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

SPECIAL DISTRICT COUNCIL

Thursday, June 18, 2026, 9:30 AM

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

Call to Order
Roll Call

1. 2026 Series Revenue Bond Sale..... JON HUBBARD; MIKE MACE, PFM FINANCIAL ADVISORS; and TRICIA GASPARINE, CHIESA SHAHINIAN AND GIANTOMASI PC

   Request for approval of the **RESOLUTION OF THE COUNCIL APPROVING THE PRIVATE SALE BY THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND RATIFYING AND CONFIRMING TERMS AND CONDITIONS OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES.**

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

The Council may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03(A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Council on any of the matters listed on the agenda.

The Council may go into Closed Session, pursuant to A.R.S. §30-805(B), for discussion of records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

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

THE NEXT COUNCIL MEETING IS SCHEDULED FOR TUESDAY, AUGUST 4, 2026

06/11/2026

2026 Series Bond Sale

June 18, 2026 | SRP Special Board & Council Meeting

Brian Koch | Associate General Manager & Chief Financial Executive

Jon Hubbard | Treasurer & Senior Director, Financial Operations & Compliance

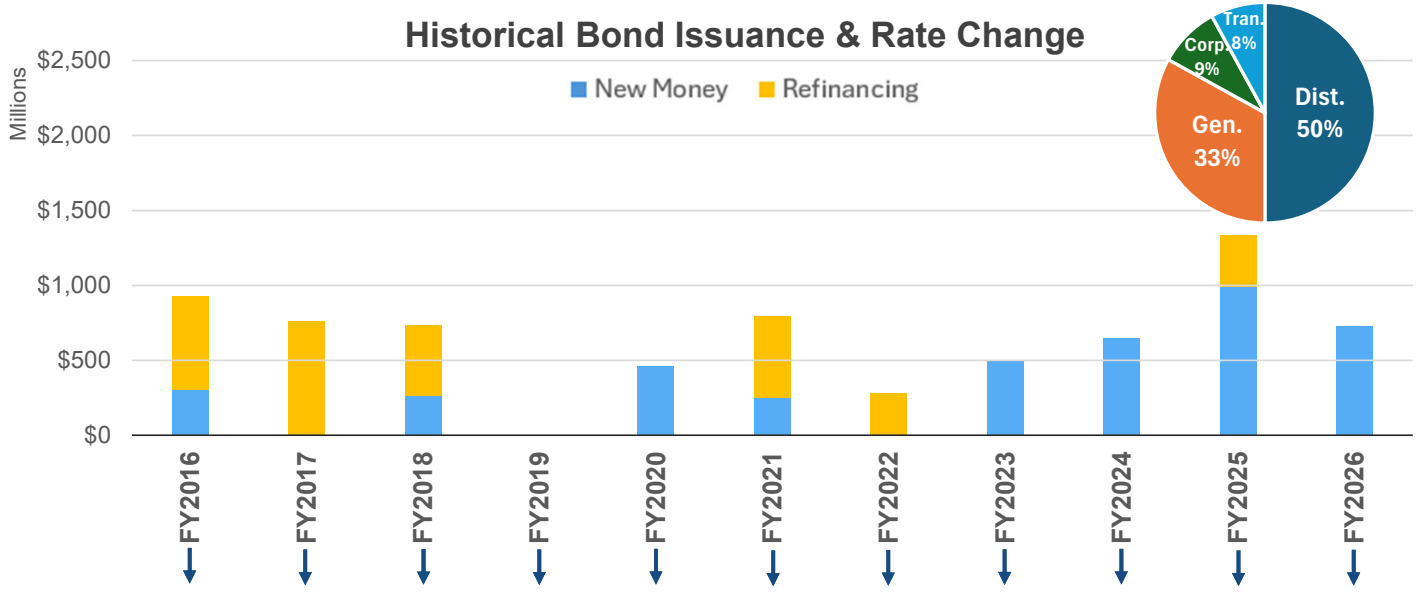
Agenda

- Historical Perspective on Bond Issuances and Rate Changes
- Need to Address FY27 Cash Shortfall
- Opportunity to Refinance Existing Tax-Exempt Revenue Bonds
- Green Bond Designation
- Use of Proceeds from Proposed Tax-Exempt Revenue Bond Sale
- Updates and Request for Approval
    - Bond Sale Team
    - Parameters
    - Calendar

Historical Perspective on Bond Issuances and Rate Changes

Historical Perspective & FP27 Outlook

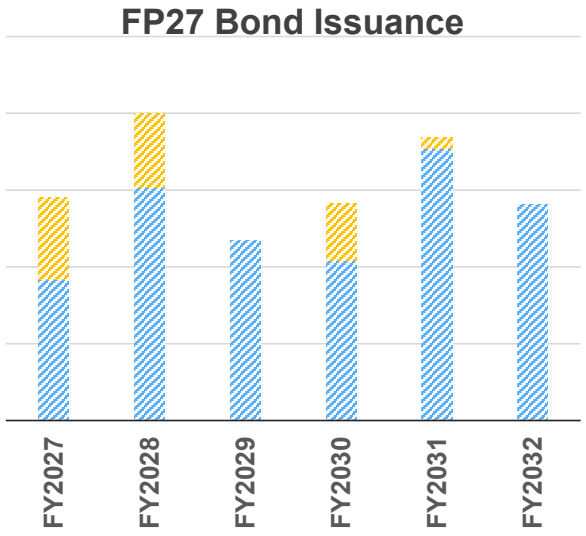
Effective Rate on Bond Portfolio = 3.97% | Total Long-Term Debt $6.6 Billion



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
*Net	0.0%	0.0%	0.0%	-2.2%	0.0%	3.9%	4.7%	9.6%	3.9%	2.4%	-0.47%
FPPAM				-3.9%		3.9%	4.7%	9.6%	3.9%	-1.6%	
Base				1.7%						4.0%	
TCA											-0.47%

FY2016 thru FY2026
***Cumulative Rate Increase of 21.8%**
****Cumulative Inflation CPI-U of 56.3%**
****Cumulative Inflation CPI-E of 50%**

**Does not include temporary rate reductions*
***Source: Federal Reserve Economic Data (FRED)*

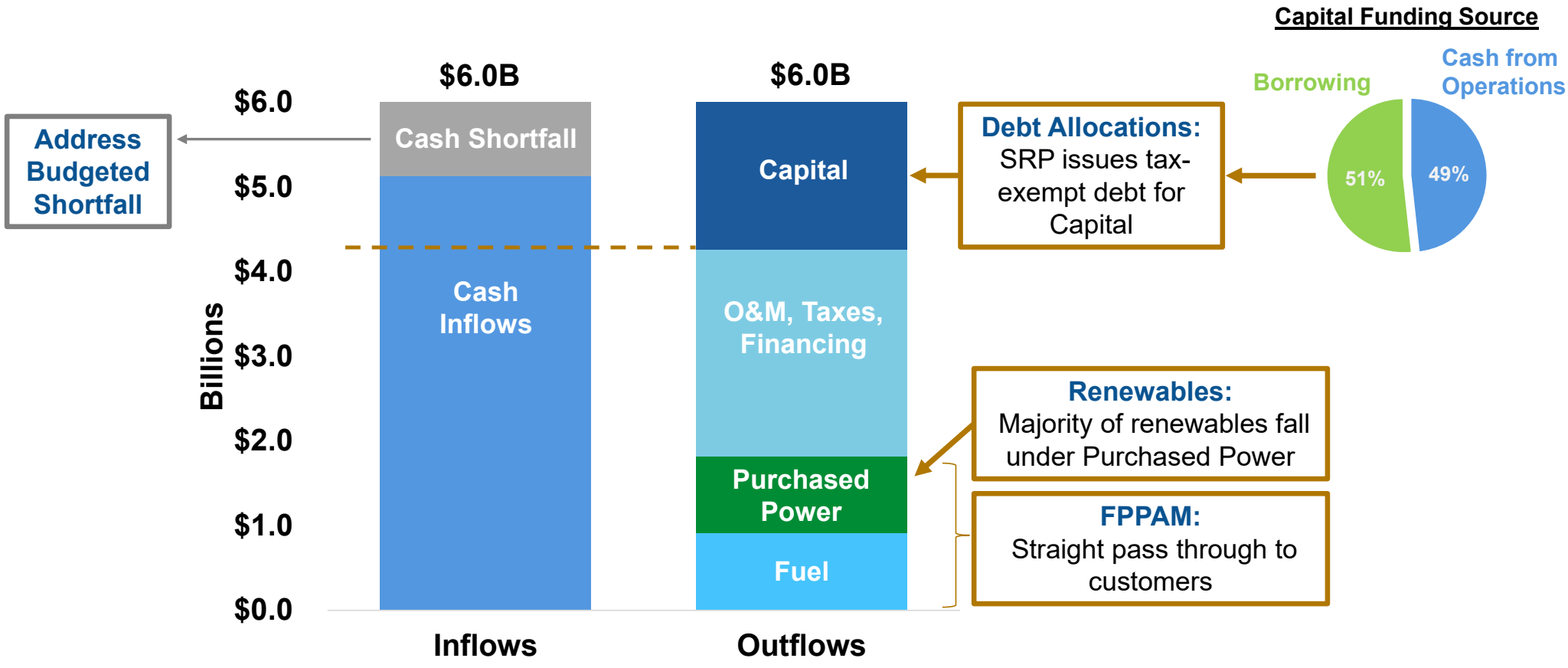


ACC Bonding Authority Balance

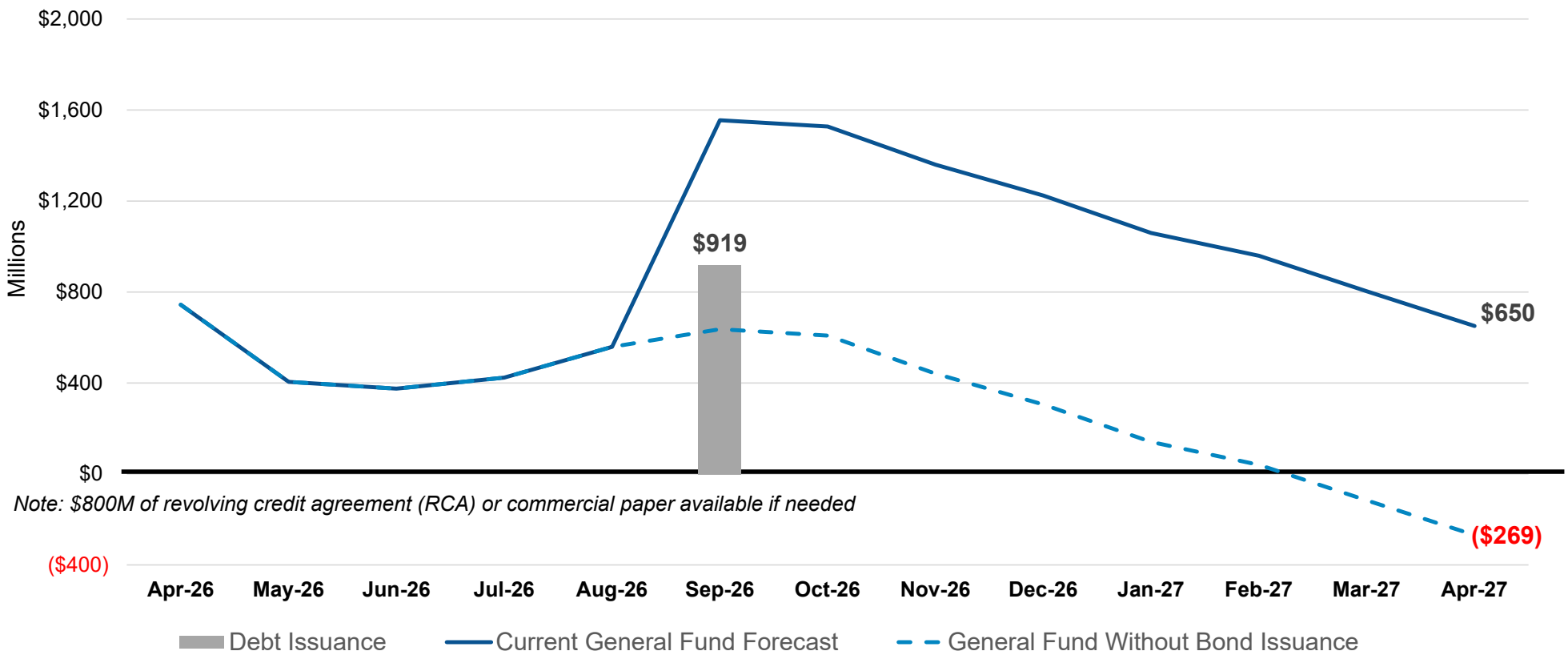
New Money - $5.8B
Refinancing - $11.2B

Need to Address FY27 Cash Shortfall

FY27 Cash Inflows & Outflows



FY27 Forecasted Monthly Liquidity

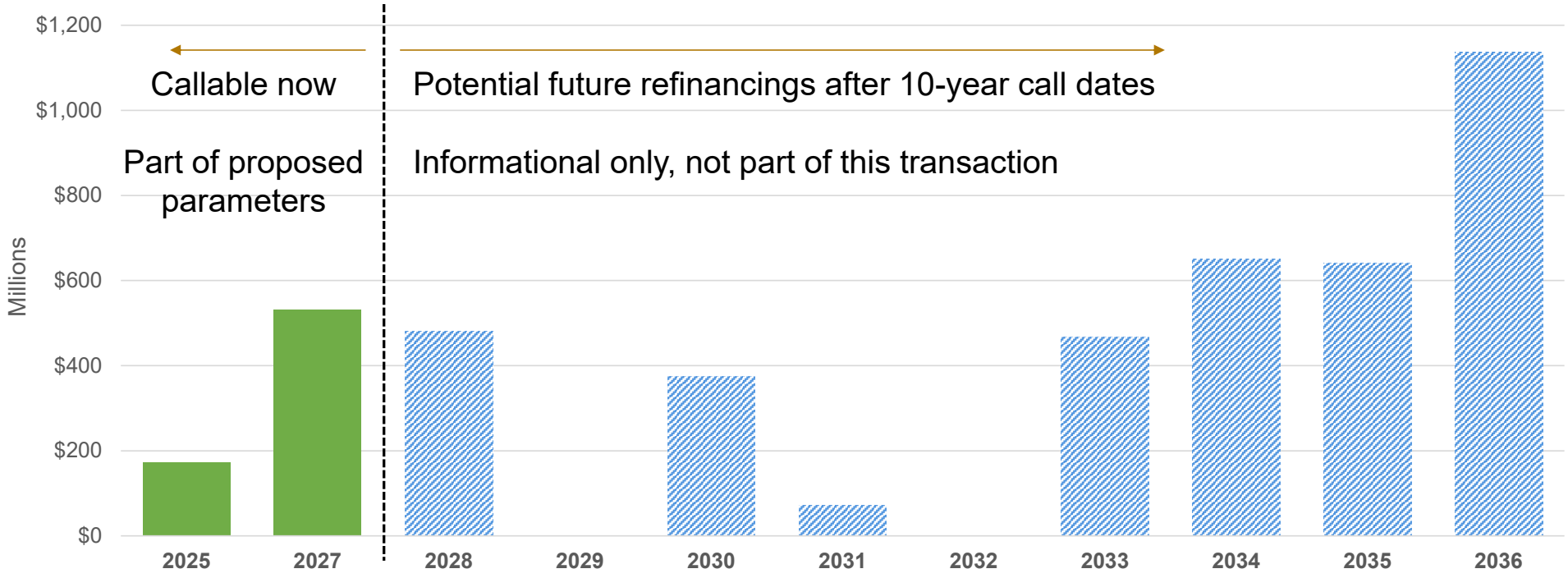


Note: $800M of revolving credit agreement (RCA) or commercial paper available if needed

Opportunity to Refinance Existing Tax-Exempt Revenue Bonds

Refinancing Opportunity by Fiscal Year

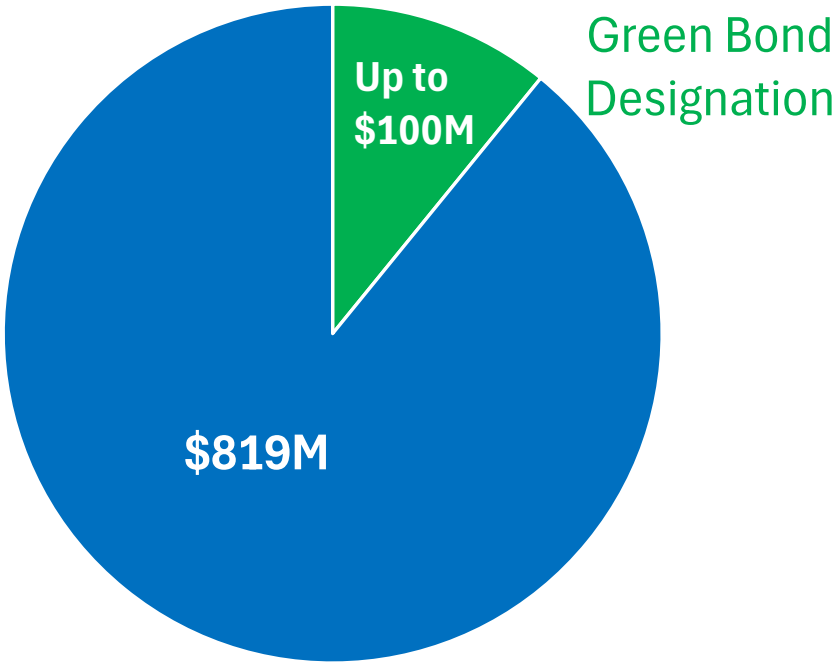
- Refinancing eligible:
  - $531M of 2016 bonds (currently advantageous to refinance, 4.0% and 5.0% coupons)
  - $172M of 2015 bonds (not currently advantageous to refinance due to 3.0% coupons)



Green Bond Designation

Green Bond Designation

$919M Total Bond Issuance



- Designate up to $100 million of the bond sale as green bonds
- Utilize a second party verifier
- Allocate from capital projects approved by second party verifier (Examples: Pumped Hydro, Palo Verde, New Meters, Grid Modernization, Distribution projects, or infrastructure in support of solar and battery assets at Marigold Energy Center)

Use of Proceeds from Proposed Tax-Exempt Revenue Bond Sale

Eligible Capital Projects for IRS Tax-Exempt Allocations

Projects Listed Are Approved by SRP Board in FY27 Budget

$ Millions

Distribution 30%	$393M
Distribution Stations Additions/Upgrades	$66.8
Distribution Transformers	54.9
Underground Cable Replacement	53.2
Residential & Commercial Services	35.9
Distribution Lines - System Plan	30.5
Distribution Station Capital Maintenance	30.2
Residential New Business	29.7
Distribution - System Replacements	21.4
Wood Pole Asset Management Project	18.3
Commercial New Business	16.4
Distribution - Customer Improvements	10.8
Distribution Station Relaying	9.2
PAC Digital Transformation Project	4.7
Advanced Distribution Management System	4.4
Supervisory Control & Data Acquisition (SCADA)	3.6
Cap. Controller Lifecycle Replacement	1.4
Electric System Upgrades to Standards	0.7
Dist. Stations Power Quality Monitors	0.5
High Security Operations Center (HSOC)	0.5
Paging System Replacement	0.2

Transmission 19%	$241M
Transmission Additions & Expansion	$148.0
Palo Verde-Pinal Central Betterments	26.6
Palo Verde Transmission Sys Improvements	17.1
Transmission Substation Maintenance	16.9
Transmission Pole Asset Management	10.5
Rudd System Improvements	5.8
Transmission Station Relaying	4.4
Mead-Phoenix Improvements	2.8
Energy Management System Upgrades	2.1
Supervisory Control & Data Acquisition (SCADA)	1.1
Substation Communication Network Upgrade	1.0
Rogers System Improvements	0.8
Substation Multiplex-JMUX Project	0.4

Generation 30%	$385M
SRP Pumped Storage	$178.1
Future Resources (Marigold Energy Center)	123.5
Palo Verde Capital Projects	83.7

Corporate Infrastructure 21%	$275M
Customer Modernization IT Upgrade	$107.6
New Meters	57.1
IT Hardware & Software	49.2
Transportation Services: Fleet Transportation	27.4
Crosscut Modernization	25.3
Security Equipment	6.0
POB Modernization	2.2

Updates

Bond Sale Team

• Banking Team:	**BofA Securities, Inc.** **J.P. Morgan Securities LLC** **Goldman Sachs & Co. LLC** **Morgan Stanley & Co. LLC** **RBC Capital Markets LLC**
• Underwriter's Counsel:	**James Normile**, *Katten Muchin Rosenman LLP*
• Financial Advisor:	**Michael Mace**, *PFM Financial Advisors LLC*
• Bond Counsel:	**Tricia Gasparine**, *Chiesa Shahinian & Giantomasi PC*
• Tax Counsel:	**Mitch Rapaport**, *Nixon Peabody*
• Arizona Counsel:	**Bill Clarke/Raj Gangadean**, *Spencer Fane*

Proposed Parameters for Transaction

SRP requests approval of parameters from Board & Council for each bond sale

1 Par Amount

- **New money not to exceed $919M in par value**
- Up to $100M of new money to be designated as "Green Bonds" (only if not disadvantageous)
- **Refinancing not to exceed $703M in par value**
- Refinancing includes refunding up to $531M of 2016 A bonds and up to $172M of 2015 A bonds

2 True Interest Cost

- **New money not to exceed 6.0%**
- **Refinancing not to exceed 5.0% for Bonds issued to refund 2016 A Bonds and 3.0% for Bonds issued to refund 2015 A Bonds**
- Refinancing requires NPV savings to execute

3 Final Maturity

- **No greater than 40 years**
- **Refinancing maturities: No maturities later than 1/1/2039**
- No greater than 1.2x duration of bonds refinanced

4 Call Option

- **Redemption Price of 100%**
- **SRP has the option to refinance (i.e., call the bonds) within 10.5 years of issuance**

5 Underwriter's Fee

- **Not to exceed $2.00 per $1,000 of bonds issued**
- Compensation to Underwriters for services rendered

6 Pricing Execution

- **Execute final pricing before 12/31/2026**

Participating in SRP Bond Sale

- SRP's bond sale will prioritize "retail" orders from individual investors identified by zip code; up to a maximum order of $1,000,000 per account; presenting an opportunity to participate
- Retail Participation Requirement: An individual investor will have to have a brokerage account with one of the underwriters or with one of the firms that has a distribution agreement with one of the underwriters:
  - BofA Securities, Inc.
  - Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S)
  - J.P. Morgan Securities LLC (JPMS)
  - Charles Schwab & Co., Inc. (CS&Co.)
  - LPL Financial LLC (LPL)
  - Morgan Stanley & Co. LLC
  - Morgan Stanley Smith Barney LLC
  - Goldman Sachs Asset Management (GSAM)
  - RBC Capital Markets

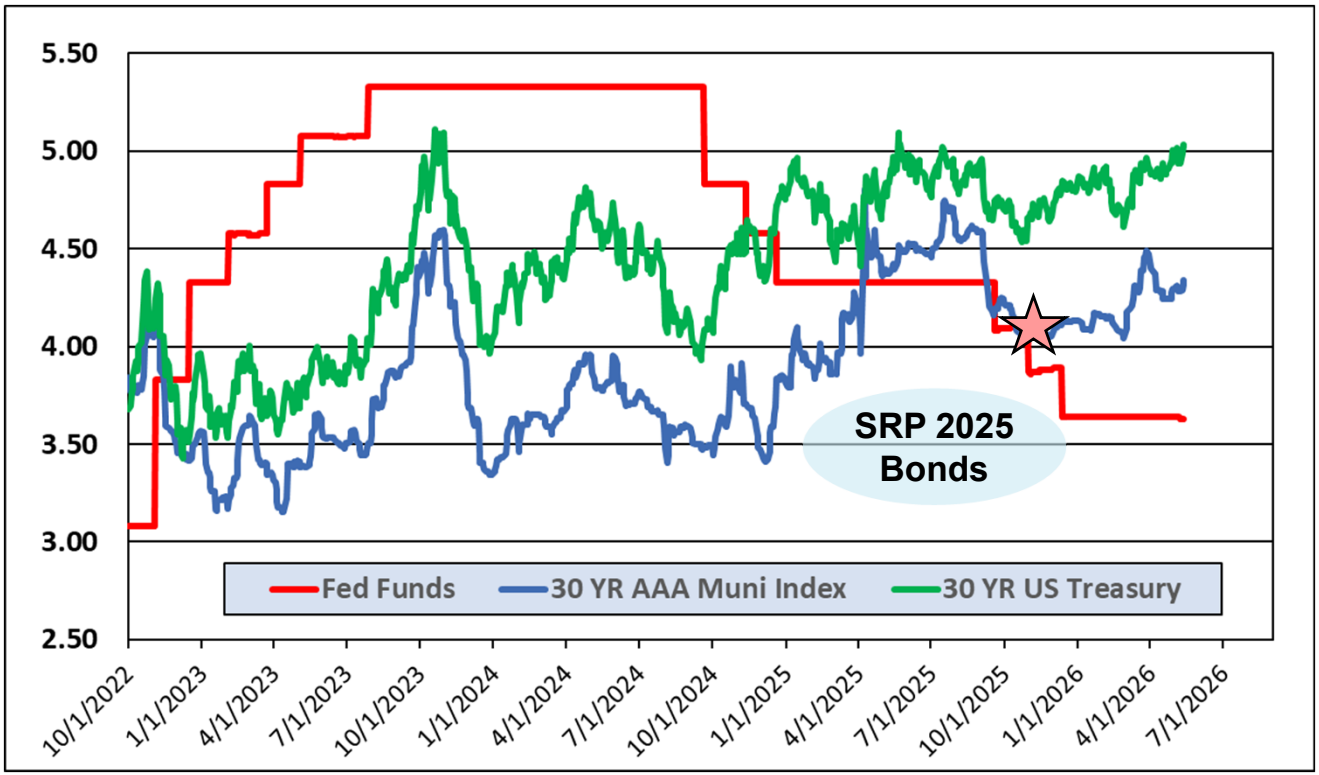
Proposed Board & Council Calendar

Date	Detail
June 18th	Board & Council Approval Request
July/August	Finalize investor materials following year-end audit, conduct outreach to investors, obtain credit ratings
Target Execution	Target execution of Bond Sale/Sign Bond Purchase Agreement no later than 12/31/2026
Board & Council Meetings after Sale	Review Bond Sale Results

Mike Mace

Senior Director | PFM Financial Advisors

SRP 2026 Bonds – Recent Long-Term Interest Rate (%) Trends



- Functional market at higher rates
  - 30 Yr UST rates of 5%+ are the highest in 19 years
  - Muni rates still deliver mid 4% financing to strong credits
  - Large public power financings keep coming to market
  - Most have been well received
  - Except during a couple of rough weeks, or for CA transmission financing (TANC, SCPPA)

SRP 2026 Bonds – The Energy Wave Continues

Several recent utility bond pricings with strong investor demand

- *Investor "books" ranging from 3X to 5X+ amount of bonds available*
- *Some CA utility bond sales still meet investor resistance, but CA retail investors help*

Timing, structure and sizing flexibility has been critical to achieving best execution

PFM encourages borrowers to develop Plan B and Plan C to prepare for volatile markets

- *Plan A can usually get done, but sometimes at higher rates*

2026 Large Muni Utility Bond Sales			
Bond Issuer	State	Issue Par ($MM)	Sale Date
Cal Prepay	CA	1,245	01/16/26
San Antonio CPS	TX	672	01/21/26
Lansing, MI	MI	124	02/19/26
DC Water & Sewer	DC	674	02/12/26
Santee Cooper	SC	460	02/19/26
Cal Prepay	CA	929	03/09/26
Cal Prepay	CA	687	03/10/26
Minn Prepay	MN	803	03/26/26
Texas Prepay	TX	1,159	04/14/26
NPPD	NE	825	04/21/26
TANC	CA	128	04/28/26
Energy Northwest	WA	1,131	04/30/26
IMPA	IN	393	05/19/26
SCPPA	CA	589	05/07/26
OPPD	NE		Upcoming
Lincoln Elec	NE		Upcoming
NC Power	NC		Upcoming
Bonneville Power	OR		Upcoming
JEA	FL		Upcoming
LIPA	NY		Upcoming
Santee Cooper	SC		Upcoming
FMPA	FL		Upcoming

SRP 2026 Bonds – New Money & Refunding Could Exceed $1 Bn

There is typically strong demand for the best structures and credits

SRP's 2026 sale will offer a variety of bond maturities

There is no better public power credit at Aa1 and AA+ ratings

Strong demand for recent SRP bond offerings

• *2025 C*	*$727mm bonds*	*$3,841mm orders*
• *2025 B*	*$635mm bonds*	*$1,306mm orders*
• *2024 B*	*$115mm bonds*	*$ 792mm orders*
• *2024 A*	*$555mm bonds*	*$2,100mm orders*
• *2023 B*	*$650mm bonds*	*$3,435mm orders*
• *2023 A*	*$500mm bonds*	*$ 859mm orders*

Excess demand allows interest rate reductions on bond pricing day

SRP 2026 Bonds – The "SRP Advantage" Benefits Customers

SRP pays among the lowest interest rates and lowest issuance costs of any public power utility in the US

- *AA+ rates are often 0.20% below even those of strong A rated borrowers Translating to over $300 million in interest savings on an $8 Bn debt program*
- *SRP ~0.175% up-front underwriting fees are less than ½ the muni average*

SRP rates and fees are much lower than those of IOUs

$600,000,000

Arizona Public Service Company

5.10% Notes due 2036

Underwriting fee of 0.65%

MAR OF 2026 APS BOND SALE

SRP 10 yr bond interest rate would have been under 3.0%

Tricia Gasparine

Chair, Public Finance | Chiesa Shahinian & Giantomasi PC (CSG Law)

Board Resolution

- **Authorizes issuance of not exceeding $1,622,000,000 in par value of 2026 Series Bonds, in one or more series or sub-series, to**

  (i) finance capital improvements to the District's Electric System pursuant to the District's Capital Improvement Program ("New Money Bonds");
  (ii) refund all or a portion of the District's outstanding 2015 Series A Bonds and/or 2016 Series A Bonds ("Refunding Bonds"); and
  (iii) pay certain costs of issuance of the 2026 Series Bonds.

- **Authorizes private sale of 2026 Series Bonds to the group of Purchasers listed below, subject to a Purchase Contract, and approves the form of the Purchase Contract**

  - BofA Securities, Inc. (as Representative)
  - Goldman, Sachs & Co., LLC
  - J.P. Morgan Securities LLC,
  - Morgan Stanley & Co. LLC
  - RBC Capital Markets, LLC

CSG law

Board Resolution (Continued)

- **Delegates to an Authorized Officer of the District the power to determine the final terms of the 2026 Series Bonds, subject to the following parameters:**
  - par value of the New Money Bonds shall not exceed $919,000,000
  - final maturity of the New Money Bonds shall not exceed 40 years from the date of issuance
  - true interest cost of the New Money Bonds shall not exceed 6.00% per annum
  - up to $100,000,000 of New Money Bonds can be designated as "green bonds"
  - par value of the Refunding Bonds shall not exceed $703,000,000
  - final maturity of the Refunding Bonds shall not exceed January 1, 2039
  - true interest cost of the Refunding Bonds issued to refund the 2015 Series A Bonds shall not exceed 3.00% per annum
  - true interest cost of the Refunding Bonds issued to refund the 2016 Series A Bonds shall not exceed 5.00% per annum
  - 2026 Series Bonds shall be subject to optional redemption no later than 10 ½ years from the date of issuance at a redemption price of 100%
  - Underwriters' compensation shall not exceed $2.00 per $1,000 of 2026 Series Bonds issued
  - the 2026 Series Bonds shall be sold not later than December 31, 2026

CSG law

Board Resolution (Continued)

- Approves the forms of the Continuing Disclosure Agreement, the Escrow Deposit Agreement and the Preliminary Official Statement and authorizes the preparation and delivery of the Preliminary Official Statement and a final Official Statement
- Delegates to an Authorized Officer of the District the power to execute and deliver the final forms of the Purchase Contract, the Escrow Agreement and the Continuing Disclosure Agreement
- Appoints U.S. Bank Trust Company, National Association, the District's existing Bond Trustee, as Paying Agent and Escrow Agent
- Authorizes other matters in connection with the foregoing

2026 Series Bond Sale
Recommendation

Management requests Board approval of the:

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE OF SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF

Council Resolution

- **Ratifies, confirms and approves the terms and conditions of the 2026 Series Bonds, as contained in the Board Resolution**
- **Ratifies, confirms and approves the private sale of the 2026 Series Bonds to the Purchasers pursuant to the terms and conditions of the Board Resolution and the terms and conditions of the Purchase Contract**

CSG law

2026 Series Bond Sale
Recommendation

Management requests Council approval of the:

RESOLUTION OF THE COUNCIL APPROVING THE PRIVATE SALE BY THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND RATIFYING AND CONFIRMING TERMS AND CONDITIONS OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE OF SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES

thank you!

RESOLUTION OF THE COUNCIL APPROVING THE PRIVATE SALE BY THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AND RATIFYING AND CONFIRMING TERMS AND CONDITIONS OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES

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

WHEREAS, on June 18, 2026, the Board adopted its "RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF" (the "2026 Bond Resolution"; capitalized terms used but not defined herein shall have the meanings given them in the 2026 Bond Resolution) (the form of which is attached hereto as **Exhibit A**), that, among other things, fixes the form, terms and conditions of the 2026 Series Bonds, authorizes the issuance of the 2026 Series Bonds and the private sale of the 2026 Series Bonds to a group of purchasers represented by and including BofA Securities, Inc., Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC (hereinafter collectively referred to as the "2026 Purchasers") pursuant to the terms and conditions of a Purchase Contract, to be dated the date of sale of the 2026 Series Bonds, by and among the District and the 2026 Purchasers (the "2026 Purchase Contract") (the form of which is attached hereto as **Exhibit B**); and

WHEREAS, pursuant to the 2026 Bond Resolution, (i) (a) the par amount of the New Money Bonds shall not exceed $919,000,000 and (b) the par amount of the Refunding Bonds shall not exceed $703,000,000, (ii) (a) the final maturity of any New Money Bonds shall not be later than forty (40) years from the date of issuance of such New Money Bonds and (b) the final maturity of any Refunding Bonds shall not be later than January 1, 2039, (iii) (a) the true interest cost of the New Money Bonds shall not exceed six percent (6.00%) per annum, (b) the true interest cost of the Refunding Bonds issued to refund the 2015 Series A Bonds shall not exceed three percent (3.00%) per annum and (c) the true interest cost of the Refunding Bonds issued to refund the 2016 Series A Bonds shall not exceed five percent (5.00%) per annum, (iv) the 2026 Series Bonds shall be subject to optional redemption no later than ten and one-half (10 ½) years from the date of issuance of such 2026 Series Bonds, (v) the Redemption Price for any 2026 Series Bond shall not exceed one hundred percent (100%) of the principal amount of such 2026 Series Bond, (vi) the compensation paid to the 2026 Purchasers shall not

exceed $2.00 per $1,000 of 2026 Series Bonds to be issued and (vii) the 2026 Series Bonds shall be sold not later than December 31, 2026.

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

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

(i) The final maturity, redemption provisions and other terms and conditions of the 2026 Series Bonds, as contained in the 2026 Bond Resolution, are hereby ratified, confirmed and approved.

(ii) The private sale of not exceeding $1,622,000,000 2026 Series Bonds to the 2026 Purchasers, pursuant to the 2026 Bond Resolution and the 2026 Purchase Contract is hereby ratified, confirmed and approved.

(iii) This resolution shall take effect immediately.

MEMORANDUM

Delivering water and power®

June 11, 2026

TO: SRP Board of Directors & SRP Council
FROM: Jon Hubbard, Treasurer & Senior Director, Financial Operations & Compliance
SUBJECT: SRP 2026 Series Bond Sale

Enclosed you will find material in support of the upcoming 2026 Series Bond Sale. Management will be seeking approval of bond sale parameters for the 2026 Series Bond Sale at the Special Board & Council meeting on June 18th.

In response to questions asked in Board and Council meetings, we have broken out separately the various exhibits that are all part of the Board Resolution.

The Board material includes the following items:

- Board Resolution authorizing the issuance and sale of the bonds, with exhibits;
    - Exhibit A: Opinions & Orders of the Arizona Corporation Commission
        - Exhibit A(1): ACC Opinion and Order 78770
        - Exhibit A(2): ACC Opinion and Order 79545
    - Exhibit B: Depository Trust Corporation (DTC) Blanket Letter of Representations
    - Exhibit C: Form of 2026 Series Bond
    - Exhibit D: Form of Bond Purchase Contract
    - Exhibit E: Preliminary Official Statement Draft (POS) to be finalized after year-end audit)
    - Exhibit F: Form of Continuing Disclosure Agreement (CDA)
    - Exhibit G: Letter of Instruction and Escrow Deposit Agreement

The Council material includes the following items:

- Council Resolution approving the sale of the bonds, with exhibits;
    - Exhibit A: Board Resolution authorizing the issuance and sale of the bonds
    - Exhibit B: Form of Bond Purchase Contract

Management is grateful for the opportunity to provide these materials and to pursue the parameters resolution in support of SRP's corporate objectives.

Thank you,

Jon Hubbard

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING $1,622,000,000 IN PAR VALUE SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, AND PROVIDING FOR THE FORM, DETAILS AND TERMS THEREOF

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

WHEREAS, the District's Financial Consultant, PFM Financial Advisors LLC (hereafter referred to as the "Financial Consultant"), has advised the District that substantial financial benefits will accrue to the District upon the refunding of the Bonds To Be Refunded (as defined in Section 2 hereof); and

WHEREAS, the District, upon the refunding of the Bonds To Be Refunded, will realize a net present value savings; and

WHEREAS, the Arizona Corporation Commission (the "Commission") has approved by its Opinions and Orders described in **Exhibit A** hereto the issuance of the Bonds to (i) pay the costs of various improvements and additions to the District's Electric System, (ii) refund all or a portion of the Bonds To Be Refunded and (iii) pay certain costs of issuance of the 2026 Series Bonds; and

WHEREAS, the Board of Directors has determined to use the authorization applicable to the Commission's Opinions and Orders described in **Exhibit A** hereto to issue the 2026 Series Bonds to (i) finance the costs of acquisition and construction of various capital improvements and additions to the District's Electric System, (ii) refund the Bonds To Be Refunded and (iii) pay certain costs of issuance of the 2026 Series Bonds; and

WHEREAS, upon the issuance and delivery of the Refunding Bonds and the deposit of moneys with the Escrow Agent pursuant to the terms of the Escrow Deposit Agreement, the Bonds To Be Refunded will not be considered Outstanding as that term is defined in the Resolution; and

WHEREAS, due to volatile interest rate conditions and in order to achieve the most advantageous pricing for the 2026 Series Bonds, the Board of Directors desires to authorize the sale of the 2026 Series Bonds, within certain explicit parameters set forth herein, to a group of purchasers represented by and including BofA Securities, Inc., Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC

and RBC Capital Markets, LLC (hereinafter collectively referred to as the "Purchasers"); and

WHEREAS, the Board of Directors desires the District to sell the 2026 Series Bonds to the Purchasers pursuant to the terms and conditions set forth herein to provide moneys to carry out the aforesaid purposes of the District; and

WHEREAS, Title 48, Chapter 17, Article 7, of the Arizona Revised Statutes requires that the private sale of Bonds be subject to prior approval by a majority of the members of the Council of the District and that no Bonds be issued unless the Council, by resolution adopted by an affirmative vote of a majority of its members, ratifies and confirms the amount of the Bonds authorized to be issued by the Board of Directors (together the "Council Approval and Ratification Requirement"); and

WHEREAS, the Board of Directors desires to approve the preparation and distribution of a Preliminary Official Statement and approve the preparation, execution and delivery of an Official Statement for the 2026 Series Bonds; and

WHEREAS, the Board of Directors desires to authorize the proper officers and employees of the District to take all necessary steps to complete the sale, issuance and delivery as aforesaid and as provided herein of not exceeding $1,622,000,000 in par value 2026 Series Bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT AS FOLLOWS:

SECTION 1. Series Resolution. This Series Resolution (hereinafter referred to as "Resolution Authorizing the Issuance and Sale of Not Exceeding $1,622,000,000 in Par Value 2026 Series Bonds" or as "2026 Series Resolution") is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in Title 48, Chapter 17 of the Arizona Revised Statutes, as amended.

SECTION 2. Definitions. This 2026 Series Resolution and the Resolution are herein collectively referred to as the "Resolutions." All terms which are defined in the Resolution shall have the same meanings, respectively, in this 2026 Series Resolution, as such terms are given in the Resolution. In this 2026 Series Resolution:

"Authorized Officer of the District" shall mean the General Manager and Chief Executive Officer, Associate General Manager and Chief Financial Executive or Senior Director of Financial Operations and Compliance and Corporate Treasurer of the District.

"Bonds To Be Refunded" shall mean the Outstanding Electric System Revenue Bonds, 2015 Series A of the District (the "2015 Series A Bonds") and/or the Outstanding

Electric System Refunding Revenue Bonds, 2016 Series A of the District (the "2016 Series A Bonds"), as described in the Officer's Certificate.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder or applicable thereto.

"DTC" shall mean The Depository Trust Company or any successor thereto.

"Escrow Deposit Agreement" shall mean the Letter of Instructions and Escrow Deposit Agreement As To Payment Of Refunded Bonds authorized by Section 15 hereof, relating to the Bonds To Be Refunded.

"Interest Payment Date" shall mean, with respect to the 2026 Series Bonds, each interest payment date as shall be set forth in the Officer's Certificate.

"Officer's Certificate" shall mean the certificate to be executed by an Authorized Officer of the District pursuant to Section 12 of this 2026 Series Resolution.

"New Money Bonds" shall mean the 2026 Series Bonds the proceeds of which are applied, in whole or in part, to finance the costs of acquisition and construction of various capital improvements and additions to the District's Electric System, as set forth in the Officer's Certificate.

"Refunding Bonds" shall mean the 2026 Series Bonds the proceeds of which are applied, in whole or in part, to refund the Bonds to be Refunded, as set forth in the Officer's Certificate.

"Representation Letter" shall mean the DTC Blanket Issuer Letter of the Representation dated October 23, 2019, a copy of which is attached as **Exhibit B** hereto.

"Securities Depositories" shall mean The Depository Trust Company or such other registered securities depository or depositories holding substantial amounts of obligations of types similar to the 2026 Series Bonds.

"Trustee" shall mean U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, Phoenix, Arizona, appointed pursuant to Article IX of the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

"2026 Series Bonds" shall mean the Bonds authorized by Section 3 hereof.

SECTION 3. Principal Amount, Designation, True Interest Cost, Final Maturity, Series and Allocations. (a) Pursuant to the provisions of the Resolutions, the District is hereby authorized to sell and issue one or more Series of Bonds in the aggregate principal amount not exceeding $1,622,000,000. Such Bonds shall be designated as "Salt River Project Electric System Revenue Bonds, 2026 Series" and shall be further distinguished by the letter of the Series, as may be

determined by an Authorized Officer of the District in the Officer's Certificate, with the first such Series of 2026 Bonds being designated "2026 Series A". The 2026 Series Bonds may also be issued and sold in one or more sub-Series as may be provided in the Officer's Certificate. The aggregate principal amount of New Money Bonds that may be issued shall not exceed $919,000,000. The aggregate principal amount of Refunding Bonds that may be issued shall not exceed $703,000,000.

(b) (1) The respective principal amounts, interest rate or rates, dated date, date of sale, redemption provisions and maturity provisions with respect to the New Money Bonds shall be as determined by the Authorized Officers of the District, in accordance with Section 12 of this 2026 Series Resolution, by an Officer's Certificate executed by any Authorized Officer of the District; provided, however, that (i) the final maturity of any New Money Bonds shall not be later than forty (40) years from the date of issuance of such New Money Bonds; (ii) the true interest cost of the New Money Bonds shall not exceed six percent (6.00%) per annum; (iii) the New Money Bonds shall be subject to optional redemption no later than ten and one-half (10 ½) years from the date of issuance of such New Money Bonds; (iv) the Redemption Price for any New Money Bond shall not exceed one hundred percent (100%) of the principal amount of such New Money Bond; and (v) the New Money Bonds shall be sold not later than December 31, 2026.

(2) The respective principal amounts, interest rate or rates, dated date, date of sale, redemption provisions and maturity provisions with respect to the Refunding Bonds shall be as determined by the Authorized Officers of the District, in accordance with Section 12 of this 2026 Series Resolution, by an Officer's Certificate executed by any Authorized Officer of the District; provided, however, that (i) the final maturity of any Refunding Bonds shall not be later than January 1, 2039; (ii) the true interest cost of the Refunding Bonds issued to refund the 2015 Series A Bonds shall not exceed three percent (3.00%) per annum and the true interest cost of the Refunding Bonds issued to refund the 2016 Series A Bonds shall not exceed five percent (5.00%) per annum; (iii) the Refunding Bonds shall be subject to optional redemption no later than ten and one-half (10 ½) years from the date of issuance of such Refunding Bonds; (iv) the Redemption Price for any Refunding Bond shall not exceed one hundred percent (100%) of the principal amount of such Refunding Bond; and (v) the Refunding Bonds shall be sold not later than December 31, 2026.

(c) In order to comply with the Opinions and Orders of the Commission, the District reserves the right, and shall, if necessary to comply with such Opinions and Orders, change the allocations to such Opinions and Orders as set forth in **Exhibit A** hereto.

SECTION 4. Purpose. The purposes for which the 2026 Series Bonds are issued are: (1) to provide moneys required for the payment of the principal of, Redemption Price of and the interest on all or a portion of the Bonds To Be Refunded, as provided in the Officer's Certificate, for the purpose of realizing present value debt service savings, (2) to provide moneys for the payment of the costs of acquisition and

construction of various capital improvements and additions to the District's Electric System and (3) to pay certain costs of issuance of the 2026 Series Bonds.

SECTION 5. Authorization of Private Sale; Appointment of Parties; Approval of Purchase Contract; Selection of Representative and Underwriters.

(a) The District hereby determines to sell the 2026 Series Bonds pursuant to a private sale and hereby approves the selection of BofA Securities, Inc. as representative (the "Representative") on behalf of itself and Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC (collectively, the "Purchasers" or the "Underwriters") for the 2026 Series Bonds.

(b) The purchase of the 2026 Series Bonds by the Underwriters and the sale of the 2026 Series Bonds by the District to the Underwriters shall be subject to the execution by the District and the Representative, as representative of the Underwriters, of a Purchase Contract relating to the 2026 Series Bonds (the "Purchase Contract") which is hereby approved in substantially the form presented to this meeting as **Exhibit D**, provided that an Authorized Officer of the District is hereby authorized, with the advice of legal counsel, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate. The Authorized Officers of the District are each hereby authorized and directed, in consultation with legal counsel, to negotiate the terms of the Purchase Contract. The Authorized Officers of the District are, and each such Authorized Officer of the District is, hereby authorized and directed on behalf of the District to approve the terms of the Purchase Contract relating to the sale of the 2026 Series Bonds and to execute and deliver such Purchase Contract to the Representative, as representative of the Underwriters, provided that the provisions of such Purchase Contract are acceptable to legal counsel to the District and (i) the amount of the compensation to be paid to the Underwriters does not exceed $2.00 per $1,000 of 2026 Series Bonds issued and (ii) the aggregate principal amount, true interest cost, interest rate, date of sale, final maturity date, optional redemption date and Redemption Price of the 2026 Series Bonds shall not exceed the limitations set forth in Section 3 of this 2026 Series Resolution.

SECTION 6. Denominations, Numbers and Letters. The 2026 Series Bonds shall be issued only as fully registered bonds without coupons, subject to the provisions regarding a book-entry only system as described in Section 7 hereof, and the 2026 Series Bonds shall be issued in the denomination of $5,000, or any integral multiple thereof, in all cases not exceeding the aggregate principal amount of 2026 Series Bonds maturing on the maturity date of the bond for which the denomination is to be specified.

SECTION 7. Book-Entry 2026 Series Bonds. (a) Beneficial ownership interests in the 2026 Series Bonds will be available in book-entry form only. Purchasers of beneficial ownership interests in the 2026 Series Bonds will not receive certificates representing their interests in the 2026 Series Bonds and will not be Bondholders or owners of the Bonds under the Resolution. DTC, an automated clearinghouse for securities transactions, will act as the Securities Depository for the 2026 Series Bonds. The 2026 Series Bonds will be issued as fully registered securities registered in the

name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity (or, if applicable, each interest rate within a maturity) of the 2026 Series Bonds, in the aggregate principal amount of such maturity (or, if applicable, such interest rate within a maturity), and will be deposited with DTC.

DTC holds securities that its participants ("Participants") deposit with DTC. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). Access to the DTC system is also available to others, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Purchases of the 2026 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Series Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Series Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Series Bonds, except in the event that use of the book-entry system for the 2026 Series Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Series Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Series Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Series Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2026 Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such 2026 Series Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2026 Series Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2026 Series Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2026 Series Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, the 2026 Series Bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2026 Series Bond certificates will be printed and delivered.

Beneficial Owners will not be recognized by the Trustee as registered owners for purposes of this 2026 Series Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct and Indirect Participants.

(b) In the event definitive 2026 Series Bonds are issued, the provision of the Resolution, including but not limited to Sections 3.04 and 3.05 of the Resolution, shall apply to, among other things, the transfer and exchange of such definitive 2026 Series Bonds and the method of payment of principal of and interest on such definitive 2026 Series Bonds. Whenever DTC requests the District and the Trustee to do so, the Trustee and the District will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate definitive 2026 Series Bonds evidencing the Bonds to any DTC Participant having 2026 Series Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of definitive 2026 Series Bonds.

(c) Notwithstanding any other provision of the Resolution to the contrary, so long as any 2026 Series Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such 2026 Series Bond and all notices with respect to such 2026 Series Bond shall be made and given to Cede & Co., as nominee of DTC, as provided in the Representation Letter.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolutions by the District or the Trustee with respect to any consent or other action to be taken by Bondholders, the District or the Trustee, as the case may be, shall, to the extent possible, establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date.

SECTION 8. Paying Agent and Escrow Agent. Subject to the provisions of Section 7 hereof, the principal of the 2026 Series Bonds shall be payable at the designated corporate trust office of the Trustee under the Resolutions (or at the principal office of any successor Trustee appointed pursuant to the Resolutions) or at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as authorized by the Resolutions. The Trustee is hereby appointed the Paying Agent for the 2026 Series Bonds and as Escrow Agent for the Bonds To Be Refunded. The interest on the 2026 Series Bonds will be payable by wired transfer or by check mailed by the Trustee on each Interest Payment Date.

SECTION 9. Redemption Terms. The 2026 Series Bonds shall be subject to redemption prior to maturity on such terms and conditions as may be set forth in the Officer's Certificate, provided that, as set forth in Section 3 of this 2026 Series Resolution, the 2026 Series Bonds shall be subject to optional redemption no later than ten and one-half (10 ½) years from the date of issuance of such 2026 Series Bonds, and the Redemption Price for any 2026 Series Bond shall not exceed one hundred percent (100%) of the principal amount of such 2026 Series Bond.

SECTION 10. Application of the Proceeds of 2026 Series Bonds. The proceeds of the 2026 Series Bonds shall be applied simultaneously with the delivery of the 2026 Series Bonds for the purposes set forth in Section 4 of this 2026 Series Resolution as provided in the Officer's Certificate.

SECTION 11. Form of 2026 Series Bonds. Subject to the provisions of the Resolutions, the 2026 Series Bonds and the Certificate of Authentication shall be in substantially the form of **Exhibit C** hereto.

SECTION 12. Additional Proceedings.

As additional proceedings of the District in connection with the issuance, sale and delivery of the 2026 Series Bonds, there is hereby delegated to the Authorized Officers of the District the power to take the following actions and make the following determinations by Officer's Certificate executed by any Authorized Officer of the District:

(a) To determine, subject to the provisions of this 2026 Series Resolution, the respective principal amounts, interest rate or rates, dated date, date of sale, maturity dates, Interest Payment Dates, Redemption Prices and other redemption provisions of the New Money Bonds and the Refunding Bonds and any other provisions necessary to comply with the Resolutions or deemed necessary or advisable by such Authorized Officer of the District which are not in conflict with or in substitution for the provisions of the Resolutions, provided, however, that the aggregate principal amount, true interest cost, date of sale, final maturity date, optional redemption date and Redemption Prices of the 2026 Series Bonds shall not exceed the applicable limitations set forth in Section 3 of this 2026 Series Resolution;

(b) To determine the application of the proceeds of the 2026 Series Bonds for the purposes stated in Section 4 of this 2026 Series Resolution;

(c) To negotiate, execute, deliver and perform the Purchase Contract in connection with the private sale of the 2026 Series Bonds;

(d) In order to provide accurate accounting records and reports, to determine the amount of the issuance costs resulting from the issuance of the 2026 Series Bonds to be amortized monthly over the life of the 2026 Series Bonds;

(e) To determine which of the 2015 Series A Bonds and/or 2016 Series A Bonds of the District shall constitute the Bonds To Be Refunded for purposes of this 2026 Series Resolution;

(f) To designate equal to or less than $150,000,000 in par value of the New Money Bonds as “green bonds” and to execute and deliver any documents required in connection with such designation in the event that such Authorized Officer of the District determines that it is not disadvantageous to the District to so designate any or all of the New Money Bonds; and

(g) To make such other determinations, to execute such other documents, instruments and papers and to do such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the 2026 Series Bonds and which are not inconsistent with the provisions of the Resolutions, including this 2026 Series Resolution.

Any and all actions heretofore taken by the Authorized Officers of the District in connection with the transactions authorized and contemplated by this 2026 Series Resolution are hereby ratified.

All matters determined by an Authorized Officer of the District under the authority of this 2026 Series Resolution shall constitute and be deemed matters incorporated into this 2026 Series Resolution and approved by the District, and, whenever an Authorized Officer of the District is authorized or directed to take any action pursuant to this 2026 Series Resolution with or upon the advice, consent or consultation with or by any other

person, agency, office or official, a certificate of such Authorized Officer of the District may be relied upon as being determinative that such advice, consultation or consent has in fact occurred and that such actions of the Authorized Officer of the District are valid and binding.

The Officer's Certificate executed by an Authorized Officer of the District pursuant to this Section 12 shall constitute a supplement to, and be deemed to supplement, the Resolutions and all matters determined by an Authorized Officer of the District in such Officer's Certificate shall be deemed matters incorporated into and a part of the Resolutions.

SECTION 13. Execution, Delivery and Authentication. The 2026 Series Bonds shall be executed by imprinting thereon the manual or facsimile signature of the President or Vice President of the District and by affixing thereto the corporate seal of the District or facsimile thereof and said signature and seal shall be attested by the manual or facsimile signature of the Corporate Secretary or an Assistant Secretary of the District. The President or the Senior Director of Financial Operations and Compliance and Corporate Treasurer of the District or their designees are hereby authorized and directed to deliver the 2026 Series Bonds executed in the foregoing manner to the Purchasers upon payment of the purchase price pursuant to the terms and conditions of the Purchase Contract. There is hereby authorized to be printed or otherwise reproduced on the back of, or attached to, each of the 2026 Series Bonds, the opinion of Chiesa Shahinian & Giantomasi PC, Bond Counsel, the opinion of Nixon Peabody, LLP, Special Tax Counsel, and a certification executed by the manual or facsimile signature of the Corporate Secretary or an Assistant Secretary of the District with respect to the form and delivery of said opinion. All Officers of the District and employees designated by Officers are authorized to sign and execute all certificates and documents required for the sale and delivery of the 2026 Series Bonds.

The Trustee (or its duly designated agent) as Authenticating Agent is hereby authorized and directed to manually execute the Certificate of Authentication appearing on the 2026 Series Bonds. No 2026 Series Bond shall be issued and delivered hereunder without the manual signature of an authorized representative of the Trustee or its Authenticating Agent appearing on such Certificate of Authentication.

SECTION 14. Approval of the Preliminary Official Statement. A Preliminary Official Statement (the "Preliminary Official Statement") relating to the sale of the 2026 Series Bonds, in substantially the form presented to this meeting as **Exhibit E,** is hereby approved, provided that an Authorized Officer of the District is hereby authorized, with the advice of legal counsel, to make such changes, insertions or deletions to and omissions from the form of the Preliminary Official Statement, as may be necessary or appropriate. An Authorized Officer of the District is hereby authorized, with the advice of legal counsel, to execute and deliver a certificate, or to include a provision in the Bond Purchase Contract, that "deems final" the Preliminary Official Statement relating to the 2026 Series Bonds pursuant to the provisions of Rule 15c2-12, and such certificate or provision relating thereto shall be in a form acceptable to legal counsel.

SECTION 15. Approval of Final Official Statement, Continuing Disclosure Agreement and Escrow Deposit Agreement. The Authorized Officers of the District and staff of the District are authorized to prepare and deliver to the Purchasers an Official Statement, relating to the 2026 Series Bonds and dated the sale date of the 2026 Series Bonds, substantially in the form of the Preliminary Official Statement, with such changes, amendments, modifications, insertions, omissions or additions, as may be approved by an Authorized Officer of the District in consultation with legal counsel.

The form of the Continuing Disclosure Agreement attached hereto as **Exhibit F** is hereby approved, provided that an Authorized Officer of the District is hereby authorized, with the advice of legal counsel, to make such changes, insertions or deletions to and omissions from the form of the Continuing Disclosure Agreement, as may be necessary or appropriate. The form of the Escrow Deposit Agreement attached hereto as **Exhibit G** is hereby approved, provided that an Authorized Officer of the District is hereby authorized, with the advice of legal counsel, to make such changes, insertions or deletions to and omissions from the form of the Escrow Deposit Agreement, as may be necessary or appropriate. The President, or the Vice President, or the General Manager and Chief Executive Officer, or the Associate General Manager and Chief Financial Executive or the Senior Director of Financial Operations and Compliance and Corporate Treasurer or any Assistant Treasurer of the District are hereby each authorized and directed to execute and deliver the Official Statement, for and on behalf of the District, to the Purchasers, the Continuing Disclosure Agreement to the Trustee and the Escrow Deposit Agreement to the Escrow Agent. The Secretary or an Assistant Secretary of the District are each hereby authorized to attest signatures, if required.

SECTION 16. Reserved.

SECTION 17. Arbitrage Covenant. The District covenants and agrees that it shall not direct or permit any action which would cause any 2026 Series Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or direct or permit any action inconsistent with the applicable regulations thereunder as amended from time to time and as applicable to the 2026 Series Bonds. The provisions of this Section 17 shall survive any defeasance of the 2026 Series Bonds pursuant to the Resolution.

SECTION 18. Tax Exemption. In order to maintain the exclusion from Federal gross income of interest on the 2026 Series Bonds, the District shall comply with the provisions of the Code applicable to the 2026 Series Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the gross proceeds of the 2026 Series Bonds, reporting of earnings on the gross proceeds of the 2026 Series Bonds, and rebate of excess earnings to the Department of the Treasury of the United States of America and shall not take any action or permit any action that would cause the interest on the 2026 Series Bonds to be included in gross income under Section 103 of the Code or cause interest on the 2026 Series Bonds to be an item of tax preference under Section 57 of the Code. In

furtherance of the foregoing, the District shall comply with the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Code, to be executed by an Authorized Officer of the District at the time the 2026 Series Bonds are issued, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code, and such officers are hereby authorized and directed to execute and deliver such Tax Certificate for and on behalf of the District. The provisions of this Section 18 shall survive any defeasance of the 2026 Series Bonds pursuant to the Resolution.

SECTION 19. Severability. If any one or more of the covenants or agreements provided in this 2026 Series Resolution on the part of the District or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2026 Series Resolution, so long as this 2026 Series Resolution as so modified continues to express, without material change, the original intentions of the District or any Fiduciary as to the subject matter of this 2026 Series Resolution and the deletion of such portion of this 2026 Series Resolution will not substantially impair the respective benefits or expectations of the District or any Fiduciary.

SECTION 20. Effective Date. This 2026 Series Resolution shall take effect immediately upon adoption.

EXHIBIT A

Opinions & Orders of the Arizona Corporation Commission

Order	Order Date
78770	November 21, 2022
79545	September 13, 2024

EXHIBIT B

DTC Blanket Letter of Representation

EXHIBIT C

Form of 2026 Series Bond

EXHIBIT D

Form of Purchase Contract

EXHIBIT F

Form of Continuing Disclosure Agreement

EXHIBIT G

Form of Escrow Deposit Agreement

EXHIBIT E

Form of Preliminary Official Statement

0000211873

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM O'CONNOR
Chairman
LEA MÁRQUEZ PETERSON
Commissioner
ANNA TOVAR
Commissioner
KEVIN THOMPSON
Commissioner
NICK MYERS
Commissioner

Arizona Corporation Commission
DOCKETED
SEP 13 2024
DOCKETED BY

IN THE MATTER OF THE APPLICATION OF SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR AN ORDER AUTHORIZING ITS ISSUANCE OF REVENUE BONDS AND REFUNDING REVENUE BONDS.	DOCKET NO. E-02217A-24-0106 DECISION NO. 79545 ORDER

Open Meeting
September 5, 2024
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

BACKGROUND

1. Salt River Project Agricultural Improvement and Power District ("SRP" or "District") is a political subdivision of the State of Arizona organized in 1937. SRP is principally engaged in the purchase and sale of electricity to over one million residential, commercial and wholesale customers in Maricopa, Pinal, and Gila Counties in Arizona. SRP generates electricity in Arizona, New Mexico, and Colorado, primarily for sale in Arizona.

2. On May 10, 2024, SRP filed an application with the Arizona Corporation Commission ("ACC" or "Commission") requesting an order authorizing the District's issuance of Revenue Bond and Refunding Revenue Bonds ("Application"). SRP seeks Commission authorization to issue Revenue Bonds in an amount not to exceed $6,400,000,000, and issue

. . .

Refunding Revenue Bonds in an amount not to exceed $7,000,000,000.

Revenue Bonds

3. SRP states that the purpose of the proposed Revenue Bonds is "…to pay or reimburse SRP for the construction costs of improvements, replacements, additions, extensions and betterments of SRP's electric system…." SRP further states the proposed capital investments are necessary as "SRP service area is experiencing unprecedented growth in the commercial and industrial sectors, including high-energy users such as semiconductor manufacturing, data centers and other high-tech industries." The District further reports that aside from the projected customer growth, it "… is in the process of transforming its generation fleet and its transmission and distribution system to support a low carbon energy future. SRP's steadfast commitment to sustainability is exemplified by its goal to reduce carbon intensity by 82 percent from 2005 levels by 2035 and achieve net-zero carbon emissions by 2050." SRP believes that the authorization to issue Revenue Bonds "… will help finance the addition of needed generation capacity, and the transmission and distribution improvements necessary to meet SRP's 2035 sustainability commitment."[1]

4. SRP indicates that it plans to issue the proposed Revenue Bonds in several series, depending on the construction needs, market conditions and its bond rating at the time of the transaction. The Revenue Bonds will be issued in varied amounts, with each maturity not to exceed 50 years, and at prevailing interest rates at the time of issuance. SRP reports that its current bond ratings are AA+ by Standard and Poor's ("S&P") and Aa1 by Moody's Investors Service ("Moody's").

5. SRP requests that "Because the Revenue Bonds are typically callable at a minimum of ten years from the date of issuance and, therefore, may only be subject to refunding after this ten-year period has elapsed…, that the Commission authorize that there "…not contain an expiration date with respect to the issuance of the Refunding Bonds."[2]

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1 Company Application, page 1.
2 Company Application, page 10.

10. Staff's analysis assumes an annual interest rate of five percent and an average maturity of 30 years for the Revenue Bonds, based on SRP's representation to Staff. Staff also assumes the District's issuance of $6,400,000,000 of new Revenue Bond in this analysis.

11. Staff notes that SRP's capital structure as of April 30, 2023, is comprised of 1.0 percent short-term debt, 44.7 percent long-term debt, and 54.2 percent equity (Schedule LKH-1, Column A attached to the Staff Memorandum). As shown on Schedule LKH-1, Column B attached to the Staff Memorandum, Staff has determined that SRP's issuance of $6,400,000,000 of additional Revenue Bonds would result in a capital structure that is comprised of 0.9 percent short-term debt, 52.5 percent long-term debt and 46.6 percent equity.

12. Using the Staff-calculated debt service amounts, Staff has determined that upon issuance of the District's proposed $6,400,000,000 of Revenue Bonds, SRP will have a Debt Service Coverage ("DSC") of 1.85. The DSC represents the number of times cash flow from operations (i.e., operating income plus income tax, depreciation, and amortization expenses) covers required principal and interest payments on debt. A DSC greater than 1.0 means cash flow from operations is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations. As a result, Staff has determined that SRP has adequate cash flow from its operation to service its existing debt as well as the proposed Revenue Bonds.

CONCLUSIONS

13. Based on these findings, Staff concludes that SRP's issuance of additional Revenue Bonds not to exceed $6,400,000,000 and issuance of Refunding Revenue Bonds not to exceed $7,000,000,000, would not impair the District's financial viability or its ability to continue to serve its ratepayers. Staff also determined that this financing Application is within SRP's organizational powers, compatible with the public interest, and consistent with sound financial practices.

14. Staff concludes that the District's projected capital investments for 2025-2030 are reasonable and necessary for the provision of service.

15. Staff further concludes it is in the public interest for the Commission to authorize SRP to issue its requested additional Revenue Bonds, in an amount not to exceed $6,400,000,000;

and Refunding Revenue Bonds, in an amount not to exceed $7,000,000,000, for a term not to exceed 50 years for each issuance, and at the prevailing interest rate.

RECOMMENDATIONS

Staff recommends:

- That the Commission authorize SRP's request to issue Revenue Bonds in an amount not to exceed $6,400,000,000, for a term not to exceed 50 years for each issuance, and at the prevailing interest rates, for the purposes described in the Application. Staff further recommends that Commission approval granted herein shall not contain an expiration date with respect to the issuance of the Revenue Bonds in this proceeding.
- That the Commission authorize SRP's request to issue Refunding Revenue Bonds in an amount not to exceed $7,000,000,000 to refund and refinance its existing revenue bonds. Staff further recommends that Commission approval granted herein shall not contain an expiration date with respect to the issuance of the Refunding Revenue Bonds in this proceeding.
- That the Commission authorize SRP to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.
- That the Commission order SRP to file with Docket Control, as a compliance item in this docket, within 60 days of the execution of any financing transaction authorized herein; a copy of all notes and other documents memorializing the transaction and a written summary providing an overview of the transaction that includes, but is not limited to, the business rationale for the transaction, the terms and conditions of the transaction, and a demonstration that the rates and terms were consistent with those generally available to comparable entities at the time; and for any refunding transaction that it is economically beneficial.

CONCLUSIONS OF LAW

1. Salt River Project Agricultural Improvement and Power District is a political subdivision of the State of Arizona pursuant to Article 13, Section 7 of the Arizona Constitution and an agricultural improvement district duly organized under and existing under Title 48, Chapter 17 of the laws of the State of Arizona (A.R.S. § 48-2301, et seq.).

2. The Commission has jurisdiction over Salt River Project Agricultural Improvement and Power District regarding the subject matter of the application pursuant to A.R.S. §§ 40-302 and 48-2465(B).

3. Approval of the financing is consistent with the Commission's authority under the Arizona Constitution, Arizona ratemaking statutes, and applicable case law.

4. Salt River Project Agricultural Improvement and Power District proposed issuance of Revenue Bonds and the Refunding Revenue Bonds as requested in the application are within its powers as an agricultural improvement district pursuant to A.R.S. §§ 48-2465 and 48-2471(B) and are compatible with the public interest.

5. The requested Revenue Bonds and Refunding Revenue Bonds authority approved herein is for the purposes stated in this application, and is reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably chargeable to operating expenses or to income.

6. It is in the public interest to approve Salt River Project Agricultural Improvement and Power District's requested authority for issuance of Revenue Bonds and Refunding Revenue Bonds, as discussed herein.

7. Notice of this application was given in accordance with the law.

ORDER

IT IS THEREFORE ORDERED that Salt River Project Agricultural Improvement and Power District is hereby authorized to issue Revenue Bonds in an amount not to exceed $6,400,000,000, with maturity not to exceed 50 years for each issuance.

IT IS FURTHER ORDERED that Salt River Project Agricultural Improvement and Power District is hereby authorized to issue Refunding Revenue Bonds in an amount not to exceed $7,000,000,000, with maturity not to exceed 50 years for each issuance.

IT IS FURTHER ORDERED that Salt River Project Agricultural Improvement and Power District is hereby authorized to engage in any transaction and to execute any documents necessary to effectuate the authorizations herein.

. . .

IT IS FURTHER ORDERED that Salt River Project Agricultural Improvement and Power District shall file with Docket Control, as a compliance item in this Docket, within 60 days of the execution of any financing transaction authorized herein; a copy of all notes and other documents memorializing the transaction and a written summary providing an overview of the transaction that includes, but is not limited to, the business rationale for the transaction, the terms and conditions of the transaction, and a demonstration that the rates and terms were consistent with those generally available to comparable entities at the time; and for any refunding transaction that it is economically beneficial.

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IT IS FURTHER ORDERED that the authorizations granted herein are expressly conditioned upon Salt River Project Agricultural Improvement and Power District's use of the proceeds derived thereby for purposes set forth in the application.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN O'CONNOR COMMISSIONER MARQUEZ PETERSON

COMMISSIONER TOVAR COMMISSIONER THOMPSON COMMISSIONER MYERS

IN WITNESS WHEREOF, I, DOUGLAS R. CLARK, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of September, 2024.

DOUGLAS R. CLARK
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

RSP BAB:LKH:kj/SAE

Salt River Project Agricultural Improvement and Power District
Docket No. E-02217B-24-0106

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Salt River Project
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Salt River Project Agricultural Improvement and Power District
Docket No. E-02217A-24-0106
Application For Financing

Schedule LKH-1

FINANCIAL ANALYSIS

		[A] 4/30/2023 Without Bond		[B] Pro Forma With $6.4 Billion Bond	
1	Operating Income	($292,087)		($292,087)	
2	Depreciation & Amort.	670,091,000		670,091,000	
3	Income Tax Expense	0		0	
4					
5	Interest Expense	$131,855,000		$221,251,894	
6	Repayment of Principal	113,930,000		140,486,574	
7					
8					
11	**DSC**				
12	[1+2+3] ÷ [5+6]	2.73		1.85	
13					
14					
15					
16					
17					
18	Short-term Debt	$113,930,000	1.0%	$113,930,000	0.9%
19					
20	Long-term Debt	$4,950,900,000	44.7%	$6,750,900,000	52.5%
21					
22	Common Equity	$6,002,590,000	54.2%	$6,002,590,000	46.6%
23					
24	Total Capital	$11,067,420,000	100.0%	$12,867,420,000	100.0%
25					

26 [A]: Based on audited financial statements for the fiscal year ended April 30, 2023.
27 [B]: Column [A] inclusive of $6.4 billion debt amortized for 30 years at 5%.

ATTACHMENT A

MEMORANDUM

E-02217A-24-0106

TO: Lori Harris
Public Utilities Manager

FROM: Chaunce De Roos
Utilities Engineer – Electric

DATE: August 8, 2024

RE: IN THE MATTER OF THE APPLICATION OF SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR AN ORDER AUTHORIZING ITS ISSUANCE OF REVENUE BONDS AND REFUNDING REVENUE BONDS. (DOCKET NO. E-02217A-24-0106)

INTRODUCTION

Salt River Project Agricultural Improvement and Power District ("SRP" or the "District") filed an application for an authorization of issuance of revenue bonds and refunding revenue bonds ("Application") on May 10, 2024, to the Arizona Corporation Commission ("ACC" or "Commission.

SRP's Application requests that the Commission authorize the issuance of an amount of revenue bonds not exceeding $6,400,000,000 and an amount of refunding revenue bonds not exceeding $7,000,000,000. A.R.S. § 48-2465(B) provides that the District may not issue revenue bonds until it first secures an order from the Commission authorizing the issuance of such bonds in accordance with those provisions of A.R.S. § 40-302 pertaining to the issuance of bonds.

SRP is a political subdivision of the State of Arizona pursuant to Article 13, Section 7 of the Arizona Constitution, and an agricultural improvement district duly organized and existing under A.R.S. § 48-2301. The District is principally engaged in the purchase and sale of electricity in the counties of Maricopa, Pinal, and Gila, Arizona, and the generation of electricity in Arizona, New Mexico, and Colorado, primarily for sale in Arizona. SRP serves over one million electric residential, municipal, large commercial, industrial, and small business customers.

ENGINEERING REVIEW

Commission Utilities Division Staff ("Staff") performed an engineering review of the Application, SRP's historical and current system characteristics, estimated future capital expenditures, and responses to Data Requests ("DR") that were issued by Staff. Staff considered the following in its review:

- The District's electric system characteristics and system reliability.

- Whether the capital expenditures adequately address the needs of the customers and the load growth.

- Whether the proposed budgets related to infrastructure upgrades and new additions appear to be reasonable and appropriate.

Electric System Characteristics

SRP provided Staff with historical and projected system peak demand, system load, and annual system losses. This information is delineated in Tables 1 and 2.

Table 1: Historical System Characteristics

Year	Peak Demand (MW)	Percent Change in Peak Demand	System Peak Month	System Load (MWh)	Percent Change in System Load	System Losses (MWh)	System Losses Percent
2020	7,305		August	29,925,286		1,395,182	4.455%
2021	7,677	5.092%	July	32,076,563	7.189%	1,497,581	4.461%
2022	7,635	-0.547%	June	31,431,628	-2.011%	1,477,040	4.488%
2023	7,672	0.485%	July	32,754,067	4.207%	1,531,976	4.468%
2024	8,224	7.195%	July	33,656,744	2.756%	1,555,026	4.416%

MW – megawatts
MWh – megawatt hours

Table 2: Projected System Characteristics

Year	Peak Demand (MW)	System Load (MWh)	System Losses (MWh)
2025	8,256	36,035,252	1,492,479
2026	8,690	38,783,024	1,605,868
2027	9,171	41,939,525	1,736,792
2028	9,591	44,802,456	1,855,351
2029	9,976	47,391,294	1,962,786

The average annual historic system losses as a percent of total load, are 4.458 percent for this five-year period. Staff's review concludes that SRP has an acceptable level of system losses in the historic period from 2019 – 2023. Figure 1 presents the Company's electric system load, losses, and projected data. Figure 2 displays the Company's historical customer growth and system peak demand for the time period of 2019 through 2023.

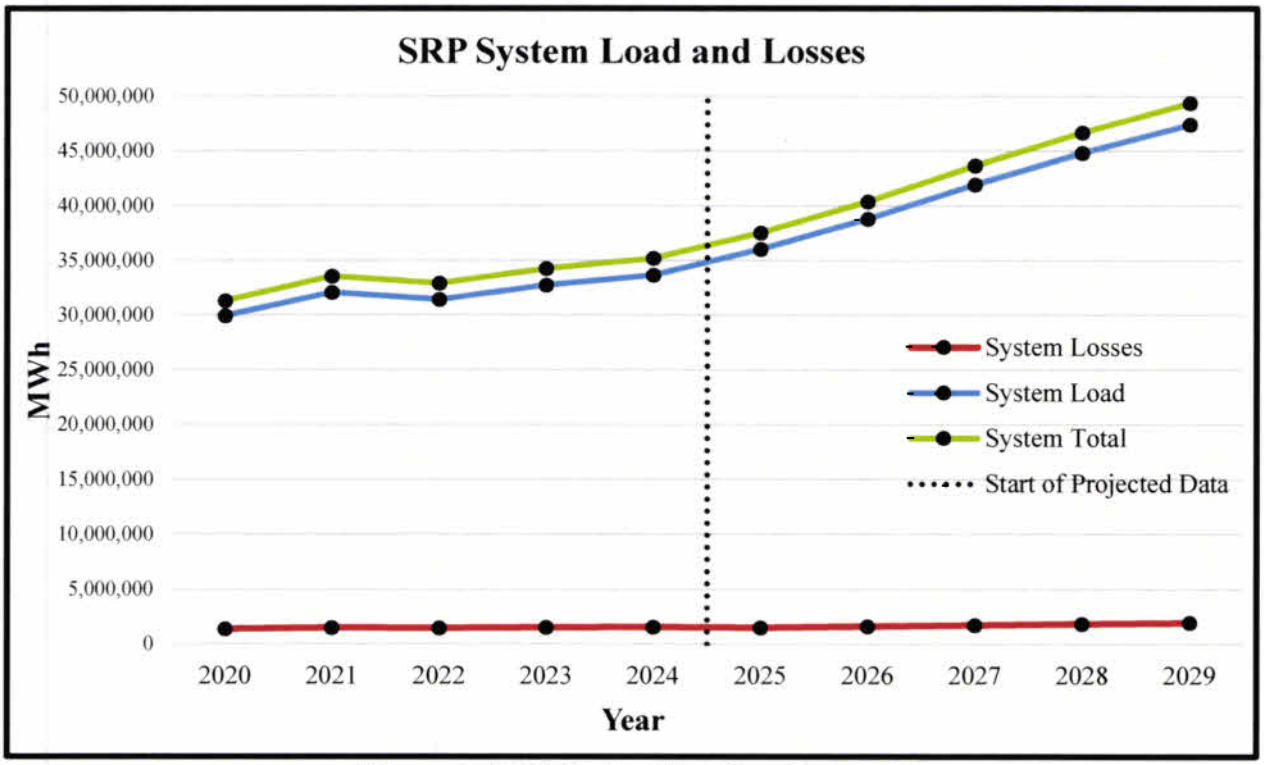

Figure 1: SRP System Load and Losses

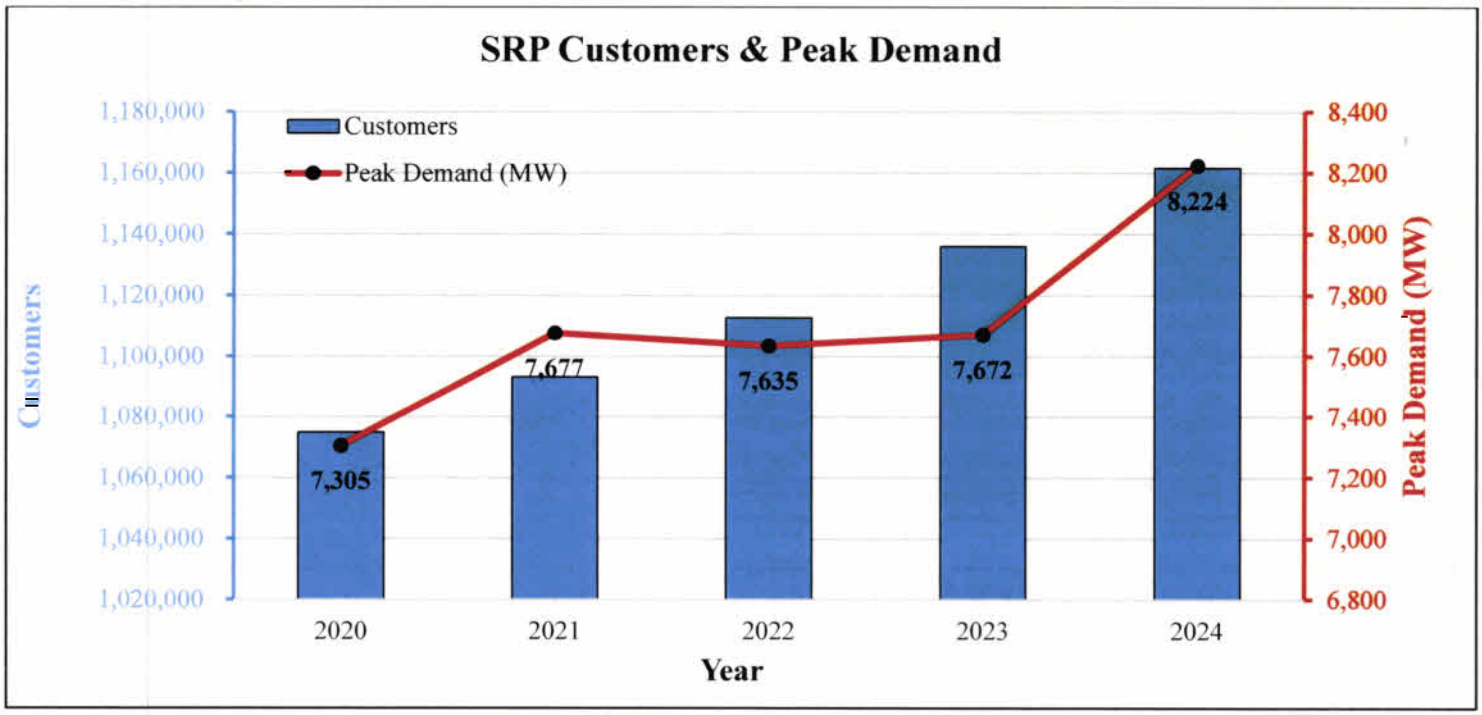

Figure 2: SRP Customers & Peak Demand

SRP's peak demand growth increased by 12.5 percent and their customer growth increased by 8.07 percent from 2020 – 2024. Staff's analysis concludes that SRP has an acceptable level of system losses in the historic period from 2020 – 2024. Additionally, Staff's analysis concludes that SRP's customer growth correlates with the District's peak demand growth.

Electric System Reliability

Interruptions are the metric for the quality of service to customers and can be classified into four categories: Power Supplier, Planned, Major Events, and All Other. Categorizing interruptions provides information on their causes, from weather-related to equipment failures.

The three most common indices for interruptions are the System Average Interruption Duration Index ("SAIDI"), the System Average Interruption Frequency Index ("SAIFI"), and the Customer Average Interruption Duration Index ("CAIDI"). Each index measures the following:

- SAIDI measures the total duration of an interruption to the average customer on an annual basis.
- SAIFI measures the number of times the average customer experiences a power interruption.
- CAIDI measures the average time to restore service.

These indices are defined in the Institute of Electrical and Electronics Engineer ("IEEE") Guide for the Electrical Power Distribution Reality, IEEE 1366-2022. Table 3 presents SRP's SAIDI, SAIFI, and CAIDI indices from 2019-2023.

Table 3: SRP Reliability Averages Year-Over-Year

Year	SAIDI	SAIFI	CAIDI
2019	49	0.78	63
2020	47	0.75	63
2021	85	1.01	84
2022	81	1.09	75
2023	70	1.01	69

SRP's five-year SAIDI data for system interruptions without major events ranged between 47 – 85 minutes. Staff utilized the IEEE Power and Energy Society ("PES") Distribution Reliability Working Group's yearly benchmark results[1], to compare and analyze SRP's system reliability performance to industry performance. Staff utilized the Median Quartile without major events for a large sized utility[2] from the yearly benchmark results from 2019 through 2022. Table

[1] Benchmarking - IEEE PES Distribution Reliability Working Group
[2] IEEE PES Distribution Reliability Working group defines a large size utility as greater than 1,000,000 customers.

4 presents SRP's SAIDI and SAIFI measurements with respect to IEEE PES's benchmark results from 2019 through 2023.

Table 4: Ten-Year SAIDI & SAIFI Large Utility (Minutes)

Year	SAIDI IEEE	Company SAIDI	SAIFI IEEE	Company SAIFI
2019	107	49	1.01	0.78
2020	103	47	1.06	0.75
2021	139	85	1.09	1.01
2022	115	81	1.02	1.09
2023	Not Available[3]	70	Not Available	1.01

Figure 3 presents SRP's SAIDI 5-year trend in comparison with IEEE's benchmark results from the last five years. A lower SAIDI value equates to better reliability performance.

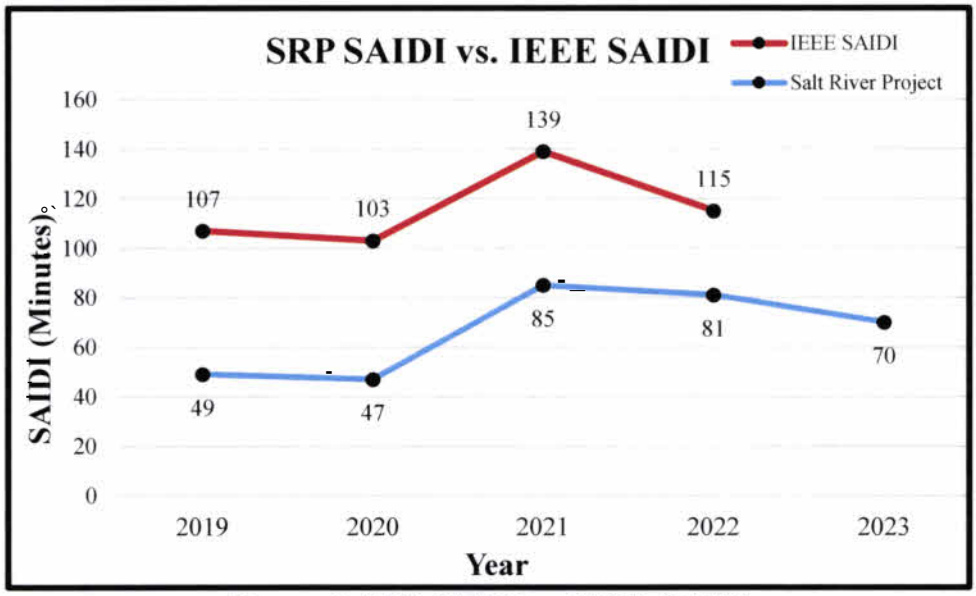

Figure 3: SRP SAIDI vs. IEEE SAIDI

Figure 4 presents SRP's SAIFI 5-year trend in comparison with IEEE's benchmark results from the last five years. A lower SAIFI value equates to better reliability performance.

[3] IEEE Distribution Working Group Benchmark Results for 2023 are not available yet.

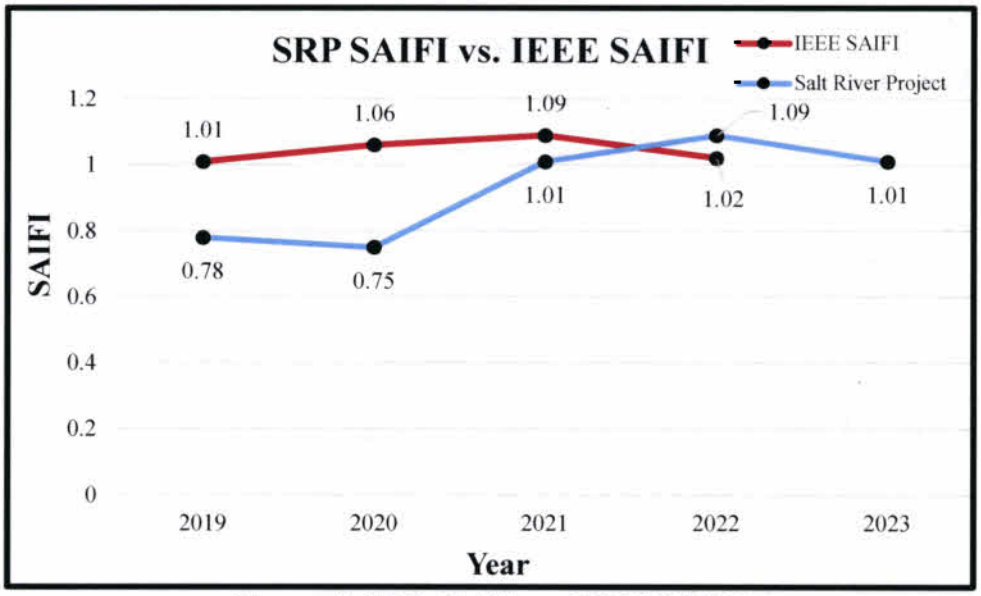

Figure 4: SRP SAIFI vs. IEEE SAIDI

In SRP's DR response, the District stated that 12 percent to 28 percent of SAIDI values were due to underground cable failures. Additionally, SRP states the underground cable failure has contributed to annual SAIDI value over the past 10 years. In the District's DR response, an underground cable replacement program has been put in place and will help identify and replace underground cables each year.

Staff's review of SRP's electric system reliability concludes that SRP's record of service interruptions in the historic period from 2019 through 2023 reflects that SRP is performing better than the IEEE benchmark results.

Capital Expenditures

In a DR response, SRP provided Staff with their growth, aging infrastructure, and regulatory/compliance investments. SRP projects spending $11.5 billion in the next six years. The percentage breakdown of this spending is as follows:

- 74 percent in growth investments
- 25 percent in aging infrastructure
- 1 percent in regulatory and compliance

SRP states in a DR that a majority of its growth investments capital spending will be focused on long-term generation capacity and new business distribution. This will include investments in generation capacity and to address improvements to their existing generation fleet,

transmission, distribution substations and lines. Table 5 delineates SRP investments from their previous projected capital spending to present.

With regard to aging infrastructure, SRP states that their investments will address existing generation fleet betterment, underground cable replacement, and distribution system betterments. As stated in Staff's Electric System Reliability section, SRP attributes 12 percent to 28 percent SAIDI values due to underground cable failure.

In SRP's application from Docket No. E-02217B-22-0208, the District provided estimated capital expenditures for fiscal years 2023 – 2038. Table 5 delineates SRP capital expenditures for Generation, Transmission, Distribution, Customer Systems, and Operational Support for 2023 – 2038.

Table 5: SRP Estimated Capital Expenditures from 2023 – 2028 (millions)[4]

	2023	2024	2025	2026	2027	2028
Generation	$448	$607	$274	$153	$247	$216
Transmission	370	151	57	57	90	115
Distribution	317	306	307	291	291	287
Customer Systems	48	52	59	66	60	63
Operational Support	153	97	99	109	100	103

SRP's primary focus in their 2023 – 2028 estimated capital expenditures is in the Generation and Distribution categories.

In SRP's current Application, the District provided their estimated capital expenditures for 2025 – 2030 in their Application. Table 6 delineates SRP projected capital expenditures for Generation, Transmission, Distribution, Customer Systems, and Operational Support for 2025 – 2030.

Table 6: SRP Estimated Capital Expenditures for 2025 – 2030 (millions)

	2025	2026	2027	2028	2029	2030
Generation	$561	$590	$752	$1,055	$1,344	$1,172
Transmission	198	151	93	147	122	49
Distribution	504	439	417	398	396	402
Customer Systems	46	65	66	69	70	73
Operational Support	214	205	177	125	113	93

[4] Staff utilized the Estimate Capital Expenditures for Fiscal Years 2023 – 2028 in SRP's last application in Docket No. E-02217B-22-0208.

SRP's primary focus in their 2025 -– 2030 estimated capital expenditures is in the Generation and Distribution categories. SRP's estimated capital expenditures for 2023 – 2028 and their current estimated capital expenditures are consistent with each other.

SRP's 2023 Integrated System Plan[5] ("ISP") projects a 40 percent growth in energy demand by 2035. SRP's Balanced System Plan in the ISP plans on adding the following resources by 2035:

- 7,000 MW of new renewables
- 1,000 MW of new long-duration pumped hydro energy storage
- 1,500 MW of new battery storage
- 2,000 MW of new firm natural gas

SRP will also be adding 65 new distribution substation bays to respond to the growing customer growth in its service territory.

Staff also reviewed SRP's 2023 annual report[6] that includes historical five-year operational and statistical review and financial summary. Staff observed that SRP's five-year and statistical financial data demonstrates that the majority of SRP's expenditures are on their gross utility plant.

Staff concludes that SRP's capital spending appears to adequately address the needs for current and projected customer and load growth in its service area with their investment priority being long-term generation capacity and new business distribution.

Compliance

Staff performed a compliance check for SRP. Compliance records reflect that SRP is in compliance with all requirements. Staff concludes that SRP is in compliance with the ACC.

CONCLUSIONS

Based on the review of SRP's Application, electric system reliability, characteristics, and their capital budgets as well as its responses to Staff-issued data request, Staff conclusions are as follows:

1. SRP has an acceptable level of system losses in the historic period from 2020 – 2024. Additionally, SRP's customer growth correlates with their peak demand growth.

[5] https://www.srpnet.com/grid-water-management/future-planning/integrated-system-plan
[6] https://www.srpnet.com/assets/srpnet/pdf/about/2023-annual-report.pdf

2. SRP's record of service interruptions in the historic period from 2019 through 2023 reflects that SRP is performing better than the IEEE benchmark results.

3. SRP's projected capital spending over the next six years appears to adequately address the needs for current and projected customer and load growth in its service area with the capital spending's priority being long-term generation capacity and new business distribution.

4. SRP is in compliance with the ACC.

5. SRP's Application appears reasonable and necessary for the continued provision of service.

CVTD:kj

0000208024

BEFORE THE ARIZONA CORPORATION COMMISSION

LEA MÁRQUEZ PETERSON
Chairwoman
SANDRA D. KENNEDY
Commissioner
JUSTIN OLSON
Commissioner
ANNA TOVAR
Commissioner
JIM O'CONNOR
Commissioner

Arizona Corporation Commission
DOCKETED
NOV 21 2022
DOCKETED BY
JM

IN THE MATTER OF THE APPLICATION OF SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR AN ORDER AUTHORIZING ITS ISSUANCE OF REVENUE BONDS AND REFUNDING REVENUE BONDS.	DOCKET NO. E-02217B-22-0208 DECISION NO. 78770 ORDER

Open Meeting
November 9, and November 10, 2022
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Background

1. Salt River Project Agricultural Improvement and Power District ("SRP" or "District") is a political subdivision of the State of Arizona organized in 1937. SRP is principally engaged in the purchase and sale of electricity to over one million residential, commercial and wholesale customers in Maricopa, Pinal, and Gila Counties in Arizona. SRP generates electricity in the States of Arizona, New Mexico and Colorado, primarily for sale in Arizona.

2. On July 20, 2022, SRP filed an application with the Arizona Corporation Commission ("Commission") requesting an order authorizing the District's issuance of Revenue Bond and Refunding Revenue Bonds. SRP seeks Commission authorization to issue Revenue Bonds in an amount not to exceed $1,800,000,000, and issue Refunding Revenue Bonds in an amount not to exceed $3,000,000,000, an aggregate amount not to exceed $4,800,000,000.

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Revenue Bonds

3. SRP states that the purpose of the proposed Revenue Bonds is to "…to pay or reimburse SRP for the construction costs of improvements, replacements, additions, extensions and betterments of SRP's electric system…." SRP further states the proposed capital investments are necessary and in anticipation of significant population growth in Maricopa County, that will require "…35 percent growth in peak electricity demand by 2030, which is the equivalent to serve nearly 600,000 average size Arizona home."[1] The District further reports that aside from the projected customer growth, it "… is in the process of transforming its generation fleet and its transmission and distribution system to support a low carbon energy future. SRP's steadfast commitment to sustainability is exemplified by its pledge to reduce carbon intensity by more than 65 percent by 2035 and 90 percent by 2050."[2] SRP believes that "The authorization to issue Revenue Bonds will help finance the addition of needed generation capacity, and the transmission and distribution improvements necessary to meet SRP's 2035 sustainability commitment."[3]

4. SRP indicates that it plans to issue the proposed Revenue Bonds in several series, depending on the construction needs, market conditions and its bond rating at the time of the transaction. The Revenue Bonds will be issued in varied amounts, with each maturity not to exceed 50 years, and at prevailing interest rates at the time of issuance. SRP reports that its current bond ratings are AA+ by Standard and Poor's ("S&P") and Aa1 by Moody's Investors Service ("Moody's").

Refunding Revenue Bonds

5. SRP proposes Refunding Revenue Bond in an amount not to exceed $3,000,000,000, "…will be used to refinance existing debt, if financially advantageous to do so"[4]. SRP states that the Refunding Revenue Bonds will have the same characteristics as the Revenue Bonds, with varied maturities and interest rates, depending on market conditions. The proceeds of the proposed Refunding Revenue Bonds will be utilized to repay existing debt, and refinance existing debt at

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[1] Company application page 1, paragraph 2.
[2] Company application page 1, paragraph 2.
[3] Company application page 1, paragraph 2.
[4] Company application, page 1, paragraph 1.

lower interest rates, for the benefit of its ratepayers.

Public Notice

6. On September 16, 2022, SRP docketed a Notice of Affidavit of Publication, confirming that the notice of this financing application was published in the Arizona Republic on August 16, 2022, and Arizona Business Gazette on August 18, 2022, newspapers of general circulations.

Staff Analysis and Recommendations

Engineering Analysis

7. Staff Engineering has reviewed SRP's projected capital investments for fiscal years 2023 through 2028. Staff has determined that the projects and related costs are reasonable and in the public interest. Details of Staff Engineering analysis and recommendations are in Attachment A.

Financial Analysis

8. Staff's financial analysis is based on SRP's financial statements for the fiscal year ended April 30, 2022, as shown on Schedule TDP-1. Column A presents the actual results of selected financial information. Column B presents proforma financial information that modifies Column A to reflect the effect of the $1,800,000,000 of additional Revenue Bonds. Column B does not reflect SRP's proposed issuance of $3,000,000,000 of Refunding Revenue Bond since the proceeds will be utilized to repay and/or refinance existing debt.

9. As shown on Schedule TDP-1, Staff's analysis assumes 5 percent annual interest rate and an average maturity of 30 years for the Revenue Bonds, based on SRP's representation to Staff. Staff also assumes the District's issuance of $1,800,000,00 of new Revenue Bond in this analysis.

10. Staff notes that SRP's capital structure as of April 30, 2022, is comprised of 1.0 percent short-term debt, 41.3 percent long-term debt, and 57.7 percent equity (Schedule TDP-1, Column A). As shown on Schedule TDP-1, Column B, Staff has determined that SRP's issuance of $1,800,000,000 of additional Revenue Bonds would result in a capital structure that is comprised of 0.8 percent short-term debt, 49.6 percent long-term debt and 49.6 percent equity.

11. Using the debt service amounts calculated on TDP-2, Staff has determined that upon

issuance of the District's proposed $1,800,000,000 of Revenue Bonds, SRP will have a Debt Service Coverage("DSC") of 3.47. The DSC represents the number of times cash flow from operations (i.e., operating income plus income tax, depreciation and amortization expenses) covers required principal and interest payments on debt. A DSC greater than 1.0 means cash flow from operations is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations. As a result, Staff has determined that SRP has adequate cash flow from its operation to service its existing debt as well as the proposed Revenue Bonds.

Conclusion

12. Based on these findings, Staff concludes that SRP's issuance of additional Revenue Bonds not to exceed $1,800,000,000 and issuance of Refunding Revenue Bonds not to exceed $3,000,000,000, would not impair the District's financial viability or its ability to continue to serve its ratepayers. Staff also determined that this financing application is within SRP's organizational powers, compatible with the public interest, and consistent with sound financial practices.

13. Staff concludes that the District's projected capital investments for 2023-2028 are reasonable and necessary for provision of service.

14. Staff further concludes it is in the public interest for the Commission to authorize SRP to issue its requested additional Revenue Bonds, in an amount not to exceed $1,800,000,000; and Refunding Revenue Bonds, in an amount not to exceed $3,000,000,000, for a term not to exceed 50 years for each issuance, and at the prevailing interest rate.

Recommendations

15. Staff recommends that the Commission authorize SRP's request to issue Revenue Bonds in an amount not to exceed $1,800,000,000, for a term not to exceed 50 years for each issuance, and at the prevailing interest rates, for the purposes described in the application, on/or before January 1, 2031. Staff further recommends that the Commission approval granted herein shall expire on January 1, 2031, for any unissued balance of the $1,800,000,000 of Revenue Bond authorized in this proceeding.

16. Staff further recommends that the Commission authorize SRP's request to issue

Refunding Revenue Bonds in an amount not to exceed $3,000,000,000 to refund and refinance its existing revenue bonds, on/or before January 1, 2031. Staff further recommends that the Commission approval granted herein shall expire on January 1, 2031, for any unissued balance of the $3,000,000,000 of Refunding Revenue Bond authorized in this proceeding.

17. Staff further recommends authorizing SRP to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.

18. Staff further recommends that the Commission order the District to file with Docket Control, as a compliance item in this docket, within 60 days of the execution of any financing transaction authorized herein; a copy of all notes and other documents memorializing the transaction and a written summary providing an overview of the transaction that includes, but is not limited to, the business rationale for the transaction, the terms and conditions of the transaction, and a demonstration that the rates and terms were consistent with those generally available to comparable entities at the time; and for any refunding transaction that it is economically beneficial.

CONCLUSIONS OF LAW

1. Salt River Project Agricultural Improvement and Power District is a political subdivision of the State of Arizona pursuant to Article 13, Section 7 of the Arizona Constitution, and an agricultural improvement district duly organized under and existing under Title 48, Chapter 17 of the laws of the State of Arizona (A.R.S. § 48-2301 *et seq.*).

2. The Commission has jurisdiction over Salt River Project Agricultural Improvement and Power District regarding the subject matter of the application pursuant to A.R.S. §§ 40-302 and 48-2465(B).

3. Approval of the financing is consistent with the Commission's authority under the Arizona Constitution, Arizona Revised Statutes, and applicable case law.

4. Salt River Project Agricultural Improvement and Power District proposed issuance of Revenue Bonds and the Refunding Revenue Bonds as requested in the application are within its powers as an agricultural improvement district pursuant to A.R.S. §§ 48-2465 and 48-2471(B) and are compatible with the public interest.

5. The requested Revenue Bonds and Refunding Revenue Bonds authority approved

herein is for the purposes stated in this application, and is reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably chargeable to operating expenses or to income.

6. It is in the public interest to approve the Salt River Project Agricultural Improvement and Power District 's requested authority for issuance of Revenue Bonds and Refunding Revenue Bonds, as discussed herein.

7. Notice of this application was given in accordance with the law.

ORDER

IT IS THEREFORE ORDERED that the Salt River Project Agricultural Improvement and Power District is hereby authorized to issue Revenue Bonds in an amount not to exceed $1,800,000,000, with maturity not to exceed 50 years for each issuance, at the prevailing market rates, on/or before January 1, 2031.

IT IS FURTHER ORDERED that the Salt River Project Agricultural Improvement and Power District authorized to issue Refunding Revenue Bonds in an amount not to exceed $3,000,000,000, with maturity not to exceed 50 years for each issuance, at the prevailing market rates, on/or before January 1, 2031.

IT IS FURTHER ORDERED that Commission authority granted herein shall expire on January 1, 2031, if the Salt River Project Agricultural Improvement and Power District does not issue any portion of its requested $1,800,000,000 of Revenue Bond and $3,000,000,000 of Refunding Revenue Bonds.

IT IS FURTHER ORDERED that Salt River Project Agricultural Improvement and Power District is hereby authorized to engage in any transaction and to execute any documents necessary to effectuate the authorizations herein.

IT IS FURTHER ORDERED that the Salt River Project Agricultural Improvement and Power District shall file with Docket Control, as a compliance item in this docket, within 60 days of the execution of any financing transaction authorized herein; a copy of all notes and other documents memorializing the transaction and a written summary providing an overview of the transaction that includes, but is not limited to, the business rationale for the transaction, the terms and conditions of

the transaction, and a demonstration that the rates and terms were consistent with those generally available to comparable entities at the time; and for any refunding transaction that it is economically beneficial.

IT IS FURTHER ORDERED that the authorizations granted herein are expressly conditioned upon Salt River Project Agricultural Improvement and Power District's use of the proceeds derived thereby for purposes set forth in the application.

IT IS FURTHER ORDERED that Salt River Project Agricultural Improvement and Power District shall file as a compliance item on this docket, information as to any bill increases associated with the $1,800,000,000 of Revenue Bonds over the next 8 years of spend.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRWOMAN MÁRQUEZ PETERSON COMMISSIONER KENNEDY

COMMISSIONER OLSON COMMISSIONER TOVAR COMMISSIONER O'CONNOR

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 21 day of November, 2022.

MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EOA:TDP:jn/SJE

Decision No. 78770

Salt River Project Agricultural Improvement and Power District
Docket No. E-02217B-22-0208

Lenin Arthanari
Salt River Project Agricultural Improvement And Power District
Post Office Box 52025
PAB381
Phoenix, Arizona 85072-2025
Lenin.Arthanari@srpnet.com
Consented to Service by Email

Robin Mitchell
Director/Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
legaldiv@azcc.gov
utildivservicebyemail@azcc.gov
Consented to Service by Email

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

Salt River Project Agricultural Improvement and Power District

(Name of Issuer and Co-Issuer(s), if applicable)

October, 23 2019

(Date)

The Depository Trust Company
18301 Bermuda Green Drive
Tampa, FL 33647
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[incorporated in]~~ [formed under the laws of] The State of Arizona.

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Salt River Project Agricultural Improvement and Power District

(Issuer)

By: _____

(Authorized Officer's Signature)

Brian Koch

(Print Name)

1500 N. Mill Avenue

(Street Address)

Tempe, AZ USA 85281

(City) (State) (Country) (Zip Code)

(602) 236-2993

(Phone Number)

Brian.Koch@srpnet.com

(E-mail

DTCC

Address)

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC 's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SCHEDULE A
(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities m ay wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DT C's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Ten der/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

As provided in the Resolutions referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolutions to the contrary, a portion of the principal amount of this bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolutions.

R-«NO» $«PA»

UNITED STATES OF AMERICA
STATE OF ARIZONA COUNTY OF MARICOPA
SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT
SALT RIVER PROJECT ELECTRIC SYSTEM
REVENUE BOND, 2026 SERIES _

Interest Rate	Maturity Date	Dated Date	CUSIP
«IR»%	January 1, «MD»	_____ __, 2026	«CUSIP»

Registered Owner: CEDE & CO.

Principal Sum: $«PA» («WA» DOLLARS)

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, Maricopa County, Arizona (herein called the "District"), a political subdivision and body politic and corporate organized and existing under the Constitution and laws of the State of Arizona, acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues and special funds of the District pledged therefor as hereinafter provided, to the registered owner identified above or registered assigns, on the maturity date set forth above, upon presentation and surrender of this 2026 Series _ Bond (as hereinafter defined) at the designated corporate trust office of U.S. Bank Trust Company, National Association (such bank and any successor thereto being herein called the "Paying Agent"), the principal sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts, and to pay solely from such revenues and

special funds pledged therefor to the registered owner hereof interest on such principal sum from the dated date set forth above or from the most recent interest payment date to which interest has been paid or duly provided for, at the interest rate shown above per annum, payable by check mailed by the Trustee (hereinafter defined), on the first days of January and July (beginning January 1, 2027) in each year to the person in whose name this 2026 Series _ Bond is registered as of the close of business on the immediately preceding December 15 or June 15 until the District's obligation with respect to the payment of such principal sum shall be discharged.

This Bond is one of a duly authorized series of Bonds of the District in the aggregate principal amount of $_____ designated as its "Salt River Project Electric System Revenue Bonds, 2026 Series _" (herein called the "2026 Series _ Bonds"), issued to finance the costs of acquisition and construction of various capital improvements and additions to the District's Electric System pursuant to the Constitution and laws of the State of Arizona, including Article 7, Chapter 17, Title 48 of the Arizona Revised Statutes (herein called the "Act"), and under and pursuant to a resolution of the Board of Directors of the District, entitled "Supplemental Resolution Dated September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds," which became effective January 11, 2003 as amended and supplemented (the "Resolution Concerning Revenue Bonds"), including by a resolution of the Board of Directors of the District, adopted on June 18, 2026 entitled "Resolution Authorizing the Issuance and Sale of Not Exceeding $1,622,000,000 in Par Value Salt River Project Electric System Revenue Bonds, 2026 Series of the Salt River Project Agricultural Improvement and Power District, and Providing for the Form, Details and Terms Thereof" (the "2026 Bond Resolution") and a certificate executed by an Authorized Officer of the District dated as of _____ __, 2026 (the "Officer's Certificate" and, together with the Resolution Concerning Revenue Bonds and the 2026 Bond Resolution, the "Resolutions"). Each capitalized term not defined herein shall have the meaning set forth in the Resolutions. As provided in the Resolutions, the 2026 Series _ Bonds, and the outstanding Electric System Revenue Bonds heretofore issued pursuant to the Resolution Concerning Revenue Bonds, as to principal and interest thereon are payable from and secured by a pledge of the revenues of the District's Electric System referred to in the Resolutions and other funds held or set aside under the Resolutions. Such pledge is subject and subordinate in all respects to the payment of operating expenses and to the prior pledge of such revenues to the repayment of certain federal loan agreements heretofore or hereafter entered into by the District. Copies of the Resolutions are on file at the office of the District and at the designated corporate trust office of U.S. Bank Trust Company, National Association, Phoenix, Arizona, as Trustee under the Resolutions, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

The 2026 Series _ Bonds are being issued by means of a book-entry system, with no physical distribution of bond certificates to be made except as provided in the Resolutions. One bond certificate for each maturity (or, if applicable, each interest rate within a maturity), registered in the name of the Securities Depository nominee, Cede & Co., is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry system

will evidence positions held in the 2026 Series _ Bonds by the Securities Depository's participants; beneficial ownership of the 2026 Series _ Bonds, in the principal amount of $5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The District and the Trustee will recognize the Securities Depository nominee, while the registered owner of this 2026 Series _ Bond, as the owner of this 2026 Series _ Bond for all purposes, including payments of principal of and interest on, this 2026 Series _ Bond, notices and voting. Transfers of principal and interest payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal and interest payments to beneficial owners of the 2026 Series _ Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The District will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this 2026 Series _ Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of and interest on this 2026 Series _ Bond shall be made in accordance with existing arrangements among the Trustee, the District and the Securities Depository.

This 2026 Series _ Bond is transferable as provided in the Resolutions; provided, however, that such transfer may be made only upon books kept for that purpose at the above mentioned office of the Trustee and at the office of any Paying Agent then acting as agent of the Trustee for such purpose, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this 2026 Series _ Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, in authorized denominations and for the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon payment of the charges therein prescribed. The District and the Trustee may deem and treat the person in whose name this 2026 Series _ Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes.

The 2026 Series _ Bonds are issuable in the form of registered Bonds in the denomination of $5,000 or any integral multiple of $5,000. The 2026 Series _ Bonds, upon surrender thereof at the designated corporate trust office of the Trustee or at the office of any Paying Agent then acting as agent for the Trustee for such purpose at the option of the registered owner thereof, may be exchanged for an equal aggregate principal amount of 2026 Series _ Bonds of any other authorized denomination, of the same stated maturity, in the same manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions.

As provided in the Resolutions, Bonds of the District may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution Concerning Revenue Bonds is not limited except as provided in the Resolution Concerning Revenue Bonds,

and all Bonds heretofore issued and to be issued under the Resolution Concerning Revenue Bonds are and will be equally secured by the pledge and covenants made therein.

The 2026 Series _ Bonds are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, 203_, as a whole or in part by random selection by the Trustee within a maturity with the same interest rate from maturities selected by the District, at the Redemption Price of 100% of the principal amount of the 2026 Series _ Bonds or portions thereof to be redeemed, together with accrued interest up to but not including the redemption date.

For so long as book entry only system of registration is in effect with respect to the 2026 Series _ Bonds, if less than all of the 2026 Series _ Bonds of a particular maturity (and, if applicable, interest rate within a maturity) is to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such 2026 Series _ Bonds shall be selected by DTC and the Direct Participants and/or the Indirect Participants.

The 2026 Series _ Bonds maturing on January 1, 20__ are subject to mandatory redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments required by the Resolutions, on and after January 1, 20__ at 100% of the principal amount of such 2026 Series _ Bonds to be redeemed together with accrued interest up to, but not including, the redemption date. Such Sinking Fund Installments will be sufficient to redeem such 2026 Series _ Bonds on the dates and in the principal amounts shown below.

Sinking Fund Payment Date (January 1)	Principal Amount
20__	$
20__	
20__	
20__*	

*Final Maturity.

The 2026 Series _ Bonds maturing on January 1, 20__ are subject to mandatory redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments required by the Resolutions, on and after January 1, 20__ at 100% of the principal amount of such 2026 Series _ Bonds to be redeemed together with accrued interest up to, but not including, the redemption date. Such Sinking Fund Installments will be sufficient to redeem such 2026 Series _ Bonds on the dates and in the principal amounts shown below.

Sinking Fund Payment Date (January 1)	Principal Amount
20__	$
20__	
20__	
20__	
20__*	

*Final Maturity.

The Sinking Fund Installments may be satisfied by the District delivering to the Trustee, no later than 45 days in advance of the date of such Sinking Fund Installment, 2026 Series _ Bonds of such maturities theretofore purchased or redeemed by the District otherwise than by operation of the sinking fund redemption provided for herein.

Notice of redemption shall be mailed to the registered owners of the 2026 Series _ Bonds not less than 25 days nor more than 50 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Resolutions. If notice of redemption shall have been mailed as aforesaid, the 2026 Series _ Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2026 Series _ Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This 2026 Series _ Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this 2026 Series _ Bond shall have been authenticated by the manual signature of a duly authorized signatory of the Trustee or its duly authorized agent on the Certificate of Authentication.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this 2026 Series _ Bond, exist, have happened and have been performed and that the 2026 Series _ Bonds, together with all other indebtedness of the District, are within every debt and other limit prescribed by the laws of the State of Arizona.

IN WITNESS WHEREOF, SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, by authority of the Act, has caused this 2026 Series _ Bond to be executed by the manual or facsimile signature of its President hereunto duly authorized and the corporate seal of said District or facsimile thereof to be hereunto affixed and attested by the manual or facsimile signature of its Secretary, all as of _____ __, 2026.

(SEAL)

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

Attest:

By: _____
Christopher J. Dobson
President

By:_____
John M. Felty
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the 2026 Series _ Bonds delivered pursuant to the Resolutions mentioned within.

U.S. Bank Trust Company, National
Association, as Trustee

By:_____
Authorized Signatory

DATED: _____ __, 2026

The undersigned Secretary of the Salt River Project Agricultural Improvement and Power District hereby certifies that the following are full, true and correct copies of the original legal opinions of Chiesa Shahinian & Giantomasi PC, as to the validity and security of the Series of Bonds of which the within 2026 Series _ Bond is one, and of Nixon Peabody, LLP as to certain tax matters with respect to the 2026 Series _ Bonds, each dated as of the date of delivery of said 2026 Series _ Bonds and delivered as of said date.

_____

Secretary

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND **ADDRESS OF TRANSFEREE, ADDRESS** AND SOCIAL SECURITY NUMBER OR OTHER FEDERAL TAX IDENTIFICATION NUMBER OF TRANSFEREE

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed by:

Signature guarantee should be made by guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT, ARIZONA

$_____
Salt River Project Electric System Revenue Bonds,
2026 Series _

PURCHASE CONTRACT

_____ __, 2026

Salt River Project Agricultural
Improvement and Power District
PAB 236
Post Office Box 52025
Phoenix, Arizona 85072-2025

Ladies and Gentlemen:

BofA Securities, Inc., as representative (the "Representative") of itself and the dealers listed in Annex A attached hereto, as said list may from time to time be changed by the Representative at or prior to the Closing (herein collectively called the "Purchasers" and each individually as a "Purchaser"), offers to enter into this Purchase Contract (this "Purchase Contract") with Salt River Project Agricultural Improvement and Power District (herein sometimes called the "District"), which, upon the District's acceptance of this offer, will be binding upon the District and upon the Purchasers. The Representative need not advise the District of any change in such list but in no event shall any of the Purchasers be eliminated from such list. The offer made hereby is subject to the District's acceptance thereof by execution of this Purchase Contract and its delivery to the Representative at or prior to 5:00 P.M., Phoenix time, on the date first above written. Terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Resolution (defined below) and the Official Statement relating to the Bonds (defined below), dated of even date herewith (as the same may be hereafter amended, the "Official Statement").

1. (a) Upon the terms and conditions and upon the basis of the representations hereinafter set forth, the Purchasers, jointly and severally, hereby agree to purchase from the District, and the District hereby agrees to sell to the Purchasers, all (but not less than all) of the District's Salt River Project Electric System Revenue Bonds, 2026 Series _ (the "Bonds"), at an aggregate price of $_____, which reflects [a net] [an] original issue [premium][discount] of $_____ and an underwriters' discount of $_____. The purchase price for the Bonds to be paid by the Purchasers at the Closing shall be reduced by $_____, the amount of the Deposit (defined below) made by the Representative on behalf of the Purchasers pursuant to Section 3 hereof, producing a net amount due of $_____. The Bonds shall be dated their date of delivery, shall bear interest payable January 1, 2027, and thereafter semi-

annually on each January 1 and July 1, at the rate or rates and shall mature on the dates and in the principal amounts set forth in Schedule I attached hereto.

(b) The Bonds shall be as described in, and shall be issued pursuant to, the Supplemental Resolution dated as of September 10, 2001, Authorizing an Amended and Restated Resolution Concerning Revenue Bonds adopted by the Board of Directors of the District, which became effective January 11, 2003, as amended and supplemented (the "Amended and Restated Resolution Concerning Revenue Bonds"), including by the Resolution Authorizing the Issuance and Sale of Not Exceeding $1,622,000,000 In Par Value Salt River Project Electric System Revenue Bonds, 2026 Series of the Salt River Project Agricultural Improvement and Power District, and Providing for the Form, Details and Terms Thereof adopted by the Board of Directors of the District on June 18, 2026 (the "Supplemental Resolution"), and a certificate executed by an Authorized Officer of the District dated as of the date hereof (the "Officer's Certificate" and, together with the Amended and Restated Resolution Concerning Revenue Bonds and the Supplemental Resolution, the "Resolution"). The Bonds are subject to redemption at the times, in the manner and upon the terms provided in the Resolution. Pursuant to the Resolution, U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association (herein called the "Trustee"), has been appointed trustee.

2. The Purchasers agree to make an initial public offering of all of the Bonds at not in excess of an initial public offering price or prices (or yields less than the offering yields) set forth on the cover of the Official Statement.

(a) The Representative, on behalf of the Purchasers, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Annex B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Nixon Peabody LLP, as special tax counsel ("Special Tax Counsel"), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except as otherwise set forth in Schedule 1 attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Representative shall report to the District the price or prices at which the Purchasers have sold to the public each maturity of Bonds. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

[(c)] [The Representative confirms that the Purchasers have offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Representative, on behalf of the Purchasers, agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the

initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Purchasers will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Purchasers have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.]

[(c)][(d)] The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Purchaser, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the date of the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Purchaser, dealer or broker-dealer, the Representative shall assume that each order submitted by the Purchaser, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Purchaser or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution

agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the date of the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Purchaser or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Representative or such Purchaser or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Purchaser or the dealer and as set forth in the related pricing wires.

[(d)][(e)] The District acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Purchaser to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that a Purchaser or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Purchaser shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Purchaser shall be liable for the failure of any other Purchaser, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

[(e)][(f)] The Purchasers acknowledge that sales of any Bonds to any person that is a related party to an underwriter (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a

selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "sale date" means the date of execution of this Purchase Contract by all parties.

3. On or prior to the date hereof, the Representative, on behalf of the Purchasers, has transferred $_____ (the "Deposit") to the District via wire transfer. The District agrees to hold the Deposit in a segregated escrow account as security for the performance by the Purchasers of their obligation to accept and pay for the Bonds at the Closing (as such term is defined in Section 6(b) hereof).

(a) In the event that the Bonds are delivered by the District and accepted and paid for by the Purchasers as contemplated by this Purchase Contract, the District shall apply the Deposit as a credit against the purchase price of the Bonds due from the Representative as described in Section 1(a) hereof.

(b) In the event of the District's failure to deliver the Bonds at the Closing, or if the District shall be unable, at or prior to the date of the Closing, to satisfy the conditions to the obligations of the Purchasers contained herein, or if the obligations of the Purchasers shall be terminated for any reason permitted by this Purchase Contract, the District shall immediately transfer the Deposit back to the Representative. The return of the Deposit shall constitute a full release and discharge of all claims and damages against the District for such failure to deliver the Bonds at the Closing.

(c) If the Purchasers fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the District at the Closing as herein provided, the Deposit shall be retained by the District as and for full liquidated damages for such failure and for any and all defaults on the part of the Purchasers, and the retention of such moneys shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults for the Bonds.

4. (a) The District has previously delivered to the Purchasers the Preliminary Official Statement dated _____ __, 2026, which, including the cover page and all appendices thereto, is herein referred to as the "Preliminary Official Statement." By execution of this

Purchase Contract, the District, within the meaning of Rule 15c2-12 promulgated under the provisions of the Securities Exchange Act of 1934, as amended (the "Rule"), "deems final" the Preliminary Official Statement, except for certain omissions permitted thereunder and except for changes permitted by other applicable law. The District hereby ratifies, confirms and approves the use of the Preliminary Official Statement and the Official Statement, in printed or electronic form, for distribution to prospective purchasers and investors.

(b) As soon as practicable after its preparation, but in no event later than seven business days after the District's acceptance of this Purchase Contract and in order to comply with the Rule and other applicable securities laws, rules or regulations, the District shall deliver to the Representative: (i) an executed copy of the Official Statement which is a "final official statement" for purposes of the Rule, in "designated electronic format" (as defined in MSRB Rule G-32), which copy of the Official Statement is executed on behalf of the District by its President or Vice President and its General Manager and Chief Executive Officer or Associate General Manager and Chief Financial Executive, or its Senior Director of Financial Operations & Compliance and Corporate Treasurer or any Assistant Treasurer, and includes as an Appendix thereto the combined financial statements of the District and the Association as of and for the fiscal years ended April 30, 2026 and 2025, together with the report of PricewaterhouseCoopers LLP, dated June __, 2026, signed and delivered by that firm with respect to the fiscal years ended April 30, 2026 and 2025; (ii) a sufficient quantity of conformed copies of the Official Statement to enable the Purchasers to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

(c) At the time of the District's acceptance hereof, the District shall deliver to the Representative four certified copies (one copy at the time of such acceptance and three copies as soon as practicable thereafter) of the Resolution in the form referred to in Section 1(b) hereof.

(d) The District hereby authorizes any and all of this material (including specifically copies of the Preliminary Official Statement, the Official Statement, the Resolution and the information therein contained) to be used in connection with the public offering and sale of the Bonds.

5. (a) The District represents and warrants to each of the Purchasers that (i) at its date and as of the date hereof, the statements and information contained in the Preliminary Official Statement were true and correct and such Preliminary Official Statement did not contain any untrue statement of a material fact or omit any statement or information required to be included therein or necessary to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading; (ii) both at its date and at the time of the Closing, the statements and information contained in the Official Statement (as the same may be supplemented or amended with our approval) will be true and correct and such Official Statement will not contain an untrue statement of a material fact or omit any statement or information required to be included therein or necessary to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading; and (iii) except as disclosed in the Preliminary Official Statement and the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule.

(b) For a twenty-five day period after the date of the Closing, if any event shall occur that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and if in the Purchasers' opinion or that of the District such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cause the Official Statement to be amended or supplemented in a form approved by the Purchasers. The Purchasers shall pay the cost of any such supplement or amendment.

6. (a) At 11:00 A.M., New York time, on _____ __, 2026, or at such other time as shall have been mutually agreed upon by the District and the Representative, the District will deliver, or cause to be delivered, the Bonds, to the Representative, on behalf of the Purchasers, through The Depository Trust Company ("DTC"), in definitive form, bearing proper CUSIP numbers, duly executed on the District's behalf, together with the other documents hereinafter mentioned as delivered to the Representative, and the Representative, on behalf of the Purchasers, will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1(a) hereof by delivering to the District a wire transfer, or at the discretion of the District, a certified or official bank check or checks, for such purchase price payable in federal funds to the order of the District. The District shall apply the funds referred to in this Section 6(a) for the purpose stated in the Official Statement.

(b) Payment for the delivery of the Bonds as aforesaid shall be made at such place as agreed to by the District and the Purchasers. Such payment and delivery is herein called the "Closing." The Bonds shall be prepared in fully registered, book-entry-only form and delivered to DTC in denominations of one Bond for each stated maturity in the aggregate principal amount thereof as set forth on the inside front cover of the Official Statement, and shall be made available to the Representative, at least one (1) business day prior to the Closing for purposes of inspection.

7. The obligations of the Purchasers hereunder shall be subject to the performance by the District of its obligations to be performed hereunder at and prior to the Closing, to the accuracy of the representations and warranties of the District herein as of the date hereof and the date of the Official Statement and as of the time of the Closing, and, in the discretion of the Representative, to the following conditions:

(a) At the Closing, the Resolution shall be in full force and effect and shall not have been changed from the forms theretofore delivered to the Representative except as may have been agreed to in writing by the Representative, and the District shall have adopted and there shall be in full force and effect such additional resolutions as shall, in the opinion of Chiesa Shahinian & Giantomasi PC, as Bond Counsel, be necessary in connection with the transactions contemplated hereby.

(b) The Purchasers shall have the right to terminate their obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the District of their election to do so if, after the execution hereof and prior to the Closing:

(i) the marketability of the Bonds or the market price thereof, in the opinion of the Representative, has been materially adversely affected by (A) an amendment to the Constitution of the United States; (B) any legislation (1) enacted by the United States, (2) recommended to the Congress or otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or (3) presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration; or (C) any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States or any comparable legislative, judicial or administrative development affecting the federal tax status of the District, its property or income, or the interest on its bonds (including the Bonds);

(ii) there shall occur any outbreak of hostilities or any national or international calamity, crisis or emergency or other calamity or crisis, or an escalation of any thereof, the effect of which on the financial markets of the United States is, in the reasonable judgment of the Representative, after consultation with the District, to materially adversely affect the market for the Bonds;

(iii) a general banking moratorium shall have been declared by federal, New York or Arizona authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred which, in the reasonable judgment of the Representative, would make the marketing of municipal revenue bonds generally impractical;

(iv) there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification), suspension or withdrawal of any rating by Moody's Ratings ("Moody's") or S&P Global Ratings, a business of Standard & Poor's Financial Services, LLC ("S&P"), of any securities issued by the District, including the Bonds;

(v) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Purchasers) or is not reflected in the Official Statement but is required to be included therein or is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect and, in either such event, the Official Statement is not supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Purchasers to enforce contracts for the sale of the Bonds; or

(vi) there shall be in force a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange.

(c) At the Closing, the Representative shall receive the opinions of Chiesa Shahinian & Giantomasi PC, as Bond Counsel to the District, and Nixon Peabody LLP, as Special Tax Counsel, addressed to the Representative and dated the day of the Closing, in substantially the same form attached as Appendix C to the Official Statement and, if not otherwise directly addressed to the Representative, a reliance letter with respect thereto addressed to the Representative.

(d) At the Closing, the Representative shall receive the unqualified opinion of Chiesa Shahinian & Giantomasi PC, as Bond Counsel to the District, dated the date of Closing, to the effect that:

(i) the District has duly performed all obligations to be performed by it necessary for the issuance of the Bonds on or prior to the date of the Closing pursuant to the Resolution;

(ii) the terms and provisions of the Bonds and the Resolution conform as to form and tenor with the summary in the Official Statement;

(iii) this Purchase Contract and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the District and constitute valid and legally binding agreements upon the part of the District, in accordance with their terms;

(iv) the Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended, to the extent provided in such Acts, respectively; and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended; and

(v) on the basis of the documents which have been reviewed, to the best of their knowledge, information contained in the Preliminary Official Statement and the Official Statement under the captions "INTRODUCTION," "PLAN OF FINANCE," "THE 2026 SERIES _ BONDS" (as contained in the Preliminary Official Statement), "SECURITY FOR 2026 SERIES _ BONDS" (as contained in the Preliminary Official Statement), "THE 2026 SERIES _ BONDS" (as contained in the Official Statement), "SECURITY FOR 2026 SERIES _ BONDS" (as contained in the Official Statement), "LEGALITY OF REVENUE BONDS FOR INVESTMENT" and the first paragraph under the caption "CONTINUING DISCLOSURE", and "Appendix B – Summary of the Resolution," with respect to legal matters relating to the District and its powers, and the statutes referred to therein, and legal and governmental proceedings, contracts and other documents, did not, as of the respective dates thereof and, in the case of the Preliminary Official Statement, as of the date of this Purchase Contract and, in the case of the Official Statement, does not,

on the date of the Closing, contain any untrue statement of material fact, is not materially misleading and does not omit any statement required to be included or referred to therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

In rendering the foregoing opinions, it is understood that such counsel need express no opinion as to engineering, financial, technical or statistical information contained in the Preliminary Official Statement and the Official Statement, including the Appendices thereto.

(e) At the Closing, the Representative shall receive the unqualified opinion of Michael O'Connor, Associate General Manager and Chief Legal Executive, dated the day of the Closing, to the effect that:

(i) the District has duly performed all obligations to be performed by it necessary for the issuance of the Bonds on or prior to the day of the Closing pursuant to the Resolution;

(ii) neither the execution or delivery by the District of this Purchase Contract, the Resolution or the Continuing Disclosure Agreement, nor the compliance by the District with the terms and conditions thereof, conflicts with or results in a breach of, or will conflict with or result in a breach of, any of the terms or provisions of any Arizona or federal law particularly applicable to the authority or powers of the District with respect thereto (but not including any provisions of Arizona law applicable to tax or securities matters or federal law applicable to tax or securities matters), in force on the date of such opinion, or (so far as is known to such counsel after inquiry with respect thereto) any regulation, order, writ, injunction or decree applicable to the District of any Arizona or federal court or governmental instrumentality, or results or will result in a breach of any of the terms or provisions of the petition for creation, as amended, of the District or any agreement or instrument to which the District is a party or by which the District is bound, or in any such case constitutes or will constitute a default thereunder, or results or will result in the creation or imposition of any mortgage, charge, pledge or other lien or encumbrance upon any of the properties or assets of the District other than the pledge contemplated by the Resolution;

(iii) all consents, approvals or other actions by or filings with any Arizona or federal governmental authority required for the execution and delivery by the District of this Purchase Contract, the Resolution and the Continuing Disclosure Agreement, and for the performance by the District of the transactions required thereby, have been duly obtained or made and are in full force and effect; and

(iv) on the basis of the documents which have been reviewed, to the best of his knowledge, the information in the Preliminary Official Statement and the Official Statement with respect to statutes, regulations (but not including any provisions of Arizona law applicable to tax or securities matters or federal law applicable to tax or securities matters), legal and governmental proceedings and contracts, did not, as of the respective dates thereof and, in the case of the Preliminary Official Statement, as of the date of this Purchase Contract and, in the case of the Official Statement, does not, on the

date of the Closing, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

In rendering the foregoing opinions, it is understood that such counsel need express no opinion as to engineering, financial, technical or statistical information contained in the Preliminary Official Statement and the Official Statement, including the Appendices thereto.

(f) At the Closing, the Representative shall receive the opinion of Spencer Fane LLP legal advisors to the District, dated the day of the Closing, to the same effect as the certificate described in Section 7(i) hereof and to the effect that:

(i) to their knowledge, the District owns and operates the Electric System (as defined in the Resolution and as existing on the date of Closing) and has good title to, or other valid property rights necessary for the operation of the Electric System, subject only to certain rights of the United States and certain other rights, none of which substantially impair the operation of the Electric System by the District or the security for the Bonds;

(ii) each of the Resolution and the Resolution of the Council of the District adopted on June 18, 2026 relating to the Bonds (the "Council Resolution") has been duly adopted and is in full force and effect. The Resolution is valid and binding upon the District and is enforceable against the District in accordance with its term; and

(iii) no legislation has been enacted by the Arizona legislature adversely affecting in any manner the power and authority of the District to authorize, issue, execute and deliver the Bonds, the Continuing Disclosure Agreement or this Purchase Contract.

(g) At the time of the execution of this Purchase Contract and at the Closing, the Representative shall receive a letter, dated the date of delivery thereof, of PricewaterhouseCoopers LLP, in a form satisfactory to the Representative and PricewaterhouseCoopers LLP.

(h) At the Closing, the Representative shall receive a letter, dated within five business days of the Closing, of PricewaterhouseCoopers LLP, stating that they agree to the use of their report dated June __, 2026 for inclusion in Appendix A of the Preliminary Official Statement and the Official Statement.

(i) At the Closing, the Representative shall receive a certificate, dated the date of the Closing, signed by the President or the Vice President and the General Manager and Chief Executive Officer or the Associate General Manager and Chief Financial Executive to the effect that, except as disclosed in the Official Statement, no litigation or other proceedings are pending or, to the knowledge of any of the signers of such certificate, threatened in any court or other tribunal of competent jurisdiction, State or Federal, in any way (i) restraining or enjoining the issuance, sale or delivery of any of the Bonds, or (ii) questioning or affecting the validity of this Purchase Contract, the Bonds, the Continuing Disclosure Agreement, the Resolution or the pledge by the District to the Trustee of any moneys or security provided under the Resolution, or (iii) questioning or affecting the validity of the proceedings for the authorization, sale, execution, registration or delivery of the Bonds, or (iv) questioning or affecting the organization of the

Board of Directors of the District in office at any time on or prior to the date of the Closing or the legal or corporate existence of the District, or the title to office of the directors or officers thereof, or materially adversely affecting any powers of the District under the statutes of the State of Arizona, including, without limitation, the power of the District to construct and operate its Electric System and to fix and collect rates, fees and other charges in connection therewith.

(j) At the Closing, the Representative shall receive a certificate, dated the date of the Closing, signed by the President or the Vice President and the General Manager and Chief Executive Officer or the Associate General Manager and Chief Financial Executive, to the effect that the statements and information contained in the Official Statement are true and correct in all material respects and the Official Statement does not omit any statement or information required to be included therein or necessary to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading.

(k) Subsequent to the respective dates as of which information is given in the Official Statement and except as contemplated by the Official Statement, there shall not have been any change in the long-term debt of the District, or any decreases in the net current assets or accumulated net revenues of the District, or any decreases in the operating revenues or net revenues of the District, or any other change in the financial position or results of operations of the District, which, in the opinion of the Representative, materially affects the market for the Bonds or the sale, at the contemplated offering price, by the Purchasers of the Bonds to be purchased by them.

(l) At or prior to the Closing, the Representative shall have received evidence that the Bonds have received credit ratings of "[Aa1]" and "[AA+]" from Moody's and S&P, respectively.

(m) At the Closing, the Representative shall receive the opinion, dated the date of the Closing, of Katten Muchin Rosenman LLP, counsel for the Purchasers, with respect to the Bonds, the Preliminary Official Statement, the Official Statement and other related matters as the Representative may reasonably require. In rendering such opinion, Katten Muchin Rosenman LLP may rely as to all matters governed by Arizona law, including the creation and powers of the District, upon the opinion of Bond Counsel.

(n) At the Closing, the Representative, on behalf of the Purchasers, shall deliver an issue price certificate relating to the Bonds, dated the date of Closing, in form and substance satisfactory to Nixon Peabody LLP, Special Tax Counsel.

(o) At the Closing, the Representative shall receive a certificate, dated the date of the Closing, signed by an Authorized Officer (as defined in the Resolution) of the District, evidencing full compliance with the provisions of clauses (a) and (b) of subsection 1 of Section 2.04 of the Amended and Restated Resolution Concerning Revenue Bonds.

(p) At the Closing, the Representative shall receive duly executed copies of the Officer's Certificate and Continuing Disclosure Agreement.

(q) At the Closing, the Representative shall receive such additional certificates and other evidence as the Representative may deem necessary to evidence the truth and accuracy as

of the time of the Closing of the representations and warranties of the District herein contained and the due performance and satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it, including a certificate or certificates as to the matters referred to in Section 7(k) hereof.

(r) At the Closing, the Representative shall receive a 10b-5 letter from Nixon Peabody LLP, Special Tax Counsel, with respect to the tax disclosure on the cover of the Preliminary Official Statement and the Official Statement and the information contained in the Preliminary Official Statement and the Official Statement under the caption "TAX MATTERS".

The Official Statement and the opinions and certificates and other evidence referred to above shall be in form and substance satisfactory to the Representative.

If the District shall be unable to satisfy the conditions to the obligations of the Purchasers contained in this Purchase Contract, or if the obligations of the Purchasers shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Purchasers nor the District shall be under further obligation hereunder, except as provided in Section 8 hereof and except that the Deposit referred to in Section 3 hereof shall be returned to the Representative by the District.

8. The Purchasers shall be under no obligation to pay any expenses incident to the performance of the obligations of the District hereunder. The District shall pay the fees and disbursements of Spencer Fane LLP, of Chiesa Shahinian & Giantomasi PC, of Nixon Peabody LLP, of PricewaterhouseCoopers LLP, of PFM Financial Advisors LLC ("PFM"), municipal advisor to the District, and of any consultant or engineer in respect of any matters contemplated by this Purchase Contract not directly retained by the Representative; the cost of printing or otherwise preparing and furnishing to the Representative the documents specified in Section 4 hereof; the cost of preparation and issuance of the Bonds and any charges made by rating agencies for the rating of the Bonds. The District shall be under no obligation to pay any expenses incident to the performance of the obligations of the Purchasers hereunder, other than those included in the expense component of the underwriters' discount together with such other expenses as the District shall approve, including meals, transportation and lodging incident to the pricing of the Bonds. The Purchasers shall pay the cost of printing any supplement or amendment to the Official Statement made in accordance with Section 5(b) hereof, the cost of printing the Agreement Among Underwriters and Purchase Contract; the cost of all Blue Sky memoranda used by them; all advertising expenses in connection with the public offering of the Bonds; and the fees and disbursements of Katten Muchin Rosenman LLP, counsel to the Purchasers.

9. The District acknowledges and agrees that: (i) the primary role of the Purchasers, as underwriters, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the District and the Purchasers and that the Purchasers have financial and other interests that differ from those of the District; (ii) the Purchasers are not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, or fiduciary to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether any

Purchaser has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Purchasers have to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (iv) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. The District has retained PFM as its municipal advisor.

10. This Purchase Contract constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Purchase Contract shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

11. Any notice or other communication to be given to the District under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Purchasers under this Purchase Contract may be given by delivering the same in writing to BofA Securities, Inc., One Bryant Park, 3rd Floor, New York, New York 10036, Attention: _____, _____.

12. This Purchase Contract is made solely for the benefit of the District and the Purchasers (including the successors or assigns of any Purchaser) and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements of the District and of the Purchasers in this Purchase Contract shall remain operative and in full force and effect and shall survive delivery of and payment for the Bonds hereunder and regardless of any investigation made by or on behalf of the Purchasers. The agreements in Sections 3 and 8 hereof shall survive any termination of this Purchase Contract.

BOFA SECURITIES, INC.
GOLDMAN SACHS & CO. LLC
J.P. MORGAN SECURITIES LLC
MORGAN STANLEY & CO. LLC
RBC CAPITAL MARKETS, LLC

By: BofA Securities, Inc.,
as Representative of the Purchasers

By: _____
[Name]
[Title]

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By: _____
Jon W. Hubbard
Corporate Treasurer and Senior Director
of Financial Operations & Compliance

Annex A to Purchase Contract

The Purchasers

BOFA SECURITIES, INC.
GOLDMAN SACHS & CO. LLC
J.P. MORGAN SECURITIES LLC
MORGAN STANLEY & CO. LLC
RBC CAPITAL MARKETS, LLC

Annex B to Purchase Contract

Certificate of the Representative

Salt River Project Agricultural
Improvement and Power District
PAB 236
Post Office Box 52025
Phoenix, Arizona 85072-2025

Nixon Peabody LLP
799 9th Street NW, Suite 500
Washington, DC 20001

Ladies and Gentlemen:

The undersigned, on behalf of BofA Securities, Inc., as representative (the "**Representative**"), of itself and the other underwriters set forth on the cover page of the below-defined Official Statement (collectively, the "**Underwriting Group**"), hereby certifies as set forth below with respect to the sale and issuance of the below-defined 2026 Series _ Bonds.

1. We have served as Representative of the Underwriting Group in connection with the sale by the Salt River Project Agricultural Improvement and Power District (the "**District**") and purchase by the Underwriters of $_____ aggregate principal amount of Salt River Project Electric System Revenue Bonds, 2026 Series _ (the "**2026 Series _ Bonds**").

2. [(a)] As of _____ _, 2026 (the ("**Sale Date**"), for each [Maturity] [of the General Rule Maturities] of the 2026 Series _ Bonds, the first price at which at least 10% of such Maturity of the 2026 Series _ Bonds was sold to the Public is the respective price listed in Schedule A hereto.

[(b)] [To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule: The Representative offered the 2026 Series _ Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "**Initial Offering Prices**") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2026 Series _ Bonds is attached to this certificate as Schedule B.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: The Representative offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "**Initial Offering Prices**") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2026 Series _ Bonds is attached to this certificate as Schedule B.]

[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, the Representative has agreed in writing that, (i) for each Maturity of the 2026 Series _ Bonds, it would neither offer nor sell any of the 2026 Series _ Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "**hold-the-offering-price rule**"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-

the-offering-price rule. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, the Representative has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2026 Series _ Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "**hold-the-offering-price rule**"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule.]

3. For purposes of this Certificate of the Representative, the following terms have the following meanings:

(a) *District* means Salt River Project Agricultural Improvement and Power District, the owner and user of the facilities financed and refinanced with proceeds of the 2026 Series _ Bonds.

[(b)] [*General Rule Maturities* means those Maturities of the 2026 Series _ Bonds listed in Schedule A hereto as the "General Rule Maturities."]

[(c)] [*Hold-the-Offering-Price Maturities* means those Maturities of the 2026 Series _ Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."]

[(d)] [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([_____]), or (ii) the date on which the Representative has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

[(e)] *Maturity* means 2026 Series _ Bonds with the same credit and payment terms. 2026 Series _ Bonds with different maturity dates, or 2026 Series _ Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

[(f)] *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate of the Representative generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

[(g)] *Tax Certificate* means the Tax Certificate as to Arbitrage and The Provisions of Sections 141-150 of the Internal Revenue Code of 1986, dated _____ __, 2026 with respect to the 2026 Series _ Bonds.

[(h)] *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the 2026 Series _ Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2026 Series _ Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2026 Series _ Bonds to the Public)..

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The Representative understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate with respect to the 2026 Series _ Bonds and by Nixon Peabody LLP ("**Special Tax Counsel**") in connection with rendering its opinion as Special Tax Counsel that the interest on the 2026 Series _ Bonds is excluded from gross income for federal income tax purposes. With respect to 2026 Series _ Bonds allotted to Underwriters other than the Representative, statements in this certificate are based solely on information provided to the Representative by such other Underwriters, and has not been independently verified by us; however, we have no reason to believe such information is untrue or such rule has not been complied with, in any material respect.

We understand that Special Tax Counsel may rely upon this Certificate of the Representative, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the 2026 Series _ Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Representative, on behalf of the Underwriters, has caused this Certificate of the Representative to be executed as of the date above first written.

Dated: _____ __, 2026

BOFA SECURITIES, INC.

_____
[Name]
[Title]

Schedule I to Purchase Contract

2026 Series _ Bonds

Maturity (January 1)	Principal Amount ($)	Interest Rate (%)	Price	Yield (%)

[C] Calculated to [July 1, 2036] first optional redemption date.

PRELIMINARY OFFICIAL STATEMENT DATED ____ __, 2026

NEW ISSUE **FULL BOOK-ENTRY**

In the opinion of Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Salt River Project Agricultural Improvement and Power District described herein, interest on the 2026 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Special Tax Counsel is further of the opinion that interest on the 2026 Series Bonds is exempt from income taxes imposed by the State of Arizona. See "TAX MATTERS" herein regarding certain other tax considerations.

$_____*

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA

Salt River Project Electric System Revenue Bonds, 2026 Series

Dated: Date of Delivery **Due: As shown on inside cover**

The Salt River Project Electric System Revenue Bonds, 2026 Series (the "2026 Series Bonds") are being issued pursuant to the Supplemental Resolution Dated September 10, 2001, authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003, as amended and supplemented (the "Resolution"). The 2026 Series Bonds, together with heretofore and hereafter issued Revenue Bonds, are payable from and secured by a pledge of and lien on all Revenues of the Salt River Project Agricultural Improvement and Power District (the "District") from the ownership and operation of the Electric System after the payment of Operating Expenses.

The 2026 Series Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2026 Series Bonds. Individual purchases of interests in the 2026 Series Bonds may be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2026 Series Bonds. Interest with respect to the 2026 Series Bonds is payable January 1 and July 1 of each year, commencing January 1, 2027.

The principal of, redemption price, if any, and interest on the 2026 Series Bonds are payable by U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Trustee. Interest on the 2026 Series Bonds will be payable by check mailed by the Trustee to the registered owner of each of the 2026 Series Bonds as of the immediately preceding December 15 or June 15. So long as Cede & Co. is the registered owner, the Trustee will pay such principal and redemption price, if any, of and interest on the 2026 Series Bonds to DTC, which will remit such principal, redemption price, if any, and interest to its Direct Participants for subsequent disbursement to the Beneficial Owners of the 2026 Series Bonds. The 2026 Series Bonds are subject to optional redemption as described herein. See "THE 2026 SERIES BONDS — Redemption" herein.

The [NAME OF BONDS] have been designated as "Green Bonds." Kestrel has provided an independent external review and opinion that the [NAME OF BONDS] conform with the four core components of the International Capital Market Association Green Bond Principles and therefore qualify for Green Bonds designation. See "DESIGNATION OF BONDS AS GREEN BONDS" herein and [APPENDIX <X>] attached for more information.

The 2026 Series Bonds do not constitute general obligations of the District or obligations of the State of Arizona, and no holder of any of the 2026 Series Bonds has the right to compel the exercise of the taxing powers of the District to pay the 2026 Series Bonds or the interest thereon.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the 2026 Series Bonds. Investors should read this Official Statement in its entirety before making an investment decision.

The 2026 Series Bonds are offered when, as and if issued, and subject to the approval of legality by Chiesa Shahinian & Giantomasi PC, Bond Counsel. Certain legal matters will be passed upon for the District by Nixon Peabody LLP, Special Tax Counsel, and for the Underwriters by Katten Muchin Rosenman LLP. It is expected that the 2026 Series Bonds will be available for delivery through the facilities of DTC on or about _____ __, 2026.

BofA Securities

Goldman Sachs & Co. LLC **J.P. Morgan** **Morgan Stanley** **RBC Capital Markets**

Dated: _____ __, 2026

*Preliminary, subject to change

THIS IS A PRELIMINARY OFFICIAL STATEMENT, SUBJECT TO CORRECTION, COMPLETION OR AMENDMENT WITHOUT NOTICE, AND CHANGE, AND IS NOT YET FINALLY ACCEPTED. THE DISTRICT HAS AUTHORIZED THE DISTRIBUTION OF THIS PRELIMINARY OFFICIAL STATEMENT TO PROSPECTIVE PURCHASERS AND OTHERS UPON THE SALE OF THE 2026 SERIES BONDS. THE DISTRICT WILL COMPLETE, ADOPT AND DELIVER AN OFFICIAL STATEMENT SUBSTANTIALLY IN THIS FORM. THESE SECURITIES MAY NOT BE SOLD NOR MAY AN OFFER TO BUY BE ACCEPTED PRIOR TO THE TIME THIS OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS
2026 SERIES

Serial Bonds

Maturity* (January 1)	Principal* Amount	Interest Rate	Yield	CUSIP Number[1]

$ * __% Term Bonds due January 1, ____* Price _____% CUSIP _____

$ * __% Term Bonds due January 1, ____* Price _____% CUSIP _____

* Preliminary, subject to change

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CUSIPGS") which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIPGS database. CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 Series Bonds.

MANAGEMENT OF THE DISTRICT

BOARD OF DIRECTORS

Christopher J. Dobson, President

Robert C. Arnett	Kevin J. Johnson
Nicholas R. Brown	Sandra D. Kennedy
Ken Clark	Kathy L. Mohr-Almeida
Casey Clowes	Krista H. O'Brien
Lupe Conchas	Mark V. Pace
Melissa Harlan	Paul Rovey
Mario J. Herrera	Stephen H. Williams

PRINCIPAL OFFICERS AND OTHER EXECUTIVES

Officers:

Christopher J. Dobson	President
Barry E. Paceley	Vice President
John Felty	Corporate Secretary
Jon Hubbard	Corporate Treasurer & Senior Director of Financial Operations And Compliance

Executive Management:

Jim Pratt	General Manager & Chief Executive Officer
Bobby Olsen	Associate General Manager & Chief Power System Executive
Alaina Chabrier	Associate General Manager & Chief Communications Executive
Robert Taylor	Associate General Manager & Chief Public Affairs And Corporate Services Executive
Brian Koch	Associate General Manager & Chief Financial Executive
Michael O'Connor	Associate General Manager & Chief Legal Executive
Vanessa Kisicki	Associate General Manager & Chief Customer Executive
Leslie Meyers	Associate General Manager & Chief Water Resources And Services Executive
McKell Purnell	Associate General Manager & Chief Human Resources Executive

SPECIAL SERVICES

Legal Advisor	*Spencer Fane LLP*
Independent Auditors	*PricewaterhouseCoopers LLP*
Bond Counsel	*Chiesa Shahinian & Giantomasi PC*
Special Tax Counsel	*Nixon Peabody, LLP*
Financial Consultant	*PFM Financial Advisors LLC*
Trustee and Paying Agent	*U.S. Bank Trust Company, National Association*
Green Bonds External Reviewer	*Kestrel*

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2026 Series Bonds described herein in any jurisdiction to any person to whom it is unlawful to make such an offer. No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information or to make any representations with respect to the 2026 Series Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters.

The information set forth herein has been furnished by the District and other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Electric System since the date hereof.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNDERWRITERS MAY OFFER AND SELL THE 2026 SERIES BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions and projections, and management's judgment about the power utility industry and general economic conditions. Words such as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different from those expected or anticipated include, among other things, new legislation, increases in suppliers' prices, particularly prices for fuel in connection with the operation of the Electric System, changes in environmental compliance requirements, acquisitions, changes in customer power use patterns, natural disasters and the impact of weather on operating results. The District assumes no obligation to provide public updates of forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as they apply to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

SUMMARY STATEMENT

THIS SUMMARY STATEMENT IS SUBJECT IN ALL RESPECTS TO THE MORE COMPLETE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND SHOULD NOT BE CONSIDERED A COMPLETE STATEMENT OF THE FACTS MATERIAL TO MAKING AN INVESTMENT DECISION. THE OFFERING OF THE 2026 SERIES BONDS TO POTENTIAL INVESTORS IS MADE ONLY BY MEANS OF THE ENTIRE OFFICIAL STATEMENT. CERTAIN TERMS USED HEREIN ARE DEFINED IN THIS OFFICIAL STATEMENT.

District:

The District is an agricultural improvement district, organized under the laws of the State of Arizona, which provides electric service in a 2,900 square-mile service territory in parts of Maricopa, Gila, and Pinal Counties in Arizona, plus mine loads in an adjacent 2,400 square-mile area in Gila and Pinal Counties.

The 2026 Series Bonds:

The 2026 Series Bonds are being offered in the principal amount per maturity and bearing interest at the rates set forth on the inside cover page of this Official Statement. The 2026 Series Bonds are authorized pursuant to the Constitution and laws of the State of Arizona and in particular Title 48, Chapter 17, Article 7, Arizona Revised Statutes (the "Act") and the hereinafter defined Resolution.

The 2026 Series Bonds are subject to mandatory sinking fund redemption and/or optional redemption as described herein. See "THE 2026 SERIES BONDS – Redemption" herein.

Purpose of the 2026 Series Bonds:

The 2026 Series Bonds are being issued to finance capital improvements to the Electric System pursuant to the District's Capital Improvement Program, to refund certain outstanding Revenue Bonds of the District and to pay costs of issuing the 2026 Series Bonds. See "THE CAPITAL IMPROVEMENT PROGRAM," "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

Security for the 2026 Series Bonds:

The District has covenanted in the Resolution not to issue any bonds or other obligations or create any additional indebtedness, which will have priority over the charge and lien on the Revenues pledged to the Revenue Bonds, except for United States Government Loans hereafter incurred. The District currently has no United States Government Loans outstanding.

The District has covenanted in the Resolution to maintain the Debt Reserve Account at the Debt Reserve Requirement. As of April 30, 2026, the balance in the Debt Reserve Account was approximately $81 million, which exceeded the Debt Reserve Requirement. Upon the issuance of the 2026 Series Bonds, the amounts on deposit in the Debt Reserve Account will continue to exceed the Debt Reserve Requirement.

The District has covenanted in the Resolution that, among other things, it will at all times maintain rates, fees, or charges sufficient for the payment of Operating Expenses of the District and the payment of Debt Service on all Revenue Bonds.

The financial statements of the District and the Salt River Valley Water Users' Association (the "Association") (together "SRP") are presented on a combined basis due to the relationship between the two. The District's electric revenues support the operations of the water and irrigation system. See "THE DISTRICT — General" and "— History" for a further discussion of the relationship between the District and the Association.

The 2026 Series Bonds do not constitute general obligations of the District or obligations of the State of Arizona, and no holder of any of the 2026 Series Bonds has the right to compel the exercise of the taxing powers of the District to pay the 2026 Series Bonds or the interest thereon. See "SECURITY FOR 2026 SERIES BONDS" herein.

Outstanding Indebtedness:

As of April 30, 2026, the District had a total of $6,241,260,000 in outstanding debt (computed without deducting/adding the unamortized bond discount/premium) consisting of $6,241,260,000 in Revenue Bonds. As of April 30, 2026, the District had no any general fund debt outstanding, and the District does not have any outstanding loans under any of its revolving credit agreements at this time. See "SELECTED OPERATIONAL AND FINANCIAL DATA — Additional Financial Matters" herein.

Limitation on Additional Indebtedness:

The District is authorized to issue parity Revenue Bonds upon compliance with the provisions of the Resolution. See "Appendix B — Summary of the Resolution" attached hereto. The District may also issue at any time, or from time to time, evidences of indebtedness, which are payable out of Revenues and which may be secured by a pledge of Revenues, provided, however, that such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Revenues created by the Resolution.

Authority to Set Electric Prices:

Under Arizona law, the District is authorized to set electric rates ("prices"). Although the Articles of Incorporation of the Association provide that the Secretary of the Interior may revise such prices, the Secretary of the Interior has never requested any such revision. See "ELECTRIC PRICES" herein.

Service Area:

The District's service area includes the major populated sections of Maricopa County, as well as portions of Pinal and Gila Counties. The District serves approximately half of the population living in the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area ("Phoenix MSA") and reached a total peak load of approximately 8,219 MW in fiscal year 2025. See "TABLE 8 – Historical Operating Statistics" herein. Approximately 47% of fiscal year 2025 retail electric revenues were received from residential customers. See "TABLE 7 – Customer Accounts, Sales and Revenues Fiscal Year Ended April 30, 2025" herein.

Transmission and Distribution Facilities:

The District owns transmission and distribution systems to deliver electricity. These systems include both overhead and underground lines with voltage levels ranging from 12kV to 500kV. In addition, the District also has acquired rights on transmission systems owned by others. See "THE ELECTRIC SYSTEM — Existing and Future Resources" herein.

Power Supply Resources:	The District's power supply resources are diversified and include generating facilities owned solely by the District, generating facilities in which the District has an ownership interest, and various power purchase contracts. See "THE ELECTRIC SYSTEM — Existing and Future Resources" herein.
Continuing Disclosure:	The District has covenanted to provide certain financial information and operating data relating to the Electric System and to provide notices of the occurrences of certain enumerated events pursuant to the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" herein and "Appendix D — Form of Continuing Disclosure Agreement" attached hereto.

(The balance of this page intentionally left blank)

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SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA

OFFICIAL STATEMENT

RELATING TO

$_____*

SALT RIVER PROJECT ELECTRIC SYSTEM REVENUE BONDS, 2026 SERIES

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information with respect to the Salt River Project Agricultural Improvement and Power District (the "District") and its Salt River Project Electric System Revenue Bonds, 2026 Series (the "2026 Series Bonds"). The mailing address of the District's administrative offices is The Office of the Secretary, PAB315, Post Office Box 52025, Phoenix, Arizona 85072-2025 (telephone number 602-236-5900).

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement and the Appendices hereto. Capitalized terms not defined in this introduction have the meaning ascribed thereto herein.

Authorization

Revenue Bonds, including the 2026 Series Bonds, are authorized pursuant to the Constitution and laws of the State of Arizona and, in particular, Title 48, Chapter 17, Article 7, Arizona Revised Statutes (the "Act") and the Amended and Restated Resolution Concerning Revenue Bonds, dated as of September 10, 2001, which became effective January 11, 2003, as amended and supplemented (the "Resolution"). The Act requires the prior approval of the issuance of the Revenue Bonds by the Arizona Corporation Commission (the "ACC"). The ACC has approved the issuance of Revenue Bonds in excess of the amount of the 2026 Series Bonds. The District's Board has authorized the issuance of the 2026 Series Bonds, and the District's Council has ratified and confirmed the Board's action. See "THE 2026 SERIES BONDS" herein and "Appendix B — Summary of the Resolution" attached hereto.

DESIGNATION OF BONDS AS GREEN BONDS

Green Bonds Designation

Per the International Capital Market Association ("ICMA"), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the [NAME OF BONDS] are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel's 'Second Party Opinion', which is attached hereto as [APPENDIX <X>].

Independent Second Party Opinion on Green Bonds Designation and Disclaimer

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social

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* Preliminary, subject to change.

Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the [NAME OF BONDS]. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the [NAME OF BONDS] and designations do not address the market price or suitability of these bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the District or that was otherwise made available to Kestrel.

PLAN OF FINANCE

A portion of the proceeds from the 2026 Series Bonds will be used to finance capital improvements to the Electric System pursuant to the District's Capital Improvement Program. See "THE CAPITAL IMPROVEMENT PROGRAM" herein. Proceeds of the 2026 Series Bonds also will be used to pay the cost of issuing the 2026 Series Bonds. The 2026 Series Bonds will be issued under the Resolution. See "Appendix B — Summary of the Resolution" attached hereto. See "SOURCES AND USES OF FUNDS" herein.

THE 2026 SERIES BONDS

General

The 2026 Series Bonds will be issued in the principal amount of $_____* and will be dated and bear interest from their date of delivery. The 2026 Series Bonds will mature on the dates and in the principal amounts, and bear interest, payable on January 1 and July 1 of each year, commencing January 1, 2027, at the respective rates, as shown on the inside cover page of this Official Statement. The principal of, redemption price, if any, and interest on the 2026 Series Bonds are payable by the Trustee, and interest thereon will be payable by check mailed by the Trustee to the registered owner of each 2026 Series Bond as of the immediately preceding December 15 or June 15.

Book-Entry-Only System

The 2026 Series Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2026 Series Bonds. Individual purchases of interests in the 2026 Series Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2026 Series Bonds. So long as Cede & Co. is the registered owner of the 2026 Series Bonds, the Trustee will make payments of principal and redemption price, if any, of and interest on the 2026 Series Bonds directly to DTC, which will remit such principal, redemption price, if any, of and interest to the Beneficial Owner(s) (as defined in Appendix E hereto) of the 2026 Series Bonds, as described herein. See "Appendix E — Book-Entry-Only System" attached hereto.

Redemption*

Mandatory Sinking Fund Redemption of 2026 Series Bonds. The _.__% 2026 Series Bonds maturing on January 1, ____ are subject to mandatory redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments required by the Resolution, on and after January 1, ____ at 100% of the principal amount of such 2026 Series Bonds to be redeemed together with accrued interest up to, but not including, the redemption date. Such Sinking Fund Installments will be sufficient to redeem such 2026 Series Bonds on the dates and in the principal amounts shown below.

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* Preliminary, subject to change.

Sinking Fund Payment Date (January 1)	Principal Amount
	$
**	

**Final Maturity.

The _.__% 2026 Series Bonds maturing on January 1, ____ are subject to mandatory redemption prior to maturity, upon random selection within a maturity by the Trustee, by operation of the Debt Service Fund to satisfy the Sinking Fund Installments required by the Resolution, on and after January 1, ____ at 100% of the principal amount of such 2026 Series Bonds to be redeemed together with accrued interest up to, but not including, the redemption date. Such Sinking Fund Installments will be sufficient to redeem such 2026 Series Bonds on the dates and in the principal amounts shown below.

Sinking Fund Payment Date (January 1)	Principal Amount
	$
**	

**Final Maturity.

Optional Redemption of 2026 Series Bonds. The 2026 Series Bonds maturing on or after January 1, ____ are subject to redemption at the option of the District prior to maturity, at any time on or after January 1, ____ as a whole or in part by random selection by the Trustee within a maturity with the same interest rate from maturities selected by the District, at the Redemption Price of 100% of the principal amount of the 2026 Series Bonds or portions thereof to be redeemed, together with accrued interest up to but not including the redemption date.

For so long as book-entry-only system of registration is in effect with respect to the 2026 Series Bonds, if less than all of the 2026 Series Bonds of a particular maturity (and, if applicable, interest rate within a maturity) is to be redeemed, the particular Beneficial Owner(s) (as defined in Appendix E hereto) to receive payment of the redemption price with respect to beneficial ownership interests in such 2026 Series Bonds shall be selected by DTC and the Direct Participants and/or the Indirect Participants (as defined in Appendix E hereto). See "Appendix E -Book-Entry-Only System" attached hereto.

Notice of Redemption. Notice of redemption will be given to the Bondholders by mail to the registered owners as of the date of the notice of the 2026 Series Bonds to be redeemed, postage prepaid, not less than 25 days nor more than 50 days prior to the redemption date. Notice having been given in the manner provided in the Resolution, on the redemption dates so designated, the District's 2026 Series Bonds or portions thereof so called for redemption shall become due and payable on such redemption date at the redemption price, plus interest accrued and unpaid to, but not including, the redemption date.

Any notice of optional redemption given pursuant to the Resolution may state that it is conditional upon receipt by the Trustee of monies sufficient to pay the redemption price of the 2026 Series Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to the registered owners of any 2026 Series Bonds so affected as promptly as practicable upon the failure of such condition or the occurrence of such event. Failure to give notice of redemption by mail, or any defect in such notice, will not affect the validity of the proceedings for the redemption of any other Electric System Revenue Bonds.

Registration and Transfer upon Discontinuation of Book-Entry-Only System

U.S. Bank Trust Company, National Association will act as bond registrar ("Bond Registrar") and transfer and paying agent for the 2026 Series Bonds. If the book-entry-only system were discontinued, the following provisions would apply. A 2026 Series Bond may be transferred on the bond register maintained by the Bond Registrar upon

surrender of the 2026 Series Bond at the principal corporate trust office of the Bond Registrar, accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, signed by the registered owner or a duly authorized attorney for the registered owner. Upon surrender for transfer at the principal corporate trust office of the Bond Registrar, any 2026 Series Bonds may be exchanged for like 2026 Series Bonds of the same aggregate principal amount, maturity date and interest rate, of any authorized denomination. The Bond Registrar will not be obligated to transfer or exchange any 2026 Series Bonds during the 15 days preceding the date on which notice of redemption of a 2026 Series Bonds is to be mailed or any 2026 Series Bonds that have been called for redemption except the unredeemed portion of any 2026 Series Bonds being redeemed in part.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2026 Series Bonds are expected to be as follows:

Sources of Funds	
Principal Amount of 2026 Series Bonds.....	
[Net] Original Issue Premium/Discount	
Other Funds	
Total Sources of Funds	
Uses of Funds	
Deposit to Construction Fund.....	
Underwriters' Discount	
Costs of Issuance [1]	
Total Uses of Funds	

[1] Includes bond ratings, printing, legal fees, and other expenses relating to the issuance and sale of the 2026 Series Bonds.

SECURITY FOR 2026 SERIES BONDS

General

Revenue Bonds, including the 2026 Series Bonds, are payable from and secured by a pledge of and lien on Revenues. Revenues are defined in the Resolution as (i) all revenues, income, rents and receipts derived by the District from the ownership and operation of the Electric System and the proceeds of any insurance covering business interruption loss relating to the Electric System and (ii) interest received on any moneys or securities (other than in the Construction Fund) held pursuant to the Resolution and paid into the Revenue Fund, but not including any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project and not including any federal or state grant monies the receipt of which is conditioned upon their expenditure for a particular purpose.

In addition, the Revenue Bonds, including the 2026 Series Bonds, are also secured by all funds held under the Resolution (except the Rate Stabilization Fund). Such pledge created by the Resolution is subject only to the provisions of the Resolution permitting the application of Revenues for the purposes and upon the terms and conditions set forth in the Resolution.

The 2026 Series Bonds will not constitute general obligations of the District or obligations of the State of Arizona, and no holder of Revenue Bonds, including the 2026 Series Bonds, will ever have the right to compel any exercise of the taxing powers of the District to pay the Revenue Bonds or the interest thereon.

This Official Statement does not include the financial statements of the District. In lieu of financial statements of the District, this Official Statement includes the historical combined financial statements of Salt River Project Agricultural Improvement and Power District and its subsidiaries and the Salt River Valley Water Users' Association. The District, in consultation with legal counsel, has concluded that as April 30, 2025 there is no material difference between the financial statements of the District and the combined financial statements and that the inclusion of such combined financial statements and information in the Official Statement provides investors with all necessary financial information.

Debt Reserve Account

The Debt Reserve Account is a reserve fund for the equal benefit of all Revenue Bonds Outstanding under the Resolution. Monies in the Debt Reserve Account (except any excess over the Debt Reserve Requirement that the District may allocate and apply in the same manner as Revenues) will be used solely for the purpose of curing any deficiency in the Debt Service Fund for the payment of principal, interest, or Sinking Fund Installments pursuant to the Resolution.

In the past, the District has followed the practice of depositing moneys into the Debt Reserve Account at the time of issuance of additional Revenue Bonds to equal the Debt Reserve Requirement. As of April 30, 2026, the balance in the Debt Reserve Account was approximately $81 million, which exceeded the Debt Reserve Requirement. Upon issuance of the 2026 Series Bonds on or about _____, 2026, the amounts on deposit in the Debt Reserve Account will continue to exceed the Debt Reserve Requirement.

Rate Covenant

The District covenants in the Resolution that it will charge and collect rates, fees and other charges for the sale of electric power and energy and other services, facilities and commodities of the Electric System as shall be required to provide revenues and income (including investment income) at least sufficient in each fiscal year for the payment of the sum of (i) Operating Expenses during such fiscal year, including reserves, if any, provided therefor in the Annual Budget for such year; (ii) an amount equal to the Aggregate Debt Service for such fiscal year; (iii) the amount, if any, to be paid during such fiscal year into the Debt Reserve Account in the Debt Service Fund; and (iv) all other charges or liens whatsoever payable out of revenues and income during such fiscal year and, to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness. See "ELECTRIC PRICES" herein.

Limitations on Additional Indebtedness

The District has covenanted in the Resolution not to issue any bonds or other obligations or create any additional indebtedness, which would have priority over the charge and lien on the Revenues pledged to the Revenue Bonds except for U.S. Government Loans hereafter incurred. The Resolution does not restrict the amount of U.S.

Government Loans the District may incur, which would have a prior lien on Revenues. There are no outstanding U.S. Government Loans.

The District may issue additional parity Revenue Bonds in compliance with the Resolution if, among other things, (i) Revenues Available for Debt Service, as the same may be adjusted, of any 12 consecutive calendar months out of the 24 calendar months next preceding the issuance of such additional Revenue Bonds are not less than 1.10 times the maximum total Debt Service for any succeeding fiscal year on all Revenue Bonds that will be outstanding immediately prior to the issuance of the additional Revenue Bonds, and (ii) estimated Revenues Available for Debt Service, as the same may be adjusted, for each of the five fiscal years immediately following the issuance of such additional Revenue Bonds are not less than 1.10 times the total Debt Service for each such respective fiscal year on all Revenue Bonds outstanding immediately subsequent to the issuance of such additional Revenue Bonds.

Subordinated Indebtedness

The District may, at any time, or from time to time, issue other evidences of indebtedness which are payable out of Revenues and which may be secured by a pledge of Revenues provided; however, that such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Revenues, monies, securities and funds created by the Resolution. See "Appendix B — Summary of the Resolution" attached hereto.

Other Covenants

In addition to the rate covenant described above, the Resolution includes covenants by the District with respect to the sale and/or lease of the Electric System, the operation and maintenance of the Electric System, and certain other matters. See "Appendix B — Summary of the Resolution" attached hereto.

THE DISTRICT

General

The District is an agricultural improvement district organized in 1937 under the laws of the State of Arizona. It operates the Salt River Federal Reclamation Project (the "Project"), a federal reclamation project, under contracts with the Salt River Valley Water Users' Association (the "Association"), by which it assumed the obligations and assets of the Association, including its obligations to the United States of America for the care, operation, and maintenance of the Project. The District owns and operates an electric system (hereinafter described) that generates, purchases, transmits and distributes electric power and energy, and provides electric service to residential, commercial, industrial, and agricultural power users in a 2,900 square mile service territory in parts of Maricopa, Gila, and Pinal Counties, plus mine loads in an adjacent 2,400 square mile area in Gila and Pinal Counties. The Association operates an irrigation system as the District's agent.

History

The Association, predecessor of the District, was incorporated under the laws of the Territory of Arizona in February 1903 to represent the owners and occupants of lands to be benefited by the Project, which was one of the first projects authorized under the Federal Reclamation Act of 1902. In 1904, the Association and the United States entered into a contract in which the United States agreed to construct and operate dams, power plants and other facilities incident to the operation of irrigation and power works and improvements, and the Association agreed to repay the cost thereof. Initially, the United States constructed, operated, and maintained Roosevelt Dam and Granite Reef Dam, which diverted impounded water into a canal system to supply irrigation water to the irrigable lands within the Project. In 1917, the Association entered into a contract with the United States to assume the care, operation, and maintenance of the Project (the "1917 Agreement").

On January 25, 1937, the District was formed to secure for the Project the rights, privileges and exemptions granted to political subdivisions of the State of Arizona. Pursuant to a contract approved by the Secretary of Interior in 1937 (the "1937 Agreement"), the Association transferred all of its right, title, and interest in and to the works and facilities of the Project to the District. The District agreed to assume the debt of the Association and to issue District bonds to finance capital improvements. The Association agreed to continue to operate and maintain the water supply and irrigation system and the Electric System. In 1949, the 1937 Agreement was amended to provide that the District would assume responsibility for the construction, operation and maintenance of the Electric System and the irrigation and water supply system. The District delegated to the Association, as agent of the District, the direct operation and maintenance of the irrigation system of the Project.

The United States retains a paramount right or claim in the Project that arises from the original construction and operation of certain of the Project's electric and water facilities as a federal reclamation project. Although title to a substantial portion of the District's property, including those properties acquired pursuant to the 1917 Agreement, resides in the United States, the District possesses contractual rights to the use, possession, and revenues of these properties through its agreement with the Association, the 1917 Agreement, subsequent contractual arrangements with the United States, and applicable federal reclamation law. From time to time, the Department of Interior ("DOI") performs audits of the Project. In addition, the District seeks approval from the DOI for certain transactions such as payments in-lieu of taxes. The District also gives the DOI the opportunity to raise any objections it may have regarding the issuance of Revenue Bonds.

The generation and sale of electrical power and energy represent the major portion of the District's investment and revenues. Following a long-standing reclamation principle and the District's enabling statutes in Arizona, a portion of electric revenues available after the payment of Operating Expenses and Debt Service required under the Resolution is used to provide partial support for water and irrigation operations, thereby keeping water storage, distribution, and delivery charges at reasonable levels.

Organization, Management and Employees

The District is governed by a Board of Directors ("Board") and a Council. The Board establishes overall policy, approves the annual budget and major contracts, approves major purchases and sales of assets, sets electric prices, and authorizes bond issuances. The Council enacts and amends by-laws relating to the District and ratifies and confirms the amount of bonds authorized to be issued by the Board. The General Manager and Chief Executive Officer of the District has management and operational responsibilities for the District.

The District's Board members are elected from among the electors (landowners) for four-year terms, and consist of the President, who is an ex officio member, and 14 other members, half being elected biennially for four-year terms. The President and Vice President are elected at large by electors of the District. Ten of the District's Board members (one from each voting division), the President, and the Vice President are elected by votes weighted in proportion to the amount of land owned by each elector. The remaining four Board members are elected at large, with each elector (landowner) being entitled to one vote.

The District's Council consists of 30 members. Three Council members from each of the ten voting divisions of the District are elected biennially for four-year terms. One half of the members are elected biennially. All Council members are elected by votes weighted in proportion to the amount of land owned by each elector.

The Association has a similar governance structure, excluding the four at-large board positions, thus having an 11-member Board of Governors as opposed to the District's 15-member Board. The General Manager of the Association has management and operational responsibilities for the Association.

As of July 31, 2025, District and Association employees totaled approximately 6,152, including approximately 2,163 hourly employees represented by the International Brotherhood of Electrical Workers, Local 266 ("IBEW"), but excluding non-regular employees such as temporary employees, students, and contractors. The present labor contracts will expire on November 15, 2026. The current labor contracts contain provisions that prohibit the District's union employees from organizing in or participating in a labor strike or work stoppage. If the parties cannot agree on new labor contracts, any disputes or differences shall be resolved by mediation and arbitration, if necessary. In the meantime, the District's union employees will continue to fulfill their work commitments to the District in accordance with the present labor contracts until such time that a new agreement is reached.

Economic and Customer Growth in the District's Service Area

The District serves approximately half of the population living in the Phoenix MSA (referred to as the "Phoenix-Mesa-Chandler MSA" in U.S. Census Data). As the governmental and economic center of Arizona, the Phoenix MSA possesses the largest percentage of the state's residents, businesses, and income. It contains approximately 68% of the state's population, and more than two-thirds of total employment and total personal income.

The Phoenix MSA population has continued to grow at a steady pace. The Arizona Department of Administration, Office of Employment and Population Statistics, reported that the metropolitan area added nearly 943,700 people from July 2012 through July 2024, a compound annual growth rate of approximately 1.7%. Arizona ranked among the top three states for net domestic migration in both 2020 and 2021, and remained in the top five in 2022 and 2023.

The employment base in the Phoenix MSA has expanded in the last several years. Professional and business services and private education and health services combined added nearly 97,200 positions since 2020, while the manufacturing sector added 15,200 jobs.

Table 1 summarizes several key economic statistics in recent years.

TABLE 1 — Historical Growth Statistics
(Annual Averages)

Year	State of Arizona Population (thousands) [1]	Phx MSA Population (thousands) [1]	Phx MSA Non-Agricultural Wage & Salary Employment (thousands) [2]	Phx MSA Residential Permits [3]	Phx MSA Personal Income ($ billions) [4]
2012	6,474.9	4,266.5	1,760.5	15,967	163.7
2013	6,546.5	4,327.8	1,811.7	18,737	167.8
2014	6,616.0	4,389.5	1,853.1	20,341	177.1
2015	6,701.0	4,464.4	1,915.2	22,402	187.8
2016	6,797.0	4,547.6	1,979.8	28,583	197.2
2017	6,884.5	4,622.2	2,040.0	29,312	209.5
2018	6,982.2	4,703.3	2,108.5	31,343	223.5
2019	7,082.1	4,786.3	2,180.2	35,873	240.7
2020	7,176.4	4,864.9	2,123.3	48,219	266.6
2021	7,285.4	4,946.5	2,220.8	50,581	297.3
2022	7,409.2	5,040.4	2,334.8	47,804	314.1
2023	7,525.1	5,132.5	2,404.6	45,616	336.5
2024	7,621.7	5,210.2	2,445.4	45,884	NA[5]

[1] Arizona Department of Administration, Office of Employment and Population Statistics; numbers are estimates as of July 1st each year.
[2] Arizona Department of Administration, Office of Employment and Population Statistics.
[3] U.S. Census Bureau, "Building Permits Survey (BPS) by Core Vased Statistical Area (CBSA)".
[4] U.S. Bureau of Economic Analysis (US BEA), "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income".
[5] Data not available (NA)

In July 2020, the -4.6% year-over-year employment decrease in the Phoenix MSA represented a net loss of 96,800 jobs compared to July 2019, due to the COVID-19 pandemic. From July 2019 to July 2024, employment had a net gain of 13.6% or 288,900 jobs.

The Phoenix MSA's unemployment rate was 4.0% in June 2025. Unemployment rates for the Phoenix MSA, Arizona, and the United States are listed below:

Comparative Unemployment Rates [1]

	June 2025[2]	July 2024	July 2023	July 2022	July 2021	July 2020	July 2019
Phoenix MSA [1]	4.0%[3]	3.8%	3.6%	3.7%	4.9%	9.3%	4.6%
Arizona	4.1%[3]	3.6%	3.7%	3.8%	4.9%	9.0%	4.8%
United States	4.2%	4.3%	3.5%	3.5%	5.4%	10.2%	3.7%

Source: US Department of Labor, Bureau of Labor Statistics and Arizona Department of Administration, Office of Employment and Population Statistics.
[1] Not seasonally adjusted.
[2] July data NA.
[3] Preliminary data.

Recent employment gains have been led by the leisure and hospitality, private education and health services, trade, transportation, and utilities sectors. Economic forecasts submitted to The District suggest continued improvements in trade, transportation, and utilities, along with gradual growth in the manufacturing sector for the Phoenix MSA.

Phoenix MSA Employment
(Annual Averages, thousands)

Year	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities
2012	3.5	86.9	117.7	351.0	32.2	148.6
2013	3.6	92.2	118.2	353.9	34.5	156.5
2014	3.4	94.1	119.6	362.6	36.1	159.7
2015	3.3	97.6	120.9	374.8	37.1	165.6
2016	3.2	104.0	121.6	384.6	37.2	175.4
2017	3.3	112.4	124.1	392.5	37.7	183.9
2018	3.5	123.0	128.8	402.7	39.0	190.7
2019	3.5	133.1	133.9	410.2	40.6	199.3
2020	2.9	135.6	134.3	414.1	37.9	205.5
2021	2.7	140.2	138.8	440.4	40.1	215.7
2022	3.0	154.0	147.4	461.3	43.5	216.2
2023	3.5	168.9	149.4	469.8	42.7	211.9
2024	3.7	180.3	149.5	472.3	40.2	209.2

Year	Professional & Business Services	Private Education & Health Services	Leisure & Hospitality	Other Services	Government
2012	286.3	258.7	183.3	62.3	229.9
2013	302.2	264.2	191.6	63.7	231.2
2014	310.0	272.2	199.1	63.5	232.6
2015	324.6	285.8	208.2	63.6	233.6
2016	339.2	298.0	215.6	65.6	235.4
2017	345.5	312.5	223.4	66.7	238.0
2018	358.5	325.6	228.1	69.1	239.4
2019	371.9	340.4	233.3	70.3	243.9
2020	359.0	337.4	193.4	62.7	240.6
2021	374.7	346.8	213.9	68.5	239.1
2022	390.6	365.3	238.6	73.5	241.4
2023	389.4	391.5	251.2	76.6	249.7
2024	387.2	406.6	263.8	78.0	254.6

Source: Arizona Department of Administration, Office of Employment and Population Statistics.

The Phoenix MSA is home to several corporate headquarters including AVNET, Republic Services Inc., Freeport-McMoRan, Inc., Insight Enterprises, U-Haul, Carvana, First Solar, ON Semiconductor, GoDaddy, Inc., and Viad Corp. In addition, JPMorgan Chase, Wells Fargo, Bank of America, American Express, Charles Schwab, American Airlines, State Farm Mutual, Sentry Insurance Co., Southwest Airlines, and Wal-Mart, among others, have substantial regional operations in the Phoenix MSA.

Population and employment growth have been the traditional drivers for the commercial real estate market. As of the second quarter of 2025, total office vacancies stand at 24.3%, a slight increase of 30 basis points (bps) from the previous year, reflecting ongoing limited demand. The industrial vacancy rate rose to 13.4%, up 220 bps year-over-year (YOY) with availability rates reaching 16.0%, a 150 bps YOY increase. While leasing activity has slowed amid market uncertainty and tariff-related hesitations, the Phoenix MSA remains a strong industrial market with 460 million square feet of total inventory and 284 million square feet of manufacturing and warehouse space. In the long term, demand in the logistics and manufacturing sectors remain a potential area of growth as the market conditions stabilize. Additionally, a rapidly emerging driver of growth in the Phoenix MSA is the digital economy and data center development. Phoenix is a growing major data center market in the USA, and 2024 saw historic growth in Phoenix's data center capacity along with historically low vacancy rates for leased data center space (CBRE H2 2024 Data Center Markets Report). Data center development and related digital economy investments are expected to remain as major sources of growth in the Phoenix MSA for at least the next several years.

As the commercial and industrial real estate markets evolve, the residential sector continues to contribute significantly to economic activity in the Phoenix MSA. Residential housing permits have steadily increased since 2012, reaching nearly 51,000 in 2021 before leveling off in recent years. Home prices have also experienced significant growth, rising over 50% since June 2020. The median sale prices peaked at $475,000 in May 2022.

However, since that peak, prices have moderately retreated, decreasing by 5.3% to a median of $449,730 as of June 2025.

See "SELECTED OPERATIONAL AND FINANCIAL DATA — Customers, Sales, Revenues and Expenses" herein.

Irrigation and Water Supply System

A historic and continuing justification of the Project lies in providing a stable and economic water supply. Untreated water is delivered by SRP through its network of canals and laterals and groundwater pumping wells (Irrigation and Water Supply System) for municipal, industrial, irrigation, and other purposes. Agriculture in the plains and valleys of south-central Arizona almost wholly depends upon irrigation due to the low annual rainfall.

The Project provides the raw water supply for an area of approximately 248,200 acres located within major portions of the cities of Phoenix, Avondale, Glendale, Mesa, Tempe, Chandler, Gilbert, Peoria, Scottsdale and Tolleson.

The water supply for the Association's water service area of the Project is primarily runoff from watersheds consisting of approximately 13,000 square miles which is stored in seven reservoirs, four of which are located on the Salt River, two on the Verde River and one on East Clear Creek. SRP also utilizes a well-established and robust aquifer from which it withdraws groundwater to serve its customers in years when surface water is in limited supply. SRP uses the aquifer to recharge or bank water supplies for future use. Since 1994, SRP has stored more than 1.5 million acre-feet of water underground, which is approximately twice the annual water demand. SRP also works closely with other large water supply entities in Arizona, and these partnerships have provided, and should continue to provide, supplemental water for the Project.

The Project's C.C. Cragin Reservoir was acquired from Phelps Dodge Corporation (now Freeport-McMoRan, Inc.) in 2005, and ownership of the dam was immediately transferred to the United States Bureau of Reclamation ("USBR"), thereby making it part of the Project's Reservoir System. Water from this relatively small 15,000 acre-foot capacity reservoir on the East Clear Creek Watershed is pumped over the Mogollon Rim where it then flows by gravity into the East Verde River which is a tributary of the Verde River. SRP uses the water rights associated with this reservoir to supplement Project water resources and to assist in resolving water supply and water rights disputes with communities in northern Gila County. In furtherance of the objective of resolving water rights conflicts in the Verde River watershed, the District acquired two agricultural properties and associated water rights which can be used to address local water rights issues. This $7.1 million investment provides a market-based solution for resolving water rights issues and protecting the flows of the Verde River. The District has invested approximately $7.5 million for the purchase and management of the properties to date.

The available water supply is important due to its influence on the economy in the area. Since the construction of the dam and reservoir system, the Project has always had sufficient water supply to meet the demands for urban, industrial, and agricultural uses within its boundaries. SRP's management believes that established water right protections in Federal and State law and binding agreements secure the Project's legal access to Project water supplies. Furthermore, studies by the USBR and the Project in partnership with Arizona State University conclude that the Project's water system will continue to be reliable even with the impacts of future climate change. Therefore, the Project's continued, responsible operation of the reservoir system will ensure that the area within the Project water service boundaries has a dependable and assured water supply.

The Southwest has an arid and variable climate leading to high interannual variability in surface water supply. The Project's network of seven reservoirs and approximately 270 groundwater wells has been developed and is managed conjunctively to maintain a reliable water supply, even in dry times. Preparing for drought is one of the Project's essential functions. The Project develops an annual water supply plan based on the amount of surface water stored in Project reservoirs and sets a groundwater pumping goal to supplement the available supply for the purpose of reducing the possibility of a water allocation reduction to less than 1%. The Project's water resiliency has been supported by reductions in water demand resulting from system improvements and conservation due to urbanization of agricultural lands. Annual water demand was over 1.4 million acre-feet in the 1960's and today ranges between 750,000 to 800,000 acre-feet. As a result, the Project can continue to meet water demands even during extended drought conditions.

The true value of SRP's management of water supplies and infrastructure, however, has been demonstrated the past several years as surface water runoff has fluctuated. Due to the severity of drought in 2003 and 2004, the Association reduced the allocation of water to its shareholders and to the valley cities by one-third, only the second time in the Project's long history that allocations have been reduced for consecutive years. In 2005, abundant winter watershed precipitation and runoff refilled reservoirs sufficiently to allow the Association to make full surface water-only deliveries to its shareholders. Normal rain and snow failed to materialize in the winter of 2006 and 2007, suggesting that drought conditions were continuing; however, the winters of 2008, 2009, and 2010 provided sufficiently abundant rain and snow which resulted in full surface water storage and deliveries to Association shareholders once again. The winters of 2011 through 2016 again demonstrated that drought is often a factor in a desert environment as all six winters produced below median inflow. Even so, deliveries to shareholders were not curtailed because the Association was able to balance the peaks and valleys of natural water supply conditions through the conjunctive management of the Project's reservoirs and wells and remained well-positioned to respond to the natural variability of the Southwestern climate. The winter of 2017 broke the string of 6 years of below median runoff with nearly twice normal runoff and refilled a majority of the reservoir system. After a record dry winter in 2018, wet winters in 2019 and 2020 resulted in a nearly full reservoir system by late spring 2020. Two more dry winters were experienced in 2021-2022, with 2023 being the second wettest winter in the last thirty years bringing reservoir storage to record high levels by late March 2023. The winter of 2023-2024 was near normal, resulting in reservoir storage just below capacity by the end of spring. The combination of surface water from the reservoir system and supplemental groundwater has proven to provide the reliable and resilient water supply necessary for continued economic activity. A study published in 2020 found that the system will continue to be reliable under the range of expected climate futures. The study was conducted by Arizona State University, SRP, and USBR.

SRP operates its groundwater production wells in accordance with a permit issued by the Arizona Department of Environmental Quality ("ADEQ") pursuant to the Arizona Pollutant Discharge Elimination System program. The permit imposes restrictions on the use of wells having chemical contamination above the permit levels.

To aid in addressing regional water availability issues outside of the Association's water service area that could impact regional economic productivity, the Project is leading several water supply development efforts in partnership with regional water providers that serve the greater Phoenix Metropolitan Area. These projects aim to leverage flood waters from the Salt and Verde rivers as well as improve regional water conveyance connectivity to further bolster the region's water resiliency. The water storage projects stand to provide enough water to support approximately 450,000 households each year when implemented. The water conveyance project creates a new interconnection with the Central Arizona Project canal system, which transports water from the Colorado River to Phoenix and Tucson, allowing for improved movement of existing and developed supplies across service areas. These projects will all be implemented with partners, sharing the cost of implementation, and supporting regional water security.

See "LITIGATION — Water Rights" for a discussion of additional matters relating to irrigation and water supply.

Telecommunication Facilities

The District has installed approximately 100,000 strand-miles of fiber optic cable to support communication activities for its water and electric utility operations. Approximately 60% of the available capacity in this system is surplus to present-day operations but is critical to facilitate growth and minimize impacts to customers in the event of a disruption. The District has also acquired, through exchanges with other utilities and telecommunications carriers, other fiber optic capacity and has entered into license agreements with telecommunications carriers, such as CenturyLink, Zayo Group, AT&T, and Level 3, among others, as well as with certain enterprise customers to market this excess capacity. In fiscal year 2025, the District received approximately $2.2 million in revenue from this activity.

Additionally, the District makes available certain electric facilities for the purpose of co-locating wireless antenna systems of commercial wireless communications service providers. The District also provides a number of related services to such service providers in conjunction with this activity. The District generated approximately $9.1 million in revenue from this activity during fiscal year 2025.

Papago Park Center

Papago Park Center is an approximately 300-acre mixed-use commercial development located on land owned by the District adjacent to its administrative offices. In March 1989, the District leased most portions of the development to Papago Park Center, Inc. ("PPC"), a wholly owned, incorporated, and taxable subsidiary of the District. The lease

between the District and PPC expires on December 31, 2088. PPC, in turn, has and continues to enter into long-term ground subleases with third parties based upon the market value of the property. The land in Papago Park Center has since been developed by third party developers, with the exception of a parcel of approximately 59 acres. That remaining parcel, commonly referred to as The Grand, is in the process of being ground subleased by PPC and developed by third parties. Currently, three leases for two office buildings and one multi-family use building have been signed within the Grand. These leases account for approximately 15.7 acres of the Grand parcel. The lease term to PPC for the Grand has been extended to December 31, 2113. Lease payments from PPC to the District were $5.6 million and $5.3 million in fiscal years 2025 and 2024, respectively.

New West Energy Corporation

In 1997, the District established a wholly owned, taxable subsidiary, New West Energy Corporation ("New West Energy"), to market, at retail, energy available to the District that was surplus to the needs of its retail customers, and energy that might have been rendered surplus in Arizona by retail competition in the supply of generation. However, as a result of the turmoil in the western energy markets, New West Energy discontinued marketing excess energy in 2001, and is now largely inactive. With the passage of H.B. 2101 in April 2022, which repealed the 1998 statutes regarding retail electric competition, New West Energy is expected to remain inactive in the future.

THE ELECTRIC SYSTEM

Area Served

The District provides electrical service to major populated sections of Maricopa County, as well as portions of Pinal and Gila Counties. Except for the City of Mesa, which operates its own system, all of the cities within the District's service areas are served in part by the District and in part by Arizona Public Service Company ("APS"). Pursuant to an agreement between the District and APS which was approved by the ACC, the urban areas and the adjacent suburban areas now served by the District's distribution system will continue to be so served even though the latter may be annexed to a city in the future. The District also provides power directly for mining load requirements, principally in Pinal and Gila Counties.

Projected Peak Loads and Resources

The District annually estimates its future sales of energy by taking into account customer growth, changes in customer usage patterns and historic, as well as projected weather data. The resource portfolio is examined to determine the expected sources of power and energy that may be used to supply the estimated system requirements. The District applies effective load carrying capability (ELCC) adjustments to all generation technology types when considering asset capacity contributions to the District's system reliability.

The projections in Table 2 represent the District's estimate of the most probable components of system peak loads and commensurate generating resources for fiscal years 2026 through 2031. The projections reflected therein are consistent with industry-wide experience and provide the basis for the District's Fuel and Purchase Power Budget, May 2025 through April 2026. However, they are based on certain assumptions that, if not realized, may adversely affect such projections. These projections are reassessed annually during the winter, as part of the District's annual budget process. When economic and customer growth projections change, due to national or local Phoenix-Mesa-Scottsdale MSA events, the projections in Table 2 could be revised. See "THE DISTRICT — Economic and Customer Growth in the District's Service Area."

The projections shown in Table 2 do not reflect any sales of excess capacity other than sales pursuant to existing agreements.

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TABLE 2 — Projected Peak Loads and Resources (MW) [1]
Fiscal Years Ending April 30,

	2026	2027	2028	2029	2030	2031
Annual Peak:(MW) [2][3]						
Service Territory System Requirements [4][5]	9,982	10,182	10,875	11,492	12,074	12,814
Sales for Resale	60	60	60	60	160	160
Demand-Side Resources [5]	-1,546	-1,427	-1,476	-1,523	-1,567	-1,605
Total Peak Load [6]	8,495	8,815	9,459	10,028	10,666	11,369
Resources:						
Owned:						
Gas [7]	4,557	4,457	4,557	4,557	4,557	5,188
Coal	1,480	1,369	1,369	1,255	1,152	492
Nuclear	826	826	826	826	787	787
Hydro Power	218	218	218	218	218	218
Future Peaking/Intermediate Resources	84	337	590	590	590	590
Purchased:						
Future Demand Response Deemed Resource	144	157	167	178	189	200
Tri-State – Tri-State Generation and Transmission Association, Inc. ("Tri-State") [8]	87	87	87	87	87	87
Renewable Purchases [9]	1,001	1,001	1,001	1,001	1,001	984
Future Renewable Purchases	724	1,069	1,078	2,217	2,817	3,166
Other Existing [10]	51	51	51	51	51	51
Future Purchases	770	770	770	770	770	770
Total Resources	9,798	10,185	10,548	11,572	12,030	12,333
Total Resources in Excess of Total Peak Load	1,447	1,527	1,257	1,723	1,553	1,164
Planned Reserve Percentage [11]	21.3%	22.8%	19.0%	21.7%	20.2%	19.6%

(1) All resource capacities (including renewables) are represented in terms of effective load carrying capability (ELCC), rather than nameplate capacity. ELCC is used to reflect their contributions to maintaining the reliability of the electric system. ELCC reflects the ability of a resource to provide energy during times of system stress, which are typically during afternoon and evening hours on hot summer days.

(2) The forecast was approved in the first quarter of calendar year 2025.

(3) Peak normally occurs in the June through September months of the prior calendar year (the beginning months of the fiscal year).

(4) Projected peak demand for electricity for retail customers does not take into account the impact of demand-side resources that would reduce demand.

(5) Demand-side resources are programs or price plans which incentivize behaviors that reduce the expected peak electricity demand of retail customers. These resources also include projected reductions in peak demand due to federal efficiency codes and standards for lighting, heating, and air conditioning equipment, as well as customer-owned distributed generation that is already installed.

(6) Projected peak load for retail customers reduced by the impact of demand-side resources and increased by firm wholesale obligations (sales for resale).

(7) Includes planned upgrades on existing combined cycle natural gas units. Some gas assets have fuel oil capability only for fuel constraint emergencies.

(8) The District has a 30-year agreement with Tri-State to purchase 100 MW of capacity from Springerville Unit 3. Commercial operation of Unit 3 began on September 1, 2006. On December 1, 2023, Tri-State announced that, with possible federal funding to offset closure and stranded asset costs, Tri-State's preferred plan proposes a retirement date for Springerville Unit 3 by September 15, 2031, subject to the necessary regulatory approvals.

(9) Renewable purchases include the District's federal hydro-power and other renewable energy purchase power agreements.

(10) Includes stand-alone storage assets.

(11) Cannot be derived solely from the information set forth in Table 2. The reserve percentage in fiscal year 2025 is slightly higher than subsequent years due to ongoing All Source Request for Proposal processes and annual revisions to the front year peak demand load forecasts.

Reserve Targets

The District's Financial Plan applies a production cost model to forecast the generating resource portfolio that will meet expected "load" or system demand. The fiscal year 2026 Financial Plan also buffers the highest peak demand expectations with an 18.6% planning reserve projection. Extreme local weather, industry transformation and sector-wide electrification puts responsibility on the District to act as a market resource despite the advanced expense of carrying surplus reserves for risk mitigation. The District believes the annual peak reserve targets prioritize reliability, sustainability, and affordability.

Existing and Future Resources

The District has various resources available to provide electricity in its service area. Those resources include the generating facilities owned solely by the District, generating facilities in which the District owns one hundred percent (100%) of an individual generating unit but shares common facilities with others, generating facilities in which the District owns a percentage interest in one or more generating units as well as the associated common facilities, and facilities for which the District has entered into agreements with others to purchase power.

The District's high operating standards and management practices result in top asset performance and low outage rates. These practices ensure future economic value of the District's capital investments. In addition to prudent management practices, viability of the District's existing assets is impacted by fuel prices, environmental regulations, emissions reductions targets, and changing operational dynamics based on diversified fleet technology that present new generating and capacity profiles to the industry. The District regularly evaluates a variety of industry risks using objective metrics, third-party research, and subjective collaborations (ex. leadership, stakeholders, and board members). Strategic directions are chosen after repeated evaluations of production, costs, market, and regulatory considerations. For example, commitments to retire coal generating assets and buy or build renewable facilities are ongoing. The District regularly evaluates its generating portfolio for the optimal mix of assets that promote safety, reliability, cost, and environmental sustainability.

Economic Viability of Existing Generation Assets. The District's existing generating stations have long played a vital role in preserving the reliable, low-cost energy and generation capacity District customers have come to expect. These generating stations historically have achieved high availability and low forced outage rates as compared to industry averages. This performance can largely be attributed to prudent operational and maintenance practices. Sustaining and improving this performance will be achieved by continuing a focused effort on asset management procedures which not only monitor equipment performance and health but also include solid preventive, predictive and corrective maintenance activities. By combining these practices with the ongoing application of engineering and technology improvements, the District will help ensure that the future economic and operational value of its assets are maintained.

Integrated System Plan. The District has a long-standing track record of using Integrated Resource Planning to plan long-term generation resource decisions with particular focus given to addressing risks and uncertainty to avoid disruptions in customers' power. The many changes in today's power systems require new approaches to optimize a safe, reliable, affordable, and environmentally responsible power system. In 2021, the District initiated the first-ever industry leading integrated system planning process. The first Integrated System Plan was an innovative effort that provided a holistic view of the system including generation, transmission, distribution, and customer programs amid uncertain conditions. It focused on the years 2025 to 2035 and provided a roadmap of activities to address evolving customer expectations, demand growth, and the transition to an increasingly complex, lower carbon grid while maintaining a high standard of customer satisfaction.

During the integrated system planning process, the District collaborated with stakeholders representing the District's community and customers to provide learning opportunities and build support for a shared vision of the future power system. These engagement opportunities allowed the District to hear directly from stakeholders (including residential customers) regarding their sustainability goals, reliability needs, and affordability concerns to inform the Integrated System Plan strategy. This first Integrated System Plan strategy was approved by the District's Board on October 2, 2023. The District intends to start the development of the next edition of the Integrated System Plan within the coming year, continuing its commitment to strategic, forward-looking energy planning.

Summary of Existing Power Sources during the fiscal year ended April 30, 2025. The District supplied approximately 31% of net generation from zero emissions sources like solar, wind, geothermal, hydroelectric, and nuclear facilities, during the fiscal year ended April 30, 2025 (FY25). Thermal assets supplied approximately 62% of net production energy (MWh) while other purchases are responsible for approximately 7%. Table 3 provides more detail on the District's power sources.

To maintain system reliability, the District added two flexible gas combustion turbines at Desert Basin Generating Station in Casa Grande and Agua Fria Generating Station in Phoenix. Each site added 99 MW of nameplate capacity in summer of 2022 (FY23).

In December 2022, the District's Board approved the continued development at the Copper Crossing Energy and Research Center in Florence which includes a utility-scale advanced solar generation facility capable of generating up to 55 MW of solar energy. This will be the first utility-scale solar asset in the District's portfolio that the District self-develops, owns, and operates and is set to be operational by December 2026. During summer of 2024, the District also added 2 flexible gas combustion turbines totaling 99 MW at the Copper Crossing Energy and Research Center.

The District entered into power purchase tolling agreements for Harquahala Generating Project in Tonopah (an unincorporated Census Designated Place in Maricopa County). Beginning in 2024 and continuing through calendar year 2031, Harquahala's 975 MW of capacity is exclusively tolled by the District.

The District has contracted for over 1,400 MW of additional renewable generation and energy storage resources that have come online over the last several years. In 2023, the Sonoran solar and battery storage (260MW), Storey solar and battery storage (88 MW), and Saint battery storage (100 MW) projects all came online. In 2024, the Sierra Estrella battery storage (250 MW), Superstition battery storage (90 MW), Eleven Mile solar and battery storage (300 MW), Brittlebush solar (200 MW), and Babbitt Ranch wind (161 MW) projects were all energized and achieved commercial operation. In February 2025, the District acquired the existing 50 MW Bonnybrooke solar facility.

Historically, the District has contracted generation from renewable resources and energy storage through power purchase agreements and energy storage agreements with developers who have access to tax credits. Under the Inflation Reduction Act, not-for-profit public power utilities like the District became eligible to directly receive federal incentive payments for renewable and storage projects. This gave the District a new opportunity to diversify development methods and advance more renewable and storage projects for the duration of tax credit availability.

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TABLE 3 — Fiscal Year 2025 District Power Sources

District Generation:	Capability (MW) [1]	% of Total	Net Production Amount (MWh) [2]	% of Total
100% Entitlement --- Renewable Hydroelectric:				
Arizona Falls	1	0.01%	29	0.00%
Horse Mesa Dam	33	0.26%	111,891	0.25%
Mormon Flat Dam	12	0.09%	57,613	0.13%
Roosevelt Dam	34	0.26%	102,298	0.23%
South Consolidated-Canal Plant	1	0.01%	0	0.00%
Stewart Mountain Dam	13	0.10%	43,018	0.10%
Subtotal	**93**	**0.72%**	**314,849**	**0.70%**
Horse Mesa Pumped Storage Generation (HM4)	115	0.89%	1,292	0.00%
Mormon Flat Pumped Storage Generation (MF2)	54	0.42%	-110	0.00%
Subtotal	**169**	**1.31%**	**1,182**	**0.00%**
100% Entitlement --- Thermal				
Agua Fria 1-3 (Steam)	389	3.02%	187,588	0.42%
Agua Fria 7-8 (Peaking)	99	0.77%	27,729	0.06%
Agua Fria 4-6 (Gas Turbine)	238	1.85%	27,583	0.06%
Coolidge Block A-C (Gas Turbines)	564	4.38%	110,558	0.25%
Copper Crossing 1-2 (Gas)	99	0.77%	10,629	0.02%
Coronado Generating Station 1-2 (Coal)	762	5.92%	2,612,767	5.80%
Desert Basin Combined Cycle (Gas)	618	4.80%	1,974,889	4.38%
Desert Basin 4-5 (Peaking)	99	0.77%	18,036	0.04%
Gila	1,100	8.54%	4,612,768	10.24%
Kyrene 4-6 (Gas Turbine)	174	1.35%	237	0.00%
Kyrene 7 (Combined Cycle)	263	2.04%	846,795	1.88%
Mesquite	625	4.85%	3,544,356	7.87%
Santan 5-6 (Combined Cycle)	399	3.10%	817,680	1.82%
Santan 1-4 (Peaking)	967	7.51%	5,178,674	11.50%
Springerville 4 (minus payback)	415	3.22%	1,723,091	3.83%
Subtotal	**6,811**	**52.89%**	**21,693,380**	**48.16%**
100% Entitlement --- Renewable				
Agua Fria Battery (Bolster)	25	0.19%	22,884	0.05%
Solar (rooftop)	0	0.00%	833	0.00%
Subtotal	**25**	**0.19%**	**23,717**	**0.05%**
Participation Plants:				
Craig Generating Station 1-2	243	1.89%	911,376	2.02%
Four Corners Generating Station (Units 4&5-Payback)	150	1.16%	817,180	1.81%
Hayden Generating Station 2	131	1.02%	669,798	1.49%
Palo Verde Nuclear Generating Station	803	6.24%	6,529,831	14.50%
Subtotal	**1,327**	**10.30%**	**8,928,185**	**19.82%**
Purchases and Receipts [3]:				
Bonnybrooke Solar (Apple)	52	0.40%	117,124	0.26%
Colorado River Storage Project (CRSP+Tribes)	114[4]	0.89%	244,286	0.54%
Hoover - Federal Hydro (APA, HMBC+Tribes)	148[4]	1.15%	94,646	0.21%
Parker-Davis Dams (Gilbert+USBR)	34[5]	0.26%	150,979	0.34%
Other Purchases	0	0.00%	3,396,493[7][8]	7.54%
EL PASO Palo Verde Purchase	40	0.31%	335,951	0.75%
TSGT -- Tri-State Generation & Transmission (SPV)	100[10]	0.78%	248,511	0.55%
Biomass Renewable Purchases:				
NOVO (Biomass) [6]	14	0.11%	104,359	0.23%
Tolling Purchases:				
Harquahala	975[6]	7.57%	3,652,922	8.11%
Geothermal Purchases:				
CalEnergy Geothermal	87[6]	0.68%	456,216	1.01%

Cove Fort Geothermal	25	0.19%	112,801	0.25%
Hudson Ranch Geothermal	55	0.43%	440,383	0.98%
Solar Renewable Purchases:				
Central Line Solar	100	0.78%	277,878	0.62%
East Line Solar	100	0.78%	249,486	0.55%
Granja/Eleven Mile Solar	300	2.33%	789,197	1.75%
NTUA Kayenta Solar 1+2	55[6]	0.43%	151,120	0.34%
Pinal Central Energy Center Solar	35	0.27%	42,988	0.10%
Poseidon Copper Crossing	20	0.16%	50,581	0.11%
Queen Creek Solar	19	0.15%	40,290	0.09%
Randolph Solar Park	200	1.55%	464,095	1.03%
Sonoran Solar Energy	260	2.02%	1,146,549	2.55%
Storey Solar Energy	88	0.68%	307,880	0.68%
Saint Solar	100	0.78%	278,813	0.62%
Sandstone Solar	45	0.35%	120,767	0.27%
West Line Solar	100[6]	0.78%	282,309	0.63%
Battery Energy Storage System ("BESS") Resources [9]:				
Dorman	0	0.00%	0	0.00%
Pinal Central Energy Center Battery	10[6]	0.08%	13,551	0.03%
Sonoran Battery	260	2.02%	-48,496	-0.11%
Storey Battery	88	0.68%	-12,829	-0.03%
Saint Solar Battery	100	0.78%	-17,904	-0.04%
Sierra Estrella	250	1.94%	-40,997	-0.09%
Superstition	90	0.70%	-11,467	-0.03%
Granja/Eleven Mile	300	2.33%	-48,084	-0.11%
Wind Purchases:				
Wind Power Dry Lake I	63[6]	0.49%	109,061	0.24%
Poseidon Wind Power Dry Lake II	65[6]	0.50%	116,688	0.26%
Babbitt Ranch Energy Center	161	1.25%	469,879	1.04%
Subtotal	**4,453**	**34.58%**	**14,086,026**	**31.27%**
TOTAL [11]	**12,878**	**100.00%**	**45,047,339**	**100.00%**

Notes:

[1] Load capability nameplate from FERC 714, GRTD, & OATI.

[2] Actual net production (retail & wholesale MWhs included) during the fiscal year ended April 30th. Source MWh from System Load.

[3] Purchase and receipt capabilities vary month to month. Listed are the capabilities for the peak month.

[4] Includes MW wheeled for certain electrical/irrigation districts (EDID). Source PCI/OATI.

[5] Includes 1 MW wheeled for Gilbert PD.

[6] Capability based on actual output during summer Peak Day/HR: August 4, 2024 @ HE 18.

[7] Other Purchases: Short term, Loss, Non-Firm, and excluding Bookouts (WT).

[8] WEIM & Estimates included.

[9] Negative battery generation values reflect the energy consumed by round-trip inefficiencies of each BESS.

[10] Based on Long Term Contract.

[11] Totals may not add correctly due to rounding.

Natural Gas Generation. The District operates and has 100% ownership of several generating units, some with shared common facilities that utilize natural gas to generate electricity through a variety of single cycle, combined cycle, and steam generating units. All these generating stations operate in and around the Phoenix metropolitan area: Agua Fria Generating Station, Coolidge Generating Station, Desert Basin Generating Station, Gila River Generating Station Block 1 & Block 4, Kyrene Generating Station, Mesquite Generating Station Block 1, Copper Crossing, and Santan Generating Station. The total generating capability of these plants in the peak summer months is approximately 6,811 MW. As part of the approved Coolidge Expansion Project, 12 gas turbines will be constructed to offer 575 megawatts (MW) of new power generation to the Coolidge Generating Station. This reliable peaking asset will provide enough power for approximately 139,000 average-size homes by supporting the integration of wind, solar and batteries on the District's system. Construction began on June 1, 2024. The District expects the first six turbine units to be operational by the summer of 2026 and the remaining six units to be operational by the summer of 2027.

Coal Generation. The District operates and has 100% ownership of the Coronado Generating Station ("CGS") located in St. Johns, Arizona. The District has 100% ownership of Unit 4 of the Springerville Generating Station located in Springerville, Arizona which is operated by Tucson Electric Power ("TEP"). CGS has a total capacity of 762 MW, and Springerville Unit 4 has a total capacity of 415 MW.

On June 24, 2025, the District's Board approved converting the existing coal-fired boilers at CGS to run on natural gas by the end of 2029. While the retirement date for Springerville Unit 4 remains undetermined at this time, the District is evaluating its options and expects, although no assurance can be given, to have determined a strategy and path forward with regard thereto by the end of calendar year 2025.

Anticipated Coal Generator Retirements

2025	2027	2028	2031
Craig Unit 1	Hayden Unit 2	Craig Unit 2	Four Corners Units 4 & 5

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Environmental — *Coronado Generating Station* and *Springerville Generating Station*" for further discussion.

See "THE ELECTRIC SYSTEM — Existing and Future Resources — *Craig Generating Station Units 1 and 2*" for further discussion of Craig Unit 1.

Jointly-Owned Generation Facilities. The District has an ownership interest in four jointly-owned generating facilities. The percent participation of the District and other participants in the facilities is set forth in Table 4. Additional information about each facility follows Table 4.

TABLE 4 — District Participation Interests in Existing Generating Facilities [1]

	Four Corners Generating Station Units 4 & 5	Hayden Generating Station Unit 2	Craig Generating Station Units 1 & 2	Palo Verde Nuclear Generating Station
Project Capabilities				
Total Continuous Load Capabilities (MW)	1,540	262	856	3,937[2]
Project Participants (%)				
District	10.0	50.0	29.0	20.4
Arizona Public Service Company ("APS")	63.0	—	—	29.1
Department of Water & Power, Los Angeles ("LADWP")	—	—	—	5.7
El Paso Electric Company ("El Paso")	—	—	—	15.8
Navajo Transitional Energy Company ("NTEC")	7.0	—	—	—
Nevada Power Company ("NPC")	—	—	—	—
Platte River Power Authority	—	—	18.0	—
PacifiCorp	—	12.6	19.3	—
Public Service Company of Colorado ("PSCo")	—	37.4	9.7	—
Public Service Company of New Mexico ("PNM")	13.0	—	—	7.3
Southern California Edison Company ("SCE")	—	—	—	15.8
Southern California Public Power Authority ("SCPPA")	—	—	—	5.9
Tri-State	—	—	24.0	—
TEP	7.0	—	—	—
USBR	—	—	—	—
Total Percentage	100.0%	100.0%	100.0%	100.0%

[1] Generally, if a default by any participant in the payment or performance of an obligation under a participation agreement continues without having been cured or without the participant having commenced and continued to cure the default, then the non-defaulting participants may suspend the right of the defaulting participant to receive its capacity entitlement. In the case of a default, (1) each non-defaulting participant will bear a portion of the operation and maintenance costs otherwise payable by the defaulting participant in the ratio of the non-defaulting participant's respective capacity entitlement to the total capacity entitlement of all non-defaulting participants, and (2) the defaulting participant will be liable to the non-defaulting participants for all costs incurred by the non-defaulting participants pursuant to (1) and for all costs in operating the project at a reduced level of generation brought about by the

reduction of the capacity entitlement of the defaulting participant. To the District's knowledge, there are no participants currently in default.

(2) Amount shown is maximum dependable capability. Except during summer, normal continuous load capability will usually exceed 3,937 MW, MDC net (Maximum Dependable Capacity, net).

Four Corners Generating Station Units 4 and 5. Four Corners Units 4 and 5, operated by APS, are located on the Navajo Nation near Farmington, New Mexico. The District owns 10% of Units 4 and 5, two 770 MW coal-fired generating units, which commenced commercial operations in 1969 and 1970, respectively. The coal for Four Corners comes from the Navajo Mine located 11 miles away on the Navajo Nation. In January 2020, the owners of Four Corners announced that they will be shutting down Units 4 and 5 by the end of 2031.

Hayden Generating Station Unit 2. The District owns 50% of Hayden Unit 2, a 262 MW coal-fired generating unit, which commenced commercial operations in 1976 and is located in Hayden, Colorado. PSCo, an operating company within Xcel Energy, is the operating agent. In January 2021, the owners of Hayden announced that Unit 1 will be shutting down by the end of 2028, and Unit 2 will be shutting down by the end of 2027.

See "THE ELECTRIC SYSTEM — Existing and Future Resources — *Coal*" for comments relating to the coal supply for the Hayden Unit 2.

Craig Generating Station Units 1 and 2. The District owns 29% of Craig Generating Station ("Craig") Units 1 and 2, which are operated by Tri-State. The two 428 MW coal-fired generating units commenced commercial operations in 1981 and 1979, respectively. The Craig Units 1 and 2 are in the Yampa Valley near the City of Craig in northwestern Colorado. The District's entitlement to power and energy from Craig Units 1 and 2, Four Corners Generating Station ("Four Corners") Units 4 and 5 and Hayden Generating Station ("Hayden") Unit 2, is subject to a displacement arrangement with the Western Area Power Administration ("WAPA"). Power and energy are delivered to WAPA and used for WAPA's customers located in Colorado, New Mexico, Utah and Wyoming. WAPA delivers a similar amount of power and energy to the District from the Glen Canyon Hydroelectric Generating Station. This is a displacement arrangement that reduces transmission investment, operating expenses, and energy losses both for WAPA and for the District.

In July 2020, the owners of Craig announced the shutdown date for Unit 2. Previously, the shutdown dates for Craig Unit 1 and Unit 3 (owned by Tri-State) had been announced. The shutdown dates are Unit 2 – by September 30, 2028; and Unit 3 – by January 1, 2028. Craig Unit was previously scheduled for shutdown by December 31, 2025. On December 30, 2025, the Department of Energy ("DOE") issued emergency order 202-25-14, pursuant to Section 202(c) of the Federal Power Act to the operator and owners of Craig. The order directs the operator and owners of Craig to take all measures necessary to ensure that Craig Unit 1 remained available to operate until March 30, 2026. Unit 1 did not operate during this time frame. On March 30, 2026, DOE issued emergency order 202-26-21, extending the previous order until June 28, 2026.

See "THE ELECTRIC SYSTEM — Existing and Future Resources — *Coal*" for comments relating to the coal supply for the Craig Units 1 and 2.

Navajo Generating Station. Navajo Generating Station ("NGS"), located on the Navajo Nation near Page in Northern Arizona, was permanently shut down on November 18, 2019. Decommissioning activities have been completed; however, additional remediation work will be undertaken in response to new regulations impacting coal combustion residuals that went into effect on November 8, 2024. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Environmental — *Solid and Hazardous Waste Management*" for further discussion of new regulations impacting coal combustion residuals with respect to the District's coal-fired generating plants.

Palo Verde Nuclear Generating Station. The District owns 20.4% of Palo Verde Nuclear Generating Station ("PVNGS"), located near Wintersburg, Arizona. APS is the project manager and operating agent. PVNGS Units 1, 2 and 3 commenced commercial operation in 1985, 1986, and 1987, respectively. In April 2011, the U.S. Nuclear Regulatory Commission (the "NRC") issued Renewed Facility Operating Licenses for the three PVNGS Units to 2045, 2046 and 2047, respectively.

PVNGS originally consisted of three nominally sized 1,270 MW pressurized water nuclear generating units. The steam generators and low-pressure turbine rotors have been replaced in all three units resulting in an increase of 65

to 71 MW net output (11 to 12 MW as the District share) in each unit. Reactor vessel heads were replaced in all three units. This replacement eliminated industry issues regarding alloy 600 nozzle corrosion cracking in the reactor vessel head.

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Nuclear Plant Matters" for a discussion of liability issues.

Purchased Power. The District supplies a portion of its energy and demand requirements with purchased power from several sources as shown in Table 3. During fiscal year ending in April 2025, approximately 31% of the District's energy requirements were met with power purchases, of which approximately 7% were firm short-term purchases. The District has entered into various long-term power purchase agreements (PPAs) for renewable energy generation that deliver energy for periods of eighteen to thirty years, as reflected in the following table. In addition to long-term PPAs, in 2024, the District entered into a power purchase tolling agreement for the natural gas fired Harquahala Generating Project in Tonopah, Arizona for a total of 975 MW of capacity. The term of this agreement continues through 2031.

The District continues to experience a significant increase in customer electricity demand as Phoenix and Maricopa County lead the nation in population growth and economic development. To meet customers' growing needs, the District issued an All-Source Request For Proposals (RFP) in February 2025, and is actively evaluating responses. Similarly, the District assessed and executed numerous renewable energy contracts via the Request for Proposal's issued February 2024, February 2023, and October 2021 for additional power generation resources of all types, to meet future summer peak capacity needs. Resources selected through these all-source RFP processes support the District's 2035 Sustainability Goals. As part of the District's efforts to expand dedicated green energy programs for commercial and industrial customers, SRP has dedicated 12 renewable energy PPAs to large customers with sustainable initiatives. Additionally, five projects under development have also been dedicated to large customers with sustainable initiatives.

The District has contracted more than 3,500 MW of carbon-free renewable sourced electric capacity since 2009 and has contracted more than 1,400 MW of battery energy storage systems. Energy storage systems play a critical role in helping the District meet its peak capacity needs and enhancing the reliability and efficiency of solar energy as a carbon-free resource. By storing surplus solar generation during periods of high irradiance and discharging it during times of low solar output or peak demand, the battery energy storage systems ensure a consistent and dispatchable supply of clean electricity, which maximizes the utilization of renewable energy, supports grid stability, and contributes to the broader decarbonization of the energy system. Furthermore, the District benefits from long-term firm electric service contracts with federal hydropower generation along the Colorado River at Hoover, Parker-Davis Project, and the Colorado River Storage Project.

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Summary of Purchased Power from Renewable Energy Sources Since 2009

Project Name	Counterparty	Capacity[1] (MW)	Fuel	Commercial Operation	Term (End Date)	Location
Novo BioPower	Novo BioPower, LLC	14	Biomass	FY2009	FY2034	Snowflake, AZ
Dry Lake I	Dry Lake Wind Power LLC	63	Wind	FY2010	FY2030	Navajo County, AZ (7 miles NW of Snowflake)
Dry Lake II	Dry Lake Wind Power II LLC	64	Wind	FY2011	FY2031	Navajo County, AZ (7 miles NW of Snowflake)
Copper Crossing	Copper Crossing LLC	20	Solar	FY2012	FY2037	Pinal County, AZ
Hudson Ranch I	Hudson Ranch Power I, LLC	55	Geothermal	FY2012	FY2042	Imperial Valley, CA (9 miles NW of Calipatria, CA)
Queen Creek Solar	Siete Solar, LLC	19	Solar	FY2013	FY2033	Queen Creek, AZ
Cove Fort	Enel Cove Fort, LLC	25	Geothermal	FY2014	FY2034	Beaver, UT (3 miles south of Cove Fort)
CalEnergy	CalEnergy, LLC	87	Geothermal	FY2016	FY2040	Imperial Valley, CA (9 miles NW of Calipatria, CA)
Sandstone Solar	Sandstone Solar, LLC	45	Solar	FY2016	FY2037	Florence, AZ
Kayenta 1	Navajo Tribal Utility Authority (NTUA)	27	Solar	FY2018	FY2038	Kayenta, AZ (48 miles NE of Shonto)
Kayenta 2	Navajo Tribal Utility Authority (NTUA)	28	Solar	FY2020	FY2050	Navajo Nation, AZ
Pinal Central Energy Center	Pinal Central Energy Center, LLC	20+10	Solar+BESS	FY2018	FY2038	Pinal County, AZ (10 miles SW of Coolidge)
East Line Solar	East Line Solar LLC	100	Solar	FY2021	FY2046	Coolidge, AZ
Saint Solar	Saint Solar, LLC	100	Solar	FY2021	FY2046	Coolidge, AZ
Central Line Solar	Central Line Solar, LLC	100	Solar	FY2022	FY2042	Coolidge/Eloy, AZ
West Line Solar	West Line Solar, LLC	100	Solar	FY2023	FY2048	Eloy, AZ
Saint Battery	Saint Energy Storage II, LLC	100	BESS	FY2024	FY2041	Coolidge, AZ
Sonoran Energy Center	Sonoran Solar Energy, LLC	260+260	Solar+BESS	FY2024	FY2044	Little Rainbow Valley, AZ
Storey Energy Center	Storey Energy Center, LLC	88+88	Solar+BESS	FY2024	FY2044	Coolidge, AZ
Babbitt Ranch	Babbitt Ranch Energy Center, LLC	161	Wind	FY2025	FY2055	Coconino County, AZ
Brittlebush	Randolph Solar Park LLC	200	Solar	FY2025	FY2050	Coolidge, AZ
Eleven Mile	Eleven Mile Solar Center, LLC	300+300	Solar+BESS	FY2025	FY2045	Pinal County, AZ
Sierra Estrella Storage	Sierra Estrella Energy Storage LLC	250	BESS	FY2025	FY2045	Avondale, AZ
Superstition Energy Storage	Superstition Energy Storage LLC	90	BESS	FY2025	FY2045	Gilbert, AZ
Flatland	Flatland Storage, LLC	200	BESS	FY2026	FY2050	Pinal County, AZ
Co Bar	CO Bar Solar LLC	400	Solar	FY2027	FY2047	Coconino County, AZ
Pediment BESS I	Signal Butte Grid, LLC	250	BESS	FY2027	FY2046	Mesa, AZ
CO Bar D	CO Bar Solar D, LLC	394	Solar	FY2028	FY2048	Coconino County, AZ
Cameron	NGI-Cameron I, LLC	TBD	Solar	TBD	TBD	Navajo Nation, AZ
Desert Blume	Desert Blume LLC	5	BESS	FY2028	FY2038	Pinal County, AZ
Selma Energy Center	Selma Energy Center, LLC	150+150	Solar+BESS	FY2028	FY2048	Coolidge, AZ
Valley Farms Energy Center	Valley Farms Energy Center, LLC	400	BESS	FY2028	FY2048	Coolidge, AZ

[1] Capacity based on manufacturer nameplate capability.

Sole Ownership Resources. The District owns and operates several generating facilities. The majority of the resources owned and operated by the District are traditional thermal resources. Over time, the District expects to add renewable and energy-limited resources that are solely owned and operated by the District.

Coolidge Generating Station. The District owns and operates the Coolidge Generating Station, a simple cycle combustion turbine electric peaking plant near Randolph, Arizona with a nominal rating of approximately 564 megawatts (MW) nameplate capacity. As part of the approved Coolidge Expansion Project, 12 gas turbines will be constructed to offer 575 megawatts (MW) of new power generation, which are each capable of ramping up to full production within ten (10) minutes. This reliable peaking asset will provide enough power for approximately 139,000 average-size homes by supporting the integration of wind, solar and batteries on the District's system. Like all the District's facilities, it will comply with all local, state, and federal air quality regulations which are protective of human health and the environment. Construction began on June 1, 2024. The District expects the first six turbine units to be operational by the summer of 2026 and the remaining six units to be operational by the summer of 2027.

Gila River Power Station. The District owns 100% of power blocks 1 and 4 of the Gila River Power Station ("Gila River") and an undivided 50% ownership interest in the facility's common assets, shared spare parts inventory, and infrastructure. Gila River consists of four combined cycle gas-fired generating power blocks, each nominally rated at 550 MW. The District is the operator of the entire Gila River facility.

Mesquite Generating Station. The District owns 100% of power block 1 of the Mesquite Generating Station ("Mesquite") which consists of two combined-cycle gas-fired generating power blocks, each nominally rated at 625 MW. Mesquite is located approximately 40 miles west of Phoenix, Arizona. The District also has an undivided 50% ownership interest in most of the facility's common assets and a 32.05% interest in the adjacent switchyard. The District is the operator for the entire facility.

Peaking Generation Siting. The timing of new resources procurement or acquisition is driven by the regional demand/load forecast, the development of demand-side response programs, and new or available generating assets throughout the West. Various federal, state, and regional initiatives relating to fossil-fuel-fired generating plants may hinder the construction or procurement of additional fossil-fuel-fired generating plants in the future which may have an adverse impact on the District's ability to meet its native load commitments.

Future Resources. The District evaluates generating resource options to develop a portfolio that balances reliability, affordability, and sustainability. In addition to the potential future resource options described below, the District balances short-term and long-term energy purchases, refinements to its conservation programs, building its own new generation and ventures with other plant developers to acquire the output from other plants being constructed. Arizona and many other western states have either deferred or re-examined the implementation of deregulation of the electric industry. As a result, certain merchant generators are seeking buyers for sales of power from, or purchases of, their plants. Consistent with its acquisition of the Coolidge Generating Station, Desert Basin Project, Gila River Generating Station Blocks 1 & 4, and Mesquite Block 1, the District continues to evaluate the acquisition of other existing generation facilities.

Pumped Storage Project. Pumped storage hydropower provides long-duration energy storage that can help increase the District's supply of reliable, affordable, and sustainable energy. The District has been operating pumped storage units on the Horse Mesa and Mormon Flat dams for over 50 years. As part of the Salt River Pumped Storage Project, the District is exploring opportunities to expand pumped storage hydropower on the Salt River reservoir system. The District is developing and advancing designs for a new pumped storage hydropower facility to pair with Apache Lake on the Salt River. The pumped storage hydropower facility would require construction of a new reservoir to act as the upper reservoir and additional transmission infrastructure.

As the District adds significantly more generation to its power system, there will be a need for a diverse portfolio of long-duration energy storage to store excess energy generated during the day and dispatch it overnight to ensure reliable electric service around the clock. Pumped storage hydropower provides a large-scale way to store and deliver electricity to customers. The Pumped Storage Project will support grid reliability by providing inertia. Inertia is a critical component of grid stability and resiliency, and without consideration for it, The District's electrical system will face substantial reliability risks. The Pumped Storage Project is also an important piece of meeting the District's Integrated System Plan, a holistic roadmap for the power system of the future.

The new pumped storage facility would have a capacity of between 1,000 MW and 2,000 MW — enough power to serve approximately 225,000 to 450,000 homes for 10 hours after each time the reservoir refills. In parallel with design advancements, and regulatory compliance reviews. The decision to begin construction would occur in late 2027, early 2028. This timeline, subject to the receipt of all necessary regulatory approvals, permits and the availability of the required project expertise, equipment and funding for a construction project of this size and scope, would allow for a facility to be constructed and online by 2033 to help meet the District's significant resource needs.

Transmission. Electricity from the District's diversified generation resource mix is delivered to customers over a complex and reliable transmission system, which is integrated into the broader transmission network in the western United States. The District owns, or jointly owns, transmission systems consisting of over 3,300 miles of transmission lines at voltages ranging between 69 kilovolts (kV) and 500kV. The District's transmission system transports electricity from generation resources to the distribution system and ultimately serves the District's retail customers. When it is not prudent to build new or upgrade existing transmission lines, the District meets customers' needs by acquiring contract rights on transmission systems owned by others. The District also uses its transmission system to access generation resources produced by others and to transmit this energy when surplus transmission capacity is available.

A healthy and reliable transmission system is integral to providing safe and reliable power at a reasonable cost. As the demand for electricity increases, it will be necessary to make upgrades, additions, or changes to the transmission system to maintain its health and reliability. The District continues to monitor external factors that influence the need for transmission system enhancements like new regulations and policies, fluctuations in the economy, and advancements in technology.

To maintain a healthy and reliable transmission system, the District must determine the need for system improvements years in advance of the actual need. This is accomplished through annual planning studies that assess system performance for the upcoming ten years. These studies are performed in accordance with industry-accepted planning standards and practices. The results of the studies are used to design the District's transmission system to reliably serve the expected electric system load. The transmission system upgrades, additions and changes that are needed over the next six years are reflected in the Capital Improvement Program.

Fuel Supply. The District's projected use of fuel and other energy sources by type is shown on the following table, which projects the District's various energy sources, ultimately dispatched.

TABLE 5 — Summary of Projected Energy Sources [1][2]
(Expressed as a percentage of total sources)

Fiscal Year Ending April 30,	Hydro/ Sustainable [3]	Gas [4]	Coal	Nuclear	Renewables/ Sustainable [5]	Other
2026	1.9%	39.0%	15.2%	17.0%	26.0%	0.9%
2027	1.6%	42.1%	14.3%	15.8%	25.3%	0.9%
2028	1.6%	44.4%	12.9%	14.1%	26.1%	1.0%
2029	1.5%	40.5%	10.0%	12.7%	34.6%	0.8%
2030	1.3%	41.3%	6.3%	11.2%	38.8%	1.0%
2031	1.2%	39.8%	4.8%	10.3%	43.0%	0.9%
2032	1.2%	37.1%	1.2%	9.8%	49.2%	1.6%

(1) Reference case FP26 Budget Forecast. These percentages are only representative of retail projected needs.
(2) Totals may not add due to rounding.
(3) Includes federal hydro purchases; hydro resources are included in the District's Sustainable Portfolio.
(4) Some gas assets have fuel oil capability used only for fuel constraint emergencies.
(5) Includes renewable energy purchases, renewable resources, energy efficiency and customer dedicated.

Coal. The District has an interest in five coal-fired generating stations. The District planned to shut down Craig Unit 1 on December 31, 2025, however, due to the DOE orders discussed above, Craig Unit 1 is required to remain available for operation until at least June 28, 2026. The anticipated shutdown date for Hayden, Unit 2, is the end of 2027. Craig Unit 2 will retire on September 30, 2028. The conversion of the existing coal-fired boilers at CGS to run on natural gas is planned for completion by late 2029. The coal supply contract for Four Corners expires in July 2031, which coincides with the anticipated shutdown date for Units 4 and 5. The current coal supply contract for Hayden Unit 2 will expire in December 2027, which coincides with the anticipated shutdown date for Hayden Unit 2. The current coal supply contract for Craig will expire in September 2028. The District has six existing coal supply

agreements that provide for the supply of coal to both CGS and Springerville Unit 4. The District believes it can continue to meet the coal requirements for Craig Unit 2, CGS and Springerville Unit 4 when the current coal supply contracts for these facilities expire. The stockpiles of coal for all coal-fired generating stations are at or above targeted levels for normal operations except the Hayden plant.

Natural Gas. The District utilizes natural gas almost exclusively to fuel its oil or gas-fired units in the Phoenix-Mesa-Scottsdale MSA and plans to continue to do so. The District purchases natural gas pursuant to energy risk management policies and trading strategies designed to minimize financial and operational risk while ensuring that sufficient gas is available to serve the customers of the District.

Natural gas price hedging is primarily accomplished using financial instruments such as exchange-traded futures and options contracts and "over the counter" swaps and options contracts. The vast majority of the District's hedging activities focus on a rolling six-year period into the future relative to the District's retail customer demand. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Status of Competition in Arizona — *Energy Risk Management Program*" herein, for a discussion of the District's Risk Management Program. In May 2017, the District implemented and executed a defined hedging program through 2027 to mitigate fuel price risk related to the incremental retail gas requirements attributed to the District's retirement of the Navajo Generating Station.

To date, most of the District's energy-related hedging transactions have been conducted in the "Over the Counter" ("OTC") markets. Until the passage of the Dodd-Frank Wall Street Reform and Customer Protection Act (the "Dodd-Frank Act") in August of 2010, the OTC market was generally unregulated. The Dodd-Frank Act generally subjects OTC transactions to rules and regulations related to, among other things, clearing, margining, and reporting requirements. The District has implemented policies and procedures to comply with these rules and regulations.

Natural gas storage contracts are utilized to balance supply and demand as well as help manage price risk and ensure reliable delivery. Natural gas is delivered to the District's generating facilities via transportation contracts with El Paso Natural Gas Company and Transwestern Pipeline Company.

SVFC Transaction. In October 2007, the District entered into a 30-year gas purchase agreement with the Salt Verde Financial Corporation ("SVFC"), an Arizona nonprofit corporation, to purchase approximately 15% of its projected natural gas requirements needed to serve retail customers. The District is obligated to pay only for the gas delivered under this contract. To fulfill its obligation, SVFC entered into a 30-year prepaid gas agreement with Citigroup Energy Inc. SVFC financed the purchase by the issuance of its special obligation gas revenue bonds ("Gas Revenue Bonds"). The Gas Revenue Bonds do not constitute a debt, liability, or obligation of the District.

SEA Transactions. In April 2021, the District entered into a commodity purchase agreement with Southeast Energy Authority (SEA), a cooperative district and public corporation organized and existing pursuant to the laws of the State of Alabama. Under the 30-year agreement, SEA will sell and deliver to the District, and the District will purchase specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 5,500,000 MM Btu of natural gas each year) began in November 2021 and will end in August 2028. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After November 2028, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 126,320,000 MMBtu of natural gas or 12,254,393 MWh of electricity. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenues.

In June 2022, the District entered into a second commodity purchase agreement with SEA. Under this 30-year agreement, SEA will sell and deliver to the District, and the District will purchase, specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 3,620,000 MMBtu of natural gas each year) began in January 2023 and will end in June 2028. That initial delivery period will be followed by one or more reset periods, during which a

recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After June 2028, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 109,940,000 MMBtu of natural gas or 6,414,554 MWh of electricity. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenues.

In March 2023, the District entered into a third commodity purchase agreement with SEA. Under this 30-year agreement, SEA will sell and deliver to the District, and the District will purchase, specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 2,760,000 MMBtu of natural gas each year) began in July 2023 and will end in June 2029. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After July 2029, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 72,320,000 MMBtu of natural gas or 7,048,596 MWh of electricity. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenues.

In January 2025, the District entered into a fourth commodity purchase agreement with SEA. Under this agreement, the District will assign a portion of its rights and obligations to receive specified quantities of electricity (the "Assigned Electricity") under certain existing and future power purchase agreements (the "Assigned PPAs"). As a part of this transaction, the Assigned Energy will be sold by the sellers of the electricity under the Assigned PPAs through various intermediaries to SEA. SEA will then sell and deliver to the District, and the District will purchase, the Assigned Electricity at the contract prices set forth in the Assigned PPAs, less a specified discount for certain quantities of the Assigned Electricity. The initial electricity delivery period (during which time the District is committed to purchase a maximum of approximately 601,491 MWh of Assigned Electricity each year under existing Assigned PPAs) begins in July 2025 and will end in April 2035. The initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of Assigned Electricity, in which event the District will have no rights or obligations to take or purchase any Assigned Electricity for the duration of that reset period.

After May 2035, the District may choose to switch the commodity being delivered from electricity to natural gas, in which event natural gas will be delivered for the duration of the term. After the initial electricity delivery period, the District's total potential commitment under this agreement is a base quantity of 28 Million MWh of electricity or 240,000,000 MMBtu of natural gas. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenues.

In September 2025, the District entered into a fifth commodity purchase agreement with SEA. Under this agreement, the District will assign a portion of its rights and obligations to receive Assigned Electricity under certain Assigned PPAs. As a part of this transaction, the Assigned Energy will be sold by the sellers of electricity under the Assigned PPAs through various intermediaries to SEA. SEA will then sell and deliver to the District, and the District will purchase, the Assigned Electricity at the contract prices set forth in the Assigned PPAs, less a specified discount for certain quantities of the Assigned Electricity. The initial electricity delivery period (during which time the District is committed to purchase a maximum of approximately 330,000 MWh of Assigned Electricity each year under an existing Assigned PPA) begins in March 2026 and will end in July 2035. The initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of Assigned Electricity, in which event the District will have no rights or obligations to take or purchase any Assigned Electricity for the duration of that reset period.

After August 2035, the District may choose to switch the commodity being delivered from electricity to natural gas, in which event natural gas will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is a base quantity of 20,084,023 MWh of electricity or 189,034,801 MMBtu of natural gas. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenues

In November 2025, the District entered into a sixth commodity purchase agreement with SEA. Under this agreement, the District will assign its rights and obligations to receive natural gas under certain natural gas sales transactions ("Gas Transactions"). As part of this transaction, the Assigned Gas will be sold by the sellers of gas under the Gas Transactions through various intermediaries to SEA. SEA will then sell and deliver to the District and the District will purchase, the Assigned Gas at the contract price set forth in the Gas Transactions, less a specified discount for certain quantities of the Assigned Gas. The initial gas delivery period (during which time the District is committed to purchase a maximum of 24,000,000 MMBtu of Assigned Gas each year under the existing Gas Transactions) begins June 2026 and will end August 2030. The initial delivery period will be followed by one or more reset period, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to takt the contracted quantity of Assigned Gas, in which event the District will have no rights or obligations to take or purchase any Assigned Gas for the duration of that reset period.

After October 2035, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. The expense for the commodity delivered, net of discount, will be recognized in total operating expenses in the Combined Statement of Net Revenue.

Nuclear. The nuclear fuel cycle for PVNGS is comprised of the following stages: the mining and milling of uranium ore to produce uranium concentrates; the conversion of uranium concentrates to uranium hexafluoride; the enrichment of uranium hexafluoride; the fabrication of fuel assemblies; the utilization of fuel assemblies in reactors; and the storage and disposal of spent fuel. APS, on behalf of APS, the District, EPE, SCE, PNM, SCPPA, and LADWP (the "Palo Verde Participants"), has procured under contract approximately 100% of the materials and services required to provide uranium concentrates in year 2025, 77% in 2026, 67% in 2027, 72% in 2028, 34% in 2029, 29% in 2030, and 0% in 2031 and beyond. Concerning the requirements for Conversion Services, the following requirements are currently under contract: 100% in 2025, 90% in 2026 and 2027, 84% in 2028 through 2030, and 0% in 2031 and beyond. Concerning the requirements for Enrichment Services, the following requirements are currently under contract: 100% in 2025 and 2026, 73% in 2027, 40% in 2028, and 0% in 2029 and beyond. Concerning the requirements for Fabrication Services, 100% of the requirements are under contract through 2027, and 67% in 2028. APS is examining uranium supplies along with fuel conversion, enrichment, and fabrication services to reduce risks associated with any single component of the supply chain and to better position the Palo Verde Participants when the existing contracts begin to expire.

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Nuclear Plant Matters" herein, which includes further discussion on spent nuclear fuel.

Sustainability Goals & Related Programs

As the nation's oldest multi-purpose federal reclamation project, the Salt River Federal Reclamation Project was founded on the principles of resource stewardship. The District acknowledges the environmental challenges associated with supplying reasonably priced power to a growing customer base and recognizes that environmental stewardship, resource conservation and efficiency create effective partnerships with its customers. The District is already pursuing a portfolio of initiatives to meet current and future goals and has invested heavily in research and development.

On October 2, 2017, the Board adopted an initial set of sustainability goals through the year 2035 ("SRP 2035 Sustainability Goals"). Subsequently, on June 3, 2019, the Board adopted an updated and expanded suite of SRP 2035 Sustainability Goals following an extensive stakeholder process. Most recently, on March 4, 2024, the Board approved updated 2035 Corporate Goals, including the SRP 2035 Sustainability Goals. The framework for the SRP 2035 Sustainability Goals includes five key pillars: carbon emissions reductions, water resiliency, supply chain and waste reduction, customer and grid enablement, and customer and community engagement and there are several goals within each pillar.

Prior to updating the goals, the District conducted a robust stakeholder and Board engagement process. Between September 2023 and January 2024, a stakeholder Advisory Group met six times to review and discuss the SRP 2035 Sustainability Goals in their current form and the proposed updates recommended by the District, including a special session to discuss the generation carbon goal in greater detail at the request of the Advisory Group. Meetings were facilitated by a third-party consultant. The District also conducted a public open house and comment period to inform goal update recommendations.

Highlights of the updated SRP 2035 Sustainability Goals are included in "Appendix F – 2035 Sustainability Goals." Significantly, the District's revised retail energy carbon reduction goal is to reduce the amount of CO2 emitted by generation (per MWh) by 82% from 2005 levels (~284 lbs./MWh) by 2035, and to achieve net-zero carbon emissions for retail energy by 2050. In addition, the District will also seek to support adoption of 1 million (as forecasted by third-party industry consultants) electric vehicles (EVs) in the District's service territory and manage 90% of EV charging. Finally, through partnerships with valley cities and others, the District will also achieve 5 billion gallons of water conservation by 2035 and increase the District's leadership role in forest restoration treatments through partnerships, influence, education, and support for industry to thin 800,000 total acres by 2035.

The District provides an energy offering called SRP Solar Choice in which over 6,600 of the District's residential and small/mid-size business customers support renewable energy. The Solar Choice Program provides customers with the choice of signing up to match 50% or 100% of their electricity use with utility scale solar energy located in the State of Arizona. Additionally, a similar Solar Choice Select offering was launched to serve the green energy needs of the District's large commercial and industrial customers. The District also has its Residential Shade Tree Program and Healthy Forest Initiative, which allows customers to support tree planting and forest restoration efforts.

Additionally, the District has over 66,000 residential customers who have installed solar on their homes as of the end of April 2025. Customers interconnecting new solar systems are eligible to take service under four price plan options today – two are demand charge plans (E-15 and E-27) and two are net billing plans (E-13 and E-14). In November 2025, new customers will have two new TOU plan options – one with demand charges (E-16) and one without (E-28).

The District continues its investment in energy efficiency and demand response programs. In recent years, the District has invested over $500 million in energy efficiency initiatives. Examples of these programs include rebates for high efficiency air conditioning systems, discounted smart thermostats, LED lighting and EV chargers through the District's e-commerce marketplace. Additional examples include homebuilder incentives for the construction of ENERGY STAR®-certified homes, and rebates for HVAC and various building systems within commercial buildings. The District continues to grow its residential and commercial demand response programs. The residential Bring Your Own Thermostat program has grown to include over 120,000 smart thermostats in which customers' air conditioning system temperatures are adjusted for a limited number of hours to reduce summer peak load. The comprehensive Business Demand Response program provides customer incentives that execute custom load reduction plans to curtail air conditioning, lighting, refrigeration, and other process-related equipment usage during peak summer hours.

The District's award-winning M-Power® Pre-Pay Program has received national acclaim for its conservation effect and its use of real time technology to display usage information to customers inside the home. Nearly 155,000 customers participate in the program as of April 2025, making it one of the largest pre-pay programs in North America. Studies have consistently demonstrated an average 12% reduction in energy usage for customers who switch to the program and over 90% of customers on the program are satisfied/very satisfied with the program.

Augmenting programs that conserve energy, the District offers a portfolio of programs that shift peak demand. The District's E-26 time-of-use ("TOU") pricing plan, designed to reduce customer load during the summer hours of 2:00 p.m. to 8:00 p.m., is one of the largest in the United States. The District also offers the E-21 and E-22 time-of-use price plans designed to reduce customer load during the summer hours of 3:00 p.m. - 6:00 p.m. and 4:00 p.m. - 7:00 p.m., respectively. 34% of the District's residential customers take service under a TOU price plan. Including residential, commercial, and industrial loads, the District has about 53% of its retail sales load taking service under a TOU price plan. See "ELECTRIC PRICES" for further discussion of the District's TOU and M-Power® Programs.

The portfolio of initiatives referenced above, coupled with many other activities and partnerships, will help meet the District's electrical needs while continuing to address challenges facing the industry. The District remains actively engaged at the state, regional and federal level on various regulatory initiatives affecting fossil-fuel-fired power

plants. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Environmental" for further discussion. Also see "Appendix F – 2035 Sustainability Goals" for further detail.

Additionally, the District recognizes the importance of customer and community engagement. This engagement serves to increase customer satisfaction and community trust in the District. The District offers a robust set of programs and initiatives focused on customer and community support and education. These programs span areas of water conservation, pool safety, power line safety, limited income assistance programs, and support for community organizations and teachers, among others. This suite of programmatic offerings also serves to bolster the District's other sustainability objectives in the process by increasing public awareness around water and energy efficiency. The District has a long tradition of maintaining a strong focus on community engagement and continues that focus through these customer and community initiatives. A list highlighting some of these programs is included in Appendix G.

Insurance and Liability Matters

The liability exposure of electric utilities has generally increased over time as the diversity and number of claims and resulting awards has increased. Electric utility insurance needs have increased accordingly in the areas of coverage and policy limits. In general, over the long term, the commercial insurance market has not satisfied these increased needs. The commercial insurance market is highly cyclical, with cycles characterized by periods of increasing limits and coverage with lower deductibles, followed by periods of coverage and limit restrictions, higher deductibles and, in some cases, non-renewals or cancellations. As a result, several industry mutual companies have been formed to serve the coverage and limit requirements of the industry, and the District has placed a majority of its liability and directors' and officers' insurance with such mutual carriers to ensure long-term stability of its insurance programs. The District does continue to place some liability coverages in the commercial market. Additionally, in 2004 the District established SRP Captive Risk Solutions, Limited ("SRPCRS"), a wholly-owned subsidiary, to provide property insurance coverage for certain acts of terrorism as originally provided by the Federal Terrorism Risk Insurance Act of 2002 and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, 2014, and 2019. Additionally, SRPCRS is utilized to provide other coverage to the District when it can provide enhanced or more economical coverage than through the commercial insurance market.

Insurance for boiler and machinery and property risks in the past was obtained primarily from the commercial market, but a portion of that coverage has been placed with industry mutual companies when most economical. The District believes it has adequate coverage and limits, although insurer competition in the commercial market has declined in some years due to increasing utility loss experience, consolidation of insurers and declining investment income. These factors, as well as catastrophic losses such as natural disasters have periodically resulted in higher premiums and deductibles and restricted limits and coverage. The District intends to continue the use of commercial carriers to insure machinery and property risks and to expand the use of industry mutual insurance companies to the extent adequate capacity is available.

In response to incidents of vandalism at electric facilities throughout the United States, the District has taken significant security measures to protect its Electric System and other assets. In addition, insurance for crime risks including theft was obtained from the commercial market. To safeguard against potential financial losses from cyber threats, the District obtained cyber liability insurance starting in 2015. The cyber liability insurance program was obtained primarily from the commercial market, but a portion of that coverage has been placed with industry mutual companies when most economical.

Environmental Matters

General. The District's policy is to conduct its operations in compliance with all applicable federal, state, tribal, and local laws, regulations, and rules relating to the environment. The District has implemented a comprehensive compliance assurance program, including audits, to meet that goal. However, due to continued changes resulting from legislative, regulatory, and judicial actions, there is no assurance that facilities owned by the District will remain subject to the regulations currently in effect, will always be in compliance with future regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental regulations could result in additional capital expenditures for compliance, reduced operating levels, or the complete shutdown of individual electric generating units ("EGUs") not in compliance.

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Environmental" for further discussion of environmental issues.

See "THE ELECTRIC SYSTEM — Environmental Matters — *Navajo Generating Station and Four Corners Generating Station Units 4 and 5*" below for a discussion of administration of federal environmental laws by Indian tribes.

Solid and Hazardous Waste Management. Many normal activities in connection with the operation of the District generate hazardous and non-hazardous wastes. Federal, state, and local laws and regulations governing waste management impose strict liability for cleanup costs and damages resulting from hazardous substance release or contamination, regardless of time or location, on those who generate, transport, store, treat, or dispose of hazardous wastes. At any given time, various District facilities may be subject to inspection by federal, state, or local regulatory authorities to determine compliance with laws and regulations pertaining to hazardous and non-hazardous waste management, and District facilities may be included in studies of contaminated sites by federal and state regulatory authorities. The District has established a plan for managing hazardous waste to ensure compliance with applicable laws and regulations and independently assesses its facilities to determine whether there is any contamination resulting from its activities. From time to time the District and the Association receive inquiries from regulatory authorities about the status of various contaminants at the District's facilities and respond as appropriate.

Water Quality. The federal government and Arizona have extensive regulatory systems governing water quality, including permit programs for discharges to surface water and to groundwater, and superfund programs to clean up groundwater contamination. Nineteen state superfund sites and six federal superfund sites targeting contamination of groundwater are active within the greater Phoenix metropolitan area. The District has wells located in sixteen of the nineteen state superfund sites and in two of the six federal superfund sites that are threatened or impacted. The Association has agreed with other responsible parties to clean up one federal superfund site, and preliminary reports have identified one District facility as a possible source of contamination for another federal superfund site. The full impact, in terms of cost and operational problems, to the District of the reports or laws and regulations pertaining to water quality cannot be quantified at this time.

See "LITIGATION — Environmental Issues — *Superfund Sites*" for discussion of the Motorola 52nd Street Superfund site and the West Van Buren Superfund site.

See "THE DISTRICT — Irrigation and Water Supply System" above for a discussion of well remediation activities.

See "THE ELECTRIC SYSTEM — Environmental Matters — *Navajo Generating Station and Four Corners Generating Station Units 4 and 5*" below for a discussion of administration of federal environmental laws by Indian tribes.

Air Quality. Like other electric utilities and industries, the District is subject to federal, state, and local standards to control emissions to protect air quality. The District's coal-fired generating units are located in the western United States where the federal agencies place a high emphasis on preserving air quality and visibility at large national parks, monuments, wilderness areas and Indian reservations. Because many of the District's coal-fired generating stations are located in the vicinity of these federal lands, those generating stations may be subject to particularly stringent control standards. These standards substantially increase the cost of, and add to the difficulty of, operating coal-fired EGUs. In addition, many of the District's natural gas-fired generating stations are located in portions of Maricopa County designated as "nonattainment" with respect to the federal ambient air quality standards for ozone. This designation adds restrictions to the ability of the District to make changes to existing operations, or permit new operations, without meeting highly stringent emissions control requirements and offsetting air emissions increases with reductions elsewhere in the non-attainment area. The District anticipates environmental requirements regarding air emissions will continue to change substantially in the future. Legislative or regulatory mandates related to the Clean Air Act ("CAA") and climate change initiatives may result in additional requirements for reductions of emissions that are currently regulated, like sulfur dioxide ("SO_2"), nitrogen oxides ("NOx"), particulate matter ("PM"), mercury, and greenhouse gases ("GHGs"). The District continues to monitor regional climate change initiatives. The District also is aggressively pursuing strategies to develop facilities to provide renewable and low-carbon intensity generation capacity and continues to monitor legislative and regulatory developments and provide comments as appropriate.

Based on currently available information, the District cannot estimate or predict its costs to comply with any future proposals and goals but believes that such costs could be material.

See "THE ELECTRIC SYSTEM — Sustainable Resource Portfolio" and "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Environmental" for a discussion of the District's efforts to address GHG emissions.

Navajo Generating Station and Four Corners Generating Station Units 4 and 5. Certain environmental laws, including the CAA, the Clean Water Act, and the Safe Drinking Water Act, contain provisions pursuant to which Indian tribes may be treated as states for purposes of administering programs under those acts. The Navajo Nation has obtained EPA approval to administer programs under some of these laws. In general, NGS and Four Corners are regulated by EPA Region IX in San Francisco, California, and comply with applicable federal regulations. APS, as operating agent for Four Corners, entered into a Voluntary Compliance Agreement with the Navajo Nation that establishes contractual authority for the Navajo Nation to issue permits and regulate certain air emissions at Four Corners under certain rules not stricter than those of the EPA. Similarly, the Navajo Nation has contractually agreed that it will not regulate or attempt to regulate the decommissioning and remediation activities at NGS.

ELECTRIC PRICES

Under Arizona law, the District's publicly elected Board has the authority to establish electric prices. While the Articles of Incorporation of the Association provide that the Secretary of the Interior may revise electric prices, the Secretary of the Interior has never requested any revision to the District's electric prices. The District is required to follow certain procedures for public notice and to hold a special Board meeting before implementing any changes in its standard electric price plans. As described under "SECURITY FOR 2026 SERIES BONDS – Rate Covenant" above, the Resolution contains certain covenants of the District relating to pricing.

The District is a summer peaking utility, and for many years, has made an effort to balance the summer-winter load relationships through seasonal price differentials. In addition, the District prices on a time-of-day basis for large commercial and industrial, and certain residential and commercial users.

The District operates in a highly regulated environment in which it has an obligation to deliver electric service to customers within its service area. In 1998, the Arizona Electric Power Competition Act (the "Competition Act") authorized competition in the retail sale of electric generation, recovery of stranded costs, and competition in billing, metering, and meter reading.

While retail competition was available to all customers by 2001, only a few customers chose an alternative energy provider, and those customers have since returned to their incumbent utilities. At this time, there is no active retail competition within the District's service territory or, to the knowledge of the District, within the State of Arizona. On April 21, 2022, the Arizona Legislature passed H.B. 2101 which repealed the earlier statues providing for retail competition in the State of Arizona, and, on April 26, 2022, Governor Ducey signed H.B. 2101 into law.

See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY — Status of Competition in Arizona — *The Arizona Corporation Commission*" for a discussion of competition among utilities regulated by the ACC.

The District has a long history of promoting price designs that provide customers with the appropriate price signals to reduce load during peak time periods/seasons and use electricity efficiently. All residential, commercial, and industrial price plans have seasonally differentiated prices. The District has one of the largest residential Time-of-Use ("TOU") programs in the United States. With commercial and industrial loads included, the District has about 53% of its retail sales load taking service under a TOU price plan. The District also has one of the largest residential "pre-pay" programs in North America. Under this program customers pay in advance for their electricity. This program, also known as M-Power®, has had the effect of reducing electricity consumption by participating customers by approximately 12%.

The District's price plans have been unbundled since 1999. In May 2002, the District implemented a Fuel & Purchased Power Adjustment Mechanism ("FPPAM") to allow for rate adjustments to recover actual fuel and purchased power costs. The District has had both increases and decreases in the FPPAM since it was implemented (examples as shown below). FPPAM adjustments based on changes to average costs may occur twice per year (May and November). However, if the over/under-collection balance exceeds a range of $20 million, positive or negative, management may choose to propose additional adjustments, up to a maximum of one (1) per quarter.

In June 2004, the District introduced a Transmission Cost Adjustment Factor ("TCAF") to recover costs the District would incur if the District were required to participate in regional transmission organizations. To date, no costs have been incurred or recovered through the TCAF.

Through a component called the Systems Benefits Charge ("SBC"), the District recovers the costs of programs benefiting the general public, such as discounted rates for low-income customers and customers on medical life support, and for nuclear decommissioning, including the cost of spent fuel storage. SBC continues to be separately identified and included in the District's price plans for the regulated portion of its operations.

In November 2009, the District introduced an Environmental Programs Cost Adjustment Factor ("EPCAF") to recover costs incurred by the District to comply with renewable-energy, energy efficiency and climate-change related requirements imposed by mandate. The frequency of adjustments followed the same rules as FPPAM.

On March 25, 2019, the District's Board concluded a public process by approving changes and adjustments to its price plans, including an overall average annual price decrease of 2.2% beginning with the May 2019 billing cycle, which for most customers begins sometime in April. This overall decrease was comprised of a 1.7% base increase and a 3.9% FPPAM decrease.

In the same public process, the District's Board also approved the restructuring of the EPCAF component of bills. In the years since the EPCAF was established, renewable energy and energy efficiency became an integral part of the District's resource portfolio. Accordingly, the need for a separate price mechanism to collect these costs was no longer necessary; therefore, the Board approved the elimination of EPCAF as a separate, unbundled component of retail price plans. The costs of energy efficiency are now recovered in base rates through the SBC component, and expenses for all renewable PPAs are included in the FPPAM.

In addition to other approved changes and adjustments in the March 2019 public process, the District's Board approved three new price plan options for residential customers who add solar or other technologies to generate some of their energy requirements. The District structured the new E-13, E-14, and E-15 price plans and the existing E-27 price plan for distributed generation customers to be in line with what non-distributed generation customers pay for the same services. Distributed generation customers can now choose from a variety of rate options that include two demand rates and two non-demand rates. In March 2019, the Board also approved updated wholesale transmission rates to better align the District's rates with generally accepted industry practices and improve the allocation of costs between retail and wholesale transmission customers. In January 2020, the Board approved changes to the District's Open Access Transmission Tariff ("OATT") to address the District's participation in the California Independent System Operator Western Energy Imbalance Market ("WEIM"), the expansion of the network integration transmission service to include service on transmission lines outside the immediate transmission network within the Phoenix metropolitan area ("Valley Network") and the expansion of point-to-point transmission service to include paths within the Valley Network.

On February 1, 2021, the Board voted to approve an eventual overall average annual price increase of 3.9% by approving new FPPAM prices. In consideration of customers, the pandemic and overall economic environment, the proposal delayed implementation of the increased prices until November 2021. To help manage the FPPAM under collection balance of $50.1 million, the Board also approved to transfer $82.0 million to the Rate Stabilization Fund which was applied to offset the FPPAM under collection balance on April 30, 2021.

On September 12, 2022, the Board voted to approve two annual FPPAM price increases of 4.7% each, beginning November 2022 and November 2023. Additionally, the Board voted not to collect $124 million of the existing under-collected balance from customers. On March 28, 2023, the Board voted to approve an additional overall increase through FPPAM rates of 4.9% to the already approved increase of 4.7% effective November 1, 2023, for a total overall price increase of 9.6% compared to current price levels. On September 9, 2024, the Board voted to approve an annual FPPAM price increase of 3.9%, effective November 1, 2024, which will help the District fully recover its existing under-collected balance in approximately 18 months. At the end of June 2025, the District's under-collected balance was approximately $82 million. According to the Department of Energy EIA-861M Report for 12 months ending May 31, 2025, the District's electric rates remain lower than average for the Southwest.

On February 27, 2025, the Board concluded a public process by approving changes and adjustments to its price plans. Included in the approval is an overall average increase of 2.4% to annual revenues, resulting from changes that would first apply in District customers' November 2025 billing cycles. The overall increase consists of a 4.0% base price increase, offset by a 1.6% price decrease through the FPPAM.

In addition to other approved changes and adjustments, a three-tier monthly service charge based on dwelling type will apply to all residential price plans to better align with the District's fixed cost recovery. As part of these changes, the District increased bill credits and expanded eligibility under the District's Economy Price Plan for limited income customers. The District Board's approval also included two new residential price plans (E-16 and E-28) and modified time-of-use price plans for general service and large general service. These updates are intended to address shifting peak loads due to the increasing amount of solar generation added to the District's system. The District simplified its pricing sunsetting and will eventually eliminate certain existing price plans by November 2029. Modifications were made to the Transmission Cost Adjustment (TCA) to allow the District to recover the portion of transmission-related costs or charges incurred by the District that are allocated for recovery from the District's retail electric customers. Additionally, a revision to the existing E-67 price plan for certain general service and large general

service customers was implemented to ensure other customers are not burdened by the higher cost to serve these customers.

On March 26, 2026, the Board voted to approve a temporary overall FPPAM price decrease of 3%. The decrease will be effective beginning with the May 2026 billing cycle and will last through the October 2026 billing cycle. At the end of April 2026, the FPPAM balance was projected to be more than planned due to higher-than-projected retail sales and lower-then-forecast natural gas and market power costs. The temporary FPPAM price decrease will reduce customer bills and help align summer prices with the lower fuel and purchased power costs the District expects to incur.

With this approval, the District's customers still pay among the lowest electricity prices in the southwestern U.S. and the lowest rates of any major utility in the State of Arizona.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program is a multi-year forecast of all District construction expenditures and is subject to change from time to time for several reasons, including changes in projections for economic and customer growth, changes in construction costs, projects being added, deleted, deferred, or completed and changes in the period covered by the forecast. See "THE DISTRICT — Economic and Customer Growth in the District's Service Area."

The Capital Improvement Program for fiscal years 2027 through 2032 totals approximately $15.4 billion. Of this total, approximately $14.7 billion is for construction (including contingencies), $383.0 million is for capitalized administrative and general expenses and $275.4 million is for capitalized interest. In the past, the District has paid a portion of the cost of the Capital Improvement Program from internally generated funds and a portion from the proceeds of Revenue Bonds. The District anticipates funding approximately 51% of the Capital Improvement Program from Revenue Bonds, other forms of indebtedness and third-party contributions. The remainder is anticipated to be funded by internally generated funds.

The Capital Improvement Program is driven by the need to sustain the generation, transmission, and distribution systems of the District in order to meet customer electricity needs and to maintain a satisfactory level of service reliability. Of the approximately $15.4 billion Capital Improvement Program, approximately $6.4 billion is directed to generating projects. These include funding for such items as plant betterments and future generation facilities. Approximately $2.9 billion is planned for expansion of the electrical distribution system to meet future growth and to replace aging underground cable. The efforts for pole asset management, line additions and station upgrades account for part of the $1.6 billion planned expenditures for transmission.

To provide for uncertainties in construction costs (including possible schedule changes, and other factors that may affect construction costs) and to provide a scope allowance for projects that may be needed in the future but are not yet identified, the District has included a general contingency allowance in the Capital Improvement Program in addition to specific contingency allowances provided for major construction projects. No assurance is given that the estimated costs and contingency allowance will be adequate for their purposes.

The District updates its Capital Improvement Program annually in April of each year. When projected economic and customer growth changes, the District reviews its Capital Improvement Program to reflect revised demands on the Electric System. See "THE DISTRICT — Economic and Customer Growth in the District's Service Area."

Table 6 summarizes the District's fiscal year 2027 through 2032 Capital Improvement Program.

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TABLE 6 — Fiscal Year 2027 through 2032 Capital Improvement Program
($000s)

	2027	2028	2029	2030	2031	2032	Total 2027-32
Electric Construction:							
Generation	$ 654,002	$ 902,743	$ 942,531	$ 1,060,962	$ 1,603,000	$ 1,269,809	$ 6,433,047
Transmission	345,987	562,595	400,807	126,448	108,413	91,473	1,635,723
Distribution	626,277	512,144	453,564	452,924	443,000	446,369	2,934,279
Customer Systems	55,819	59,833	65,259	90,487	82,317	89,351	443,066
Operational Support	282,164	165,918	206,644	204,184	229,183	213,035	1,301,128
Subtotal – Electric Construction	1,964,250	2,203,233	2,068,806	1,935,004	2,465,913	2,110,038	12,747,244
Contingency Allowance & Risk Portfolio	64,180	53,466	154,895	398,404	682,252	622,852	1,976,049
Subtotal	2,028,430	2,256,699	2,223,702	2,333,408	3,148,164	2,732,890	14,723,293
Capitalized Administrative and General Expenses	53,757	65,845	68,016	63,487	71,224	60,668	382,997
Capitalized Interest	25,725	39,365	45,346	44,994	52,849	67,118	275,396
Total [1]	$ 2,107,912	$ 2,361,908	$ 2,337,064	$ 2,441,889	$ 3,272,237	$ 2,860,676	$ 15,381,685

[1] Totals may not add due to rounding.

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SELECTED OPERATIONAL AND FINANCIAL DATA

This Official Statement contains financial information presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and certain non-GAAP financial measures, including District Operating Expenses and Net Operating Revenues in Table 8 and Electric Revenues, Operating Expenses, and Balance Available for Corporate Purposes in Table 12. The District has developed and employs certain financial metrics that management believes are descriptive of the District's financial performance notwithstanding that such financial metrics are not consistent with GAAP and are unaudited. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to these non-GAAP financial measures. Accordingly, PricewaterhouseCoopers LLP does not express any opinion or any form of assurance with respect to such financial data.

Customers, Sales, Revenues and Expenses

Classification of Customers. The District has a diversified customer base. As of the fiscal year ending April 30, 2025, no single customer represented more than 4.0% of operating revenues. The classifications of the District's electric customers are shown in Table 7.

Unless otherwise indicated, the financial information included below pertains solely to the District and is not prepared on a combined basis consisting of the District and the Association.

TABLE 7 — 2025 Customer Accounts, Sales, and Revenues

Fiscal Year Ended April 30, 2025

	Customer Accounts	Total Sales (GWh)	%	Sales Revenue ($000)	%
Residential	1,069,185	15,306	34.7	2,089,997	46.8
Commercial and Small Industrial	103,796	13,776	31.2	1,478,553	33.1
Large Industrial	28	3,281	7.5	266,833	6.0
Mines	20	1,338	3.0	112,885	2.6
Pumps	158	22	0.1	2,454	0.1
Public/Private Lighting	9,836	149	0.3	32,887	0.7
Interdepartmental	1	90	0.2	10,238	0.2
Subtotal/Retail	1,183,024	33,962	77.0	3,993,847	89.5
Electric Utilities/Wholesale [1]	140	10,126	23.0	470,864	10.5
Total	1,183,164	44,088	100.0	$ 4,464,711	100.0

[1] The electric industry engages in an activity called "book-out" under which some energy purchases are netted against sales, and power does not actually flow in settlement of the contract. The District presents the impacts of these financially settled contracts on a net basis. Wholesale figures shown are adjusted to exclude book-outs.

As has been the case historically, residential customers accounted for customer classification with the largest energy consumption. With 1,069,185 customers as of April 30, 2025, this group serves as a solid base, bringing in approximately 46.8% of total electric revenues.

The second largest retail customer classification is the commercial and small industrial group; these customers numbered 103,796 as of April 30, 2025 compared to 102,188 as of April 30, 2024. The commercial and small industrial group represents a highly diverse customer base, which includes businesses such as newspapers, dentists, cosmetics, fast food, repair shops, schools, apartments, and grocery stores. The remaining customer categories span a wide range of customers and industries, which include manufacturers, government contractors, gas and chemical producers, agricultural interests, and municipalities.

Historical Operating Statistics. The following table shows certain historical operating statistics of the District for the most recent five fiscal years ended April 30 ($000s).

TABLE 8 — Historical Operating Statistics

	2025	2024	2023	2022	2021
SERVICE:					
Total Customers at Year-End	$ 1,183,164	$ 1,158,913	$ 1,135,989	$ 1,112,684	$ 1,093,264
Total Sales (million kWh)	44,089	41,608	37,516	38,070	41,339
Average Revenue per kWh (cents)	10.29	9.92	10.68	9.32	8.37
Retail Only:					
Sales (millions kWh)	33,963	32,050	31,386	30,327	30,786
Increase (Decrease) in Sales (%)	6.0%	2.1%	3.5%	(1.5)%	6.9%
TOTAL OPERATING REVENUES: (1)(9)	$ 4,536,261	$ 4,129,447	$ 4,008,510	$ 3,549,396	$ 3,461,184
OPERATING EXPENSES					
Fuel and Purchased Power (2)(9)	$ 1,633,629	$ 1,667,339	$ 2,241,285	$ 985,543	$ 1,087,585
Operating and Maintenance (3)	1,430,199	1,266,693	1,155,902	1,094,534	1,079,740
Sales and Payroll Taxes	59,821	51,933	46,720	45,336	43,030
Ad Valorem Taxes (4)	3,074	3,331	3,331	3,705	3,725
Total Operating Expenses (5)	3,126,723	2,989,296	3,447,238	2,129,118	2,214,080
NET OPERATING REVENUES	$ 1,409,538	$ 1,140,151	$ 561,272	$ 1,420,278	$ 1,247,104
VOLUNTARY CONTRIBUTIONS IN LIEU OF TAXES:(6)					
Expensed	$ 107,426	$ 107,613	$ 112,435	$ 125,937	$ 121,221
Capitalized	–	–	–	–	–
Total	$ 107,426	$ 107,613	$ 112,435	$ 125,937	$ 121,221
OTHER STATISTICS:					
Annual Peak (MW):					
System Requirements	8,205	8,163	7,620	7,571	7,615
Total Peak Load (7)	8,219	8,269	7,691	7,669	7,714
System Load Factor (%) (8)	47.9%	46.7%	48.6%	47.0%	47.5%
Residential Statistics:					
Annual Average Residential Customers	1,061,046	1,037,805	1,016,664	997,470	979,464
Annual Sales (million kWh)	15,306	14,651	14,657	14,022	14,868
Average Annual Usage (kWh)	14,426	14,118	14,417	14,057	15,180
Average Sales Price per kWh (cents)	13.61	12.72	11.98	11.64	11.40

(1) Includes inter-company sales and other electric revenue.

(2) Excludes charges for water for power, depreciation on generation and railroad facilities, ad valorem taxes and voluntary contributions in lieu of taxes on railroad facilities and amortization of nuclear fuel.

(3) Excludes depreciation on generation, transmission, distribution and general plant.

(4) Applies to out-of-state properties owned by the District.

(5) District operating expenses and net operating revenues as presented are not in accordance with generally accepted accounting principles ("GAAP") due to the exclusion of depreciation expense and voluntary contributions in lieu of taxes.

(6) See "SELECTED OPERATIONAL AND FINANCIAL DATA — Customers, Sales, Revenues and Expenses — *Voluntary Contributions in Lieu of Taxes.*"

(7) Includes Eastern Mining Area, embedded districts and interruptible load transactions.

(8) System load factor is the ratio of system energy requirements in kWh to the product of the system requirements times the number of hours in a year. These percentages reflect in major part the wide differential between the extreme summer cooling season and the moderate winter heating season.

(9) Total operating revenues and fuel and purchased power have been adjusted for the effects of Accounting Standards Codification Topic 815, *Derivatives and Hedging* ("ASC 815").

Voluntary Contributions in Lieu of Taxes. In accordance with permissive legislation, the District makes voluntary contributions each year to the State of Arizona, school districts, cities, counties, towns and other political subdivisions of the State of Arizona, for which property taxes are levied and within whose boundaries the District has property devoted to furnishing electric service. As a political subdivision of the State of Arizona, the District is exempt from property taxation. The amount paid is computed on the same basis as ad valorem taxes paid by a private

utility corporation with allowance for certain water-related deductions. Contributions based on the costs of construction work in progress are capitalized, and those based on plant-in-service are expensed.

See "THE ELECTRIC SYSTEM — Existing and Future Resources — *Purchased Power*" herein.

Additional Financial Matters

Short-Term Promissory Notes and Credit Agreement Borrowings. The District's Board has authorized the issuance of up to $800 million in short-term promissory notes (the "Promissory Notes"). The Promissory Notes are sold in the commercial paper market and mature no more than 270 days from the date of issuance. The Promissory Notes are issued in minimum denominations of $100,000, in bearer or registered form without coupons, and bear interest from their date at an annual interest rate not in excess of 15%. As of April 30, 2025, the District had $142.6 million of Promissory Notes outstanding, consisting of $39.9 million in Promissory Notes sold in the tax-exempt commercial paper market and $102.7 million in Promissory Notes sold in the taxable commercial paper market. As of July 31, 2025, the District no longer had any Promissory Notes outstanding.

The District has four revolving credit agreements, a $200 million revolving credit agreement with PNC Bank, National Association ("PNC Bank RCA"), a $175 million revolving credit agreement with JPMorgan Chase Bank, National Association ("JPMorgan RCA"), a $175 million revolving credit agreement with TD Bank, N.A. ("TD Bank RCA"), and a $250 million revolving credit agreement with Bank of America, N.A. ("Bank of America RCA") (collectively and as amended, the "Revolving Credit Agreements"). The Revolving Credit Agreements support any Promissory Notes outstanding. As of July 31, 2025, the District had no Promissory Notes outstanding. The PNC Bank RCA expires on June 30, 2028, the JPMorgan RCA expires on June 29, 2026, the TD Bank RCA expires on July 14, 2026, and the Bank of America RCA expires on December 9, 2025.

The District has limited the total amount of indebtedness which may be outstanding at one time under the Revolving Credit Agreements, or any agreement in substitution or replacement therefor, and in the commercial paper market to an aggregate of $800 million. However, the District can issue Promissory Notes in excess of $800 million if it obtains additional District Board authorization and liquidity/credit facilities equal to such additional Promissory Notes.

The indebtedness of the District evidenced by the Promissory Notes is, and any borrowings under the RCAs and short-term credit agreement would be, an unsecured obligation of the District payable from the general funds of the District lawfully available therefor, subject in all respects to the prior lien of U.S. Government Loans, if any, Revenue Bonds and other indebtedness of the District secured by revenues or assets of the District. No specific revenues or assets of the District are pledged to the payment of the Promissory Notes or any borrowings under the RCAs, and the Promissory Notes and such borrowings are not payable from taxes.

No Default. The District is not in default in the payment of the principal of or interest on any of its bonds, notes, or other debt obligations. The District is in compliance with all other covenants of its bonds, notes, or other debt obligations.

Management's Discussion of Operations. Operating revenues were $1.5 billion for the first quarter of fiscal year 2026 (FY26) and fiscal year 2025 (FY25). In the first quarter of FY26, retail electric revenues decreased $1.8 million, or 0.1%. Additionally, wholesale revenues decreased $18.9 million, or 15.5%, to $103.4 million. Wholesale revenues for the first quarter of FY26 included a fair value gain of $3.2 million compared to a $9.4 million fair value gain for the same period in FY25. Excluding the fair value adjustments, wholesale revenues would have been $100.2 million and $113.0 million in the first quarter of FY26 and FY25, respectively, a decrease of $12.8 million, or 11.3%, primarily due to lower average sales prices which were slightly offset by increased sales volume. The total number of customers as of July 31, 2025, was 1,186,676, an increase of 2.0% from July 31, 2024.

Operating expenses were $1.1 billion for the first quarter of FY26 and FY25, remaining consistent year over year. Fuel used in electric generation and power purchased include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value losses of $5.8 million and fair value gains of $101.9 million in the first quarter of FY26 and FY25, respectively, total operating expenses would have increased $95.7 million, or 10.0%.

Investment income, net was $126.5 million for the first quarter of FY26 compared to net income of $96.9 million for the same period in FY25. Investment income, net includes fair value gains of $112.9 million and $87.9 million in the first quarter of FY26 and FY25, respectively.

Net financing costs were $49.2 million and $42.2 million for the first quarter of FY26 and FY25, respectively. The increase is primarily due to interest on revenue bonds.

Net revenues for the first quarter of FY26 were $482.0 million, compared with net revenues of $471.3 million for the first quarter of FY25. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and investment income, net revenues would have been $371.7 million and $475.5 million for the first quarter of FY26 and FY25, respectively.

Three Months Ended July 31, 2025 and 2024.

TABLE 9 – Summary Combined Statement of Net Revenues [1]
($000's)

	2025	2024
Operating Revenues:		
Retail Electric	$ 1,320,509	$ 1,322,303
Other Electric	23,292	17,256
Wholesale	103,438	122,363
Water	6,927	6,229
Total Operating Revenues [2]	1,454,166	1,468,151
Operating Expenses:		
Purchased Power	233,232	207,662
Fuel Used in Electric Generation	245,271	326,019
Operations and Maintenance [2]	361,413	323,372
Depreciation and Amortization	177,528	159,097
Taxes and Tax Equivalents	42,178	43,476
Total Operating Expenses	1,059,622	1,059,626
Net Operating Revenues	394,544	408,525
Other (Expense) Income:		
Investment Income, net	126,484	96,890
Other Income, net	10,124	8,123
Total Other Income (Expense), net	136,608	105,013
Net Financing Costs	49,158	42,218
NET REVENUES	$ 481,994	$ 471,320

[1] The unaudited combined financial data reflect the combined net revenues of the District and the Association. This data is prepared in the same manner as the most recently audited Combined Financial Statements attached hereto as Appendix A.
[2] Inter-company transactions eliminated.

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TABLE 10 – Summary Combined Balance Sheets [1]
($000's)

	As of July 31, 2025	As of July 31, 2024
ASSETS		
Utility Plant, at Original Cost	$ 22,504,448	$ 21,086,723
Less: Accumulated Depreciation	(11,106,893)	(10,683,539)
	11,397,555	10,403,184
Other Property and Investments	2,880,122	2,495,162
CURRENT ASSETS		
Cash and Cash Equivalents	346,362	422,026
Temporary Investments	130,501	128,924
Current Portion, Segregated Funds	101,042	91,910
Receivables, Net	685,039	721,773
Fuel Stocks	139,725	127,232
Materials and Supplies	563,097	445,744
Current Commodity Derivative Assets	1,384	5,749
Other	70,306	62,195
	2,037,456	2,005,553
Deferred Charges and Other Assets	947,428	697,480
TOTAL ASSETS	$ 17,262,561	$ 15,601,379
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Long-Term Debt	$ 5,997,566	$ 5,460,079
Accumulated Net Revenues	7,494,109	6,879,467
TOTAL CAPITALIZATION	13,491,675	12,339,546
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	152,785	118,780
Accounts Payable	324,985	262,727
Accrued Taxes and Tax Equivalents	117,471	118,702
Accrued Interest	27,057	21,889
Customers' Deposits	162,579	151,289
Current Commodity Derivative Liabilities	67,375	91,535
Other	335,497	263,187
Deferred Credits and Other Non-Current Liabilities	2,583,137	2,233,724
TOTAL CAPITALIZATION AND LIABILITIES	$ 17,262,561	$ 15,601,379

[1] The unaudited combined financial data reflect the combined balance sheets of the District and the Association. This data is prepared in the same manner as the most recently audited Combined Financial Statements attached hereto as Appendix A.

Outstanding Revenue Bond Long-Term Indebtedness. As of April 30, 2026, the District had outstanding $6,241,260,000 of Revenue Bonds, excluding any unamortized bond discount/premium.

The following table shows the Revenue Bond Debt Service Requirements immediately preceding the issuance of the 2026 Series Bonds.

TABLE 11 — Total Revenue Bond Debt Service Requirements [1]

Years Ending April 30, [2]	Principal Requirements on Outstanding Revenue Bonds	Interest Requirements on Outstanding Revenue Bonds [3]	Total Debt Service Requirements
2027	160,380,000	299,610,735	459,990,735
2028	168,400,000	291,591,735	459,991,735
2029	176,818,333	283,171,735	459,990,069
2030	185,658,333	274,330,819	459,989,152
2031	194,941,667	265,047,902	459,989,569
2032	204,688,333	255,300,819	459,989,152
2033	214,660,000	245,330,902	459,990,902
2034	224,825,833	235,163,535	459,989,369
2035	235,414,583	224,574,460	459,989,044
2036	204,836,250	213,661,523	418,497,773
2037	214,295,000	204,207,102	418,502,102
2038	233,311,667	194,424,435	427,736,102
2039	243,801,667	183,933,352	427,735,019
2040	255,498,333	172,235,759	427,734,092
2041	267,718,333	160,016,857	427,735,191
2042	176,695,000	147,122,808	323,817,808
2043	199,666,667	138,338,458	338,005,125
2044	209,596,667	128,407,875	338,004,542
2045	220,021,667	117,983,242	338,004,908
2046	230,840,000	107,162,998	338,002,998
2047	241,925,000	96,078,317	338,003,317
2048	253,191,667	84,812,257	338,003,924
2049	264,683,333	73,318,372	338,001,705
2050	276,941,667	61,061,261	338,002,927
2051	173,621,667	48,309,846	221,931,513
2052	182,528,333	39,404,871	221,933,204
2053	192,046,667	29,893,338	221,940,004
2054	202,040,000	19,903,742	221,943,742
2055	179,560,000	9,426,900	188,986,900

[1] Totals may not add due to rounding.
[2] Payment amounts for Debt Service are for the years in which they accrue, not for the years in which they are paid.
[3] Interest Requirements do not reflect subsidy payments from Build America Bonds.

The following table shows the actual application of revenues and coverage of Debt Service requirements for fiscal years 2025, 2024, 2023, and 2022.

TABLE 12 — Historical Application of Revenues and Coverage of Debt Service Requirement ($000's – Unaudited)

	2025	2024	2023	2022
Electric Revenues [1][2]	$ 4,531,196	$ 4,108,634	$ 3,997,060	$ 3,556,700
Operating Expenses [2][3][4]	3,093,213	2,904,669	3,014,555	2,583,732
Revenues from Operations	1,437,983	1,203,965	982,505	972,968
Interest and Other Income (Net)	201,803	126,611	85,202	66,058
Revenues Available for Debt Service	1,639,786	1,330,576	1,067,707	1,039,026
Rate Stabilization Funds	--	--	--	--
Revenues Available for Debt Service on Revenue Bonds and Subordinated Debt	1,639,786	1,330,576	1,067,707	1,039,026
Debt Service Requirements Revenue Bonds	372,247	331,866	296,251	294,412
Debt Service Requirements Subordinated Debt	15,216	16,746	10,427	681
Total Debt Service	387,463	348,612	306,678	295,093
Revenue Bond Debt Service Coverage Ratio [5]	4.41	4.01	3.60	3.53
Total Debt Service Coverage Ratio [6]	4.23	3.82	3.48	3.52
Balance after Debt Service	1,252,323	981,964	761,029	743,933
Plus: Interest on Construction Fund	2,637	4,583	365	60
Less: Contribution in Lieu of Taxes	107,426	107,613	112,435	125,937
Less: Contributions to Water Operations	63,170	66,633	60,730	56,290
Less: Falling Water Charges [7]	7,445	8,491	7,959	5,465
Balance Available for Corporate Purposes	$ 1,076,919[8]	$ 803,810	$ 580,270	$ 556,301

[1] Includes inter-company sales.
[2] Electric Revenues and Operating Expenses do not include the effects of ASC 815, *Derivatives and Hedging*.
[3] Includes ad valorem taxes applicable to out-of-state properties owned by the District and payroll taxes. Excludes depreciation, voluntary contributions in lieu of taxes and inter-company charge for water for power and includes price increases.
[4] Operating expenses include costs on an accrual basis for post-retirement medical benefits.
[5] Figures derived by dividing line "Revenues Available for Debt Service" by line "Debt Service Requirements Revenue Bonds."
[6] Figures derived by dividing line "Revenues Available for Debt Service on Revenue Bonds and Subordinated Debt" by line "Total Debt Service."
[7] The charges by the Association for water used in hydroelectric generation.
[8] May be reconciled with combined net revenues for 2025 as follows:

($000's – Unaudited)

BALANCE AVAILABLE FOR CORPORATE PURPOSES	$ 1,076,919
Bond principal repayment	121,325
Capitalized Interest	28,481
Depreciation and amortization	(654,481)
Fuel related depreciation (reflected in fuel costs)	(3,430)
Realized Earnings on segregated post-retirement investment funds	(111,235)
Amortization of bond discount/premium, issuance, and refinancing expenses	45,591
Net Revenues before impact of fair value adjustments	503,170
Impact of fair value adjustments	100,798
COMBINED NET REVENUES	$ 603,968

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry in general has been, and in the future may be, affected by a number of factors that could impact the business affairs, financial condition and competitiveness of an electric utility and the level of utilization of generating facilities, such as those of the District.

Among others, key factors include, (i) the regulatory requirements related to the issues of climate change, (ii) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (iii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iv) changes that might result from national energy policies, (v)"self-generation" by certain industrial and commercial customers, (vi) issues relating to the ability to issue tax-exempt obligations, (vii) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (viii) changes from projected future electricity requirements, (ix) increases in costs, (x) shifts in the availability and relative costs of different fuels, (xi) effects of the financial difficulties confronting the power marketers, and (xii) costs resulting from attempts to change the way transmission providers operate. Any of these factors (as well as other factors) could affect the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The District cannot predict what effects these factors will have on its business operations and financial condition, but the effects could be significant. The following is a brief discussion of certain of these factors. However, this discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric utility industry is, and will be, available from sources in the public domain, and potential purchasers of the securities of the District, including the 2026 Series Bonds, should obtain and review such information.

The Federal Energy Regulatory Commission

FERC regulates the transmission of electricity in interstate commerce. Historically, with limited exceptions, FERC has not regulated transmission services by public power (including the District). However, the Energy Policy Act of 2005 (the "Energy Policy Act") authorizes FERC to require an unregulated transmitting utility to provide transmission services: (1) at rates comparable to those that it charges itself; and (2) on other terms and conditions comparable to those under which it provides transmission services to itself, and that are not unduly discriminatory or preferential. The Energy Policy Act explicitly prohibits FERC from requiring public power entities to take actions that would violate a private activity bond rule. To date, FERC has declined to generally implement its authority over public power entities and determined its authority would be used on a case-by-case basis.

In response to FERC's open access rules for nondiscriminatory transmission and interconnection services, the District developed a Board of Directors-approved Open Access Transmission Tariff ("OATT") that is publicly posted and sets forth the terms and conditions under which the District operates its transmission system. The District's terms and conditions for transmission and interconnection services are largely equivalent to the terms and conditions established by FERC in a pro forma tariff. By operating under its own version of a public power entity OATT that is modelled upon the FERC pro forma tariff, the District offers reciprocal service to FERC-jurisdictional public utilities which helps ensure that the District, in turn, has access to the transmission system of those public utilities.

Status of Competition in Arizona

In 1998, Arizona enacted the Competition Act, which applied to public power entities, like the District. The Competition Act authorized competition in the retail sale of electric generation, recovery of stranded costs, and competition in billing, metering, and meter reading. While retail competition was available to all customers by 2001, only a few customers chose an alternative energy provider, and those customers have since returned to their incumbent utilities. At this time, there is no active retail competition within the District's service territory or, to the knowledge of the District, within the State of Arizona. On April 26, 2022, Governor Ducey signed into law H.B. 2101, which repealed the earlier statutes providing for retail competition in the State of Arizona. The District cannot predict if retail competition may reemerge at some time in the future. See "ELECTRIC PRICES" for further discussion.

The Arizona Corporation Commission. The ACC regulates investor-owned and cooperatively-owned utilities, called public service corporations in Arizona. The Arizona Legislature, in the Competition Act, directed the ACC to adopt rules for competition similar to what the Arizona Legislature had enacted for public power entities.

In 1999, the ACC issued its rules for retail electric competition. The rules were challenged in the courts and held to be invalid. At various times since, numerous energy service providers, meter reading, and meter service providers, as well as brokers, large industrial customers and merchant power plant owners have urged the ACC to reinstate some form of retail competition, but none have been successful. In May 2013, when the ACC opened a further inquiry into retail competition and requested that interested parties provide comments on a series of ACC-issued questions, the District participated in this inquiry. On September 11, 2013, the ACC voted to close its inquiry into whether the ACC should consider deregulation of the Arizona electricity market. The ACC's action was consistent with the position advocated by the District.

In a proceeding filed in 2010, an advocacy group for the solar industry comprised of equipment manufacturers, dealers and installers, and a solar electric provider, petitioned the ACC for a determination that providers of certain solar service agreements were not public service corporations. At issue was whether such providers were public service corporations under the Arizona Constitution and, therefore, regulated by the ACC. The ACC ruled on June 30, 2010, that a solar electric provider providing service to a school, nonprofit organization or governmental entity from a solar facility constructed on the customer's premises was not subject to ACC jurisdiction as a public service corporation.

In December 2018, a docket was again opened at the ACC for possible modifications to the ACC rules for competition. The ACC staff filed their first report on possible modifications in July 2019 and held a workshop on the topic in the same month. The District participated in the workshop. Following the July workshop, Staff was directed to complete research on the outcomes in other deregulated states and the Commissioners were asked to docket any questions they may have on the matter for interested parties to respond to. On April 26, 2022, Governor Ducey signed into law H.B. 2101 which repealed the 1998 outdated and unused statutes regarding retail electric competition, effectively retaining the policy and practice of vertically integrated utilities.

Beginning in July 2012, the ACC created a buy-through program for APS, which allowed a limited number of large industrial customers to purchase generation from other providers. The ACC has modified the program over the years and has since required TEP to provide a buy-through option. TEP submitted a proposal for a buy-through program in March 2021, and the ACC approved it in December 2022. Under A.R.S. Section 30-810 which became effective September 24, 2022, public power entities such as the District were required to offer a similar buy-through program on or before January 1, 2024. As a result, the District developed a buy-through program, which was approved by the Board on September 26, 2023, and is available to a limited number of large customers.

Strengths of the District's Business Strategy. The District has several strengths with regard to its business strategy. The District has retained its existing vertically integrated infrastructure and is developing additional resources to keep up with its load growth. Its fuel sources for existing generation are diversified, and planned additions include sustainable as well as gas resources. See "THE ELECTRIC SYSTEM —Existing and Future Resources" and "THE ELECTRIC SYSTEM — Projected Peak Loads and Resources" herein.

The District has been preparing for significant changes in the utility industry for well over a decade. The District has implemented initiatives that included extensive debt refinancing, renegotiation of fuel supply agreements, implementation of numerous operating efficiencies and enhancing services provided to the District's customers. The District also has a diversified customer base and, as of the end of the fiscal year ending April 2025, no single customer provided more than 4.0% of its operating revenues. See "SELECTED OPERATIONAL AND FINANCIAL DATA — Customers, Sales, Revenues and Expenses" herein.

On April 1, 2020, the District joined the Western Energy Imbalance Market (WEIM). The WEIM is a real-time automated energy market designed to help optimize the dispatch of energy and manage variable generation resources to serve customers. The WEIM's advanced market systems automatically find the lowest-cost energy to serve real-time consumer demands of participating utilities. The WEIM enables utilities to buy and sell power more efficiently in the hour before the energy is needed, with five-minute plant dispatching, which results in improved efficiencies and cost savings.

The WEIM is operated by the California Independent System Operator (CAISO). Motivated principally by California energy policy advancements and the addition of large amounts of solar and wind to the Western grid, the WEIM seeks to provide improved generation dispatch efficiency, enhanced operational flexibility and reduced costs for participants. The WEIM is a relatively small part of the overall Western energy market. While WEIM transactions occur in five-minute increments, the vast majority of energy purchases and sales in the west occur in day-ahead, month-ahead, and longer time frames. While it is a small market when compared to the overall energy market, it can provide additional economic benefits to participants, particularly with regard to managing variable resources.

Since April 2020, the District's participation in WEIM has resulted in cost savings for customers and has allowed the District to gain significant operational experience in structured energy markets. As a result, the District has been carefully evaluating future market enhancements via an incremental approach to market evolution, particularly the establishment of a day-ahead energy market.

In November 2024, the District and other Arizona electric utilities announced their plans to join the Southwest Power Pool's (SPP) Markets+, which is a day-ahead and real-time energy market and is anticipated to span the Northwest, Southwest and Mountain West regions of the U.S. Markets+ is expected to bring enhanced reliability and savings, above current WEIM participation, to the customers of the electric utilities participating in this new market. Markets+ is anticipated to help the market participants to respond efficiently to the market price changes and regional weather events that are driving energy usage, while giving access to a larger pool of diverse generation resources. The District, along with other western entities, is anticipated to join the new market in 2027. The District will continue to participate in the WEIM until Markets+ is operational.

On November 4, 2024, the District's Board of Directors approved the District's execution of all agreements necessary for the District to participate in SPP Markets+, including the SPP Phase 2 Funding Agreement (the "Funding Agreement"). Under the Funding Agreement, the District along with the other Arizona electric utilities are obligated to contribute funds and post collateral in connection with acquiring, creating, and/or modifying the systems and processes required to implement Markets+. The Funding Agreement requires that the participants post collateral in an amount equal to such participants' funding obligation. The District's funding obligation will be based on the District's proportional share among the other participants, which is currently estimated to be approximately $20.8 million. This estimated funding obligation is subject to a reduction in the event additional participants join Markets+. The District has posted $20.8 million in collateral. Under the Funding Agreement, the District's funding obligation will be paid following the implementation of Markets+ with the initial market participants.

The District is regulated by an independent, publicly elected Board of Directors that approves its capital budgets and electric price structure. Together the Board and management have developed these various initiatives in response to the significant changes occurring in the electric utility industry. See "THE DISTRICT — Organization, Management and Employees" herein.

The District has conducted studies showing that customers with high loyalty rates are less likely to select another generation provider. Consequently, the District has implemented projects and programs geared towards enhancing "customer loyalty" by offering them a range of pricing and service options. Moreover, the District is one of the low-cost price leaders in the Southwest. See the discussion of price initiatives under "ELECTRIC PRICES." The District was recognized in 2024 by J.D. Power & Associates for scoring the highest in residential customer satisfaction among electricity providers in the West. The District has received this award 25 out of the last 26 years.

Energy Risk Management Program. The cornerstone of the District's risk management approach is its mission to serve its retail customers. This means that the District builds or acquires resources to serve retail customers, not the wholesale market. However, as a summer peaking utility, there are times during the year when the District's resources exceed its retail load, thus giving rise to wholesale activity. The District has an Energy Risk Management Program to limit exposure to risks inherent in retail and wholesale energy business operations by identifying, measuring, reporting, and managing exposure to market, credit, and operational risks. To meet the goals of the Energy Risk Management Program, the District uses various physical and financial instruments, including forward contracts, futures, swaps, and options. Certain of these activities are accounted for under ASC 815. Under ASC 815, derivative instruments are recorded in the balance sheet as either an asset or liability measured at their fair value. The standard also requires that changes in the fair value of the derivative be recognized each period in earnings or other comprehensive income depending on the purpose for using the derivative and/or its qualification, designation, and effectiveness as a hedging transaction. Many of the District's contractual agreements qualify for the normal purchases and sales exception allowed under ASC 815 and are not recorded at market value.

The Energy Risk Management Program is managed according to a policy approved by the District's Board of Directors to address market, credit, and operational risks. The program is overseen by a Risk Oversight Committee composed of senior executives. The District maintains an Energy Risk Management Department separate from the energy marketing area. The Energy Risk Management Department regularly reports to the Risk Oversight Committee.

Environmental

Electric utilities are subject to federal, state, and local environmental regulations that continually change due to legislative, regulatory, and judicial actions. There is concern by the public, the scientific community, and certain portions of the federal and state governments regarding environmental damage resulting from the use of fossil fuels. Under President Obama's administration, there were a number of regulatory initiatives that affected the electric utility industry. Changes to environmental regulations under the provisions of multiple environmental laws created certain barriers to new facility development and modifications of existing facilities. President Trump's first administration set new environmental priorities and moved forward with actions to revise key regulations put in place by the previous administration. President Biden's administration sought to reverse many of the first Trump administration's regulations, policy and guidance and to impose more stringent requirements on the power sector. Many of these actions were finalized in 2024 but are now subject to legal challenges. The second Trump administration is now reversing or modifying many of the requirements established during the Biden administration.

The District continually assesses the risk of policy initiatives on its generation assets and develops contingency plans as necessary to comply with future laws and regulations relating to low- or no- GHG energy and reducing pollutant emissions. The District cannot predict whether additional legislation or rules will be enacted that will affect the District's operations, the impact of any initiatives on the District and, if such laws or rules are enacted, what the costs to the District might be in the future because of such action.

Air Quality. Efforts to reduce emissions from fossil fuel power plants are on-going, and increase the cost of, and add to the difficulty of, siting, constructing and operating fossil fuel EGUs. As a result of legislative and regulatory initiatives, the District has made reductions in emissions of pollutants at its fossil fuel-fired power plants.

The full significance of air-quality standards and emissions-reduction initiatives to the District in terms of costs and operational impacts is difficult to predict. The cost of fossil fuel purchased by the District may increase and permit fees may increase significantly, resulting in potentially material costs to the District as well as reduced generation. The District assesses the risk of these policy initiatives on its generation assets and develops contingency plans that may include the curtailment or closure of one or more of the District's generating units. The District cannot predict the impact of such initiatives on the District at this time.

Mercury and Air Toxics Standards. On May 7, 2024, EPA published a final rule establishing revised emission standards for hazardous air pollutants ("HAPS") from coal-and oil-fired EGUs ("May 2024 Rule"). For coal-fired EGUs, the May 2024 Rule lowered the emission limit for filterable particulate matter ("fPM"), which serves as a surrogate for non-mercury HAP metals, from the current 0.030 lbs/mmBtu to 0.010 lbs/mmBtu. The May 2024 Rule requires use of continuous emissions monitoring systems ("CEMS") to demonstrate compliance with the fPM standard. Affected EGUs must comply with the revised standards and monitoring requirements by July 8, 2027. On June 17, 2025, EPA published its proposal to repeal a majority of the May 2024 Rule. Comments were due August 11, 2025.

The Electric Generators MATS Coalition ("Coalition"), of which the District is a member, and America's Power filed a petition for review of the May 2024 Rule in the U.S. Court of Appeals for the D.C. Circuit ("D.C. Circuit") on June 17, 2024, and a motion to stay the May 2024 Rule on July 8, 2024. The D.C. Circuit denied the motion to stay. The Coalition and America's Power filed an emergency application to stay the May 2024 Rule in the United States Supreme Court on August 21, 2024, which was denied on October 4, 2024. Briefing is complete in the D.C. Circuit, and oral argument was scheduled for March 27, 2025. The litigation has been held in abeyance since February 20, 2025. The District cannot predict the effects of this matter on its financial condition, net revenues, and cash flows at this time.

Regional Haze Rule. Provisions of the EPA's Regional Haze Rule require emissions controls known as Best Available Retrofit Technology ("BART") for certain coal-fired power plants and other industrial facilities that emit air pollutants that reduce visibility in Class I areas such as national parks. The District has financial interests in several coal-fired power plants that underwent BART analysis during the first planning period of the Regional Haze Rule. States were

required to submit to EPA a Regional Haze State Implementation Plan ("SIP") revision to address the rule's second planning period no later than July 31, 2021. The SIP revision is required to include measures as needed to make "reasonable progress" towards natural visibility conditions in Class I areas for the period covered by the plan—the years 2018 to 2028. Sources that underwent BART analysis during the first planning period are not exempt from making further reductions to achieve reasonable progress. On December 23, 2024, EPA proposed a rule to extend the deadline for states to submit SIPs for the third regional haze planning period (2028-2038) from July 31, 2028, to July 31, 2031. EPA indicated that the extension is needed to allow states to address the agency's pending revisions to the Regional Haze Rule.

On August 15, 2022, ADEQ submitted its *State Implementation Plan Revision: Regional Haze Program (2018-2028)* for the second planning period which determined that no additional controls were warranted for District coal-fired units. On the same date, EPA determined that the Arizona SIP Revision was complete. On May 31, 2024, EPA published a proposed rule to partially approve and partially disapprove ADEQ's SIP. The District commented on the proposed rule in July 2024. On December 18, 2024, EPA published a final rule partially disapproving portions of Arizona's SIP pertaining to the long-term strategy and reasonable progress goals ("Final Rule"). EPA concluded that (i) Arizona did not adequately justify its decision to screen out certain sources due to existing effective controls. Second, EPA explained that (ii) Arizona's analyses did not reflect the emissions rate achievable with selective catalytic reduction ("SCR") or selective non-catalytic reduction ("SNCR") and that Arizona unreasonably deviated from EPA's Cost Control Manual in assessing remaining useful life and (iii) Arizona did not adequately justify its cost-effectiveness threshold of $6,500/ton, placed undue reliance on incremental costs for certain units, and unreasonably rejected cost-effective controls due to small visibility benefits. EPA's Final Rule establishes a two-year deadline for EPA to promulgate a Federal Implementation Plan ("FIP"), unless Arizona submits, and EPA approves within that timeframe, a SIP revision that satisfies all statutory and regulatory requirements contained in the CAA. EPA also disapproved the visibility transport prong of Arizona's infrastructure SIP submittals for the 2012 annual $PM_{2.5}$ and 2015 ozone NAAQS, stating that Arizona cannot rely on a previously approved regional haze SIP to fulfill the visibility requirements for these NAAQS because the State lacks an approved SIP for the regional haze first and second planning periods.

On February 14, 2025, the District and TEP jointly filed a Petition for Review of the Final Rule in the United States Court of Appeals for the Ninth Circuit and an administrative Petition for Reconsideration of the Final Rule with EPA. On March 20, 2025, the Ninth Circuit issued an order staying the briefing schedule. On July 15, 2025, EPA granted the District and TEP's Petition for Reconsideration. The District cannot predict the effects of this rule on its financial condition, net revenues, and cash flows at this time.

Coronado Generating Station. CGS is subject to source-specific terms under the Arizona Regional Haze SIP. The CGS SIP revision consists of an interim operating strategy that is in effect from December 5, 2017 to December 31, 2025, and a final operating strategy that would take effect on January 1, 2026. The interim operating strategy requires CGS to curtail Unit 1 for various periods during certain winter months. The District has proceeded with a final operating strategy to install SCR on Unit 1. The new Unit 1 SCR includes components that are currently part of the SCR system for Unit 2. Each Unit now has a separate, dedicated SCR system. The District couples SCR operations on both units with continued seasonal curtailments of CGS' operations. On June 24, 2025, the District's Board of Directors approved converting the existing coal-fired boilers at CGS to run on natural gas. The natural gas conversion is planned for completion by late 2029.

EPA Greenhouse Gas Emissions Regulations. The District recognizes the importance of the issues concerning climate change (global warming) and the potential implications they could have on its operations. The District closely monitors climate change and other legislative and regulatory developments at the federal, state, and regional levels. Implementation of caps, taxes, or standards on emissions of GHG or other air pollutants from fossil fuel power plants would substantially increase the cost of, and add to the difficulty of siting, constructing, and operating EGUs.

In addition, the District is unable to predict the impact of climate change more generally on the District and its operations and markets. However, such impact may include, for example, effects on the District's operations directly or indirectly through customers or the District's supply chain, increased capital expenditures, costs to purchase or profits from sales of allowances or credits under a "cap-and-trade" system, increased raw material and equipment costs, increased insurance premiums and deductibles as new actuarial tables are developed to reshape coverage, a change in competitive position relative to industry peers and changes to profit or loss arising from increased or decreased demand for the District's production, changes in human population patterns, and potential physical impacts such as changes in rainfall patterns, shortages of water or other natural resources, changing surface water and groundwater levels, changing storm patterns and intensities, and changing temperature levels.

The District has already taken significant and material action to reduce its carbon emissions intensity. In 2004, the District Board directed management to enhance its resource portfolio by adding significant amounts of renewable energy and other sustainable resources through the development of the Sustainable Portfolio Plan ("SPP"). The SPP has matured and intensified over the years, and the most recent revision to the SPP, approved by the District's Board in 2011, required the District to meet 20% of its expected retail energy requirements with sustainable (zero carbon) resources by 2020. The SPP commitment was fulfilled and completed as of April 30, 2020. In 2017, the District's Board approved SRP 2035 Sustainability Goals, a new suite of sustainability goals that included commitments to, steadily and meaningfully, decrease the District's carbon emissions intensity over time from generation resources, operations, transportation, and other initiatives. More specifically, the District set goals to reduce carbon emissions intensity (expressed as pounds of CO_2 per megawatt-hour) from generation resources by 33% and reduce CO_2 from the District's facilities and generation fleet by 30% on a mass basis. In 2018, the District initiated a robust community stakeholder process to review the sustainability goals, which resulted in the District's Board approval in June 2019 of revised goals, including more aggressive measures to decrease CO_2 emissions from generation operations. Under the revised goals, the District will reduce carbon emissions intensity from generation by 65% from 2005 levels by 2035, and by 90% by fiscal year 2050.

On October 2, 2023, the District's Board approved an Integrated System Plan ("ISP") which included a set of power system strategies to be implemented between 2025 and 2035. The ISP was developed as part of a two-year planning process that incorporated perspectives from a variety of District stakeholders such as Arizona businesses, universities, environmental organizations, nonprofits, and residential customers. Previous planning processes utilized by the District mainly considered the power resources that would be needed in the future. The ISP is a holistic roadmap for the District's future power system that factors in evolving customer energy needs while achieving the SRP 2035 Sustainability Goals.

EPA Carbon Regulations for Existing EGUs. On May 9, 2024, EPA published a final rule ("Section 111 GHG Rule") regulating GHGs from EGUs. This rule sets forth New Source Performance Standards ("NSPS") for new, modified, and reconstructed stationary combustion turbine EGUs and emissions guidelines for existing coal- and oil/gas-fired steam generating EGUs. The rule establishes distinct "best systems of emissions reduction" ("BSER") and standards of performance for affected units for defined subcategories. The standards for each subcategory are based on developing and established technologies, including carbon capture and sequestration ("CCS") and natural gas co-firing. For some subcategories, BSER is implemented in phases to accommodate anticipated availability of developing control technologies.

On June 17, 2025, EPA published a proposal to repeal all GHG standards applicable to EGUs or, as a secondary alternative, to revise the Section 111 GHG Rule to repeal all the GHG requirements applicable to existing coal, natural gas and oil-fired EGUs for fossil-fuel-fired power plants. The secondary alternative also proposes to repeal portions of the standards applicable to new stationary combustion turbines, notably the requirement to install CCS for baseload units that operate above a 40 percent capacity factor. The secondary alternative proposes to retain GHG performance standards for new -fossil-fuel fired stationary combustion turbines with utilization below a 40 percent capacity factor. Comments were due August 7, 2025. The District is monitoring this activity and cannot predict the outcome at this time.

Several petitions for review of the Section 111 GHG Rule were filed in the D.C. Circuit Court and have been consolidated into *West Virginia v EPA,* Case No. 24-1120. Various motions to stay the Section 111 GHG Rule were filed and denied. A number of petitioners filed emergency stay applications in the U.S. Supreme Court after the D.C. Circuit Court denied their motions to stay. The U.S. Supreme Court denied the emergency stay applications on October 16, 2024. Oral argument was held on December 6, 2024. On April 25, 2025, the D.C. Circuit Court granted EPA's second motion to hold this case in abeyance. The District is monitoring this activity and cannot predict the outcome at this time.

Ozone National Ambient Air Quality Standards. Pursuant to the CAA, EPA is required to review and, if appropriate and necessary, revise each of the established National Ambient Air Quality Standards ("NAAQS") at five-year intervals. On October 1, 2015, EPA finalized NAAQS and lowered both the primary and secondary ozone standard from the 2008 limit of 75 parts per billion ("ppb") down to 70 ppb based on an 8-hour average. In September 2018, Arizona submitted its SIP for the 2015 ozone NAAQS to EPA.

In October 2021, EPA indicated that it would reconsider its 2020 decision to retain the 2015 ozone standard. On August 21, 2023, EPA announced that it will no longer pursue reconsideration of the 2020 decision and instead will

initiate a new review of the ozone NAAQS. In response to this announcement, certain state and municipal petitioners have asked the D.C. Circuit Court to lift the current abeyance over challenges to the 2020 standard. On February 2, 2024, the Court granted EPA's request to remand without vacatur, the 2020 ozone NAAQS rule. EPA states that the voluntary remand will allow EPA to focus its resources on addressing the "significant issues" raised by the Clean Air Scientific Advisory Committee ("CASAC").

With respect to the 2015 standard, EPA published a notice in the June 4, 2018, *Federal Register* designating parts of Gila, Maricopa, Pinal, and Yuma Counties in Arizona as "marginal", nonattainment areas. On September 16, 2022, EPA issued a final rule determining that the Yuma area attained the 2015 ozone standard by August 3, 2021. In the same rule, EPA determined that Maricopa County and portions of Pinal and Gila Counties, collectively called the Phoenix-Mesa nonattainment area, failed to attain the 2015 ozone NAAQS by the attainment date of August 3, 2021, and reclassified the Phoenix-Mesa nonattainment area from marginal to moderate for the 2015 ozone pollution standard.

After the effective date of a final nonattainment designation, no permit may be issued for a new stationary source, or for a project at an existing stationary source in a nonattainment area, except in conformance with applicable Nonattainment New Source Review ("NNSR") requirements. The Phoenix-Mesa nonattainment area was required to attain the 2015 standard no later than August 3, 2024. It was expected that EPA would issue a reclassification of the nonattainment area from moderate to serious as early as February 2025. On April 7, 2025, EPA announced it was rescinding its Guidance on the Preparation of Clean Air Act Section (CAA) 179b Demonstrations for Nonattainment Areas Affected by International Transport of Emissions. According to EPA, this guidance made it unnecessarily difficult for states to demonstrate that foreign air pollution is harming Americans within their borders. Following the rescission of the guidance, EPA intends to work with state and local air agencies, like Arizona, to develop the evidence necessary to grant regulatory relief under CAA Section 179b. On April 8, 2025, the Center for Biological Diversity (CBD) and Center for Environmental Health (CEH) filed a complaint, alleging EPA missed a CAA deadline to determine if the Phoenix-Mesa nonattainment area failed to meet the 2015 NAAQS standards.

On December 5, 2022, EPA proposed to partially approve and partially disapprove the SIP for the implementation, maintenance, and enforcement of the 2015 ozone NAAQS submitted by the State of Arizona. EPA proposes to determine that the Arizona SIP remains deficient with respect to Prevention of Significant Deterioration ("PSD") permitting for certain pollutants in certain areas of Arizona. The comment period ended on January 4, 2023. If finalized, these partial disapprovals would not result in any offset or highway sanctions. Arizona needs to modify its SIP to address the required controls necessary to achieve the 70 ppb standard. On September 29, 2023, Sierra Club filed a complaint alleging EPA failed to issue findings that 11 states, including Arizona, did not submit revised nonattainment area SIPs for the 2015 ozone NAAQS by January 1, 2023. On October 18, 2023, EPA published a final action finding that the 11 states, including Arizona, failed to submit SIP revisions by January 1, 2023. This final action triggered a two-year deadline for EPA to issue federal implementation plans for each state that does not submit and receive EPA approval for an acceptable SIP revision addressing the outstanding requirements.

On February 16, 2024, EPA published a proposed rule partially disapproving infrastructure SIP submissions for five states, including Arizona, and expanding the existing Good Neighbor Federal Implementation Plan ("Good Neighbor Plan")* to apply to these states ("Proposed Supplemental Rule"). Under the Proposed Supplemental Rule, power plants and other industries in Arizona would be subject to additional emission control requirements, emission monitoring and reporting, and power plants would also be subject to a NOx emission ozone season trading program that will be applicable between May 1 and September 30 each year, beginning in 2025. The trading requirements

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* Before issuing the Good Neighbor Plan, in February 2023, EPA determined that 23 states contributed significantly to the nonattainment or interfered with maintenance of the 2015 ozone NAAQS in another state and disapproved SIPs for 21 states. On June 5, 2023, EPA promulgated the Good Neighbor Plan, which originally applied to 23 states in total: Alabama, Arkansas, California, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Texas, Utah, Virginia, West Virginia, and Wisconsin. Twenty-two of those states are part of the electric generating unit (EGU) trading program. After challenging the SIP disapproval in court, 12 states obtained judicial stays of the SIP disapproval, the prerequisite for implementing the Good Neighbor Plan (the Federal Implementation Plan). EPA subsequently issued an interim rule staying the Good Neighbor Plan in the 12 states whose SIP disapproval were judicially stayed. On November 6, 2024, EPA published an interim final rule staying the entire Good Neighbor Plan pending resolution of the D.C. Circuit litigation and regional court challenges of both the SIP denials and the Good Neighbor Plan.

would apply to all fossil generation with nameplate capacity in excess of 25MW. The allocation of emission allowances would decrease over a five-year period by fixed amounts before transitioning to dynamic budgeting in 2030. On December 19, 2024, EPA withdrew from Office of Management and Budget review its rule to take final action on the infrastructure SIP submission for Arizona and the other four states included in the Proposed Supplemental Rule. It is unknown at this time when EPA will take further action on the Arizona SIP.

The Good Neighbor Plan was challenged by various states and industry parties in August 2023. On June 27, 2024, the Supreme Court granted a motion to stay the Good Neighbor Plan until the D.C. Circuit makes its decision on the merits of the rule. EPA requested, and the D.C. Circuit granted, its request for partial remand of the Good Neighbor FIP so that it can take supplemental action to address the record deficiency identified by the Supreme Court. On December 10, 2024, EPA published its supplemental response to comments on the Good Neighbor Plan stating that the Good Neighbor Plan applies on a "state-by-state basis," regardless of the total number of states included in the trading program. According to EPA, the Good Neighbor Plan is "expressly designed" to allow for the addition or removal of states, since states have the opportunity to replace the Good Neighbor Plan with a SIP and since EPA may not, as a practical matter, be able to act on all SIP submissions at the same time. On July 14, 2025, the parties filed a status report with the D.C. Circuit Court stating that EPA intends to continue its reconsideration of the Good Neighbor Plan and will continue to provide 90 day status reports. The District continues to monitor activity related to the 2015 ozone standard and cannot predict the outcome at this time.

$PM_{2.5}$ National Ambient Air Quality Standards. On January 6, 2023, EPA announced a proposed decision to revise the primary annual $PM_{2.5}$ standard from its current level of 12.0 μg/m3 to within the range of 9.0 to 10.0 μg/m3. EPA is not proposing to change the secondary annual $PM_{2.5}$ standard, the primary and secondary 24-hour $PM_{2.5}$ standards, or primary and secondary PM_{10} standards. EPA issued a final rule on February 7, 2024, that sets the primary NAAQS for $PM_{2.5}$ at 9 μg/m3. On March 6, 2024, twenty-four (24) states filed a Petition for Review in the D.C. Circuit alleging EPA lacked authority to revisit the Trump-era standard and also seeking to force costs considerations into all reviews of such standards. Oral argument was heard on December 16, 2024. This change to the primary annual $PM_{2.5}$ standard could result in additional areas within Arizona being designated as nonattainment with NAAQS. The State of Arizona has one year to submit recommendations to EPA as to whether or not each state is attaining $PM_{2.5}$ and PM_{10} standards. On August 13, 2025, EPA requested that this case continue to be held in abeyance for forty-five (45) days. EPA expects to sign a proposed rule in the Fall of 2025. The District cannot predict the impact of this standard on its operations or finances at this time.

On July 21, 2023, EPA published a determination that the West Pinal County failed to attain the 1987 24-hour PM_{10} NAAQS by the Serious area attainment date of December 31, 2022. As a result of the determination, Arizona is required to revise its SIP and implement measures that provide for annual reduction in the emissions of direct PM_{10} or a PM_{10} precursor pollutant within the area of not less than five percent until attainment. The determination reduces the threshold at which EPA's new source review requirements are triggered from 100 tons per year ("TPY") to 70 TPY. The District is monitoring this activity and cannot predict the outcome.

Solid and Hazardous Waste Management. The District disposes of coal combustion residuals ("CCRs"), such as fly ash, bottom ash and flue gas desulfurization ("FGD") sludge at CGS in a dry landfill and a wet surface impoundment. At NGS, disposal of CCRs was limited to a dry ash landfill; the District will close this facility as part of the NGS decommissioning process. The District also owns interests in joint participation plants, such as Four Corners, Craig Generating Station, Hayden Generating Station and Springerville Generating Station ("SGS"), which dispose of CCRs in dry storage areas and in wet surface impoundments.

On October 19, 2015, federal criteria for management of CCRs as solid non-hazardous waste ("CCR rule") became effective. The CCR rule is self-implementing and generally requires CCR disposal units to meet certain performance criteria. Units that do not meet the criteria must stop receiving CCRs and either retrofit to attain compliance or close. Costs to comply with this rule include costs for new groundwater monitoring wells, compliance monitoring and the eventual closure of residual ponds and storage areas.

On November 12, 2020, EPA finalized a second rule entitled *Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals from Electric Utilities; A Holistic Approach to Closure Part B: Alternate Demonstrations for Unlined Surface Impoundments; Implementation of Closure* ("Part B rule"). The Part B rule establishes procedures to allow a limited number of facilities to continue using alternate liners at existing CCR surface impoundments.

On November 25, 2020, the District submitted an application under the provisions of the Part B rule to make an alternate liner demonstration for the CGS wet surface impoundment. The District submitted its alternate liner demonstration on November 30, 2021. On January 11, 2022, EPA notified the District that its application had been deemed complete. Under the Part B rule, the submission of a complete application tolls the April 11, 2021 cease receipt of waste deadline.

On January 15, 2025, EPA issued an order denying the District's Part B application ("Part B Order"). The Part B Order required the District to cease using the CGS wet surface impoundment by May 30, 2025, or such later date as EPA determines is necessary to address grid reliability. CGS cannot continue to operate unless it has alternate disposal capacity for the waste streams currently managed in the CGS wet surface impoundment. In 2023, the District estimated it will cost $82 million dollars to construct alternate disposal capacity.

On March 13, 2025, the District asked for an extension of the May 30, 2025 deadline to address resource adequacy and grid reliability issues likely to result from the forced closure of CGS during the Summer 2025. On March 20, 2025, EPA granted the District's request and extended the cease receipt of waste deadline until September 30, 2026.

Despite the deadline extension, the District believes EPA's decision to deny the District's Part B application is arbitrary and capricious and not otherwise in accordance with law. On April 25, 2025, the District formally asked EPA to rescind the Part B Order. The District cannot predict the outcome at this time.

Navajo Generating Station ("NGS"). NGS was a 2,250 megawatt coal-fired power plant located within the boundaries of the Navajo Nation in Coconino County, near Page, Arizona. The plant ceased operation on November 18, 2019. The power plant is owned by the District as well as several other non-tribal entities. The District, as the Operating Agent for NGS, is charged with managing the former operations, maintenance, closure and post-closure compliance obligations of NGS. Each of the plant's co-owners had rights to power generation output from NGS when it was operating and continues to have obligations for decommissioning costs, including costs for managing the plant's CCRs. The District implemented closure actions for NGS in compliance with EPA's current CCR regulations.

On May 8, 2024, EPA promulgated a rule that would extend the federal CCR regulations to two new types of units: (1) inactive CCR surface impoundments at inactive facilities (called legacy surface impoundments); and (2) coal combustion residual management units ("CCRMUs"). A CCRMU is any area of land on which any non-containerized accumulation of CCR is received, is placed, or is otherwise managed that is not currently regulated as a new or existing landfill or surface impoundment under the existing CCR regulations. Under the proposed rule, active facilities with CCRMUs containing more than 1,000 tons of CCR must comply with the CCR Rule's groundwater monitoring, corrective action, closure, and post-closure requirements.

Prior to 2015, the District beneficially reused CCR material in several areas or applications at NGS. While the District believes EPA's rule is unlawful as applied to CCR material beneficially used onsite, if EPA's rule is upheld, the District will need to undertake additional monitoring and closure activities at NGS. The District estimates that the total cost for the NGS owners to comply with the proposed rule would be approximately $106 million and the District's pro rata share would be approximately $24 million. The rule became effective on November 8, 2024. Several groups have filed suit in the D.C. Circuit Court, including USWAG, of which the District is a member. The challengers allege the rule exceeds EPA's statutory authority, is an abuse of discretion or not in accordance with law. On June 13, 2025, the D.C. Circuit Court granted EPA's second motion to hold the case in abeyance to allow for EPA's reconsideration of the rule, in whole or in part to August 11, 2025. The District is monitoring this litigation and cannot predict the outcome at this time.

The rules addressing unlined wet surface impoundments also impact operations at Four Corners. The CCR impoundments at Four Corners were anticipated to require closure under the CCR rules, and, accordingly, the operator of Four Corners has been implementing wet-waste reduction strategies and alternative CCR management practices and moving forward with construction of CCR surface impoundments that meet CCR rule criteria.

Water Quality. The United States and the State of Arizona have superfund programs to govern clean-up of groundwater contamination. Nineteen state superfund sites and six federal superfund sites targeting contamination are active within the greater Phoenix metropolitan area. Due to the nature of its business, from time to time, the District is involved in various state and federal superfund matters. The District has wells that are threatened or impacted by groundwater contamination located in sixteen of the nineteen state superfund sites and in two of the six federal superfund

sites. The Association has agreed with other responsible parties to clean up one federal superfund site, and one District facility has been identified as a possible source of contamination for another federal superfund site. The full impact to the District, in terms of cost and operational impacts, of laws and regulations pertaining to clean-up of contamination cannot be quantified at this time, but the District believes it has recorded adequate reserves as part of its environmental reserves to cover its related obligations.

Per- and Polyfluoroalkyl Substances ("PFAS"). When necessary, the District supplements surface water from its Salt River and Verde River reservoirs with groundwater pumped from its extensive network of 270 groundwater wells. In cooperation with municipal and other partners, the District also operates and maintains two underground storage facilities and one groundwater savings facility. Effluent from municipal water treatment plants is recharged into underlying aquifers through the District's underground storage facilities.

PFAS are a group of environmentally persistent, widespread man-made chemicals used in industrial applications and commercial household products that have received attention as emerging contaminants of concern in the environment. On June 15, 2022, EPA issued interim updated drinking water health advisories for perfluorooctanoic acid ("PFOA") and perfluoro octane sulfonic acid ("PFOS"). The updated health advisories indicate that some negative health effects may occur with concentrations in drinking water above 0.004 parts per trillion ("ppt") for PFOA and 0.02 ppt for PFOS. EPA's health advisories are non-enforceable and non-regulatory.

On April 10, 2024, EPA promulgated the final National Primary Drinking Water Regulation ("NPDWR") under the Safe Drinking Water Act ("SDWA") for six PFAS. The rule establishes legally enforceable maximum contaminant levels for the PFAS substances identified in the rule. The limits would require public water systems to monitor for these chemicals and subsequently notify the public and reduce the levels of these PFAS compounds if levels exceed the regulatory standards. In addition, these standards are likely to be taken into account in establishing cleanup levels at contaminated sites and may be incorporated into applicable state water quality standards. On May 8, 2024, EPA designated PFOA and PFOS, including their salts and structural isomers, as CERCLA (Comprehensive Environmental Response Compensation and Liability Act) hazardous substances. On May 14, 2025, EPA announced the agency intends to keep the NPDWR for PFOA and PFOS but rescind the NPDWR for the other four PFAS.

There are no state regulatory limits for PFAS in Arizona. The District is monitoring the regulatory developments regarding PFAS and may incur increased capital expenditures and maintenance costs as a result thereof. The District cannot predict the outcome of this matter or its effects on the District's financial condition, net revenues, and cash flows at this time.

Hydropower Operations. The District contracts with the United States for hydropower generated from the Colorado River reservoirs operated by the U.S. Bureau of Reclamation, including Glen Canyon and Hoover Dams. Hydrogeneration at those facilities is impacted by the Colorado River water supply and operating parameters, including water storage and deliveries through the various hydropower units to Lower Colorado River Basin water users. These resources are important to the District's power portfolio, as they can be rapidly dispatched to assist in balancing the electrical transmission grid. The production capabilities of these resources will be impacted by current negotiations over the post-2026 operating guidelines for the reservoir system, particularly related to management contingencies for lower watershed yields due to increasing average temperatures. In addition, the Bureau of Reclamation issued a Record of Decision on July 3, 2024, to address two issues related to Glen Canyon Dam operations, including (1) responding to the threat of smallmouth bass proliferation below the dam and their impact on endangered species, and (2) incorporating the latest sediment science to assess when to conduct high-flow experiments. The District expects these operational items will impact dam operations, including less water moving through the hydropower generators. Although these items will impact the hydropower resources the District can deploy to meet its power demands, the District does not anticipate material impacts to its power operations.

Endangered Species. Several species listed as threatened or endangered under the Endangered Species Act ("ESA") have been discovered in and around reservoirs on the Salt and Verde Rivers, as well as C.C. Cragin Reservoir operated by the District. Potential ESA issues also exist along the Little Colorado River in the vicinity of the Coronado and Springerville Generating Stations. The District obtained Incidental Take Permits ("ITPs") from the United States Fish and Wildlife Service ("USFWS"), which allow full operation of Roosevelt Dam on the Salt River and Horseshoe and Bartlett Dams on the Verde River. The ITPs and associated Habitat Conservation Plans ("HCPs") identify the obligations the District must undertake to comply with the ESA, such as mitigation and wildlife monitoring. The District has established trust funds to pay mitigation and monitoring expenses related to the

implementation of both the Roosevelt HCP and Horseshoe-Bartlett HCP and believes it has recorded adequate reserves as a part of its environmental reserves to cover its related obligations.

The District obtained an amendment to the Roosevelt ITP on March 22, 2024, to cover impacts to the Northern Mexican Garter snake ("NMGS"), which was listed as a threatened species in 2014. The NMGS amendment requires the District to add to the Roosevelt Dam trust account sufficient funds to implement the required mitigation by March 2029.

On December 12, 2024, USFWS published a proposed rule to list the monarch butterfly as a threatened species under section 4(d) of the ESA, which allows for certain activities to be exempted by rule from the prohibition of take. The listing would prohibit some activities that take monarchs or harm occupied habitat. The proposal includes exceptions for routine ranching and farming activities on existing cultivated areas, fire management practices, and vegetation management activities, such as mowing, ground disturbance, and other management activities, that remove milkweed or nectar plants when conducted at times of year when monarchs are not likely present. In the rule the USFWS also asked for comments regarding additional exceptions for direct impacts from transportation and energy infrastructure, including mortality from collisions with wind turbines. Comments were due by March 12, 2025. Listing of this species may have implications for construction and maintenance activities along the District's power line corridors or reservoir operations. If the species is listed, the District's potential for "take" liability would be assessed to determine if ESA coverage may be required under ESA Section 7 for federal rights-of-way or Section 10 ITPs for non-federal rights-of-way or reservoir operation activities. The District is monitoring this activity, assessing monarch butterfly habitat within the District's transmission and distribution and reservoir system, and cannot predict the outcome at this time.

Wildfire Risk & Liability

The District owns and operates a significant number of miles of high voltage electric transmission lines which are located outside of the Phoenix metropolitan area and are in areas of desert brush and/or forest. Some of these areas are prone to wildfires, which in turn creates potential risk to the District's transmission lines in the event of a wildfire and creates risk to the desert brush and/or forest to the extent there were to be a failure in the District's transmission lines that could initiate a wildfire. The District also operates some lower voltage distribution lines, 69kV and lower, in a part of its retail service area, with less than 5,000 retail customers impacted. The District has a robust process in place to mitigate such risk associated with wildfires, including vegetation management, a Board approved Public Safety Power Shutoff ("PSPS") for the limited retail service area impacted and a re-closing process that prevents de-energized lines from becoming re-energized. In the event of any loss or liability arising from a wildfire alleged to have been caused by the District's facilities, the District maintains sufficient insurance coverage to reasonably address potential loss or liability. Unlike the State of California, the State of Arizona has not adopted strict liability as to utilities and has not extended or applied inverse condemnation in the context of wildfire litigation, and thus, the potential liability risk and exposure is significantly less in the State of Arizona than in the State of California.

On May 12, 2025, Governor Hobbs signed into law HB2201 which limits the liability exposure of public power entities to claims or damages arising from wildfires and requires public power entities to prepare and submit a wildfire mitigation plan to both its governing body and the Arizona State Forester for review and approval. HB2201 establishes the exclusive means of recovery and expressly provides that compliance with an approved wildfire mitigation plan is deemed to meet the standard of care for a reasonably prudent public power entity such that any party asserting a negligence claim must establish that a failure to comply was a proximate cause of damages unless the entity has engaged in willful, intentional or reckless misconduct. In addition, HB2201 precludes any inverse condemnation claims arising from wildfires and precludes the apportionment of fault for ignition sources and vegetation wildfire risks outside the public power entity's control, right of way or access. The law became effective on September 26, 2025.

Cybersecurity

The District operates an enterprise cybersecurity program to manage cyber risk. This program is overseen by a Board appointed oversight committee that includes key executives from the Chief Executive Officer's staff. The District has a dedicated cybersecurity team that reports directly to the Chief Financial Executive.

The District handles a variety of confidential business and customer information in the regular course of its business. In the event there is a security breach of the District's information technology systems such as theft or the unauthorized release of certain types of information, including confidential or proprietary customer, employee, financial or system

operating information, it may have a material adverse impact on the District's reputation, operating results, cash flows or financial condition. The District operates in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. Despite implementation of security measures, the District's technology systems could be vulnerable to disability, failures, or unauthorized access. The District's electric system facilities including, without limitation, its generation, transmission and distribution facilities, information technology systems and other infrastructure facilities and systems and physical assets could be targets of such unauthorized access. Failures or breaches of the District's systems could impact the reliability of the District's generation, transmission and distribution systems and also subject the District to financial harm. If the District's technology systems were to fail or be breached and if the District was unable to recover in a timely way, the District may not be able to fulfill critical business functions and sensitive confidential information could be compromised, which could have a material adverse impact on the District's reputation, operating results, cash flows or financial condition.

The District has experienced, and expects to continue to experience, threats and attempted intrusions to the District's information technology systems, and the District could experience such threats and attempted intrusions to the District's operational control systems. While the implementation of additional security measures provides additional layers of protection, such measures could also increase costs and could have a material adverse impact on the District's financial results. The District has obtained cyber insurance to provide coverage for a portion of the losses and damages that may result from a security breach of the District's information technology systems, but such insurance may not cover the total loss or damage caused by a breach. These types of events could also require significant management attention and resources, and could adversely affect the District's reputation with customers and the public.

The District is subject to laws and rules issued by multiple government and regulatory agencies concerning safeguarding and maintaining the confidentiality of the District's security, as well as customer and business information. The North American Electric Reliability Corporation ("NERC") has issued comprehensive regulations and standards surrounding the security of bulk power systems, and regularly issues updated and additional requirements with which the electric utility industry must comply. The increasing promulgation of NERC rules and standards will increase the District's compliance costs and the District's exposure to the potential risk of violations of the standards, which includes potential financial penalties.

Nuclear Plant Matters

Under the Nuclear Waste Policy Act of 1982, the District was required to pay $0.001 per kilowatt-hour on its share of net energy generation at PVNGS to the U.S. Department of Energy ("DOE") through April 30, 2015. However, to date, for various reasons, the DOE has not constructed a site for the storage of spent nuclear fuel. Accordingly, APS, the operating agent for PVNGS, has constructed an on-site dry cask storage facility to receive and store PVNGS spent fuel. PVNGS has sufficient capacity at its on-site spent fuel storage installation to store all nuclear spent fuel until December 2027, the end of its first operating license period, and a portion of the spent fuel during the period of extended operation, ending in December 2047. Potentially, and depending on how the NRC rules on the future unloading of spent fuel pools, PVNGS could use high-capacity storage casks to store the balance of any fuel spent during the extended license period. As a result of the DOE not constructing a storage site for the spent nuclear fuel, the DOE has made payments to nuclear facilities to reimburse a portion of the costs that have been incurred for fuel storage to date. The District received reimbursements $2.1 million for FY21, $2.1 million for FY22, $2.5 million for FY23, $3.4 million for FY24, and $3.5 million for FY25. Effective May 15, 2014, the per kilowatt-hour charge on energy generation at PVNGS was reduced to zero. A similar charge could be reinstated in the future.

The NRC has adopted decommissioning rules which require reactor operators to certify that sufficient funds will be available for decommissioning the contaminated portion of nuclear plants in the form of prepayments or external sinking funds, either of which must be segregated from the licensee's assets and outside its administrative control, or by the surety of insurance payable to a trust established for decommissioning costs. The District is collecting funds through its price plans to decommission its share of PVNGS Units 1, 2 and 3. In February 2011, PVNGS received approval for a 20-year operating license renewal from the NRC. As a result, the projected shutdown of PVNGS has been moved from 2024 to 2047. The District projects that it will accumulate $415 million in 2015 dollars over the life of PVNGS for this purpose. The decommissioning funds are maintained in an external trust in compliance with NRC regulations. The District anticipates being able to continue to collect decommissioning funds in a competitive generation market. As part of the District's purchase of a portion of PNM's interest in PVNGS, PNM has agreed to retain the decommissioning liability relating to the ownership interest formerly held by PNM.

In March 2017, Westinghouse Electric Co. ("Westinghouse"), a subsidiary of Toshiba Corp., filed for bankruptcy protection in federal bankruptcy court for the Southern District of New York. Westinghouse is the only supplier,

approved by the NRC, of manufactured fuel rod assemblies to PVNGS. Had Westinghouse failed to perform while in bankruptcy, there is a risk that one or more units at PVNGS may be shut down due to a fuel supply interruption. Westinghouse emerged from bankruptcy in August 2018. To avoid having Westinghouse as the sole permitted source of manufactured fuel rod assemblies, PVNGS submitted a formal package to NRC in July 2018 requesting that its operating license be amended to allow for a second qualified fuel fabrication vendor, Framatome (formerly Areva). The PVNGS operating licenses were amended in March 2020 to allow for a second qualified fuel fabrication vendor, Framatome.

Summary

As discussed above, the electric utility industry is experiencing challenges in a number of areas. The District is unable to predict the extent to which its construction programs and operations will be affected by such factors, but they could result in incurrence of substantial additional costs and could adversely affect its revenues.

LITIGATION

At the time of delivery of and payment for the 2026 Series Bonds, the law firm of Spencer Fane LLP, Phoenix, Arizona, legal advisors to the District, will deliver a no-litigation opinion stating substantially that no litigation is now pending or, to its knowledge threatened, affecting or questioning the organization of the District or the titles or manner of election of the officers or directors of the District to their terms of office, respectively; and no litigation is now pending or, to its knowledge threatened, affecting or questioning the power and authority of the District to issue, execute and deliver the 2026 Series Bonds or the pledge or application of any moneys or security provided for the payment thereof.

In the normal course of business, the District is a defendant in various legal actions. In management's opinion, except as otherwise noted below, the ultimate resolution of these matters will not have a significant adverse effect on the District's financial position, operations, or cash flows.

Environmental Issues

Superfund Sites. In September 2003, the EPA notified the District that it might be liable under CERCLA as an owner and operator of a facility located within the Motorola 52nd Street Superfund Site Operable Unit 3 ("OU3 Site"). The District completed the remedial investigation at the facility and received a "no further action" letter from EPA, but other potentially responsible parties are still undertaking remedial investigations and feasibility studies at the OU3 Site, and the District could still be liable for past costs incurred and for future work to be conducted within the OU3 Site with regard to groundwater. Honeywell and APS, both potentially responsible parties at the OU3 Site, have submitted the Draft Final Revised OU3 Feasibility Study Report to EPA, and EPA is currently reviewing the document.

At the adjacent West Van Buren Water Quality Assurance Revolving Fund Site ("WVB Site"), a state superfund site, the District has been identified as one of numerous potentially responsible parties for groundwater contamination.

On December 16, 2016, the law firm of Gallagher & Kennedy ("G&K") filed a complaint in federal court in Phoenix, Arizona to recover its costs allegedly incurred and any further costs they expected to incur on behalf of Roosevelt Irrigation District ("RID") under CERCLA ("G&K Complaint") at the WVB Site. The District is not a named defendant in the G&K Complaint. However, the District has been named as a third-party defendant by the current defendants. The court has stayed third party litigation. Defendants filed and were granted partial summary judgment on most of the costs Gallagher & Kennedy alleged it incurred. Gallagher & Kennedy filed a motion for reconsideration of this order. On May 23, 2023, the court denied Gallagher & Kennedy's motion for reconsideration. On June 23, 2023, upon motion by Gallagher & Kennedy, the court dismissed all of Gallagher & Kennedy's claims, entered final judgment in favor of the defendants and dismissed all cross-claims and third-party complaints as moot (including the third-party complaint against the District). On June 27, 2023, Gallagher & Kennedy filed a notice of appeal with the 9th Circuit Court of Appeals. On August 30, 2024, the 9th Circuit issued a decision upholding G&K's right to recover costs related to G&K's own time and resources expended on the RID cleanup effort provided that such costs met the appropriate requirements for recovery under CERCLA while denying G&K's rights to recover costs related to invoices from subcontractors since G&K had not adequately shown that it had actually incurred these subcontractor costs, thus reversing in part and affirming in part the district court's earlier decision. The 9th Circuit remanded this matter to the district court for further proceedings consistent with its ruling.

On April 24, 2018, ADEQ requested that EPA evaluate expanding the western boundary of the OU3 Site to include certain portions of the WVB Site or adding WVB Site as an Operable Unit 4 ("OU4"). On June 15, 2020, EPA declined to extend the western boundary of the OU3 Site. EPA is continuing its assessment of whether to add the WVB Site separately to the National Priorities List. Subsequently, EPA reiterated its determination that the OU3 site will not be extended and that there are no environmental impacts because the WVB groundwater is not used for drinking water purposes. On August 10, 2023, ADEQ informed EPA that, because it is working with responsible parties within the WVB Site, a separate National Priorities List listing for the WVB Site may not be necessary and EPA agreed to postpone, for an undetermined time, its decision whether to separately list the WVB Site.

Water Rights

Gila River Adjudication. The District and the Association are parties to a state water rights adjudication proceeding initiated in 1974 which encompasses the entire Gila River System. This proceeding is pending in the Superior Court for the State of Arizona, Maricopa County, and will eventually result in the determination of all conflicting rights to water from the Gila River and its tributaries, including the Salt and Verde Rivers. The District and the Association are unable to predict the ultimate outcome of the proceeding but believe the general nature, extent, and priority of the Association and District water rights will be confirmed.

Little Colorado River Adjudication. In 1978, a water rights adjudication was initiated in the Apache County Superior Court for the State of Arizona with regard to the Little Colorado River System and will eventually result in the determination of all conflicting rights to water from the Little Colorado River and its tributaries, including East Clear Creek, the location of C. C. Cragin Dam and Reservoir. The District is unable to predict the ultimate outcome of this proceeding but believes an adequate water supply for CGS and SGS will remain available and that the rights to C. C. Cragin Dam and Reservoir will be confirmed.

General Litigation Matters

Forgen. On June 26, 2024, the District received a Notice of Claim from Forgen, LLC (Forgen), an independent contractor retained by the District for the NGS decommissioning project (the "Project"). During Forgen's performance of the Project work, several disputes arose between the parties regarding significant Project delays, change order requests ("CORs"), and the increased Project costs resulting from such delays. Forgen contends that the District, as the authorized agent of the NGS owners, owes $13,327,024.42 for the additional work required by the CORs and retention. The District disputes the validity of these additional costs as well as the additional time requested by Forgen to complete the Project work. However, the District has since paid Forgen the retention amount of $2,046,454.52 following completion of Forgen's performance of the Project work. The District, in turn, claims that it incurred approximately $6,893,341.59 in additional costs as a result of Forgen's actions causing the Project delays. The parties mediated the dispute on June 19, 2024, but did not reach an agreement. On January 2, 2025, Forgen filed a complaint asserting claims of breach of contract, or, in the alternative, unjust enrichment, breach of the covenant of good faith and fair dealing, and breach of implied warranty. On May 23, 2025, the District filed a motion to dismiss Forgen's complaint based on its failure to comply with Arizona's notice of claim statute and the one-year statute of limitations that govern claims against a "public entity" like the District. On October 14, 2025, the Court denied the motion to dismiss, but without prejudice should the District elect to raise the issue of accrual under the noitce of claim statute in a summary judgment motion. On November 18, 2025, the District filed its Answer and Counterclaim against Forgen asserting claims of breach of contract and breach of the covenant of good faith and fair dealing. Forgen filed its Reply to Counterclaims on December 22, 2025. The Trial Setting Conference has been set for October 19, 2026. The District will vigorously defend the interests of the NGS owners. To the extent that any amounts are paid to Forgen for the Project work, these amounts shall be shared among the NGS owners on a pro rata basis.

Naranjo. On December 4, 2025, the District received a Notice of Claim (Naranjo Notice) from Panish Shea Ravipudi LLP on behalf of Samuel Naranjo regarding an auto collision incident. The Naranjo Notice alleges that on June 25, 2025, a District employee, while operating a District vehicle, collided with a vehicle in which Mr. Naranjo was a passenger. The Naranjo Notice alleges that the collision was a result of the employee's failure to yield to the right of way while crossing a highway from a private road or driveway. The Naranjo Notice asserts claims sounding in negligence against the District, the Association, the State of Arizona, and the District employee, and demands from each $20,000,000 for a total of $80,000,000. The District has timely noticed all applicable insurers with respect to this matter. A complaint was filed on March 10, 2026, asserting claims sounding in negligence against the District, the Association, and the District employee. On April 17, 2026, the District, the Association and the District employee answered the Complaint, asserting all applicable defenses. The District cannot predict the outcome at this time.

Cook. On March 16, 2026, the District received a Notice of Claim (Cook Notice) from Lerner & Rowe, P.C. on behalf of Greg Cook regarding an auto collision incident. The Cook Notice alleges that on September 22, 2025, a District employee, while operating a District vehicle, collided with a vehicle operated by Mr. Cook. The Cook Notice alleges that the collision was caused by the employee's failure to yield to a red light. The Cook Notice asserts claims sounding in negligence against the District and its employee, and demands $15,000,000 to settle his claim. The District has timely noticed all applicable insurers with respect to this matter. The District is investigating the incident and evaluating its defense.

Johnson. On March 9, 2026, Jeffrey and Linda Johnson (Plaintiffs) filed a lawsuit in Missouri Circuit Court against the District and 212 other defendants regarding asbestos-related injuries Mr. Johnson developed, including lung cancer, from his alleged exposure to asbestos throughout his time working at various plants and other industrial sites. Plaintiffs allege, *inter alia*, that the defendants have "sold, distributed and/or installed... asbestos-containing products in Missouri" and/or have "placed the same into the stream of commerce for use in Missouri," allegedly exposing Mr. Johnson to asbestos from 1975 to 2015. Plaintiffs allege claims sounding in tort liability, including strict liability, negligence, fraudulent misrepresentation, and battery. The District has reached a resolution of this matter with the plaintiffs and will seek dismissal with prejudice from the lawsuit.

LEGALITY OF REVENUE BONDS FOR INVESTMENT

Under the Act, the 2026 Series Bonds constitute legal investments for savings banks, banks, savings and loan associations, trust companies, executors, administrators, trustees, guardians and other fiduciaries in the State of Arizona and for any board, body, agency or instrumentality of the State of Arizona, or of any county, municipality or other political subdivision of the State of Arizona, and constitute securities which may be deposited by banks, savings and loan associations or trust companies as security for deposits of state, county, municipal and other public funds.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the District all, but not less than all, of the 2026 Series Bonds at an aggregate purchase price of $_____, reflecting [an] [net] original issue [premium/discount] of $_____ less an underwriters' discount of $_____ from the initial public offering prices set forth on the inside cover page of this Official Statement.

The following paragraphs have been furnished by the Underwriters for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the information contained in such paragraphs and such information is not to be construed as a representation of the District.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing, and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

The initial public offering prices or yields set forth on the inside cover page may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2026 Series Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover pages.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the District as Underwriters) for the distribution of the 2026 Series Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Each of the following paragraphs in this section has been provided by one or more of the Underwriters identified therein. The District does not guarantee the accuracy or completeness of the information contained in such paragraphs and such information is not to be construed as a representation of the District.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2026 Series Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase 2026 Series Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2026 Series Bonds that such firm sells.

BofA Securities, Inc., an underwriter of the 2026 Series Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2026 Series Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 2026 Series Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2026 Series Bonds.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the 2026 Series Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2026 Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2026 Series Bonds. Pursuant to the Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Code (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2026 Series Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Special Tax Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Special Tax Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the 2026 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the 2026 Series Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

State Taxes

Special Tax Counsel is also of the opinion that interest on the 2026 Series Bonds is exempt from income taxes imposed by the State of Arizona. Special Tax Counsel expresses no opinion as to other state or local tax consequences

arising with respect to the 2026 Series Bonds nor as to the taxability of the 2026 Series Bonds or the income therefrom under the laws of any state other than the State of Arizona.

Original Issue Premium

2026 Series Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Original Issue Discount

Special Tax Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2026 Series Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the 2026 Series Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2026 Series Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Ancillary Tax Matters

Ownership of the 2026 Series Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2026 Series Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2026 Series Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2026 Series Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Tax Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix C. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2026 Series Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2026 Series Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2026 Series Bonds. This could

result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2026 Series Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2026 Series Bonds may occur. Prospective purchasers of the 2026 Series Bonds should consult their own tax advisors regarding the impact of any change in law on the 2026 Series Bonds.

Special Tax Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2026 Series Bonds may affect the tax status of interest on the 2026 Series Bonds. Special Tax Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2026 Series Bonds, or the interest thereon, if any action is taken with respect to the 2026 Series Bonds or the proceeds thereof upon the advice or approval of other counsel.

APPROVAL OF LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 2026 Series Bonds are subject to the approval of Chiesa Shahinian & Giantomasi PC, Bond Counsel, whose final approving opinion will be delivered with the 2026 Series Bonds in substantially the form attached hereto as Appendix C. Certain legal matters in connection with the 2026 Series Bonds will be passed upon for the District by Spencer Fane LLP and by Nixon Peabody LLP, Special Tax Counsel, whose tax opinion will be delivered with the 2026 Series Bonds in substantially the form attached hereto as Appendix C. Certain legal matters will be passed upon for the Underwriters by Katten Muchin Rosenman LLP, counsel to the Underwriters.

The various legal opinions to be delivered concurrently with the delivery of the 2026 Series Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Moody's Investors Service and S&P Global Ratings have assigned the ratings of ___ and ___, respectively, to the 2026 Series Bonds. Such ratings reflect only the view of such organizations, and an explanation of the significance of such rating may be obtained only from the respective rating agency. There is no assurance that such ratings will be maintained for any given period of time, or that they will not be revised downward, or be withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026 Series Bonds.

CONTINUING DISCLOSURE

Pursuant to a continuing disclosure agreement (the "Continuing Disclosure Agreement"), the District will covenant for the benefit of the holders and Beneficial Owners of the 2026 Series Bonds to provide certain financial information and operating data relating to the District by not later than 180 days after the end of each of the District's fiscal years (presently, each April 30), commencing with the fiscal year ending April 30, 2027 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the 2026 Series Bonds within ten (10) business days after the occurrence of such events. The Continuing Disclosure Agreement provides that the Annual Report and any notices of such events will be filed by or on behalf of the District through the Electronic Municipal Market Access system operated by the Municipal Securities Rulemaking Board. Under the Continuing Disclosure Agreement, the sole remedy for any Bondholder upon an event of default is a lawsuit for specific performance in a court of competent jurisdiction. See "Appendix D — Form of Continuing Disclosure Agreement." The District is executing and delivering the Continuing Disclosure Agreement in order to assist the Underwriters in complying with the secondary market disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission.

While the District believes that it has complied in all material respects with its continuing disclosure obligations during the preceding five years, certain of the District's disclosure filings were not initially linked to all of the relevant CUSIPs. The District has corrected each identified CUSIP linking issue and believes that all filings are now properly

linked to each applicable CUSIP. The District has taken corrective action to ensure that all CUSIPs are properly linked in the future.

INDEPENDENT AUDITORS

The combined financial statements of the District and its subsidiaries and the Association as of 2025 and 2024 and for each of the two years in the period ended April 30, 2025, included in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report appearing herein.

FINANCIAL ADVISOR

The District has retained PFM Financial Advisors LLC ("PFM") as its financial advisor. Although PFM has assisted in the preparation of this Official Statement, PFM is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

OTHER AVAILABLE INFORMATION

The District prepares audited financial statements with respect to each fiscal year ending April 30, which typically become available in July of the following fiscal year. The District's financial statements are presented on a combined basis including the financial information of both the District and the Association.

The District also prepares an annual report which includes information relating to The District's staff, legal and financial services and operations for the fiscal year ending April 30. The annual report typically becomes available in September of the following fiscal year.

Copies of the annual report and audited financial statements for the year ended April 30, 2025 may be obtained by writing to Salt River Project Agricultural Improvement and Power District, Corporate Communications, PAB340, P.O. Box 52025, Phoenix, AZ 85072-2025.

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MISCELLANEOUS

References herein to the Act, the Resolution and certain other statutes, resolutions and contracts are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

Any statements made in this Official Statement involving matters of opinion or of projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the projections will be realized.

The District has authorized the execution and delivery of this Official Statement.

Salt River Project Agricultural Improvement and Power District

_____
President

_____
General Manager and Chief Executive Officer

APPENDIX A — Report of Independent Auditors and Combined Financial Statements as of April 30, 2025 and 2024

SALT RIVER PROJECT

COMBINED FINANCIAL STATEMENTS AS OF APRIL 30, 2025 AND 2024 TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

pwc

Report of Independent Auditors

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

PricewaterhouseCoopers LLP, 4300 E Camelback Rd, Suite 475, Phoenix, Arizona 85018
T: (602) 364 8000, www.pwc.com/us

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

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

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

PricewaterhouseCoopers LLP

June 27, 2025

SALT RIVER PROJECT
COMBINED BALANCE SHEETS
APRIL 30, 2025 AND 2024
(Thousands)

ASSETS

	2025	2024
Utility Plant		
Plant in Service-		
Electric	$ 18,271,258	$ 17,250,489
Irrigation	631,032	606,510
Common	1,513,263	1,418,835
Total plant in service	20,415,553	19,275,834
Less: accumulated depreciation on plant in service	(10,987,952)	(10,572,916)
	9,427,601	8,702,918
Plant held for future use	66,353	45,270
Construction work in progress	1,547,876	1,407,653
Nuclear fuel, net	150,510	145,259
	11,192,340	10,301,100
Other Property and Investments		
Non-utility property and other investments	517,631	422,559
Segregated funds, net of current portion	2,191,234	1,982,219
	2,708,865	2,404,778
Current Assets		
Cash and cash equivalents	689,228	490,430
Temporary investments	162,793	146,121
Current portion, segregated funds	126,066	122,443
Receivables, net of allowance for credit losses of $7,291 and $5,418, respectively	412,003	314,463
Fuel stocks	134,192	141,146
Materials and supplies	520,202	427,154
Current commodity derivative assets	907	-
Other current assets	81,116	66,671
	2,126,507	1,708,428
Deferred Charges and Other Assets		
Accumulated post-retirement asset	270,666	264,155
Regulatory assets	475,924	302,845
Non-current commodity derivative assets	68	6,457
Other deferred charges and other assets	169,988	132,478
	916,646	705,935
Total Assets	$ 16,944,358	$ 15,120,241

The accompanying notes are an integral part of these combined financial statements.

SALT RIVER PROJECT
COMBINED BALANCE SHEETS
APRIL 30, 2025 AND 2024
(Thousands)

CAPITALIZATION AND LIABILITIES

	2025	2024
Long-term Debt	$ 6,010,377	$ 5,470,941
Accumulated Net Revenues	7,012,115	6,408,147
Total Capitalization	13,022,492	11,879,088
Current Liabilities		
Current portion of long-term debt	295,355	118,780
Accounts payable	395,752	318,925
Accrued taxes and tax equivalents	120,868	125,731
Accrued interest	86,502	88,343
Customers' deposits	160,881	148,430
Current commodity derivative liabilities	46,925	92,446
Other current liabilities	329,919	271,213
	1,436,202	1,158,868
Deferred Credits and Other Non-current Liabilities		
Accrued post-retirement liability	749,490	641,161
Regulatory liabilities	814,612	605,219
Asset retirement obligations	589,756	545,504
Non-current commodity derivative liabilities	66,405	32,181
Other deferred credits and other non-current liabilities	265,401	258,220
	2,485,664	2,082,285
Commitments and Contingencies (Notes 9, 10, 11, 12, 13, 14, and 15)		
Total Capitalization and Liabilities	$ 16,944,358	$ 15,120,241

The accompanying notes are an integral part of these combined financial statements.

SALT RIVER PROJECT
COMBINED STATEMENTS OF NET REVENUES
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024
(Thousands)

	2025	2024
Operating Revenues		
Retail electric	$ 3,983,609	$ 3,492,861
Other electric	71,550	83,681
Wholesale	470,864	543,862
Water	33,668	25,491
Total operating revenues	4,559,691	4,145,895
Operating Expenses		
Power purchased	796,277	677,439
Fuel used in electric generation	837,352	989,900
Operations and maintenance	1,522,089	1,356,527
Depreciation and amortization	652,012	613,191
Taxes and tax equivalents	174,352	166,397
Total operating expenses	3,982,082	3,803,454
Net operating revenues	577,609	342,441
Other (Expense) Income		
Investment income, net	184,354	174,256
Other income, net	33,059	51,238
Total other income (expense), net	217,413	225,494
Net revenues before financing costs	795,022	567,935
Financing Costs		
Interest on bonds, net	243,082	208,479
Capitalized interest	(28,481)	(24,172)
Amortization of bond discount (premium) and issuance expenses	(45,591)	(45,163)
Interest on other obligations	22,044	23,234
Net financing costs	191,054	162,378
Net Revenues	$ 603,968	$ 405,557

The accompanying notes are an integral part of these combined financial statements.

SALT RIVER PROJECT
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024
(Thousands)

	2025	2024
Cash Flows from Operating Activities		
Net Revenues (Expenses)	$ 603,968	$ 405,557
Adjustments to reconcile net revenues to net cash provided by operating activities:		
Depreciation and amortization	652,012	613,191
Amortization of nuclear fuel	40,766	40,231
Amortization of bond discount (premium) and issuance expenses	(45,591)	(45,163)
Amortization of operating lease right of use assets	9,838	9,634
Change in fair value of derivative instruments, net of collateral	(5,815)	47,091
Change in fair value of investment securities	(9,468)	(92,089)
Realized gain on investing activities	(82,870)	(17,478)
Other	(8,714)	(19,002)
Decrease (increase) in:		
Fuel stocks and materials and supplies	(86,094)	(122,628)
Receivables, net of allowance for credit losses	(27,382)	(5,707)
Other current assets	(14,445)	(18,110)
Deferred charges and other assets	(135,353)	8,285
Increase (decrease) in:		
Accounts payable	40,623	(21,053)
Accrued taxes and tax equivalents	(4,863)	3,736
Accrued interest	3,159	15,740
Customers' deposits and other current liabilities	70,045	17,867
Deferred credits and other non-current liabilities	341,630	(94,614)
Net cash provided by operating activities	1,341,246	725,488
Cash Flows from Investing Activities		
Capital expenditures	(2,015,868)	(1,507,350)
Contributions in aid of construction	278,195	264,258
Proceeds from disposition of assets	11,592	12,665
Purchases of investments	(1,240,356)	(354,347)
Sales of investments	959,112	152,384
Maturities of investments	157,011	281,254
Other investing activities	4,566	6,347
Net cash used for investing activities	(1,845,748)	(1,144,789)
Cash Flows from Financing Activities		
Proceeds from issuance of Revenue Bonds, net of debt issuance costs	1,813,724	684,688
Repayment of Revenue Bonds	(1,052,122)	(113,930)
Net cash provided by financing activities	761,602	570,758
Net Increase in Cash, Cash Equivalents and Restricted Cash	257,100	151,457
Balance at Beginning of Year in Cash, Cash Equivalents and Restricted Cash	633,926	482,469
Balance at End of Year in Cash, Cash Equivalents and Restricted Cash	$ 891,026	$ 633,926
Supplemental Information		
Cash paid for interest, net of capitalized interest	$ 233,486	$ 191,801

The accompanying notes are an integral part of these combined financial statements.

(1) BASIS OF PRESENTATION:

The Company

The Salt River Project Agricultural Improvement and Power District (the District) is an agricultural improvement district organized in 1937 under the laws of the State of Arizona. It operates the Salt River Project (the Project), a federal reclamation project, under contracts with the Salt River Valley Water Users' Association (the Association), by which it has assumed the obligations and assets of the Association, including its obligations to the United States of America for the care, operation and maintenance of the Project. The District owns and operates an electric system that generates, purchases, transmits and distributes electric power and energy, and provides electric service to residential, commercial, industrial and agricultural power users in a 2,900-square-mile service territory in parts of Maricopa, Gila and Pinal counties, plus mine loads in an adjacent 2,400-square-mile area in Gila and Pinal counties. The Association, incorporated under the laws of the Territory of Arizona in 1903, operates an irrigation system as the agent of the District. The District and the Association are together referred to as Salt River Project or SRP.

Principles of Combination

The accompanying Combined Financial Statements reflect the combined accounts of the Association and the District. The District's financial statements are consolidated with its wholly owned taxable subsidiaries: SRP Captive Risk Solutions, Limited (CRS), Papago Park Center, Inc. (PPC), New West Energy Corporation (New West Energy), and Horizon Acquisitions LLC (Horizon). CRS is a domestic captive insurer, incorporated and domiciled in Arizona, which is utilized to enhance the District's property, casualty and medical insurance programs. PPC is a real estate management company. New West Energy was used to market, at retail, energy available to the District that was surplus to the needs of its retail customers and energy that might have been rendered surplus in Arizona by retail competition in the supply of generation but is now largely inactive. Horizon is a land acquisition company. Net revenues, assets and liabilities related to the District's wholly owned taxable subsidiaries' operations are not material to the accompanying Combined Financial Statements. All intercompany transactions and balances have been eliminated.

Possession and Use of Utility Plant

The United States of America retains a paramount right or claim in the Project that arises from the original construction and operation of certain of the Project's electric and water facilities as a federal reclamation project. Rights to the possession and use of, and to all revenues produced by, these facilities are evidenced by contractual arrangements with the United States of America. The Department of Interior has the right to perform audits of certain of the operations of the Project. In addition, the District seeks approval from the Department of Interior for certain transactions such as payments of in-lieu taxes. The District also gives the Department of Interior the opportunity to raise any objections it may have regarding the issuance of revenue bonds.

Basis of Accounting

The accompanying Combined Financial Statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in compliance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and disclosures of contingencies. Actual results could differ from the estimates.

By virtue of SRP operating a federal reclamation project under contract, with the federal government's paramount rights, asset ownership and certain approval rights, SRP is subject to accounting standards as set forth by the Federal Accounting Standards Advisory Board (FASAB). Entities reporting in accordance with the standards issued by the Financial Accounting Standards Board (FASB) prior to October 19, 1999 (the date the American Institute of Certified Public Accountants designated the FASAB as the accounting standard-setting body for entities under the federal government), are permitted to continue to report in accordance with those standards. As permitted, SRP has elected to report its financial statements in accordance with FASB standards.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Utility Plant

Utility plant is stated at the historical cost of construction. Capitalized construction costs include labor, materials, services purchased under contract, and allocations of indirect charges for engineering, supervision, transportation and administrative expenses and an allowance for funds used during construction (AFUDC). The cost of property that is replaced, removed or abandoned, less salvage, is charged to accumulated depreciation. Repairs and maintenance costs are charged to operations and maintenance expense.

Depreciation expense is computed on a straight-line basis over recovery periods of the various classes of plant assets. Depreciation expense for utility plant totaled $788.7 million and $507.9 million for the fiscal years ended April 30, 2025 and 2024, respectively. The following table reflects the District's average depreciation rates on the average cost of depreciable assets for the fiscal years ended April 30:

	2025	2024
Average electric depreciation rate	3.03%	2.95%
Average irrigation depreciation rate	2.62%	2.61%
Average common depreciation rate	4.97%	5.31%

There was an increase of $30.0 million and $20.7 million in property, plant and equipment purchases within accounts payable for the fiscal years ended April 30, 2025 and 2024, respectively. Such changes are considered a non-cash investing activity.

Plant Held for Future Use

Plant held for future use primarily includes the cost of land acquired for future operations, including generation, transmission and other purposes. Once development starts on the new facility, the costs will be moved to plant in service.

Allowance for Funds Used During Construction

AFUDC is the estimated cost of funds used to finance plant additions and is recovered in prices through depreciation expense over the useful life of the related asset. AFUDC is capitalized during certain plant construction and is included in capitalized interest in the accompanying Combined Statements of Net Revenues. Composite rates of 3.83% and 3.39% were applied in fiscal years 2025 and 2024, respectively, to calculate interest on funds used to finance construction work in progress, resulting in $28.5 million and $24.2 million of interest capitalized, respectively.

Nuclear Fuel

SRP amortizes the cost of nuclear fuel using the units-of-production method. The units-of-production method is an amortization method based on actual physical usage. The nuclear fuel amortization and accrued expenses for

both the interim and permanent disposal of spent nuclear fuel are components of fuel expense. Nuclear fuel amortization was $40.8 million and $40.2 million in fiscal years 2025 and 2024, respectively. The balance of nuclear fuel includes $127.0 million and $115.9 million of in-process stock, which is not yet being amortized, as of April 30, 2025 and 2024, respectively.

Software Costs

SRP capitalizes costs incurred to purchase and develop internal-use computer software and implementation costs incurred in a cloud computing arrangement that is a service contract and amortizes such costs over the recovery periods of the products. Capitalized software costs are included in utility plant and cloud computing costs are included in other deferred charges and other assets in the accompanying Combined Balance Sheets. The following table summarizes the capitalized computer software and capitalized cloud computing arrangement implementation costs as of April 30 (in thousands):

	2025		2024	
	Software	Cloud Computing	Software	Cloud Computing
Asset balance	$ 783,722	$ 44,506	$ 732,310	$ 41,927
Accumulated amortization	630,364	16,153	603,491	12,448

For the fiscal years ended April 30, 2025 and 2024, amortization expense for capitalized software costs was $26.9 million and $31.6 million, respectively. Amortization expense for capitalized cloud computing arrangements implementation costs was $3.7 million and $3.4 million for the fiscal years ended April 30, 2025 and 2024, respectively.

The following table presents estimated future amortization expense pertaining to capitalized software costs and capitalized cloud computing arrangement implementation costs in fiscal years ending April 30 (in thousands):

	Software	Cloud Computing
2026	$ 17,848	$ 3,751
2027	15,685	3,748
2028	15,203	3,745
2029	14,522	3,741
2030	13,412	3,738

Asset Retirement Obligations

SRP accounts for its asset retirement obligations in accordance with authoritative guidance, which requires the recognition and measurement of liabilities for legal obligations associated with the retirement of tangible long-lived assets. Liabilities for asset retirement obligations are recognized at fair value as incurred and capitalized as part of the cost of the related tangible long-lived assets. Accretion of the liabilities, due to the passage of time, is an operating expense and the capitalized cost is depreciated over the estimated recovery periods of the long-lived assets. Retirement obligations associated with long-lived assets are those for which a legal obligation exists under enacted laws, statutes and contracts, including obligations arising under the doctrine of promissory estoppel.

The District has identified retirement obligations for its share of Palo Verde Nuclear Generating Station (PVNGS), Navajo Generating Station (NGS), Four Corners Generating Station (Four Corners), and certain other assets. Amounts recorded for asset retirement obligations are subject to various assumptions and determinations, such as determining whether an obligation exists to remove assets, estimating the fair value of the costs of removal,

estimating when final removal will occur and determining the credit-adjusted, risk-free interest rates to be utilized in discounting future liabilities. Subsequent to the initial recognition, the liability is adjusted for any revisions to the estimated future cash flows associated with the asset retirement obligation (with corresponding adjustments to utility plant), which can occur due to a number of factors, including, but not limited to, cost escalation, changes in technology applicable to the assets to be retired, changes in federal, state and local regulations and changes to the estimated decommissioning date of the assets, as well as for the accretion of the liability due to the passage of time until the obligation is settled.

The following table summarizes the asset retirement obligation activity of the District as of and for the fiscal years ended April 30 (in thousands):

	2025	2024
Beginning balance, May 1	$ 545,504	$ 377,324
Additions	9,000	-
Settlements, net	(5,189)	(4,096)
Revisions to estimates	18,981	155,108
Accretion expense	21,460	17,168
Ending balance, April 30	$ 589,756	$ 545,504

See Note [15], COMMITMENTS AND CONTINGENCIES under Environmental Matters for additional discussion.

Investments in Debt and Equity Securities

SRP invests in various debt and equity securities. Debt securities in which SRP has the intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost. Debt securities that are bought and held with the likelihood of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in investment income, net. SRP has adopted the fair value option for all debt and equity securities other than debt securities classified as held-to-maturity. All such securities are reported at fair value, with unrealized gains and losses included in investment (loss) income, net, with the exception of the Nuclear Decommissioning Trust (NDT) for which unrealized gains and losses are recorded in regulatory liabilities (see table in Segregated Funds). SRP does not classify any securities as available-for-sale.

Temporary Investments

Debt and equity securities that are short-term in nature and are expected to be sold or converted to cash in the next twelve months are classified as temporary investments on the Combined Balance Sheets, unless they meet the definition of a cash equivalent.

Segregated Funds

The District sets aside funds that are segregated due to management intent and to support various purposes. The District also has certain segregated funds that are legally restricted. The following amounts are included in segregated funds in the accompanying Combined Balance Sheets as of April 30 (in thousands):

	2025	2024
Segregated funds – legally restricted		
Nuclear Decommissioning Trust	$ 702,714	$ 642,173
Debt Reserve Fund	80,615	80,611
Construction Fund	54,306	15
Other	41,427	38,799
Total segregated funds – legally restricted	879,062	761,598
Segregated funds – other		
Benefits funds	1,309,469	1,218,886
Debt Service Fund	126,066	122,443
Other	2,703	1,735
Total segregated funds – other	1,438,238	1,343,064
Total segregated funds, including current portion	$ 2,317,300	$ 2,104,662

Nuclear Decommissioning

In accordance with regulations of the Nuclear Regulatory Commission, the District maintains a trust for the decommissioning of PVNGS. The NDT funds are invested in debt and equity securities. All NDT debt securities are reported as trading securities and recorded at fair value. Changes in fair value related to the NDT securities are included in the nuclear decommissioning regulatory liability with no impact to net revenues. The NDT funds are classified as segregated funds in the accompanying Combined Balance Sheets.

Cash and Cash Equivalents

Cash equivalents include money market funds and highly liquid short-term investments with original maturities of three months or less.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Combined Balance Sheets and the Combined Statements of Cash Flows as of April 30 (in thousands):

	2025	2024
Cash and cash equivalents	$ 689,228	$ 490,430
Cash and cash equivalents included in non-utility property and other investments	18,754	18,062
Cash and cash equivalents included in segregated funds	125,277	121,653
Restricted cash and cash equivalents included in segregated funds	57,767	3,781
Total cash, cash equivalents and restricted cash	$ 891,026	$ 633,926

Amounts included in restricted cash represent those required to be set aside per terms of contractual agreements, bond indentures or other legal stipulations.

Allowance for Credit Losses

Allowance for credit losses is provided for electric customer accounts and other non-energy receivables balances based upon the current expected credit loss, which is measured using a historical experience rate of write-offs, adjusted for economic factors that include expected recoveries, the current economic environment, pertinent

market studies, and observed customer behavior. The allowance is adjusted periodically for this experience rate and is maintained until either receipt of payment or the likelihood of collection is considered remote, at which time the allowance and the corresponding receivable balance are written off.

The following table summarizes SRP's changes in allowance for credit losses for the fiscal years ended April 30 (in thousands):

	2025	2024
Beginning balance, May 1	$ 5,418	$ 5,847
Provision for credit losses	12,928	8,866
Write-offs	(11,055)	(9,295)
Ending balance, April 30	$ 7,291	$ 5,418

Fuel Stocks and Materials and Supplies

Fuel stocks and materials and supplies are stated at weighted-average cost and are valued using the average cost method.

Other Current Liabilities

The accompanying Combined Balance Sheets include the following other current liabilities as of April 30 (in thousands):

	2025	2024
Sick, vacation and holiday accrual	$ 61,877	$ 57,353
Customer prepayments	63,029	65,513
Employee Performance Incentive Compensation (EPIC)	52,903	27,412
Post-retirement benefits	37,022	32,846
Other	115,088	88,089
Total other current liabilities	$ 329,919	$ 271,213

Other Deferred Credits and Non-current Liabilities

The accompanying Combined Balance Sheets include the following other deferred credits and non-current liabilities as of April 30 (in thousands):

	2025	2024
Sick, vacation and holiday accrual	58,916	54,022
Long-term operating lease liabilities	48,671	52,413
Mine reclamation and other environmental obligations	46,148	47,563
Other	111,666	104,222
Total other deferred credits and non-current liabilities	$ 265,401	$ 258,220

Financing Costs

Bond discount, premium and issuance expenses are deferred and amortized using the effective interest method over the terms of the related bond issues.

Income Taxes

The District, as a political subdivision of the State of Arizona, is exempt from federal and Arizona state income taxes. The Association, as a private corporation, is not exempt from federal and Arizona state income taxes. However, the Association is not liable for income taxes on operations relating to its acting as an agent for the District on the basis of a settlement with the Commissioner of Internal Revenue in 1949, which was approved by the Secretary of the Treasury. The Association is liable for income taxes on activities where it is not acting as an agent of the District. Income taxes related to the Association and to the District's wholly owned taxable subsidiaries' operations are not material to the accompanying Combined Financial Statements.

Voluntary Contributions in Lieu of Taxes

As a political subdivision of the State of Arizona, the District is exempt from property taxation. In accordance with Arizona law, the District makes voluntary contributions each year to the State of Arizona, school districts, cities, counties, towns and other political subdivisions of the State of Arizona, for which property taxes are levied and within whose boundaries the District has property included in its electric system. The amount paid is computed on the same basis as ad valorem taxes paid by a private utility corporation with an allowance for certain water-related deductions. Such contributions are included in taxes and tax equivalents in the Combined Statements of Net Revenues.

Sales and Use Taxes

The District is required by various government authorities, including states and municipalities, to collect and remit taxes on certain retail sales. Such taxes are recorded on a net basis and excluded from revenues and expenses in the accompanying Combined Financial Statements.

Concentrations of Credit Risk

Financial instruments that potentially subject SRP to credit risk consist of cash and cash equivalents, temporary and other investments, and segregated funds. Certain balances exceed Federal Deposit Insurance Corporation (FDIC) insured limits or are invested in money market accounts with investment banks that are not FDIC insured. SRP's cash and cash equivalents, temporary and other investments, and segregated funds are placed in creditworthy financial institutions and certain money market accounts that invest in U.S. Treasury securities or other obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities.

The use of contractual arrangements to manage the risks associated with changes in energy commodity prices creates credit risks resulting from the possibility of nonperformance by counterparties pursuant to the terms of their contractual obligations. In addition, volatile energy prices can create significant credit exposure from energy market receivables and mark-to-market valuations. The District has a credit policy for wholesale counterparties, continuously monitors credit exposures and routinely assesses the financial strength of its counterparties. The District minimizes credit risk by dealing primarily with creditworthy counterparties, entering into standardized agreements that allow netting of exposures to and from a single counterparty, and requiring letters of credit, parent guarantees or other collateral when it does not consider the financial strength of the counterparty sufficient.

Reclassifications

For comparative purposes, certain amounts from prior periods have been reclassified to conform to the current period presentation. During fiscal year 2025, amounts previously included within other deferred credits and other non-current liabilities were reclassified to regulatory liabilities in the accompanying Combined Balance Sheets. The reclassifications had no impact on total assets, total liabilities, net revenues or cash flows.

Subsequent Events

SRP follows authoritative guidance which requires an entity to evaluate subsequent events through the date that the financial statements are available to be issued. Subsequent events for SRP have been evaluated through June 27, 2025, which is the date that the financial statements were available to be issued.

(3) ACCOUNTING PRONOUNCEMENTS:

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, as amended. The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to contracts that reference the London Interbank Offered Rate or another reference rate expected to be discontinued by reference rate reform. In December 2022, the FASB issued ASU 2022-06, which amended the dates when an entity may elect to apply this update to any time from March 12, 2020 through December 31, 2024. Once elected, the expedients must be applied prospectively for all eligible contracts. SRP has not identified any contracts that would be affected by this update.

(4) REGULATORY MATTERS:

The Electric Utility Industry

The District operates in a regulated environment in which it has an obligation to deliver electric service to customers within its service area. In 1998, Arizona legislature enacted the Arizona Electric Power Competition Act (the Act), which applies to public power entities like the District. The Act authorized competition in the retail sales of electric generation, recovery of stranded costs and competition in billing, metering and meter reading. While retail competition was available to all customers by 2001, only a few customers chose an alternative energy provider, and those customers returned to their incumbent utilities.

The Arizona Corporation Commission (ACC) regulates investor-owned and cooperatively owned utilities, called public service corporations in Arizona. The Arizona Legislature, in the Act, directed the ACC to adopt rules for competition similar to what the Arizona Legislature had enacted for public power entities. In 1999, the ACC issued its rules for retail electric competition. The rules were challenged in the courts and held to be invalid. At various times since, numerous energy service, meter reading and meter service providers, brokers, large industrial customers and merchant power plant owners have urged the ACC to reinstate some form of retail competition, but none have been successful.

In May 2013, the ACC opened an inquiry into retail competition and requested that interested parties provide comments on a series of ACC-issued questions. The District participated in that inquiry. On September 11, 2013, the ACC voted to close the inquiry into whether the ACC should consider deregulation of the Arizona electricity market. The ACC's action was consistent with the position advocated by the District but there was insufficient support to modify the rules of competition. However, effective July 1, 2012, the ACC approved a buy-through program for a major utility allowing a limited number of large industrial customers to purchase generation from other providers. In December 2020, the ACC approved a similar buy-through program for a second major utility in the state. The ACC continues to evaluate these programs as part of rate case proceedings and continues to modify these programs as needed.

In August 2021, an entity filed application to provide competitive electric generation services in Arizona under the 1998 law. This action led to discussions which resulted in the ACC requesting a legal opinion from the Arizona Attorney General. This action resulted in an ACC directive stating that all matters be held in abeyance until a finding from the Attorney General is received. That opinion was not issued and there was a change in the Attorney General. The new Attorney General has not signaled interest in issuing an opinion.

During the 2022 legislative session, House Bill 2101 was enacted and has since become effective. House Bill 2101 repealed statutes and removed the requirement that a competitive market exist in the sale of electric generation service in Arizona. As part of the House Bill 2101 stakeholder process, the District negotiated an agreement that creates its own buy-through program. The District Board approved the program in September 2023 and the program began in January 2024.

Regulation and Pricing Policies

Under Arizona law, the District's publicly elected Board of Directors (the Board) has the authority to establish electric prices. The District is required to follow certain public notice and special Board meeting procedures before implementing any changes in the standard electric price plans. The financial statements reflect the pricing policies of the Board.

The District's price plans include a base price component and a Fuel and Purchased Power Adjustment Mechanism (FPPAM). Base prices recover costs for generation, transmission, distribution, customer services, metering, meter reading, billing and collections, and system benefits charges that are not otherwise recovered through the FPPAM. The FPPAM was implemented in May 2002 to adjust for increases and decreases in fuel costs and, as of May 1, 2019, also includes renewable purchased power agreements. Through a system benefits charge to the District's transmission and distribution customers, the District recovers the costs of programs benefiting the general public, such as discounted rates for low-income customers, energy efficiency and nuclear decommissioning, including the cost of spent fuel storage.

On September 9, 2024, the Board voted to approve a 3.9% increase to FPPAM prices effective November 1, 2024. On December 2, 2024, SRP opened a public pricing process seeking changes to standard electric price plans. On February 27, 2025, the Board voted to approve a 4.0% increase to base prices and a 1.6% decrease to FPPAM prices, for a net overall increase of 2.4% effective November 1, 2025.

Regulatory Accounting

SRP accounts for the financial effects of the regulated portion of its operations in accordance with the provisions of authoritative guidance for regulated enterprises, which requires cost-based, rate-regulated utilities to reflect the impacts of regulatory decisions in their financial statements. SRP records regulatory assets, which represent probable future recovery of certain costs from customers through the pricing process, and regulatory liabilities which represent probable future credits to customers through the pricing process or current collections for future expected costs. Based on actions of the Board, SRP believes the future collection of costs deferred as regulatory assets is probable. If events were to occur making recovery of these regulatory assets no longer probable, SRP would be required to write off the remaining balance of such assets as a one-time charge to net revenues. None of the regulatory assets earn a return.

The accompanying Combined Balance Sheets include the following regulatory assets and liabilities as of April 30 (in thousands):

	2025	2024
Assets		
Pension and other post-retirement benefits (Note [12])	$ 402,197	$ 218,562
Bond defeasance	59,624	67,693
Other	14,103	16,590
Total regulatory assets	$ 475,924	$ 302,845
Liabilities		
Nuclear decommissioning	$ 482,276	$ 429,415
Depreciation	44,362	51,186
Bond defeasance	72,909	26,420
Accumulated cost of removal of plant assets	215,065	98,198
Total regulatory liabilities	$ 814,612	$ 605,219

The pension and other post-retirement benefits regulatory asset is adjusted as changes in actuarial gains and losses, prior service costs and transition assets or obligations are recognized as components of net periodic pension costs each fiscal year and is recovered through prices charged to customers.

Bond defeasance regulatory assets and liabilities are recovered over the remaining original amortization periods of the reacquired debt ending in various years through fiscal year 2039.

The nuclear decommissioning regulatory liability is any difference between current fiscal year costs and revenues associated with nuclear decommissioning and earnings (losses) on the NDT. Such amounts are deferred in accordance with authoritative guidance for regulated enterprises and have no impact to SRP's earnings.

The depreciation regulatory liability, which results from depreciation that is accelerated in excess of straight-line depreciation, is being refunded over the estimated remaining lives of the assets.

The regulatory liability for accumulated cost of removal of plant assets is an estimation of future costs of removal of plant assets not covered by an asset retirement obligation and is adjusted as actual expenses are paid.

(5) REVENUES:

SRP generates revenues primarily from the sale and delivery of electricity to retail customers. Retail revenues, including unbilled amounts, are generally recognized over time based upon volumes delivered because the customer consumes the electricity as it is delivered. Retail revenues are typically based on prices subject to regulatory oversight and are billed and received monthly. Payment is generally due in the month following delivery. See Note [4], REGULATORY MATTERS, for discussion of SRP's regulation and pricing policies. The estimated retail revenue for electricity delivered but not yet billed, recognized in retail electric revenues and recorded as receivables, net, was $151.5 million and $137.1 million for the fiscal years ended and as of April 30, 2025 and 2024, respectively.

SRP generates wholesale revenues primarily from excess energy sales, which are recognized over time as the energy is delivered because the customer consumes the electricity as it is delivered. Payments for wholesale sales are generally due in the month following delivery.

Some wholesale contracts are accounted for as derivative instruments. Fair value adjustments for these contracts increased wholesale revenue by $7.1 million and $21.4 million in fiscal years 2025 and 2024, respectively. See Note [7], DERIVATIVE INSTRUMENTS.

SRP generates transmission revenues by allowing other entities to use the District's transmission facilities to transmit power. Payment for transmission services is generally due monthly and revenues are recognized over time because the customer consumes the transmission service as it is provided. Transmission revenues are included in other electric revenues.

SRP generates telecommunications revenues by allowing companies to use the District's infrastructure to place antennas that are used to transmit communications signals. Payment for telecommunication services is generally due up front and revenues are recognized over time as the service is provided. Telecommunication revenues are included in other electric revenues.

SRP generates water revenues from delivering water to SRP water customers through annual charges, supplemental water charges and various other fees. Payment of water charges and fees is generally due up front annually and revenues are recognized over time as water is delivered.

The following table summarizes SRP's sources of revenues for the fiscal years ended April 30 (in thousands):

	2025	2024
Electric		
Residential	$ 2,089,997	$ 1,871,298
Commercial	1,478,553	1,270,553
Other retail customers	415,059	351,010
Total retail electric revenues	3,983,609	3,492,861
Other electric	71,550	88,681
Wholesale	470,864	543,862
Total electric operating revenues	4,526,023	4,120,404
Water	33,668	25,491
Total operating revenues	$ 4,559,691	$ 4,145,895

Deferred revenue balances are included in other current liabilities and were $133.4 million and $114.1 million as of April 30, 2025 and 2024, respectively. The deferred revenues generally represent amounts paid by or receivable from customers for which the associated performance obligation has not yet been satisfied. Substantially all of the deferred revenue balances are recognized within one year. SRP's other contract assets are not significant.

Contracts with remaining performance obligations include the supply and delivery of various electric and water products and services. Contracts with variable volumes and/or variable pricing are excluded from disclosure of remaining performance obligations because the related consideration under the contracts are variable at inception. Contract lengths vary from cancelable to multiyear.

SRP does not disclose the value of remaining performance obligations when (1) the performance obligation is part of a contract that has an original expected duration of one year or less, (2) revenue is recognized from the satisfaction of the performance obligation in accordance with the "right to invoice" practical expedient, or (3) the consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a series of distinct goods or services. After applying these exemptions, SRP's contracts with customers have no material remaining performance obligations to disclose.

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS:

SRP invests in U.S. government obligations, certificates of deposit and other marketable investments. Such investments are classified as cash and cash equivalents, temporary investments, other investments and segregated funds in the accompanying Combined Balance Sheets depending on the purpose and duration of the investment.

Fair Value Option

SRP adopted authoritative guidance which permits an entity to measure many financial instruments and certain other items at fair value. SRP has elected the fair value option for all investment securities other than debt securities classified as held-to-maturity. Election of the fair value option for debt securities requires the security to be reported as a trading security.

The fair value option was elected because management believes that fair value best represents the nature of the investments. While the investment securities held in these funds are reported as trading securities, the investments continue to be managed with a long-term focus. Accordingly, all purchases and sales within these funds are presented separately in the accompanying Combined Statements of Cash Flows as investing cash flows, consistent with the nature and purpose for which the securities are acquired.

Realized and unrealized gains and losses on these investments are included in investment income, net, in the accompanying Combined Statements of Net Revenues.

The following table summarizes line items included in the accompanying Combined Balance Sheets as of April 30 that include amounts recorded at fair value pursuant to the fair value option (in thousands):

	Measurement Attribute	2025	2024
Cash and cash equivalents			
Cash	N/A	$ 8,228	$ 1,430
Money market funds	Fair value	671,000	489,000
Held-to-maturity commercial paper	Amortized cost	10,000	-
Total cash and cash equivalents		$ 689,228	$ 490,430
Non-utility property and other investments			
Money market funds	Fair value	$ 18,754	$ 18,062
Equity and fixed income investments	Fair value	50,311	59,916
Held-to-maturity debt investments	Amortized cost	262,204	156,787
Non-utility property	N/A	186,362	187,794
Total non-utility property and other investments		$ 517,631	$ 422,559
Segregated funds, net of current portion			
Cash	N/A	$ -	$ 15
Money market funds and US treasury bills	Fair value	56,978	2,976
Equity and fixed income investments	Fair value	2,041,481	1,888,526
Trading debt investments	Fair value	12,980	10,911
Held-to-maturity debt investments	Amortized cost	79,795	79,791
Total segregated funds, net of current portion		$ 2,191,234	$ 1,982,219
Temporary investments			
Held-to-maturity debt investments	Amortized cost	$ 162,793	$ 146,121
Total temporary investments		$ 162,793	$ 146,121
Current portion of segregated funds			
Money market funds	Fair value	$ 126,066	$ 122,443
Total current portion of segregated funds		$ 126,066	$ 122,443

SRP's investments in debt securities are measured and reported at amortized cost when there is intent and ability to hold the security to maturity. SRP's amortized cost and fair value of held-to-maturity debt securities were $514.8 million and $504.2 million, respectively, as of April 30, 2025 and $382.7 million and $363.7 million, respectively, as of April 30, 2024. As of April 30, 2025, SRP's investments in debt securities have maturity dates ranging from May 2025 to February 2036.

As of April 30, 2025, the gross unrecognized holding gains and losses on held-to-maturity debt securities were approximately $882 thousand and $11.5 million, respectively.

As of April 30, 2024, the gross unrecognized holding gains and losses on held-to-maturity debt securities were approximately $39 thousand and $19.1 million, respectively.

SRP's equity investments and trading debt investments are measured at fair value with unrealized gains and losses included in investment income, net. Unrealized gains and losses on NDT investments are included in the nuclear decommissioning regulatory liability.

The following table summarizes unrealized gains (losses) recognized during the fiscal year ending April 30 on trading securities still held as of April 30 (in thousands):

	2025	2024
Non-utility property and other investments	$ 4,524	$ 6,404
Segregated funds, net of current portion	6,064	137,461
Total	$ 10,588	$ 143,865

(7) DERIVATIVE INSTRUMENTS:

Energy Risk Management Activities

The District has an energy risk management program to limit exposure to risks inherent in normal energy business operations. The goal of the energy risk management program is to measure and manage exposure to market risks, credit risks and operational risks. Specific goals of the energy risk management program include reducing the impact of market fluctuations on energy commodity prices associated with customer energy requirements, reducing excess generation and fuel expenses, meeting customer pricing needs and maximizing the value of physical generating assets. The District employs established policies and procedures to meet the goals of the energy risk management program using various physical and financial instruments, including forward contracts, futures, swaps and options.

Certain of these transactions are accounted for as commodity derivatives and are recorded in the accompanying Combined Balance Sheets as either an asset or liability measured at their fair value. Derivative instruments and the related collateral accounts, if applicable, that are subject to master netting agreements are presented as a net asset or liability in the accompanying Combined Balance Sheets. Changes in the fair value of commodity derivatives are recognized each period in net operating revenues and included in the accompanying Combined Statements of Net Revenues and classified as part of operating cash flows in the accompanying Combined Statements of Cash Flows. Some of the District's contractual agreements qualify and are designated for the normal purchases and normal sales exception and are not recorded at fair value in the accompanying Combined Balance Sheets. This exception applies to physical sales and purchases of power or fuel when it is probable that physical delivery will occur; the pricing provisions are clearly and closely related to the underlying asset; and the documentation requirements are met. If a contract qualifies for the normal purchases and normal sales scope exception, the District accounts for the contract using settlement accounting (costs and revenues are recorded when physical delivery occurs). SRP has not elected to use hedge accounting for its derivative instruments.

See Note [8], FAIR VALUE MEASUREMENTS, for additional information on derivative valuation.

Derivative Volumes

The District has the following gross derivative volumes, by type, as of April 30, 2025:

Commodity	Unit of Measure	Sales Volumes	Purchases Volumes
Natural gas options, swaps and forward arrangements	MMBtu	1,930,000	371,409,000
Electricity options, swaps and forward arrangements	MWh	26,040	-
Liquefied fuel swaps	Gallon	-	3,449,800

The District has the following gross derivative volumes, by type, as of April 30, 2024:

Commodity	Unit of Measure	Sales Volumes	Purchases Volumes
Natural gas options, swaps and forward arrangements	MMBtu	17,400,000	355,000,000
Electricity options, swaps and forward arrangements	MWh	205,835	-
Liquefied fuel swaps	Gallon	-	5,346,400

Presentation of Derivative Instruments in the Financial Statements

The following tables provide information about the gross fair values, netting, and collateral and margin deposits for derivative hedging instruments in the accompanying Combined Balance Sheets as of April 30 (in thousands):

2025	Current Commodity Derivative Assets	Non-current Commodity Derivative Assets	Current Commodity Derivative Liabilities	Non-current Commodity Derivative Liabilities	Net Assets (Liabilities)
Commodities	$ 11,745	$ 31,485	$ (75,594)	$ (113,822)	$ (146,186)
Netting	(10,838)	(31,417)	10,838	31,417	-
Collateral and margin deposits	-	-	17,831	16,000	33,831
Total	$ 907	$ 68	$ (46,925)	$ (66,405)	$ (112,355)

2024	Current Commodity Derivative Assets	Non-current Commodity Derivative Assets	Current Commodity Derivative Liabilities	Non-current Commodity Derivative Liabilities	Net Assets (Liabilities)
Commodities	$ 6,474	$ 40,885	$ (102,409)	$ (66,609)	$ (121,659)
Netting	(6,474)	(34,428)	6,474	34,428	-
Collateral and margin deposits	-	-	3,489	-	3,489
Total	$ -	$ 6,457	$ (92,446)	$ (32,181)	$ (118,170)

The following tables summarize the District's unrealized gains (losses) associated with derivatives not designated as hedging instruments in the accompanying Combined Statements of Net Revenues for the fiscal year (in thousands):

2025	Operating Revenues	Power Purchased	Fuel Used in Electric Generation	Change in Unrealized Gain (Loss)
Commodities	$ 7,125	$ -	$ (28,437)	$ (21,312)

2024	Operating Revenues	Power Purchased	Fuel Used in Electric Generation	Change in Unrealized Gain (Loss)
Commodities	$ 21,437	$ 500	$ (79,116)	$ (57,179)

Credit-Related Contingent Features

Certain of the District's derivative instruments contain provisions that require the District to post additional collateral upon certain credit events. If the District's debt were to fall below investment grade, the counterparties to the derivative instruments could demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative liabilities with credit-risk-related contingent features as of April 30, 2025, was $147.1 million. As of April 30, 2025, the District posted collateral in the amount of $33.8 million as credit support under energy contracts for which the collateralization threshold was exceeded. If the credit-risk-related contingent features underlying these agreements were triggered on April 30, 2025, the District could be required to post up to $113.3 million of additional collateral to its counterparties.

(8) FAIR VALUE MEASUREMENTS:

SRP accounts for fair value in accordance with authoritative guidance, which defines fair value, establishes methods for measuring fair value by applying one of three observable market techniques (market approach, income approach or cost approach) and establishes required disclosures about fair value measurements. This guidance defines fair value as the price that would be received for an asset or paid to transfer a liability, in the most advantageous market for the asset or liability in an arms-length transaction between willing market participants at the measurement date. SRP determines fair value of most of its financial instruments based on the market approach, which is defined as a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Certain derivative positions are valued using the income approach, which derives fair value from estimated future cash flows, risk-adjusted discount rates and other inputs.

SRP classifies its financial instruments into the fair value hierarchy based on the inputs used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

> Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.
>
> Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets, pricing models whose inputs are observable for substantially the full term of the assets or liabilities and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means.
>
> Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Assets measured at fair value using net asset value (NAV) as a practical expedient are not categorized in the fair value hierarchy. These assets are listed in the column "Other" in the following tables.

The following table sets forth, by level within the fair value hierarchy, SRP's financial assets and liabilities that were accounted for at fair value on a recurring basis as of April 30, 2025 (in thousands):

	Level 1	Level 2	Level 3	Other	Netting and Collateral	Total
Assets						
Cash and cash equivalents:						
Money market funds	$ -	$ 671,000	$ -	$ -	$ -	$ 671,000
Total cash and cash equivalents	-	671,000	-	-	-	671,000
Non-utility property and other investments:						
Money market funds	-	18,754	-	-	-	18,754
Mutual funds	50,311	-	-	-	-	50,311
Total non-utility property and other investments	50,311	18,754	-	-	-	69,065
Segregated funds, net of current portion:						
Money market funds and US treasury bills	-	56,978	-	-	-	56,978
Mutual funds	2,038,779	-	-	-	-	2,038,779
Commingled funds	-	-	-	2,702	-	2,702
Government securities	-	12,980	-	-	-	12,980
Total segregated funds, net of current portion	2,038,779	69,958	-	2,702	-	2,111,439
Current portion of segregated funds:						
Money market funds	-	126,066	-	-	-	126,066
Total current portion of segregated funds	-	126,066	-	-	-	126,066
Derivative instruments:						
Commodities	-	43,017	213	-	(42,255)	975
Total derivative instruments	-	43,017	213	-	(42,255)	975
Total assets	$2,089,090	$ 928,795	$ 213	$ 2,702	$ (42,255)	$2,978,545
Liabilities						
Derivative instruments:						
Commodities	$ -	$ (189,416)	$ -	$ -	$ 76,086	$ (113,330)
Total derivative instruments	-	(189,416)	-	-	76,086	(113,330)
Total liabilities	$ -	(189,416)	$ -	$ -	$ 76,086	$ (113,330)

The following table sets forth, by level within the fair value hierarchy, SRP's financial assets and liabilities that were accounted for at fair value on a recurring basis as of April 30, 2024 (in thousands):

	Level 1	Level 2	Level 3	Other	Netting and Collateral	Total
Assets						
Cash and cash equivalents:						
Money market funds	$ -	$ 489,000	$ -	$ -	$ -	$ 489,000
Total cash and cash equivalents	-	489,000	-	-	-	489,000
Non-utility property and other investments:						
Money market funds	-	18,062	-	-	-	18,062
Mutual funds	59,916	-	-	-	-	59,916
Total non-utility property and other investments	59,916	18,062	-	-	-	77,978
Segregated funds, net of current portion:						
Money market funds	-	2,976	-	-	-	2,976
Mutual funds	1,576,902	-	-	-	-	1,576,902
Commingled funds	-	-	-	311,624	-	311,624
Government securities	-	10,911	-	-	-	10,911
Total segregated funds, net of current portion	1,576,902	13,887	-	311,624	-	1,902,413
Current portion of segregated funds:						
Money market funds	-	122,443	-	-	-	122,443
Total current portion of segregated funds	-	122,443	-	-	-	122,443
Derivative instruments:						
Commodities	-	47,166	193	-	(40,902)	6,457
Total derivative instruments	-	47,166	193	-	(40,902)	6,457
Total assets	$1,636,818	$ 690,558	$ 193	$ 311,624	$ (40,902)	$2,598,291
Liabilities						
Derivative instruments:						
Commodities	$ -	$ (165,128)	$ (3,890)	$ -	$ 44,391	$ (124,627)
Total derivative instruments	-	(165,128)	(3,890)	-	44,391	(124,627)
Total liabilities	$ -	(165,128)	$ (3,890)	$ -	$ 44,391	$ (124,627)

Valuation Methodologies

Securities

Money market funds: Investments with maturities of three months or less when purchased, including certain short-term fixed income securities, are considered cash equivalents. The fair value of shares in money market funds are priced based on inputs obtained from Bloomberg, a pricing service whose prices are obtained from direct feeds from exchanges, that are either directly or indirectly observable. Even though the NAV of the fund(s) is kept at $1 per share, and transactions occur at that price, the underlying value of the securities may or may not be equal to $1 per share; therefore, these funds are classified as Level 2 in the fair value hierarchy.

Mutual funds: The fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and, therefore, have been categorized as Level 1 in the fair value hierarchy. This category may include exchange-traded funds, which are similar to mutual funds in their structure but trade actively on exchanges like stocks. Mutual funds are priced using active market exchanges.

Commingled funds: Commingled funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with SRP's overall investment strategy. For equity and fixed-income commingled funds, the fund administrator values the fund using the NAV per fund share, derived from the quoted prices in active markets of the underlying securities. Investments in non-publicly traded companies held in private equity funds are valued based on good-faith estimates of fair value performed by the fund manager. Commingled funds are measured at fair value using NAV as a practical expedient and are not categorized in the fair value hierarchy. These assets are listed as "Other" in the fair value hierarchy.

Government securities: The fair value of government securities is derived from quoted prices on similar assets in active or non-active markets, from pricing models whose inputs are observable for the substantially full term of the asset, or from pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means; therefore, these securities have been categorized as Level 2 in the fair value hierarchy.

Commodity Derivative Instruments

The fair values of gas swaps and power swaps that are priced based on inputs using quoted prices on published exchanges or indexes have been categorized as Level 1 in the fair value hierarchy. These include gas and power swaps traded on exchanges.

The fair values of gas swaps, power swaps, gas options, power options and power deals that are priced based on inputs obtained through pricing agencies and developed pricing models, using similar observable items in active and inactive markets, are classified as Level 2 in the fair value hierarchy.

The fair values of derivative assets and liabilities that are valued using pricing models with significant unobservable market data traded in less active or underdeveloped markets are classified as Level 3 in the fair value hierarchy. Level 3 items include gas swaps, power swaps, gas options, power options and power deals. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

SRP periodically transacts at locations, market price points or in time blocks that are non-standard or illiquid for which no prices are available from an independent pricing source. In these cases, SRP applies adjustments based on historical price curve relationships to a more liquid price point as a proxy for market prices. Such transactions are classified as Level 3.

SRP estimates the fair value of certain of its options using Black-Scholes option pricing models, which include inputs such as implied volatility, correlations, interest rates and forward price curves.

All the assumptions above include adjustments for counterparty credit risk, using credit default swap data, bond yields, when available, or external credit ratings.

SRP's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. SRP reviews the assumptions underlying its contracts monthly.

The following table provides quantitative information regarding significant unobservable inputs in SRP's Level 3 fair value measurements as of April 30, 2025:

	Fair Value *(in thousands)*		**Unobservable Inputs**	
	Assets	**Liabilities**	**Range**	**Weighted Average***
Option contracts	$ 213	$ -		
Market price per MWh			$27.02 - $27.02	27.02
Power volatility			41.41% - 41.41%	41.41%
Market price per MMBtu			$1.79 - $1.79	$1.79
Gas volatility			76.40% - 76.40%	76.40%

*Unobservable inputs were weighted by the relative commodity quantity in each contract.

The following table provides quantitative information regarding significant unobservable inputs in SRP's Level 3 fair value measurements as of April 30, 2024:

	Fair Value *(in thousands)*		Unobservable Inputs	
	Assets	Liabilities	Range	Weighted Average*
Option contracts	$ 193	$ (3,890)		
Market price per MWh			$19.48 - $103.14	59.42
Power volatility			37.56% - 82.08%	50.47%
Market price per MMBtu			$1.07 - $7.31	$3.11
Gas volatility			35.10% - 114.00%	57.89%

*Unobservable inputs were weighted by the relative commodity quantity in each contract.

See Note [7], DERIVATIVE INSTRUMENTS, for additional detail of derivatives.

Investments Calculated at Net Asset Value

As of April 30, 2025, the fair value measurement of investments calculated at NAV (or its equivalent), as well as the nature and risks of those investments, is as follows:

	Fair Value *(in thousands)*	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds:				
Private equity fund	2,702	$2.2 million	N/A	N/A
Total commingled funds	$ 2,702			

As of April 30, 2024, the fair value measurement of investments calculated at NAV (or its equivalent), as well as the nature and risks of those investments, is as follows:

	Fair Value *(in thousands)*	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds:				
Fixed income funds	$ 309,888	None	Daily	N/A
Private equity fund	1,736	$3.0 million	N/A	N/A
Total commingled funds	$ 311,624			

Fixed income commingled funds: These funds are actively managed funds used by an investment manager to diversify an overall portfolio of separately managed fixed-income securities. The funds may invest in fixed-income securities of varying duration, maturity, credit quality and geographic location. The securities may be non-U.S. securities.

Private equity commingled fund: This fund invests primarily in privately held early stage and emerging growth technology companies and businesses primarily based in, or having existing or potential strategic and economic ties to, the State of Arizona.

Margin and Collateral Deposits

Margin and collateral deposit assets and liabilities include cash deposited with, and received from, counterparties and brokers as credit support under energy contracts. The amount of margin and collateral deposits varies based on changes in the fair value of the positions. SRP presents its margin and cash collateral deposits net with its derivative positions on the accompanying Combined Balance Sheets. Net margin and collateral deposits (liabilities)

were $33.8 million and $3.5 million as of April 30, 2025 and 2024, respectively. See Note [7], DERIVATIVE INSTRUMENTS.

Changes in Level 3 Fair Value Measurements

The tables below include the reconciliation of changes to the balance sheet amounts for the fiscal years ended April 30 for commodity derivative instruments classified as Level 3 in the fair value hierarchy; this determination is based upon unobservable inputs to the overall fair value measurement (in thousands):

	2025	2024
Beginning balance, May 1	$ (3,697)	$ (18,650)
Transfers out of Level 3	-	103
Net realized and unrealized gain (loss) included in earnings	-	4,412
Net purchases (sales)	213	-
Settlements	3,697	10,438
Ending balance, April 30	$ 213	$ (3,697)

Realized and unrealized gains and losses included in earnings identified above are included in wholesale revenues, power purchased or fuel used in electric generation, as appropriate in the accompanying Combined Statements of Net Revenues. The transfers out of Level 3 for each fiscal year primarily represent derivative positions for which the maturity date has moved to within a time frame such that there are published price curves available to use for performing the valuations.

Fair Value Disclosures

U.S. GAAP requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. Many but not all of the financial instruments are recorded at fair value on the accompanying Combined Balance Sheets. Financial instruments held by SRP are discussed below.

Financial instruments for which fair value approximates carrying value: Certain financial instruments that are not carried at fair value on the accompanying Combined Balance Sheets are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. The instruments include receivables, accounts payable, customers' deposits, other current liabilities, commercial paper and loans against the District's revolving line-of-credit agreements.

Financial instruments for which fair value does not approximate carrying value: SRP presents long-term debt at carrying value on the accompanying Combined Balance Sheets. The collective fair value of the District's revenue bonds, including the current portion, was estimated by using industry leading pricing services from independent sources. As of April 30, 2025 and 2024, the carrying amount of the District's revenue bonds, including current portion and accrued interest, was $6.2 billion and $5.3 billion, respectively, and the estimated fair value was $5.9 billion and $5.0 billion, respectively. These estimated fair values are classified as Level 2 in the fair value hierarchy. (See Note [9], LONG-TERM DEBT, for further discussion of the District's revenue bonds.)

(9) LONG-TERM DEBT:

Long-term debt consists of the following as of April 30 (in thousands):

	Maturity	Interest Rate	2025	2024
Revenue bonds				
2010 Series A	2040 – 2041	4.84%	$ 490,915	$ 490,915
2015 Series A	2034 – 2036	3.00%	172,035	867,285
2016 Series A	2026 – 2038	4.00%-5.00%	597,080	626,280
2017 Series A	2026 – 2039	5.00%	600,035	623,555
2019 Series A	2026 – 2049	3.00%-5.00%	422,610	430,875
2020 Series A	2026 – 2048	2.38%-5.00%	174,530	177,330
2020 Series B	2048 – 2050	2.57%	100,000	100,000
2021 Series A	2026 – 2029	5.00%	150,880	205,875
2022 Series A	2030 – 2032	5.00%	193,065	193,065
2023 Series A	2029 – 2050	5.00%	500,000	500,000
2023 Series B	2043 – 2053	5.00%-5.25%	650,000	650,000
2024 Series A	2026 – 2054	5.00%-5.25%	555,135	-
2024 Series B	2039 – 2042	5.00%	144,865	-
2025 Series A	2041 – 2046	5.00%	277,930	-
2025 Series B	2026 – 2037	5.00%	637,230	-
Total revenue bonds			5,666,310	4,865,180
Unamortized bond premium (discount), net			510,502	409,969
Unamortized debt issuance costs			(13,650)	(10,428)
Total revenue bonds outstanding			6,163,162	5,264,721
Commercial paper			142,570	325,000
Total long-term debt and short-term debt			6,305,732	5,589,721
Less: Current portion of long-term debt			(295,355)	(118,780)
Total long-term debt			$ 6,010,377	$ 5,470,941

The annual maturities of revenue bonds as of April 30, 2025, due in fiscal years ending April 30, are as follows (in thousands):

2026	$ 152,785
2027	157,960
2028	165,220
2029	174,760
2030	180,935
Thereafter	4,834,650
Total	$ 5,666,310

Revenue Bonds

Revenue bonds are secured by a pledge of, and a lien on, the revenues of the electric system, after deducting operating expenses, as defined in the amended and restated bond resolution, effective in January 2003, as amended (Bond Resolution). The Bond Resolution requires the District to charge and collect revenues sufficient to fund the debt reserve account and pay operating expenses, debt service and all other charges and liens payable out of revenues and income. Under the terms of the Bond Resolution, the District makes debt service deposits to a non-trusteed segregated fund. Included in segregated funds in the accompanying Combined Balance Sheets are $206.7 million and $203.1 million of debt-service related funds as of April 30, 2025 and 2024, respectively. Additionally, the Bond Resolution requires the District to maintain a revenue bond debt service coverage ratio of 1.1 or greater on outstanding revenue bonds. To be eligible to issue additional revenue bonds, the District must anticipate sufficient revenues to maintain that ratio post-issuance. For the fiscal years ended April 30, 2025 and

2024, the revenue bond debt service coverage ratio was 4.4 and 4.0, respectively. A substantial portion of the revenue bonds are callable by the District ten years after issuance.

In February 2023, the District issued $500.0 million of 2023 Series A Electric System Revenue Bonds at an average effective interest rate of 4.2%. The proceeds of the bonds were used to pay costs of issuance and to fund capital improvements of the District.

In November 2023, the District issued $650.0 million of 2023 Series B Electric System Revenue Bonds at an average effective interest rate of 4.8%. The proceeds of the bonds were used to pay costs of issuance and to fund capital improvements of the District.

In October 2024, the District issued $555.1 million of 2024 Series A Electric System Revenue Bonds at an average effective interest rate of 4.2%. The proceeds of the bonds were used to pay costs of issuance and to fund capital improvements of the District.

In October 2024, the District issued $144.9 million of 2024 Series B Electric System Revenue Bonds at an average effective interest rate of 3.6%. The proceeds of the bonds were used to pay costs of issuance and to fund capital improvements of the District.

In March 2025, the District issued $277.9 million of Series A Electric System Revenue Bonds at an average effective interest rate of 4.3%. The proceeds of the bonds, along with a $3.8 million contribution from the District, were deposited into an externally trusteed irrevocable account. The escrow account was used to refund $300.0 million of outstanding 2015 Series A Bonds. The refunding is a non-cash activity on the Combined Statements of Cash Flows, except for the $3.8 million contribution which is a cash outflow for financing activities.

In March 2025, the District issued $637.2 million of Series B Electric System Revenue Bonds at an average effective interest rate of 3.1%. Portion of the proceeds of the bonds, along with a $4.9 million contribution from the District, were deposited into an externally trusteed irrevocable account. The escrow account was used to refund $395.3 million of outstanding 2015 Series A Bonds. Remaining proceeds of the bonds were used to pay costs of issuance and to fund capital improvements of the District. The refunding is a non-cash activity on the Combined Statements of Cash Flows, except for the $4.9 million contribution which is a cash outflow for financing activities.

Interest, Build America Bonds subsidy payments, and the amortization of bond discount, premium and issuance costs on the various issues result in an effective rate of 3.8% over the remaining term of the bonds.

As of April 30, 2025, the District had authorization to issue additional Electric System Revenue Bonds totaling $6.6 billion in principal amount and Electric System Refunding Revenue Bonds totaling $11.7 billion in principal amount.

(10) COMMERCIAL PAPER AND CREDIT AGREEMENTS:

The District is authorized by the Board to issue up to $800.0 million in commercial paper. The District had $39.9 million and $50.0 million of Series C Commercial Paper outstanding as of April 30, 2025 and 2024, respectively, and an additional $102.7 million and $275.0 million of Series D-1 Commercial Paper outstanding as of April 30, 2025 and 2024, respectively. As of April 30, 2025 and 2024, the Series C issue had a weighted average interest rate to the District of 3.10% and 3.54%, respectively. As of April 30, 2025 and 2024, the Series D-1 issue had a weighted average interest rate to the District of 4.40% and 5.37%, respectively. The commercial paper matures not more than 270 days from the date of issuance and is an unsecured obligation of the District.

As of April 30, 2025, the District has four revolving line-of-credit agreements (in thousands):

Credit Institution	Credit Amount	Expiration
U.S. Bank National Association	$ 200,000	June 27, 2025
Bank of America, N.A.	250,000	December 9, 2025
J.P. Morgan Chase Bank, National Association	175,000	June 29, 2026
TD Bank, N.A.	175,000	July 14, 2026

The revolving line-of-credit agreements support the $142.6 million of outstanding commercial paper as of April 30, 2025. Commercial paper is classified as current portion of long-term debt in the accompanying Combined Balance Sheets.

The revolving line-of-credit agreements contain various conditions precedent to borrowings that include, but are not limited to, compliance with the covenants set forth in the agreements, the continued accuracy of representations and warranties, no existence of default, and maintenance of certain investment grade ratings on the District's revenue bonds. The District was in compliance with the various covenants as of April 30, 2025 and 2024. Alternative sources of funds to support the commercial paper program include existing funds on hand or the issuance of alternative debt, such as revenue bonds.

The remaining unallocated $657.4 million in credit available under the four lines of credit as of April 30, 2025 may be used to support the issuance of additional commercial paper or for other general corporate purposes.

(11) LEASES:

SRP leases land, buildings, equipment and other property to facilitate operations of generating stations through operating rental agreements with varying terms, provisions and expiration dates. SRP also has certain power purchase agreements that qualify as lease arrangements (PPA Leases). SRP's leases have remaining terms that expire in 2025 through 2045.

Lessee

SRP enters into various agreements to purchase power, electric capacity and other energy products that may be accounted for as a lease when SRP has the right to determine when and how the generating unit operates or is designed. SRP may elect to terminate certain leases if the projects are decommissioned or otherwise permanently removed from service. SRP's lease agreements do not contain any material residual value guarantees or restrictive covenants.

SRP recognizes lease assets and liabilities upon lease commencement. The following table provides information related to the classification of lease balances on the Combined Balance Sheets as of April 30 (in thousands):

	2025	2024
Assets		
Other deferred charges and other assets		
Operating lease right-of-use assets	$ 76,525	$ 82,653
Total lease assets	$ 76,525	$ 82,653
Liabilities		
Other current liabilities		
Short-term operating lease liabilities	$ 7,176	$ 7,149
Other deferred credits and other non-current liabilities		
Long-term operating lease liabilities	48,671	52,413
Total lease liabilities	$ 55,847	$ 59,562

The following table provides information related to SRP's lease costs for the fiscal year ended April 30, 2025 (in thousands):

	PPA Leases	Other Leases	Total
Operating lease cost	$ -	$ 9,838	$ 9,838
Variable lease cost	337,667	-	337,667
Short-term lease cost	-	385	385
Total	$ 337,667	$ 10,223	$ 347,890

The following table provides information related to SRP's lease costs for the fiscal year ended April 30, 2024 (in thousands):

	PPA Leases	Other Leases	Total
Operating lease cost	$ -	$ 9,634	$ 9,634
Variable lease cost	164,045	-	164,045
Short-term lease cost	-	341	341
Total	$ 164,045	$ 9,975	$ 174,020

Lease costs related to PPA Leases are recorded in power purchased in the Combined Statements of Net Revenues. Lease costs for other leases are included as a component of operating expenses in the accompanying Combined Statements of Net Revenues. Variable lease costs are recognized in the period the costs are incurred and primarily relate to renewable energy PPA Leases. Payments under most renewable energy PPA Leases are dependent upon environmental factors, and due to the inherent uncertainty associated with the reliability of the energy source, the payments are considered variable and are excluded from the measurement of lease liabilities and right-of-use lease assets.

The following maturity analysis reconciles expected undiscounted cash flows in years ending April 30 to the operating lease liability as of April 30, 2025 (in thousands):

2026	$	7,471
2027		7,512
2028		7,542
2029		7,565
2030		7,339
Thereafter		26,690
Total lease commitments		64,119
Less: Interest		(8,272)
Total	$	55,847

The following table provides additional information related to operating lease liabilities, as of April 30:

	2025	2024
Weighted-average remaining lease term	12 years	11 years
Weighted-average discount rate*	2.03%	1.87%
Cash paid for leasing arrangements (operating cash flow), in millions	$7.4	$7.2

*When an implicit rate is not readily determinable, an incremental borrowing rate is utilized, determining the present value of lease payments. The rate is based on expected term and information available at the commencement date.

Lessor

SRP leases land and other assets to third parties that are classified as operating leases. These leases have varying terms, provisions, expiration dates and term extension options. Remaining lease terms range from 1 to 90 years. Lease income is reported in other income in the accompanying Combined Statements of Net Revenues. During the fiscal years ended April 30, 2025 and 2024, lease income was $6.8 million and $7.8 million, respectively.

The undiscounted cash flows to be received from lease payments in fiscal years ending April 30 are summarized below (in thousands):

2026	$	8,130
2027		7,919
2028		7,854
2029		7,994
2030		8,120
Thereafter		933,919
Total	$	973,936

(12) EMPLOYEE BENEFIT PLANS AND INCENTIVE PROGRAMS:

Defined Benefit Pension Plan and Other Post-retirement Benefits

SRP's Employees' Retirement Plan (the Plan) covers substantially all employees. The Plan is funded entirely from SRP contributions and the income earned on invested Plan assets. SRP contributed $75.0 million in each fiscal year ended April 30, 2025 and 2024.

SRP provides a non-contributory defined benefit medical plan for retired employees and their eligible dependents (contributory for employees hired January 1, 2000, or later) and a non-contributory defined benefit life insurance

plan for retired employees. Employees are eligible for coverage if they retire at age 65 or older with at least five years of vested service under the Plan (ten years for those hired January 1, 2000, or later), or at any time after attainment of age 55 with a minimum of ten years of vested service under the Plan (twenty years for those hired January 1, 2000, or later). The funding policy is discretionary.

U.S. GAAP requires employers to recognize the overfunded or underfunded positions of defined benefit pension and other post-retirement plans in their balance sheets. Any actuarial gains and losses, prior service costs and transition assets or obligations must be recorded on the balance sheet with an offset to accumulated other comprehensive income until the amounts are amortized as a component of net periodic benefit costs.

The Board has authorized the District to collect future amounts associated with the pension and other post-retirement plan liabilities as part of the pricing process. The District established a regulatory asset for the amounts otherwise chargeable to accumulated other comprehensive income that are expected to be recovered through prices in future periods. The changes in actuarial gains and losses, prior service costs and transition assets or obligations pertaining to the regulatory asset are recognized as an adjustment to the regulatory asset or liability accounts, as these amounts are recognized as components of net periodic pension costs each fiscal year. The District's amortization amounts for fiscal year 2025 were $4.8 million for prior service cost and $4.3 million for net actuarial gain. The District's amortization amounts for fiscal year 2024 were $4.8 million for prior service cost and $0.3 million for net actuarial loss.

The following tables outline changes in benefit obligations, plan assets, the funded status of the plans and amounts included in the accompanying Combined Financial Statements, as of and for the years ended April 30 (in thousands):

	Pension Benefits		Post-retirement Benefits	
	2025	2024	2025	2024
Change in benefit obligation				
Benefit obligation at beginning of year	$ 2,490,176	$ 2,645,635	$ 674,007	$ 725,032
Service cost	61,639	68,047	15,909	19,136
Interest cost	141,024	132,178	38,310	36,316
Actuarial loss (gain)	45,941	(217,390)	93,956	(78,236)
Benefits paid	(141,795)	(138,294)	(36,947)	(33,241)
Plan amendment	-	-	1,277	-
Benefit obligation at end of year	2,596,985	2,490,176	786,512	674,007
Change in plan assets				
Fair value of plan assets at beginning of year	2,754,331	2,623,649	-	-
Actual return on plan assets	180,115	193,976	-	-
Employer contributions	75,000	75,000	36,947	33,241
Benefits paid	(141,795)	(138,294)	(36,947)	(33,241)
Fair value of plan assets at end of year	2,867,651	2,754,331	-	-
Funded status at end of year	$ 270,666	$ 264,155	$ (786,512)	$ (674,007)
Amounts recognized in Combined Balance Sheets				
Accumulated post-retirement asset	$ 270,666	$ 264,155	$ -	$ -
Other current liabilities	-	-	(37,022)	(32,846)
Accrued post-retirement liability	-	-	(749,490)	(641,161)
Net asset (liability) recognized	$ 270,666	$ 264,155	$ (786,512)	$ (674,007)
Amounts recognized as a regulatory asset				
Prior service cost	$ 43,721	$ 48,404	$ 1,453	$ 244
Net actuarial loss (gain)	386,712	297,873	(29,689)	(127,959)
Net regulatory asset (liability)	$ 430,433	$ 346,277	$ (28,236)	$ (127,715)

Actuarial losses related to changes in the benefit obligation during the year ended April 30, 2025 were $45.9 million and $94.0 million for pension benefits and post-retirement benefits, respectively, primarily due to a change in the discount rate from 5.83% in fiscal year 2024 to 5.76% in fiscal year 2025.

Actuarial gains related to changes in the benefit obligation during the year ended April 30, 2024 were $217.4 million and $73.2 million for pension benefits and post-retirement benefits, respectively, primarily due to a change in the discount rate from 5.13% in fiscal year 2023 to 5.83% in fiscal year 2024.

The accumulated benefit obligation for pension benefits was $2.3 billion and $2.2 billion as of April 30, 2025 and 2024, respectively.

SRP internally funds its other post-retirement benefits obligation. As of April 30, 2025 and 2024, $1.3 billion and $1.2 billion of segregated funds, respectively, were designated for this purpose.

The weighted-average assumptions used to calculate actuarial present values of benefit obligations as of April 30 were as follows:

	Pension Benefits		Post-retirement Benefits	
	2025	2024	2025	2024
Discount rate	5.76%	5.83%	5.76%	5.83%
Rate of compensation increase	4.50%	4.55%	N/A	N/A

Weighted-average assumptions used to calculate net periodic benefit costs were as follows:

	Pension Benefits		Post-retirement Benefits	
	2025	2024	2025	2024
Discount rate	5.83%	5.13%	5.83%	5.13%
Expected return on Plan assets	7.75%	7.75%	N/A	N/A
Rate of compensation increase	4.50%	4.55%	N/A	N/A

A 6.75% annual increase in per capita costs of healthcare benefits was assumed during fiscal year 2025; these rates were assumed to decrease uniformly until equaling 4.75% in all future years.

The components of net periodic benefit costs for the fiscal years ended April 30 are as follows (in thousands):

	Pension Benefits		Post-retirement Benefits	
	2025	2024	2025	2024
Service cost	$ 61,639	$ 68,047	$ 15,909	$ 19,136
Interest cost	141,024	132,178	38,310	36,316
Expected return on Plan assets	(223,013)	(215,200)	-	-
Amortization of net actuarial loss (gain)	-	136	(4,314)	182
Amortization of prior service cost	4,682	4,682	68	68
Net periodic benefit cost	$ (15,668)	$ (10,157)	$ 49,973	$ 55,702

Plan Assets

The Board has established an investment policy for Plan assets and has delegated oversight of such assets to a compensation committee (the Committee). The investment policy sets forth the objective of providing for future pension benefits by targeting returns consistent with a stated tolerance of risk. The investment policy is based on analysis of the characteristics of the Plan sponsors, actuarial factors, current Plan condition, liquidity needs and legal requirements. The primary investment strategies are diversification of assets, stated asset allocation targets

and ranges, and external management of Plan assets. The Committee determines the overall target asset allocation ratio for the Plan and defines the target asset allocation ratio deemed most appropriate for the needs of the Plan and the risk tolerance of the District.

The market value of investments (reflecting returns, contributions and benefit payments) within the Plan trust appreciated 6.67% during fiscal year 2025, compared to appreciation of 7.54% during fiscal year 2024. Changes in the Plan's funded status affect the assets and liabilities recorded on the Combined Balance Sheets in accordance with authoritative guidance for regulated enterprises. Due to the District's regulatory treatment, the recognition of funded status is offset by regulatory assets or liabilities and is recovered through customer rates. There have been numerous legislative changes in recent years that have affected funding requirements. The Moving Ahead for Progress in the 21st Century Act (MAP-21), the Highway and Transportation Funding Act of 2014 (HAFTA), the Bipartisan Budget Act of 2015 (BBA15), the American Rescue Plan Act of 2021 (ARPA), and the Infrastructure Investment and Jobs Act (IIJA) were signed into law between mid-2012 and the end of 2021. All of these acts have decreased the level of minimum required contributions.

The Plan's weighted-average asset allocations as of April 30 are as follows:

	2025		2024	
	Target Allocations	Actual Allocations	Target Allocations	Actual Allocations
Equity securities	56%	56%	60%	62%
Debt securities	35%	35%	30%	29%
Real estate	9%	9%	10%	9%
Total	100%	100%	100%	100%

The investment policy, as authorized by the Board, allows management to reallocate Plan assets at any time within a tolerance range up to plus or minus 5% from the target asset allocation which allows for flexibility in managing the assets based on prevailing market conditions and does not require automatic rebalancing if the actual allocation strays from the target allocation.

Fair Value of Plan Assets

Assets measured at fair value using NAV are not categorized in the fair value hierarchy. These assets are listed in the column "Other" in the following tables to permit reconciliation to amounts presented elsewhere.

The following table sets forth the fair value of Plan assets, by asset category, as of April 30, 2025 (in thousands):

	Level 1	Level 2	Other	Total
Cash and cash equivalents	$ 9,839	$ -	$ -	$ 9,839
Mutual funds	188,433	-	-	188,433
Government securities	-	88,188	-	88,188
Corporate bonds	-	922,066	-	922,066
Common stocks	98,523	-	-	98,523
Commingled funds	-	-	1,302,447	1,302,447
Real estate	-	-	258,155	258,155
Total assets	$ 296,795	$ 1,010,254	$ 1,560,602	$ 2,867,651

The following table sets forth the fair value of Plan assets, by asset category, as of April 30, 2024 (in thousands):

	Level 1	Level 2	Other	Total
Cash and cash equivalents	$ 6,598	$ -	$ -	$ 6,598
Mutual funds	147,543	-	-	147,543
Government securities	-	95,068	-	95,068
Corporate bonds	-	692,344	-	692,344
Common stocks	97,795	-	-	97,795
Commingled funds	-	-	1,458,621	1,458,621
Real estate	-	-	256,362	256,362
Total assets	$ 251,936	$ 787,412	$ 1,714,983	$ 2,754,331

For a description of the fair value hierarchy, refer to Note [8], FAIR VALUE MEASUREMENTS.

Valuation Methodologies

Corporate bonds: For fixed-income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. SRP has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, SRP selectively corroborates the fair values of securities by comparison to other market-based price sources. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences, and are categorized as Level 2.

Common stocks: The fair values of shares in preferred and common corporate stocks are based on inputs that are quoted prices in active markets for identical assets and, therefore, have been categorized as Level 1 in the fair value hierarchy. Equity securities held individually are primarily traded on exchanges that contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

Real estate: Real estate commingled funds are funds with a direct investment in a pool of real estate properties. These funds are valued by investment managers on a periodic basis using pricing models that use independent appraisals from sources with professional qualifications. The valuations of the real estate funds are sensitive to market factors outside the control of the Plan, including interest rate levels and economic activity. The valuations, although done quarterly by independent qualified appraisers, may vary due to these factors.

For an explanation of the valuation methodologies used to determine fair value of the assets of the Plan that are not listed above, refer to Note [8], FAIR VALUE MEASUREMENTS.

Long-term Rate of Return

The expected return on Plan assets is based on a review of the Plan asset allocations and consultations with a third-party investment consultant and the Plan actuary, considering market and economic indicators, historical market returns, correlations and volatility, and recent professional or academic research.

Employer Contributions

SRP expects to contribute $75.0 million to the Plan over the next fiscal year.

Benefits Payments

SRP expects to pay benefits in the amounts as follows in fiscal years ending April 30 (in thousands):

		Post-retirement Benefits	
	Pension Benefits	Before Subsidy*	Net
2026	$ 146,518	$ 38,073	$ 37,377
2027	150,964	39,809	39,093
2028	154,866	41,299	40,570
2029	158,698	42,659	41,921
2030	162,432	44,134	43,389
2031 through 2035	866,864	245,459	241,770

*Estimated future benefit payments, including prescription drug benefits, prior to federal drug subsidy receipts expected as a result of the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

Defined Contribution Plan

SRP's Employees' 401(k) Plan (the 401(k) Plan) covers substantially all employees. The 401(k) Plan receives employee pre-tax and post-tax contributions and partial employer matching contributions. Employees who are contributing to the 401(k) Plan are eligible to receive partial employer matching contributions of $0.90 on every dollar contributed up to the first 6% of their base pay that they contribute to the 401(k) Plan. Employer matching contributions to the 401(k) Plan were $31.9 million and $29.0 million during fiscal years ended April 30, 2025 and 2024, respectively.

Employee Performance Incentive Compensation Program

The EPIC program, a cash-based incentive program, covers substantially all regular employees and is based on the achievement of pre-established targets for each fiscal year. The total compensation expense, including payroll taxes, recognized for the EPIC program for fiscal years ended April 30, 2025 and 2024 was $57.5 million and $29.8 million, respectively.

Employee Sick Leave Plan

The SRP Employee Sick Leave Plan provides payment to employees for unused sick leave. Employees accumulate sick days at a rate of one day per month. The accumulation, up to the personal maximum, can be carried forward year after year. For most employees, the personal maximum is 720 hours. For sick leave hours accumulated in excess of the personal maximum, a lump sum payment at half pay is made annually in January of each year based on the hourly rate at time of payment, and the accumulated sick leave is then returned to the personal maximum. Upon death or retirement, payment is made for any unused sick leave hours. The payments for death or retirement are based on the hourly rate of pay at death or retirement. SRP has an accrual for unpaid sick leave of approximately $64.6 million and $59.2 million as of April 30, 2025 and 2024, respectively. The accrual is recorded in other current liabilities and other deferred credits and noncurrent liabilities on the Combined Balance Sheets. The accrual is determined actuarially based on various assumptions, including future pay raises, discount rate and the amount of the accrual that will ultimately be paid out.

(13) INTERESTS IN JOINTLY OWNED ELECTRIC UTILITY PLANTS AND TRANSMISSION FACILITIES:

The District has entered into various agreements with other electric utilities for the joint ownership of electric generating and transmission facilities. Each participating owner in these facilities must provide for the cost of its ownership share. The District's share of expenses of the jointly owned plants and transmission facilities is included in operations and maintenance expense in the accompanying Combined Statements of Net Revenues.

The following table reflects the District's ownership interests in jointly owned facilities at electric utility plants as of April 30, 2025 (in thousands):

Generating Station	Ownership Share	Plant in Service	Accumulated Depreciation	Construction Work in Progress
Four Corners (NM) (Units 4 & 5)	10.00%	$ 316,393	$ (235,575)	$ 13,994
Hayden (CO) (Unit 2)	50.00%	193,053	(188,021)	2,498
Craig (CO) (Units 1 & 2)	29.00%	366,890	(365,821)	1,514
Mesquite Common (AZ)	50.00%	86,959	(42,283)	451
PVNGS (AZ) (Units 1, 2 & 3)	17.49%-25.42%	1,894,529	(1,233,923)	44,548
Springerville Common (AZ)	17.05%-50.00%	46,767	(12,274)	597
Gila River Common (AZ)	50.00%	55,717	(29,071)	3,111
Total		$ 2,960,308	$ (2,106,968)	$ 66,713

In February 2017, the non-federal owners of NGS decided to discontinue their participation in the plant beyond the end of the then existing lease with the Navajo Nation for the land on which the plant was constructed. In December 2019, the lease ended and decommissioning activities, including required monitoring activities, began and will continue for thirty-four years. The District holds a 23.2% decommissioning participation rate; consequently, the District owns 23.2% of the monitoring assets and their infrastructure which will remain at NGS and will be depreciated over their remaining life.

The following table reflects the District's investment in jointly owned transmission facilities as of April 30, 2025 (in thousands):

Transmission Facility	Plant in Service	Accumulated Depreciation	Construction Work in Progress
Mead Phoenix	$ 54,033	$ (26,278)	$ 383
Southwest Valley	98,622	(31,730)	12,551
Southeast Valley	296,169	(73,974)	3,831
Morgan-Pinnacle Peak	73,008	(19,880)	252
Southern Transmission	63,122	(42,972)	870
Mesquite	17,646	(7,516)	76
ANPP	100,881	(39,550)	4,983
Kyrene-Knox	12,443	(2,617)	6
Total	$ 715,424	$ (244,517)	$ 22,952

The District's ownership interests in the jointly owned transmission facilities vary by facility and for the various projects within each facility.

(14) VARIABLE INTEREST ENTITIES:

SRP follows guidance that defines a variable interest entity (VIE) as a legal entity whose equity owners do not have sufficient equity at risk or lack certain characteristics of a controlling financial interest in the entity. This guidance identifies the primary beneficiary as the variable interest holder that has the power to direct the activities that most significantly affect the VIE's economic performance (power criterion) and has the obligation to absorb losses or the right to receive benefits from the VIE (losses/benefits criterion). The primary beneficiary is required to consolidate the VIE unless specific exceptions or exclusions are met. SRP considers both qualitative and quantitative factors to form a conclusion whether it, or another interest holder, meets the power criterion and

the losses/benefits criterion. SRP performs ongoing reassessments of its VIEs to determine if the primary beneficiary changes each reporting period.

Unconsolidated VIEs

While SRP is not required to consolidate any VIE as of April 30, 2025 or 2024, it held variable interests in certain VIEs as described below.

The District has entered into various long-term power purchase agreements with renewable energy generation facilities that extend for periods of 20 to 30 years. The District receives the power and renewable energy credits from these facilities. During fiscal year 2025, the capacity of all these facilities combined was approximately 298MW. The amounts that the District paid to these projects were $121.3 million and $119.0 million for fiscal years 2025 and 2024, respectively. With the exception of projects for which the District is obligated to pay operating and maintenance expenses, the District is obligated to pay only for actual energy delivered and will have no obligation with respect to any facilities that do not start commercial operations. Some of these agreements include a price adjustment clause that will affect the future cost. While certain of these agreements provide a minimum production or performance guarantee, the District considers all production-based payments from renewable fuel source facilities to be contingent on future production of the facility. Therefore, even though certain of these agreements may be considered finance leases, SRP has not recorded a finance lease obligation for guaranteed minimum lease payments due to the contingent nature of such payments. The District has concluded that it is not the primary beneficiary of these VIEs since it does not control operations and maintenance, which it believes are the primary activities that most significantly affect the economic activities of the entity.

The District is a part owner of a limited liability company (LLC) formed during fiscal year 2010 to market long-term water storage credits. The District did not make capital contributions nor receive capital distributions in fiscal years 2025 and 2024. The District's investment in the LLC was $8.1 million and $7.2 million as of April 30, 2025 and 2024, respectively. The District accounts for its investment in the LLC as an equity method investment within non-utility property and other investments in the accompanying Combined Balance Sheets. The District has a future maximum exposure up to a $25.0 million contribution limit. The primary risks associated with this VIE relate to the marketing of the water storage credits. The District has concluded that it is not the primary beneficiary of this VIE since it does not have power to direct the activities related to the marketing of the long-term water storage credits, which it believes are the primary activities that most significantly affect the economic activities of the entity.

(15) COMMITMENTS AND CONTINGENCIES:

Purchased Power and Fuel Supply

The District had various firm, non-cancelable purchase commitments as of April 30, 2025, which are not recognized in the accompanying Combined Balance Sheets. The following table presents estimated future payments pertaining to firm purchase commitments with remaining terms greater than one year (in thousands):

	Purchased Power Contracts	Fuel Supply Contracts	Total
2026	$ 28,467	$ 220,989	$ 249,456
2027	28,670	127,330	156,000
2028	28,959	79,512	108,471
2029	29,099	60,511	89,610
2030	29,324	44,639	73,963
Thereafter	187,765	51,793	239,558

In addition to the commitments in the table above, the District has long-term commodity purchase agreements described below.

Gas Purchase Agreements

In October 2007, the District entered into a 30-year gas purchase agreement with Salt Verde Financial Corporation (SVFC), an Arizona nonprofit corporation formed for the primary purpose of supplying natural gas to the District. Under the agreement, the District is committed to purchase 10,420,000 MMBtu each year during fiscal years 2026 through 2030, and 83,360,000 MMBtu over the balance of the term. The District receives a discount from market prices and is obligated to pay only for gas delivered. Payments, net of the discount, to SVFC under the agreement were $10.1 million and $20.8 million in fiscal years 2025 and 2024, respectively. The agreement also provides for payment from SVFC to the District of certain excess cash resulting from a portion of SVFC's investment income, which effectively reduces the price the District pays for the gas. The excess cash amounts received by the District from SVFC were $2.3 million and $3.2 million in fiscal years 2025 and 2024, respectively. SVFC is a related party to the District.

In October 2024, the District entered into a 14-year gas purchase agreement with JPMorgan Chase Bank. Under the agreement, the District is committed to purchase 65,000 MMBtu per day for the entirety of the term. The price per MMBtu will be based on a price index plus an applicable delivery charge. The following table presents estimated future purchase volumes to the gas purchase agreement (in thousands):

2027	21,710
2028	23,790
2029	23,725
2030	23,725
2031	23,725
Thereafter	225,680

Commodity Purchase Agreements

In April 2021, the District entered into a commodity purchase agreement with Southeast Energy Authority (SEA), a Cooperative District and public corporation organized and existing pursuant to the laws of the State of Alabama.

Under the 30-year agreement, SEA will sell and deliver to the District and the District will purchase, specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 5,500,000 MMBtu of natural gas each year) began in November 2021 and will end in August 2028. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After November 2028, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 126,320,000 MMBtu natural gas or 12,254,393 MWh of electricity.

In June 2022, the District entered into a second commodity purchase agreement with SEA. Under this 30-year agreement, SEA will sell and deliver to the District and the District will purchase, specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 3,620,000 MMBtu of natural gas each year) began in January 2023 and will end in June 2028. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After June 2028, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 90,020,000 MMBtu of natural gas or 10,851,011 MWh of electricity.

In March 2023, the District entered into a third commodity purchase agreement with SEA. Under this 30-year agreement, SEA will sell and deliver to the District, and the District will purchase specified quantities of natural gas at a market index price, less a specified discount. The initial gas delivery period (during which time the District is committed to purchase approximately 2,760,000 MMBtu of natural gas each year) began in July 2023 and will end in May 2029. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available discount during any reset period is less than the minimum discount specified in the agreement, the District may elect to terminate the agreement or not to take the contracted quantity of gas, in which event the District will have no rights or obligations to take or purchase any gas for the duration of that reset period.

After July 2029, the District may choose to switch the commodity being delivered from natural gas to electricity, in which event electricity will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 72,010,000 MMBtu of natural gas or 7,018,383 MWh of electricity.

In January 2025, the District entered into a fourth commodity purchase agreement with SEA. Under this 30-year agreement, SRP assigned two existing purchased power agreements into a prepay commodity purchase agreement. SEA will sell and deliver to the District, and the District will purchase specified quantities of electricity supplies at the purchased power agreements contractual price, less a specified discount. The initial electricity delivery period (during which time the District is committed to purchase on average approximately 596,000 MWh of electricity each year) will begin July 2025 and will end in April 2035. That initial delivery period will be followed by one or more reset periods, during which a recalculated available discount will be applicable. If the available

discount during any reset period is less than the minimum discount specified in the agreement, the District may elect not to continue in the prepay commodity purchase agreement, in which event the District will have to revert to the original two purchase power agreements.

After May 2035, the District may choose to switch the commodity being delivered from electricity to natural gas, in which event natural gas will be delivered for the duration of the term. After the initial discount period, the District's total potential commitment under this agreement is 22,385,000 MWh of electricity or 237,405,000MMBtu of natural gas.

For all four commodity purchase transactions with SEA, the expense for the commodity delivered, net of discount, is recognized in total operating expenses in the Combined Statement of Net Revenues.

Nuclear Matters

Nuclear Insurance: Under existing law, public liability claims arising from a single nuclear incident are limited to $16.3 billion. PVNGS participants insure for this potential liability through commercial insurance carriers to the maximum amount available, $500.0 million, with the balance covered by an industrywide retrospective assessment program as required by the Price-Anderson Act. The maximum assessment per reactor per nuclear incident under the retrospective program is $165.9 million, including a 5% surcharge applicable in certain circumstances. Based on the District's ownership share of PVNGS, the maximum potential assessment would be $101.5 million, including the 5% surcharge.

PVNGS participants also maintain "all risk," including nuclear hazards, insurance for property damage to, and decontamination of, property at PVNGS in the aggregate amount of $2.8 billion. The District also secured insurance against portions of any increased cost of generation or purchased power and any business interruption resulting from a sudden and unforeseen accidental outage of any of the three units. The insurance coverage discussed in this and the previous paragraph is subject to certain policy conditions and exclusions.

Spent Nuclear Fuel: Under the Nuclear Waste Policy Act of 1982, the District was required to pay $0.001 per kilowatt-hour on its share of net energy generation at PVNGS to the U.S. Department of Energy (DOE) through April 30, 2015 for the construction of a site for the storage of spent nuclear fuel. However, to date, for various reasons, the DOE has not constructed a storage site. Accordingly, Arizona Public Service Company, the operating agent for PVNGS, has constructed an on-site dry cask storage facility to receive and store PVNGS spent fuel. PVNGS has sufficient capacity at its on-site spent fuel storage installation to store all nuclear spent fuel until December 2027, the end of its first operating license period, and a portion of the future spent fuel during the period of extended operation, ending in December 2047. As a result of the DOE not constructing a storage site for the spent nuclear fuel, the DOE has made payments to nuclear facilities to reimburse a portion of the costs that have been incurred for fuel storage to date. SRP received $7.0 million for fiscal year 2025 and did not receive a payment for fiscal year 2024. Effective May 15, 2014, the per-kilowatt-hour charge on energy generation at PVNGS was reduced to zero. A similar charge could be reinstated in the future.

The District's share of on-site interim storage at PVNGS is recovered through the District's base prices as a component of the system benefits charge. In November 2023, the updated decommissioning cost study for PVNGS identified spent fuel storage costs to be part of the District's asset retirement obligations for PVNGS. As of April 30, 2024, the District's accrued spent fuel storage cost is included in asset retirement obligations on the accompanying Combined Balance Sheets.

Environmental Matters

SRP is subject to numerous legislative, administrative and regulatory requirements at the federal, state and local levels, as well as lawsuits relative to air quality, water quality, hazardous waste disposal and other environmental

matters. Contingent losses and environmental liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. When a range of the probable loss exists and no amount within the range is a better estimate than any other amount, SRP records a loss contingency at the minimum amount in the range, which is included in deferred credits and other non-current liabilities on the accompanying Combined Balance Sheets. As of April 30, 2025 and 2024, SRP had accrued liabilities of $25.1 million and $26.9 million, respectively, for environmental matters. The following topics highlight some of the major environmental compliance issues affecting SRP.

Superfund: The United States and the State of Arizona have superfund programs to govern cleanup of groundwater contamination. Nineteen state superfund sites and six federal superfund sites targeting contamination are active within the Greater Phoenix metropolitan area. SRP has wells that are threatened or impacted by groundwater contamination located in sixteen of the nineteen state superfund sites and in two of the six federal superfund sites. The Association has agreed with other responsible parties to clean up one federal superfund site, and one District facility has been identified as a possible source of contamination for another federal superfund site and one state superfund site. While SRP is unable at this time to predict the outcome of these superfund matters, it has recorded estimated liabilities to cover expected liabilities related to these issues.

Air quality: Compliance with air quality regulations designed to reduce emissions from fossil fuel power plants will increase the cost of, and add to the difficulty of, siting, constructing and operating electric generating units (EGUs). As a result of legislative and regulatory initiatives, the District has reduced emissions of mercury and other pollutants at its coal-fired power plants. The District continually assesses the risk of policy initiatives on its generation assets and develops contingency plans as necessary to comply with future laws and regulations relating to renewable energy and restricting greenhouse gas emissions.

EPA Carbon Regulations for Electric Generating Units – On May 9, 2024, EPA published a final rule (Section 111 GHG Rule) regulating greenhouse gases (GHGs) from EGUs. The Section 111 GHG Rule sets forth New Source Performance Standards (NSPS) for new, modified, and reconstructed stationary combustion turbine EGUs and emissions guidelines for existing coal- and oil/gas-fired steam generating EGUs. The rule establishes distinct "best systems of emission reduction" (BSER) and standards of performance for affected units using defined subcategories. The standards for each subcategory are based on developing and established technologies, including carbon capture and sequestration (CCS) and natural gas co-firing. For some subcategories, BSER is implemented in phases to accommodate anticipated availability of developing control technologies.

Several petitions for review of the Section 111 GHG Rule were filed in the D.C. Circuit Court and have been consolidated into *West Virginia v. EPA*, Case No. 24-1120. Various motions to stay the Section 111 GHG Rule were filed and denied. The D.C. Circuit Court granted EPA's request to hold this case in abeyance to allow it time to issue a proposed reconsideration rule in Spring 2025 and a final reconsideration rule by December 2025. On June 17, 2025, EPA published its proposal to repeal, or secondarily to revise the Section 111 GHG Rule. Comments are due by August 7, 2025. The District cannot predict the effects of this matter on its financial condition, net revenues, and cash flows at this time.

Mercury and Air Toxics Standards – On May 7, 2024, EPA published a final rule establishing new emission standards for hazardous air pollutants (HAPS) from coal-and oil-fired EGUs (May 2024 Rule). For coal-fired EGUs, the May 2024 Rule lowered the emission limit for filterable particulate matter (fPM,) which serves as a surrogate for non-mercury HAP metals, from the current 0.030 lbs/MMBtu to 0.010 lbs/MMBtu. The May 2024 Rule requires continuous emissions monitoring systems (CEMS) to demonstrate compliance with the fPM standard with an averaging period of 30 operating days. Affected EGUs have to comply with the revised standards by July 8, 2027. On April 8, 2025, President Trump issued a proclamation, *Regulatory Relief for Certain Stationary Sources to Promote American Energy* (Proclamation), granting a two-year compliance exemption to EPA's May 2024 Rule. Forty-Seven companies were notified that their sources have been granted an exemption until July 8, 2029. None of the District's sources are included in this exemption. On June 17, 2025, EPA published its proposal to repeal the

majority of the May 2024 Rule. Comments are due by August 11, 2025. The District cannot predict the effects of this matter on its financial condition, net revenues, and cash flows at this time.

Regional Haze – Provisions of EPA's Regional Haze Rule require emissions controls known as Best Available Retrofit Technology (BART) for coal-fired power plants and other industrial facilities that emit air pollutants that reduce visibility in Class I areas, such as national parks. The District has financial interests in several coal-fired power plants that underwent BART analysis during the first planning period of the Regional Haze Rule. The Arizona Department of Environmental Quality (ADEQ) conducted an initial analysis of Coronado Generating Station and Springerville Unit 4 as part of the State Implementation Plan (SIP) development process. The ADEQ has issued preliminary determinations that additional controls are not warranted for either facility. On August 15, 2022, the ADEQ submitted its SIP revision to EPA. On May 31, 2024, the EPA published a proposed rule to partially approve and partially disapprove ADEQ's SIP. On December 18, 2024, EPA published a final rule partially disapproving portions of Arizona's SIP pertaining to the long-term strategy and reasonable progress goals (Final Rule). EPA's Final Rule establishes a two-year deadline for EPA to promulgate a Federal Implementation Plan (FIP), unless Arizona submits, and EPA approves within that timeframe, a SIP revision that satisfies all statutory and regulatory requirements contained in the Clean Air Act (CAA). On February 14, 2025, the District and Tucson Electric Power Company (TEP) jointly filed a Petition for Review of the Final Rule in the United States Court of Appeals for the Ninth Circuit and an administrative Petition for Reconsideration of the Final Rule with EPA. On March 20, 2025, the Ninth Circuit issued an order staying the briefing schedule. The District is evaluating the proposed rule and cannot predict the effects on its financial condition, net revenues and cash flows at this time.

Ozone National Ambient Air Quality Standards – Pursuant to the Clean Air Act (CAA), the EPA is required to review and, if appropriate and necessary, revise each of the established National Ambient Air Quality Standards (NAAQS) at five-year intervals. On October 1, 2015, the EPA finalized revisions to the NAAQS and lowered both the primary and secondary ozone standard from the 2008 limit of 75 parts per billion (ppb) down to 70 ppb based on an eight hour average. In September 2018, Arizona submitted its SIP for the 2015 ozone NAAQS to the EPA.

On February 16, 2024, EPA published a proposed supplemental rule partially disapproving Arizona's SIP and expanding an existing federal implementation plan referred to as Good Neighbor Plan to apply to Arizona (Proposed Supplemental Rule). Under the Proposed Supplemental Rule, power plants and other industries in Arizona will be subject to additional emission control requirements, emission monitoring and reporting, and power plants in Arizona will be subject to a NOx emission trading program during ozone season that will occur from May 1 to September 30 each year, beginning in 2025. The trading requirements apply to all fossil generation with nameplate capacity in excess of 25MW. The allocation of emission allowances will decrease over a five-year period by fixed amounts before transitioning to dynamic budgeting. In its current form, the Proposed Supplemental Rule could require the installation of selective catalytic reduction (SCR) on Agua Fria Unit 3, or equivalent emission reductions. The District submitted extensive comments on the Proposed Supplemental Rule and cannot predict the effects on its financial condition, net revenues and cash flows at this time.

On September 16, 2022, EPA determined that Maricopa County and portions of Pinal and Gila Counties, collectively called the Phoenix-Mesa nonattainment area, failed to attain the 2015 ozone NAAQS by the attainment date of August 3, 2021, and reclassified the Phoenix-Mesa nonattainment area from marginal to moderate for the 2015 ozone pollution standard. As a result of the moderate nonattainment designation, no permit may be issued for a new stationary source, or for a project at an existing stationary source in a nonattainment area, except in conformance with applicable Nonattainment New Source Review (NNSR) requirements. The Phoenix-Mesa nonattainment area was required to attain the 2015 standard no later than August 3, 2024. On April 7, 2025, EPA announced it was rescinding its Guidance on the Preparation of the CAA Section 179b Demonstrations for Nonattainment Areas Affected by International Transport of Emissions. According to EPA, this guidance made it unnecessarily difficult for states to demonstrate that foreign air pollution is harming Americans within their borders. Following the rescission of the guidance, EPA intends to work with state and local air agencies, like Arizona, to develop the evidence necessary to grant regulatory relief under CAA

Section 179b. On April 8, 2025, the Center for Biological Diversity (CBD) and Center for Environmental Health (CEH) filed a complaint, alleging EPA missed a CAA deadline to determine if the Phoenix-Mesa nonattainment area failed to meet the 2015 NAAQS standards.

The moderate nonattainment designation also resulted in a requirement for the State of Arizona to modify its SIP to address the required controls necessary to achieve the 2015 standard in accordance with the moderate nonattainment deadlines. On October 18, 2023, EPA published a final action finding that the 11 states, including Arizona, failed to submit SIP revisions to address the required controls necessary to achieve the 2015 70 ppb standard. This action starts an eighteen-month sanction clock requiring emissions offsets equivalent to a two-to-one ratio from new or modified major facilities and a twenty-four-month sanction clock imposing restrictions on federal highway funding. In addition, this final action triggers a two-year deadline for EPA to issue a federal implementation plan (FIP) for each state that does not submit and receive EPA approval for an acceptable SIP revision addressing the outstanding requirements. The sanctions clock can only be stopped if the Phoenix-Mesa nonattainment area demonstrates attainment with the standard, or the State submits and receives approval for an acceptable SIP revision addressing the outstanding requirements. On February 16, 2024, EPA published a proposed rule partially disapproving infrastructure SIP submissions for five states, including Arizona, and expanding the existing Good Neighbor Federal Implementation Plan (Good Neighbor Plan) to apply to these states (Proposed Supplemental Rule). Under the Proposed Supplemental Rule, power plants and other industries in Arizona would be subject to additional emission control requirements, emission monitoring and reporting, and power plants would also be subject to a NOx emission ozone season trading program that will be applicable between May 1 to September 30 each year, beginning in 2025. The trading requirements would apply to all fossil generation with nameplate capacity in excess of 25MW. The allocation of emission allowances would decrease over a five-year period by fixed amounts before transitioning to dynamic budgeting in 2030. On December 19, 2024, EPA withdrew from the Office of Management and Budget review its rule to take final action on the Infrastructure SIP submission for Arizona and the other four states included in the Proposed Supplemental Rule. It is unknown at this time when EPA will take further action on the Arizona SIP. The District cannot predict the effects on its financial condition, net revenues and cash flows at this time.

The full significance of air quality standards and emissions reduction initiatives to the District in terms of costs and operational problems is difficult to predict. In addition, the cost of fossil fuel purchased by the District may increase and permit fees may increase significantly, resulting in potentially material increased costs to the District as well as reduced generation. The District cannot predict whether additional legislation or rules will be enacted that will affect the District's operations, the impact of any initiatives on the District and, if such laws or rules are enacted, what the costs to the District might be in the future because of such action.

Solid and Hazardous Waste Management: The District disposes of coal combustion residuals (CCRs,) such as fly ash, bottom ash and flue gas desulfurization sludge at CGS in a dry landfill and a wet surface impoundment. At NGS, disposal of CCRs was limited to a dry ash landfill; the District will close the landfill as part of the NGS decommissioning process. The District also owns interests in joint participation plants, such as Four Corners, Craig Generating Station, Hayden Generating Station and Springerville Generating Station (Springerville), which dispose of CCRs in dry storage areas and in wet surface impoundments.

On October 19, 2015, federal criteria for management of CCRs as solid non-hazardous waste (CCR rule) became effective. The CCR rule is self-implementing and generally requires CCR disposal units to meet certain performance criteria. Units that do not meet the criteria must stop receiving CCRs and either retrofit to attain compliance or close. Costs to comply with this rule include costs for new groundwater monitoring wells, compliance monitoring and the eventual closure of residual ponds and storage areas.

On November 12, 2020, the EPA finalized a second rule entitled "Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals from Electric Utilities: A Holistic Approach to Closure Part B: Alternate

Demonstrations for Unlined Surface Impoundments (Part B rule)." The Part B rule establishes procedures to allow a limited number of facilities to continue using alternate liners at existing CCR surface impoundments.

On November 25, 2020, the District submitted an application under the provisions of the Part B rule to make an alternate liner demonstration for the CGS wet surface impoundment. The District submitted its alternate liner demonstration on November 30, 2021. On January 11, 2022, the EPA notified the District that its application had been deemed complete. Under the Part B rule, the submission of a complete application tolls the April 11, 2021, cease receipt of waste deadline.

On January 15, 2025, EPA issued an order denying the District's Part B application (Part B Order). The District is evaluating options to challenge the Part B Order. The District estimates that the cost to construct alternate disposal capacity, as required by the Part B Order, will exceed $90 million.

On May 8, 2024, the EPA promulgated a rule that would extend the federal CCR regulations to two new types of units: (1) inactive CCR surface impoundments at inactive facilities (called legacy surface impoundments); and (2) coal combustion residual management units (CCRMUs). A CCRMU is any area of land on which any non-containerized accumulation of CCR is received, is placed, or is otherwise managed that is not currently regulated as a new or existing landfill or surface impoundment under the existing CCR regulations. Under the proposed rule, active facilities with CCRMUS containing more than 1,000 tons of CCR must comply with the CCR Rule's groundwater monitoring, corrective action, closure, and post-closure requirements. Prior to 2015, the District beneficially reused CCR material in several areas or applications of NGS. While the District believes EPA's rule is unlawful as applied to CCR material beneficially used onsite, if EPA's rule is upheld, the District will need to undertake additional monitoring and closure activities at NGS. The District estimates that the total cost for the plant to comply with the proposed rule for NGS would be approximately $106 million and the District's pro rata share would be approximately $24 million. As of April 30, 2025, the District has recorded an additional $9.0 million as an asset retirement obligation related to this matter. See Note [2], SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES under Asset Retirement Obligation. The rule became effective on November 8, 2024. Several groups filed suit in the D.C. Circuit Court alleging the rule exceed EPA's authority. On February 13, 2025, EPA's request to hold the case in abeyance to allow the Trump Administration time to review the underlying rule was granted.

Endangered Species: Several species listed as threatened or endangered under the Endangered Species Act (ESA) have been discovered in and around reservoirs on the Salt and Verde rivers, as well as C.C. Cragin Reservoir, which is operated by the District. Potential ESA issues also exist along the Little Colorado River in the vicinity of CGS and Springerville. The District obtained Incidental Take Permits (ITPs) from the U.S. Fish and Wildlife Service (USFWS), which allow full operation of Roosevelt Dam on the Salt River and Horseshoe and Bartlett Dams on the Verde River in 2003 and 2008. The ITPs and associated Habitat Conservation Plans (HCPs) identify the obligations, such as mitigation and wildlife monitoring, the District must undertake to comply with the ESA. The District has established trust funds to pay mitigation and monitoring expenses related to the implementation of both the Roosevelt HCP and Horseshoe-Bartlett HCP and believes it has recorded adequate reserves to cover its related obligations. The District obtained an amendment to the Roosevelt ITP on March 22, 2024, to cover impacts to the Northern Mexican Garter snake (NMGS), which was listed as a threatened species in 2014. The NMGS amendment requires the District to add to the Roosevelt Dam trust account sufficient funds to implement the requirement mitigation by March 2029.

In December 2020, the USFWS announced that listing the Monarch Butterfly as endangered or threatened under the ESA is warranted but precluded by other higher priority listings. In January 2021, the Center for Biological Diversity sued the Department of Interior/USFWS for failure to list the monarch. The lawsuit resulted in a settlement requiring USFWS to submit a proposed finding for the Monarch Butterfly by December 4, 2024. Listing of this species may have implications for construction and maintenance activities along the District's power line corridors. If the species is listed, the District's potential for "take" liability is being assessed to determine if ESA

coverage may be required under ESA Section 7 for federal rights-of-way or Section 10 ITPs for non-federal rights-of-way activities.

Per- and Poly Fluoroalkyl Substances (PFAS): When necessary, the District supplements surface water from its Salt River and Verde River reservoirs with groundwater pumped from its extensive network of 270 groundwater wells. In cooperation with municipal and other partners, the District also operates and maintains two underground storage facilities and one groundwater savings facility. Effluent from municipal water treatment plants is recharged into underlying aquifers through the District's underground storage facilities.

PFAS are a group of environmentally persistent, widespread man-made chemicals used in industrial applications and commercial household products that have received attention as emerging contaminants of concern in the environment. On June 15, 2022, EPA issued interim updated drinking water health advisories for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS). The updated health advisories indicate that some negative health effects may occur with concentrations in drinking water above 0.004 parts per trillion (ppt) for PFOA and 0.02 ppt for PFOS. EPA's health advisories are non-enforceable and non-regulatory.

On April 10, 2024, EPA promulgated the final National Primary Drinking Water Regulation (NPDWR) under the Safe Drinking Water Act (SDWA) for six per- and polyfluoroalkyl PFAS substances (PFAS). The rule establishes legally enforceable maximum contaminant levels for the PFAS substances identified in the rule. The limits would require public water systems to monitor for these chemicals and subsequently notify the public and reduce the levels of these PFAS compounds if levels exceed the regulatory standards. In addition, these standards are likely to be taken into account in establishing cleanup levels at contaminated sites and may be incorporated into applicable state water quality standards. On May 8, 2024, EPA designated PFOA and PFOS, including their salts and structural isomers, as CERCLA (Comprehensive Environmental Response Compensation and Liability Act) hazardous substances.

There are no state regulatory limits for PFAS in Arizona. The District is monitoring the regulatory developments regarding PFAS and may incur increased capital expenditures and maintenance costs as a result thereof. The District cannot predict the effects on its financial condition, net revenues and cash flows at this time.

Legal Matters

Water Rights: The District and the Association are parties to a state water-rights adjudication proceeding initiated in 1974 that encompasses the entire Gila River System. This proceeding is pending in the Superior Court for the State of Arizona, Maricopa County, and will eventually result in the determination of all conflicting rights to water from the Gila River and its tributaries, including the Salt and Verde rivers. The District and the Association are unable to predict the ultimate outcome of this proceeding.

In 1978, a water-rights adjudication was initiated in the Apache County Superior Court for the State of Arizona with regard to the Little Colorado River System and will eventually result in the determination of all conflicting rights to water from the Little Colorado River and its tributaries, including East Clear Creek, the location of C.C. Cragin Dam and Reservoir. The District is unable to predict the ultimate outcome of this proceeding but believes an adequate water supply for CGS will remain available and that the rights to C.C. Cragin Dam and Reservoir will be confirmed.

Other Litigation: In the normal course of business, SRP is exposed to various litigations or is a defendant in various litigation matters. In management's opinion, except as otherwise noted herein, the ultimate resolution of these matters will not have a material adverse effect on SRP's financial position or results of operations.

Other Matters

Self-Insurance: SRP maintains various self-insurance retentions for certain casualty and property exposures. In addition, SRP has insurance coverage for amounts in excess of its self-insurance retention levels. SRP provides reserves based on management's best estimate of claims, including incurred but not reported claims. In management's opinion, the reserves established for these claims are adequate and any changes will not have a material adverse effect on SRP's financial position or results of operations. SRP records the reserves in deferred credits and other non-current liabilities on the accompanying Combined Balance Sheets.

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APPENDIX B — Summary of the Resolution

SUMMARY OF THE RESOLUTION

The following is a summary of certain provisions of the Amended and Restated Bond Resolution. Such summary does not purport to be complete, and reference is made to the Resolution for full and complete statements of such provisions.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Resolution and used herein and in the Official Statement:

Accounting Practice: Generally accepted accounting principles appropriate to the electric utility industry.

Aggregate Debt Service: For any fiscal year, and as of any date of calculation, the sum of the amounts of Debt Service for such year with respect to all Series.

Cost of Construction: The District's cost of physical construction, costs of acquisition by or for the District of a Project for the Electric System, and costs of the District incidental to such construction or acquisition, the cost of any indemnity and surety bonds and premiums on insurance during construction, engineering expenses, legal fees and expenses, cost of financing, audits, fees and expenses of the Fiduciaries, amounts, if any, required by the Resolution or any Series Resolution to be paid into the Debt Service Fund upon the issuance of any Series of Revenue Bonds, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the District (other than the Revenue Bonds) incurred for a Project for the Electric System, costs of machinery, equipment and supplies and initial working capital and reserves required by the District for the commencement of operation of a Project for the Electric System, and any other costs properly attributable to such construction or acquisition, as determined by Accounting Practice, and shall include reimbursement to the District for any such items of Cost of Construction theretofore paid by the District. Any Series Resolution may provide for additional items to be included in the aforesaid Cost of Construction.

Debt Reserve Account Credit Facility: A letter of credit, revolving credit agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution, having a rating in the highest rating category from a nationally recognized rating agency, which shall be deposited in the Debt Reserve Account and which provides for the payment of all or a portion of the Debt Reserve Requirement.

Debt Reserve Requirement: As of any date of calculation, an amount equal to one-half of the average annual interest cost for all Outstanding Revenue Bonds, which may be satisfied by the deposit of cash or securities in the Debt Reserve Account or by the deposit of a Debt Reserve Account Credit Facility in the Debt Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein. For purposes of determining the average annual interest cost for any Outstanding Bonds which bear interest at a variable rate, the District shall assume the same average interest cost applicable to such Outstanding Bonds for the previous Fiscal Year.

Debt Service: For any period, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Revenue Bonds of such Series (except to the extent that such interest is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from Revenue Bond proceeds, as described in the Resolution), and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment). Such interest and Principal Installments for such Series shall be calculated on the assumption that no Revenue Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Defeasance Securities: Any of the following securities, if and to the extent the same are at the time legal for investment of District funds:

(i) Any security which is (a) a direct obligation of or unconditionally guaranteed by, the United States of America or the State of Arizona or (b) an obligation of an agency or instrumentality of the United States of America

the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which is not callable or redeemable at the option of the issuer thereof;

(ii) Any depositary receipt issued by a bank as custodian with respect to any Defeasance Securities which are specified in clause (i) above and held by such bank for the account of the holder of such depository receipt, or with respect to any specific payment of principal or interest on any such Defeasance Securities which are so specified and held, by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any such Defeasance Securities which are so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Securities or the specific payment of principal or interest evidenced by such depositary receipt;

(iii) Certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances whose maturity value shall not be greater than 1/25 of the capital and surplus of the accepting bank or commercial paper issued by the parent holding company of any such bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated in the highest short-term rating category by a nationally recognized rating agency;

(iv) Any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision ("Municipal Bond") which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest rating category by at least two nationally recognized rating agencies, and provided, however, that such Municipal Bond is accompanied by (1) a Counsel's Opinion to the effect that such Municipal Bond will be required for the purposes of the investment being made therein and (2) a report of a nationally recognized independent certified account verifying that the moneys and obligations so segregated are sufficient to pay the principal of, premium, if any, and interest on the Municipal Bond; and

(v) Any other security designated in a Series Resolution as Defeasance Securities for purposes of defeasing the Bonds authorized by such Series Resolution.

Electric System: Properties and assets to which legal title is vested in the District and was so vested on the date of adoption of the Resolution and all properties and assets acquired by the District as renewals and replacements, additions and expansion, and improvements thereto, as recorded in the books of the District pursuant to Accounting Practices, but shall not include properties and assets that may be hereafter purchased, constructed or otherwise acquired by the District as a separate system or facility, the revenue of which may be pledged to the payment of bonds or other forms of indebtedness issued to purchase, construct or otherwise acquire such separate system or facility and shall not include properties or assets charged to Irrigation Plant or any Separately Financed Project.

Federal Subsidy: Any subsidy, reimbursement or other payment from the federal government of the United States of America under the American Recovery and Reinvestment Act of 2009 (or any similar legislation or regulation of the federal government of the United States of America or any other governmental entity or any extension of any of such legislation or regulation).

Fiscal Year: The period commencing May 1 and ending April 30 for each twelve-month period or any other consecutive twelve month period designated by the District from time to time.

Investment Securities: Any securities if and to the extent the same are at the time legal for investment of District funds.

Irrigation Plant: All land and land rights, structure, facilities and equipment used or usable by the District or the Salt River Valley Water Users' Association solely for the development, storage, transportation, distribution and delivery of water to the owners or occupants of the lands within the Salt River Project having rights thereto or to anyone acting on behalf thereof pursuant to contracts with the Salt River Valley Water Users' Association or the District.

Operating Expenses: The District's expenses of operating the Electric System, including, without limiting the generality of the foregoing, all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering and transportation required for the operation of the Electric System (including any payments made pursuant to a "take-or-pay" electric supply or energy contract that obligates the District to pay for fuel, energy or power, so long as fuel or energy is delivered or made available for

delivery), administrative and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, without limitation, expenses of the District applicable to the Electric System, as recorded on its books pursuant to Accounting Practice and any other expenses of the District applicable to the Electric System, as recorded on its books pursuant to Accounting Practice, and any other expenses incurred or payments by the District under the provisions of the Resolution or in discharge of obligations required to be paid by local, state or federal laws, all to the extent properly allocable to the Electric System under Accounting Practice, including those expenses the payment of which is not immediately required, such as those expenses related to the funding of a reserve in the Operating Fund. Operating Expenses shall not include any costs or expenses for new construction, falling water used in hydroelectric operations of the District, charges for depreciation, voluntary payments in lieu of taxes and operation, maintenance, repairs, replacement and construction of the Irrigation Plant.

Principal Installment: As of any date of calculation, and with respect to any Series of Revenue Bonds, (i) the principal amount of Revenue Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for bonds of such Series, plus the amount of sinking fund redemption premiums, if any, which would be applicable upon redemption of such Revenue Bonds in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments or (iii) if such future dates coincide as to different Revenue Bonds of such Series, the sum of such principal amount of Revenue Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Project: The purchase, replacement, construction, leasing or acquisition of any real or personal property or interest therein, works or facilities which the District is authorized by law to purchase, replace, construct, lease or otherwise acquire, or the improvement, reconstruction, extension or addition to any real or personal property, works or facilities owned or operated by the District, or any program of development involving real or personal property, works or facilities which the District is authorized by law to purchase, replace, construct, lease or otherwise acquire or the improvement, reconstruction, extension or addition to such program.

Put Bonds: Bonds which, by their terms, may be tendered by and at the option of the owner thereof, or are subject to a mandatory tender, for payment or purchase prior to the stated maturity or redemption date thereof.

Rate Stabilization Fund: The Salt River Project Electric System Rate Stabilization Fund established in the Resolution.

Revenues: (i) All revenues, income, rents and receipts derived by the District from the ownership and operation of the Electric System and the proceeds of any insurance covering business interruption loss relating to the Electric System and (ii) interest received on any moneys or securities (other than in the Construction Fund) held pursuant to the Resolution and paid into the Revenue Fund, but not including any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project and not including any federal or state grant monies the receipt of which is conditioned upon their expenditure for a particular purpose.

Revenues Available for Debt Service: For any fiscal year or period of 12 calendar months shall mean all Revenues less Operating Expenses for such Fiscal Year or period.

Trustee: The Trustee is currently U.S. Bank Trust Company, National Association.

(Resolution, Section 1.01).

Pledge of Revenues and Funds

The payment of the principal and redemption price of, and interest on, the Revenue Bonds is secured by (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all Funds (except the Rate Stabilization Fund) established by the Resolution, including the investments, if any, thereof.

(Resolution, Section 5.01).

Additional Bonds

The District may from time to time issue Bonds pursuant to a Series Resolution which will rank on a parity with and be secured by an equal charge and lien on the Revenues, upon satisfaction of the conditions to the issuance of Bonds contained in Section 2.02 of the Resolution, only if, (a) Revenues Available For Debt Service, adjusted as provided in this caption, of any 12 consecutive calendar months out of the 24 calendar months next preceding the issuance of such proposed additional Bonds, are not less than one and ten hundredths (1 10/100) times the maximum

total Debt Service for any succeeding year on all Bonds which will be outstanding immediately prior to the issuance of the proposed additional Bonds, and (b) the estimated Revenues Available For Debt Service, adjusted as provided in this caption, for each of the five (5) Fiscal Years immediately following the issuance of such proposed additional Bonds are not less than one and ten hundredths (1 10/100) times the total, for each such respective Fiscal Year, of the Debt Service on all Bonds which will be outstanding immediately subsequent to the issuance of the proposed additional Bonds.

Prior to the issuance of any additional Bonds evidencing additional indebtedness, the payment of principal, interest and Redemption Price of which additional Bonds will be a lien on the Revenues on a parity with previously issued Series of Bonds, the District shall obtain a certificate of an Authorized Officer of the District evidencing full compliance with the provisions of this caption.

In determining the amount of Revenues Available For Debt Service for the purposes of this caption, the Authorized Officer of the District may adjust the Revenues Available For Debt Service by adding thereto the following:

(i) in the event the District shall have acquired an operating utility or facility subsequent to the beginning of the 12 month period selected pursuant to this caption, an estimate made by an Authorized Officer of the District of such additional Revenues Available For Debt Service for such 12 month period which would have resulted had such operating utility or facility been acquired at the beginning of such 12 month period;

(ii) in the event any adjustment of rates with respect to the Electric System shall have become effective subsequent to the beginning of the 12 month period selected pursuant to this caption, an estimate made by an Authorized Officer of the District of such additional Revenues Available For Debt Service for such 12 month period which would have resulted had such rate adjustment been in effect for the entire period; and

(iii) an estimate made by an Authorized Officer of the District of the amounts from the Rate Stabilization Fund which have been transferred to pay Debt Service for the 12 month period selected pursuant to this caption.

In determining the amount of estimated Revenues Available For Debt Service for the purpose of this caption, the Authorized Officer of the District may adjust the estimated Revenues Available For Debt Service by adding thereto any estimated increase in revenue resulting from any increase in electric rates or any amount on deposit in the Rate Stabilization Fund which is expected to be transferred by the District to pay Debt Service or to offset any increase in electric rates, which, in the opinion of the Authorized Officer of the District, are economically feasible, and reasonably considered necessary based on projected operations for such 5 year period.

For purposes of the calculations specified in this section: (1) any calculation of Debt Service on Outstanding Bonds for any period of time shall be reduced by the amount of any Federal Subsidy that the District receives, or expects to receive, during such period of time relating to or in connection with such Outstanding Bonds; and (2) to the extent the calculation of Debt Service on Outstanding Bonds is reduced by the Federal Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Federal Subsidy received or expected to be received by the District with respect to or in connection with such Outstanding Bonds during such period of time.

The certificate required by this caption shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements of this caption.

(Resolution, Section 2.04).

Refunding Bonds

One or more Series of Refunding Bonds may be issued at any time to refund any part or all of the Bonds of any one or more Series then Outstanding. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Debt Service Fund required by this caption or by the provisions of the Series Resolution authorizing such Bonds.

Refunding Bonds of each Series issued to refund any part or all of the Bonds of any one or more Series then Outstanding may be delivered by the District upon receipt by the Trustee of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;

(b) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for under the caption entitled "Defeasance" to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the benefit of such Refunding Bonds until such time as such amount shall be assigned to the respective Holders of the Bonds to be refunded for payment of the Redemption Price of the Bonds to be refunded, together with accrued interest, on the redemption date, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions under the caption entitled "Defeasance" and any moneys required pursuant to said caption, which Defeasance Securities and moneys shall be held in trust and used only as provided in subsection (c)(i) of this caption; and

(d) Either (i) a certificate of an Authorized Officer of the District as required by the caption entitled "Additional Bonds" or (ii) a certificate of an Authorized Officer of the District setting forth (1) the Aggregate Debt Service for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of delivery of such Refunding Bonds, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth for each Fiscal Year pursuant to (B) above is no greater than that set forth for such Fiscal Year pursuant to (A) above.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Bonds in the manner provided in the Series Resolution authorizing such Bonds.

Any balance of the proceeds of Refunding Bonds not needed for the purposes provided in this caption or in the Series Resolution authorizing such Bonds may be used by the District, to the extent necessary, to pay any expenses incurred in connection with the issuance of such Refunding Bonds and, thereafter, any remaining balance not so needed by the District shall be deposited in the Revenue Fund.

(Resolution, Section 2.05).

Separately Financed Projects

Nothing in this Resolution shall prevent the District from authorizing and issuing bonds, notes or other obligations or evidences of indebtedness, other than Bonds, for any project authorized by the Act, or from financing any such project from other available funds (such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the District's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project.

(Resolution, Section 2.06).

Subordinated Indebtedness

The District may, at any time, or from time to time, issue evidences of indebtedness payable out of Revenues and which may be secured by a pledge of Revenues; provided, however, that such pledge shall be and shall be expressed to be, subordinate in all respects to the pledge of the Revenues, moneys, securities and funds created by the Resolution.

(Resolution, Section 5.09).

Establishment of Funds and Application Thereof

The Resolution creates and establishes the following Funds and Accounts:

(1) Salt River Project Electric System Construction Fund, to be held by the District,

(2) Salt River Project Electric System Revenue Fund, to be held by the District,

(3) Salt River Project Electric System Debt Service Account, to be held by the Trustee,

(4) Salt River Project Electric System Debt Reserve Account, to be held by the Trustee,

(5) Salt River Project Electric System Rate Stabilization Fund, to be held by the District, and

(6) Salt River Project Electric System Redemption Fund, to be held by the Trustee.

Construction Fund: There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution, and there may be paid into the Construction Fund, at the option of the District, any moneys received for or in connection with the Electric System by the District from any other source, unless required to be otherwise applied as provided by the Resolution.

The proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the Construction Fund.

Unless otherwise provided herein, amounts in the Construction Fund shall be applied to the purpose or purposes specified in the Series Resolution authorizing the Bonds.

Notwithstanding any of the other provisions of this subheading, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Bonds when due.

Amounts in the Construction Fund shall be invested by the District to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the Cost of Construction or such other purpose to which such moneys are applicable. The District may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Construction Fund. Interest received on moneys or securities in the Construction Fund shall be deposited in the Construction Fund.

Revenues and Revenue Fund: The Resolution establishes a Revenue Fund and provides that there shall be promptly deposited by the District to the credit of the Revenue Fund all Revenues.

Payment of Operating Expenses: The District (a) shall out of the moneys in the Revenue Fund, pay, free and clear of any lien or pledge created by the Resolution, all amounts required for reasonable and necessary Operating Expenses, and (b) may at all times retain in the Revenue Fund amounts deemed by the District to be reasonable and necessary for working capital and reserves for Operating Expenses including expenses which do not recur annually; provided that the total amount of such reserves set aside during any year shall not exceed 20% of the amount of Operating Expenses for such year.

Payments Into Certain Funds: The District shall out of the moneys in the Revenue Fund not retained therein pursuant to this subheading, on or before each date for the payment of Debt Service, transfer and apply such amount to the Debt Service Fund (i) for credit to the Debt Service Account, to the extent required so that the balance in said Account shall equal the Aggregate Debt Service; provided that, for the purposes of computing the amount to be allocated to said Account, there shall be excluded the amount, if any, set aside in said Account which was deposited therein from the Rate Stabilization Fund or from the proceeds of Bonds less an amount equal to the interest accrued and unpaid and to accrue on Bonds (or any Refunding Bonds issued to refund Bonds) to the last day of the then current calendar month; and (ii) for credit to the Debt Reserve Account, an amount equal to one-twelfth of twenty percent (1/12 of 20%) of the amount necessary to make the total amount of moneys on deposit therein equal to the Debt Reserve Requirement; provided, however, that no deposits shall be required if the District shall deposit a Debt Reserve Account Credit Facility in the Debt Reserve Account in satisfaction of the Debt Reserve Requirement.

The District may out of the moneys in the Revenue Fund not retained therein pursuant to this subheading or applied pursuant to this subheading, upon a determination by an Authorized Officer of the District at any time prior to the next Debt Service payment date that sufficient funds are or will be available in the Debt Service Account to pay Debt Service on the next Debt Service payment date and that sufficient moneys, securities or a Debt Reserve Account Credit Facility equal to the Debt Reserve Requirement are or will be on deposit in the Debt Reserve Account to satisfy the Debt Reserve Requirement, transfer such amount as follows and in the following order:

(1) To the Rate Stabilization Fund, an amount deemed necessary by the District which may be used by the District for any lawful purpose; and

(2) To the General Fund, any such remaining balance in the Revenue Fund. Any amount so transferred to the General Fund of the District may be used by the District for any lawful purpose.

Provided, however, that so long as there shall be held in the Debt Service Fund an amount sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Debt Service Fund.

Debt Service Fund: Debt Service Account: The Trustee shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before the day preceding any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of the Bonds purchased for retirement.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the District, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Prices pursuant to Article IV of the Resolution, of such Bonds, if then redeemable by their terms. After the 60th day but on or prior to the 40th day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Account which were deposited therein from the proceeds of additional Bonds) may and, if so directed by the District, shall be applied by the Trustee to the purchase of Bonds of the Series for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to this subheading shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05 of the Resolution, on such due date Bonds of the Series for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the District from the Revenue Fund as an Operating Expense.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

Debt Reserve Account: If on the first working day of any month the amount on deposit in the Debt Reserve Account shall be less than the Debt Reserve Requirement, the Trustee shall apply amounts from the Debt Service Fund to the extent necessary to make good the deficiency. In the event that there is on deposit in the Debt Reserve Account moneys and a Debt Reserve Account Credit Facility, the Trustee shall withdraw moneys prior to making a draw or claim, as the case may be, on a Debt Reserve Account Credit Facility.

Whenever the amount on deposit in the Debt Reserve Account shall exceed the Debt Reserve Requirement, such excess shall be allocated and applied by the District in the same manner as Revenues pursuant to the subheading entitled "Payments Into Certain Funds" under the caption entitled "Establishment of Funds and Application Thereof".

Whenever the amount in the Debt Reserve Account, together with the amount in the Debt Service Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Reserve Account shall be transferred to the Debt Service Account.

The District may cause to be delivered to the Trustee for deposit into the Debt Service Account, and the Trustee shall upon its receipt so deposit, a Debt Reserve Account Credit Facility for the benefit of the Bondholders, which Debt Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be (upon the giving of notice as required thereunder), on any date on which a deficiency in the Debt Service Fund exists which cannot be cured by moneys in any other fund or account held hereunder and available for such purpose; provided, however, (i) if a disbursement is made under the Debt Reserve Account Credit Facility, the District shall either reinstate the maximum limits of such Debt Reserve Account Credit Facility within twelve (12) months following such

disbursement equal to the Debt Reserve Requirement or deposit into the Debt Reserve Account moneys in the amount of the disbursement made under such Debt Reserve Account Credit Facility, or a combination of such alternatives as shall equal the Debt Reserve Requirement; (ii) if any such Debt Reserve Account Credit Facility for deposit in the Debt Service Reserve Fund is obtained and if six (6) months prior to the expiration thereof, the Debt Reserve Account is less than the Debt Reserve Requirement, the District shall cause the reinstatement of the maximum limits of such existing Debt Reserve Account Credit Facility, or shall obtain a substitute to the extent necessary to fund the Debt Reserve Account at the Debt Reserve Requirement; and (v) if a nationally recognized rating agency shall downgrade the rating of the Bonds, if any, as a result of such deposit of any such Debt Reserve Account Credit Facility or the rating of the provider thereof drops below the highest rating category for a nationally recognized rating agency, then the District shall deliver to the Trustee for deposit in the Debt Reserve Account a replacement of such Debt Reserve Account Credit Facility, in like amount and form acceptable to the Trustee and such that the nationally recognized rating agency will not reduce or withdraw their ratings, if any, on the Bonds, or deposit moneys in an amount sufficient to fund the Debt Reserve Account in an amount equal to the Debt Reserve Requirement within twelve (12) months following such downgrade.

Rate Stabilization Fund: There may be deposited in the Rate Stabilization Fund any amounts deemed necessary by the District to be used for any lawful purpose of the District, including but not limited to making any deposits required by the Resolution to any Fund, as determined by the District; provided, however, that no such deposit to any such Fund shall be required; provided further, however, that if at any time the amounts in the Operating Fund or Debt Service Fund shall be less than the current requirements thereof, the District shall withdraw from the Rate Stabilization Fund and deposit in such other Funds the amount necessary (or all the moneys in the Rate Stabilization Fund, if less than the amounts necessary, applying available amounts in the order of priority and otherwise as specified under the subheading entitled "Payments Into Certain Funds" under the caption entitled "Establishment of Funds and Application Thereof") to make up such deficiency. Amounts on deposit in the Rate Stabilization Fund may be invested by the District to the fullest extent practicable in Investment Securities. The District may sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Rate Stabilization Fund. Interest received on moneys or securities in the Rate Stabilization Fund shall be deposited in the Rate Stabilization Fund. Amounts in the Rate Stabilization Fund which the District may determine to be in excess of the amount required to be maintained therein shall be transferred to the Revenue Fund. Amounts on deposit in the Rate Stabilization Fund are not subject to the lien or pledge created by the Resolution.

Redemption Fund: There shall be deposited in the Redemption Fund amounts required to be deposited therein pursuant to the subheading entitled "Creation of Liens: Sale and Lease of Properties" under the caption entitled "Certain Other Covenants" and the caption entitled "Reconstruction; Application of Insurance Proceeds". Amounts in the Redemption Fund shall be used by the District for the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any Bonds.

(Resolution, Sections 5.02-5.08; 5.10).

Operation and Maintenance of Electric System

The District shall at all times operate or cause to be operated the Electric System properly and in an efficient and economical manner, consistent with good business and utility operating practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Electric System may be properly and advantageously conducted; provided, however, that nothing contained herein shall prevent the District from exercising its powers under the subheading entitled "Creation of Liens: Sale and Lease of Properties" under the caption entitled "Certain Other Covenants"; provided further, however, that any sale-leaseback or lease-leaseback of any part of the Electric System or other similar contractual arrangements, the effect of which is that the District continues to retain the Revenues therefrom, shall not constitute a lease or disposition of such part of the Electric System for purposes described under the subheading entitled "Creation of Liens: Sale and Lease of Properties" under the caption entitled "Certain Other Covenants" and any proceeds therefrom shall be treated as Revenues.

(Resolution, Section 7.10).

Reconstruction; Application of Insurance Proceeds

If any useful portion of the Electric System shall be damaged or destroyed, the District shall, as expeditiously as possible, continuously and diligently prosecute the reconstruction or replacement thereof, unless the District determines that such reconstruction and replacement is not in the interest of the District and the Bondholders. The proceeds of any insurance shall be paid on account of such damage or destruction, other than business interruption loss insurance, shall be held by the District in the Construction Fund and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement, or shall be applied to the construction or acquisition of any properties or assets of the Electric System. Pending such application, such proceeds may be invested by the District in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement or acquisition. Interest earned on such investments shall be deposited in the Construction Fund. The proceeds of any such insurance not applied by the District to constructing or replacing damaged or destroyed property or in acquiring property or assets of the Electric System shall be paid to the Trustee for deposit in the Redemption Fund.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

(Resolution, Section 7.13).

Transfer from General Fund

In the event there is a deficiency in the Debt Service Account and if such a deficiency is not paid from other sources, the District shall transfer money in the General Fund to the Debt Service Account an amount sufficient to make up such deficiency.

(Resolution, Section 7.17).

Electric System Rate Covenant

The District shall charge and collect rates, fees and other charges for the sale of electric power and energy and other services, facilities and commodities of the Electric System as shall be required to provide revenues and income (including investment income) at least sufficient in each Fiscal Year for the payment of the sum of:

(a) Operating Expenses during such Fiscal Year, including reserves, if any, therefor provided for in the Annual Budget for such year;

(b) An amount equal to the Aggregate Debt Service for such Fiscal Year;

(c) The amount, if any, to be paid during such Fiscal Year into the Debt Reserve Account in the Debt Service Fund; and

(d) All other charges or liens whatsoever payable out of revenues and income during such Fiscal Year and, to the extent not otherwise provided for, all amounts payable on Subordinated Indebtedness.

If, in any Fiscal Year, the revenues and income collected shall not have been sufficient to provide all of the payments and meet all other requirements as specified in the preceding paragraphs in this caption, the District shall as promptly as permitted by law establish and place in effect a schedule of rates, fees and charges which will cause sufficient revenues and income to be collected. For purposes of this caption, at any time, revenues and income collected shall include any amounts withdrawn or expected to be withdrawn thereafter in any Fiscal Year from the Rate Stabilization Fund which were on deposit therein prior to such Fiscal Year.

The failure in any Fiscal Year to comply with the Electric System Rate Covenant shall not constitute an Event of Default under the Resolution, if the District shall comply with the requirements of the immediately preceding paragraph.

For purposes of the calculations specified in this section: (1) any calculation of Debt Service on Outstanding Bonds for any period of time shall be reduced by the amount of any Federal Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Outstanding Bonds; and (2) to the extent the calculation of Debt Service on Outstanding Bonds is reduced by the Federal Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Federal Subsidy received or expected to be received by the District with respect to or in connection with such Outstanding Bonds during such period of time.

(Resolution, Section 7.11).

Certain Other Covenants

No Free Service: The District will not furnish or supply power or energy free of charge to any person, firm or corporation, public or private, and the District shall promptly enforce the payment of any and all accounts owing to the District by reason of the ownership and operation of the Electric System, to the extent dictated by sound business practice.

(Resolution, Section 7.11-3).

Power to Operate Electric System and Collect Rates and Fees: The District has good right and lawful power to construct, reconstruct, improve, maintain, operate and repair the Electric System, and to fix and collect rates, fees, rents and other charges in connection therewith.

(Resolution, Section 7.06).

Creation of Liens; Sale and Lease of Property: The District shall not hereafter issue any bonds or other evidences of indebtedness payable out of or secured by a pledge of any revenues or income of the Electric System, except as in this Resolution provided.

The District shall not issue any bonds or other evidences of indebtedness other than the Bonds, payable out of or secured by a pledge of any revenues or income of the Electric System or of the moneys, securities or funds held or set aside by the District or by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on any revenues or income of the Electric System, or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent the District from issuing Subordinated Indebtedness as provided in the caption entitled "Subordinated Indebtedness", and provided further that the District may, for its authorized purposes, make or assume loans with the United States of America, which loans may be secured by lien on revenues and income of the Electric System prior to the lien of the Bonds issued hereunder.

The District may sell or exchange at any time and from time to time any property constituting part of the Electric System and may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Electric System if (i) in the sole judgment of the District it is advisable to take such action, (ii) such action shall not impair the ability of the District to make Debt Service payments, and (iii) such action does not materially impede or unduly restrict the operation by the District of the Electric System. Except as provided under the caption entitled "Operation and Maintenance of Electric System", any proceeds of any such sale, exchange, lease, contract or license shall at the discretion of the District be deposited in the Redemption Fund for application to the purchase or redemption of Bonds or be applied for any lawful purpose.

(Resolution, Section 7.07).

Insurance: The District shall provide protection for the Electric System in accordance with sound electric utility practice which may consist of insurance, self-insurance and indemnities. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the District as its interest may appear, and may provide for such deductibles, exclusions, limitations, restrictions and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the Electric System. Any self-insurance shall be in the amounts, manner and of the types provided by entities operating properties similar to the properties of the Electric System.

(Resolution, Section 7.12).

Accounts and Reports: The District shall keep, in accordance with Accounting Practice, proper books of record and account of its transactions relating to the Electric System and the Funds and Accounts established by the Resolution, together with all contracts for the sale of power and energy and all other books and papers of the District, including insurance policies, relating to the Electric System and such Funds and accounts.

The Trustee shall advise the District promptly after the end of each month of its transactions during such month relating to the funds and accounts held by it under the Resolution.

The District shall annually, within 180 days after the close of each fiscal year, file with the Trustee, and otherwise as provided by law, a copy of the annual report of the District for such year, accompanied by an Accountant's Report. In addition, the District will file with the Trustee a statement, or statements, accompanied by an Accountant's Report of each fund and account established under the Resolution, summarizing the receipts therein and disbursements

therefrom during such year and the amounts held therein at the end of each year. Such Accountant's Report on the statement summarizing the transactions in the funds established under the Resolution shall state whether or not, to the knowledge of the signer, the District is in default with respect to any of the covenants, agreements or conditions as set forth under the subheading entitled "Events of Default" under the caption entitled "Events of Default and Remedies", insofar as they pertain to accounting matters and, if so, the nature of such default; provided, however, that to the extent such statement would be contrary to the then current recommendations of the American Institute of Certified Public Accountants or other governing or regulatory entities that provide similar guidance, the District may file a certificate with the Trustee executed by an Authorized Officer of the District certifying to those matters not otherwise stated in the Accountant's Report, which District certification, together with the Accountant's Report so filed, shall be deemed to have satisfied the requirements of this paragraph.

The reports, statements and other documents required to be furnished to the Trustee pursuant to this caption shall be available for the inspection of the Revenue Bondholders at the office of the Trustee and shall be mailed to each Revenue Bondholder who shall file a written request therefore with the District.

(Resolution, Section 7.14).

Defeasance

If the District shall pay or cause to be paid or there shall otherwise be paid, to the Holders of any Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the District to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the District to be prepared and filed with the District and, upon the request of the District, shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the District all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds or payment of interest. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the District to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or the principal or interest installments or Redemption Price for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the District of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. Any Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the District shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to the owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this caption and stating such maturity or redemption date upon which moneys are available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this caption nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption

Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Trustee, free and clear of any trust, lien or pledge.

Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for five years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for five years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the District, be repaid by the Fiduciary to the District, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Fiduciary shall, at the expense of the District, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the District.

(Resolution, Section 12.01).

Events of Default and Remedies

Events of Default: If one or more of the following events (in the Resolution called "Events of Default") shall happen, that is to say:

(i) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise,

(ii) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable, and such default shall continue for a period of 30 days,

(iii) if default shall be made by the District in the performance or observance of the covenants, agreements and conditions on its part as provided under the caption entitled "Electric System Rate Covenant",

(iv) if default shall be made by the District in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the District by the Trustee or to the District and to the Trustee by the Holders of not less than a majority in principal amount of the Bonds Outstanding, provided that if such default shall be such that it cannot be corrected within such sixty day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected, or

(v) if (1) a decree or order for relief is entered by a court having jurisdiction of the District adjudging the District a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the District in any involuntary case under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Arizona; (2) a receiver, liquidator, assignee, custodian, trustee, sequester or other similar official of the District or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days, then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the District), or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the District and the Trustee), may declare the principal of all the Bonds then Outstanding and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law, and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the District under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable

solely by virtue of such declaration) shall either be paid by or for the account of the District or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of a majority in principal amount of the Bonds Outstanding, by written notice to the District and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of a majority in principal amount of the Bonds then Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Accounting and Examination of Records After Default: The District covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the District and all other records relating to the Electric System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, including the engineer or firm of engineers appointed pursuant to the subheading entitled "Application of Revenues and other Moneys After Default" under this caption.

The District covenants that if an Event of Default shall happen and shall not have been remedied, the District, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

Application of Revenues and other Moneys After Default: The District covenants that if an Event of Default shall happen and shall not have been remedied, the District, upon demand of the Trustee, shall pay over to the Trustee (i) forthwith, all moneys, securities and funds then held by the District in any Fund or Account under the Resolution, and (ii) all Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Revenues and the income therefrom as follows and in the following order:

(i) to the payment of the amounts required for reasonable and necessary Operating Expenses, and for reasonable renewals, repairs and replacements of the Electric System necessary to prevent loss of Revenues, as certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the District for other purposes) selected by the Trustee. For this purpose the books of record and accounts of the District relating to the Electric System shall at all times be subject to the inspection of such engineer or firm of engineers during the continuance of such Event of Default;

(ii) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee and of any engineer or firm of engineers selected by the Trustee pursuant to Article VIII of the Resolution;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds, subject to the provisions of Section 7.02 of the Resolution, as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bonds over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the District under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the District, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the District all moneys, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except moneys, securities, funds or Revenues deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the District and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution, and all Revenues shall thereafter be applied as provided in Article V of the Resolution. No such payment over to the District by the Trustee or resumption of the application of Revenues as provided in Article V of the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Proceedings Brought by Trustee: If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than [a majority] in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its right and the rights of the Holders of the Bonds under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the District as if the District were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of an Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interest and the interest of the Bondholders.

Restriction on Bondholder's Action: No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in Article VIII of the Resolution, and the Holders of [not less than a majority] in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of Arizona or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 7.02 of the Resolution.

Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Remedies Not Exclusive: No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or equity or by statute on or after the date of adoption of this Resolution.

Effect of Waiver and Other Circumstances: No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein; and every power and remedy given by Article VIII of the Resolution to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Prior to the declaration of maturity of the Bonds as provided under the subheading entitled "Events of Default" under this caption, the Holders of not less than 25% in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Notice of Default: The Trustee shall promptly mail to registered Holders of Bonds, and to all Bondholders who shall have filed their names and addresses with the Trustee for such purpose written notice of the occurrence of any Event of Default. If for any Fiscal Year the Revenues shall be insufficient to comply with the provisions under the caption entitled "Electric System Rate Covenant", the Trustee, on or before the 30th day after receipt of the annual audit, shall mail to such registered Holders and such Bondholders written notice of such failure.

Responsibilities of Fiduciaries: The recitals of fact herein and in the Bonds contained shall be taken as the statements of the District and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the District or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act, which would involve it in expense or liability, or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of the following paragraph, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this subheading.

(Resolution, Sections 8.01-8.08, 9.03).

Supplemental Resolutions

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the District, shall be fully effective in accordance with its terms:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02 of the Resolution, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution, of the Revenues or of any other moneys, securities or funds;

(6) To modify any of the provisions of the Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(7) To modify any of the provisions of the Resolution to permit compliance with any amendment to the Internal Revenue Code of 1986, as amended, or any successor thereto, as the same may be in effect from time to time, if, in the Opinion of Bond Counsel, failure to so modify the Resolution either would adversely affect the ability of the District to issue Bonds the interest on which is excludable from gross income for purposes of federal income taxation, or is necessary or advisable to preserve such exclusion with respect to any Outstanding Bonds;

(8) To comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system;

(9) To provide for the issuance of Bonds in coupon form payable to bearer;

(10) To comply with the requirements of any nationally recognized rating agency in order to maintain or improve a rating on the Bonds by such rating agency;

(11) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

(12) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect.

Supplemental Resolutions Effective With Consent of Trustee: At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article XI of the Resolution, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the District and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

General Provisions: The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of Article X and Article XI of the Resolution. Nothing in Article X or Article XI of the Resolution contained shall affect or limit the right or obligation of the District to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.04 of the Resolution or the right or obligation of the District to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

Any Supplemental Resolution referred to and permitted or authorized by this caption may be adopted by the District without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the District and enforceable in accordance with its terms.

The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by this caption and subheading and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

(Resolution, Section 10.01-10.03).

Amendment with Consent of Bondholders

Any modification or amendment of the Resolution and of the rights and obligations of the District and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the following paragraph of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding or less than all the Bonds of a Series then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of Holders of at least two-thirds in principal amount of the Bonds entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

The District may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the preceding paragraph, to take effect when and as provided in this paragraph. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by Trustee, together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee), shall be mailed by the District to Bondholders and shall be published in the Authorized Newspapers at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in this paragraph). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in the preceding paragraph and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the District in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the District and enforceable in accordance with its terms, and (ii) a notice shall have been published as provided in this paragraph. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02 of the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and such proof is sufficient in accordance with Section 12.02 of the Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 of the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in this paragraph is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02 of the Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the District and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as Supplemental Resolution adopted by the District on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, may be given to

Bondholders by the District by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this paragraph) and by publishing the same in the Authorized Newspapers at least once not more than 90 days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The District shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this paragraph to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the District, the Fiduciaries and the Holders of all Bonds at the expiration of 40 days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40 day period; provided, however, that any Fiduciary and the District during such 40 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

(Resolution, Sections 11.02 and 11.03).

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APPENDIX C — FORMS OF BOND OPINION AND SPECIAL TAX COUNSEL OPINION

[UPON DELIVERY OF THE 2026 SERIES BONDS, CHIESA SHAHINIAN & GIANTOMASI PC, BOND COUNSEL, IS EXPECTED TO RENDER ITS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

[CLOSING DATE]

Board of Directors
Salt River Project Agricultural
Improvement and Power District
Tempe, Arizona 85281

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Arizona, certified copies of the proceedings of the Board of Directors of the Salt River Project Agricultural Improvement and Power District (the "District") and other proofs submitted to us relative to the issuance and sale by the District, a body politic and corporate and political subdivision of the State of Arizona, of $_____ Salt River Project Electric System Revenue Bonds, 2026 Series (the "2026 Series Bonds").

The 2026 Series Bonds consist of bonds bearing interest at fixed rates. The 2026 Series Bonds are dated the date hereof and mature and bear interest at the times and rates shown on the inside front cover of the Official Statement dated, _____ __, 2026 relating to the 2026 Series Bonds, and in the manner and upon the terms provided therein and in the Resolutions (as hereinafter defined). The 2026 Series Bonds are subject to redemption prior to maturity as provided in the Resolutions.

We have also examined the form of said 2026 Series Bonds.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the 2026 Series Bonds pursuant to the Constitution and statutes of the State of Arizona, including particularly Title 48, Chapter 17, Article 7, Arizona Revised Statutes, and other applicable provisions of law, and pursuant and subject to the provisions, terms and conditions of a resolution, dated as of September 10, 2001, which became effective January 11, 2003, entitled "Supplemental Resolution Authorizing an Amended and Restated Resolution Concerning Revenue Bonds" as amended and supplemented, and a resolution dated as of [DATE] entitled "Resolution Authorizing The Issuance and Sale of Not Exceeding $[AMOUNT] in Par Value Salt River Project Electric System Revenue Bonds, 2026 Series of the Salt River Project Agricultural Improvement and Power District, and Providing for the Form, Details and Terms Thereof" and an Officer's Certificate dated as of the sale date of the 2026 Series Bonds (collectively, the "Resolutions"), all duly adopted or executed by the District, as applicable, and that the 2026 Series Bonds are valid and legally binding special obligations of the District.

We are further of the opinion that the District, in the Resolutions, has lawfully covenanted and is legally obligated to charge and collect, and revise from time to time whenever necessary, such fees and other charges for the sale of electric power and energy which will be sufficient in each year to pay the necessary expenses of operating and maintaining the District's electric system, the principal of and interest on the 2026 Series Bonds and all other indebtedness maturing and becoming due in such year, and all reserve or other payments required by the Resolutions in such year, subject to restrictions, if any, imposed by or on behalf of the United States of America, all in the manner provided in the Resolutions.

We are further of the opinion that the 2026 Series Bonds, and the outstanding Electric System Revenue Bonds heretofore issued pursuant to the Resolutions, as to principal or redemption price thereof and interest thereon are payable on a parity from and secured by a valid and equal pledge of the revenues of the District's electric system and other funds held or set aside under the Resolutions. Such pledge is subject and subordinate to the pledges and liens created by United States of America loan agreements hereafter entered into by the District, all in the manner provided in the Resolutions.

We are further of the opinion that the District may, within the terms, limitations and conditions contained in the Resolutions, issue pari passu additional Electric System Revenue Bonds payable from the revenues derived from the District's electric system, ranking equally as to lien on and source and security for payment from the revenues derived from the District's electric system, with the 2026 Series Bonds and any pari passu additional Electric System Revenue Bonds heretofore or hereafter issued, all in the manner provided in the Resolutions.

We are further of the opinion that the District has validly entered into further covenants and agreements with the holders of the 2026 Series Bonds for the exact terms of which reference is made to the Resolutions.

The foregoing opinions are subject to the effect of bankruptcy, reorganization, moratorium and other similar laws, judicial decisions and principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally and judicial discretion.

This opinion letter is issued as of the date hereof and is subject to the assumptions and qualifications set forth herein, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

In rendering the foregoing opinions, we have made a review of those laws and regulations and legal proceedings that, in our experience, are normally deemed necessary to approve the legality of the 2026 Series Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the District or the projects to be financed with the 2026 Series Bonds other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the 2026 Series Bonds.

Very truly yours,

[UPON DELIVERY OF THE 2026 SERIES BONDS, NIXON PEABODY LLP SPECIAL TAX COUNSEL, IS EXPECTED TO RENDER ITS LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

[CLOSING DATE]

Board of Directors
Salt River Project Agricultural
Improvement and Power District
Tempe, Arizona 85281

Ladies and Gentlemen:

We have acted as Special Tax Counsel to the Salt River Project Agricultural Improvement and Power District (the "District") in connection with the issuance by the District on the date hereof of $_____ Salt River Project Electric System Revenue Bonds, 2026 Series (the "2026 Series Bonds").

In connection with such representation, in our capacity as Special Tax Counsel to the District, we have examined copies of (i) a resolution, dated as of September 10, 2001, which became effective January 11, 2003, entitled "Supplemental Resolution Authorizing an Amended and Restated Resolution Concerning Revenue Bonds" as amended and supplemented, (ii) a resolution dated as of [DATE] entitled "Resolution Authorizing The Issuance and Sale of Not Exceeding $[AMOUNT] in Par Value Salt River Project Electric System Revenue Bonds, 2026 Series of the Salt River Project Agricultural Improvement and Power District, and Providing for the Form, Details and Terms Thereof" (collectively, the "Resolutions"), (iii) the opinions of Chiesa Shahinian & Giantomasi PC, bond counsel to the District ("Bond Counsel") and opinions of counsel to the District, of even date herewith, (iv) the Tax Certificate as to Arbitrage and The Provisions of Sections 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") and (v) originals, executed counterparts or copies of such other agreements, legal opinions, documents, proceedings, records, instruments, certificates and certificates of public authorities and have reviewed such matters of law as we have deemed necessary for the purpose of providing this opinion (collectively, the "Reviewed Materials"). In rendering the opinions set forth below, we have relied upon the approving opinions of Bond Counsel delivered on even date herewith, relating among other things to the validity of the 2026 Series Bonds.

The Internal Revenue Code of 1986 (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2026 Series Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2026 Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2026 Series Bonds. Pursuant to the Resolutions, the District has covenanted to comply with the provisions of the Code applicable to the 2026 Series Bonds and has covenanted not to take any action or permit any action that would cause the interest on the 2026 Series Bonds to be included in gross income under Section 103 of the Code. In addition, the District has made certain certifications and representations in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Based upon our review of the Reviewed Materials and the assumption that the execution, delivery, and performance, as applicable, of the Reviewed Materials by each of the parties thereto are within such party's powers and have been duly authorized by all necessary action, we are of the opinion that, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned certifications and representations:

1. Interest on the 2026 Series Bonds ([including any original issue discount properly allocable thereto]) is excluded from gross income for federal income tax purposes under Section 103 of the Code.

2. Interest on the 2026 Series Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the 2026 Series Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations; and

3. Interest on the Bonds is exempt from income taxes imposed by the State of Arizona.

Except as stated above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state, or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

Very truly yours,

APPENDIX D — Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

Between

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION as trustee

$_____
Salt River Project Electric System Revenue Bonds
2026 Series

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement"), dated as of _____ __, 2025, by and between the Salt River Project Agricultural Improvement and Power District (the "District"), an agricultural improvement district duly organized and existing under Title 48, Chapter 17 of the laws of the State of Arizona, A.R.S. sections 48-2301, et seq. (the "Act") and U.S. Bank Trust Company, National Association, Phoenix, Arizona, as trustee (the "Trustee") for the $_____ Salt River Project Electric System Revenue Bonds, 2026 Series (the "2026 Series Bonds") to be issued by the District;

WITNESSETH:

WHEREAS, the District intends to issue the Bonds under and pursuant to (i) the Act and (ii) the District's Supplemental Resolution, dated as of September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003, as amended and supplemented (the "Resolution").

WHEREAS, on June 28, 1989, the Securities and Exchange Commission adopted Rule 15c2-12 ("Rule 15c2-12"), as has been, and may be amended, from time to time;

WHEREAS, Rule 15c2-12 requires that prior to acting as a broker, dealer or municipal securities dealer (the "Participating Underwriter") for the Bonds, a Participating Underwriter must comply with the provisions of Rule 15c2-12;

WHEREAS, Rule 15c2-12 further provides, among other things, that a Participating Underwriter shall not purchase or sell the District's Bonds unless the Participating Underwriter has reasonably determined that the District and any "obligated person" (within the meaning of Rule 15c2-12, as amended) have undertaken, either individually or in combination with others, in a written agreement for the benefit of Bondholders, to provide certain information relating to the District, any "obligated person" and the Bonds, to EMMA described herein below;

WHEREAS, this Agreement is being executed and delivered by the District and the Trustee for the benefit of the Bondholders, the Beneficial Owners of the Bonds and the Trustee in order to comply with Rule 15c2-12;

WHEREAS, the District hereby agrees to provide the information described herein below with respect to itself;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Trustee agree as follows:

Section 1. Definitions

"Association" shall mean the Salt River Valley Water Users' Association, predecessor to the District, duly incorporated February 9, 1903 under the laws of the Territory of Arizona.

"Annual Financial Information" shall mean the information specified in Section 3 hereof.

"Audited Financial Statements" shall mean the annual financial statements specified in Section 4 hereof.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is, treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" or "Holder" shall mean any registered owner of Bonds and any Beneficial Owner of Bonds who provides evidence satisfactory to the Trustee of such status.

"EMMA" shall mean the Electronic Municipal Market Access system operated by the MSRB for municipal securities disclosures.

"Financial Obligation" shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i)

or (ii), but shall not include any municipal securities (as defined in the Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

"Independent Accountant" shall mean, with respect to the District, any firm of certified public accountants appointed by the District.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final official statement of the District relating to the Bonds, dated _____ __, 2026, as may be amended or supplemented.

"Rule 15c2-12" shall mean Rule 15c2-12(b)(5) adopted by the Securities Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time, as amended through the date of this Agreement.

"State" shall mean the State of Arizona.

Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Resolution.

Section 2. Obligation to Provide Continuing Disclosure

The District hereby undertakes for the benefit of the Holders of the Bonds to provide:

A. to EMMA in an electronic format, accompanied by identifying information, in accordance with the rules and procedures set forth from time to time by the MSRB, no later than 180 days after the end of each fiscal year, commencing with the fiscal year ending April 30, 2027:

   1. the Annual Financial Information relating to such fiscal year together with the Audited Financial Statements for such fiscal year if audited financial statements are then available; provided, however, that if Audited Financial Statements are not then available, the unaudited financial statements, which may be combined with the financial information of the Association, shall be submitted with the Annual Financial Information, and the Audited Financial Statements shall be delivered to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB, when they become available (but in no event later than 350 days after the end of such fiscal year); or

   2. notice to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB, of the District's failure, if any, to provide any of the information described in Section A.1. hereinabove;

B. to EMMA in an electronic format, accompanied by identifying information, in accordance with the rules and procedures set forth from time to time by the MSRB, within ten (10) business days after the occurrence of any of the following events, notice of any of the following events with respect to the Bonds:

   1. principal and interest payment delinquencies;

   2. non-payment related default, if material;

   3. unscheduled draws on debt service reserves reflecting financial difficulties;

   4. unscheduled draws on credit enhancements reflecting financial difficulties;

   5. substitution of credit or liquidity providers or their failure to perform;

   6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

   7. modifications to the rights of Bondholders, if material;

8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the District*;
13. the consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee for the Bonds, if material;
15. incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which effect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

The District shall notify the Trustee upon the occurrence of any of the sixteen events listed in this Section 2.B. promptly upon becoming aware of the occurrence of any such event. The Trustee shall not be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department actually becomes aware of the occurrence of any such event. The District shall notify the Trustee upon the transmittal of any such information.

Nothing in this Agreement shall prevent the District from disseminating any information in addition to that required hereunder. If the District disseminates any such additional information, nothing herein shall obligate the District to update such information or include it in any future materials disseminated.

Section 3. Annual Financial Information

Annual Financial Information shall include updated financial and operating information, in each case updated through the last day of the District's prior fiscal year unless otherwise noted, relating to the following information contained in the Official Statement:

i. information as to any changes in the District's projected peak loads and resources in substantially the same level of detail as found in Table 2 under the heading "THE ELECTRIC SYSTEM - Projected Peak Loads and Resources";

ii. an update of the information listing District power sources and participation interests in power generating facilities in substantially the same level of detail found in Table 3 and Table 4 under the heading "THE ELECTRIC SYSTEM - Existing and Future Resources";

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* For the purposes of the event identified in clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

iii. information as to any changes or proposed changes in the electric prices charged by the District in substantially the same level of detail as found under the heading "ELECTRIC PRICES";

iv. an update of the information relating to customer base and classification, electric power sales, and the District's revenues and expenses in substantially the same level of detail found in Table 7 and Table 8 under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Customers, Sales, Revenues and Expenses";

v. (a) information as to the authorization or issuance by the District of any notes, other obligations, or parity indebtedness in substantially the same level of detail as found under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Additional Financial Matters" and (b) a statement of any default under such notes, other obligations or parity indebtedness;

vi. (a) information as to the outstanding balances and required debt service on any United States Government Loans and (b) a statement of any default with respect to such loans;

vii. (a) an update, if any, summarizing the District's discussions of operations in substantially the same level of detail as found under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Additional Financial Matters," or (b) an annual report;

viii. (a) an update of the balance in the Debt Reserve Account and (b) an update of all information relating to actual debt service requirements and coverages for outstanding Revenue Bonds and other prior and parity debt obligations in substantially the same level of detail as found in Tables 11 and 12 under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA — Additional Financial Matters - Outstanding Revenue Bond Long-Term Indebtedness"; and

ix. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the District.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements pertaining to debt issued by the District, which have been submitted to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB. If the document incorporated by reference is a final official statement (within the meaning of Rule 15c2-12), it must also be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference. It is sufficient for the purposes of Rule 15c2-12 and this Agreement that the Annual Financial Information to be provided pursuant to Section 2.A. and Section 3 hereof be submitted to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB no more than once annually.

The requirements contained in this Section 3 are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Section 3 call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements

The District's annual financial statements for each fiscal year shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant. The annual financial statements are presented on a combined basis including the financial information of both the District and the Association. All or any portion of audited or unaudited financial statements may be incorporated by specific reference to any other documents which have been filed with EMMA in accordance with the rules and procedures set forth from time to time by the MSRB; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Section 5. Remedies

If the District shall fail to comply with any provision of this Agreement, then the Trustee or any Holder may, but shall not be obligated to, enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the District and any of the officers, agents and employees of the District, and may compel the District or any such officers, agents or employees to perform and carry out their duties under this Agreement; **provided, however**, that the sole remedy hereunder shall be limited to an action to compel specific performance of the obligations of the District hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; **provided, further**, that any challenge to the adequacy of any information provided pursuant to Section 2 shall be brought only by the Trustee or the Holders of 25% of the aggregate principal amount of the Bonds then outstanding which are affected thereby. Failure to comply with any provision of this Agreement shall not constitute an Event of Default under the Resolution.

Section 6. Parties in Interest

This Agreement is executed and delivered for the sole benefit of the Holders, the Beneficial Owners and the Trustee. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Termination

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or legally defeased pursuant to the Resolution (a "Legal Defeasance"); **provided, however**, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then this Agreement shall be amended to provide that such information shall no longer be required to be provided hereunder; and **provided, further**, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance, the District shall provide notice of such defeasance to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB. Such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 7, the District shall provide notice of such termination to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB.

Section 8. Amendment; Change; Modification

Without the consent of any Holders (except to the extent expressly provided below), the District and the Trustee at any time and from time to time may enter into any amendments or changes to this Agreement for any of the following purposes:

i. to comply with or conform to Rule 15c2-12 or any amendments thereto or authoritative interpretations thereof by the Securities Exchange Commission or its staff (whether required or optional) which are applicable to this Agreement;

ii. to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

iii. to evidence the succession of another person to the District and the assumption by any such successor of the covenants of the District hereunder;

iv. to add to the covenants of the District for the benefit of the Holders, or to surrender any right or power herein conferred upon the District; or

v. for any other purpose as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted; provided that (1) this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in

circumstances, (2) the amendment or change either (a) does not materially impair the interest of Holders, as determined by bond counsel, or the interest of the Trustee or (b) is approved by the vote or consent of Holders of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment or change and (3) the Trustee receives an opinion of bond counsel that such amendment is authorized or permitted by this Agreement.

The Annual Financial Information for any fiscal year containing any amendment to the operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information, respectively, shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB.

Section 9. Duties of the Trustee

A. The duties of the Trustee under this Agreement shall be limited to those expressly assigned to it hereunder. The District agrees to indemnify and save harmless the Trustee and its officers, directors, employees and agents, for, from and against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The obligations of the District under this Section 9 shall survive resignation or removal of the Trustee, payment of the Bonds or termination of this Agreement.

B. No earlier than one day, nor later than 30 days, following the end of each fiscal year of the District (ending April 30, unless the District notifies the Trustee otherwise), the Trustee will notify the District of its obligation to provide the Annual Financial Information in the time and manner described herein; provided, however, that any failure by the Trustee to notify the District under this Section 9.B shall not affect the District's obligation hereunder, and the Trustee shall not be responsible in any way for such failure.

C. The Trustee shall be under no obligation to report any information to EMMA or any Holder. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 2.B.1. through 2.B.16. hereunder, whether or not such event is material, the Trustee will notify the District of such occurrence; provided, however, that any failure by the Trustee to notify the District under this Section 9 shall not affect the District's obligation hereunder, and the Trustee shall not be responsible in any way for such failure.

Section 10. Governing Law

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW, AND THE LAWS OF THE UNITED STATES OF AMERICA, AS APPLICABLE. Any action for enforcement of this Agreement shall be taken in a state or federal court, as appropriate, located in Maricopa County, Arizona. To the fullest extent permitted by law, the District and the Trustee each hereby irrevocably waives any and all rights to a trial by jury, and covenants and agrees that it will not request a trial by jury, with respect to any legal proceeding arising out of or relating to this Agreement.

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Section 11. Counterparts

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By:_____
Jon W. Hubbard
Corporate Treasurer and Senior Director of
Financial Operations & Compliance

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

By:_____
Keith Henselen
Vice President

APPENDIX E — Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2026 Series Bonds. Reference to the 2026 Series Bonds hereunder shall mean all 2026 Series Bonds held through DTC. The 2026 Series Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2026 Series Bonds, each in the aggregate principal amount of such maturity.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, bank trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2026 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Series Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Series Bonds, except in the event that use of the book-entry system for the 2026 Series Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2026 Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Offered Bond to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Series Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the 2026 Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Series Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be printed and delivered to DTC.

The information in Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

No assurance can be given by the District that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The District is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the 2026 Series Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained in this Appendix E has been extracted from information furnished by DTC. The District does not make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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APPENDIX F — 2035 Sustainability Goals

The District is a community-based not-for-profit water and power company committed to building a sustainable future in the Valley. The SRP 2035 Sustainability Goals are about making decisions through the eyes of future generations, balancing costs and impacts while providing reliable, sustainable water and power for today and tomorrow. Please find below links to SRP Sustainability Overview, FY24 Progress Update, and 2035 Sustainability Goals FY26 – FY30 Action Plans.

Links:

- SRP Sustainability Overview SRP (srpnet.com)
- FY24 Progress Update | SRP (srpnet.com)
- 2035 Sustainability Goals FY26 – FY30 Action Plan | SRP (srpnet.com)

APPENDIX G — Customer and Community Programs

Links:

Energy efficiency and customer incentives:

- Residential rebates | SRP (savewithsrp.com)
- Savings rebates and tools for businesses | SRP (savewithsrpbiz.com)
- SRP marketplace | SRP (srpmarketplace.com)

Community support/education:

- Grants and corporate contributions | SRP (srpnet.com)
- Offering support for teachers | SRP (srpnet.com)

Customer resources:

- SRP financial assistance | SRP (srpnet.com)
- Limited-income assistance programs | SRP (srpnet.com)

Safety:

- Power outages and storm safety | SRP (srpnet.com)
- Water and pool safety tools, tips and resources | SRP (srpnet.com)
- Electrical safety tips for home and work | SRP (srpnet.com)
- Overhead and underground power line safety | SRP (srpnet.com)
- Contact SRP to trim trees near power lines | SRP (srpnet.com)

CONTINUING DISCLOSURE AGREEMENT

Between

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as trustee

$_____
Salt River Project Electric System Revenue Bonds
2026 Series _

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement"), dated as of _____ __, 2026, by and between the Salt River Project Agricultural Improvement and Power District (the "District"), an agricultural improvement district duly organized and existing under Title 48, Chapter 17 of the laws of the State of Arizona, A.R.S. sections 48-2301, et seq. (the "Act") and U.S. Bank Trust Company, National Association, Phoenix, Arizona, as trustee (the "Trustee") for the $_____ Salt River Project Electric System Revenue Bonds, 2026 Series _ (the "Bonds") to be issued by the District;

WITNESSETH:

WHEREAS, the District intends to issue the Bonds under and pursuant to (i) the Act and (ii) the District's Supplemental Resolution, dated as of September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds, which became effective January 11, 2003, as amended and supplemented (the "Resolution").

WHEREAS, on June 28, 1989, the Securities and Exchange Commission adopted Rule 15c2-12 ("Rule 15c2-12"), as has been, and may be amended, from time to time;

WHEREAS, Rule 15c2-12 requires that prior to acting as a broker, dealer or municipal securities dealer (the "Participating Underwriter") for the Bonds, a Participating Underwriter must comply with the provisions of Rule 15c2-12;

WHEREAS, Rule 15c2-12 further provides, among other things, that a Participating Underwriter shall not purchase or sell the District's Bonds unless the Participating Underwriter has reasonably determined that the District and any "obligated person" (within the meaning of Rule 15c2-12, as amended) have undertaken, either individually or in combination with others, in a written agreement for the benefit of Bondholders, to provide certain information relating to the District, any "obligated person" and the Bonds, to EMMA (as defined below);

WHEREAS, this Agreement is being executed and delivered by the District and the Trustee for the benefit of the Bondholders, the Beneficial Owners of the Bonds and the Trustee in order to comply with Rule 15c2-12;

WHEREAS, the District hereby agrees to provide the information described herein below with respect to itself;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Trustee agree as follows:

Section 1. Definitions

"Association" shall mean the Salt River Valley Water Users' Association, predecessor to the District, duly incorporated February 9, 1903 under the laws of the Territory of Arizona.

"Annual Financial Information" shall mean the information specified in Section 3 hereof.

"Audited Financial Statements" shall mean the annual financial statements specified in Section 4 hereof.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is, treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" or "Holder" shall mean any registered owner of Bonds and any Beneficial Owner of Bonds who provides evidence satisfactory to the Trustee of such status.

"EMMA" shall mean the Electronic Municipal Market Access system operated by the MSRB for municipal securities disclosures.

"Financial Obligation" shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), but shall not include any municipal securities (as defined in the Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

"Independent Accountant" shall mean, with respect to the District, any firm of certified public accountants appointed by the District.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final official statement of the District relating to the Bonds, dated _____ __, 2026, as may be amended or supplemented.

"Rule 15c2-12" shall mean Rule 15c2-12(b)(5) adopted by the Securities Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time, as amended through the date of this Agreement.

"State" shall mean the State of Arizona.

Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Resolution.

Section 2. Obligation to Provide Continuing Disclosure

The District hereby undertakes for the benefit of the Holders of the Bonds to provide:

A. to EMMA in an electronic format, accompanied by identifying information, in accordance with the rules and procedures set forth from time to time by the MSRB, no later than 180 days after the end of each fiscal year, commencing with the fiscal year ending April 30, 2027:

    1. the Annual Financial Information relating to such fiscal year together with the Audited Financial Statements for such fiscal year if audited financial statements are then available; provided, however, that if Audited Financial Statements are not then available, the unaudited financial statements, which may be combined with the

financial information of the Association, shall be submitted with the Annual Financial Information, and the Audited Financial Statements shall be delivered to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB, when they become available (but in no event later than 350 days after the end of such fiscal year); or

2. notice to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB, of the District's failure, if any, to provide any of the information described in Section A.1. hereinabove;

B. to EMMA in an electronic format, accompanied by identifying information, in accordance with the rules and procedures set forth from time to time by the MSRB, within ten (10) business days after the occurrence of any of the following events, notice of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related default, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
7. modifications to the rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the District[*];
13. the consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary

[*] For the purposes of the event identified in clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

The District shall notify the Trustee upon the occurrence of any of the sixteen events listed in this Section 2.B. promptly upon becoming aware of the occurrence of any such event. The Trustee shall not be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department actually becomes aware of the occurrence of any such event. The District shall notify the Trustee upon the transmittal of any such information.

Nothing in this Agreement shall prevent the District from disseminating any information in addition to that required hereunder. If the District disseminates any such additional information, nothing herein shall obligate the District to update such information or include it in any future materials disseminated.

Section 3. Annual Financial Information

Annual Financial Information shall include updated financial and operating information, in each case updated through the last day of the District's prior fiscal year unless otherwise noted, relating to the following information contained in the Official Statement:

i. information as to any changes in the District's projected peak loads and resources in substantially the same level of detail as found in Table 2 under the heading "THE ELECTRIC SYSTEM - Projected Peak Loads and Resources";

ii. an update of the information listing District power sources and participation interests in power generating facilities in substantially the same level of detail found in Table 3 and Table 4 under the heading "THE ELECTRIC SYSTEM - Existing and Future Resources";

iii. information as to any changes or proposed changes in the electric prices charged by the District in substantially the same level of detail as found under the heading "ELECTRIC PRICES";

iv. an update of the information relating to customer base and classification, electric power sales, and the District's revenues and expenses in substantially the same level of detail found in Table 7 and Table 8 under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Customers, Sales, Revenues and Expenses";

v. (a) information as to the authorization or issuance by the District of any notes, other obligations, or parity indebtedness in substantially the same level of detail as found under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Additional Financial Matters" and (b) a statement of any default under such notes, other obligations or parity indebtedness;

vi. (a) information as to the outstanding balances and required debt service on any United States Government Loans and (b) a statement of any default with respect to such loans;

vii. (a) an update, if any, summarizing the District's discussions of operations in substantially the same level of detail as found under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA - Additional Financial Matters," or (b) an annual report;

viii. (a) an update of the balance in the Debt Reserve Account and (b) an update of all information relating to actual debt service requirements and coverages for outstanding Revenue Bonds and other prior and parity debt obligations in substantially the same level of detail as found in Tables 11 and 12 under the heading "SELECTED OPERATIONAL AND FINANCIAL DATA — Additional Financial Matters - Outstanding Revenue Bond Long-Term Indebtedness"; and

ix. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the District.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements pertaining to debt issued by the District, which have been submitted to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB. If the document incorporated by reference is a final official statement (within the meaning of Rule 15c2-12), it must also be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference. It is sufficient for the purposes of Rule 15c2-12 and this Agreement that the Annual Financial Information to be provided pursuant to Section 2.A. and Section 3 hereof be submitted to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB no more than once annually.

The requirements contained in this Section 3 are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Section 3 call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements

The District's annual financial statements for each fiscal year shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant. The annual financial statements are presented on a combined basis including the financial information of both the

District and the Association. All or any portion of audited or unaudited financial statements may be incorporated by specific reference to any other documents which have been filed with EMMA in accordance with the rules and procedures set forth from time to time by the MSRB; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Section 5. Remedies

If the District shall fail to comply with any provision of this Agreement, then the Trustee or any Holder may, but shall not be obligated to, enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the District and any of the officers, agents and employees of the District, and may compel the District or any such officers, agents or employees to perform and carry out their duties under this Agreement; **provided, however**, that the sole remedy hereunder shall be limited to an action to compel specific performance of the obligations of the District hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; **provided, further**, that any challenge to the adequacy of any information provided pursuant to Section 2 shall be brought only by the Trustee or the Holders of 25% of the aggregate principal amount of the Bonds then outstanding which are affected thereby. Failure to comply with any provision of this Agreement shall not constitute an Event of Default under the Resolution.

Section 6. Parties in Interest

This Agreement is executed and delivered for the sole benefit of the Holders, the Beneficial Owners and the Trustee. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Termination

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or legally defeased pursuant to the Resolution (a "Legal Defeasance"); **provided, however**, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then this Agreement shall be amended to provide that such information shall no longer be required to be provided hereunder; and **provided, further**, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance, the District shall provide notice of such defeasance to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB. Such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 7, the District shall provide notice of such termination to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB.

Section 8. Amendment; Change; Modification

Without the consent of any Holders (except to the extent expressly provided below), the District and the Trustee at any time and from time to time may enter into any amendments or changes to this Agreement for any of the following purposes:

i. to comply with or conform to Rule 15c2-12 or any amendments thereto or authoritative interpretations thereof by the Securities Exchange Commission or its staff (whether required or optional) which are applicable to this Agreement;

ii. to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

iii. to evidence the succession of another person to the District and the assumption by any such successor of the covenants of the District hereunder;

iv. to add to the covenants of the District for the benefit of the Holders, or to surrender any right or power herein conferred upon the District; or

v. for any other purpose as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted; provided that (1) this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in circumstances, (2) the amendment or change either (a) does not materially impair the interest of Holders, as determined by bond counsel, or the interest of the Trustee or (b) is approved by the vote or consent of Holders of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment or change and (3) the Trustee receives an opinion of bond counsel that such amendment is authorized or permitted by this Agreement.

The Annual Financial Information for any fiscal year containing any amendment to the operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information, respectively, shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to EMMA in accordance with the rules and procedures set forth from time to time by the MSRB.

Section 9. Duties of the Trustee

A. The duties of the Trustee under this Agreement shall be limited to those expressly assigned to it hereunder. The District agrees to indemnify and save harmless the Trustee and its

officers, directors, employees and agents, for, from and against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The obligations of the District under this Section 9 shall survive resignation or removal of the Trustee, payment of the Bonds or termination of this Agreement.

B. No earlier than one day, nor later than 30 days, following the end of each fiscal year of the District (ending April 30, unless the District notifies the Trustee otherwise), the Trustee will notify the District of its obligation to provide the Annual Financial Information in the time and manner described herein; provided, however, that any failure by the Trustee to notify the District under this Section 9.B shall not affect the District's obligation hereunder, and the Trustee shall not be responsible in any way for such failure.

C. The Trustee shall be under no obligation to report any information to EMMA or any Holder. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 2.B.1. through 2.B.16. hereunder, whether or not such event is material, the Trustee will notify the District of such occurrence; provided, however, that any failure by the Trustee to notify the District under this Section 9 shall not affect the District's obligation hereunder, and the Trustee shall not be responsible in any way for such failure.

Section 10. Governing Law

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW, AND THE LAWS OF THE UNITED STATES OF AMERICA, AS APPLICABLE. Any action for enforcement of this Agreement shall be taken in a state or federal court, as appropriate, located in Maricopa County, Arizona. To the fullest extent permitted by law, the District and the Trustee each hereby irrevocably waives any and all rights to a trial by jury, and covenants and agrees that it will not request a trial by jury, with respect to any legal proceeding arising out of or relating to this Agreement.

Section 11. Counterparts

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By:_____
Jon W. Hubbard
Corporate Treasurer and Senior Director of
Financial Operations & Compliance

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

By:_____
Keith Henselen
Vice President

SALT RIVER PROJECT

LETTER OF INSTRUCTIONS AND ESCROW DEPOSIT AGREEMENT AS TO PAYMENT OF REFUNDED BONDS

_____ __, 2026

U.S. Bank Trust Company, National Association,
as Escrow Agent
Phoenix, Arizona

Gentlemen:

The Salt River Project Agricultural Improvement and Power District (the "District") is issuing its $_____ Electric System Refunding Revenue Bonds, 2026 Series __ (the "Bonds"), pursuant to a resolution of the Board of Directors of the District, entitled "Supplemental Resolution Dated September 10, 2001 Authorizing an Amended and Restated Resolution Concerning Revenue Bonds," which became effective January 11, 2003, as amended and supplemented (the "Resolution") and a "Resolution Authorizing the Issuance and Sale of Not Exceeding $1,622,000,000 in Par Value Salt River Project Electric System Revenue Bonds, 2026 Series of the Salt River Project Agricultural Improvement and Power District, and Providing for the Form, Details and Terms Thereof," adopted by the District on June 18, 2026 (hereinafter called the "Series Resolution" and together with the Resolution called the "Resolutions") and is applying $_____ of the proceeds from the sale of the Bonds, together with other available funds in the amount of $_____, for the purpose of providing for the payment of the redemption price of and interest on the outstanding bonds of the District as set forth in Exhibit A attached hereto (the "Refunded Bonds"):

1. The District hereby appoints U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Escrow Agent under this Letter of Instructions and Escrow Deposit Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of the Escrow Agent under this Letter of Instructions and Escrow Deposit Agreement. Receipt of a true and correct copy of the above-mentioned Series Resolution of the District is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Resolution and the Series Resolution are incorporated herein by reference, including the protections afforded the Escrow Agent as a Fiduciary under the Resolution. Reference herein to or citation herein of any provisions of the Series Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein. All terms defined in the Resolutions and used herein shall have the meanings assigned to them by the Resolutions; provided, however, for all purposes of this Letter of Instructions and Escrow Deposit Agreement the term "Investment Securities" shall be limited to direct obligations of, or obligations which are unconditionally guaranteed as to full and timely payment by, the United States of America which are not subject to redemption or prepayment prior to their respective maturities and shall not be read to include money market mutual funds that invest in such obligations.

2. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the Refunded Bonds Escrow Deposit Fund (the "Escrow Fund") and, within such Escrow Fund, [a separate account to be designated as the "2015A Bonds Escrow Account") (the "2015A Bonds Escrow Account") and] a separate account to be designated as "2016A Bonds Escrow Account" ([the "2016A Bonds Escrow Account" and, together with the 2015A Bonds Escrow Account,] the "Escrow Account"), to be held by the Escrow Agent separate and apart from all other funds of the District or of the Escrow Agent and used only for the purposes and in the manner provided in this Letter of Instructions and Escrow Deposit Agreement. The Escrow Agent shall deliver monthly to the Treasurer or Assistant Treasurer of the District a copy of the document evidencing each transaction relating to the Escrow Fund and each Escrow Account therein.

In accordance with the applicable provisions of the Resolutions and concurrently with the execution of this Letter of Instructions and Escrow Deposit Agreement, the District herewith deposits or causes to be deposited with the Escrow Agent and the Escrow Agent acknowledges receipt of, immediately available money for deposit [as follows: (i) in the [2015A Bonds] Escrow Account within the Escrow Fund in the amount of $_____, consisting of $_____ from the proceeds of the Bonds and $_____ of other available funds and (ii)] in the [2016A Bonds] Escrow Account within the Escrow Fund in the amount of $_____, consisting of $_____ from the proceeds of the Bonds and $_____ of other available funds. The Escrow Agent agrees that promptly upon receipt of such deposit it shall invest $_____ in the securities listed in Schedule A ("Schedule A") hereto. The securities listed in Schedule A, which are Investment Securities, together with any Investment Securities substituted therefor pursuant to paragraph 9 below, are hereinafter called the "Escrow Securities."

The Escrow Agent shall have no additional power to invest or reinvest any money held by it pursuant to this Letter of Instructions and Escrow Deposit Agreement. The Escrow Agent shall, no later than the redemption date for the Refunded Bonds as set forth in Schedule B ("Schedule B"), transfer from the Escrow Fund to the paying agents for the Refunded Bonds, for deposit in a paying agent account, an amount sufficient to pay the redemption price of, and interest on the Refunded Bonds on the redemption date. Such amounts shall be applied by the Escrow Agent to the payment of the redemption price of, and interest on the Refunded Bonds for the equal and ratable benefit of the holders of the Refunded Bonds. If on the redemption date, any of the Refunded Bonds are not presented for redemption, the Escrow Agent shall invest the moneys available for such redemption and on deposit in such paying agent account at a yield not in excess of the yield on the Bonds in Investment Securities until needed for such purposes and in any event scheduled to mature no longer than thirty (30) days after the date of investment thereof and the investment earnings resulting from such Investment Securities shall be the property of the District.

3. The District hereby represents, warrants, and certifies to the Escrow Agent that the Escrow Securities listed in Schedule A are Investment Securities and shall mature at such times and in such amounts, as set forth in Schedule A, such that, based solely upon the certifications and calculations made to it by Public Financial Management, the maturing principal of and the interest on the Escrow Securities together with the cash amount, if any, held uninvested will be sufficient to pay when due the redemption price and interest due and to

become due on the Refunded Bonds all in accordance with and in satisfaction of the provisions of the Resolutions.

Any surplus amounts received from principal or interest payments on such Escrow Securities remaining in the Escrow Fund or amounts remaining in the Escrow Fund after the payment of the redemption price and interest on all the Refunded Bonds and not necessary to make payments on any Refunded Bonds or interest coupons which have not theretofore been surrendered to the Escrow Agent for payment, shall be applied as set forth in paragraph 12 hereof.

4. The deposit of the Escrow Securities in the Escrow Fund and the cash amount, if any, shall constitute an irrevocable deposit of Investment Securities and moneys in trust solely for the payment of the redemption price of and interest on the Refunded Bonds and, subject to paragraph 3 above, the principal of and interest earnings on the Escrow Securities and the cash amount, if any, shall be used solely for such purposes.

5. The District hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it under the Resolutions in order to effectuate this Letter of Instructions and Escrow Deposit Agreement. The liability of the Escrow Agent for the payment of the redemption price of and interest on the Refunded Bonds pursuant to this paragraph and the Resolutions shall be limited to the application of the Escrow Securities and the interest earnings thereon and the cash amount, if any, available for such purposes in the Escrow Fund.

6. Neither the District nor the Escrow Agent shall, except as permitted by paragraph 9 hereof, sell, transfer or otherwise dispose of the Escrow Securities, except that the Escrow Agent may effectuate the transfer of such Escrow Securities to a successor escrow agent in accordance with the provisions of the Resolutions relating to the transfer of rights and property of successor trustees.

7. (a) With regard to the Refunded Bonds, the District hereby irrevocably instructs the Escrow Agent, as Trustee under the Resolutions, to mail and/or publish, a notice or notices of redemption of such Refunded Bonds, at the times and in the manner provided, in a newspaper which is customarily published at least once a day for at least five days (other than legal holidays) in each calendar week and in general circulation in the City of Phoenix, Arizona and in The Bond Buyer, New York, New York or in lieu of such publication in The Bond Buyer, in a financial newspaper or journal published in The City of New York, the notices required by Section 4.05 of the Resolution.

(b) With regard to the Refunded Bonds, the District hereby further irrevocably instructs the Escrow Agent, as Trustee under the Resolutions, to mail and/or publish, a notice or notices of defeasance of such Refunded Bonds, at the times and in the manner provided, in a newspaper which is customarily published at least once a day for at least five days (other than legal holidays) in each calendar week and in general circulation in the City of Phoenix, Arizona and in The Bond Buyer, New York, New York or in lieu of such publication in The Bond Buyer, in a financial newspaper or journal published in The City of New York, the notices required by Section 12.01 of the Resolution.

(c) Any notices required to be given pursuant to this paragraph 7 shall also be given to any rating agency then rating such Refunded Bonds and any other party required to receive such notice pursuant to the Resolutions. In addition, such notices shall be provided to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format as prescribed by the MSRB. As of the date of this Letter of Instructions and Escrow Deposit Agreement, such notices are required to be posted to the Electronic Municipal Market Access system operated by the MSRB for municipal securities disclosures.

8. The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on all Escrow Securities and the cash amount, if any, in the Escrow Fund pursuant to paragraph 3 hereof and the interest earnings thereon until paid out, used and applied in accordance with this Letter of Instructions and Escrow Deposit Agreement.

9. This Letter of Instructions and Escrow Deposit Agreement is made for the benefit of the District and the holders from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Letter of Instructions and Escrow Deposit Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Letter of Instructions and Escrow Deposit Agreement for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Letter of Instructions and Escrow Deposit Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent;

(c) to subject to this Letter of Instructions and Escrow Deposit Agreement additional funds, securities or properties; and

(d) to make any changes required in connection with the rating of the Refunded Bonds by Moody's Ratings ("Moody's") or S&P Global Ratings ("S&P").

Prior to entering into an amendment or agreement relating to clause (d) above, if Moody's or S&P shall have assigned a rating to the Refunded Bonds, the Escrow Agent shall receive notice in writing from Moody's and/or S&P, as the case may be, to the effect that such amendment or agreement will not, by itself, result in the withdrawal or reduction of the ratings on the Refunded Bonds assigned by Moody's and/or S&P, as the case may be.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of a firm of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this paragraph 9, including the extent, if any, to which any change, modification

or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this paragraph.

The District shall give prior written notice to Moody's, and S&P of any repeal, revocation, alteration, amendment or severance of this Letter of Instructions and Escrow Deposit Agreement pursuant to this paragraph 9. Such notice shall be given in writing to, as applicable: Moody's Ratings, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Rating Desk/Refunded Bonds and S&P Global Ratings, 55 Water Street New York, New York 10041.

Subject to the last sentence of this paragraph, the Escrow Agent, at the request of the District and upon compliance with the conditions hereinafter stated, shall have the power to and shall in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the securities held hereunder and to substitute therefor Investment Securities and also to withdraw surplus funds, if any, subject to the condition that the money or securities held by the Escrow Agent shall be sufficient as set forth in the then-applicable independent verification by a verification agent or the District's independent financial advisor concerning the adequacy of the amounts in the Escrow Fund to meet the redemption price and interest requirements when due on the Refunded Bonds. The District hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which would cause the Bonds or Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and the Regulations thereunder in effect on the date of such request and applicable to obligations issued on the issue date of the Bonds or the Refunded Bonds, as applicable. The Escrow Agent shall purchase such substituted investment Securities with the proceeds derived from the maturity, sale, transfer, other disposition or redemption of the securities held hereunder or from other money available in the Escrow Fund. The transactions described in this paragraph may be effected only if there shall have been obtained: (1) an independent verification by a verification agent or the District's independent financial advisor concerning the adequacy, without reinvestment, of such substituted Investment Securities with respect to principal and the interest thereon and any other money or Investment Securities held for such purpose to meet the redemption price and interest requirements when due on the Refunded Bonds; and (2) an opinion to the District from a firm of nationally recognized attorneys on the subject of municipal bonds, to the effect that the disposition and substitution or purchase of such Investment Securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Bonds or the Refunded Bonds, as applicable, cause the interest on the Bonds or Refunded Bonds not to be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Escrow Securities held hereunder and the substitutions therefor of Investment Securities shall be released from the Escrow Fund and transferred to the District for deposit in the Revenue Fund.

For the purposes of this Letter of Instructions and Escrow Deposit Agreement, the term "Escrow Securities" shall not include money market mutual funds, even such funds investing only in U.S. government securities.

10. In consideration of the services rendered by the Escrow Agent under this Letter of Instructions and Escrow Deposit Agreement, the District agrees to and shall pay to the Escrow

Agent its proper fees and expenses in accordance with the agreement therefor reached by the Escrow Agent and the District, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the District lawfully available therefor and the Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities in the Escrow Fund for the payment of such fees and expenses. The provisions of this paragraph 10 shall survive the termination of this Letter of Instructions and Escrow Deposit Agreement. The Escrow Agent shall be entitled to the same indemnification that it receives as Trustee under the Resolutions.

11. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than sixty (60) days written notice to the District and publishing notice thereof, specifying the date when such resignation will take effect in the same manner as the notice required by the Resolutions, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the District as hereinafter provided and such successor Escrow Agent shall have accepted such, appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the District and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the District shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the District shall immediately and without further act be superseded by the successor Escrow Agent so appointed by such holders. The District shall publish notice of any such appointment made by it at the times and in the manner described in the first sentence of this paragraph 11.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the District pursuant to the foregoing provisions of this paragraph within sixty (60) days after written notice of resignation or removal of the Escrow. Agent has been given, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply, at the expense of the District, to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than $50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the District an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the District, and upon the payment of its charges hereunder, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the District be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the District.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Letter of Instructions and Escrow Deposit Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Escrow Agent, shall, if reasonably satisfactory to the District, be the successor Escrow Agent, under this Letter of Instructions and Escrow Deposit Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

12. After the payment of the redemption price and interest on all the Refunded Bonds, any moneys remaining on deposit in the Escrow Fund in excess of the amount, if any, necessary to make payments on any Refunded Bonds or interest coupons which have not theretofore been surrendered to the Escrow Agent for payment shall promptly be paid to the District free and clear of the lien of this Letter of Instructions and Escrow Deposit Agreement and either (a) deposited by the District into the Construction Fund established pursuant to the Resolution and applied as provided in the Resolution, or (b) paid to the Trustee for deposit to the Debt Service Account and applied to pay interest on the Bonds.

13. The District has delivered or caused to be delivered to you, as Escrow Agent, such other resolutions, certificates, opinions and other documents, including this Letter of Instructions and Escrow Deposit Agreement, as are necessary so that the Refunded Bonds shall be deemed to have been paid within the meaning of the Resolutions.

The Escrow Agent hereby acknowledges and confirms that the schedule of outstanding debt service, including the redemption prices, for the Refunded Bonds as set forth in Exhibit B attached hereto is correct and exactly corresponds to the outstanding annual debt service for the Refunded Bonds as set forth on the books of the Trustee for the Refunded Bonds.

It is hereby agreed that under the terms of the Resolutions, this Letter of Instructions and Escrow Deposit Agreement, together with the Escrow Securities listed in Schedule A and the cash amount, if any, deposited with you as aforesaid and such other resolutions, certificates, opinions and other documents delivered to you, constitute all the action required so that the Refunded Bonds shall be deemed to have been paid and cease to be entitled to any lien, benefit or security under the Resolutions and, upon your receipt of same, all covenants, agreements and obligations of the District to the holders of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied.

14. This Letter of Instructions and Escrow Deposit Agreement shall be governed by the law of the State of Arizona.

15. If any one or more of the covenants or agreements provided in this Letter of Instructions and Escrow Deposit Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Letter of Instructions and Escrow Deposit Agreement, so long as this Letter of Instructions and Escrow Deposit Agreement, as so modified, continues to express, without material change, the original intentions of the District or the Escrow Agent as to the subject of this Letter of Instructions and Escrow Deposit Agreement and the deletion of such portion of this Letter of Instructions and Escrow Deposit Agreement will not substantially impair the respective benefits on expectations of the District or the Escrow Agent.

All the covenants, promises and agreements in this Letter of Instructions and Escrow Deposit Agreement contained by or on behalf of the District or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

16. This Letter of Instructions and Escrow Deposit Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.]

The District hereby requests that you acknowledge receipt of this Letter of Instructions and Escrow Deposit Agreement and indicate your agreement to accept the trust hereby created and the duties and obligations imposed hereby and by the Resolutions upon you as Escrow Agent and Trustee in connection therewith.

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

By:_____
Jon W. Hubbard
Corporate Treasurer and Senior Director
Financial Operations & Compliance

On this ____ day of _____, 2026, receipt is hereby acknowledged of the foregoing Letter of Instructions and Escrow Deposit Agreement, and the undersigned agree therewith and agree to accept the trust thereby created and the duties and obligations imposed hereby and by the Resolutions in connection therewith and acknowledge receipt of the money deposited hereunder.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent for Refunded Bonds

By:_____
Keith Henselen
Vice President

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee under the Resolution

By:_____
Keith Henselen
Vice President

Exhibit A – Refunded Bonds

Salt River Project Agricultural Improvement and Power District, Arizona
Salt River Project Electric System Revenue Bonds, 2015 Series A

Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP Number

Salt River Project Agricultural Improvement and Power District, Arizona
Salt River Project Electrical System Refunding Revenue Bonds, 2016 Series A

Maturity Date (January 1)	Principal Amount	Interest Rate	CUSIP Number

Exhibit B

Outstanding Debt Service, Including
The Redemption Prices, for the Refunded Bonds

Redemption Price: 100%

[INSERT PAGES _ & _ FROM NUMBERS RUN]

SCHEDULE A

DESCRIPTION OF ESCROW SECURITIES

SCHEDULE B

REDEMPTION DATE
FOR THE REFUNDED BONDS

Payments from 2015A Bonds Escrow Account within the Escrow Fund

Redemption Date	Interest	Principal Redeemed	Total]

Payments from 2016A Bonds Escrow Account within the Escrow Fund

Redemption Date	Interest	Principal Redeemed	Total