

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

JOINT MEETING OF THE BOARD OF DIRECTORS AND COUNCIL WORK STUDY SESSION

Tuesday, January 13, 2026, 9:30 AM

**PERA Training and Conference Center
1 E. Continental Drive, Tempe, AZ 85288**

Roll Call

Safety Minute

1. Call to Order..... PRESIDENT DAVID ROUSSEAU
2. Financial Plan 2027 (FP27) Budget Overview BRIAN KOCH; and VARIOUS

Informational presentation regarding an overview and context for the SRP FP27
Budget approval period.
3. Adjourn..... PRESIDENT DAVID ROUSSEAU

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

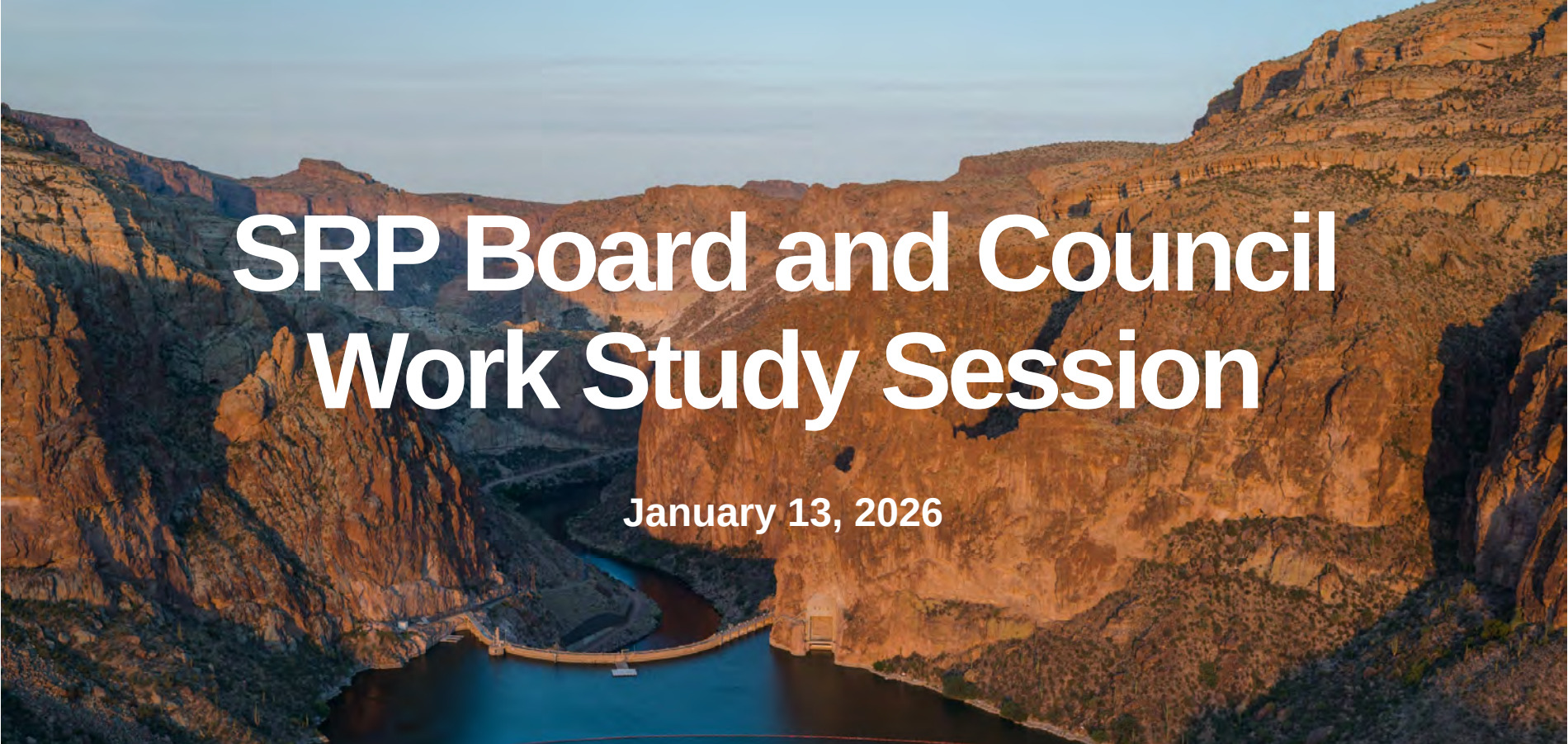
The Board may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

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 JOINT MEETING OF THE BOARD OF DIRECTORS
AND COUNCIL WORK STUDY SESSION IS SCHEDULED FOR
TUESDAY, APRIL 28, 2026**

01/06/2026

An aerial photograph of a large concrete dam situated in a deep, rugged canyon. A river flows through the canyon, curving around the base of the dam. The canyon walls are steep and composed of layered rock formations, with some sparse vegetation. The sky is clear and blue. The text "SRP Board and Council Work Study Session" is overlaid in large white letters across the center of the image.

SRP Board and Council Work Study Session

January 13, 2026

A blue geometric graphic consisting of two overlapping triangles, one pointing right and one pointing left, creating a larger triangular shape.

FP27 Planning

Work Study Session

Bobby Olsen, Brian Koch, Angie Bond-Simpson,
Danielle Jackson, Bill McClellan, Jed Cohen

January 13, 2026

Safety Minute

Celebrating Safety Champions

Sara McCoy, Director, Risk Management

January 13, 2026

President's Trophy for Safety

- Fault Locating Operations (79 employees)
- 173,303 hours worked
- Zero injuries



Mickey Fine Safety Excellence Award

- Distribution Maintenance Reactive West (22 employees)
- 60,203 hours worked
- Zero injuries



Safety Culture Award: Significant Safety Culture Enrichment



2025 Safety Committee

From top left: Theresa Kaschak, April Hallmark, Ryan Scott, Andrew Kosednar, Kristen Hadley, Jesse Porter, Josh Conklin, Megan Strecker, John Dirks, Lisa Prunty-Delrio. Not Pictured: Jack Raper

Financial & Information Services



2024 Safety Committee

From back left: Jay Williams, Megan Strecker, John Dirks, Jack Raper, Parker Evans, Alan Sterba, Brian Koch, Kayla Martinez, Theresa Kaschak, Kristen Hadley, Lisa Prunty-Delrio. Not Pictured: Victoria Arrfelt, Rachel Dickinson, and April Hallmark.

Electrical System Testing & Inspection



Back row, from left: Kelly Kline, Marcus Bigman, Jim Herbert, Darrin Tadytin, Brendon Barlow, Kyle McDaniel and Brian Begay. Front row, from left: Chris Waldon, Jason Phaneuf, Mark Moseley, Bob Charney, Ray Martinez and Luke Jackson. Not pictured: Donna Lopez

thank you!

Work Study Session (WSS) Agenda



Corporate Load Forecast

- Jed Cohen – Senior Manager, Forecasting and Load Research



Resource Plan and Major Projects

- Angie Bond-Simpson – Senior Director, Resource Management
- Bobby Olsen – AGM, Power System
- Bill McClellan – Director, Resource Planning



Position and Financial Plan

- Danielle Jackson – Director, Financial Planning



Review and Key Takeaways

- Brian Koch – AGM, Finance and Information Services

EXECUTIVE SUMMARY

SRP's load, resource and financial plans address the challenging external pressures of increased demand and escalating costs

Load Forecast

- Rigorous, comprehensive, and adaptable
- Evolving to meet rapid customer growth
- Increasing load → more capacity needed

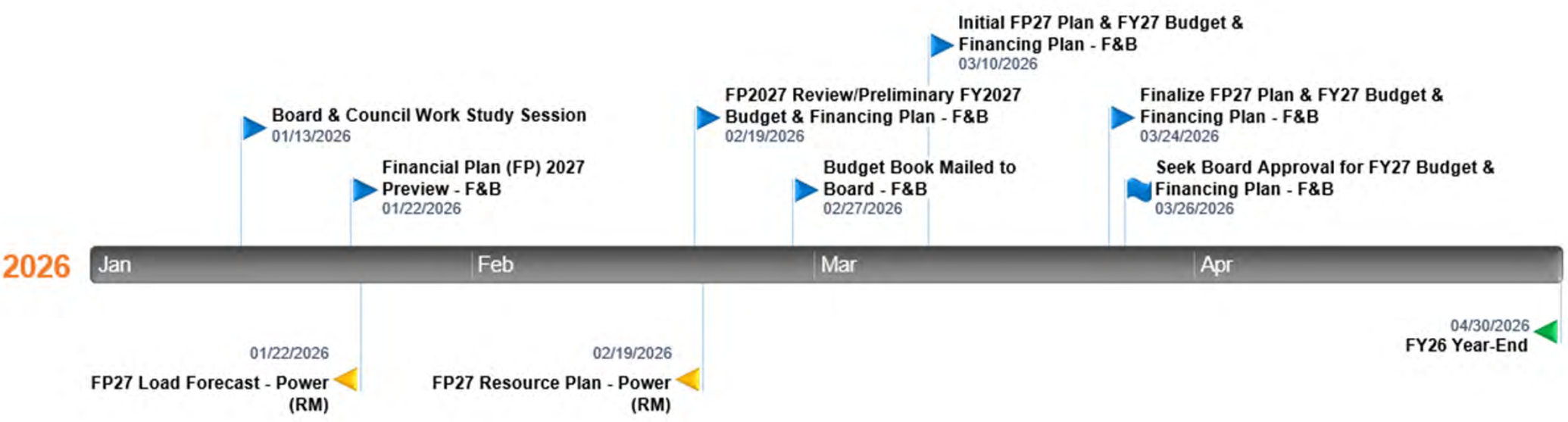
Resource Plan & Major Projects

- Significant projects underway and planned
- Rising costs & development risk challenge schedules

Current Position & Financial Plan

- Balance of cost control, borrowing, and rates
- Preserving SRP's financial strength

KEY DATES



SRP's Corporate Load Forecast

Dr. Jed Cohen

Load Forecasts Inform Decisions and Unify Planning

Near-term considerations

- **Financial Stability:** Inform budgeting and rate-setting
- **Reliability:** Accurately predict next year's needs
- **Supporting Economic Development**

Long-term considerations

- **Infrastructure Planning:** Generation and transmission are long-lead, long-life assets
- **Understand Possible Future:** Integrated System Planning Scenarios highlight key levers and risks
- **Quantify Key Trends:** Including electric vehicle and new price plan adoption

SRP's Forecast Accuracy Compares Favorably

Peak Load Forecast Accuracy

Year ahead average error:

National average: **3.97%***

SRP over the past decade: **2.1%**

- FY25 Peak Forecast Error was 0.5%
- FY26 Peak Forecast Error was 1.24%

Energy Sales Forecast Accuracy

Year ahead average error:

National average: **2.3%***

SRP over the past decade: **1.2%**

- FY24 Sales Forecast Error was 0.1%
- FY25 Sales Forecast Error was 1.5%

*National numbers based on Itron's 2023 Forecasting Benchmark Survey (N=97)

Forecast Inputs

- Economy & Population Outlook
- Accounts and Price Plans
- Weather
- Distributed Solar and Batteries
- Energy Efficiency
- Electric Vehicles (EVs)
- Large Business Customer Projects



Highlighting Key Inputs



Current economic outlook



SRP Board approved new price plans



Regulatory and legislative items

Major Forecast Products and Use Cases

Load Forecast Products: Demand Scenarios For 30 Years

Peak Demands

Energy Sales

EV Charging

Distributed Solar and Battery Activity

Customer Accounts

Dedicated Substation Forecasts

Use Cases

Resource Planning

Distribution Planning

Transmission Planning

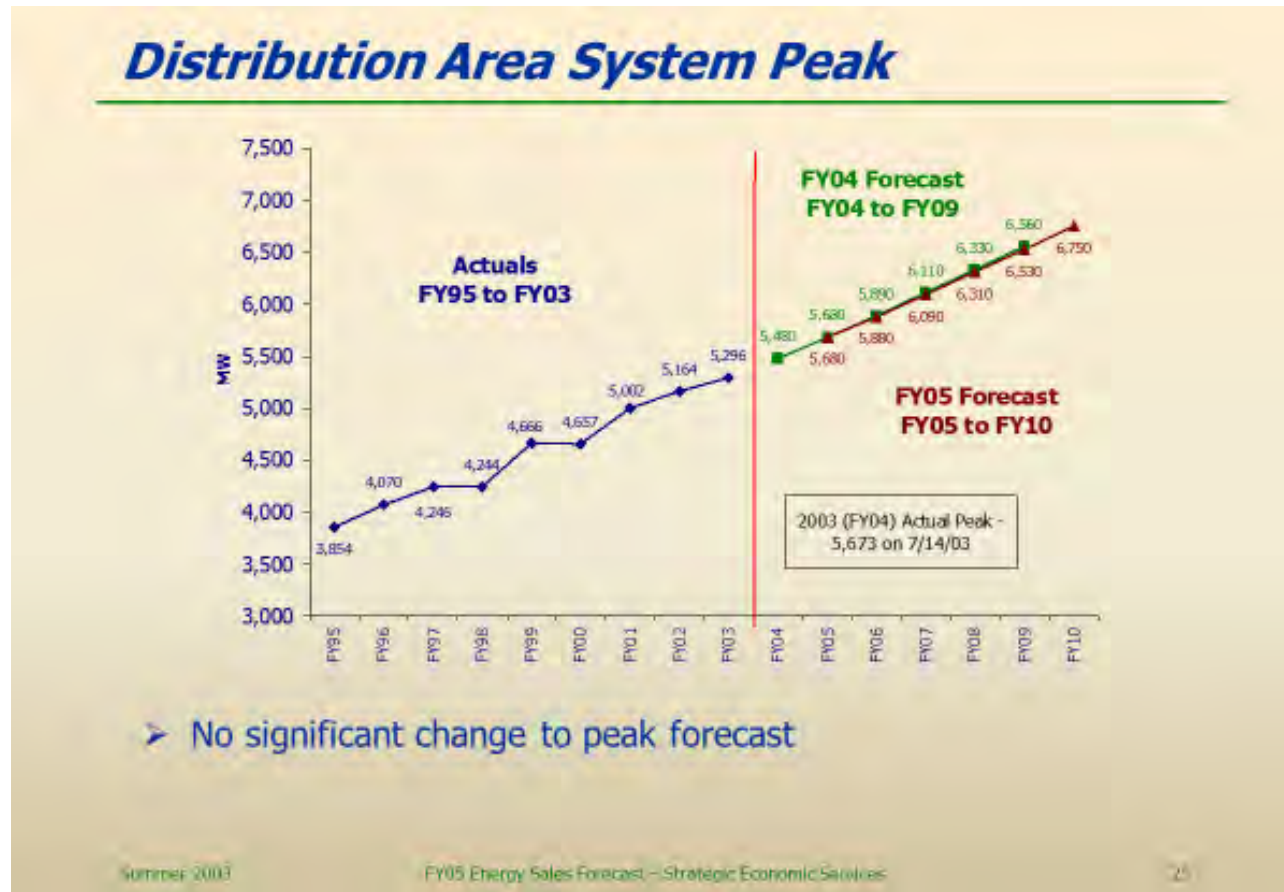
Financial Planning

Revenue Forecast

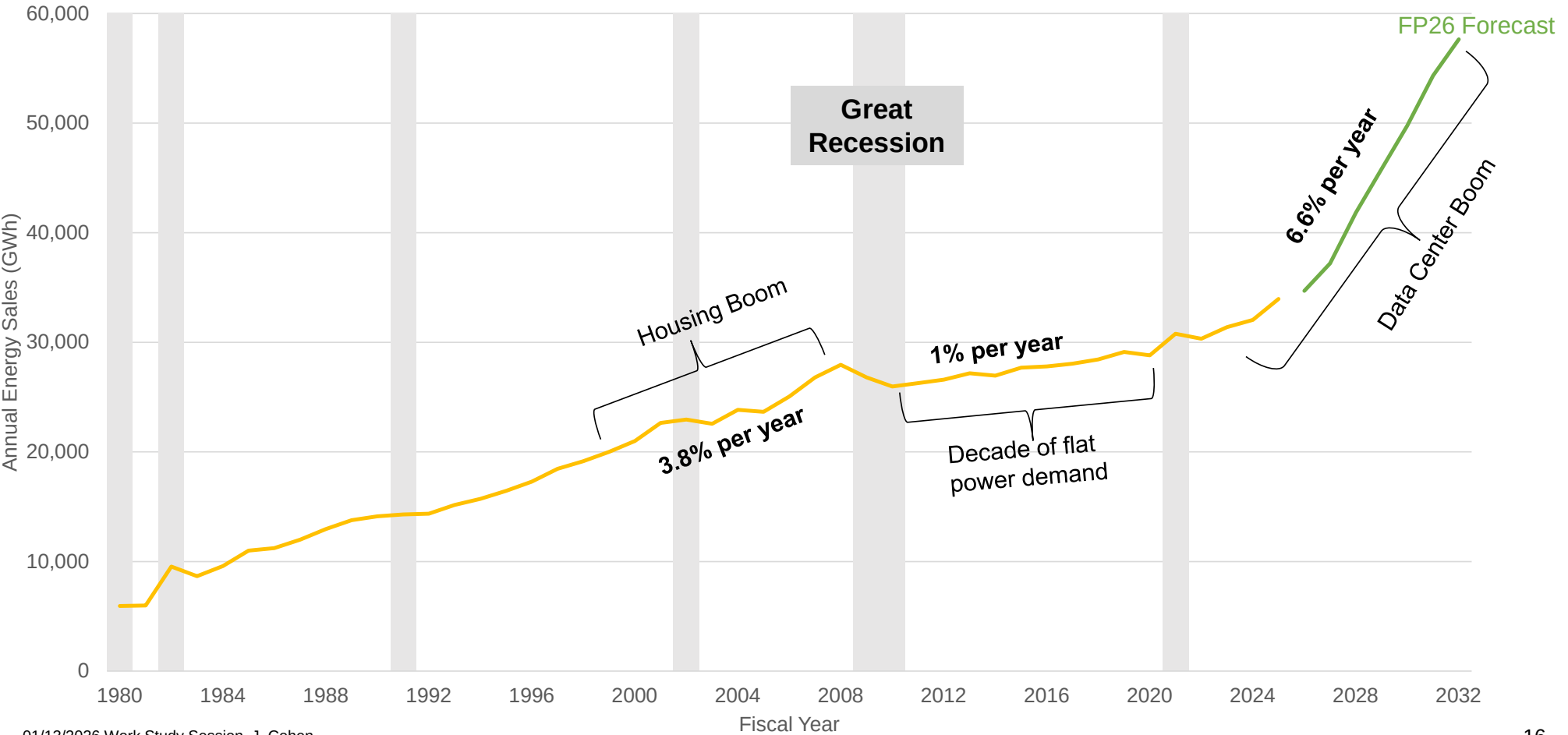
Customer Programs

**Annual Financial
Plan and Budget**

Simpler Times – Pre-Recession Forecasting



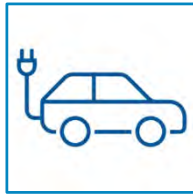
SRP Enters a New Era of Load Growth



What's Changed in Load Forecasting Post-Recession?



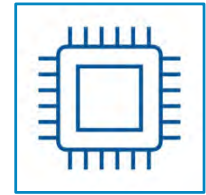
Energy Efficiency
Improvements



Large Scale
Electrification



Distributed Energy
Resources



Onshoring and
Data Centers

2011 – 2022 Major Drivers

2023+ New Major Driver

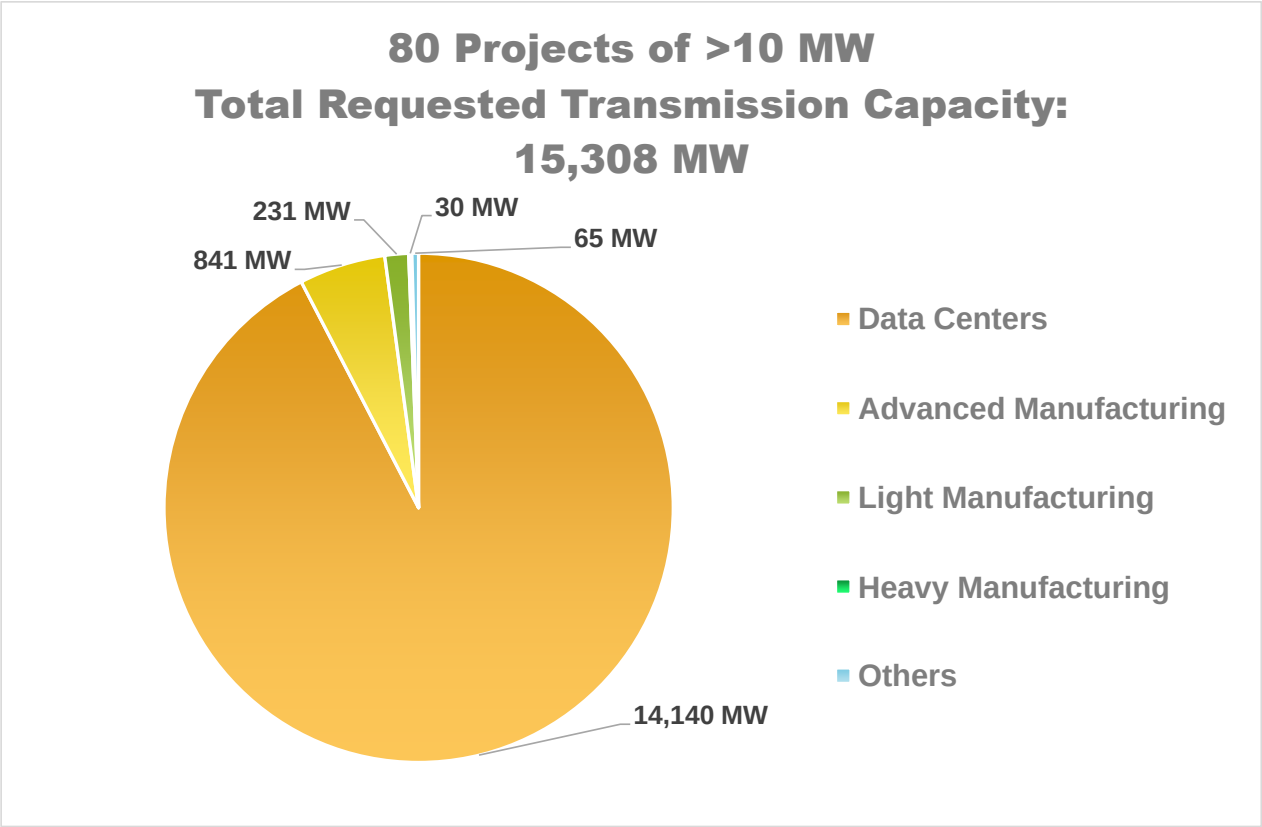
What is a Large Business Customer (LBC)?

- Dedicated Transmission-Level Substation Customers
- E-65, E-66, E-67 Rate Plans
- Usually >10 MW
- Types of large customers:
 - Data Centers
 - Semiconductor and Advanced Manufacturing
 - Mining
 - Other Commercial and Large Industrial

Current Large Business Customers

- 59 customer accounts
- 1,275 MW of load (non-coincident)
- 1,006 MW contribution to FY26 system peak; 12% of total
- 7,233 GWh annual energy sales in FY25; 21% of total
- Year over year growth through FY25:
 - 15% (950 GWh) growth in energy sales volume
 - 8% growth in system peak coincident load
 - 8% non-coincident load growth

Large Business Customer Pipeline



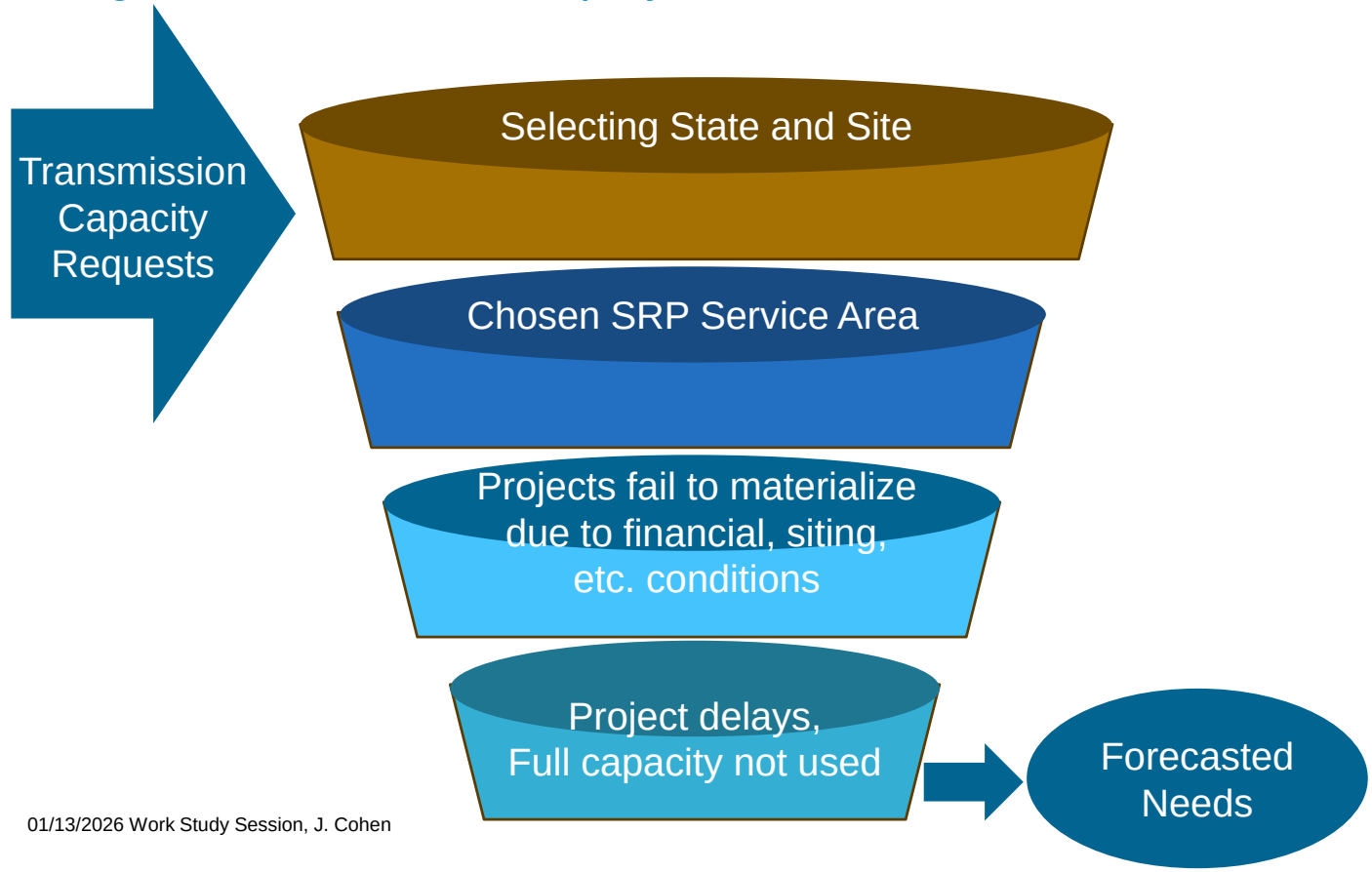
As of 9/25/2025 market needs

Three Types of Market Actors within Data Center Industry

- Hyperscalers
- Colocators
- Developers

Industry Best Practice - Commercial Readiness Assessment

Key Takeaway: SRP uses best practice methods for commercial readiness assessments of large business customer projects



Large Load Task Force



Towards Greater Certainty

For an Illustrative* Group of LBC Projects Requesting 6,000 MWs of Power

Current State: Use **Commercial Readiness Assessment** to provide reasonable forecasts

0 – 6,000 MWs could materialize
(explore scenarios)

Future State: Early commitment **milestone payments** indicate commercial readiness

Half the projects pay milestone: 0 – 3,000 MWs could materialize

Future State: New **contracts and minimum demand** charges clarify expected demand

Contract demand: 1,500 MWs expected

*The numbers on this slide are for illustration purposes only and are not meant to reflect actual customer performance

Key Takeaways

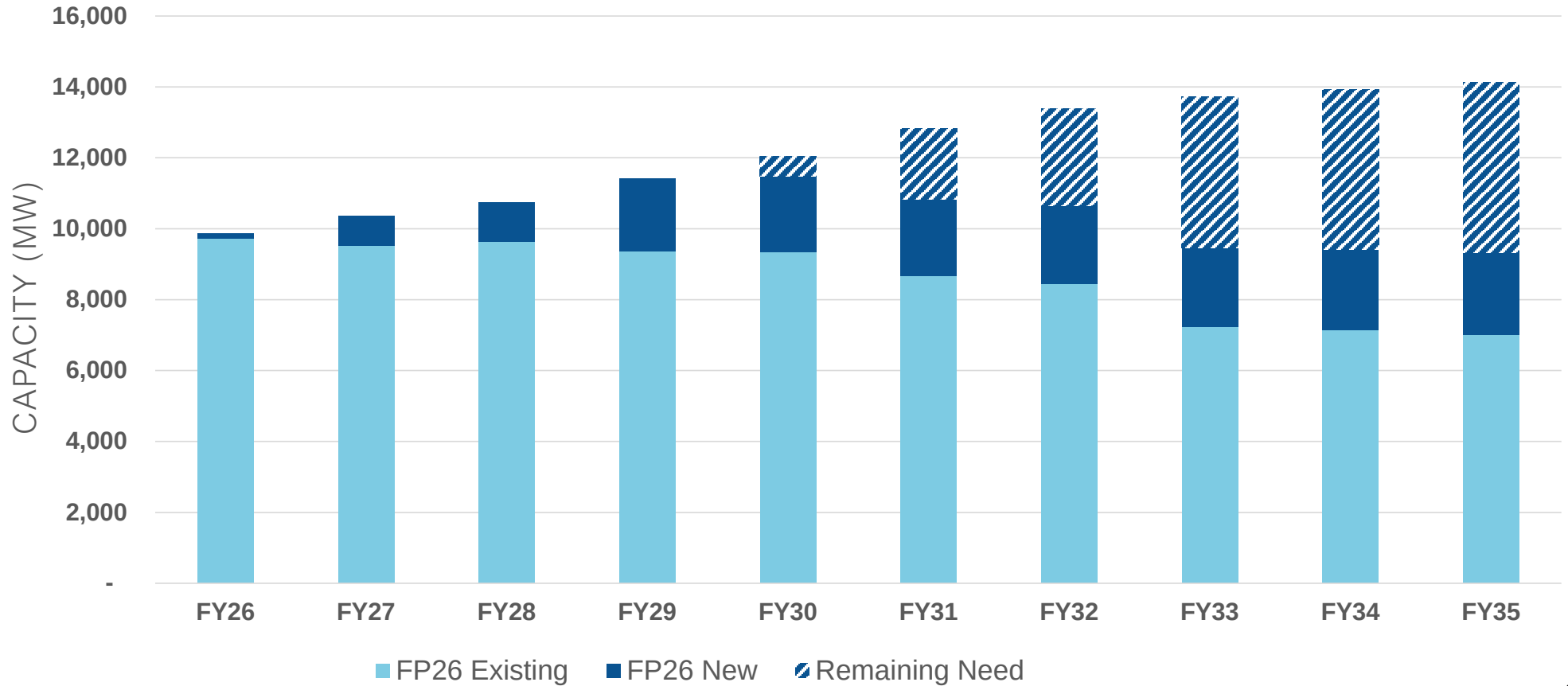
- SRP's Corporate Load Forecast is comprehensive, rigorous and adaptable
- Energy sales outlook is strong, driven primarily by large customers which creates additional uncertainties in the magnitude of growth
- Forecast updates track Large Business Customer progress towards commercial readiness and customer commitments
- FP27 Forecasts will be shared with the Power Committee on January 22nd

thank you!

Resource Plan

Angie Bond-Simpson | Bill McClellan

FP26 Remaining Summer Capacity Needs



Meeting Capacity Needs While Balancing Reliability, Affordability, and Sustainability

Energy Investments

Invest in renewable resources and storage to manage fuel consumption and drive carbon and water reductions.

Capacity Investments

Invest in firm generation, including natural gas, to support reliability and manage affordability, while also supporting advancement of emerging firm technologies.

Proactive Transmission

Proactively plan to expand transmission infrastructure to enable generator interconnections and load growth.

Distribution Innovation

Ensure distribution grid readiness to maintain reliability and enable customer innovations to drive carbon reductions.



Strategic Investment & Reinforcement of Existing Assets

Reinforce and maximize value of existing infrastructure with strategic investments to manage affordability and ensure future performance, grid security and resilience.

Evolution of Customer Programs & Pricing

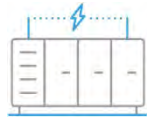
Evolve pricing and customer programs to improve economy-wide carbon reductions and pace infrastructure development, while recognizing customers' diverse needs.

Partnerships & Suppliers

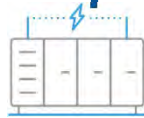
Explore partnerships, supply chain and development solutions that manage cost and availability to meet the pace of transformation.

FY26 Efforts to Meet Capacity Need

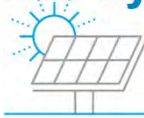
- Projects **online or expected online by 2026:**



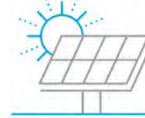
Flatland
200 MW



Pediment
250 MW



Copper Crossing Phase 2
55 MW

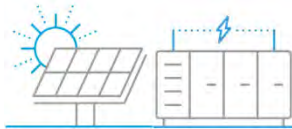


Box Canyon
100 MW

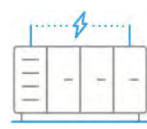


Coolidge Expansion
Phase 1
287 MW

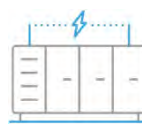
- Executed **binding agreements for:**



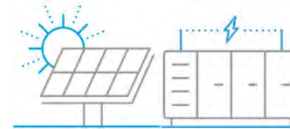
SunDog
200 MW



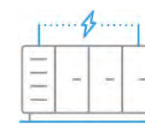
CO Bar + D
794 MW



Bajalily
250 MW



Red Hills
500 MW



Sierra Luna
150 MW

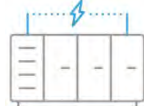
- Obtained **Board approval for:**



Solar Development
3,000 MW



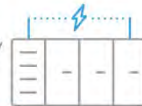
SunZia
600 MW



Ellsworth
350 MW



Cygnus
400 MW



Chimney Canyon
375 MW



Springerville #4
415 MW



Coronado
812 MW



Cazador del Sol
480 MW

Unprecedented Scale and Complexity

7+ million solar panels, covering about **50 square miles** of land

Approximately **3,300 battery containers**

More than **200 wind turbines**

6,000+ inverters

Approximately **100 high-voltage breakers**

More than **30 generator step-up (GSU) transformers**

Over **700 miles** of new natural gas pipeline

In addition to unprecedented transmission network upgrades and increasing regulatory hurdles

CEC's Required for Transmission and Generation

2026

- Coronado Generating Station (Amendment)
- Springerville 4 Generating Station (Amendment)
- Marigold Energy Center
- Marigold 230kV Transmission
- Rainforest Substation & Desert Rose 230kV Switchyard

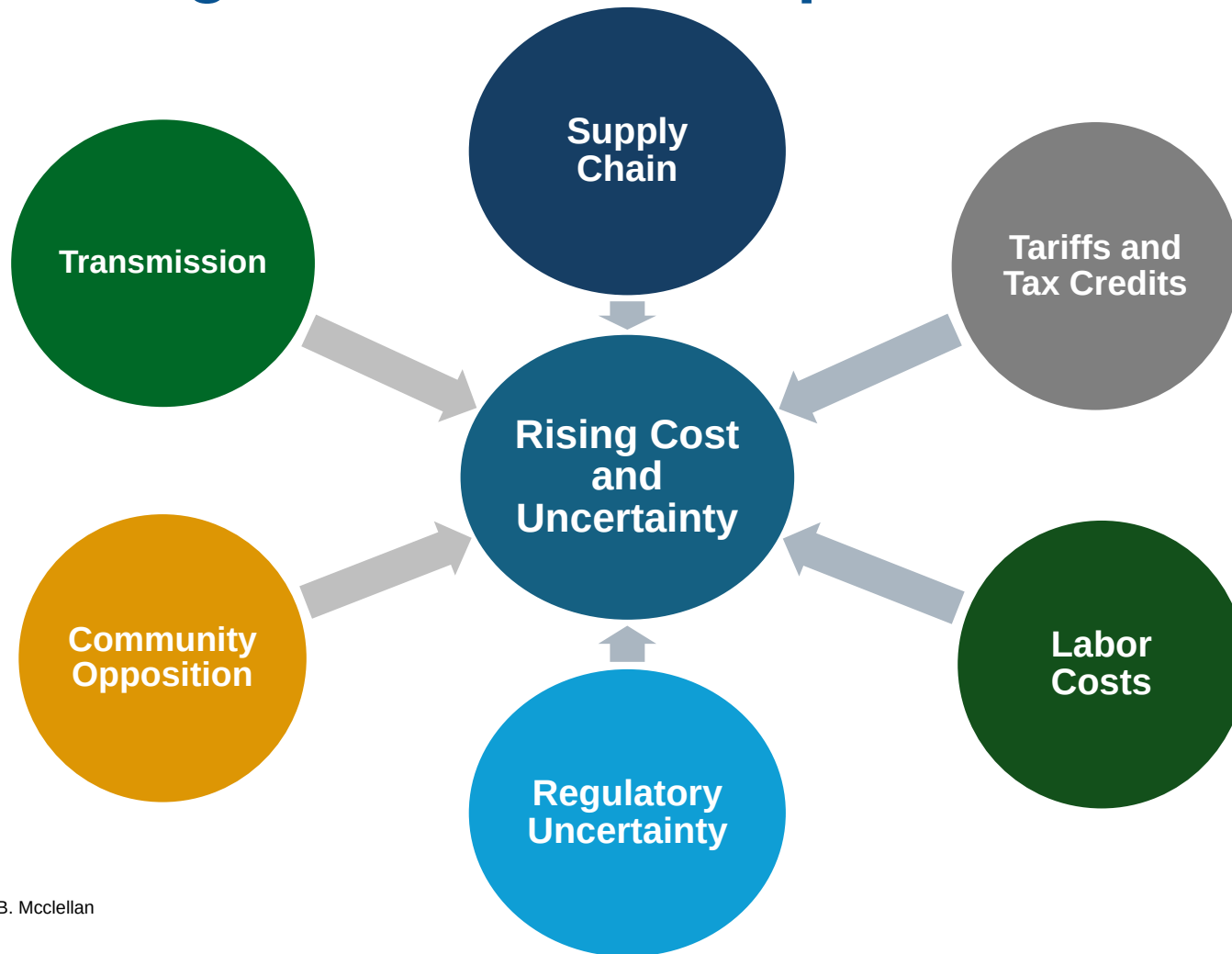
2027

- Coronado – Pinnacle Peak 500kV Transmission
- Duke – Pinal West 500kV Transmission
- Duke – Pinal Central 500kV Transmission
- Eastern Mining Area 230kV Transmission
- Southeast Valley Hub 500kV Transmission

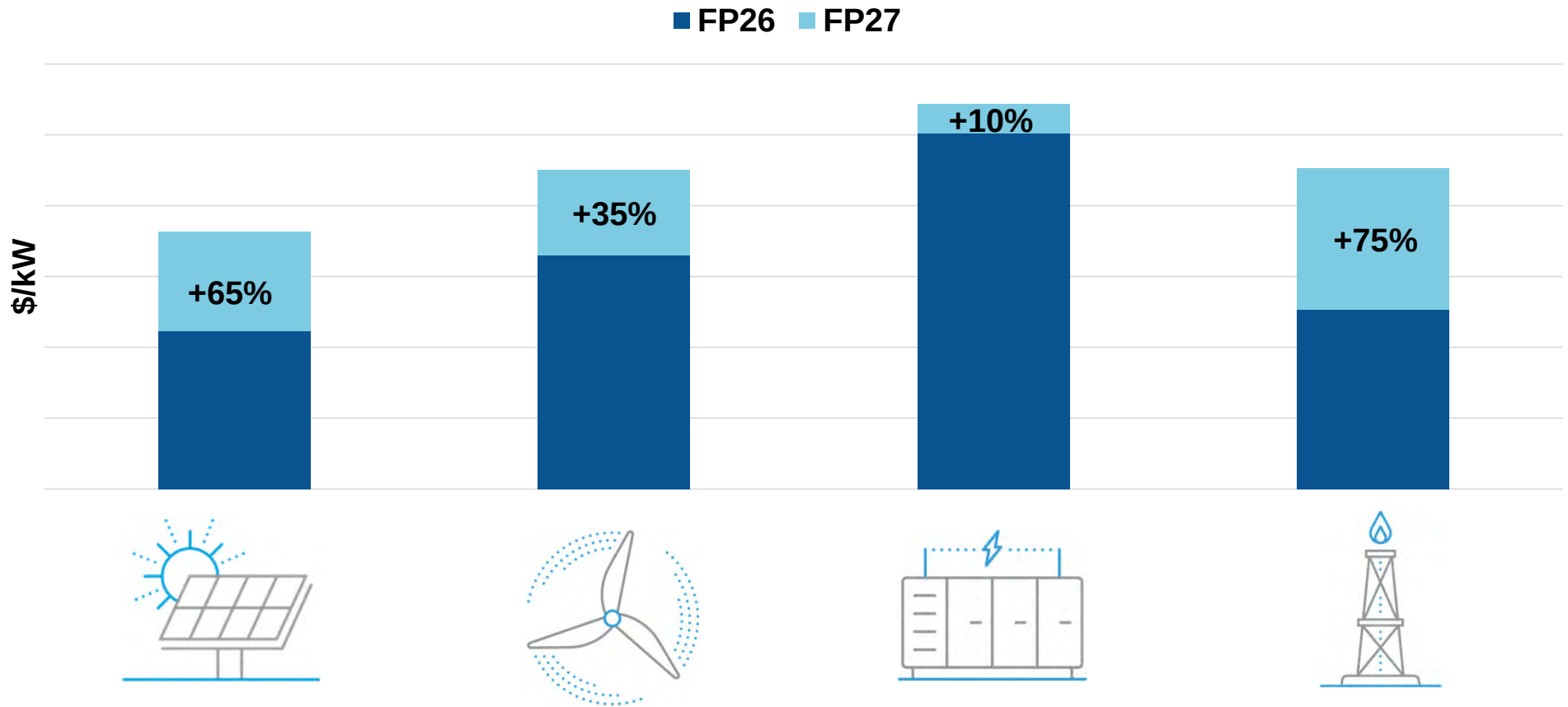
2028

- Chimney Canyon Generation (PPA)
- Eastern Mining Area 230kV Transmission
- Pinal Central – East Mesa 500kV Transmission
- Pumped Storage 500kV Transmission
- TS21 – Rudd 500kV Transmission

...Amid Rising Cost and Development Risk



FP26 to FP27 Resource Cost Increases



Risk Mitigations

- Maintaining diversity in the resource technology
- Investing in long-term solutions early (pumped hydro, emerging storage technologies, nuclear siting)
- Self-development of generation
- Continue cultivating community relationships
- Community engagement and support with developer projects (jobs and local sourcing)
- Early large customer commitment and long-term contracts
- Third party partnerships (solar development, developers, supply chain)

What to Expect for FP27

- Mitigating risk will be critical to meeting load growth
- Increasing load will continue to drive additional capacity need through 2035
- Resource diversity continues to be critical to support Board established 2035 goals
- Resources are expected to cost more
- FP27 Resource Plan presented at February Power Committee

thank you!



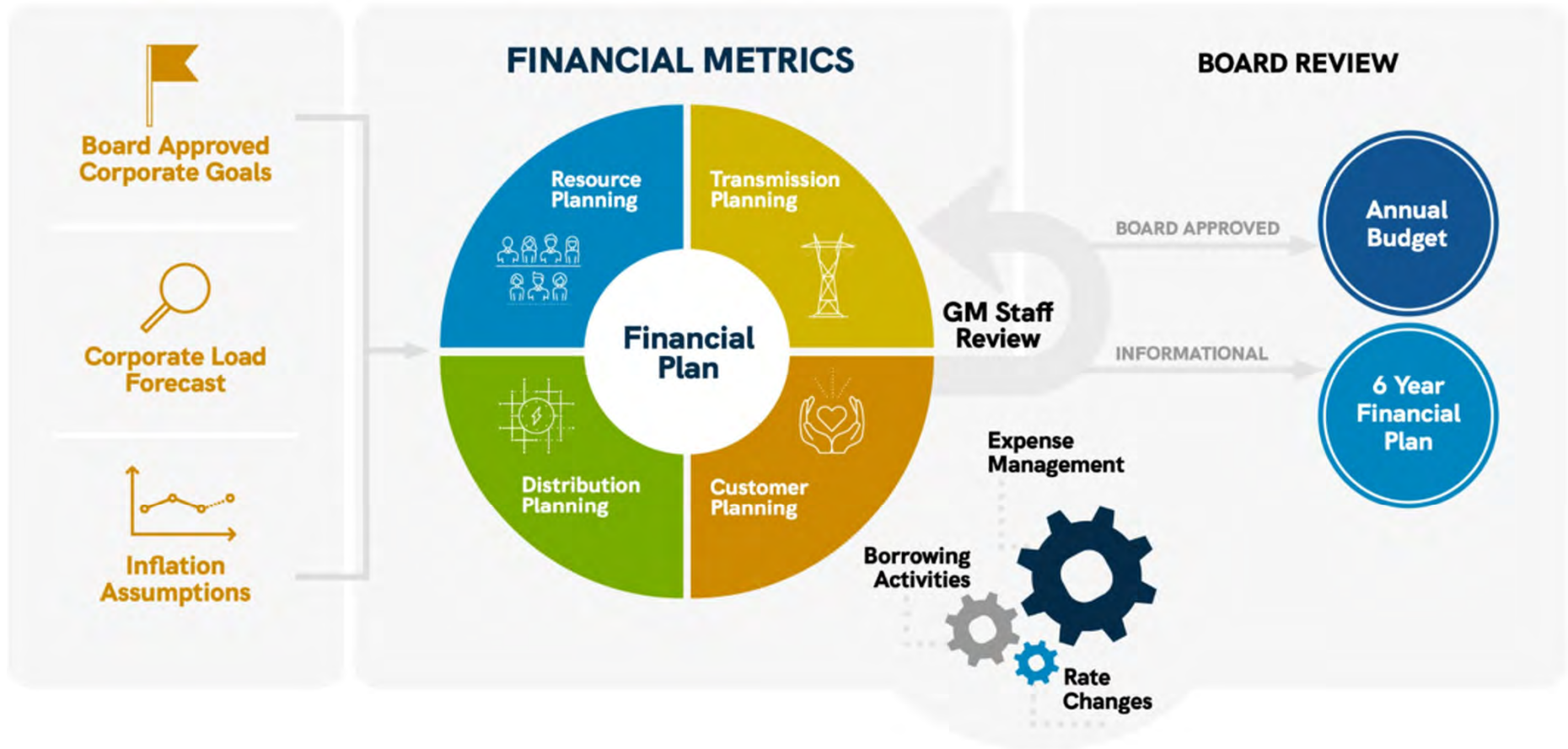
Delivering water and power®

FINANCIAL PLAN

Danielle Jackson

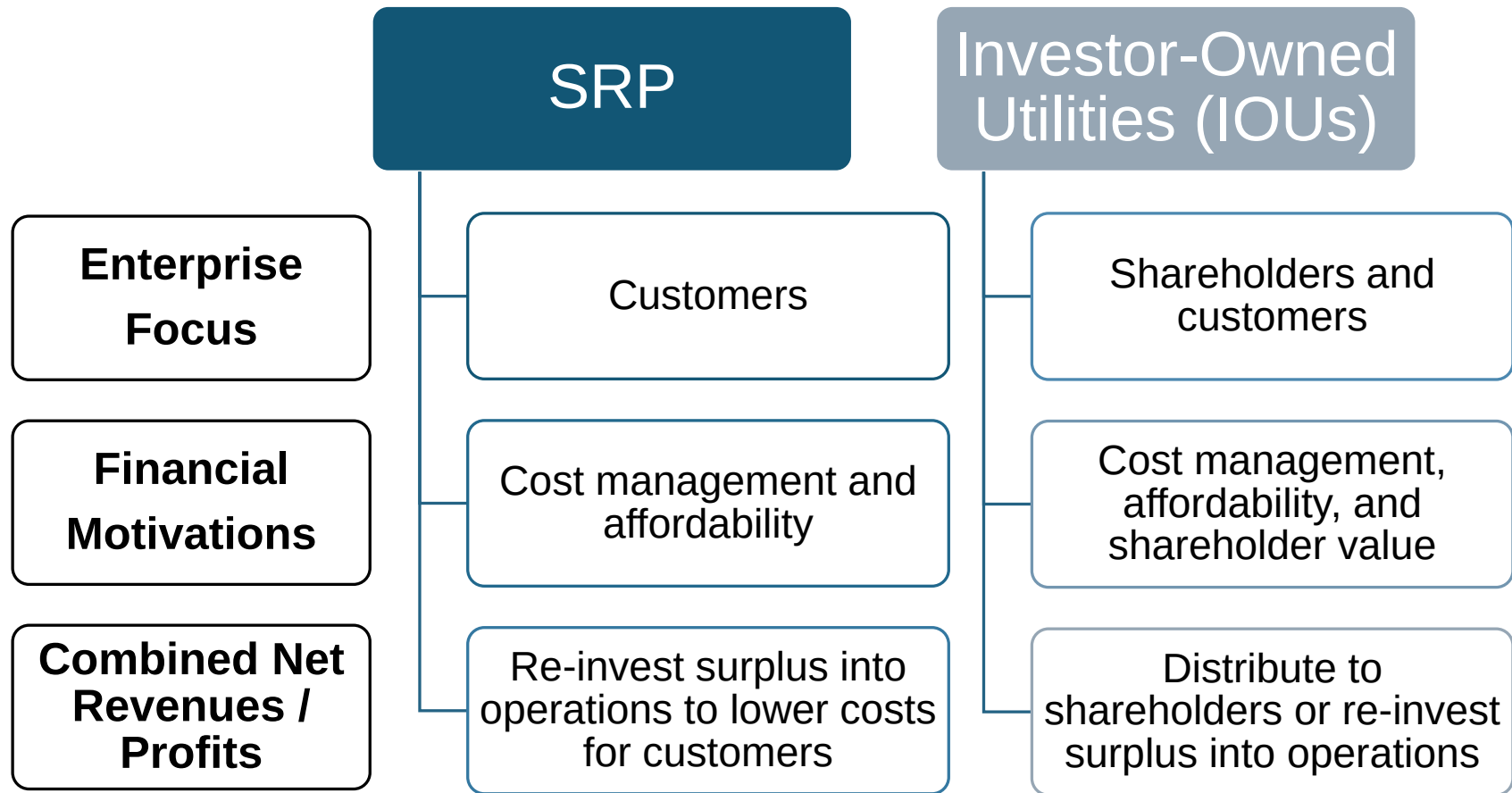
ANNUAL FINANCIAL PLAN & BUDGET PROCESS

Financial Plan and Budget are built to support the funding of the Board approved 2035 objectives



SRP'S FINANCIAL STRUCTURE

SRP focused solely on returning value to customers



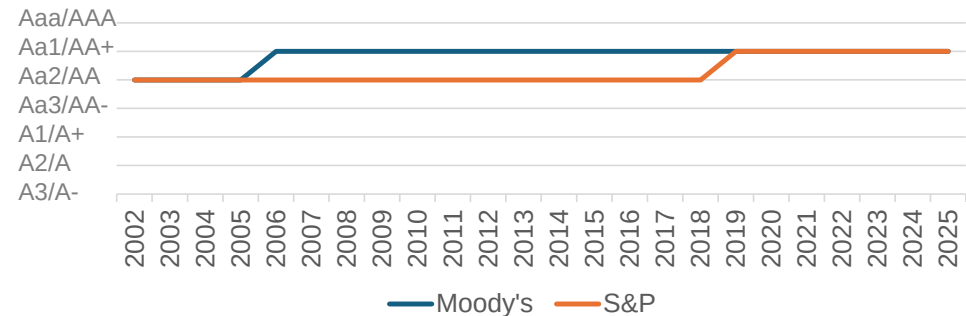
CURRENT POSITION

SRP'S CREDIT RATING STRENGTH

Highlights

- Moody's (**Aa1/Stable**), S&P (**AA+/Stable**)
- SRP maintains a diverse customer base, competitive retail rates and no major customer dominance
- Resilient service area economy with growing population

Issuer Ratings



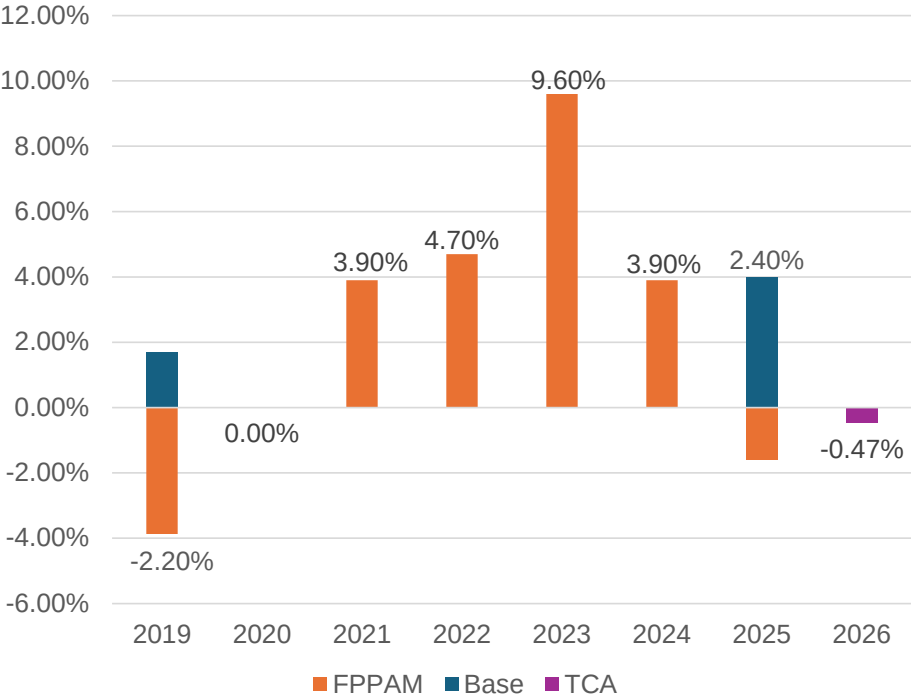
Rating Agency Comments

MOODY'S	STANDARD & POOR'S
✓ Self-regulated rate-setting authority, <u>historically strong financial metrics</u>, and effective management of a growing service area ✓ Continues to maintain a <u>strong liquidity profile with conservative fund and reserve balance policies</u> ✓ Produced a DSCR of 4.1x and had 250 DCOH as of April 30, 2025	✓ <u>Extremely strong financial metrics</u>: (i) fixed-charge debt service coverage; (ii) robust liquidity; and (iii) low debt-to-capitalization ratio ✓ Economical resources that contribute to <u>competitive retail rates</u> ✓ Mostly residential customers that contributes to <u>revenue stability</u>

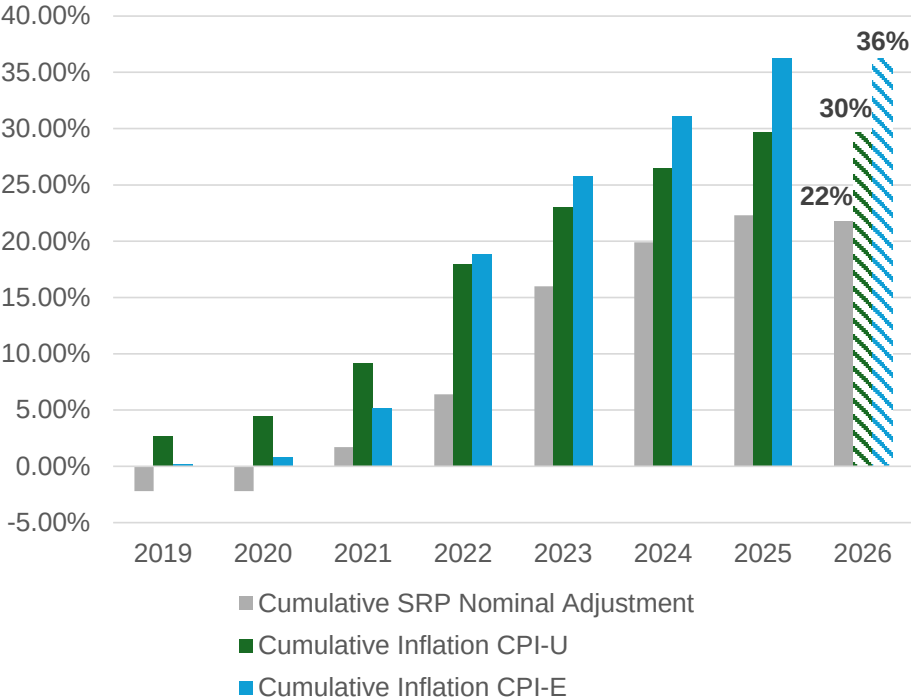
PUBLICLY ANNOUNCED RATE ADJUSTMENTS

Nominal increases since last two base price processes

Nominal Rate Adjustments



Cumulative Inflation vs. Rate Adjustments

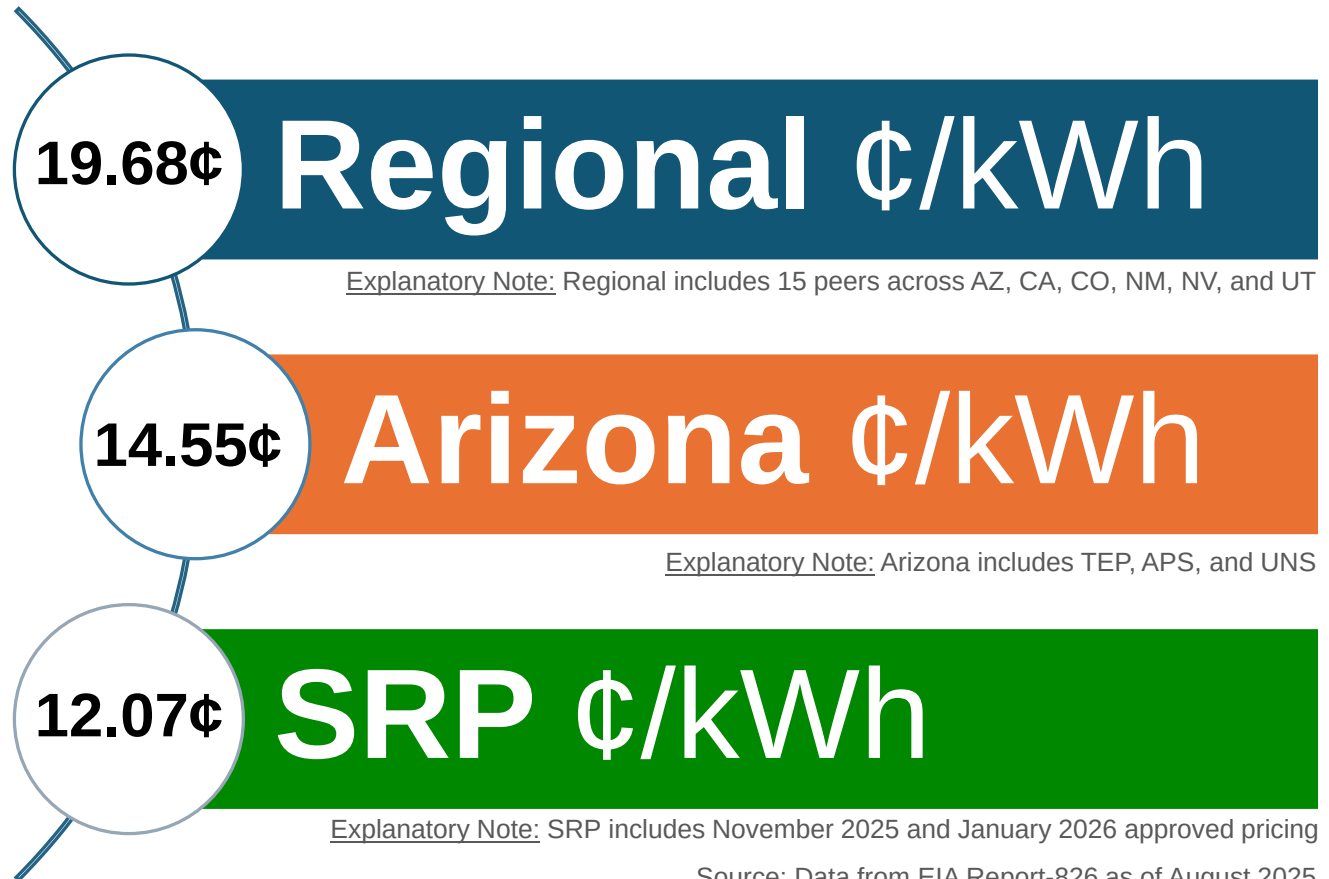


Explanatory Note: % adjustments shown are net; assumed no inflation in 2026
Source: Data from Federal Reserve Economic Data (FRED) updated as of August 2025

REGIONAL ENERGY COSTS

SRP ¢/kWh

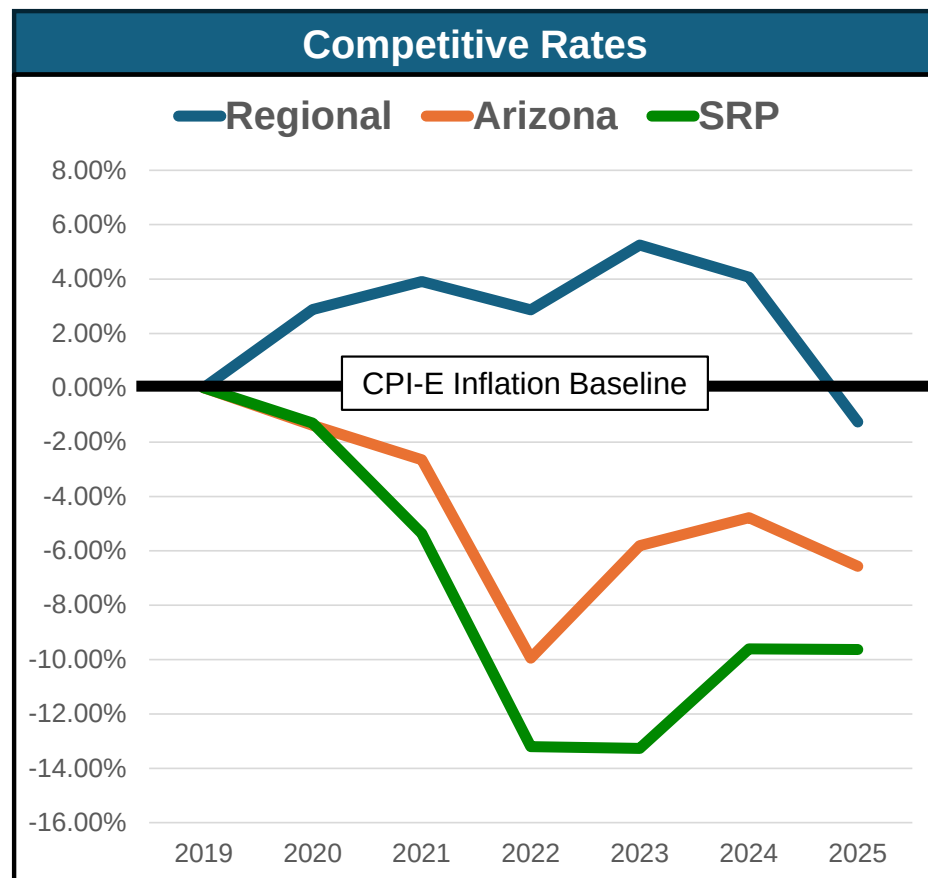
- **39% less** than the weighted average Regional rate
- **17% less** than the weighted average Arizona rate
- TEP and APS have pending ACC rate cases



Source: Data from EIA Report-826 as of August 2025

AFFORDABILITY

SRP's rates have cumulatively remained below inflation since COVID and are among the most affordable in the region

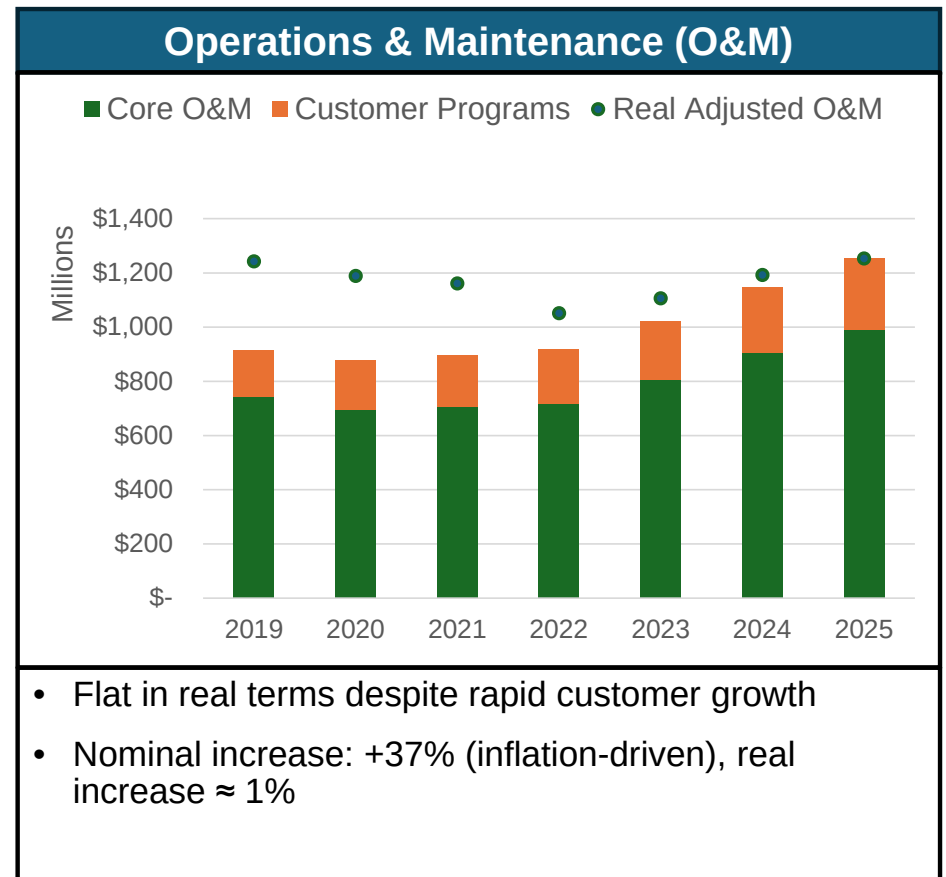
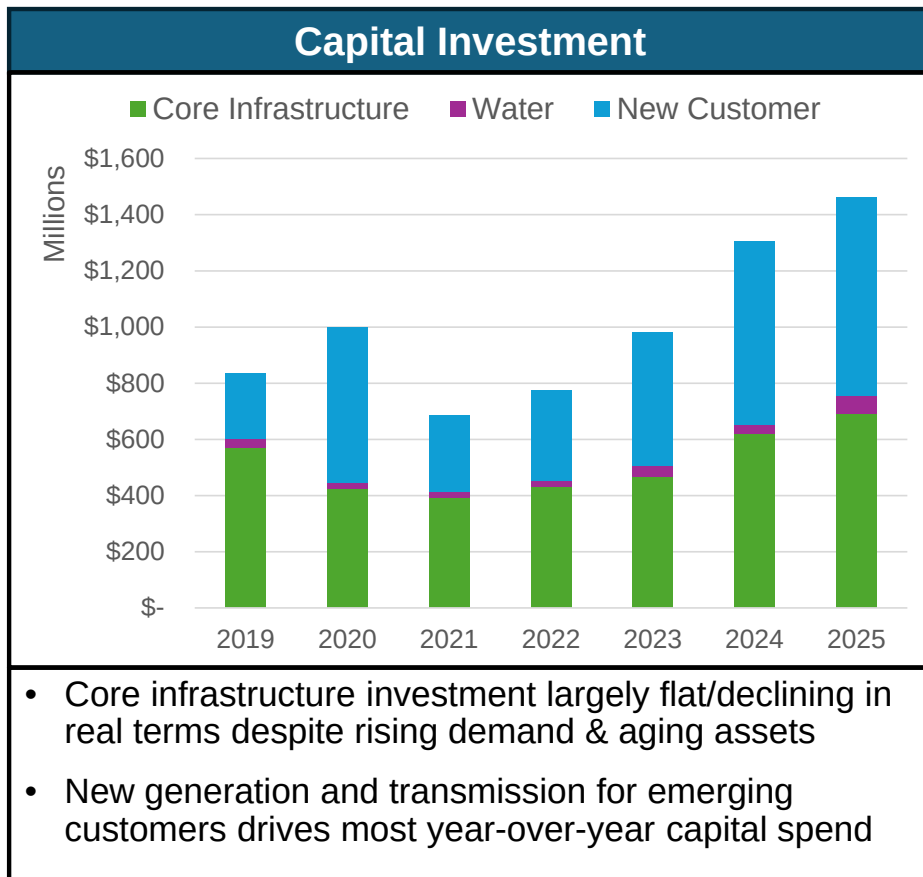


Maintaining Affordability

- **Cost Management**
 - Process improvements & maintenance reduce costs
 - SRP among most affordable in region in ¢/kWh: **39% below** regional, **17% below** AZ peers
- **Customer Growth**
 - Steady residential growth
 - Rapid industrial expansion
 - Innovative customer programs to save energy & money
- **Capital Plan**
 - Balanced, long-term investments for reliability

COST CONTROL

SRP has worked to ensure costs are managed responsibly to operate in complex environment and best serve customers



RIISING CORE INFRASTRUCTURE COSTS

Average electrical equipment cost has risen at least 43% since COVID

Cost Drivers & Explanation

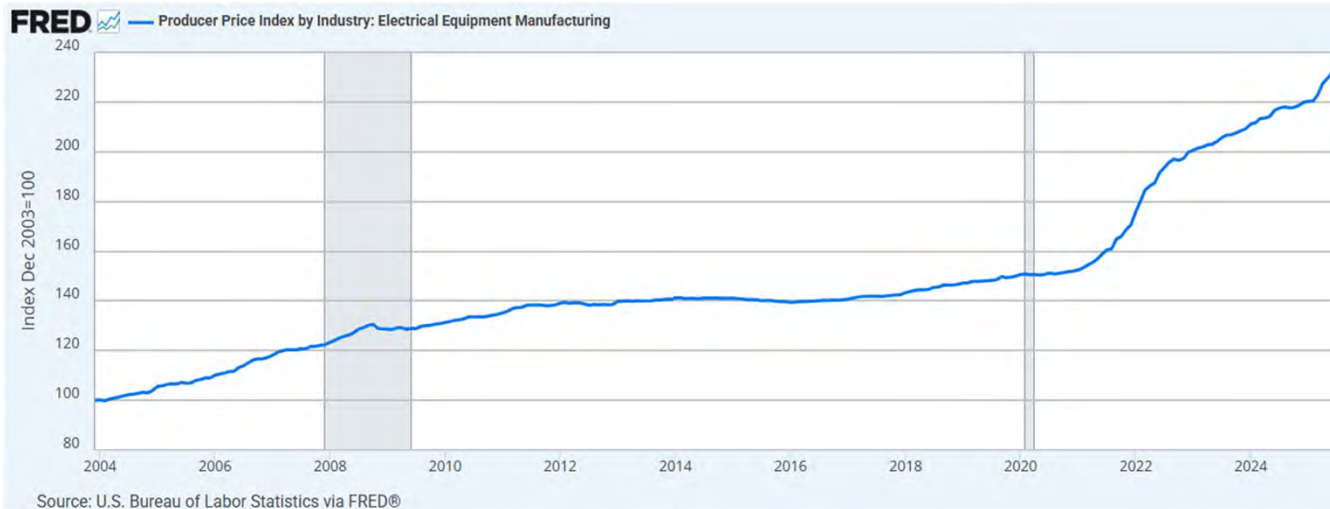
Supply Chain & Cost Pressures

- Ongoing COVID-era supply chain impacts
- High global demand has led to rising material prices

SRP Prices vs. Costs

- Prices up 22% since FY2019, yet material costs have increased 43% over the same time frame

Trend Data



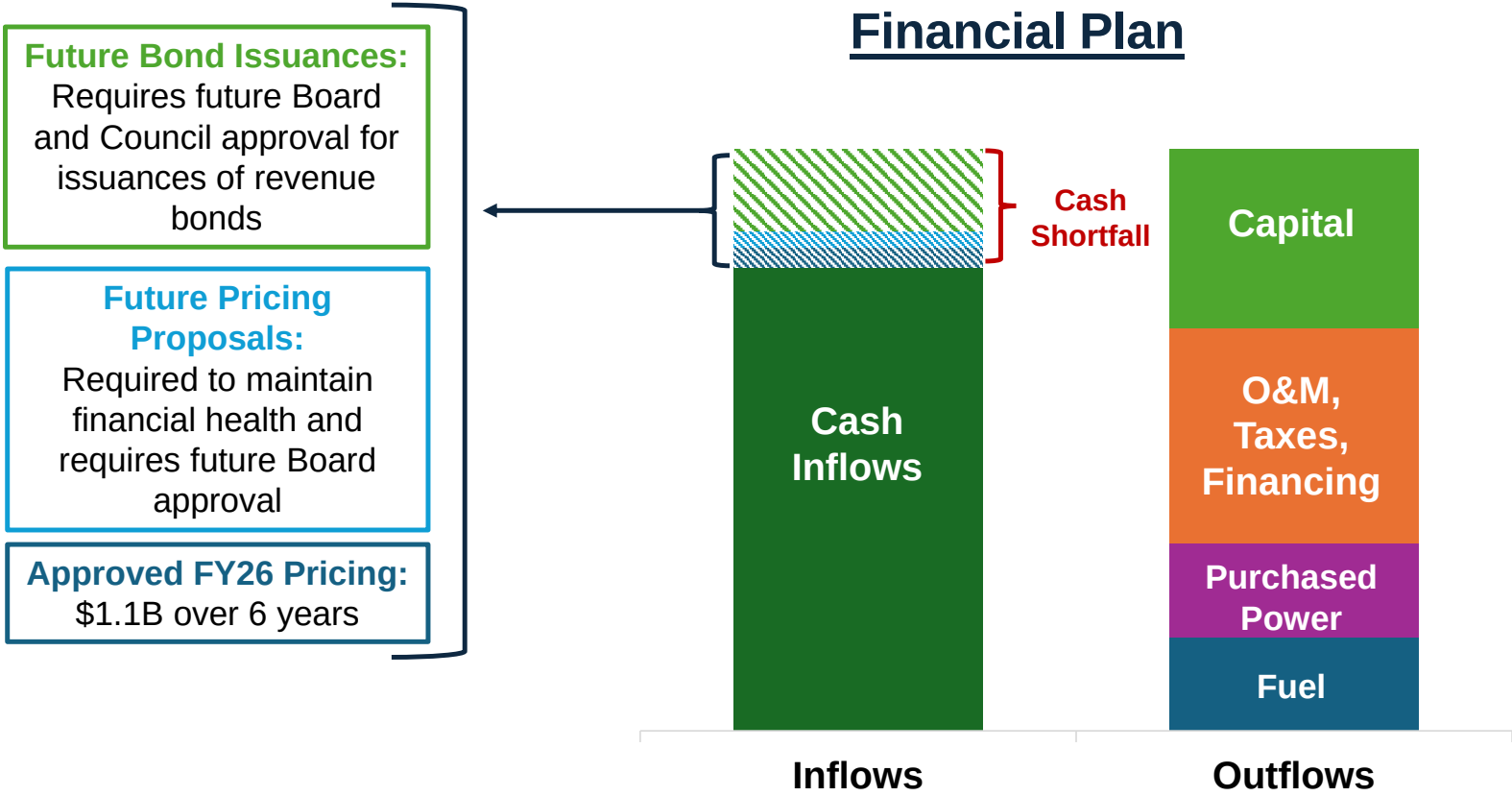
Equipment Costs

- Up **43%** since Jan 2020 per the Bureau of Labor Statistics (BLS)
- Critical SRP materials up as much as ~80% since FY2019

FINANCING PLAN & FP27 PREVIEW

CASH FLOWS

To manage rising demand and increasing costs, SRP will need to carefully balance expense management, borrowing, and rate changes



ANNUAL FINANCING PLAN

Objectives



1. Fund
Capital

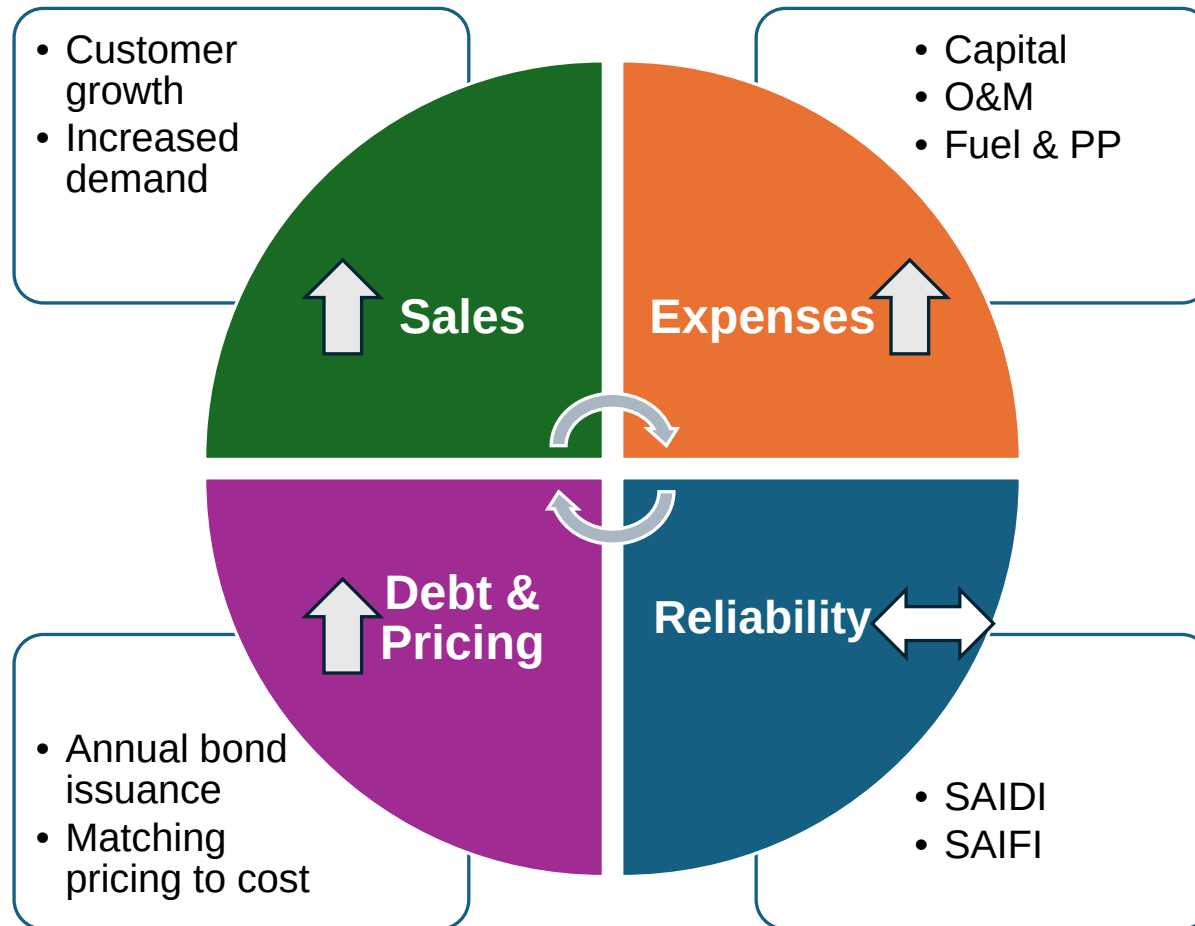
2. Refinance
Debt

3. Bolster
Liquidity

FY27 Action Plan: Treasury will seek approval for the following

1. New revenue bond issuance to support Board-approved capital spending
2. Refinance existing debt as applicable to lower interest cost paid by customers
3. Renew or replace expiring agreements and evaluate program size to support liquidity

FINANCIAL PLAN 2027 PREVIEW



REVIEW & SUMMARY

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