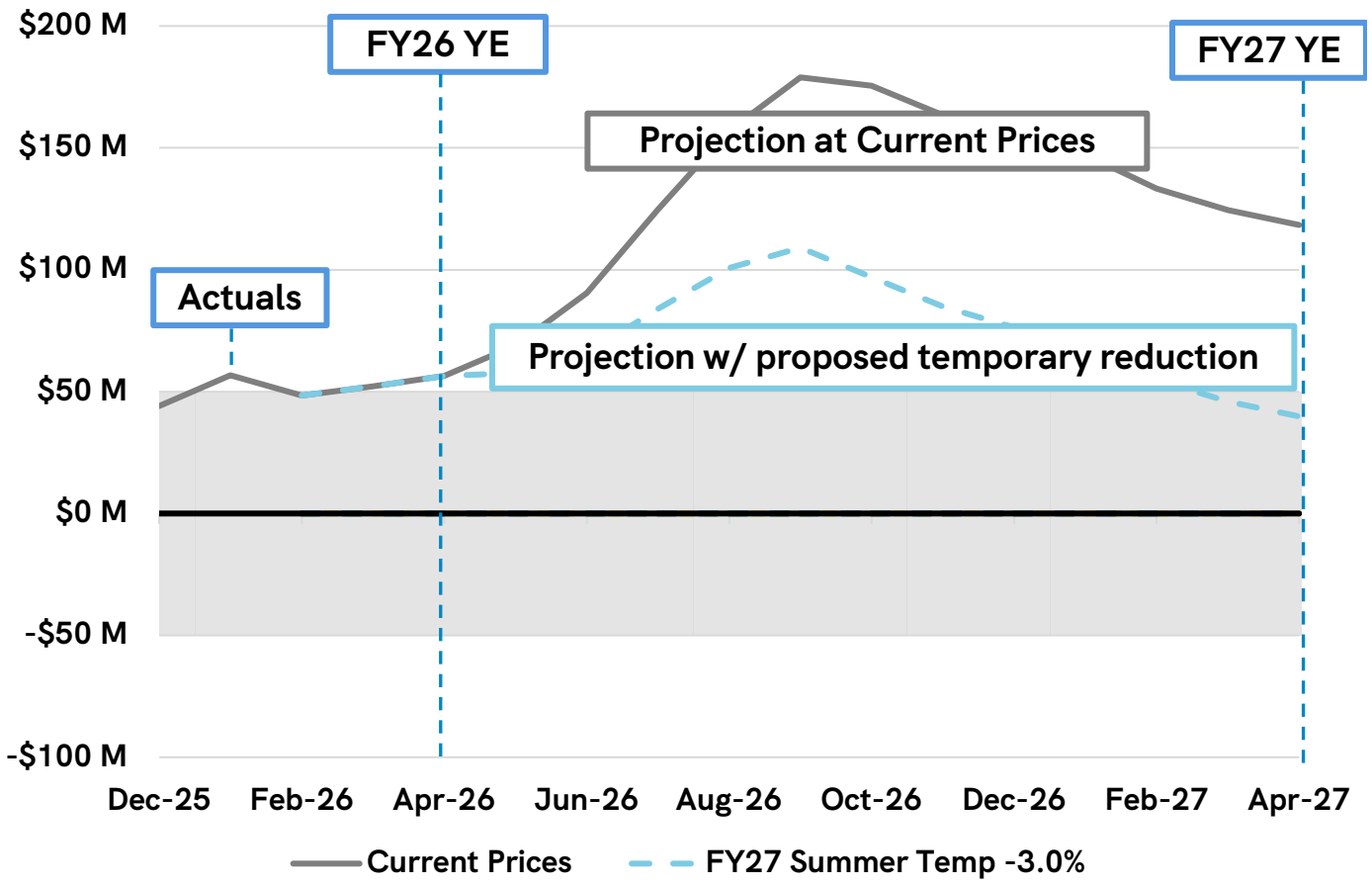
FY27 Operating Budget Summary

- Reflects all budgeted revenues and expenditures for May 1, 2026 – April 30, 2027
- Includes FPPAM proposal to temporarily reduce summer price levels by 3.0%
- Includes funding necessary to support corporate goals and objectives
- Provides transparency to Board, customers and stakeholders
- Data presented in both a financial and organizational view
- Preserves financial strength and flexibility to ensure continued affordability

FPPAM Projected Balance

SRP Management will return in March with a proposal for a temporary FPPAM reduction



Summer of 2026 Temporary FPPAM Reduction

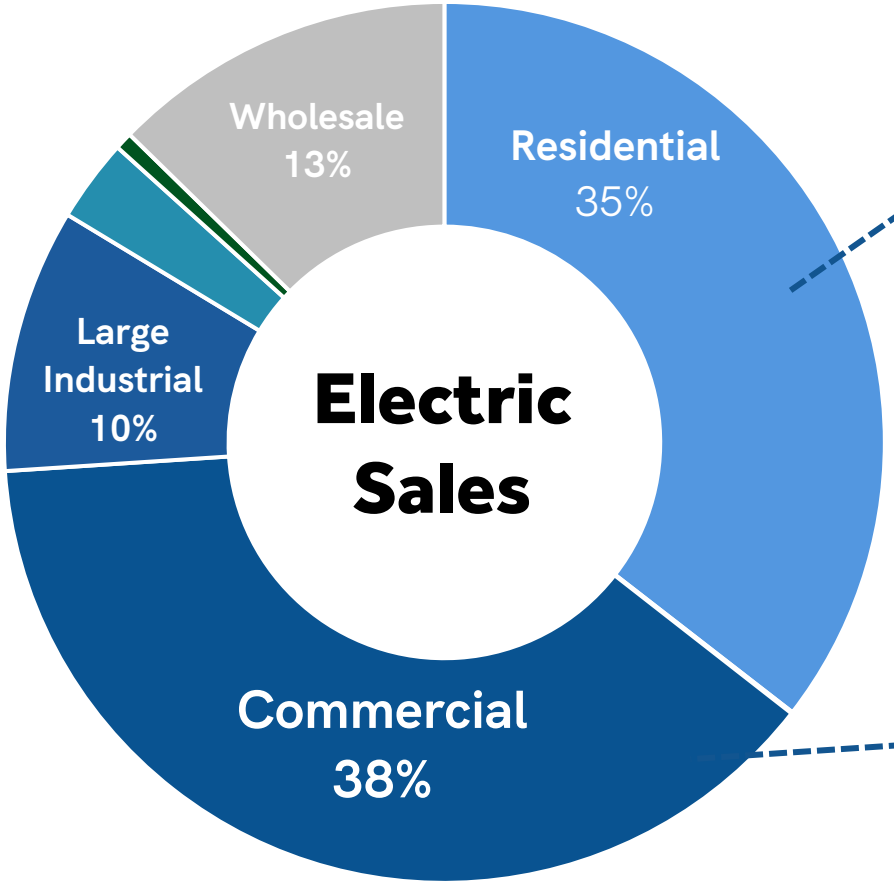
- Overall 3.0% temporary summer price decrease
- Effective with the May 2026 billing cycle through the October 2026 billing cycle
- Reverts back to approved November 2025 price levels effective with the November 2026 billing cycle

Details found in the Alternate Financials section, pages 159-162

Financial View

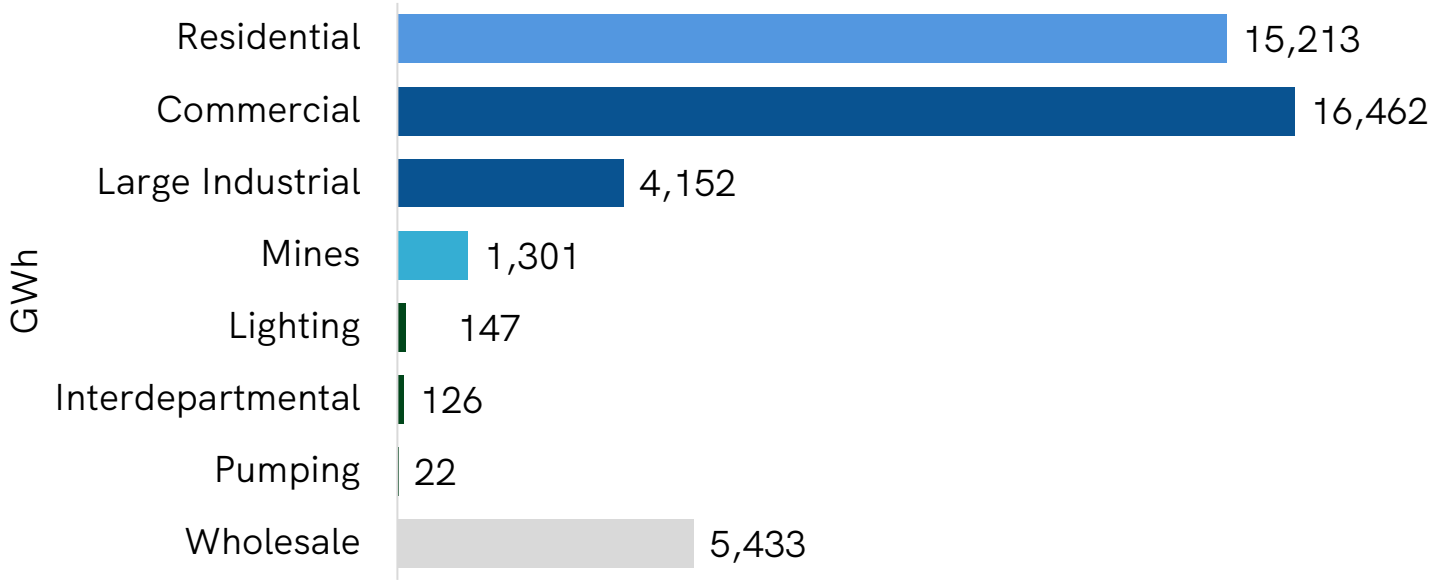
Including proposal for Temporary FPPAM summer price decrease

Retail Sales are projected to be 87% of Total Sales



COMMERCIAL & LARGE INDUSTRIAL SALES ARE HIGHER THAN RESIDENTIAL

Commercial & Large Industrial make up almost 50% of the projected annual sales

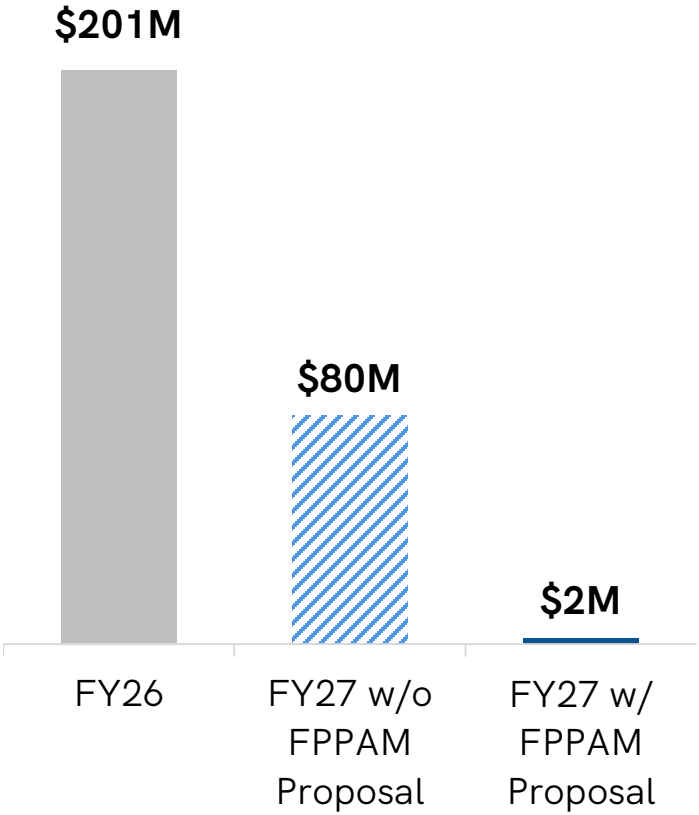


Details found in the Electric Sales section, pages 36-37

FY27 Operating Budget Summary

($ Millions)

Combined Net Revenues (CNR)



	FY26 Budget	FY27 Budget	Change	% Change
Total Operating Revenues	$4,497.1	$4,690.0	$192.9	4.3%
Total Fuel/PP	1,683.4	1,824.9	141.5	8.4%
Gross Margin	**$2,813.7**	**$2,865.1**	**$51.4**	**1.8%**
Expenses				
O&M	$1,639.2	$1,748.6	$109.4	6.7%
Depreciation/Amortization	712.7	776.3	63.6	8.9%
Taxes & Tax Equivalents	177.1	176.1	(1.0)	-0.6%
Financing Costs	203.1	243.5	40.4	19.9%
Total Expenses	**$2,732.1**	**$2,944.5**	**$212.4**	**7.8%**
Other Income, Other Income (Deductions) Net	119.2	80.9	(38.3)	-32.1%
CNR (FY27 with FPPAM proposal)	**$200.8**	**$1.5**	**($199.3)**	**-99.3%**
CNR (FY27 without FPPAM proposal)	**$200.8**	**$80.0**	**($120.8)**	**-60.2%**
Retail Sales (GWh)	**34,701**	**37,424**	**2,723**	**7.8%**

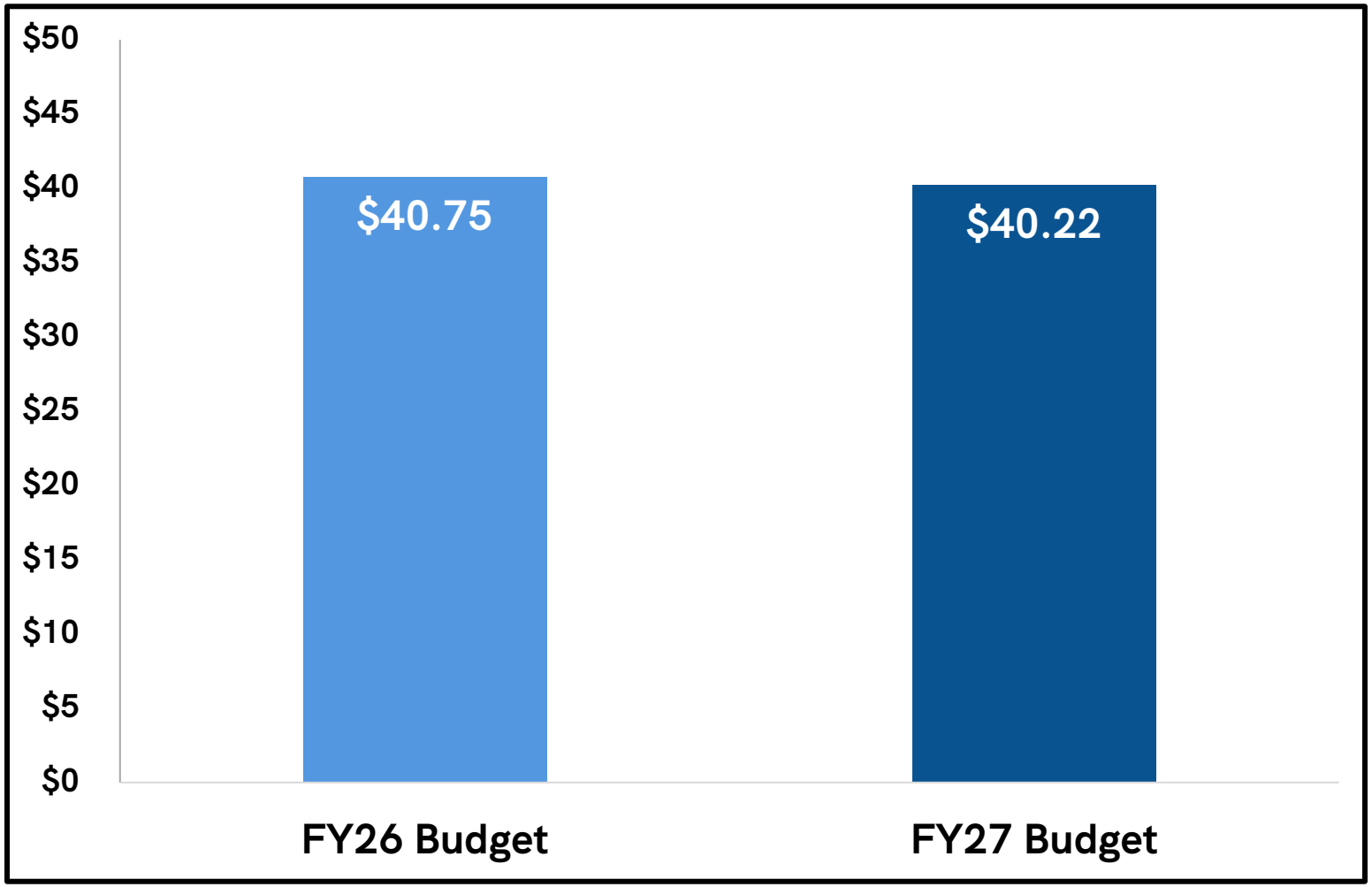
Details found in the Supporting Details section, pages 35-53

FY26 vs. FY27 Comparison Summary

Metric	FY26	FY27 w/o FPPAM Proposal	Recommendation: FY27 w/ FPPAM Proposal	Summary of Metric
Combined Net Revenues	$201M	$80M	$2M	Revenues minus expenses
Funds Available	$706M	$626M	$548M	Revenues minus cash expenses
Debt Ratio*	47.9%	49.0%	49.5%	Percentage of assets funded by debt
Debt Issuance	$810M	$839M	$919M	Projected borrowing needs
General Fund Target	$625M	$650M	$650M	Year-end cash balance
Days Cash	41	40	40	Days of expenses General Fund can cover

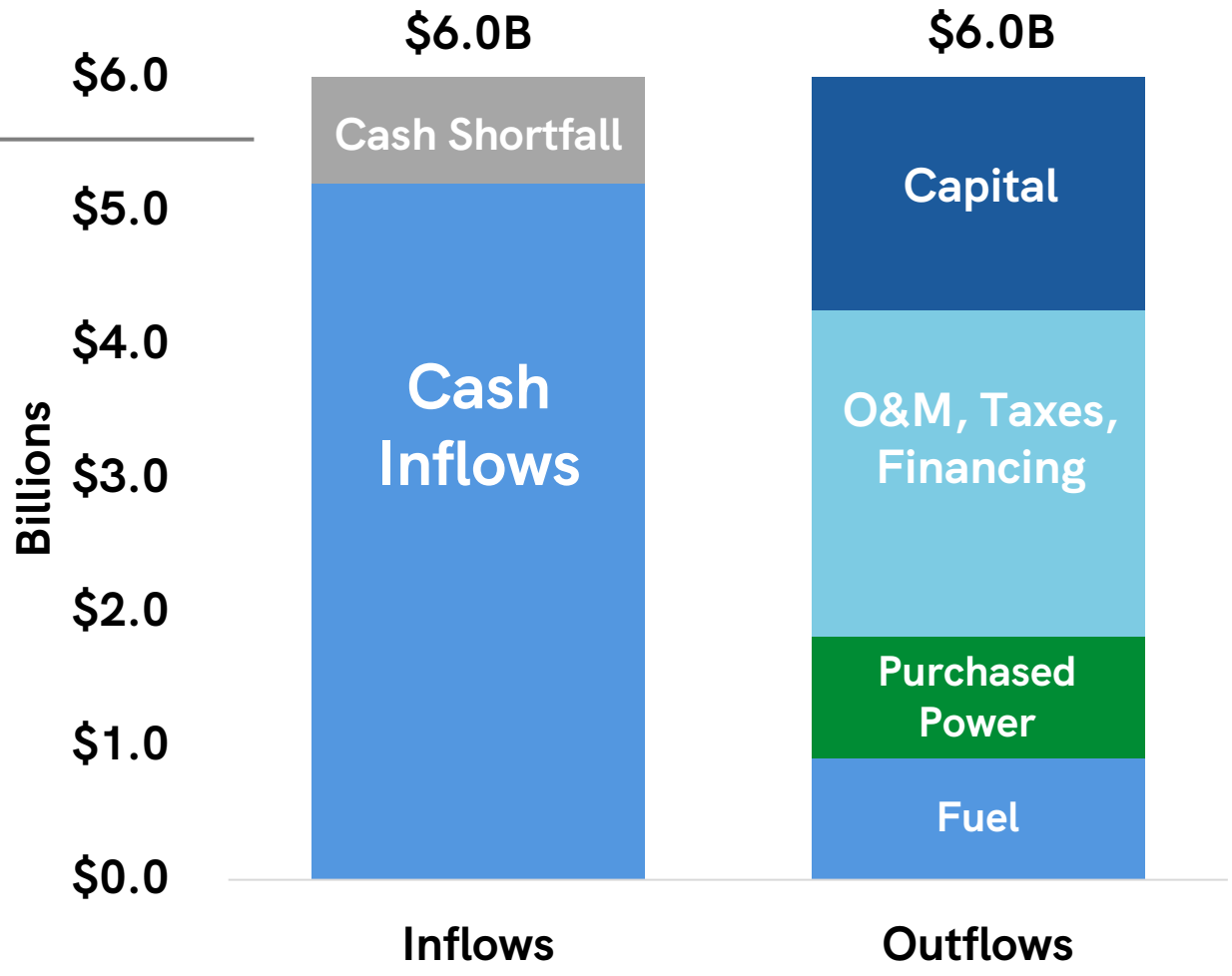
*The debt ratio includes planned revenue bonds.

FY27 Direct Costs per Retail MWh Sold

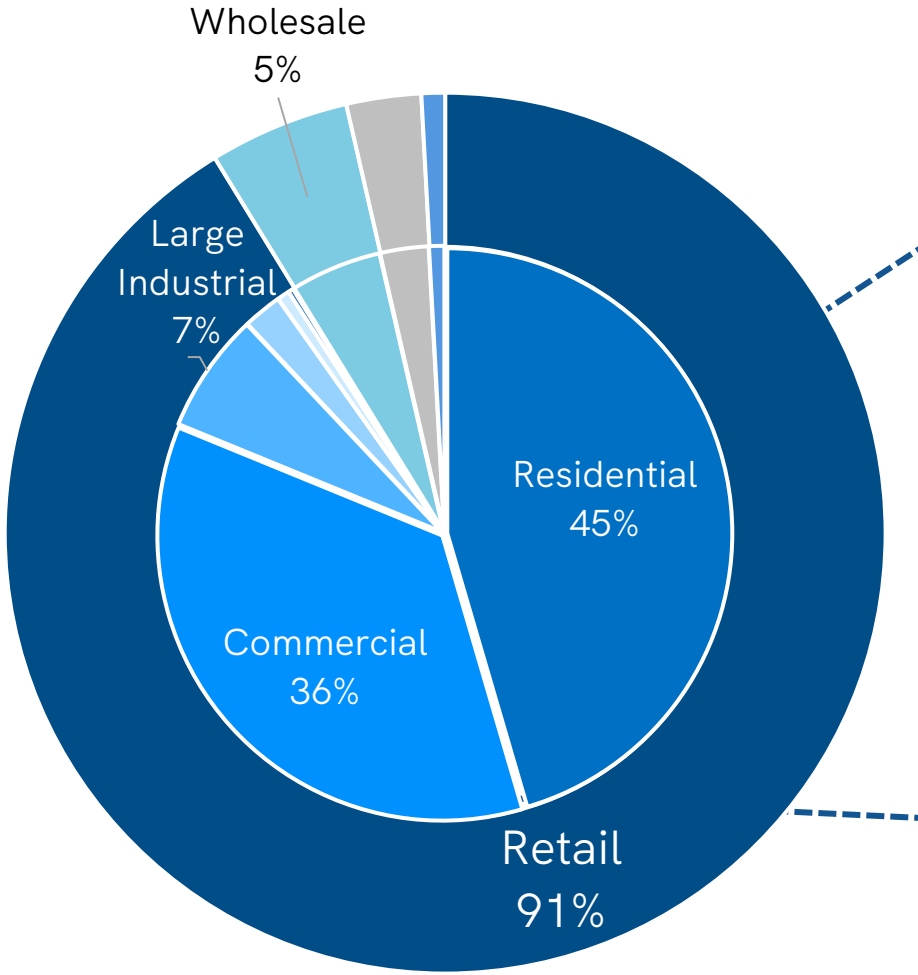


FY27 Cash Inflows & Outflows

Address Cash Shortfall: Treasury will seek Board and Council approval during FY27 for issuance of revenue bonds

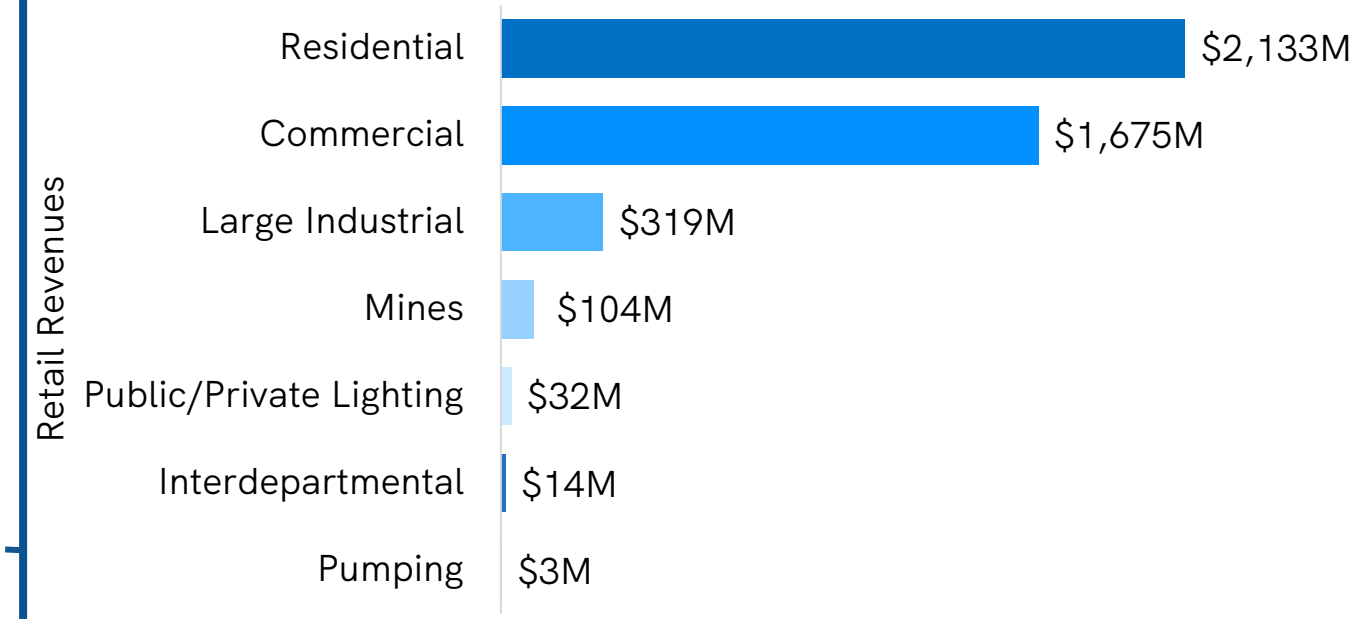


Retail Revenues are projected to be 91% of Total Revenues



RESIDENTIAL IS THE LARGEST CONTRIBUTOR TO RETAIL REVENUES

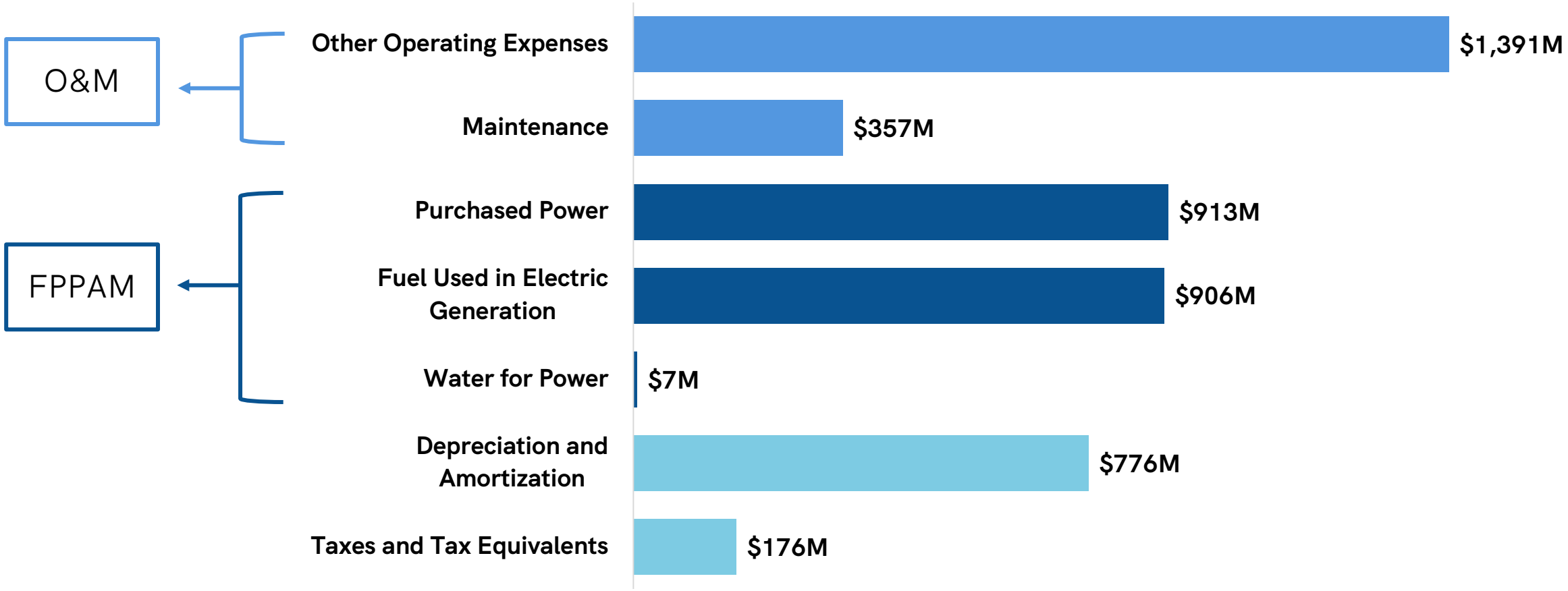
Residential makes up nearly **50%** of the annual budgeted retail revenues



Details found in the Electric Operating Revenues section, pages 38-39

Purchased Power & Fuel is projected to be 40% of Operating Expenses

Other Operating Expenses & Maintenance (O&M) are the next largest drivers at 39% of Operating Expenses



Details found in the Supporting Details section, pages 35-53

Organizational View

FY27 Organizational Primary Costs – Operating

($ Millions)

	FY26 Budget	FY27 Proposed	$ Change	% Change
President & Staff	$ 7.8	$ 7.8	$ 0.0	0.1%
General Manager	2.1	2.1	0.0	0.0%
Public Affairs & Corporate Services	154.2	157.8	3.6	2.4%
Community, Communications & Marketing	61.3	64.3	3.0	4.8%
Financial & Information Services	1,945.2	2,117.6	172.4	8.9%
Law, Land & Security	44.4	49.7	5.3	11.9%
Human Resources	168.9	186.8	17.9	10.6%
Customer Operations	310.7	335.0	24.3	7.8%
Water Stewardship	64.5	69.8	5.3	8.2%
Power System	663.2	691.8	28.6	4.3%
Corporate Planning & Strategy	3.1	0.0	(3.1)	(100.0%)
Organizational Operating Primary Costs	**$ 3,425.4**	**$ 3,682.7**	**$ 257.3**	**7.5%**
Operating Contingency	20.0	25.0	5.0	25.0%
Total Organizational	**$ 3,445.4**	**$ 3,707.7**	**$ 262.3**	**7.6%**
Total Organizational excl. Purchased Power	$ 2,670.9	$ 2,790.3	$ 119.4	4.5%

Details found in the Organizational View section, pages 55-125

FY27 Organizational Primary Costs – Capital

($ Millions)

	FY26 Budget	FY27 Proposed	$ Change	% Change
Public Affairs & Corporate Services	$ 115.2	$ 85.6	$ (29.7)	(25.7%)
Community, Communications & Marketing	0.2	0.2	0.0	2.1%
Financial & Information Services	115.1	147.5	32.4	28.1%
Law, Land & Security	117.2	98.5	(18.6)	(15.9%)
Customer Operations	283.8	286.9	3.1	1.1%
Water Stewardship	61.7	57.0	(4.7)	(7.6%)
Power System	831.4	1,091.6	260.2	31.3%
Corporate Planning & Strategy	0	0	0	--
Organizational Capital Primary Costs	**$ 1,524.6**	**$ 1,767.3**	**$ 242.8**	**15.9%**
Capital Contingency & Risk Portfolio	46.9	64.2	17.3	36.9%
Total Organizational Primary, Contingency & Risk	**$ 1,571.4**	**$ 1,831.5**	**$ 260.1**	**16.6%**

Details found in the Organizational View section, pages 55-125

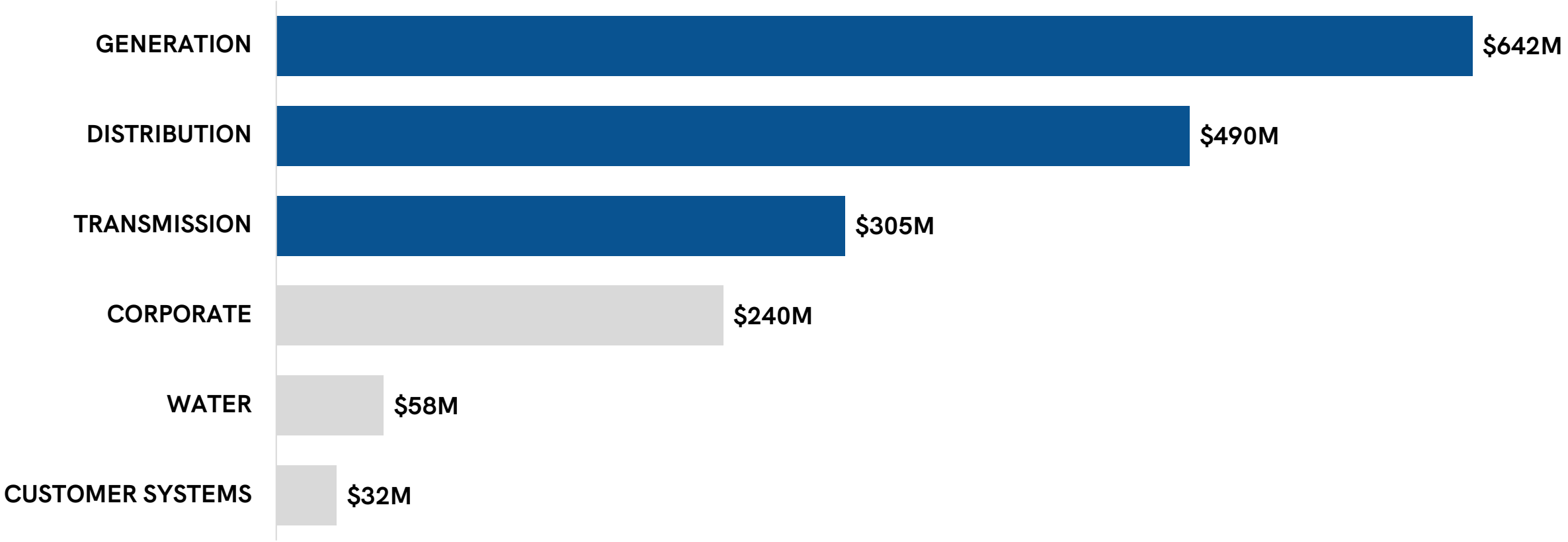
Workforce: Table of Organization (T.O.)

No increases due to reprioritizing resources

	FY26 Workforce				FY27 Workforce
	Regular	Provisionals	Transfers	New Positions	Regular
President & Staff	40	0	0	0	40
General Manager	4	0	2	0	6
Public Affairs & Corporate Services	525	1	35	0	561
Community, Communication & Marketing	158	0	0	0	158
Financial & Information Services	605	0	137	0	742
Power System	1,669	0	(67)	0	1,602
Customer Operations	1,797	4	153	0	1,954
Law, Land & Security	190	0	(24)	0	166
Water Stewardship	420	0	2	0	422
Corporate Planning & Strategy	228	0	(228)	0	0
Human Resources (includes PERA)	168	0	0	0	168
Managed Development Program	230	0	(1)	0	229
Total Allocated	6,034	5	9	0	6,048
Unallocated	30	0	(9)	0	21
Total	**6,064**	**5**	**0**	**0**	**6,069**
	6,069				

Details found in the Workforce section, pages 127-129

Generation, Distribution, and Transmission are the Top 3 Contributors to Capital



Details found in the Organizational View section, pages 55-125

Multi-Year Contracts

Organizations are requesting $304M covering 30 multi-year contracts

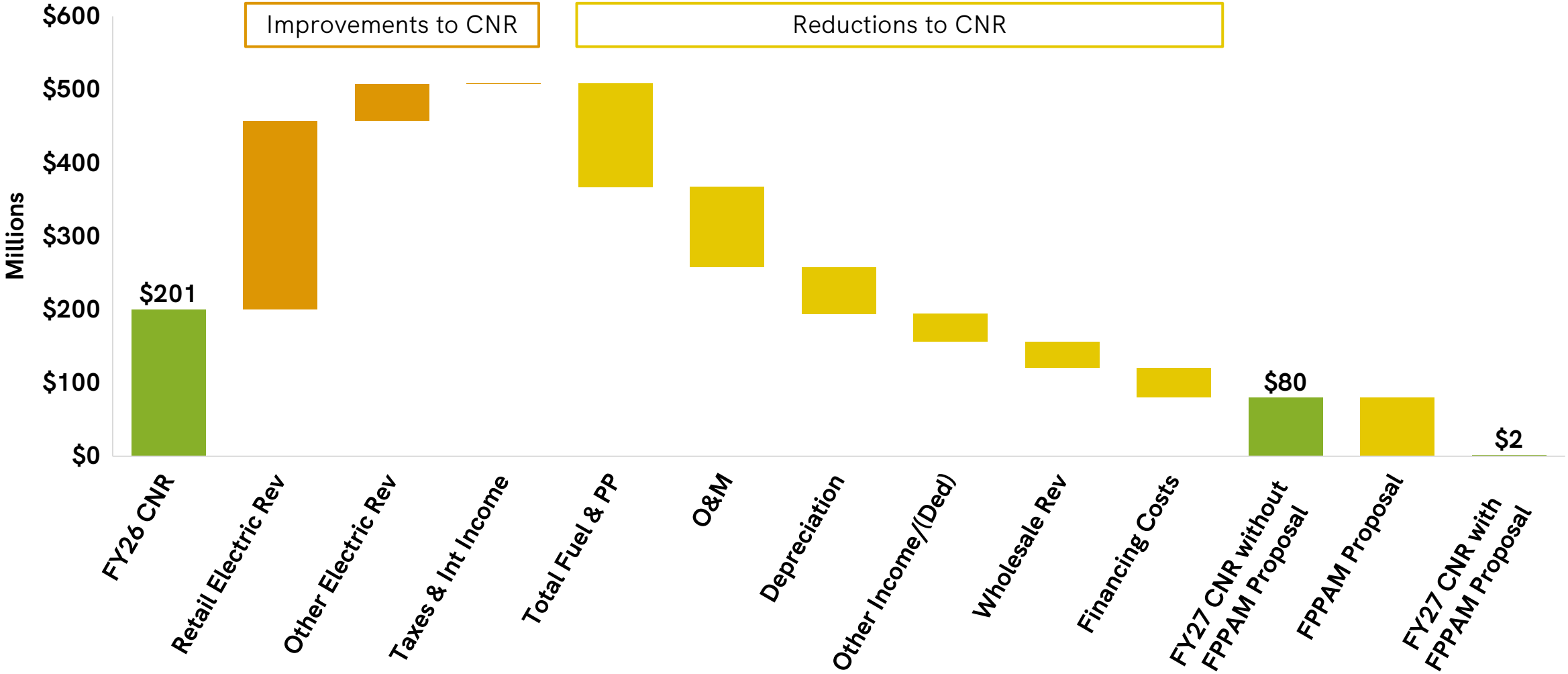
FY27 budget book contains a list of multi-year contracts of $500,000 or more, contain a penalty for early termination, and are expected to be under negotiation or renegotiation during FY27

Multi-year contracts that arise during the year, meet the above criteria, and were not approved by the Board during the budget process, will require individual presentation to the Board for approval, unless already approved by an existing Board authorization

Details found in the Multi-Year Contracts section, pages 131-134

Combined Net Revenues

FY27 CNR lower than FY26 due to increased expenses and potential FPPAM decrease



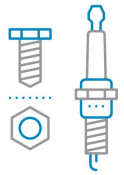
Details found in the Supporting Details section, pages 35-53

FY27 Summary

Budget preserves financial strength & flexibility and results in financial indicators consistent with current AA+/Aa1 ratings

Higher peak demand forecast

- FY27 peak: 8,869 MW
- 7.8% annual retail energy growth



Prudent management of controllable expenses

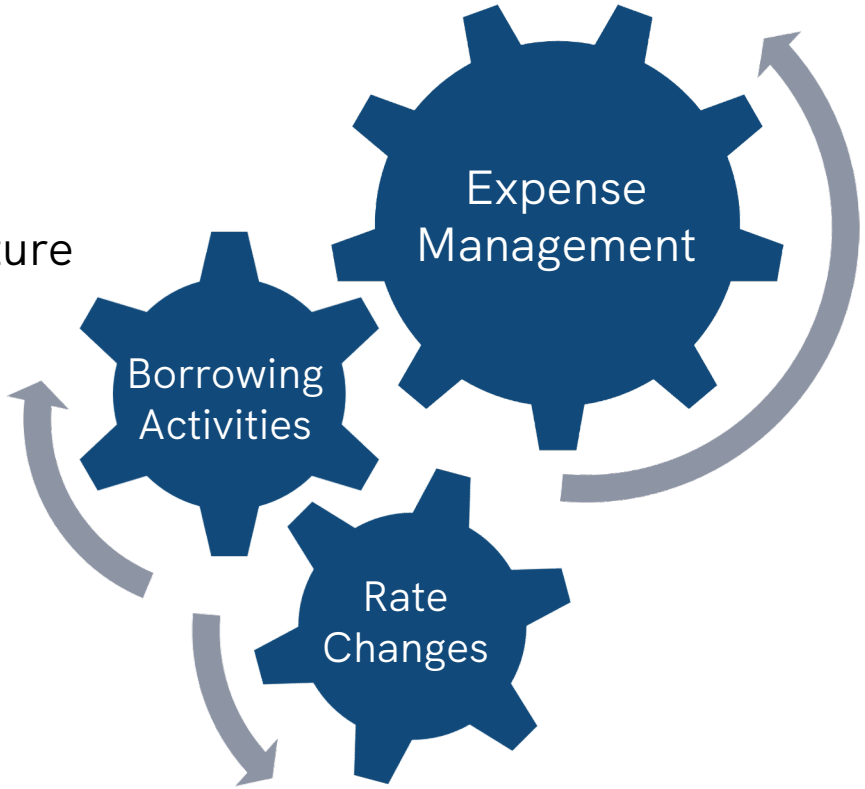
- Minimize impact of higher costs of electrical infrastructure
- Maintain controllable O&M growth below pace of sales
- No increases in workforce

Higher purchased power expense

- Purchased power increases to $913M
- Fuel relatively unchanged at $906M

Capital investments increase

- $1.8B capital plan
- Requires $0.9B debt issuance



Next Steps

Send any questions to Secretary's Office in advance of March 24th Meeting

March 24th Finance & Budget Meeting

- Respond to FY27 budget questions

March 26th Special Finance & Budget Meeting & Special Board Meeting

- Respond to FY27 budget questions
- Seek approval of the FPPAM Proposal
- Seek approval of the FY27 Operating Budget

FY27 Operating Budget

Requesting Approval of FY27 Operating Budget on 3/26/2026 including:

- Multi-Year Contracts
- FY27 Water Function Budget including the Falling Water Allocation

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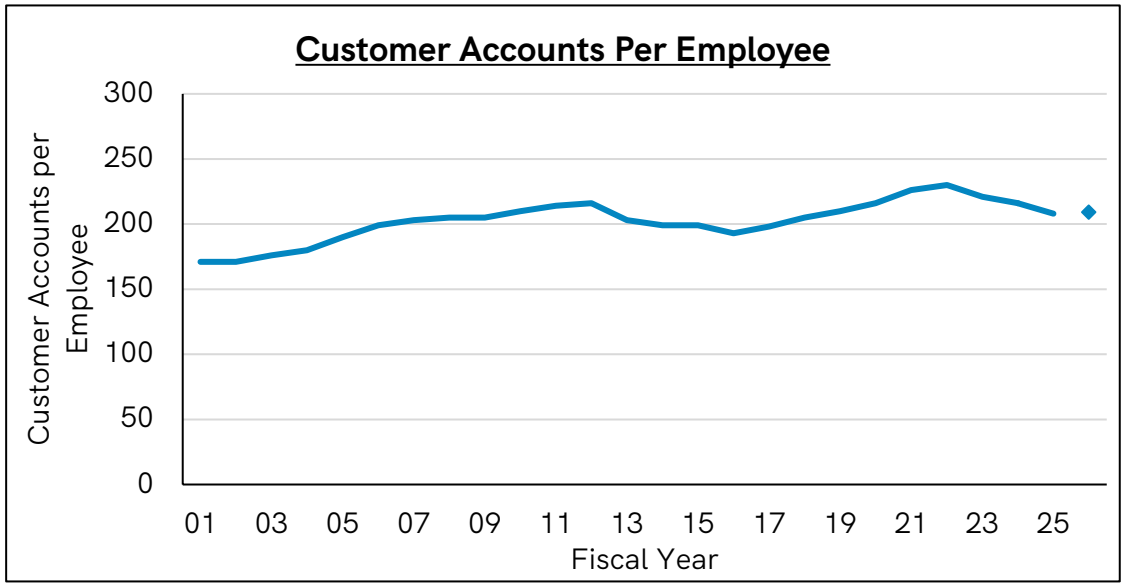
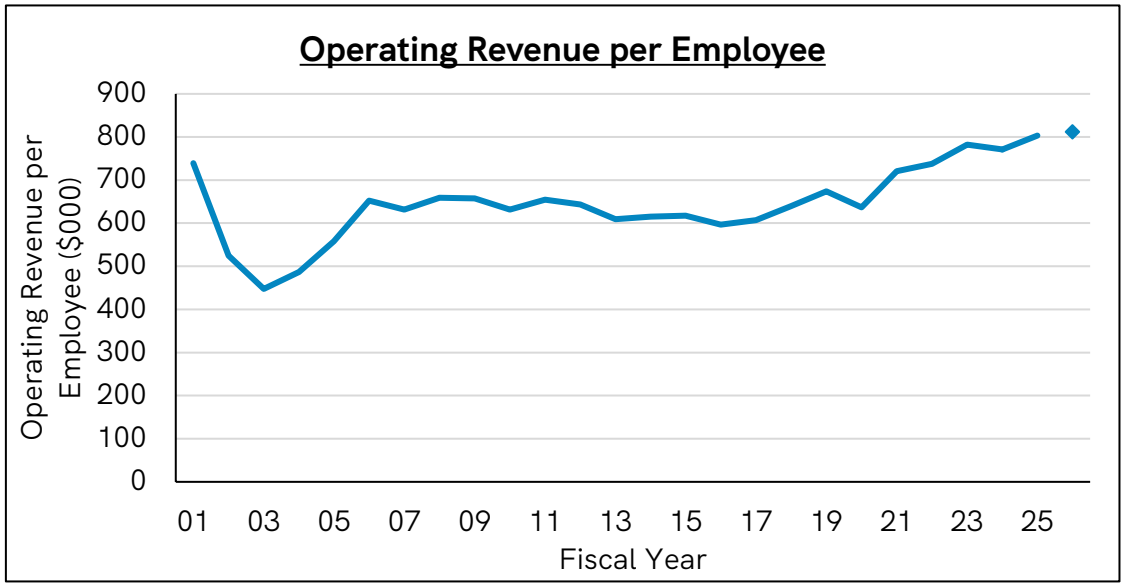
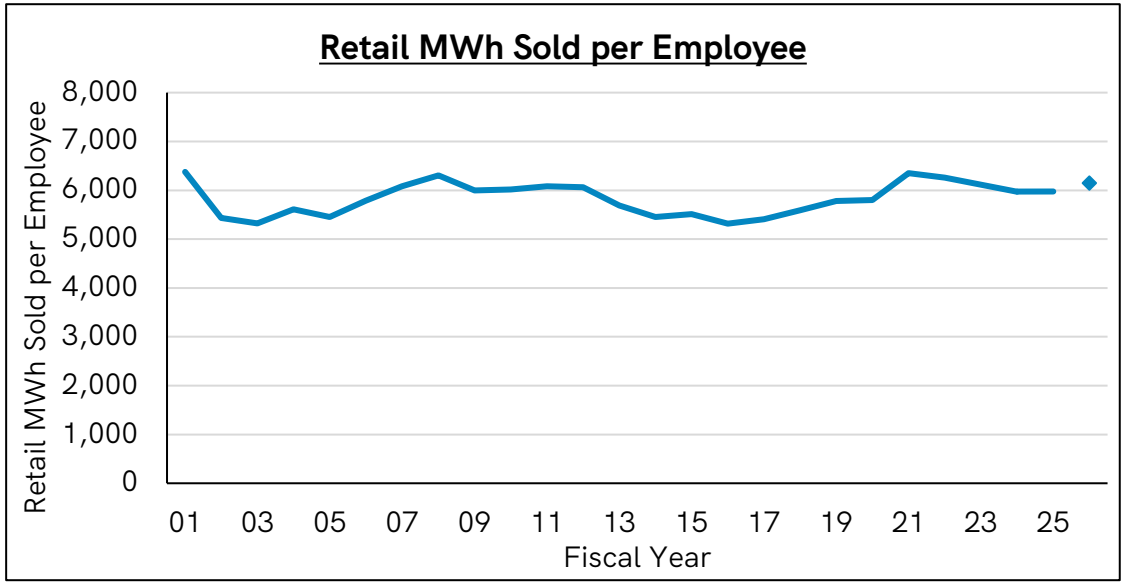
Reference & Perspective Regarding Long-Term Trends

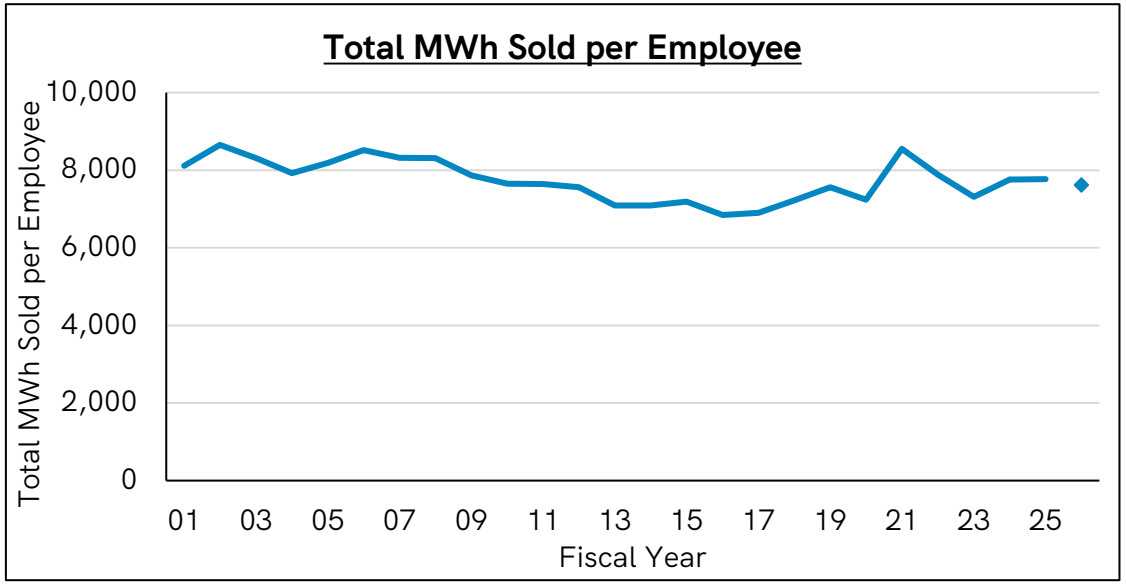
Metrics per Employee

Historical Actuals: FY01 – FY26





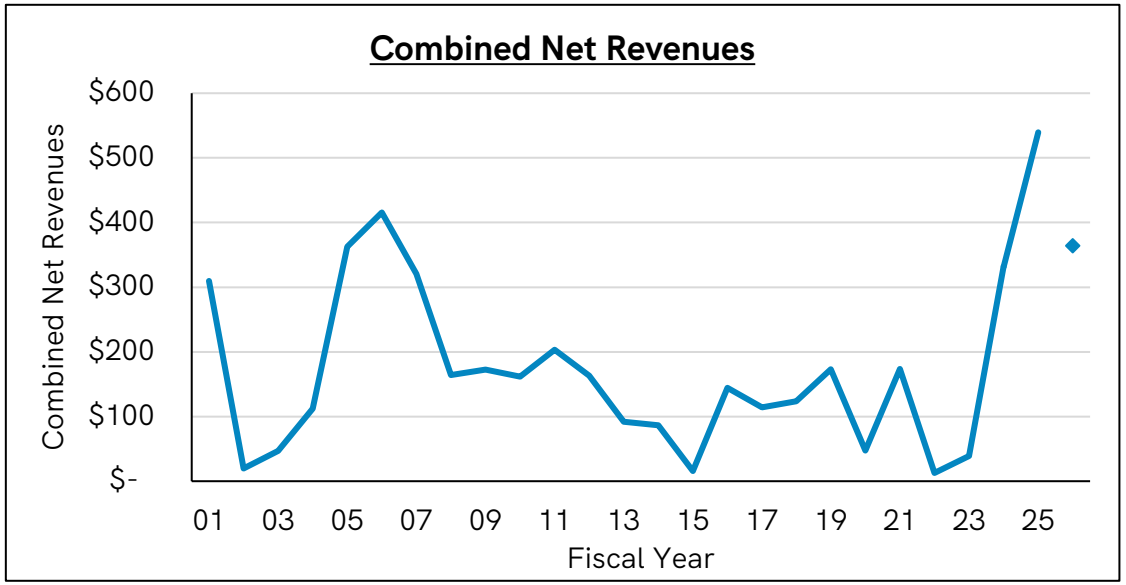


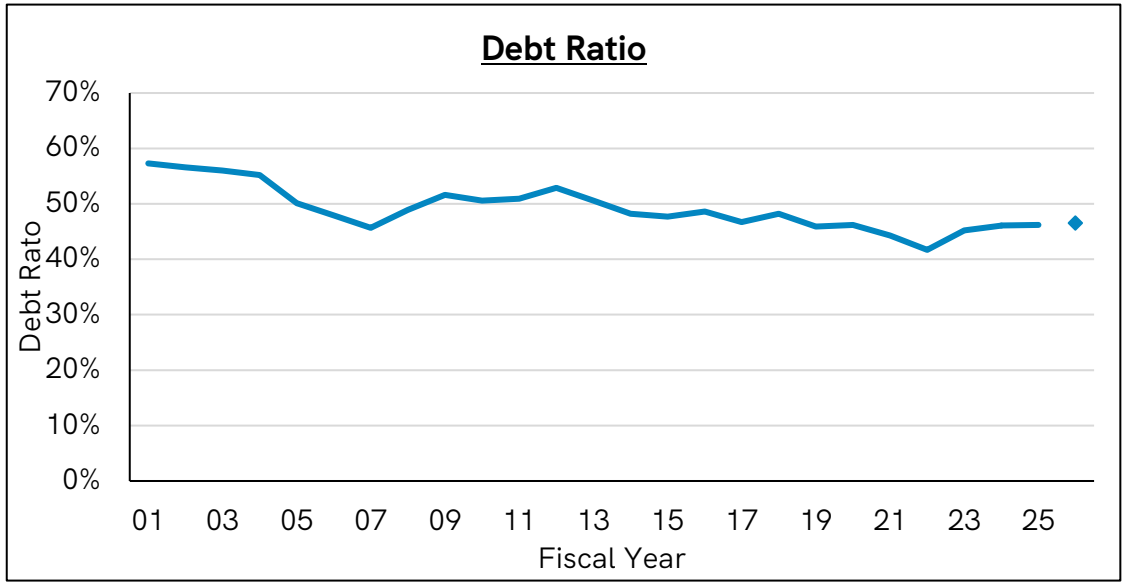


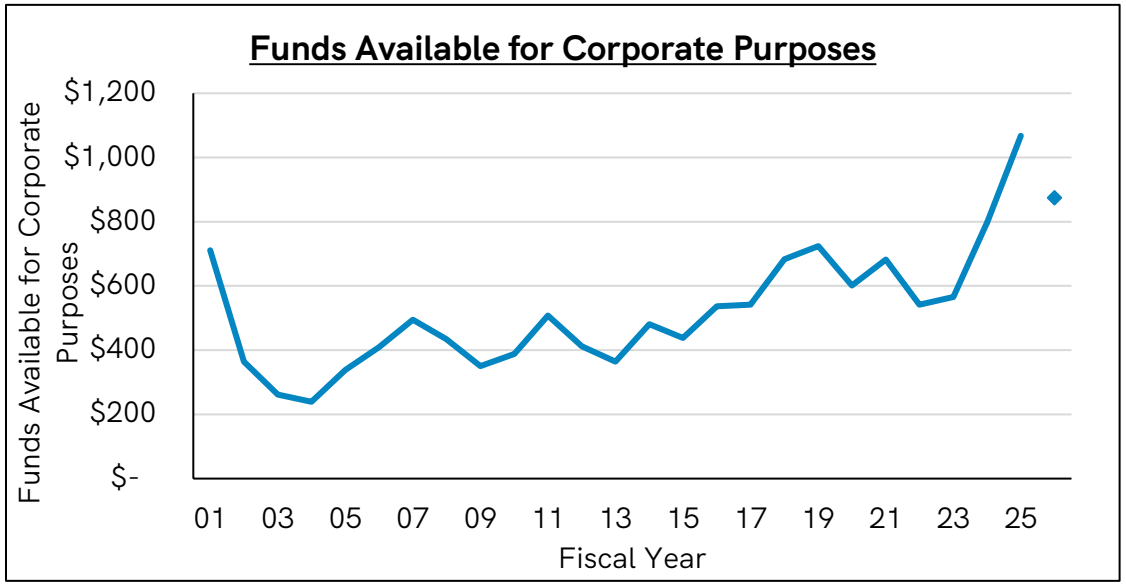
◆ FY26 reflects the December 2025 annual projection

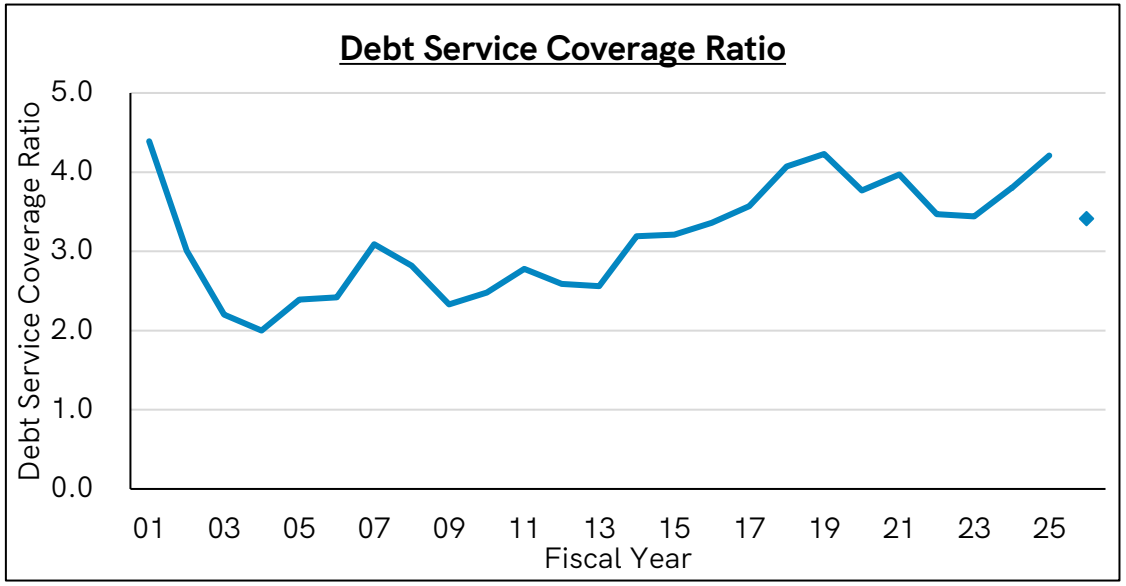
Financial Indicators

Historical Actuals: FY01 – FY26









◆ FY26 reflects the December 2025 annual projection

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Financial View

The Financial View Section steps through the FY27 financial statements including the Statement of Funds Available from Operations, the Combined Statement of Net Revenues, the Statement of Net Revenues Electric, the Statement of Net Revenue Water and Irrigation, and the Statement of Revenues and Expenses Association Budget.

These financial statements assume Board approval of the proposed changes to water rates and to the Fuel and Purchased Power Adjustment Mechanism (FPPAM).

Salt River Project
2026-2027 Operating Budget
Statement of Funds Available from Operations
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
$ 4,242,054	Electric Operating Revenues	$ 4,456,571	$ 4,649,484	$ 192,913	4.3%
3,113,362	Electric Operating Expenses	3,256,860	3,517,587	260,727	8.0%
1,128,692	Net Operating Revenues	1,199,711	1,131,897	(67,814)	(5.7%)
81,407	Interest and Other Income (Net)	116,428	79,203	(37,225)	(32.0%)
1,210,099	Funds Available for Debt Service	1,316,139	1,211,100	(105,039)	(8.0%)
	Debt Service Requirements on Revenue Bonds:				
238,695	Net Interest on Bonds	285,696	321,016	35,320	12.4%
121,324	Principal	132,960	160,376	27,416	20.6%
360,019	Total	418,656	481,392	62,736	15.0%
3.36	Debt Service Coverage Ratio on Revenue Bonds	3.14	2.52	(0.63)	(20.0%)
	Debt Service Requirements on Subordinated Debt:				
17,716	Net Interest on Subordinated Debt	0	0	0	--
0	Principal	0	0	0	--
17,716	Total	0	0	0	--
377,735	Debt Service Requirements on Revenue Bonds and Subordinated Debt	418,656	481,392	62,736	15.0%
3.20	**Debt Service Coverage Ratio on Revenue Bonds and Subordinated Debt**	**3.14**	**2.52**	**(0.62)**	**(20.0%)**
832,364	Funds After Debt Service	897,483	729,708	(167,775)	(18.7%)
228	Interest on Construction Fund	900	0	(900)	(100.0%)
116,616	Less: Contributions in Lieu of Taxes	106,880	101,308	(5,572)	(5.2%)
63,680	Contributions to Water Operations	77,953	73,420	(4,533)	(5.8%)
6,897	Falling Water Charges	7,178	6,724	(454)	(6.3%)
$ 645,399	**Funds Available for Corporate Purposes**	**$ 706,372**	**$ 548,256**	**$ (158,116)**	**(22.4%)**

Salt River Project
2026-2027 Operating Budget
Combined Statement of Net Revenues
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
	Operating Revenues:				
$ 4,242,054	Electric	$ 4,456,571	$ 4,649,484	$ 192,913	4.3%
38,437	Water and Irrigation	40,564	40,592	28	0.1%
4,280,491	Total Operating Revenues	4,497,135	4,690,076	192,941	4.3%
	Operating Expenses:				
3,881,825	Electric	4,075,794	4,393,573	317,779	7.8%
119,620	Water and Irrigation	136,675	132,404	(4,271)	(3.1%)
4,001,445	Total Operating Expenses	4,212,469	4,525,977	313,508	7.4%
279,046	Net Operating Revenues	284,666	164,099	(120,567)	(42.4%)
	Other Income:				
38,689	Earnings on Investments and Deposits	38,497	38,408	(89)	(0.2%)
317,735	Net Revenues before Financing Costs	323,163	202,507	(120,656)	(37.3%)
	Financing Costs:				
230,859	Interest on Bonds	277,860	313,180	35,320	12.7%
(42,376)	Amort. of Bond Disc. (Prem.), Issue and Refinancing Expenses	(43,032)	(47,544)	(4,512)	10.5%
24,241	Interest on Other Obligations	6,868	7,420	552	8.0%
32,109	Capitalized Interest - Deduction	38,607	29,513	(9,094)	(23.6%)
180,615	Net Financing Costs	203,089	243,543	40,454	19.9%
44,391	Other Income (Deductions) Net	80,739	42,547	(38,192)	(47.3%)
$ 181,511	**Combined Net Revenues (Loss)**	**$ 200,813**	**$ 1,511**	**$ (199,302)**	**(99.2%)**

Salt River Project
2026-2027 Operating Budget
Statement of Net Revenues, Electric
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
	Operating Revenues				
$ 4,242,054	Total Operating Revenues	$ 4,456,571	$ 4,649,484	$ 192,913	4.3%
	Operating Expenses				
766,250	Purchased Power	769,601	912,541	142,940	18.6%
887,628	Fuel Used in Electric Generation	906,621	905,652	(969)	(0.1%)
6,897	Water for Power	7,178	6,724	(454)	(6.3%)
1,065,465	Other Operating Expenses	1,182,105	1,296,018	113,913	9.6%
341,444	Maintenance	339,600	340,559	959	0.3%
637,191	Provision for Depreciation	697,422	760,111	62,689	9.0%
176,950	Taxes and Tax Equivalents	173,267	171,968	(1,299)	(0.7%)
3,881,825	Total Operating Expenses	4,075,794	4,393,573	317,779	7.8%
360,229	Net Operating Revenues	380,777	255,911	(124,866)	(32.8%)
38,689	Total Other Income	38,497	38,408	(89)	(0.2%)
398,918	Net Revenues Before Financing Costs	419,274	294,319	(124,955)	(29.8%)
180,615	Net Financing Costs	203,089	243,543	40,454	19.9%
41,635	Other Income (Deductions) Net	77,863	40,379	(37,484)	(48.1%)
$ 259,938	**Net Revenues (Loss) Electric**	**$ 294,048**	**$ 91,155**	**$ (202,893)**	**(69.0%)**

Salt River Project
2026-2027 Operating Budget
Statement of Net Revenue, Water & Irrigation
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
	Operating Revenues				
$ 38,437	Total Operating Revenues	$ 40,564	$ 40,592	$ 28	0.1%
	Operating Expenses				
84,207	Operation	100,458	95,324	(5,134)	(5.1%)
17,239	Maintenance	17,058	16,748	(310)	(1.8%)
14,747	Depreciation	15,282	16,224	942	6.2%
3,427	Taxes and Tax Equivalents	3,877	4,108	231	6.0%
119,620	Total Operating Expenses	136,675	132,404	(4,271)	(3.1%)
(81,183)	Net Operating Revenues (Loss)	(96,111)	(91,812)	4,299	4.5%
2,756	Other Income (Deductions) Net	2,876	2,168	(708)	(24.6%)
$ (78,427)	**Net Revenues (Loss) Water & Irrigation**	**$ (93,235)**	**$ (89,644)**	**$ 3,591**	**3.9%**

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

STATEMENT OF REVENUES AND EXPENSES
ASSOCIATION BUDGET

	FY26 Budget (000)	FY27 Proposed (000)
Operating Revenues		
Stored and Developed	$12,625	$13,374
Additional Deliveries	2,407	2,654
Water Delivery Revenues	2,026	2,101
Other Service Revenues	4,748	6,966
Falling Water	7,177	6,726
Total Operating Revenues	$28,983	$31,821
Operating Expenses		
Operations & Maintenance	$82,610	$81,244
Power for Pumping	5,268	9,754
Total Operating Expenses	$87,878	$90,998
Net Operating Revenues (Loss)	($58,895)	($59,177)
Other Income (Deductions) Net	2,872	2,163
Net Revenues (Loss)	($56,023)	($57,014)

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Supporting Detail

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

Salt River Project
2026-2027 Operating Budget
Electric Sales and Customers

Sales of Electric Energy	FY26	FY27		%
MWh	**Budget**	**Budget**	**Change**	**Change**
Residential	14,999,449	15,213,078	213,629	1.4%
Commercial	14,584,645	16,462,356	1,877,711	12.9%
Large Industrial	3,572,830	4,151,886	579,056	16.2%
Mines	1,279,936	1,301,142	21,206	1.7%
Public/Private Lighting	153,231	147,349	(5,882)	(3.8%)
Interdepartmental	88,874	125,758	36,884	41.5%
Pumping	21,991	22,179	188	0.9%
System Sales	**34,700,956**	**37,423,748**	**2,722,792**	**7.8%**
Wholesale	6,757,208	5,433,214	(1,323,994)	(19.6%)
Total Sale of Energy	**41,458,164**	**42,856,962**	**1,398,798**	**3.4%**

Number of Customer Accounts	FY26	FY27		%
At Fiscal Year-End	**Budget**	**Budget**	**Change**	**Change**
Residential	1,088,782	1,111,326	22,544	2.1%
Commercial	104,249	107,208	2,959	2.8%
Large Industrial	27	26	(1)	(3.7%)
Mines	22	20	(2)	(9.1%)
Public/Private Lighting	10,105	9,966	(139)	(1.4%)
Interdepartmental	1	1	0	0.0%
Pumping	153	160	7	4.6%
Total	**1,203,339**	**1,228,707**	**25,368**	**2.1%**

Electric Sales

Total Sale of Energy 42,856,962 MWh

There is an increase of 3.4% in Total Energy Sales.

FY27 System Sales: 37,423,748 MWh
FY27 System Sales are projected to increase by 7.8%, or 2,722,792 MWh over the FY26 budget. Details are as follows:

- Growth in residential customer segment, consistent with long-run population growth above the national average.
- Growth in small and commercial businesses due to employment growth.
- Growth driven by recently energized data centers and other large business customers.

Wholesale Sales: 5,433,214 MWh

Wholesale Energy Sales decrease by 19.6% from FY26 to FY27, due to less planned excess generation available to sell into the wholesale markets.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
- Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
- Total Operating Expenses

Net Operating Revenues
Other Income
Net Revenues before Financing Costs
Financing Costs
Other Income (Deductions) Net
Combined Net Revenues (Loss)

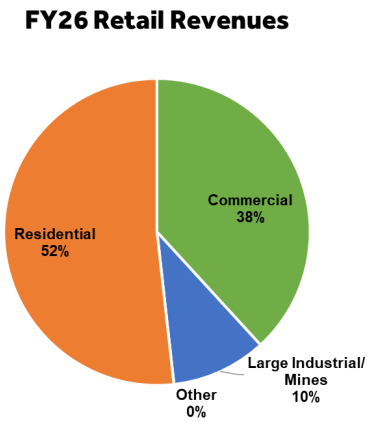
Salt River Project
2026-2027 Operating Budget
Electric Operating Revenues
($ Thousands)

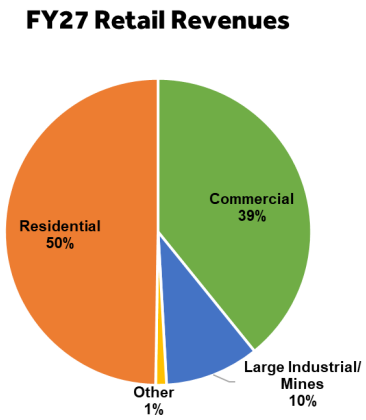
	FY26 Budget	FY27 Budget	$ Change	% Change
Residential	$ 2,113,044	$ 2,132,659	$ 19,615	0.9%
Commercial	1,550,057	1,674,936	124,879	8.1%
Large Industrial	290,178	318,890	28,712	9.9%
Mines	101,883	103,614	1,731	1.7%
Public/Private Lighting	33,129	32,344	(785)	(2.4%)
Interdepartmental	10,242	14,108	3,866	37.7%
Pumping	2,535	2,526	(9)	(0.4%)
System Revenues	**$ 4,101,068**	**$ 4,279,077**	**$ 178,009**	**4.3%**
Wholesale	276,861	241,704	(35,157)	(12.7%)
Total Sales Revenues	**$ 4,377,929**	**$ 4,520,781**	**$ 142,852**	**3.3%**
Other Electric Revenues	78,642	128,703	50,061	63.7%
Total Operating Revenues	**$ 4,456,571**	**$ 4,649,484**	**$ 192,913**	**4.3%**

Electric Operating Revenues $4,649,484,000

Total Sales Revenues $4,520,781,000

System Revenues: $4,279,077,000
System revenues increase by $178.0 million, or 4.3%. The mix of Retail revenues by customer class primarily remains the same as FY26. Sales increase for all customer classes with an exception for Lighting, which is a small class with minor reductions in sales.





Wholesale Revenues: $241,704,000
Wholesale revenue decreases by 12.7% in FY27 driven by limited excess generation capacity.

Other Electric Revenues $128,703,000

Other electric revenues include transmission sales, customer service-related fees including late fees, direct cut-off fees, service fees, and wireless and wireline telecom revenues. The increase of $50.1 million, or 63.7%, is driven primarily by an increase in transmission services revenue for long-term point-to-point sales inclusive of the approved Open Access Transmission Tariff pricing that became effective November 1, 2025.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
- Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
- Total Operating Expenses

Net Operating Revenues
Other Income
Net Revenues before Financing Costs
Financing Costs
Other Income (Deductions) Net
Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Water & Irrigation Revenue
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Water Delivery Revenues				
Stored and Developed	$ 12,623	$ 13,375	$ 752	6.0%
Additional Deliveries (including pump)	2,406	2,654	248	10.3%
Water Delivery Revenues	2,028	2,102	74	3.6%
Other Service Revenues	16,329	15,737	(592)	(3.6%)
Total Water Delivery Revenues	**$ 33,386**	**$ 33,868**	**$ 482**	**1.4%**
Falling Water	7,178	6,724	(454)	(6.3%)
Total Operating Revenues	**$ 40,564**	**$ 40,592**	**$ 28**	**0.1%**

Water & Irrigation Revenue $40,592,000

Total Water Delivery Revenue $33,868,000

The FY27 budget includes the approved calendar year 2026 and proposed calendar year 2027 increases in revenue due to the increase in the Basic Charge and Additional Deliveries prices. Water Delivery Fees escalated 3.7% in accordance with the formula outlined in the By-Laws. Other Service Revenues include increases in the number of City Shareholder accounts and City Shareholder Fees charged to the cities, as well as an increase in Canal Construction Fees due to increase in volume.

Falling Water Allocation $6,724,000

The FY27 budget reflects the FY27 Falling Water allocator. The $0.5 million decrease is driven by a decrease in pumped storage generation due to planned maintenance.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
  - Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
  - Total Operating Expenses

Net Operating Revenues
Other Income
Net Revenues before Financing Costs
Financing Costs
Other Income (Deductions) Net
Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Fuel & Purchased Power
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Purchased Power				
Energy	$ 436,282	$ 505,873	$ 69,591	16.0%
Demand	333,319	406,668	73,349	22.0%
Total Purchased Power	**$ 769,601**	**$ 912,541**	**$ 142,940**	**18.6%**
Fuel				
Valley Gas	$ 577,958	$ 578,450	$ 492	0.1%
Coal	285,206	282,918	(2,288)	(0.8%)
Nuclear	43,457	44,284	827	1.9%
Total Fuel	**$ 906,621**	**$ 905,652**	**$ (969)**	**(0.1%)**
Water for Power	**$ 7,178**	**$ 6,724**	**$ (454)**	**(6.3%)**

Fuel & Purchased Power

Purchased Power $912,541,000

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

Total Purchased Power increase of $142.9M, or 18.6%, driven by higher energy purchase requirements and increased capacity and demand charges. This growth reflects additional renewable Power Purchase Agreements (PPA's) and higher capacity related payments needed to maintain reliability. Purchased Power Energy increase of $69.6M, or 16% due to increasing system load and greater reliance on renewable purchased power resources, along with the acceleration of a new renewable contract into FY27. Purchased Power Demand increase of $73.3M, or 22% driven by new battery storage agreements which provide firm on-peak capacity required to integrate renewables and meet load growth.

Fuel $905,652,000

Total Fuel expense decreases slightly by $1.0 million, or 0.1%. Despite higher system load, fuel cost growth is limited due to serving a larger share of incremental energy with purchased renewables and storage.

Valley Gas expenses remain essentially unchanged, reflecting stable delivered gas pricing and similar burn levels to FY26. Coal expenses decrease slightly by $2.3 million, or 0.8% consistent with reduced coal unit dispatch. Nuclear expenses increase slightly by $0.8 million, or 1.9% due to slightly higher costs.

Water for Power $6,724,000

The FY27 budget reflects a 6.3% decrease in the calculated Falling Water Allocation, driven by a decrease in pumped storage generation due to planned maintenance.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
  - Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
  - Total Operating Expenses

Net Operating Revenues

Other Income

Net Revenues before Financing Costs

Financing Costs

Other Income (Deductions) Net

Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Operating & Maintenance Expenses
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Water & Irrigation	$ 117,516	$ 112,072	$ (5,444)	(4.6%)
Electric	1,521,705	1,636,577	114,872	7.5%
Total O&M	**$ 1,639,221**	**$ 1,748,649**	**$ 109,428**	**6.7%**

Operating & Maintenance Expenses $1,748,649,000

Operating and Maintenance costs (O&M) increase $109.4 million, or 6.7%, when compared to the FY26 budget.

The FY27 budget reflects the Employee Performance Incentive Compensation, or EPIC, and contains two components, one budgeted and one unbudgeted. The FY27 budget includes $23.7 million in funding for core performance metrics, while the financial – based metrics remain self-funded through better than budget financial performance.

Water & Irrigation $112,072,000

The $5.4 million, or 4.6%, decrease in water O&M costs is primarily due to lower reimbursable costs related to Bartlett Dam partially offset by increased Power for Pumping volumes and labor inflation, which drives higher allocation of costs of associated benefits and payroll taxes.

Electric $1,636,577,000

Overall electric O&M costs increase $114.9 million, or 7.5%. This is due to:

- Labor inflation and rising corporate benefits costs
- Information technology initiatives including increased software related to new systems, license and maintenance increases, and infrastructure and operations improvements
- Enhancing customer programs and services such as the modernization of legacy billing applications
- Adapting to an evolving power grid inclusive of increased power delivery technology services expenses

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
  - Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
  - Total Operating Expenses

Net Operating Revenues

Other Income

Net Revenues before Financing Costs

Financing Costs

Other Income (Deductions) Net

Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Depreciation & Amortization
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Water & Irrigation	$ 15,282	$ 16,224	$ 942	6.2%
Electric	697,422	760,111	62,689	9.0%
Total Depr & Amort	**$ 712,704**	**$ 776,335**	**$ 63,631**	**8.9%**

Depreciation & Amortization $776,335,000

Water & Irrigation Depreciation $16,224,000

The $0.9 million increase in expense is primarily due to plant additions for transportation infrastructure.

Electric Depreciation $760,111,000

The $62.7 million increase in Electric Depreciation expense is due to several contributing items including:

- Plant expansion at Coolidge and betterments at existing generating stations including Palo Verde, Coronado, Four Corners, Coolidge, Kyrene, Agua Fria, and Santan.
- Plant additions of Bonnybrooke and Copper Crossing solar projects.
- Increases for transmission and distribution assets for items including conduit, conductor, poles, line transformer, services, and substations due to system growth.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
- Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
- Total Operating Expenses

Net Operating Revenues
Other Income
Net Revenues before Financing Costs
Financing Costs
Other Income (Deductions) Net
Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Taxes & Tax Equivalents
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Payroll Taxes, Net	$ 66,876	$ 71,512	$ 4,636	6.9%
In Lieu Taxes	106,880	101,308	(5,572)	(5.2%)
Ad Valorem & Generation Taxes	3,388	3,256	(132)	(3.9%)
Total Taxes & Tax Equivalents	**$ 177,144**	**$ 176,076**	**$ (1,068)**	**(0.6%)**

Taxes & Tax Equivalents $176,076,000

Payroll Tax, Net $71,512,000

Payroll Taxes are expected to increase by $4.6 million, or 6.9%, driven primarily by anticipated higher gross wages attributable to labor inflation.

In Lieu Taxes $101,308,000

In Lieu Taxes are expected to decrease $5.6 million driven by a decline in the property tax assessment ratio and the impact of water delivery expenses.

Ad Valorem Taxes $3,256,000

Ad Valorem Taxes are expected to decrease driven by a projected decline in property values of assets outside of Arizona.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
- Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
- Total Operating Expenses

Net Operating Revenues

Other Income

Net Revenues before Financing Costs

Financing Costs

Other Income (Deductions) Net

Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Other Income & Other Income (Deductions) Net
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Other Income	**$ 38,497**	**$ 38,408**	**$ (89)**	**(0.2%)**
Other Income (Deductions) Net				
Water & Irrigation	$ 2,876	$ 2,168	$ (708)	(24.6%)
Electric	77,863	40,379	(37,484)	(48.1%)
Total Other Income (Deductions) Net	**$ 80,739**	**$ 42,547**	**$ (38,192)**	**(47.3%)**

Other Income & Other Income (Deductions) Net

Other Income $38,408,000

Other Income is expected to decrease in FY27 due to lower expected interest rates, resulting in lower interest earnings projected on SRP's General Fund and Debt Service Fund.

Other Income (Deductions) Net $42,547,000

Other Income (Deductions) Net is a non-operating category and includes corporate contributions, shareholders' reimbursement, other non-operating activities, and certain retirement benefits. The current plan reflects a $75 million contribution to the Pension in the FY27 budget year. The main drivers of the increase are applying a probability adjustment to the Production Tax Credit due to timing uncertainty and an increase in post-retirement medical expense accrual.

Combined Statement of Net Revenues

Operating Revenues
- Electric
- Water and Irrigation
- Total Operating Revenues

Operating Expenses
- Purchased Power
- Fuel Used in Electric Generation
- Water for Power
- Other Operating Expenses
- Maintenance
- Depreciation and Amortization
- Taxes and Tax Equivalents
- Total Operating Expenses

Net Operating Revenues

Other Income

Net Revenues before Financing Costs

Financing Costs

Other Income (Deductions) Net

Combined Net Revenues (Loss)

Salt River Project
2026-2027 Operating Budget
Financing Costs
($ Thousands)

	FY26 Budget	FY27 Budget	$ Change	% Change
Interest on Bonds	$ 277,860	$ 313,180	$ 35,320	12.7%
Amort - Bond Disc/Issuance/Refinancing	(43,032)	(47,544)	(4,512)	10.5%
Interest on Other Obligations	6,868	7,420	552	8.0%
Capitalized Interest - Deduction (AFUDC)	(38,607)	(29,513)	9,094	(23.6%)
Net Financing Costs	**$ 203,089**	**$ 243,543**	**$ 40,454**	**19.9%**
Informational:				
Principal Repayment				
Revenue Bonds	$ 132,960	$ 160,376	$ 27,416	20.6%
Subordinated Debt	$ 0	$ 0	$ 0	--

Financing Costs $243,543,000

Interest on Bonds $313,180,000

Interest on revenue bonds is a part of the debt service requirements. The increase in FY27 is a result of the new money bond issuance in FY26, and a planned new money bond issuance in FY27, in support of the capital plan.

Amortization - Bond Discounts, Issuance & Refinancing ($47,544,000)

Amortization - Bond Discounts, Issuance and Refinancing is a component of revenue bond financing. The change in amortization is due to a new money bond issuance in FY26 and a planned new money bond issuance in FY27.

Interest on Other Obligations $7,420,000

The Interest on Other Obligations increase in FY27 is due to an increase in interest expense on electric customers' deposits driven by customer growth.

Capitalized Interest - Deduction (AFUDC) ($29,513,000)

Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The decrease from the FY26 budget is due to reduced spending on AFUDC-eligible projects.

Principal Repayment - Revenue Bonds $160,376,000

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

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Organizational View

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

Salt River Project
2026-2027 Organizational Budget
Operating Costs
($ Thousands)

	FY26 Budget	FY27 Proposed	$ Change	% Change
President & Staff	$ 7,823	$ 7,827	$ 4	0.1%
General Manager	2,135	2,135	0	0.0%
Public Affairs & Corporate Services	154,124	157,759	3,635	2.4%
Community, Communications & Marketing	61,348	64,319	2,971	4.8%
Financial & Information Services	1,945,204	2,117,651	172,447	8.9%
Law, Land & Security	44,426	49,705	5,279	11.9%
Human Resources	168,874	186,763	17,889	10.6%
Customer Operations	310,645	334,990	24,345	7.8%
Water Stewardship	64,525	69,785	5,260	8.2%
Power System	663,213	691,790	28,577	4.3%
Corporate Planning & Strategy	3,131	0	(3,131)	(100.0%)
Organizational Operating Primary Costs	**$ 3,425,448**	**$ 3,682,724**	**$ 257,276**	**7.5%**
Operating Contingency	20,000	25,000	5,000	25.0%
Total Organizational Primary & Contingency	**$ 3,445,448**	**$ 3,707,724**	**$ 262,276**	**7.6%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

	FY26 Budget	FY27 Proposed	$ Change	% Change
Public Affairs & Corporate Services	$ 115,233	$ 85,582	$ (29,651)	(25.7%)
Community, Communications & Marketing	239	244	5	2.1%
Financial & Information Services	115,084	147,461	32,377	28.1%
Law, Land & Security	117,156	98,519	(18,637)	(15.9%)
Customer Operations	283,766	286,900	3,134	1.1%
Water Stewardship	61,700	56,983	(4,717)	(7.6%)
Power System	831,382	1,091,629	260,247	31.3%
Corporate Planning & Strategy	0	0	0	--
Organizational Capital Primary Costs	**$ 1,524,560**	**$ 1,767,318**	**$ 242,758**	**15.9%**
Capital Contingency & Risk Portfolio	46,866	64,180	17,314	36.9%
Total Organizational Primary, Contingency & Risk	**$ 1,571,426**	**$ 1,831,498**	**$ 260,072**	**16.6%**

Notes for Contingency and Risk Portfolio

Operating Contingency $25,000,000

The FY27 Operating Contingency is budgeted at $25.0 million. These dollars are intended to cover unforeseen or unplanned operating expenditures. This represents 1.3% of total organizational operating costs excluding Fuel and Purchased Power expenses.

Capital Contingency and Risk Portfolio $64,180,000

The FY27 Risk Portfolio of $39.2 million was created as a result of estimates provided by various organizations to address potential needs by taking into account the probability of occurrence and the magnitude of potential impact for a given project. This represents 2.2% of total organizational capital primary costs. The Capital Contingency of $25.0 million is to meet potential expenditures for elements such as unplanned replacement of large equipment, expenditures for asset purchase opportunities and other unforeseen circumstances. This represents 1.4% of total organizational primary costs.

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Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

President & Staff	FY26 Budget	FY27 Proposed	$ Change	% Change
President & Staff	$ 646	$ 646	$ 0	0.0%
Corporate Secretary's Office	3,794	3,803	9	0.2%
Corporate Audit Services	3,383	3,378	(5)	(0.2%)
Total	**$ 7,823**	**$ 7,827**	**$ 4**	**0.1%**

Notes for Operating Primary Costs

President & Staff

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

President & Staff $646,000

The President & Staff budget includes the operating costs for the President, Vice President, and direct staff. There was no change to the budget.

Corporate Secretary's Office $3,803,000

The Corporate Secretary's Office facilitates and supports the operations and activities of the President's Office as well as SRP's Board and Council. The increase is driven by labor inflation partially offset by reduced labor funding to reflect current approved T.O. counts.

Corporate Audit Services $3,378,000

Corporate Audit Services provides independent objective assurance and consulting services designed to add value and improve SRP's operations. The decrease is driven by reduced labor funding to reflect current approved T.O. counts partially offset by labor inflation.

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

General Manager	FY26 Budget	FY27 Proposed	$ Change	% Change
General Manager & Staff	$ 2,135	$ 2,135	$ 0	0.0%
Total	**$ 2,135**	**$ 2,135**	**$ 0**	**0.0%**

Notes for Operating Primary Costs

General Manager

General Manager & Staff $2,135,000

The General Manager & Staff budget includes the operating costs for the General Manager and direct staff. There was no change to the budget.

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Public Affairs & Corporate Services	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 1,918	$ 2,211	$ 293	15.3%
Energy Market Strategy	2,299	6,887	4,588	199.6%
Facilities, MCM & Transportation Services	71,010	69,430	(1,580)	(2.2%)
Federal Affairs	1,927	2,179	252	13.1%
Local Government Affairs	2,107	2,435	328	15.6%
Policy, Strategy & Consumer Affairs	2,787	2,982	195	7.0%
Regulatory Affairs & Compliance	4,202	4,167	(35)	(0.8%)
Risk Management	31,650	31,602	(48)	(0.2%)
State Government Affairs	2,508	2,412	(96)	(3.8%)
Supply Chain & Flight Services	33,716	33,454	(262)	(0.8%)
Total	**$ 154,124**	**$ 157,759**	**$ 3,635**	**2.4%**

Notes for Operating Primary Costs

Public Affairs & Corporate Services

Associate General Manager $2,211,000

The Associate General Manager (AGM) budget includes the operating costs for the AGM and direct staff. The FY27 increase is primarily driven by labor due to a corporate reorganization.

Energy Market Strategy $6,887,000

The Energy Market Strategy organization coordinates the enterprise-wide strategy for engaging in the development of and potential participation in new energy markets, resource adequacy (RA) programs, and regional transmission organizations (RTOs). The team develops and maintains relationships with key industry personnel, builds coalitions, and influences decisions related to market structure in the interest of SRP's customers. In addition, it directs efforts to model, analyze, and assess potential benefits and risks of new energy market/RA/RTO opportunities, as well as support the potential SRP implementation and transition into new energy markets, RA programs, and RTOs. On November 4, 2024, the SRP Board approved the execution of all necessary agreements for SRP to participate in the Southwest Power Pool's (SPP) Markets+, a day-ahead market. The FY27 increase is driven by SRP's day-ahead implementation process with the goal of joining the market in FY28. An increased number of consultant support hours is needed during the initial phase and post-go-live period. This timeline necessitates various operational efforts to ensure a smooth transition and successful integration into the day-ahead market.

Facilities, MCM & Transportation Services $69,430,000

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

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

The Facilities, MCM & Transportation Services department consists of:

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

The FY27 budget supports the operation and maintenance of 20 Valley sites (132 buildings and more than 2.4 million square feet), MCM's manufacturing, maintenance, and repair of equipment across SRP's water, power, and telecom distribution networks, and provides ongoing maintenance for over 3,000 fleet assets and 57 fuel tanks across 19 SRP locations. The FY27 budget decrease is driven primarily due to reductions in fuel and building maintenance contracts as well as deferred facilities projects, partially offset by labor inflation.

Federal Affairs $2,179,000

The Federal Affairs department provides management with information, intelligence, and strategic counsel on federal policy issues. The department also ensures SRP's positions on key federal policy issues and effectively advocates to policymakers and stakeholder groups in Washington. Finally, the department develops and implements strategies to achieve favorable outcomes on SRP's priority issues. This includes the development of long-term collaborative relationships with tribal communities to support SRP's interests in expanding the understanding of respective concerns regarding the management of energy and water supplies. The FY27 increase reflects additional consultant resources required to support relationship building with the current administration.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Local Government Affairs $2,435,000

Local Government Affairs interacts with local governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. It includes the Public Involvement group which provides public outreach services to SRP organizations that are involved in projects that can affect the community, such as the construction of transmission lines, generation facilities, and upgrades to the distribution delivery system. The FY27 increase is primarily driven by labor due to two internal transfers of T.O. for permitting projects.

Policy, Strategy & Consumer Affairs $2,982,000

The Policy, Strategy & Consumer Affairs department drives policy and messaging of Government Relations teams to internal and external leaders as well as equipping them with strategies, information, perspectives, and messaging to achieve SRP's Corporate Objectives. In addition, the Consumer Affairs department provides dispute resolution services for both SRP's power and water customers, as well as the public. The FY27 increase is due to additional funds needed to host educational symposiums and increase in membership dues related to Chamber activities.

Regulatory Affairs & Compliance $4,167,000

The Regulatory Affairs & Compliance department manages relationships and the matters that affect SRP at the Arizona Corporation Commission and the Federal Energy Regulatory Commission. In addition, Regulatory Audit & Compliance provides support and assistance for activities focused on limiting SRP's corporate risk exposure, ensuring SRP's regulatory compliance with North American Electric Reliability Corporation / Critical Infrastructure Protection (NERC/CIP) and Western Electricity Coordinating Council (WECC) Regional Criteria standards, and limiting SRP's corporate risk exposure via internal environmental, health, and safety audits. The FY27 decrease is driven by cost saving efficiencies, including reduced temporary labor and new hires entering at lower salary levels.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Risk Management $31,602,000

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

The Risk Management department consists of:

- Insurance Services
- Safety Services

The FY27 decrease is driven by a reduction in insurance premiums.

- **Insurance Premiums $25,352,000**

  Insurance Premiums represent costs for the procurement of property, casualty, and other insurance programs to protect SRP assets. The decrease is driven by lower than expected premium renewals throughout the fiscal year due to favorable market conditions.

State Government Affairs $2,412,000

The State Government Affairs department interacts with state governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. The slight FY27 reduction is primarily due to decrease in contracted services renewals.

Notes for Operating Primary Costs

Public Affairs & Corporate Services (continued)

Supply Chain & Flight Services $33,454,000

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

The Supply Chain & Flight Services department consists of:

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

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

The FY27 budget decrease is driven by various minor reductions to labor, fuel, and lower support costs associated with strategic initiatives, rentals, and lease agreements.

Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Public Affairs & Corporate Services	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Energy Market Strategy	0	0	0	--
Facilities, MCM & Transportation Services	117,040	87,925	(29,115)	(24.9%)
Federal Affairs	0	0	0	--
Local Government Affairs	0	0	0	--
Policy, Strategy & Consumer Affairs	0	0	0	--
Regulatory Affairs & Compliance	0	0	0	--
Risk Management	1,693	950	(743)	(43.9%)
State Government Affairs	0	0	0	--
Supply Chain & Flight Services	(3,500)	(3,293)	207	(5.9%)
Total	**$ 115,233**	**$ 85,582**	**$ (29,651)**	**(25.7%)**

Notes for Capital Primary Costs

Public Affairs & Corporate Services

Facilities, MCM & Transportation Services $87,925,000

The Facilities, MCM & Transportation Services capital budget is crucial to the reliability of SRP operations and business continuity and includes funding for corporate real estate construction and purchases, comprehensive building renovations, infrastructure improvements, and life-cycling of critical assets. This budget also provides funding for projects identified during the Facilities Betterments Roadmap strategic planning effort, replacement of fleet equipment that has reached or exceeded the vehicle lifecycle, the purchase of electric vehicles, and incorporates Facilities and Transportation internal customer requests. Main drivers of the FY27 budget include:

- Increases for Crosscut (XCT) Modernization Phase 1: In FY27 Facilities Services will focus on the demolition of the existing steam plant, as well as the start of construction on the new Mechanical Construction and Maintenance buildings.
- Decreases for Falcon Field Hangar: Construction of the Falcon Field Hangar was complete in FY26, enabling SRP to relocate Flight Services from Phoenix Sky Harbor Airport due to lease expirations.
- Decreases for Transportation Fleet Asset Replacements: Transportation Services assets scheduled for delivery in FY26 continue to face extended lead times, which will shift the actual expenditures into future budget years. The additional time required for these long-lead items, combined with the corporate request to reduce future year budget allocations, created an opportunity to move funds from FY26 into later years of the financial plan.

Risk Management $950,000

The Risk Management capital program is comprised of materials and contracted services needed to support SRP Fire Protection System Betterments at SRP facilities. FY27 funding will support replacement of the fire suppression system in several server rooms and for existing natural gas-fired turbines.

Notes for Capital Primary Costs

Public Affairs & Corporate Services (continued)

Supply Chain & Flight Services ($3,293,000)

The Supply Chain & Flight Services budget is driven primarily by Flight Services, Investment Recovery, Logistics (inbound & outbound), and Materials Management Departments. The main driver of the increase in FY27 is related to additional Vertical Lift Modules (VLM) in response to the growing inventory and space assessment needs within our warehouses.

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Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Community, Communications & Marketing	FY26 Budget	FY27 Proposed	$ Change	% Change
Community, Communications & Marketing	$ 61,348	$ 64,319	$ 2,971	4.8%
Total	**$ 61,348**	**$ 64,319**	**$ 2,971**	**4.8%**

Notes for Operating Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing $64,319,000

The Community, Communications & Marketing (CCM) organization brings together deep expertise across communications, marketing, customer research, analytics, creative, spatial insight, media relations, community partnerships, and internal communications into a single, integrated model. This collective capability enables CCM to deliver greater value than any function that could independently – aligning strategy, insight, and execution to advance SRP's short- and long-term objectives. By applying best practices from across industries and leveraging data-driven insights into customer needs, expectations, and aspirations, CCM informs business decisions and helps ensure programs and services are relevant, effective, future-focused and communicated effectively to our customers and the communities we serve. The integrated model allows CCM to proactively lead and respond to change – whether driven by evolving customer expectations, industry dynamics, regulatory environments, or organizational priorities – while providing actionable insights that support enterprise-wide decision-making.

Community, Communications & Marketing consists of the following organizations:

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

The primary drivers of the increase include additional funding for labor inflation, a new Content Management System platform to modernize SRPnet.com, postage, and community support for heat relief programs.

- **Corporate Giving $5,552,000**

  A portion of the budget is comprised of Corporate Giving (grants to community nonprofits) based on a predetermined calculation of approximately $4.55 per SRP customer.

Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Community, Communications & Marketing	FY26 Budget	FY27 Proposed	$ Change	% Change
Community, Communications & Marketing	$ 239	$ 244	$ 5	2.1%
Total	**$ 239**	**$ 244**	**$ 5**	**2.1%**

Notes for Capital Primary Costs

Community, Communications & Marketing

Community, Communications & Marketing $244,000

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

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Financial & Information Services	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 3,549	$ 3,787	$ 238	6.7%
Corporate Accounting Services	9,483	10,142	659	7.0%
Cyber Security Services	13,176	13,372	196	1.5%
Financial Operations & Compliance	5,955	6,130	175	2.9%
Financial Strategy	3,994	3,945	(49)	(1.2%)
Future System Assets & Environmental Services	23,172	27,113	3,941	17.0%
IT Services	155,367	181,436	26,069	16.8%
Supply & Trading	1,730,508	1,871,726	141,218	8.2%
Total	**$ 1,945,204**	**$ 2,117,651**	**$ 172,447**	**8.9%**

Notes for Operating Primary Costs

Financial & Information Services

Financial & Information Services includes several groups that provide various services within SRP. These departments include Corporate Accounting Services, Cyber Security Services, Financial Operations & Compliance, Financial Strategy, Future System Assets & Environmental Services, Information Technology Services, and Supply & Trading. The primary driver for the 8.9% increase is higher fuel and purchased power costs as well as higher costs associated with software licensing and hardware.

Associate General Manager $3,787,000

The AGM budget contains labor costs for direct reports and contracted services for projects across the organization. The increase is primarily driven by the Future System Assets & Environmental Services and Supply & Trading departments and associated labor moving from the Corporate Planning & Strategy organization in FY26.

Corporate Accounting Services $10,142,000

The Corporate Accounting department maintains SRP’s books, prepares monthly and annual financial statements, administers and pays payroll and sales/use and property taxes, and manages accounts payable. The increase in FY27 is primarily driven by higher rates for contracted resources and labor inflation.

Cyber Security Services $13,372,000

The Cyber Security department’s main responsibility is to protect SRP's corporate cyber assets in a risk-based manner by ensuring the preservation of confidentiality, integrity, and availability of cyber systems. The strategy to accomplish this mission employs a defense-in-depth approach to protecting SRP cyber resources. The increase in FY27 is primarily driven by labor inflation and additional software, partially offset by a reduction in contracted resources.

Notes for Operating Primary Costs

Financial & Information Services (continued)

Financial Operations & Compliance $6,130,000

The Financial Operations & Compliance department is responsible for various activities and services including daily cash flow, corporate debt agreements, corporate investing activities, and management of market, credit, and operational risks. The increase in FY27 is driven by labor inflation.

Financial Strategy $3,945,000

The Financial Strategy department is responsible for various activities and services including customer pricing, annual budget facilitation, and financial performance analysis and forecasting. The decrease in FY27 is driven by lower labor spending.

Future System Assets & Environmental Services $27,113,000

Future System Assets & Environmental Services (FSA&ES) leads SRP's focused development of energy innovation, long-lead strategic asset options, and future transmission expansions or upgrades. The department supports SRP's power and water operations with ensuring continuous environmental compliance, provides environmental permitting and risk assessment support for major power and water infrastructure projects, and provides strategic environmental guidance by monitoring, interpreting, and communicating changes in environmental policy and regulations that may affect SRP's power and water systems.

The FSA&ES budget supports innovation and development programs, environmental systems and initiatives, and strategic efforts aimed at early-stage development of long-lead asset options. The increase in FY27 is primarily driven by early site permit evaluations for new nuclear efforts and increases in consulting and development fees associated with technology development. Included in the budget is funding for SRP's membership in the Electric Power Research Institute (EPRI) and for collaborative research projects with Arizona universities.

Notes for Operating Primary Costs

Financial & Information Services (continued)

- **EPRI $6,709,000**

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

Information Technology Services $181,436,000

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

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

The increase is primarily driven by rising licensing and hardware expenses, reflecting year-over-year escalation factors, business growth, and ongoing supply-chain pressures. Additional cost growth is due to expanded investments in industry and market and research subscriptions, labor inflation, and higher off-site facilities lease cost.

Supply & Trading $1,871,726,000

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

Notes for Operating Primary Costs

Financial & Information Services (continued)

Fuel and Purchased Power expenses account for approximately 98% of the Supply & Trading operating budget. The increase is primarily due to additional renewable Power Purchase Agreements (PPA's) and higher capacity-related payments needed to maintain reliability. The non-fuel portion of the Supply & Trading budget changes are primarily driven by labor inflation and increases in consulting and energy management services.

- **Purchased Power $912,541,000**

  Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts. The increase in the Purchased Power budget is primarily due to additional renewable PPA's and higher capacity-related payments needed to maintain reliability.

- **Valley Fuel $506,567,000**

  Included in Valley Fuel are the fuel expenses for Valley gas generation as well as financial components such as retail and wholesale gas hedges, and gas balancing and storage. Valley Fuel expenses are expected to increase due to available combined cycle capacity at times when it is more economical to run gas than other resources.

Notes for Operating Primary Costs

Financial & Information Services (continued)

- **Fuel $403,813,000**

  Included in the Fuel budget are coal expenses for SRP's coal generation resources, nuclear spent fuel expenses, natural gas transportation costs, water for power generation expenses, and pumped storage costs at the hydro resources. The Plant Fuel budget decreased primarily due to a decrease in coal generation due to availability of lower cost resources and a decrease in the falling water allocation resulting from lower pumped storage generation. These reductions were partially offset by slightly higher nuclear generation.

Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Financial & Information Services	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Corporate Accounting Services	0	0	0	--
Cyber Security Services	250	250	0	0.0%
Financial Operations & Compliance	0	0	0	--
Financial Strategy	0	0	0	--
Future System Assets & Environmental Services	330	330	0	0.0%
IT Services	114,504	146,881	32,377	28.3%
Supply & Trading	0	0	0	--
Total	**$ 115,084**	**$ 147,461**	**$ 32,377**	**28.1%**

Notes for Capital Primary Costs

Financial & Information Services

Cyber Security $250,000

Cyber Security's capital program includes the tools and contracted services required to help secure SRP's cyber assets. Capital expenditures are expected to be unchanged.

Future System Assets & Environmental Services $330,000

The Future System Assets & Environmental Services capital program includes funding for Environmental Lab and Real Time Quality Sensor Replacement. There was no change to the budget.

- The Environmental Lab capital budget will provide funding of the replacement of equipment that has reached its useful life.
- The Real Time Quality Sensor Replacement capital funding is customer driven and is for the replacement of the network of real-time water quality equipment. The monitoring network is tied to a web-based portal ("Water Quality Viewer") where SRP and its municipal customers can utilize and share information regarding the water quality in the canal system. The system aids municipal shareholders by providing basic data for the planning and efficient operation of their water treatment facilities.

Information Technology Services $146,881,000

The Information Technology Services (ITS) capital program consists of major system implementations/modifications and hardware replacements and improvements. Ongoing capital expenses for ITS include the lifecycle and growth for End User Compute (desktop computers, laptops and conference room equipment) and Infrastructure (server, network and storage). The main drivers for the FY27 increase are attributed to the legacy system billing platform solution (Customer Modernization project) and the SAP Finance and Supply Chain implementation.

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Law, Land & Security	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 1,304	$ 1,481	$ 177	13.6%
Land Department	6,597	7,144	547	8.3%
Legal Services	17,004	20,026	3,022	17.8%
Security Services	19,521	21,054	1,533	7.9%
Total	**$ 44,426**	**$ 49,705**	**$ 5,279**	**11.9%**

Notes for Operating Primary Costs

Law, Land & Security

Associate General Manager $1,481,000

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

Land Department $7,144,000

The Land Department is responsible for managing and enforcing SRP's land rights for generation, transmission, distribution, irrigation, and corporate facilities. The operating budget supports the Land Rights Management, Acquisitions, Document Management, and Survey departments. The increase is primarily the result of labor inflation and additional training costs for staff.

Legal Services $20,026,000

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

Notes for Operating Primary Costs

Law, Land & Security (continued)

- **Outside Legal $12,500,000**

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

Security Services $21,054,000

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

The increase is driven by additional resources needed to keep pace with growth in infrastructure and to stay in line with best practices in the industry with new and improved security technologies to protect SRP's assets.

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Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Law, Land & Security	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Land Department	113,156	92,844	(20,312)	(18.0%)
Legal Services	0	0	0	--
Security Services	4,000	5,675	1,675	41.9%
Total	**$ 117,156**	**$ 98,519**	**$ (18,637)**	**(15.9%)**

Notes for Capital Primary Costs

Law, Land & Security

Land Department $92,844,000

The Land Department capital program consists of the costs associated with acquiring land rights for generation, transmission, distribution, irrigation, and corporate facilities. This also includes costs incurred in association with the acquisition of land rights such as litigation, insurance, survey, and appraisal costs. The FY27 budget includes land acquisitions for generation, including assemblage parcels related to Marigold Energy Center. Also included are expected transmission easements for new and in-progress projects, including Cheatham-Laveen 230kV, Alpha-Scott 69kV, Anderson-Wilkins 69kV, Germann-Rhinehart 69kV, Miami-Pinto 115kV, and Crabb-McPherson 69kV. The decrease from FY26 is based on adjustments to Generation land purchases, which were significantly lower in FY27 due to demand changes.

Security Services $5,675,000

The Security Services capital program is made up of expenses related to Security Services and equipment. The increase from last year is due to the reclassification of several medium sites to high, which necessitates increased security measures at those sites. We are exploring options to minimize the financial impact of these projects by adopting new wall-building methods. Some of these sites are in urban areas, which may require input from surrounding stakeholders and make some building methods unavailable.

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Human Resources	FY26 Budget	FY27 Proposed	$ Change	% Change
Human Resources	$ 168,874	$ 186,763	$ 17,889	10.6%
Total	**$ 168,874**	**$ 186,763**	**$ 17,889**	**10.6%**

Notes for Operating Primary Costs

Human Resources

Human Resources $186,763,000

Human Resources (HR) is a trusted strategic partner dedicated to supporting, engaging, and developing the SRP workforce to drive SRP's success. HR provides comprehensive people support across all departments, delivering innovative workforce solutions that meet the unique and evolving needs of both SRP employees and the business. HR strives to create a collaborative environment where employees feel valued, supported, and motivated to perform at their best.

The HR department consists of:

- Benefits and Wellness
- Compensation
- Employee Relations
- Health Services
- HR Business Partners
- HR Operations
- Labor Relations
- People & Culture
- PERA Facilities
- Talent Acquisition
- Talent Development
    - Learning & Development
    - Managed Development Programs
        - Apprenticeship Program
        - Rotational Engineer and Analyst Programs
- Talent Management & Planning

Notes for Operating Primary Costs

Human Resources (continued)

During the FY27 planning process, HR Leaders focused on identifying cost-saving opportunities while maintaining essential business support. The increase is driven by rising corporate benefits expenses, partially offset by savings resulting from negotiating vendor contracts.

- **Corporate Benefits $154,121,000**

  The Corporate Benefits department manages and administers SRP employee benefits such as medical, dental, vision, life insurance, 401(k) plan, employee leave benefits, group legal, and employee assistance programs. The increase in FY27 funding for Corporate Benefits is primarily due to increases in medical expenses due to rising medical costs, an increase in workforce in FY26 as well as expanding medical coverage to include temporary employees.

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Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Customer Operations	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 2,464	$ 5,702	$ 3,238	131.4%
Corporate Strategy & Risk Management	3,942	4,840	898	22.8%
Customer Modernization	24,299	28,447	4,148	17.1%
Customer Services	85,297	95,807	10,510	12.3%
Customer Strategy	92,962	93,581	619	0.7%
Distribution Grid Services	73,682	76,070	2,388	3.2%
Distribution Strategy, Planning & Operations	27,999	30,543	2,544	9.1%
Total	**$ 310,645**	**$ 334,990**	**$ 24,345**	**7.8%**

Notes for Operating Primary Costs

Customer Operations

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

Customer Operations aligns with SRP's strategic directions by focusing on SRP's mission of serving customers and communities with reliable, affordable, and sustainable power, all while ensuring an exceptional customer experience. By staying in sync with SRP's corporate goals and objectives, Customer Operations has identified initiatives that will continue to support SRP's customers now and in the future.

Associate General Manager $5,702,000

The AGM budget includes funding for operations and maintenance for the AGM as well as direct staff oversight of all operational, strategic, and financial aspects of the business.

The FY27 budget increase is primarily due to labor related to the new Customer Experience department and vacant T.O. that were transferred from other divisions for redeployment. The increase also reflects higher contracted services expenses for consulting engagements related to the establishment of the new Customer Experience department. These increases are partially offset by reductions in travel and training budgets and by aligning hosting and conference expenditures to actual historical spending levels.

Corporate Strategy & Risk Management $4,840,000

Corporate Strategy & Risk Management leads SRP's efforts in creating, monitoring, and updating the overarching corporate strategy with further specific strategy leadership responsibilities for economics, market intelligence, electric vehicle strategy, strategic risk management, and the preservation of SRP's history and heritage.

Notes for Operating Primary Costs

Customer Operations (continued)

The budget includes funding to support programs and projects related to high-priority, enterprise-wide strategic initiatives. The primary driver for the FY27 budget increase is higher labor expense resulting from the transfer of T.O. following a recent reorganization, as well as additional labor required to implement and advance SRP's enterprise artificial intelligence (AI) strategy and its centralized operating model. Increased contracted services funding to support enterprise AI efforts also contributes to the modest budget growth. These increases are partially offset by a reduction in costs associated with incentives for new electric vehicle customers, as the associated incentive program concludes in FY26.

Customer Modernization $28,447,000

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

The increase in FY27 is primarily driven by increased contracted services expense to support the Interactive Voice Response system. In addition, material costs rose due to ongoing Interactive Voice Response system maintenance requirements and the launch of a new AI pilot.

Customer Services $95,807,000

Customer Services operates the power contact centers that respond to approximately four million annual power customer calls. The department also bills 1.2 million electric customers and develops a wide variety of customer programs and operational support on behalf of both residential and commercial customers, including billing, metering, and customer credit services.

The FY27 increase is primarily driven by labor inflation and an increase in contracted services needed to support customers and ensure a smooth transition to the new Customer Information System.

Notes for Operating Primary Costs

Customer Operations (continued)

Customer Strategy $93,581,000

Customer Strategy works with existing and prospective business customers to support expansion in and relocation to the Valley. This team is also responsible for designing and managing a portfolio of programs that help customers manage their energy usage and costs and reduce SRP's overall peak demand. These program offerings continue to help the organization meet evolving customer needs and thereby enhance customer experience. In addition to implementing and evaluating programs to understand their direct impact to both customers and SRP, Customer Strategy also oversees account managers and representatives who provide dedicated support and solutions to industrial, commercial, and small business customers.

The Customer Strategy FY27 budget is projected to remain nearly flat, with an increase of less than 1% compared to FY26. Modest increases are driven by labor inflation and staffing augmentation to support the Business Customer Center as part of Customer Modernization efforts. Expenses have been realigned to reflect the prioritization of research and development initiatives and pilot programs.

Distribution Grid Services $76,070,000

Distribution Grid Services is responsible for the design, construction, and maintenance of the electric distribution system and maintains over 22,700 circuit miles of 12kV distribution lines, including approximately 110,000 wood poles, 187,000 service transformers, 45,400 switches, and 4,400 capacitor banks. The department is also responsible for responding to power outages and restoring service, building distribution system infrastructure for new residential, commercial, and small industrial customers, and performing line clearing and underground locating functions on behalf of SRP.

The primary driver of the FY27 budget increase is due to labor inflation. The budget also reflects a slightly increased workload for contracted support across operational areas including Distribution Geographic Information System mapping and Distribution Maintenance Scheduling, and contract rate inflation for Vegetation Management.

Notes for Operating Primary Costs

Customer Operations (continued)

Distribution Strategy, Planning & Operations $30,543,000

The Distribution Strategy, Planning, & Operations department is responsible for the planning and operations of the electric distribution system. This team leads the modernization of the grid to meet evolving customer expectations and integrate new technologies. The department develops SRP's electric distribution strategy, deploys real-time grid management technologies, manages planning and operations, and tracks grid performance. This group is responsible for collaborating across SRP to deliver safe, reliable, and responsive electricity to SRP service territory, while shaping the future through strategic planning and analytics.

The main driver for the FY27 budget increase is the result of labor inflation and increase in contracted services to support customer growth.

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Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Customer Operations	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Corporate Strategy & Risk Management	0	0	0	--
Customer Modernization	500	0	(500)	(100.0%)
Customer Services	27,550	32,249	4,699	17.1%
Customer Strategy	200	130	(70)	(35.0%)
Distribution Grid Services	254,831	252,591	(2,240)	(0.9%)
Distribution Strategy, Planning & Operations	685	1,930	1,245	181.8%
Total	**$ 283,766**	**$ 286,900**	**$ 3,134**	**1.1%**

Notes for Capital Primary Costs

Customer Operations

Customer Modernization $0

The FY26 Customer Technology Capital budget within the Customer Modernization included funding for yet-to-be-defined customer technology projects to support the new Customer Information System implementation; however, these funds are no longer required in FY27 as the Customer Modernization program begins to approach completion.

Customer Services $32,249,000

The Customer Services capital program primarily consists of the New Meter program. The leading drivers for the increase in FY27 are due to a higher volume of lifecycle meter replacements as well as inflation impacts for meter failure maintenance and growth based on the forecasting model.

Customer Strategy $130,000

The Customer Strategy Capital Plan funds the Innovation Test Center, located adjacent to the Santan Generating Station in Gilbert, AZ. The center includes a testing lab, a manufactured home, and a garage, in which teams can research, analyze, and pilot innovative technology solutions that benefit both SRP and its customers. This enables different technology solutions to be tested and refined in-house, prior to being offered to customers. The reduction in Customer Strategy's FY27 capital budget is due to a reduction in contracted services required to support pilot programs at the Innovation Test Center.

Notes for Capital Primary Costs

Customer Operations (continued)

Distribution Grid Services $252,591,000

The Distribution Grid Services department is responsible for the capital asset maintenance of SRP's existing distribution system. The organization installs new distribution line assets to support system growth, connect new customers to the distribution grid, and collaborates with municipalities to relocate and underground existing overhead lines. The Distribution Grid Services capital budget remains largely stable from FY26 to FY27, with overall changes of less than 1%. Reductions include a scaling back of the pole replacement plan based on current backlog levels and updated failure rate projections. Additionally, underground cable replacement funding has been reduced to meet corporate targets. These decreases are offset by increases in the Distribution Lines System Plan for distribution system expansion to support new load growth.

Distribution Strategy, Planning & Operations $1,930,000

The Distribution Strategy, Planning, & Operations capital portfolio includes investments defined in the Distribution Enablement Roadmap, along with tools budgets required for the upgrade and maintenance of the distribution system. The overall increase in FY27 is a result of the implementation of the Distribution Resource Integration Value Enhancement Pilot involving the purchase and installation of line switches that can detect abnormalities on our distribution circuits with high wildfire risk.

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Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Water Stewardship	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 7,470	$ 13,010	$ 5,540	74.2%
Water Customer Services	13,504	13,584	80	0.6%
Water Strategic Services	16,971	16,128	(843)	(5.0%)
Water Supply & System	26,580	27,063	483	1.8%
Total	**$ 64,525**	**$ 69,785**	**$ 5,260**	**8.2%**

Notes for Operating Primary Costs

Water Stewardship

Associate General Manager $13,010,000

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

The FY27 increase is driven by higher Power for Pumping & Groundwater Savings Facility expenses, the addition of one T.O. transfer, and a reorganization that resulted in two employees transferring to Water Stewardship from other divisions. This increase aligns with SRP's mission to meet future electric and water demands while balancing stewardship, cost, and reliability.

- **Power for Pumping, Groundwater Tax, & Groundwater Savings Facility (GSF) $10,423,000**

  Volume of planned pumping and planned GSF was increased for FY27 which contributed to the overall increase in the planned budget.

Water Customer Services $13,584,000

Water Customer Services ensures a reliable water supply, maintains a safe work environment, and prioritizes high-quality customer service while supporting strong community engagement and efficient water distribution to SRP Shareholders and external partners.

Water Customer Services budget encompasses Water Customer Operations and Accounting, Water Scheduling and Field Services, Water Distribution Operations, and Water Support Services. Together, these teams support SRP's operational objectives and maintain strong stakeholder relationships while delivering consistent, high-quality customer service.

Notes for Operating Primary Costs

Water Stewardship (continued)

The FY27 budget increase is driven by labor inflation.

Water Strategic Services $16,128,000

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

The FY27 budget supports these critical functions and aligns with the department's mission of water resiliency, ensuring that resources are managed effectively to meet the needs of SRP's customers, communities, and the growing demands of Arizona.

The FY27 budget decrease is primarily driven by the removal of conservation easements funding due to federal policy changes, as well as reduced contingent work focused on O&M. Labor cost reductions also contribute to the reduced budget as four T.O. budgeted in FY26 but not approved were removed and one T.O. was transferred out of the organization due to a team reorganization.

Water Supply & System $27,063,000

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

Notes for Operating Primary Costs

Water Stewardship (continued)

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

The FY27 budget increase is primarily driven by higher costs resulting from tariff impacts on materials and supplies, elevated contracted services expenses, largely due to increased landfill fees, and the addition of one T.O. transfer.

Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Water Stewardship	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Water Customer Services	0	0	0	--
Water Strategic Services	29,815	22,391	(7,424)	(24.9%)
Water Supply & System	31,885	34,592	2,707	8.5%
Total	**$ 61,700**	**$ 56,983**	**$ (4,717)**	**(7.6%)**

Notes for Capital Primary Costs

Water Stewardship

Water Strategic Services $22,391,000

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

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

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

The primary driver for the FY27 budget decrease is attributed to updated project schedules for both the VRSMP and SCIF projects. The VRSMP capital budget is reduced as feasibility work comes to an end. The SCIF project budget is reduced based on the updated schedule, with the construction forecast shifting to FY28 due to the later start of the National Environmental Policy Act (NEPA) process.

Resource planning changes for technology projects include adjustments to both capital labor and contracted support. The division's internal labor budget decreased as three budgeted but not approved T.O. were removed. At the same time, contractor work is being consolidated by shifting to higher-skilled resources capable of supporting multiple projects, which reduces the overall number of contractors and lowers cost. Together, these changes reduce capital labor needs and streamline support across the project portfolio.

Notes for Capital Primary Costs

Water Stewardship (continued)

Water Supply & System $34,592,000

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

The net increase in Water Supply & System's capital projects reflects a combination of project completions and targeted investments driven by customer demand and safety requirements. Budget increases are due to Water Distribution Improvements from FY26 to FY27, driven by large scale, customer-initiated projects, including ADOT SR30, which are 100% CIAC funded and dependent on customer readiness. These customer-initiated projects make up 84% of this budget while 16% supports planned problem lateral work on SRP infrastructure. In addition, the SCADA Infrastructure program increases are to fund critical arc flash cabinet safety upgrades in FY27–FY28, which include installing physical barriers within utility cabinets to separate employees from energized electrical equipment and reduce electrocution risk. These increases are offset by budget decreases related to a reduction in Groundwater Resource Development due to the completion of well drilling associated with the Gilbert Road Pipeline, as well as a decrease in the Gilbert Road Pipeline following completion of the pipeline construction in FY26.

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Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Power System	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 2,617	$ 3,892	$ 1,275	48.7%
Operational Technology Services	67,717	79,580	11,863	17.5%
Power Delivery	84,122	94,557	10,435	12.4%
Power Generation	493,213	497,170	3,957	0.8%
Resource Management	15,544	16,591	1,047	6.7%
Total	**$ 663,213**	**$ 691,790**	**$ 28,577**	**4.3%**

Notes for Operating Primary Costs

Power System

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

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

The Power System FY27 budget supports SRP's strategic directions:

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

Notes for Operating Primary Costs

Power System (continued)

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

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

Associate General Manager $3,892,000

The Associate General Manager budget includes funding for executive management and support staff for the Power System organization, as well as expenses related to employee events, programs, and awards. The $1.3 million increase is driven by a reorganization, which increased headcount by four (4) T.O. and included the absorption of existing program and training costs.

Notes for Operating Primary Costs

Power System (continued)

Operational Technology Services $79,850,000

The Operational Technology Services (OTS) organization is responsible for the operations, planning, engineering, design, construction, and maintenance for operational technology supporting the electric grid. This also includes telecommunications in support of the enterprise and the telecom commercial services business. An increase of $11.8 million is the result of labor inflation, six (6) repurposed Power System T.O., and additional contract expenses related to operational technology support. This increase in operational technology support is driven by increased requirements related to a rapidly growing electric system and strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and Power System Strategic Plan.

Power Delivery $94,557,000

The Power Delivery organization handles a wide range of activities and services, including operations, planning, engineering, design, construction, and maintenance of SRP's transmission and substation assets, and coordinates participation in transmission project activities. The $10.4 million increase is primarily attributed to labor inflation, higher maintenance expenses supporting an increased number of assets scheduled for service, and additional consultants supporting system growth and the coordinated integration of new inverter-based resources, which are essential for the reliability of the system. The general trend of rising operating and maintenance costs coincides with the growing transmission system represented by a 15% growth in the transformer fleet since 2023. Power Delivery continues to manage costs, having repurposed 14 T.O. within the Power System organization during the FY27 budget process.

Power Generation $497,170,000

The Power Generation budget includes the operations and maintenance expenses for the coal, gas, nuclear, hydro, and solar generating facilities and departments, as well as generation support groups. The following generation sites encompass SRP's generation fleet: the SRP-operated generating stations (gas plants: Agua Fria, Coolidge, Copper Crossing, Desert

Notes for Operating Primary Costs

Power System (continued)

Basin, Gila River, Kyrene, Mesquite, and Santan; coal plant: Coronado; solar: Bonnybrooke and Copper Crossing), the participant-operated generating stations (nuclear plant: Palo Verde; coal plants: Springerville, Four Corners, Craig, and Hayden), as well as SRP's hydro generating sites and dams. SRP's gas and hydro generating resources enhance SRP's flexibility to meet higher peak demand and integrate more renewable resources into SRP's system.

The $4.0 million increase in Power Generation is primarily driven by budgets at Springerville and Palo Verde.

- **Associated Fuel Expenses $9,378,000**

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

Resource Management $16,591,000

Resource Management supports SRP's long term reliability, affordability, and sustainability through integrated planning, strong analytical capabilities to forecast customer demand and assess resource adequacy, acquisition and development of future generating resources, and administration of sustainability programs. In FY27, the department will refine strategies to meet customer growth and system needs while integrating new generation and storage technologies into SRP's generating resource portfolio.

The $1.0 million increase is attributed to labor inflation and adjustments to sustain operational and planning activities. Consulting partnerships will continue to support forecasting, siting, permitting, development, technology integration, and continued employee engagement. These efforts are further strengthened by the next Integrated System Plan, which will provide a collaborative, holistic, and procedural foundation to navigate uncertainties while driving toward an affordable, reliable, and increasingly sustainable future.

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Salt River Project
2026-2027 Organizational Budget
Capital Primary Costs
($ Thousands)

Power System	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 0	$ 0	$ 0	--
Operational Technology Services	35,181	35,092	(89)	(0.3%)
Power Delivery	244,883	442,143	197,260	80.6%
Power Generation	527,243	429,114	(98,129)	(18.6%)
Resource Management	24,075	185,280	161,205	669.6%
Total	**$ 831,382**	**$ 1,091,629**	**$ 260,247**	**31.3%**

Notes for Capital Primary Costs

Power System

Operational Technology Services $35,092,000

The Operational Technology Services (OTS) capital portfolio includes projects required for the upgrade and replacement of critical operational technology infrastructure, strategic investments defined by the Distribution Enablement Roadmap, and initiatives in support of the commercial telecom business, which is recovered with margin via customer revenue. The overall decrease is the net result of both increases and decreases within the project portfolios. Noteworthy increases include a pilot program for virtual Protection, Automation & Control (vPAC) technology, along with a planned upgrade to the Advanced Distribution Management System (ADMS) software. In addition, increased costs from materials and contract services are seen throughout the OTS portfolio. Reductions offsetting these increases result from deferment and refinement of hardware upgrades and lifecycle replacements associated with telecommunications, supervisory control and data acquisition (SCADA), and system protection infrastructure.

Power Delivery $442,143,000

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

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

Notes for Capital Primary Costs

Power System (continued)

The increase from FY26 for Power Delivery's capital program is driven by the commencement of construction activities for several customer-driven, jointly owned, and load growth projects including:

- Wharf Rat Dedicated 69kV Substation
- Project Nate
- Palo Verde to Pinal Central Project System Improvements
- Project East Thistle
- Anderson-Kyrene 230kV Line 2

These increases are offset by the completion of all or a portion of several customer-driven and load growth projects in FY26:

- Alpha New 69/12kV Dedicated Distribution Substation
- Browing 230/69kV Transformers 6 & 7
- Hartman Substation Expansion Project
- Howard Expansion
- Hermosa Tech Campus

Power Generation $429,114,000

Power Generation capital betterment project funding is focused on maintaining the performance of existing coal, gas, nuclear, and hydro assets, as well as constructing new generation assets. The decrease in Power Generation capital is primarily driven by timing variances for the Coolidge Expansion Project, the Mesquite Generating Station Block 1 turbine outage, and Copper Crossing Research & Energy Center Phase 2 (solar), all of which are nearing completion and are scheduled to be placed in service in early FY27. As part of the approved Coolidge Expansion Project plan, 575 MW of new generation capacity—produced by 12 gas turbines - will provide enough energy to power more than 139,000 average-size homes. This added capacity will also support the integration of wind, solar, and battery resources across the system. These decreases are offset by an increase in the Pumped Storage project, which will begin to ramp up with the purchase of long-lead equipment in response to February Board approval.

Notes for Capital Primary Costs

Power System (continued)

Resource Management $185,280,000

The Resource Management capital portfolio includes funding to develop and implement future resources. The increase from FY26 includes substation, interconnection, and shared network upgrade costs for the Marigold Energy Center, which is comprised of solar, battery energy storage, and natural gas generation. Development of Marigold Energy Center is anticipated to be phased with solar and storage targeted to be online in FY29, and natural gas to be online targeting FY33. Further, FY27 accounts for the addition of third-party developer transmission network upgrades that are critical for ensuring timely integration of new resources and alignment with operational needs. Also included is funding for the site preparation and interconnection infrastructure for the Long Duration Energy Storage Pilot, which assumes a 20MW project with a targeted online date of April 2028. These projects advance SRP's system strategies representing investments in renewable energy and storage and firm capacity balancing affordability, reliability, and sustainability.

Salt River Project
2026-2027 Organizational Budget
Operating Primary Costs
($ Thousands)

Corporate Planning & Strategy	FY26 Budget	FY27 Proposed	$ Change	% Change
Associate General Manager	$ 3,131	$ 0	$ (3,131)	(100.0%)
Total	**$ 3,131**	**$ 0**	**$ (3,131)**	**(100.0%)**

Notes for Operating Primary Costs

Corporate Planning & Strategy

Associate General Manager $3,131,000

The AGM budget is comprised of the operating costs for the AGM and direct staff. The decrease is the result of the corporate reorganization announced October 8, 2025.

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Workforce

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

Table of Organization (T.O.) Summary Notes

Overall, there is no increase due to reprioritizing resources.

Salt River Project

2026-2027 Workforce Budget

Table of Organization (T.O.) Positions

	FY26 Workforce				FY27 Workforce
	Regular	**Provisionals**	**Transfers**	**New Positions**	**Regular**
President & Staff	40	0	0	0	40
General Manager	4	0	2	0	6
Public Affairs & Corporate Services	525	1	35	0	561
Community, Communication & Marketing	158	0	0	0	158
Financial & Information Services	605	0	137	0	742
Power System	1,669	0	(67)	0	1,602
Customer Operations	1,797	4	153	0	1,954
Law, Land & Security	190	0	(24)	0	166
Water Stewardship	420	0	2	0	422
Corporate Planning & Strategy	228	0	(228)	0	0
Human Resources (includes PERA)	168	0	0	0	168
Managed Development Program	230	0	(1)	0	229
Total Allocated	6,034	5	9	0	6,048
Unallocated	30	0	(9)	0	21
Total	**6,064**	**5**	**0**	**0**	**6,069**
	6,069				

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Multi-Year Contracts

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

Multi-Year Contract Management

Multi-year contracts of $500,000 or more under negotiation or renegotiation during FY27 require a thorough review and approval process. All multi-year contracts that contain a penalty for early termination are reviewed and require approval of the Board of Directors. Multi-year contracts that contain a penalty for early termination constitute the “Short List”.

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

For the purposes of developing SRP’s FY27 budget, General Manager’s Staff members identified all existing and planned multi-year contracts that obligate or commit SRP beyond FY27 which are open for negotiation, then submitted summary lists of those contracts that contain a penalty clause to the Purchasing department. Financial Planning & Analysis has reviewed the submitted lists of contracts to confirm that total multi-year contract expenditures contemplated are consistent with SRP’s Six-Year Financial Plan.

Salt River Project
Contract Management - Multi-Year Contracts

	Description	Annual Expenditure ($ Thousands) FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	Public Affairs & Corporate Services										
1	**Rental/cleaning service for uniforms, towels, and floor mats**	$ 356	$ 356	$ 356	$ 356	$ 0	$ 0	$ 0	$ 1,425	$ 1,425	$ 0
	Total O&M	**$ 356**	**$ 356**	**$ 356**	**$ 356**	**$ 0**	**$ 0**	**$ 0**	**$ 1,425**	**$ 1,425**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Public Affairs & Corporate Services	**$ 356**	**$ 356**	**$ 356**	**$ 356**	**$ 0**	**$ 0**	**$ 0**	**$ 1,425**	**$ 1,425**	**$ 0**
	Community, Communications & Marketing										
	Total O&M	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Community, Communications & Marketing	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Financial & Information Services										
1	**Utility research master agreement**	$ 5,180	$ 5,340	$ 5,500	$ 0	$ 0	$ 0	$ 0	$ 16,020	$ 16,020	$ 0
2	**Cyber security training, dashboards and integrations**	$ 176	$ 176	$ 176	$ 0	$ 0	$ 0	$ 0	$ 528	$ 528	$ 0
3	**Energy management services for organized market participation**	$ 499	$ 519	$ 540	$ 281	$ 292	$ 303	$ 0	$ 2,433	$ 2,433	$ 0
4	**Network security equipment/device software**	$ 800	$ 800	$ 800	$ 800	$ 800	$ 0	$ 0	$ 4,000	$ 4,000	$ 0
5	**Network connectivity equipment/device software**	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 0	$ 7,200	$ 7,200	$ 0
6	**Data collection and analysis for plant operations and monitoring**	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 0	$ 0	$ 0	$ 5,600	$ 5,600	$ 0
7	**Software subscription and professional services**	$ 5,904	$ 5,904	$ 5,904	$ 5,904	$ 5,904	$ 5,904	$ 0	$ 35,425	$ 35,425	$ 0
8	**Software licenses**	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 0	$ 0	$ 0	$ 8,800	$ 8,800	$ 0
9	**Real-time data platform**	$ 340	$ 340	$ 340	$ 0	$ 0	$ 0	$ 0	$ 1,020	$ 1,020	$ 0
10	**Application performance management software**	$ 550	$ 550	$ 550	$ 688	$ 688	$ 688	$ 0	$ 3,713	$ 3,713	$ 0
11	**Integrations and event-processing software**	$ 3,370	$ 3,540	$ 3,720	$ 3,900	$ 4,100	$ 4,290	$ 0	$ 22,920	$ 22,920	$ 0
12	**Infrastructure health and monitoring software**	$ 700	$ 700	$ 700	$ 700	$ 0	$ 0	$ 0	$ 2,800	$ 2,800	$ 0
13	**Customer contact management system**	$ 250	$ 250	$ 250	$ 250	$ 250	$ 0	$ 0	$ 1,250	$ 1,250	$ 0
14	**Work management for planning, project management**	$ 270	$ 270	$ 270	$ 0	$ 0	$ 0	$ 0	$ 810	$ 810	$ 0
15	**Pension administration software and services**	$ 200	$ 200	$ 200	$ 0	$ 0	$ 0	$ 0	$ 600	$ 600	$ 0
16	**Enterprise computer aided drawing (CAD) platform**	$ 880	$ 880	$ 880	$ 0	$ 0	$ 0	$ 0	$ 2,640	$ 2,640	$ 0
17	**Workload automation software**	$ 125	$ 125	$ 125	$ 125	$ 125	$ 0	$ 0	$ 625	$ 625	$ 0
18	**Financial modeling solution for supply and trading activities**	$ 150	$ 150	$ 150	$ 150	$ 0	$ 0	$ 0	$ 600	$ 600	$ 0
19	**Off-site data center backup location lease**	$ 450	$ 450	$ 0	$ 0	$ 0	$ 0	$ 0	$ 900	$ 900	$ 0
20	**Web-based survey research tool**	$ 0	$ 750	$ 750	$ 750	$ 750	$ 0	$ 0	$ 3,000	$ 3,000	$ 0
21	**Recruiting and candidate assessment platform**	$ 250	$ 250	$ 250	$ 0	$ 0	$ 0	$ 0	$ 750	$ 750	$ 0
22	**Data analytics platform**	$ 500	$ 500	$ 500	$ 0	$ 0	$ 0	$ 0	$ 1,500	$ 1,500	$ 0
23	**New nuclear early site evaluation and permitting**	$ 3,600	$ 8,200	$ 7,900	$ 5,700	$ 0	$ 0	$ 0	$ 25,400	$ 25,400	$ 0
	Total O&M	**$ 28,994**	**$ 34,694**	**$ 34,305**	**$ 24,047**	**$ 14,108**	**$ 12,385**	**$ 0**	**$ 148,534**	**$ 148,534**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Financial & Information Services	**$ 28,994**	**$ 34,694**	**$ 34,305**	**$ 24,047**	**$ 14,108**	**$ 12,385**	**$ 0**	**$ 148,534**	**$ 148,534**	**$ 0**

Salt River Project
Contract Management - Multi-Year Contracts

	Description	Annual Expenditure ($ Thousands) FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	Power System										
1	**ARO Decommissioning services**	$ 7,145	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,145	$ 7,145	$ 0
2	**EPC services for gas turbines at Coolidge Expansion**	$ 49,924	$ 1,288	$ 0	$ 0	$ 0	$ 0	$ 0	$ 51,212	$ 51,212	$ 0
3	**EPC services for GSU transformers at Coolidge Expansion**	$ 7,750	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,750	$ 7,750	$ 0
4	**EPC services for turbine parts at Gila River Generating Station**	$ 0	$ 18,300	$ 18,300	$ 4,026	$ 0	$ 0	$ 0	$ 40,626	$ 40,626	$ 0
5	**OT Applications software licensing**	$ 2,501	$ 2,576	$ 2,653	$ 2,732	$ 2,814	$ 2,899	$ 0	$ 16,175	$ 16,175	$ 0
	Total O&M	**$ 67,319**	**$ 22,163**	**$ 20,953**	**$ 6,758**	**$ 2,814**	**$ 2,899**	**$ 0**	**$ 122,907**	**$ 122,907**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Power System	**$ 67,319**	**$ 22,163**	**$ 20,953**	**$ 6,758**	**$ 2,814**	**$ 2,899**	**$ 0**	**$ 122,907**	**$ 122,907**	**$ 0**
	Customer Operations										
1	**Contract services for temporary contact center workforce**	$ 9,599	$ 12,029	$ 2,362	$ 2,263	$ 2,263	$ 2,263	$ 0	$ 30,780	$ 30,780	$ 0
	Total O&M	**$ 9,599**	**$ 12,029**	**$ 2,362**	**$ 2,263**	**$ 2,263**	**$ 2,263**	**$ 0**	**$ 30,780**	**$ 30,780**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Customer Operations	**$ 9,599**	**$ 12,029**	**$ 2,362**	**$ 2,263**	**$ 2,263**	**$ 2,263**	**$ 0**	**$ 30,780**	**$ 30,780**	**$ 0**
	Law, Land & Risk Management										
	Total O&M	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Law, Land & Risk Management	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Water Stewardship										
	Total O&M	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Water Stewardship	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Human Resources										
	Total O&M	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Human Resources	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total SRP Multi-Year Contracts										
	Total O&M	**$ 106,269**	**$ 69,242**	**$ 57,976**	**$ 33,425**	**$ 19,186**	**$ 17,547**	**$ 0**	**$ 303,646**	**$ 303,646**	**$ 0**
	Total Capital	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
	Total Contracts	**$ 106,269**	**$ 69,242**	**$ 57,976**	**$ 33,425**	**$ 19,186**	**$ 17,547**	**$ 0**	**$ 303,646**	**$ 303,646**	**$ 0**

Water Support

The Water Support section steps through the proposed changes and estimated impacts to the FY27 Statement of Revenues and Expenses Association Budget if the proposed rates are not approved.

DRAFT STATEMENT OF REVENUES AND EXPENSES ASSOCIATION BUDGET

	FY26 Budget (000)	FY27 Proposed (000)
Operating Revenues		
Stored and Developed	$12,625	$13,192
Additional Deliveries	2,407	2,651
Water Delivery Revenues	2,026	2,105
Other Service Revenues	4,748	6,852
Falling Water	7,177	6,726
Total Operating Revenues	$28,983	$31,526
Operating Expenses		
Operations & Maintenance	82,610	81,244
Power for Pumping	5,268	9,754
Total Operating Expenses	$87,878	$90,998
Net Operating Revenues (Loss)	($58,895)	($59,472)
Other Income (Deductions) Net	2,872	2,163
*Net Revenues (Loss)**	($56,023)	($57,309)

*Impacts to FY27 if the proposed rates are not approved

Appendix

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

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

Description	FY26 Budget	FY27 Budget	$ Change	% Change
Municipal Aesthetics Program	$ 18,000	$ 18,000	$ 0	0.0%

Note: The Municipal Aesthetics Program Fund balance as of January 31, 2026 is $85,689,455.

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

Entity	FY27 Budget
Gila River Water Storage, LLC	$ 798
Total	**$ 798**

Salt River Project
2026-2027 Organizational Budget
Summary of Operating Chargebacks and Loads
($ Thousands)

	FY26 Budget	FY27 Proposed	$ Change	% Change
Total Organizational Primary & Contingency	**$ 3,445,448**	**$ 3,707,724**	**$ 262,276**	**7.6%**
Chargebacks and Loads				
President & Staff	$ 4,247	$ 4,318	$ 71	1.7%
General Manager	1,111	1,148	37	3.3%
Public Affairs & Corporate Services	44,481	45,576	1,095	2.5%
Community, Communications & Marketing	16,691	17,125	434	2.6%
Financial & Information Services	75,293	76,143	850	1.1%
Law, Land & Security	15,705	14,359	(1,346)	(8.6%)
Human Resources	20,085	20,928	843	4.2%
Customer Operations	323,525	366,767	43,242	13.4%
Water Stewardship	63,157	59,770	(3,387)	(5.4%)
Power System	215,381	226,638	11,257	5.2%
Corporate Planning & Strategy	1,853	0	(1,853)	(100.0%)
Total Chargebacks and Loads	**$ 781,529**	**$ 832,772**	**$ 51,243**	**6.6%**

Notes for Operating Chargebacks and Loads

Chargebacks $328,936,000

The chargeback category includes dollars for all of SRP's shared service providers which include: Information Technology, Facilities Services, Supply Chain, Graphic Records, Transportation Services, Communications System Support, Environmental Lab, Mail Services, Security Services, and Flight Services. Chargebacks are expected to increase year-over-year. The increase over FY26 is primarily due to Information Technology, as dollars are expected to increase due to rising licensing and hardware expenses, business growth, and ongoing supply-chain pressures.

Loads $503,836,000

The loads category includes the following subcategories: Labor Loads (Sick, Vacation, Holiday, and Leave (SVHL), Benefits, Payroll Tax, and Accrual), Supply Chain Loads, Functional Loads, and Transportation Loads. Loads increased from FY26 due primarily to an increase in Labor loads. This increase is driven by general inflationary pressures increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits and taxes are expected to drive an increase to Labor load rates.

Salt River Project
2026-2027 Organizational Budget
Capital Summary of Loads
($ Thousands)

	FY26 Budget	FY27 Proposed	$ Change	% Change
Total Organizational Primary, Contingency & Risk	**$ 1,571,426**	**$ 1,831,498**	**$ 260,072**	**16.6%**
Loads				
Public Affairs & Corporate Services	$ 12,523	$ 12,460	$ (63)	(0.5%)
Community, Communications & Marketing	12	12	(0)	(2.1%)
Financial & Information Services	11,878	10,965	(913)	(7.7%)
Law, Land & Security	7,687	8,538	851	11.1%
Customer Operations	138,199	136,330	(1,869)	(1.4%)
Water Stewardship	20,441	20,693	252	1.2%
Power System	105,461	135,034	29,573	28.0%
Corporate Planning & Strategy	0	0	0	--
Total Loads	**$ 296,201**	**$ 324,032**	**$ 27,831**	**9.4%**
Financial	**$ 35,199**	**$ 25,725**	**$ (9,474)**	**(26.9%)**
Subtotal	**$ 331,400**	**$ 349,757**	**$ 18,357**	**5.5%**
Cash Contributions (CIAC)	**$ (235,692)**	**$ (368,703)**	**$ (133,011)**	**56.4%**
Grand Total	**$ 1,667,134**	**$ 1,812,552**	**$ 145,418**	**8.7%**

Notes for Capital Loads

Loads $324,032,000

The Loads category includes the following subcategories: Labor Loads, Supply Chain Loads, Administrative & General Loads, Functional Loads, Transportation Loads, and Municipal Aesthetics Loads. Loads increased from FY26 due primarily to an increase in Functional and A&G loads. This increase is driven by general inflationary pressures increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits expenses are expected to drive an increase to labor load rates.

Financial $25,725,000

The Financial category includes AFUDC. Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The decrease from the FY26 budget is due to reduced spending on AFUDC-eligible projects.

Contributions-In-Aid-of-Construction (CIAC) ($368,703,000)

CIAC are funds recovered from residential or commercial customers to defray the cost of new business or customer requested construction of SRP-owned facilities. The largest contributors of the increase from FY26 are $113.3 million related to Transmission and Distribution Substation New Business as more customer driven work is expected to occur in FY27.

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Public Affairs & Corporate Services					
Supply Chain & Flight Services					
3922500	IR: Transportation Fleet Salvage	$ (1,500)	$ (1,500)	$ 0	0.0%
3931001	Material Services: Equipment	1,500	1,425	(75)	(5.0%)
3931005	Investment Recovery: Equipment	250	250	0	0.0%
3981511	Flight Services: Equipment & UAS; Drones	350	300	(50)	(14.3%)
3984005	General Equipment Salvage	(4,100)	(3,768)	332	(8.1%)
Total Supply Chain & Flight Services		**$ (3,500)**	**$ (3,293)**	**$ 207**	**(5.9%)**
Facilities, MCM & Transportation Services					
3902043	POB Modernization	$ 2,700	$ 2,000	$ (700)	(25.9%)
3902100	Facilities Betterments	36,900	36,200	(700)	(1.9%)
3903042	ISB Modernization	650	0	(650)	(100.0%)
3903043	XCT Modernization	17,000	21,200	4,200	24.7%
3903240	Falcon Field Hangar	16,500	0	(16,500)	(100.0%)
3922000	Transportation Svcs:Fleet Transportation	39,270	25,355	(13,915)	(35.4%)
3941201	Building Services Tools & Shop Equipment	20	20	0	0.0%
3941202	Transportation Svcs: Tools & Equipment	1,200	1,350	150	12.5%
3941300	Mechanical C&M Tools	300	300	0	0.0%
3941306	MCM Equipment Replacements	2,500	1,500	(1,000)	(40.0%)
Total Facilities, MCM & Transportation Services		**$ 117,040**	**$ 87,925**	**$ (29,115)**	**(24.9%)**
Risk Management					
3901395	Fire Protection System Betterments	$ 1,693	$ 950	$ (743)	(43.9%)
Total Risk Management		**$ 1,693**	**$ 950**	**$ (743)**	**(43.9%)**
Total Public Affairs & Corporate Services		**$ 115,233**	**$ 85,582**	**$ (29,651)**	**(25.7%)**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Community, Communications & Marketing					
Community, Communications & Marketing					
3981401	A-V & Other Equipment	$ 165	$ 144	$ (21)	(12.7%)
3981410	CC&M Printing Equipment	74	100	26	35.1%
Total Community, Communications & Marketing		**$ 239**	**$ 244**	**$ 5**	**2.1%**
Total Community, Communications & Marketing		**$ 239**	**$ 244**	**$ 5**	**2.1%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Financial & Information Services					
Cyber Security Services					
3981708	Application Roadmap-Cyber Security Prgrm	$ 250	$ 250	$ 0	0.0%
Total Cyber Security Services		**$ 250**	**$ 250**	**$ 0**	**0.0%**
Future System Assets & Strategy					
2951202	Chemistry Lab	$ 245	$ 245	$ 0	0.0%
2972132	Real Time Water Quality Probe Replacemen	85	85	0	0.0%
Total Future System Assets & Strategy		**$ 330**	**$ 330**	**$ 0**	**0.0%**
IT Services					
3911200	Managed Print Services	$ 267	$ 203	$ (64)	(24.1%)
3912001	End User Compute	8,483	8,262	(221)	(2.6%)
3912052	Infrastructure Equip. Lifecycle & Growth	18,180	19,716	1,536	8.5%
3972025	Telephone System Upgrades	195	489	294	150.6%
3981640	Enterprise Content Management Program	2,083	4,658	2,575	123.6%
3981641	Enterprise System Improvements	6,842	2,055	(4,787)	(70.0%)
3981655	Corporate Data Dictionary	4,024	4,103	79	2.0%
3981660	Customer Modernization	72,665	99,220	26,555	36.5%
3981714	Application Road Map-SAP Improvement Prg	1,765	8,175	6,410	363.1%
Total IT Services		**$ 114,504**	**$ 146,881**	**$ 32,377**	**28.3%**
Total Financial & Information Services		**$ 115,084**	**$ 147,461**	**$ 32,377**	**28.1%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Law, Land & Security					
Land Department					
2891104	Purchase Right Of Way Irrigation Facilit	$ 184	$ 259	$ 75	40.4%
3101800	Generation Right Of Way	50,245	28,412	(21,833)	(43.5%)
3501802	Transmission Right Of Way	59,579	60,401	822	1.4%
3601197	Distribution Right Of Way	2,807	3,441	634	22.6%
3891001	Retirement of Land & Rights	10	0	(10)	(100.0%)
3891012	Airport Ground Lease	100	100	0	0.0%
3891095	Survey Equipment and Instruments	231	231	0	0.0%
Total Land Department		**$ 113,156**	**$ 92,844**	**$ (20,312)**	**(18.0%)**
Security Services					
3971300	Security Equipment	$ 4,000	$ 5,675	$ 1,675	41.9%
Total Security Services		**$ 4,000**	**$ 5,675**	**$ 1,675**	**41.9%**
Total Law, Land & Security		**$ 117,156**	**$ 98,519**	**$ (18,637)**	**(15.9%)**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Customer Operations					
Customer Modernization					
3981626	Customer Technology Projects	$ 500	$ 0	$ (500)	(100.0%)
Total Customer Modernization		**$ 500**	**$ 0**	**$ (500)**	**(100.0%)**
Customer Services					
3704400	New Meters	$ 27,400	$ 32,099	$ 4,699	17.1%
3941440	Metering-Electric System Planning & Eng	150	150	0	0.0%
Total Customer Services		**$ 27,550**	**$ 32,249**	**$ 4,699**	**17.1%**
Customer Strategy					
3904000	SRP Innovation Test Center	$ 200	$ 130	$ (70)	(35.0%)
Total Customer Strategy		**$ 200**	**$ 130**	**$ (70)**	**(35.0%)**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Distribution Grid Services					
3601210	Distribution Lines - System Plan	$ 20,181	$ 23,260	$ 3,079	15.3%
3601220	Distribution - Customer Improvements	12,643	12,679	36	0.3%
3601230	Distribution - System Replacements	16,998	17,226	228	1.3%
3601240	Electric System Upgrades to Standards	825	578	(247)	(29.9%)
3601250	Public Agency Management	2,392	2,440	48	2.0%
3601300	Light Rail Project	30	30	0	0.0%
3601401	Residential New Business	42,842	41,858	(984)	(2.3%)
3601405	Commercial New Business	27,501	28,044	543	2.0%
3601415	Distribution Transformers	51,977	51,196	(781)	(1.5%)
3601416	Residential & Commercial Services	19,500	19,861	361	1.9%
3601500	Wood Pole Asset Management Project	13,713	11,540	(2,173)	(15.8%)
3601510	Underground Cable Replacement	45,200	42,940	(2,260)	(5.0%)
3603605	Municipal Aesthetics Program	85,689	18,000	(67,689)	(79.0%)
3609999	Municipal Program Carry-Out	(85,689)	(18,000)	67,689	(79.0%)
3941303	CCS New Business D&C Tools	140	0	(140)	(100.0%)
3941304	Distribution Grid Services Tools	694	695	1	0.1%
3981233	Reprographics Equipment	195	244	49	25.1%
Total Distribution Grid Services		**$ 254,831**	**$ 252,591**	**$ (2,240)**	**(0.9%)**
Distribution Strategy, Planning & Operations					
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	$ 500	$ 1,710	$ 1,210	242.0%
3941435	Distribution Operations Tools	185	220	35	18.9%
Total Distribution Strategy, Planning & Operations		**$ 685**	**$ 1,930**	**$ 1,245**	**181.8%**
Total Customer Operations		**$ 283,766**	**$ 286,900**	**$ 3,134**	**1.1%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Water Stewardship					
Water Supply & Systems					
2301110	Granite Reef and Basin Improvements	$ 100	$ 0	$ (100)	(100.0%)
2401009	Groundwater Combined Improvements	1,000	240	(760)	(76.0%)
2401010	Groundwater Resource Development	9,031	6,495	(2,536)	(28.1%)
2401014	Groundwater Electrical Improvements	420	540	120	28.6%
2402010	Water Quality Management	1,915	2,273	358	18.7%
2502001	Water Transmission	6,425	5,625	(800)	(12.5%)
2502012	Gilbert Road Pipeline	1,861	406	(1,455)	(78.2%)
2502015	Canal Water Measurement Bridges	300	150	(150)	(50.0%)
2602001	Water Distribution	2,500	2,300	(200)	(8.0%)
2602005	Water Distribution Improvements	3,713	10,280	6,567	176.9%
2891170	Land Budget for New Well Sites	1,000	500	(500)	(50.0%)
2943009	Tools - C&M/Groundwater	130	125	(5)	(3.8%)
2972105	SCADA Infrastructure	3,178	5,658	2,480	78.0%
2972131	Real Time Nitrate Monitoring	282	0	(282)	(100.0%)
2972133	Pluvial Precipitation Gauges	30	0	(30)	(100.0%)
Total Water Supply & Systems		**$ 31,885**	**$ 34,592**	**$ 2,707**	**8.5%**
Water Strategy Services					
2321015	Verde Reservoirs Sediment Mitigation Prj	$ 250	$ 183	$ (67)	(26.7%)
2502014	SRP/CAP Interconnection	18,619	12,504	(6,115)	(32.8%)
2911025	Water Customer Systems	6,374	3,658	(2,716)	(42.6%)
2911030	Water Supply Systems	4,572	2,685	(1,887)	(41.3%)
2911035	Water Data Analytics	0	3,361	3,361	--
Total Water Strategy Services		**$ 29,815**	**$ 22,391**	**$ (7,424)**	**(24.9%)**
Total Water Stewardship		**$ 61,700**	**$ 56,983**	**$ (4,717)**	**(7.6%)**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Power System					
Operational Technology Services					
3102004	Generation Station Relaying	$ 0	$ 23	$ 23	--
3102010	Generation SCADA	0	10	10	--
3502010	Transmission SCADA	457	674	217	47.6%
3502020	Telecom Wide Area Network Improvements	2,156	2,495	339	15.7%
3502022	Telecom Infrastructure Improvements	1,905	2,630	725	38.1%
3502024	Telecom Microwave & Power Improvements	3,875	1,045	(2,830)	(73.0%)
3502035	Energy Management System Upgrades	2,836	1,794	(1,042)	(36.7%)
3503904	Transmission Station Relaying	2,282	3,203	921	40.4%
3504020	Substation Communication Network Upgrade	1,290	484	(806)	(62.4%)
3504025	Substation Multiplex-JMUX Project	149	150	1	1.0%
3602010	Distribution SCADA	1,903	2,226	323	17.0%
3602015	Dist. Stations Power Quality Monitors	192	368	176	91.4%
3602020	Substation Virtualization	0	1,132	1,132	--
3603044	Distribution Station Relaying	5,282	7,474	2,192	41.5%
3904100	HSOC Multi-Site Buildout	4,465	222	(4,243)	(95.0%)
3912053	HSOC Equip. Lifecycle & Growth	1,273	500	(773)	(60.7%)
3951330	Telecom Lab and Tools Equipment	593	448	(145)	(24.5%)
3951335	Relay & Central Test Equipment	412	485	73	17.6%
3971415	Telecom Field Area Network Improvements	241	582	341	141.1%
3971416	Cap. Controller Lifecycle Replacement	646	1,123	477	73.8%
3971420	Telecom Land Mobile Radio Improvements	686	322	(364)	(53.1%)
3971500	SRP Wireline Customer Capital	243	123	(120)	(49.4%)
3971510	SRP Wireless Customer Capital	475	238	(237)	(49.8%)
3971515	Paging System Replacement	0	94	94	--
3982035	Advanced Distribution Management System	820	2,747	1,927	235.0%
3982038	PAC Digital Transformation Project	3,000	4,500	1,500	50.0%
Total Operational Technology Services		**$ 35,181**	**$ 35,092**	**$ (89)**	**(0.3%)**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Power Delivery					
3501074	Transmission Line Additions	$ 11,015	$ 39,776	$ 28,761	261.1%
3501100	Transmission Pole Asset Management	5,640	6,352	712	12.6%
3501301	Navajo Southern Transmission System	277	145	(132)	(47.6%)
3503603	Transmission Substation New Business	12,837	67,458	54,621	425.5%
3503604	Transmission Line New Business	18,256	14,542	(3,714)	(20.3%)
3503630	Mead-Phoenix Improvements	2,027	2,730	703	34.7%
3503901	Transmission Substation Maintenance	7,623	12,640	5,017	65.8%
3503903	Transmission Stations Additions/Upgrades	39,759	23,060	(16,699)	(42.0%)
3503905	Palo Verde Transmission Sys Improvements	4,176	16,620	12,444	298.0%
3503906	Rudd System Improvements	6,605	5,641	(964)	(14.6%)
3503910	Palo Verde-Pinal Central Betterments	1,455	25,812	24,357	1,674.1%
3506009	Mesquite Transmission Improvements	10	26	16	166.3%
3506012	Four Corners Switchyard Participation	18	129	111	629.9%
3506015	Coronado-Springerville Improvements	81	561	480	594.5%
3506020	Rogers System Improvements	341	744	403	118.3%
3507005	Red Hawk 230kv Project	5,478	228	(5,250)	(95.8%)
3507006	Coronado-Pinnacle Peak 500kV Line	0	1,010	1,010	--
3507025	South Mountain Transmission	531	13,530	12,999	2,447.0%
3507030	Transmission Expansion Projects	0	390	390	--
3603040	Distribution Station Capital Maintenance	15,256	24,053	8,797	57.7%
3603042	Distribution Stations Additions/Upgrades	29,962	52,693	22,731	75.9%
3603603	Distribution Substation New Business	80,309	130,467	50,158	62.5%
3941301	System Operations Tools	2,340	2,516	176	7.5%
3941430	Planning & Engineering Tools	282	760	478	169.5%
3971100	Fire Mitigation	0	260	260	--
3981634	Operational Readiness Implementation	605	0	(605)	(100.0%)
Total Power Delivery		**$ 244,883**	**$ 442,143**	**$ 197,260**	**80.6%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Power Generation					
3102003	Hayden Capital Projects	$ 393	$ 438	$ 45	11.5%
3103002	Craig Capital Projects	23	0	(23)	(100.0%)
3105020	Coronado Capital Projects	4,726	1,302	(3,424)	(72.5%)
3105022	Coronado Gas Conversion	0	16,000	16,000	--
3105557	Springerville Betterments	3,706	5,421	1,715	46.3%
3105594	Coolidge Plant Improvement	10,115	3,570	(6,545)	(64.7%)
3105595	Coolidge Expansion Project	224,193	60,406	(163,787)	(73.1%)
3108002	Four Corners Capital Projects	3,744	4,125	381	10.2%
3109095	Agua Fria Capital Projects	12,971	4,139	(8,832)	(68.1%)
3109112	Kyrene Capital Projects	3,104	1,641	(1,463)	(47.1%)
3201004	Palo Verde Capital Projects	63,323	81,248	17,925	28.3%
3301213	Hydro Capital Projects	5,856	12,066	6,210	106.0%
3301230	SRP Pumped Storage	89,041	197,717	108,676	122.1%
3381001	Solar Site Improvements	125	1,054	929	743.2%
3421027	Santan Capital Projects	8,594	11,897	3,303	38.4%
3421125	Mesquite Capital Projects	41,098	2,849	(38,249)	(93.1%)
3421140	Gila River Capital Projects	12,354	16,356	4,002	32.4%
3421150	Desert Basin Capital Projects	12,033	1,579	(10,454)	(86.9%)
3421225	Copper Crossing Research & Energy Center	29,073	2,117	(26,956)	(92.7%)
3506005	Gila River Switchyard	430	725	295	68.6%
3506010	Mesquite Switchyard Improvements	0	70	70	--
3914000	Power Generation Services Hardware	0	2,015	2,015	--
3941311	Tools - Hydro	617	128	(489)	(79.2%)
3941313	Tools and Equipment - Coronado	120	230	110	91.7%
3941316	Tools and Equipment - Agua Fria	100	50	(50)	(50.0%)
3941317	Tools and Equipment - Kyrene	125	35	(90)	(72.0%)
3941318	Tools and Equipment - Santan	174	134	(40)	(22.9%)

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
3941334	Tools and Equipment - Desert Basin	$ 150	$ 250	$ 100	66.7%
3941335	Tools and Equipment - Mesquite	50	52	2	4.3%
3941340	Tools and Equipment - Gila River	50	200	150	300.0%
3941342	Tools and Equipment - Coolidge	105	250	145	138.1%
3941345	Power Generation Services Tools	115	335	220	191.3%
3951110	Generation Engineering Tools	200	180	(20)	(10.0%)
3961000	Coronado Rolling Stock	535	535	0	0.0%
Total Power Generation		**$ 527,243**	**$ 429,114**	**$ (98,129)**	**(18.6%)**
Resource Management					
3105580	Future Resources	$ 21,700	$ 185,280	$ 163,580	753.8%
3901394	Randolph Parties Settlement	2,375	0	(2,375)	(100.0%)
Total Resource Management		**$ 24,075**	**$ 185,280**	**$ 161,205**	**669.6%**
Total Power System		**$ 831,382**	**$ 1,091,629**	**$ 260,247**	**31.3%**

Salt River Project
2026-2027 Organizational Budget
Capital Costs
($ Thousands)

		FY26 Budget	FY27 Proposed	$ Change	% Change
Total Capital Primary Costs		**$ 1,524,560**	**$ 1,767,318**	**$ 242,758**	**15.9%**
Contingency & Risk Portfolio					
3990300	Capital Contingency	$ 0	$ 25,000	$ 25,000	--
3990400	Capital Risk Portfolio	46,866	39,180	(7,686)	(16.4%)
Total Contingency & Risk Portfolio		**$ 46,866**	**$ 64,180**	**$ 17,314**	**36.9%**
Total Capital Expenditures		**$ 1,571,426**	**$ 1,831,498**	**$ 260,072**	**16.6%**
Loads & Financials					
	Loads	$ 296,200	$ 324,032	$ 27,832	9.4%
	Financial	35,199	25,725	(9,474)	(26.9%)
Total Loads & Financials		**$ 331,399**	**$ 349,757**	**$ 18,358**	**5.5%**
Subtotal		**$ 1,902,825**	**$ 2,181,255**	**$ 278,430**	**14.6%**
Cash Contributions (CIAC)		**$ (235,692)**	**$ (368,703)**	**$ (133,011)**	**56.4%**
Grand Total		**$ 1,667,133**	**$ 1,812,552**	**$ 145,419**	**8.7%**

Salt River Project

2026-2027 Operating Budget

Capital Costs for Full Life Items

($ Thousands)

CBI Number	Description	FY27	FY28	FY29	FY30	FY31	FY32
2321015	Verde Reservoirs Sediment Mitigation Prj	$ 183	$ 0	$ 0	$ 0	$ 0	$ 0
2402010	Water Quality Management	2,273	2,273	2,273	2,273	2,273	2,273
2502012	Gilbert Road Pipeline	406	406	0	0	0	0
2502014	SRP/CAP Interconnection	12,504	26,842	104,873	92,926	2,926	0
2502015	Canal Water Measurement Bridges	150	150	150	150	150	150
2891170	Land Budget for New Well Sites	500	500	1,000	1,000	1,000	1,000
3105022	Coronado Gas Conversion	16,000	22,500	14,500	20,000	0	0
3105580	Future Resources	185,280	164,490	245,002	166,553	761,736	292,711
3105594	Coolidge Plant Improvement	3,570	3,826	4,798	5,002	833	11,233
3105595	Coolidge Expansion Project	60,406	2,129	0	0	0	0
3301230	SRP Pumped Storage	197,717	383,119	404,296	579,470	544,658	541,524
3421225	Copper Crossing Research & Energy Center	2,117	160	0	0	0	0
3504020	Substation Communication Network Upgrade	484	276	0	0	0	0
3504025	Substation Multiplex-JMUX Project	150	275	0	0	0	0
3507005	Red Hawk 230kv Project	228	880	0	0	0	0
3507006	Coronado-Pinnacle Peak 500kV Line	1,010	1,010	1,010	1,010	1,010	0
3507025	South Mountain Transmission	13,530	74,604	0	0	0	0
3507030	Transmission Expansion Projects	390	11,700	19,800	29,571	25,077	11,172
3601300	Light Rail Project	30	210	220	360	1,083	2,417
3602015	Dist. Stations Power Quality Monitors	368	407	507	536	507	540
3602020	Substation Virtualization	1,132	1,990	0	0	0	0

Salt River Project

2026-2027 Operating Budget

Capital Costs for Full Life Items

($ Thousands)

CBI Number	Description	FY27	FY28	FY29	FY30	FY31	FY32
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	$ 1,710	$ 2,092	$ 1,500	$ 1,000	$ 750	$ 750
3901395	Fire Protection System Betterments	950	450	350	350	350	350
3902043	POB Modernization	2,000	7,000	2,000	9,000	23,000	16,000
3903043	XCT Modernization	21,200	20,300	29,500	15,000	0	0
3904100	HSOC Multi-Site Buildout	222	0	0	0	0	0
3941306	MCM Equipment Replacements	1,500	1,500	2,500	2,500	2,500	2,500
3971416	Cap. Controller Lifecycle Replacement	1,123	770	1,005	1,300	448	763
3971420	Telecom Land Mobile Radio Improvements	322	960	1,428	1,833	824	328
3971515	Paging System Replacement	94	0	0	0	0	0
3972025	Telephone System Upgrades	489	298	379	1,226	499	0
3981629	Transient Cyber Assets	0	1,425	0	0	0	0
3981640	Enterprise Content Management Program	4,658	4,483	3,153	0	0	0
3981655	Corporate Data Dictionary	4,103	4,103	2,262	1,942	1,942	1,742
3981660	Customer Modernization	99,220	0	0	0	0	0
3981708	Application Roadmap-Cyber Security Prgrm	250	250	1,000	1,000	250	250
3982035	Advanced Distribution Management System	2,747	2,307	1,977	3,096	1,788	0

Salt River Project

2026-2027 Operating Budget

Capital Costs for Full Life Items

($ Thousands)

CBI Number	Description	FY27	FY28	FY29	FY30	FY31	FY32
3982038	PAC Digital Transformation Project	$ 4,500	$ 3,500	$ 2,500	$ 0	$ 0	$ 0
	Total Primary Cost for Full Life Items	**$ 643,518**	**$ 747,187**	**$ 847,983**	**$ 937,097**	**$ 1,373,603**	**$ 885,703**
	Loads	**$ 55,750**	**$ 61,858**	**$ 64,764**	**$ 67,458**	**$ 80,706**	**$ 49,817**
	Total Full Life Items	**$ 699,268**	**$ 809,045**	**$ 912,747**	**$ 1,004,555**	**$ 1,454,309**	**$ 935,520**
	CIAC	**$ (28,119)**	**$ (93,784)**	**$ (32,809)**	**$ (58,462)**	**$ (41,982)**	**$ (29,506)**
	Total Full Life Items including CIAC	**$ 671,149**	**$ 715,261**	**$ 879,938**	**$ 946,093**	**$ 1,412,327**	**$ 906,014**

Alternate Financial View

The Alternate Financial View Section steps through the FY27 financial statements including the Statement of Funds Available from Operations, the Combined Statement of Net Revenues, and the Statement of Net Revenues Electric.

The Alternate Financial View Section steps through the proposed changes and estimated impacts to the FY27 financial statements if the proposed changes to the FPPAM are not approved.

Salt River Project
2026-2027 Operating Budget
Statement of Funds Available from Operations
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
$ 4,242,054	Electric Operating Revenues	$ 4,456,571	$ 4,727,990	$ 271,419	6.1%
3,113,362	Electric Operating Expenses	3,256,860	3,517,587	260,727	8.0%
1,128,692	Net Operating Revenues	1,199,711	1,210,403	10,692	0.9%
81,407	Interest and Other Income (Net)	116,428	79,203	(37,225)	(32.0%)
1,210,099	Funds Available for Debt Service	1,316,139	1,289,606	(26,533)	(2.0%)
	Debt Service Requirements on Revenue Bonds:				
238,695	Net Interest on Bonds	285,696	321,016	35,320	12.4%
121,324	Principal	132,960	160,376	27,416	20.6%
360,019	Total	418,656	481,392	62,736	15.0%
3.36	Debt Service Coverage Ratio on Revenue Bonds	3.14	2.68	(0.46)	(14.8%)
	Debt Service Requirements on Subordinated Debt:				
17,716	Net Interest on Subordinated Debt	0	0	0	--
0	Principal	0	0	0	--
17,716	Total	0	0	0	--
377,735	Debt Service Requirements on Revenue Bonds and Subordinated Debt	418,656	481,392	62,736	15.0%
3.20	**Debt Service Coverage Ratio on Revenue Bonds and Subordinated Debt**	**3.14**	**2.68**	**(0.46)**	**(14.8%)**
832,364	Funds After Debt Service	897,483	808,214	(89,269)	(9.9%)
228	Interest on Construction Fund	900	0	(900)	(100.0%)
116,616	Less: Contributions in Lieu of Taxes	106,880	101,308	(5,572)	(5.2%)
63,680	Contributions to Water Operations	77,953	73,420	(4,533)	(5.8%)
6,897	Falling Water Charges	7,178	6,724	(454)	(6.3%)
$ 645,399	**Funds Available for Corporate Purposes**	**$ 706,372**	**$ 626,762**	**$ (79,610)**	**(11.3%)**

Salt River Project
2026-2027 Operating Budget
Combined Statement of Net Revenues
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
	Operating Revenues:				
$ 4,242,054	Electric	$ 4,456,571	$ 4,727,990	$ 271,419	6.1%
38,437	Water and Irrigation	40,564	40,592	28	0.1%
4,280,491	Total Operating Revenues	4,497,135	4,768,582	271,447	6.0%
	Operating Expenses:				
3,881,825	Electric	4,075,794	4,393,573	317,779	7.8%
119,620	Water and Irrigation	136,675	132,404	(4,271)	(3.1%)
4,001,445	Total Operating Expenses	4,212,469	4,525,977	313,508	7.4%
279,046	Net Operating Revenues	284,666	242,605	(42,061)	(14.8%)
	Other Income:				
38,689	Earnings on Investments and Deposits	38,497	38,408	(89)	(0.2%)
317,735	Net Revenues before Financing Costs	323,163	281,013	(42,150)	(13.0%)
	Financing Costs:				
230,859	Interest on Bonds	277,860	313,180	35,320	12.7%
(42,376)	Amort. of Bond Disc. (Prem.), Issue and Refinancing Expenses	(43,032)	(47,544)	(4,512)	10.5%
24,241	Interest on Other Obligations	6,868	7,420	552	8.0%
32,109	Capitalized Interest - Deduction	38,607	29,513	(9,094)	(23.6%)
180,615	Net Financing Costs	203,089	243,543	40,454	19.9%
44,391	Other Income (Deductions) Net	80,739	42,547	(38,192)	(47.3%)
$ 181,511	**Combined Net Revenues (Loss)**	**$ 200,813**	**$ 80,017**	**$ (120,796)**	**(60.2%)**

Salt River Project
2026-2027 Operating Budget
Statement of Net Revenues, Electric
($ Thousands)

FY25 Actual		FY26 Budget	FY27 Budget	$ Change	% Change
	Operating Revenues				
$ 4,242,054	Total Operating Revenues	$ 4,456,571	$ 4,727,990	$ 271,419	6.1%
	Operating Expenses				
766,250	Purchased Power	769,601	912,541	142,940	18.6%
887,628	Fuel Used in Electric Generation	906,621	905,652	(969)	(0.1%)
6,897	Water for Power	7,178	6,724	(454)	(6.3%)
1,065,465	Other Operating Expenses	1,182,105	1,296,018	113,913	9.6%
341,444	Maintenance	339,600	340,559	959	0.3%
637,191	Provision for Depreciation	697,422	760,111	62,689	9.0%
176,950	Taxes and Tax Equivalents	173,267	171,968	(1,299)	(0.7%)
3,881,825	Total Operating Expenses	4,075,794	4,393,573	317,779	7.8%
360,229	Net Operating Revenues	380,777	334,417	(46,360)	(12.2%)
38,689	Total Other Income	38,497	38,408	(89)	(0.2%)
398,918	Net Revenues Before Financing Costs	419,274	372,825	(46,449)	(11.1%)
180,615	Net Financing Costs	203,089	243,543	40,454	19.9%
41,635	Other Income (Deductions) Net	77,863	40,379	(37,484)	(48.1%)
$ 259,938	**Net Revenues (Loss) Electric**	**$ 294,048**	**$ 169,661**	**$ (124,387)**	**(42.3%)**