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

## FINANCE AND BUDGET COMMITTEE

**Thursday, January 22, 2026, No Sooner Than 9:45 AM**

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

Committee Members: Kathy Mohr-Almeida, Chair; Mario Herrera, Vice Chair; and Robert Arnett, Nicholas Brown, Kevin Johnson, Sandra Kennedy, Larry Rovey, and Stephen Williams

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item ..... CHAIR KATHY MOHR-ALMEIDA

   A. Request for approval of the minutes for the meeting of December 9, 2025.

   B. Request for approval of the Annual Cash Statement for Period Ending December 2025 (District).

   C. Request for approval of the Monthly Cash Statement for December 2025 (District and Association).

2. Fiscal Year 2027 (FY27) Financial Plan and Operating Budget Initial Assumptions..... DANIELLE JACKSON

   Informational presentation to review the initial assumptions shaping the FY27 Financial Plan and Operating Budget.

3. Overview of the Fuel and Purchased Power Adjustment Mechanism (FPPAM) .....BRANDON SHOEMAKER

   Informational presentation regarding an overview of SRP's FPPAM.

4. SRP's Price Plan Comparison Display.....VANESSA KISICKI

   Informational presentation regarding the new Price Plan Comparison Display.

5. Review of the Financial Results for the Month of December 2025 .....JEREMY FRY

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

7. Future Agenda Topics ..... CHAIR KATHY MOHR-ALMEIDA

The Committee 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 Committee 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 FINANCE AND BUDGET COMMITTEE MEETING IS SCHEDULED FOR THURSDAY, FEBRUARY 19, 2026**

MINUTES
FINANCE AND BUDGET COMMITTEE

**DRAFT**

December 9, 2025

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 09:30 a.m. on Tuesday, December 9, 2025, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were K. Mohr-Almeida, Chair; and R. Arnett, N. Brown, K. Johnson, S. Kennedy, L. Rovey, and S. Williams.

Committee Member absent at roll call was M. Herrera, Vice Chair.

Also present were Vice President C. Dobson; Board Members R. Miller, M. Pace, P. Rovey, J. White Jr., and L. Williams; Council Chair R. Shelton; Council Vice Chair B. Paceley; Council Liaison G. Geiger; and A. Almodova, I. Avalos, M. Burger, J. Felty, J. Fry, L. Hobaica, J. Hubbard, R. Judd, B. Koch, A. Laurence, J. Leavitt, K. Lee, L. Meyers, R. Mueller, N. Mullins, M. O'Connor, B. Olsen, S. Perkinson, J. Pratt, M. Purnell, J. Schuricht, C. Sifuentes-Kohlbeck, R. Taylor, and J. Tucker of SRP.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, December 5, 2025.

Chair K. Mohr-Almeida called the meeting to order.

Consent Agenda

Chair K. Mohr-Almeida requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member R. Arnett and seconded by Board Member S. Williams, the Committee unanimously approved and adopted the following items on the Consent Agenda:

A. Minutes of the Finance and Budget Committee meeting on November 20, 2025, as presented.

B. Approval of the District and Association Monthly Cash Statement for October 2025.

C. Approval of the Association Quarterly Cash Statement for Period Ending October 31, 2025.

Corporate Secretary J. Felty polled the Committee Members on Board Member R. Arnett's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

| | | |
|---|---|---|
| YES: | Board Members K. Mohr-Almeida, Chair; and R. Arnett, N. Brown, K. Johnson, S. Kennedy, L. Rovey, and S. Williams | (7) |
| NO: | None | (0) |
| ABSTAINED: | None | (0) |
| ABSENT: | Board Member M. Herrera, Vice Chair | (1) |

Copies of the handout distributed are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Energy Risk Management (ERM) Update

Using a PowerPoint presentation, Russell Mueller, SRP Director of Energy Risk Management, stated that the purpose of the presentation was to provide information regarding the periodic update on ERM activities, including the following topics: an overview of commodity prices (natural gas/electricity); a summary of retail natural gas hedging requirements and current hedge levels; current gas transportation under contract and expected incremental needs; the wholesale credit exposure summary; and Board-approved aggregate financial limits and existing financial positions.

R. Mueller reviewed the on-peak electricity prices for Palo Verde from May 2023 to November 2025 and changes in Intercontinental Exchange (ICE) Palo Verde on-peak prices since 2024. They provided an overview of natural gas prices for the Permian and San Juan Basins from May 2023 to November 2025. R. Mueller discussed changes in the forward curve chart for natural gas prices in the San Juan Basin since 2024.

R. Mueller presented a chart of the expected variances in the retail natural gas to budget for fiscal year 2026 (FY26) and reviewed the expected requirements and hedge levels of retail natural gas for Financial Plan 2026 (FP26). They discussed credit exposure by rating and exposure to counterparties by credit rating. R. Mueller concluded with a discussion of aggregate financial limits for electricity, natural gas, unleaded gas, diesel, and greenhouse gas and emissions compliance instruments.

R. Mueller responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

President D. Rousseau; and C. Burke, K. Heth, and V. Kisicki of SRP entered the meeting during the presentation.

Trading Limits Update

Using a PowerPoint presentation, R. Mueller stated that the purpose of the presentation was to request approval to update certain trading limits based upon evolving market conditions and business needs.

R. Mueller reviewed the current aggregate financial limits for electricity, natural gas, unleaded gas, diesel, and greenhouse gas and emissions compliance instruments. They discussed the historical and projected retail gas hedging requirements versus aggregate financial limits from FP18 through FP26. R. Muller presented a graph of the average market cost per Million British Thermal Units (MMBtu) for FP18 and FP26.

R. Muller presented the proposed changes to the aggregate financial limits for natural gas. They discussed the basics of transaction limits and proposed changes to the financial natural gas transaction limits. R. Muller provided a graph outlining the average historic Point-to-Point transmission pricing of key Southwestern Transmission Providers from 2000 to 2025.

R. Muller stated that transmission needs have expanded and presented the proposed notional limit changes to physical transmission transactions limits. They also reviewed the retail fuel and purchase power generation with respect to coal, gas, market purchases, nuclear, solar, hydro, solar plus battery, battery, wind, geothermal, and biomass forecasts from FY20 to FY35.

R. Mueller concluded by requesting approval, in accordance with the terms discussed, to increase the natural gas transactions limits with no changes to the term limits, as follows: 1) no change to the notional limit approved by the Risk Oversight Committee (ROC); 2) increase the notional limit approved by Executive Management from $30 million to $40 million; and 3) increase the notional limit approved by staff from $15 million to $25 million. They also requested approval to increase the physical transmission transaction limits with no changes to the term limits, as follows:
1) increase the notional limit approved by the ROC from $30 million to $75 million;
2) increase the notional limit approved by Executive Management from $20 million to $50 million; and 3) increase the notional limit approved by staff from $15 million to $25 million. Lastly, R. Mueller also requested approval to increase the aggregate financial quantity limit for natural gas from 750 million MMBtu to 1 billion MMBtu and the aggregate financial dollar limit from $2 billion to $3.5 billion.

Mr. R.T. Mueller responded to questions from the Committee.

On a motion duly made by Board Member R. Arnett, seconded by Board Member S. Williams and carried, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J. Felty polled the Committee Members on Board Member R. Arnett's motion to recommend Board approval. The vote was recorded as follows:

| | | |
|---|---|---|
| YES: | Board Members K. Mohr-Almeida, Chair; and R. Arnett, N. Brown, K. Johnson, S. Kennedy, L. Rovey, and S. Williams | (7) |
| NO: | None | (0) |
| ABSTAINED: | None | (0) |
| ABSENT: | Board Member M. Herrera, Vice Chair | (1) |

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member K. O'Brien entered the meeting during the presentation.

Review of Pricing Actions and Pricing Outlook

Using a PowerPoint presentation, Jim Pratt, SRP General Manager and Chief Executive Officer, stated that the purpose of the presentation was to provide information regarding a summary of SRP's recent pricing actions, including prior adjustments, comparisons to peers, and pricing outlook. They introduced Brian Koch, SRP Associate General Manager and Chief Financial Executive.

B. Koch reviewed SRP's pricing history and the publicly announced rate adjustments. They compared the nominal rate adjustments with the cumulative inflation versus rate adjustments. B. Koch discussed the fuel and purchase power adjustment mechanism (FPPAM) history stating that FPPAM seeks to recover the appropriate fuel and purchase power cost over time.

B. Koch provided price comparison by regional peer and stated that the energy costs are as follows: 1) regionally – 19.68 cents per kilowatt-hour (¢/kWh); 2) Arizona – 14.55 ¢/kWh; and 3) SRP – 12.07 ¢/kWh. They discussed overall rates and electric rate changes relative to inflation for regional, Arizona and SRP prices.

B. Koch reviewed the financial outlook and presented a graph comparing the actual to projected retail demand from 2019 through 2036. They also discussed the actual versus forecasted FP26 retail fuel and purchase power generation with respect to coal, natural gas, market purchases, and carbon free resources from FY20 to FY35.

B. Koch discussed key takeaways stating that increased forecasted energy demand, combined with generation transition and rising costs, has significant financial implications.

B. Koch responded to questions from the Committee.

Copies of the handout distributed and PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

R. Mueller of SRP left the meeting during the presentation.

Review of the Financial Results for the Month of October 2025

Jeremy Fry, SRP Director of Financial Reporting, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of October 2025. Using a PowerPoint presentation, they compared the actual versus budgeted figures for categories such as general fund balance, year-to-date (YTD) Combined Net Revenue (CNR), system sales, and customer accounts. J. Fry concluded by reviewing the financial summary, key financial indicators, and capital expenditures for the month of October 2025.

J. Fry responded to questions from the Committee.

Copies of the handout distributed and the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes. The financial information in the handouts and PowerPoint slides is unaudited and non-GAAP.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

J. Pratt reported on a variety of federal, state, and local topics of interest to the Committee.

Future Agenda Topics

Chair K. Mohr-Almeida asked the Committee if there were any future agenda topics. Board Member R. Miller requested a status of their initial request for additional information concerning SRP's new rate comparison tool.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 11:27 a.m.

John Felty
Corporate Secretary

# 2025 District Cash Statement

**GROUP INDICATORS**
**PLANT & PARTICIPATION ACCOUNTING DIVISION**
**JOINT OWNERSHIP DIVISION**

**Balances at December 31, 2025**

| | | |
|---|---|---|
| **NAVAJO GENERATING STATION** | | |
| OPERATING FUND - 1050850 | | 694,213.72 |
| INVESTMENT ACCOUNT - 1080125 | | 1,860,000.00 |
| TOTAL NAVAJO CASH | $ | 2,554,213.72 |
| **MEAD-PHX** | | |
| OPERATING FUND - 1050150 | | 1,941,472.87 |
| TOTAL MEAD-PHX CASH | $ | 1,941,472.87 |
| **ANPP SWITCHYARD** | | |
| OPERATING FUND - 1050600 | | 76,725,465.97 |
| OPERATING INVESTMENTS | | 0.00 |
| CONSTRUCTION INVESTMENTS | | 0.00 |
| TOTAL ANPP SWITCH CASH | $ | 76,725,465.97 |
| **ANPP TRANSMISSION** | | |
| OPERATING FUND - 1050650 | | 723,274.28 |
| OPERATING INVESTMENTS | | 0.00 |
| CONSTRUCTION FUND | | 0.00 |
| TOTAL ANPP TRANS. CASH | $ | 723,274.28 |
| **SOUTHEAST VALLEY TRANSMISSION** | | |
| OPERATING FUND - 1050800 | $ | 25,576,350.20 |
| TOTAL SOUTHEAST VALLEY CASH | $ | 25,576,350.20 |
| **GRAND TOTAL** | $ | 107,520,777.04 |

***Approved by:*** Maritza A Esponda
***Date:*** 1/12/26

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

CASH STATEMENT FOR CALENDAR YEAR 2025 Page 1

(IN THOUSANDS)

| | | |
|---|---|---|
| FUNDS BALANCE - JANUARY 1, 2025 | $ | 1,581,116 |
| CASH RECEIPTS: | | |
| Electric Revenues | | 4,381,115 |
| Electric Customer Deposits | | 54,377 |
| Reimbursement on Joint Venture Projects | | 182,784 |
| Construction Contributions and Advances | | 299,844 |
| Proceeds from Bond Sales | | 0 |
| Proceeds-Other Borrowings | | 0 |
| Transfers from Segregated Funds | | 915,497 |
| Sales Tax Collected | | 308,594 |
| Margin and Collateral Received- Net | | 38,326 |
| Other Receipts and Adjustments | | 180,999 |
| TOTAL CASH RECEIPTS | | 6,361,536 |
| CASH DISBURSEMENTS: | | |
| Purchased Power & Fuel | | 1,526,624 |
| Operations & Maintenance | | 1,339,317 |
| Purchased Inventory | | 355,850 |
| Net Paychecks and Deductions Paid to Others, Expensed to Operations | | 830,198 |
| Payments to Trustee for - | | 0 |
| Bond Interest | | 288,202 |
| Bond Principal | | 160,346 |
| Other Debt - Principal Repayment | | 325,000 |
| Other Debt - Interest Expense | | 5,686 |
| Capital Expenditures - | | 1,403,302 |
| Construction | | 0 |
| Advances and Transfers to Affiliated Companies (Net) | | 52,264 |
| Advances on Joint Venture Projects | | 0 |
| Transfers To Segregated Funds | | 372,419 |
| In Lieu and Ad Valorem Taxes | | 107,338 |
| Sales Tax Remitted | | 327,523 |
| Margin and Collateral Disbursed- Net | | 89,541 |
| Miscellaneous Cash Disbursements | | 20,928 |
| TOTAL CASH DISBURSED - (NOTE 1) | | 7,204,538 |
| FUNDS BALANCE - DECEMBER 31, 2025 | | 738,114 |

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

CASH STATEMENT FOR CALENDAR YEAR 2025 - Page 2

STATUS OF FUNDS AS OF DECEMBER 31, 2025

(IN THOUSANDS)

| | CASH AND INVESTMENTS |
|---|---|
| FUNDS BALANCE: REVENUE , GENERAL, IMPREST AND CERTAIN SEGREGATED FUNDS (NOTE 2) | $ 738,114 |

Notes: (1) Disbursements shown include amounts paid for and on behalf of the Salt River Valley Water Users' Association and subsequently charged to it.

(2) Additionally, Salt River Project Agricultural Improvement and Power District, as Operating Agent of Navajo Generating Station, as Operating Agent of Palo Verde Switchyard and Transmission System, as Project Manager of the Mead-Phoenix Project, and Southeast Valley Transmission has custody of certain funds of the Project participants. At December 31, 2025 the balance in these funds was $ 107,520,777.04 which are utilized in the financing of these projects.

TREASURER'S VERIFICATION

I, Jon Hubbard, Corporate Treasurer of Salt River Project Agricultural Improvement and Power District, do solemnly swear that the foregoing is a true and correct statement, subject to audit, of the amount in each of the stated funds on December 31, 2025 and of the amount of cash receipts and disbursements during the calendar year of 2025.

Jon Hubbard

Corporate Treasurer

Subscribed and sworn to before me this 13th day of January, 2026

Notary Public

ANNA KREMPSKI
Notary Public - State of Arizona
MARICOPA COUNTY
Commission # 628840
Expires MaY 30, 2026

## Statement of Cash Received and Disbursed

**December 2025**

**($000)**

| | District | Association | Total Month | Year-to-Date |
|---|---|---|---|---|
| Funds Balance Beginning of Period | $ 789,590 | $ 267 | $ 789,857 | $ 1,105,562 |
| Cash Receipts: | | | | |
| Electric Revenues | 336,327 | --- | 336,327 | 3,273,987 |
| Water Revenues | --- | 14,077 | 14,077 | 29,628 |
| Electric Customer Deposits | 4,698 | --- | 4,698 | 37,209 |
| Reimbursement on Joint Ownership Projects | 30,685 | --- | 30,685 | 139,692 |
| Construction Contributions and Advances | 9,863 | --- | 9,863 | 196,436 |
| Proceeds from Bond Sales | --- | --- | --- | --- |
| Proceeds from Other Borrowings | --- | --- | --- | --- |
| Transfers from Segregated Funds | 97,757 | --- | 97,757 | 367,895 |
| Sales Tax Collected | 20,632 | --- | 20,632 | 238,295 |
| Other Cash Receipts | 9,654 | --- | 9,654 | 103,168 |
| Total Cash Receipts | 509,616 | 14,077 | 523,693 | 4,386,310 |
| Fund Transfers - Net | 6,050 | (6,050) | --- | --- |
| Cash Disbursements: | | | | |
| Purchased Power and Fuel | 116,238 | --- | 116,238 | 1,066,192 |
| Operations and Maintenance | 95,367 | 2,613 | 97,980 | 858,373 |
| Employee Payroll and Payroll Taxes | 63,034 | 4,532 | 67,566 | 606,666 |
| Purchased Inventory | 26,587 | --- | 26,587 | 262,345 |
| Cash Segregated for - | | | | |
| Bond Interest | 50,854 | --- | 50,854 | 210,045 |
| Bond Principal | 25,895 | --- | 25,895 | 115,019 |
| Other Debt - Principal Repayment | --- | --- | --- | 142,570 |
| Other Debt - Interest Expense | 335 | --- | 335 | 2,096 |
| Capital Expenditures | 118,810 | --- | 118,810 | 939,341 |
| Advances on Joint Ownership Projects | --- | --- | --- | --- |
| Transfers to Segregated Funds | 3,081 | --- | 3,081 | 135,606 |
| In Lieu and Ad Valorem Taxes | 11 | --- | 11 | 106,669 |
| Sales Tax Remitted | 18,189 | --- | 18,189 | 252,970 |
| Margin and Collateral Disbursed - Net | 47,024 | --- | 47,024 | 39,922 |
| Miscellaneous Cash Disbursements | 1,717 | --- | 1,717 | 14,795 |
| Total Cash Disbursements | 567,142 | 7,145 | 574,287 | 4,752,609 |
| Funds Balance End of Period | $ 738,114 | $ 1,149 | $ 739,263 | $ 739,263 |

## Cash Position

### December 2025

| | ($000) District | ($000) Association | ($000) Total |
|---|---|---|---|
| Composition of Funds Balance | | | |
| Cash and Cash Equivalents | $ 383,809 | $ 1,149 | $ 384,958 |
| Other Temporary Investments | 150,410 | --- | 150,410 |
| Other Non-Current Investments | 203,895 | --- | 203,895 |
| General Fund | 738,114 | 1,149 | 739,263 |
| Segregated Funds | | | |
| Electric System Debt Reserve Fund | 80,762 | --- | 80,762 |
| Debt Service Fund | 322,477 | --- | 322,477 |
| Rate Stabilization Fund | --- | --- | --- |
| Nuclear Decommissioning Fund | 818,327 | --- | 818,327 |
| Post-Retirement Benefits Fund | 1,502,697 | --- | 1,502,697 |
| Construction Fund | 626,839 | --- | 626,839 |
| RHCP Fund | 13,910 | --- | 13,910 |
| HHCP Fund | 10,100 | --- | 10,100 |
| SPRHCP Fund | 3,538 | --- | 3,538 |
| Four Corners Mine Reclamation Trust | 16,734 | --- | 16,734 |
| Other Special Funds | 2,933 | --- | 2,933 |
| Total Segregated Funds | $ 3,398,317 | $ --- | $ 3,398,317 |

# FP27 Preliminary Financial Plan

Finance and Budget Committee

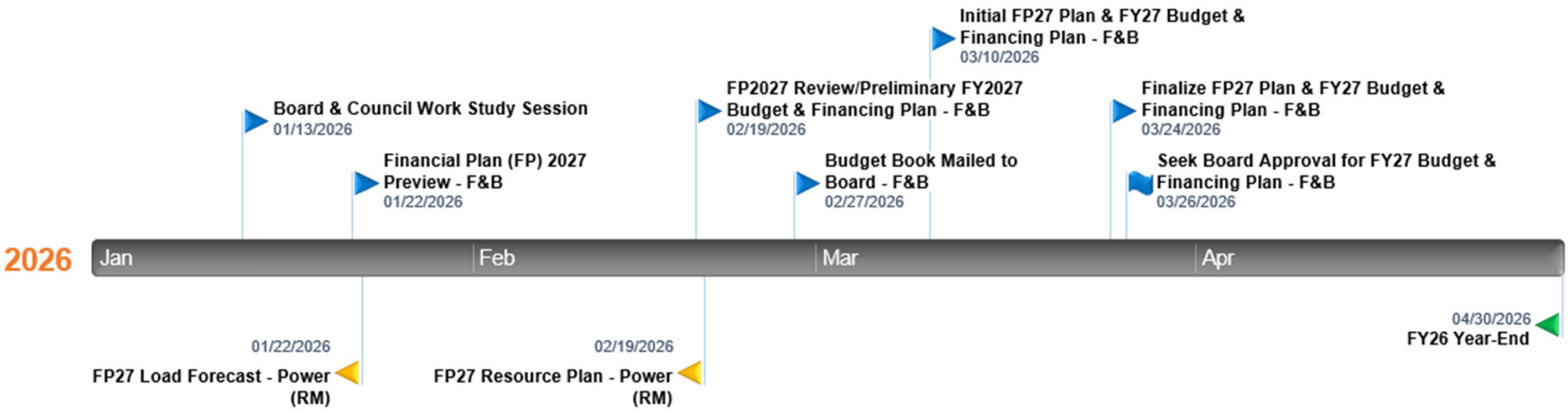
Danielle Jackson

January 22, 2026

©Salt River Project, 2022. All rights reserved.

# FP27 Financial Plan & FY27 Operating Budget

FP&A will return in February and March with final financial plan and operating budget results



# FP27 Goals

Continue maintaining financial health and flexibility

**2035 Corporate Affordability Goal: Maintain a strong yet flexible financial position as measured by SRP's key financial indicators and credit ratings**

**FP27 Goals:**

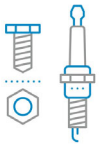
- Ensure plan keeps metrics consistent with AA+/Aa1 ratings
- Prudently manage controllable O&M expenses below pace of sales growth
  - Manage growth in employee workforce
- Optimize capital costs to ensure SRP meets growth projections while maintaining reliability
- Balance cost management, borrowing, and pricing adjustments
- Keep pricing adjustments below pace of inflation

# FP27 Summary

Prudent management of expenses ensuring financial flexibility

**Higher peak demand forecast**

- FY32 Peak: 12,197 MW
- 9.6% annual energy growth



**Prudent management of controllable expenses**

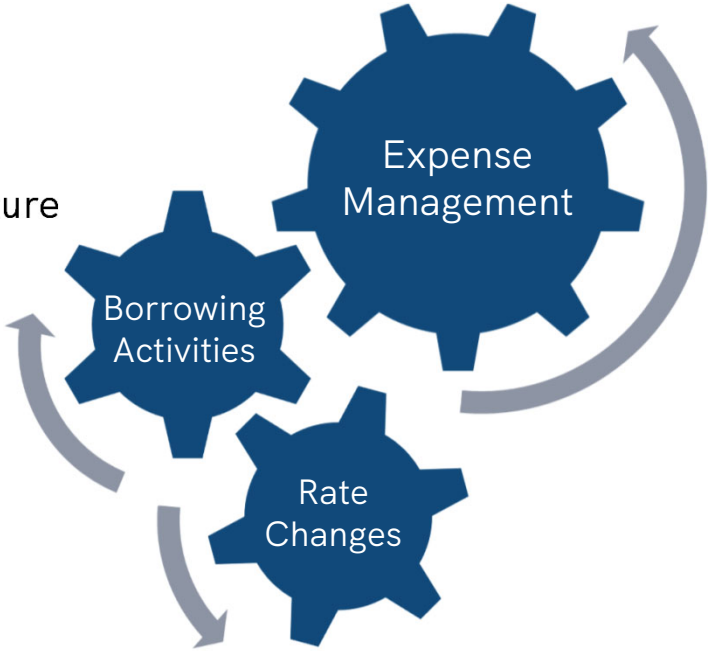
- Minimize impact of higher costs of electrical infrastructure
- Maintain controllable O&M growth below pace of sales
- Requires base price adjustments in line with FP26

**Higher retail fuel and purchased power expense**

- Up $5B vs FP26
- Requires additional FPPAM adjustments

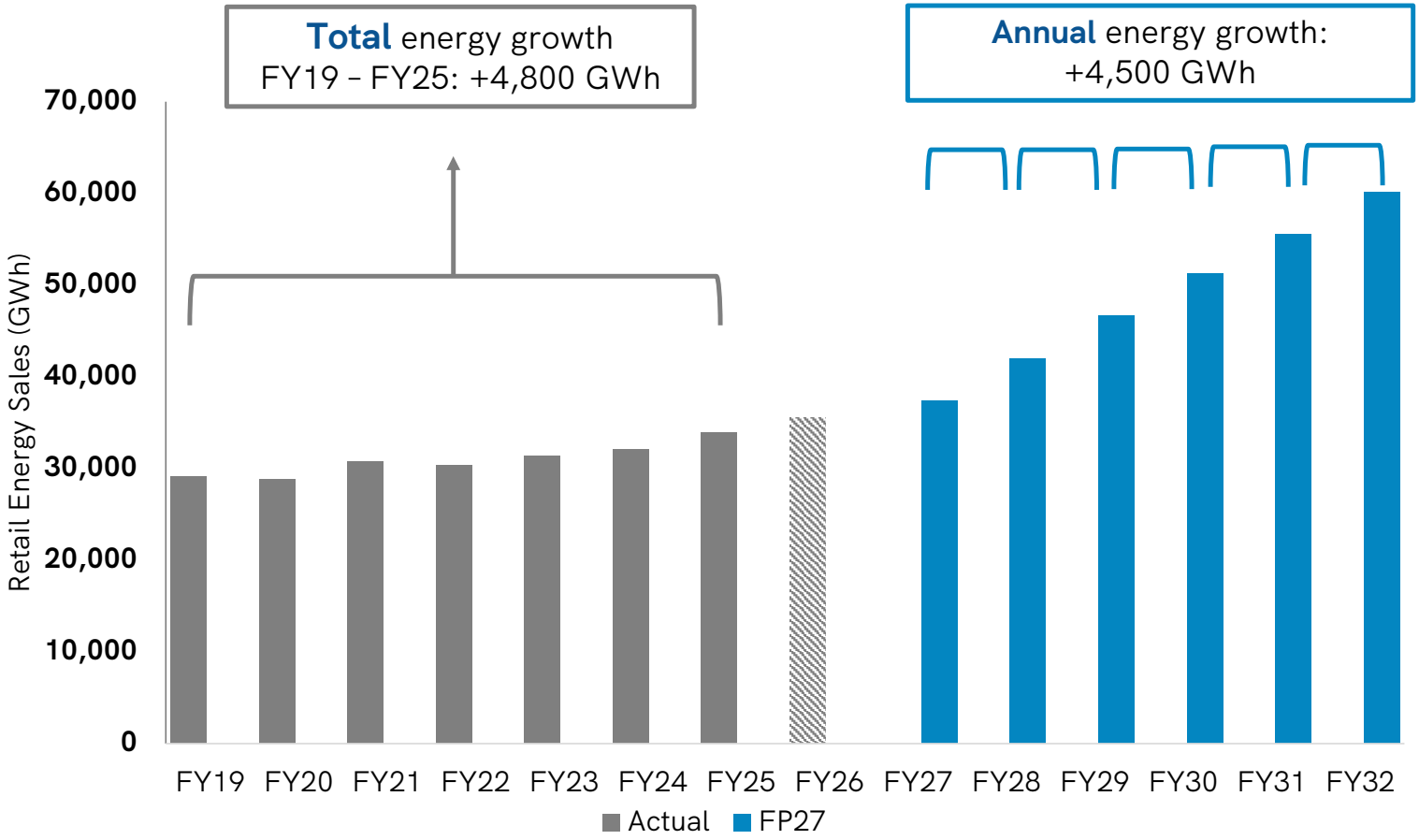
**Capital Investments Increase**

- $16B capital plan
- Requires annual debt issuances



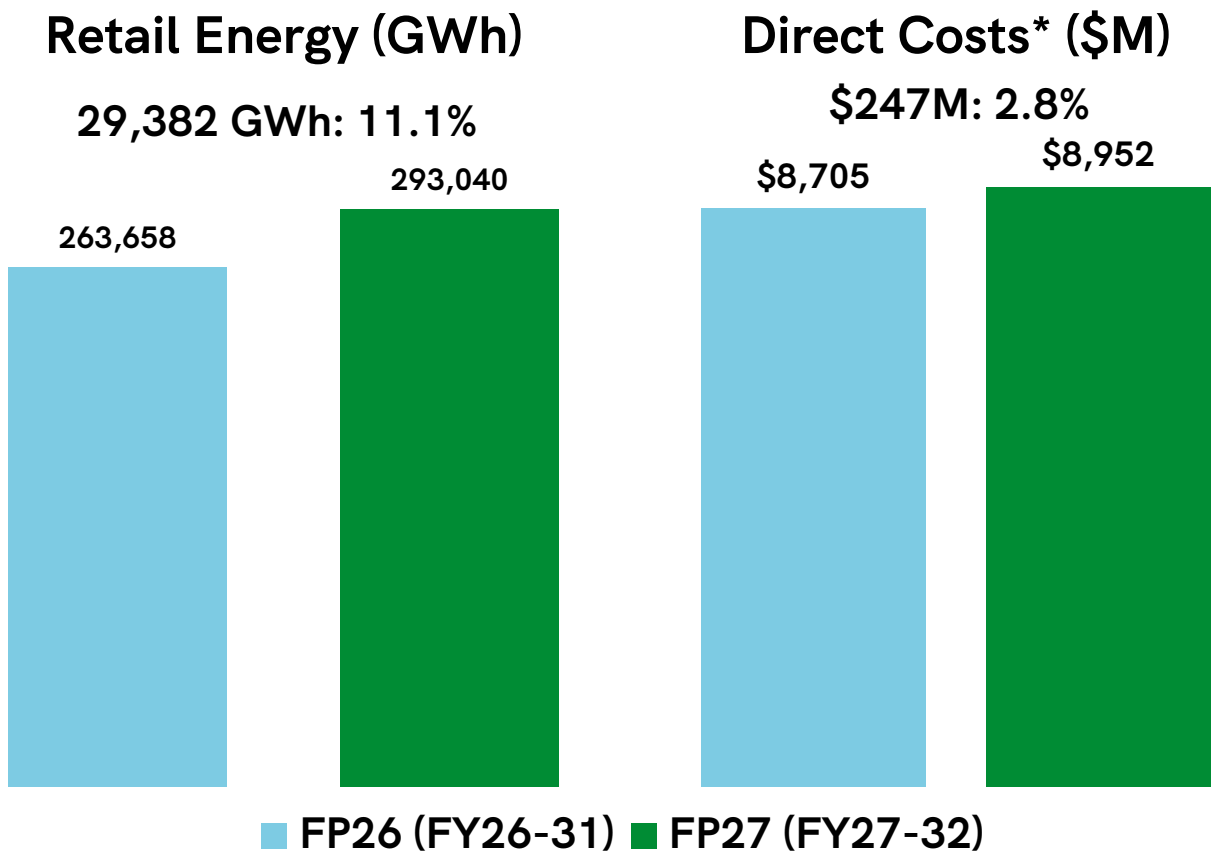
# Historical Retail Energy Growth Plus FP27 Forecast

Annual growth in line with historical total growth from FY19 to FY25



# FP27 Outlook (Retail Energy Growth & Direct Costs)

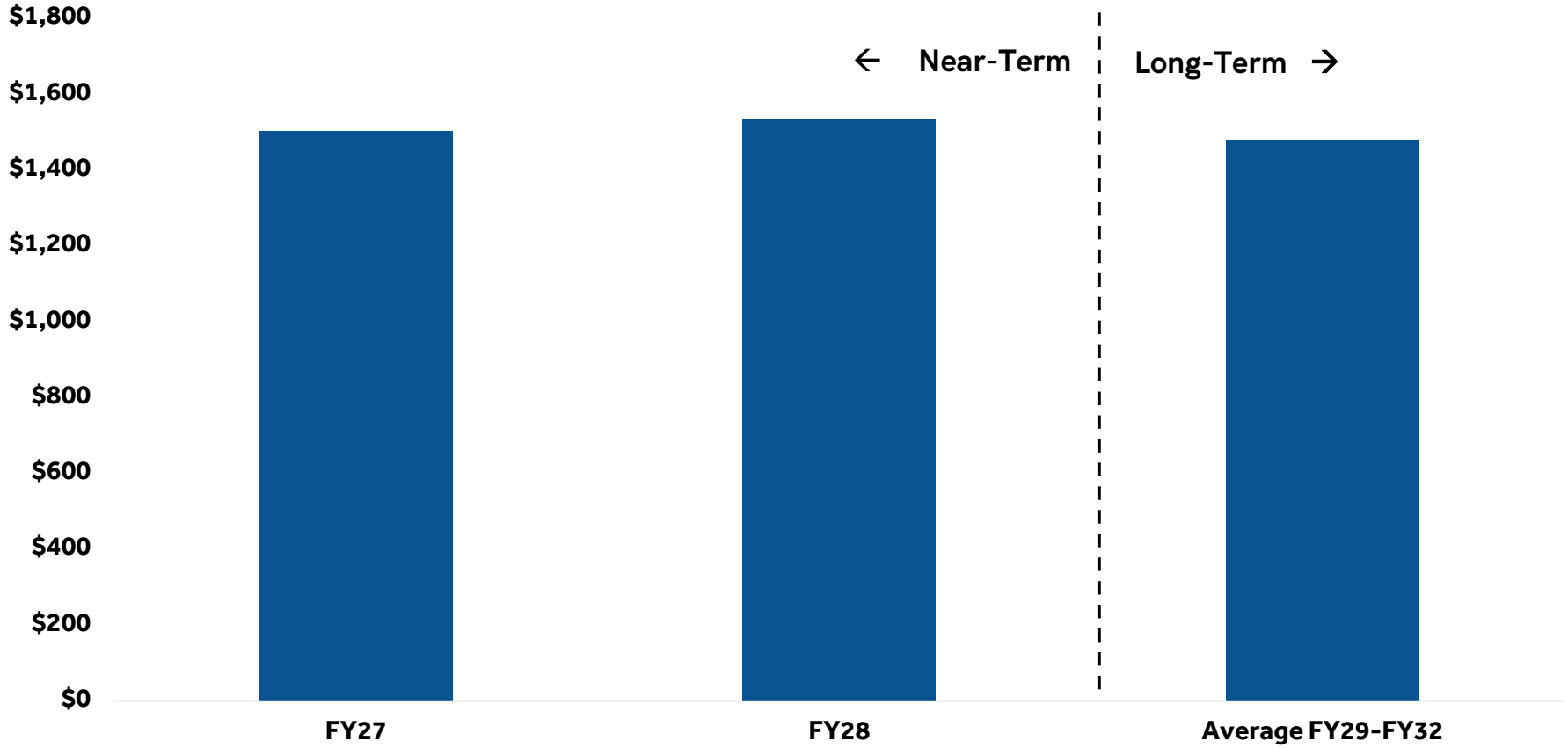
Prudent management results in controllable expenses growing at a slower pace than energy sales




** FP26 labor has been revised for inflation to report in FP27 dollars*

# Direct Costs ($M)

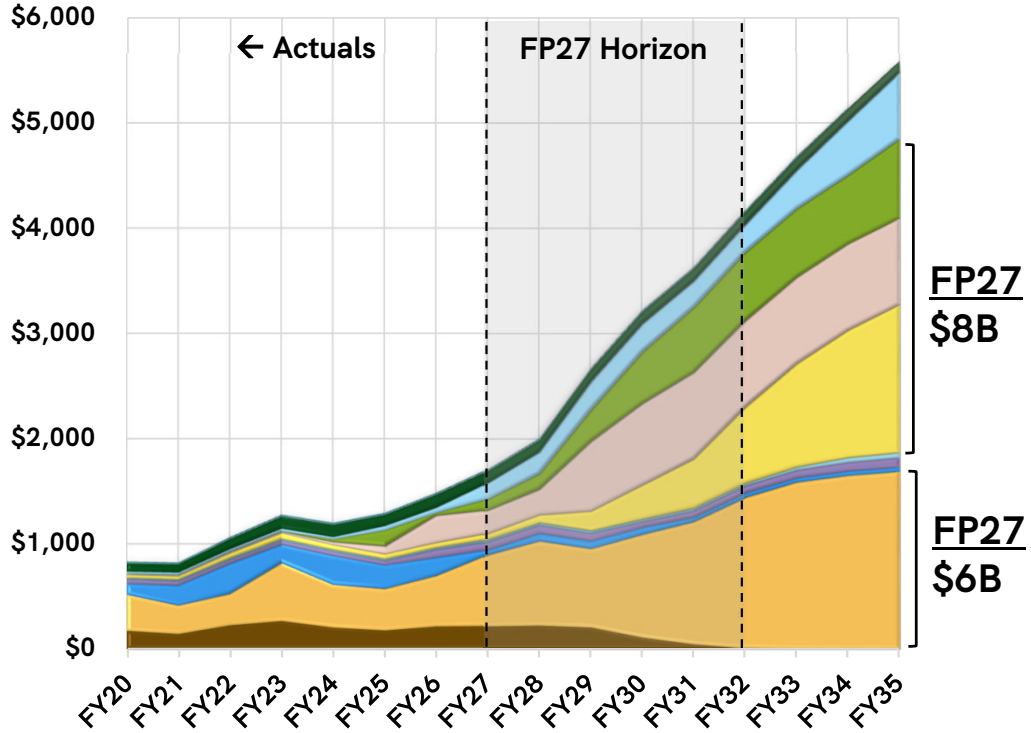
Controllable expenses remain relatively flat over 6-year horizon



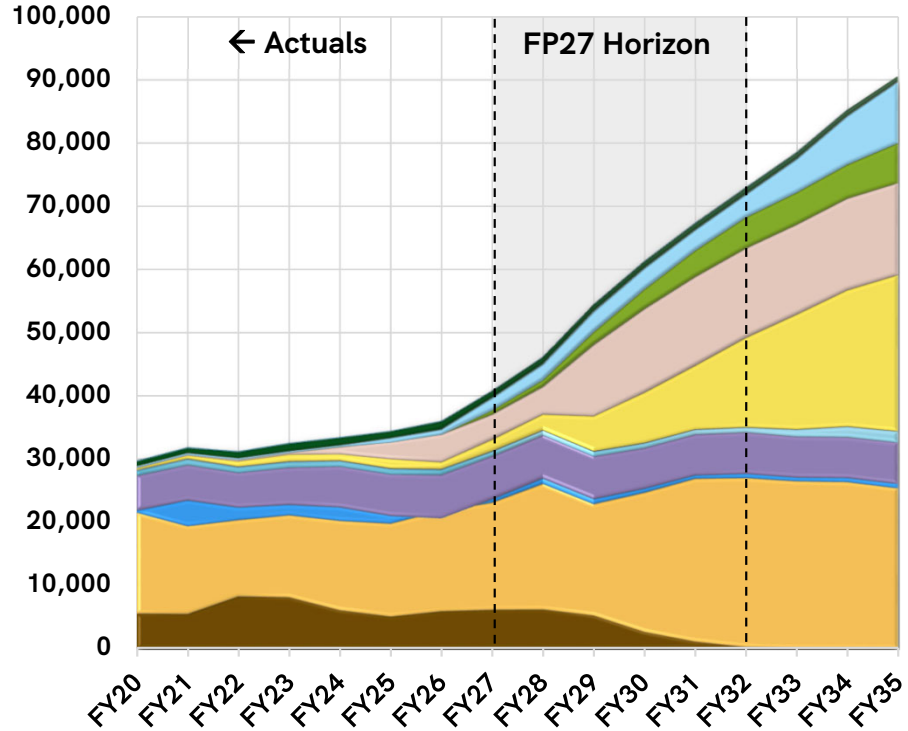
# Retail Fuel & Purchased Power Generation

Retail expense climbs from $1.7B to $4.2B by FY32, Gas, Solar, Battery, & Solar + Battery drive growth

## Actuals & Prelim FP27 ($M)



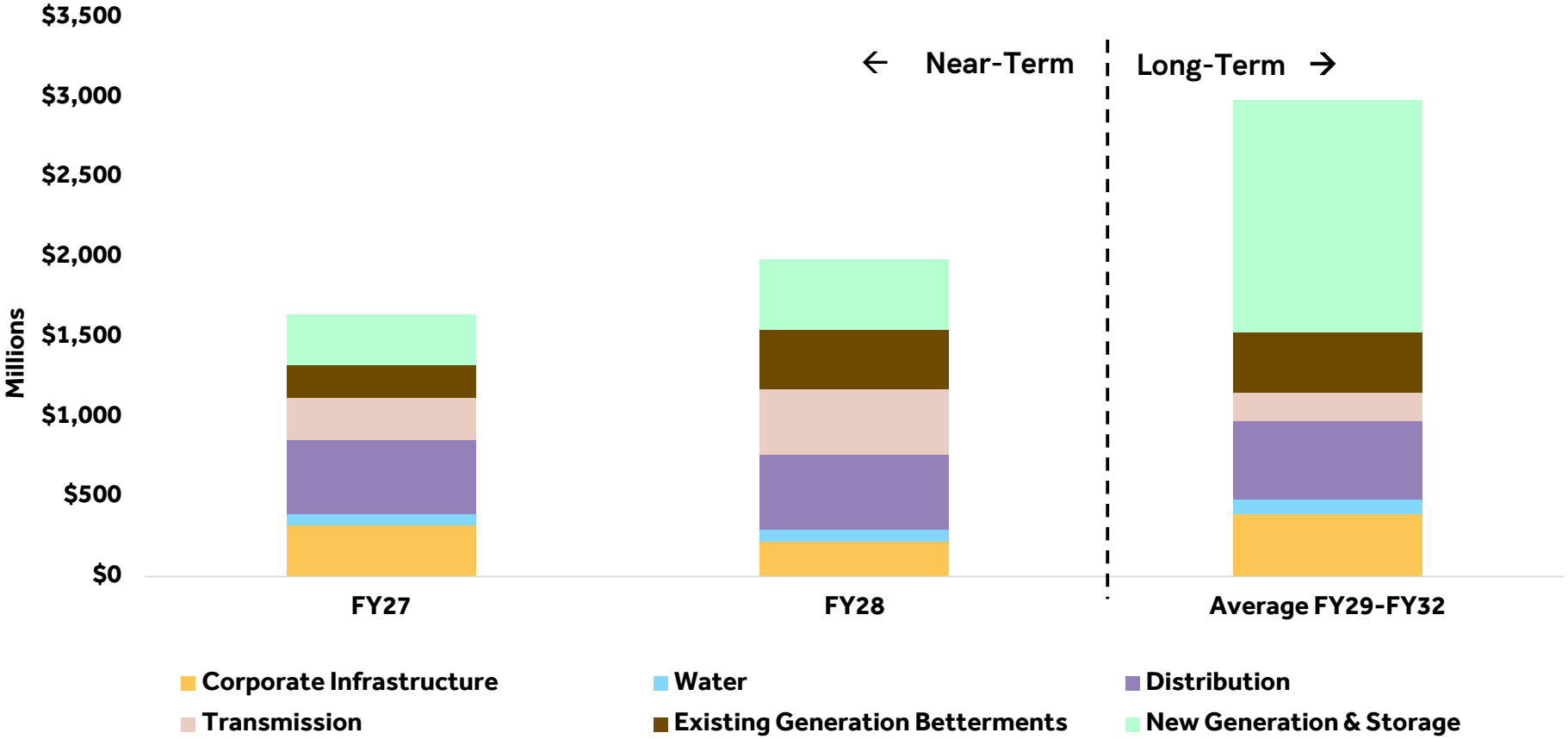

## Actuals & FP27 Prelim (GWh)




Coal Gas Market Purchases Nuclear Hydro Solar Solar + Battery Battery Wind Geothermal Biomass

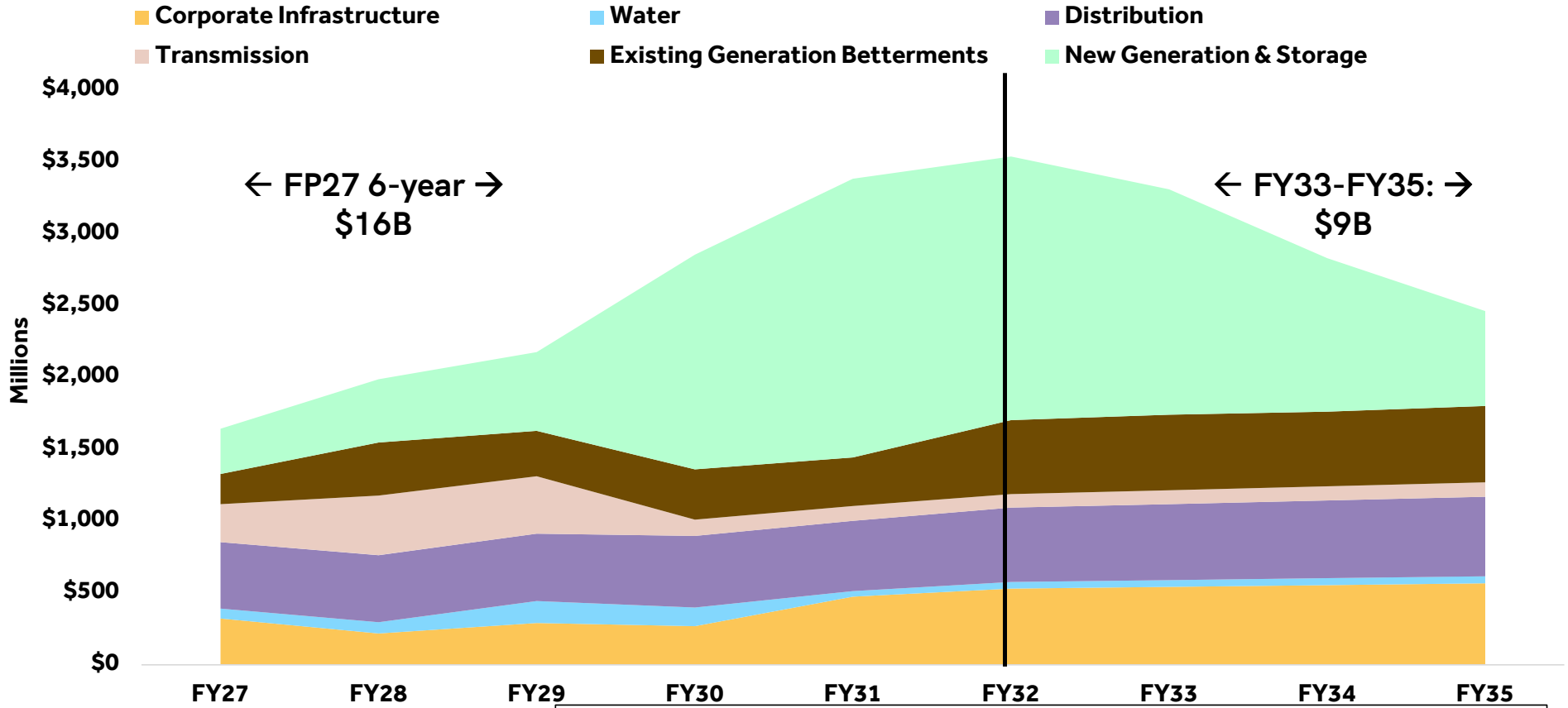
# Capital Spending by Segment ($M)

New generation spending in outer years reflects current growth projections



# Capital Spending by Segment ($M) – 2035 View

Capital program optimized to meet growth projections and maintain reliability

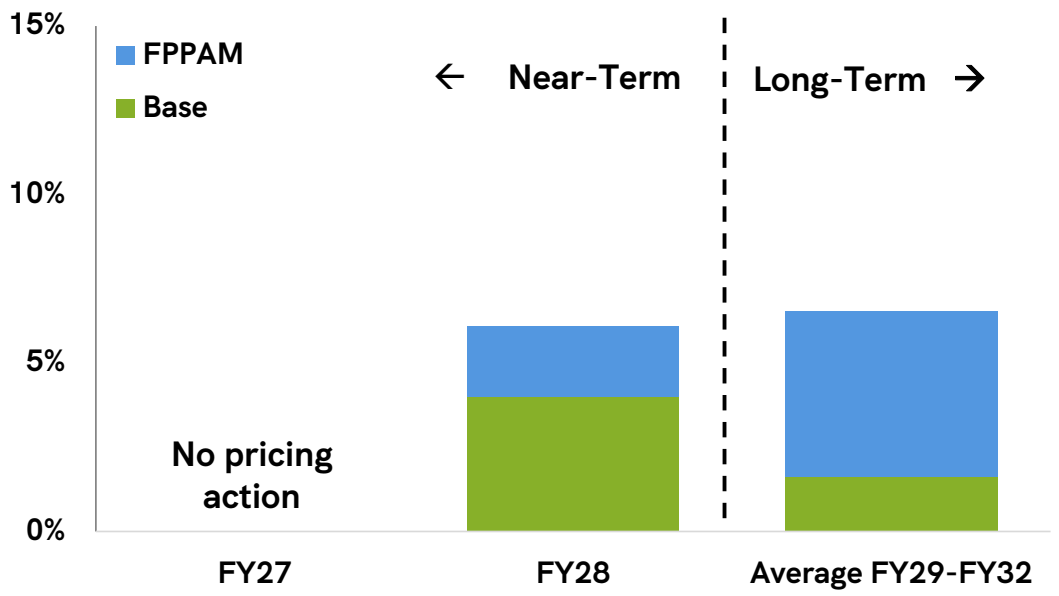



Primary Capital $14B: Loaded Capital $16B (shown) + 20% Plan over Plan, + $3B

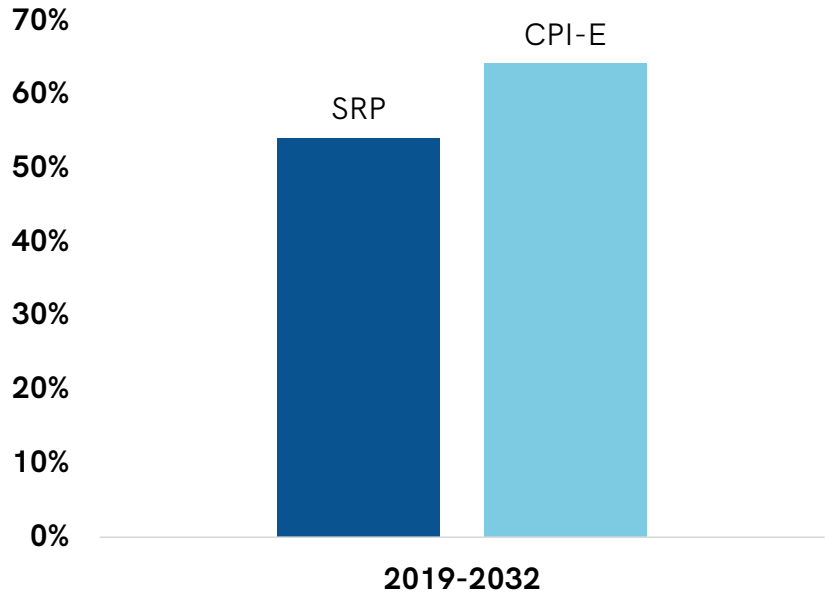
# Price Modeling Assumptions

Long-term price adjustments higher due to fuel and purchased power yet still below inflation

## Preliminary FP27: Near-Term vs Long-Term




## Historical + Preliminary FP27

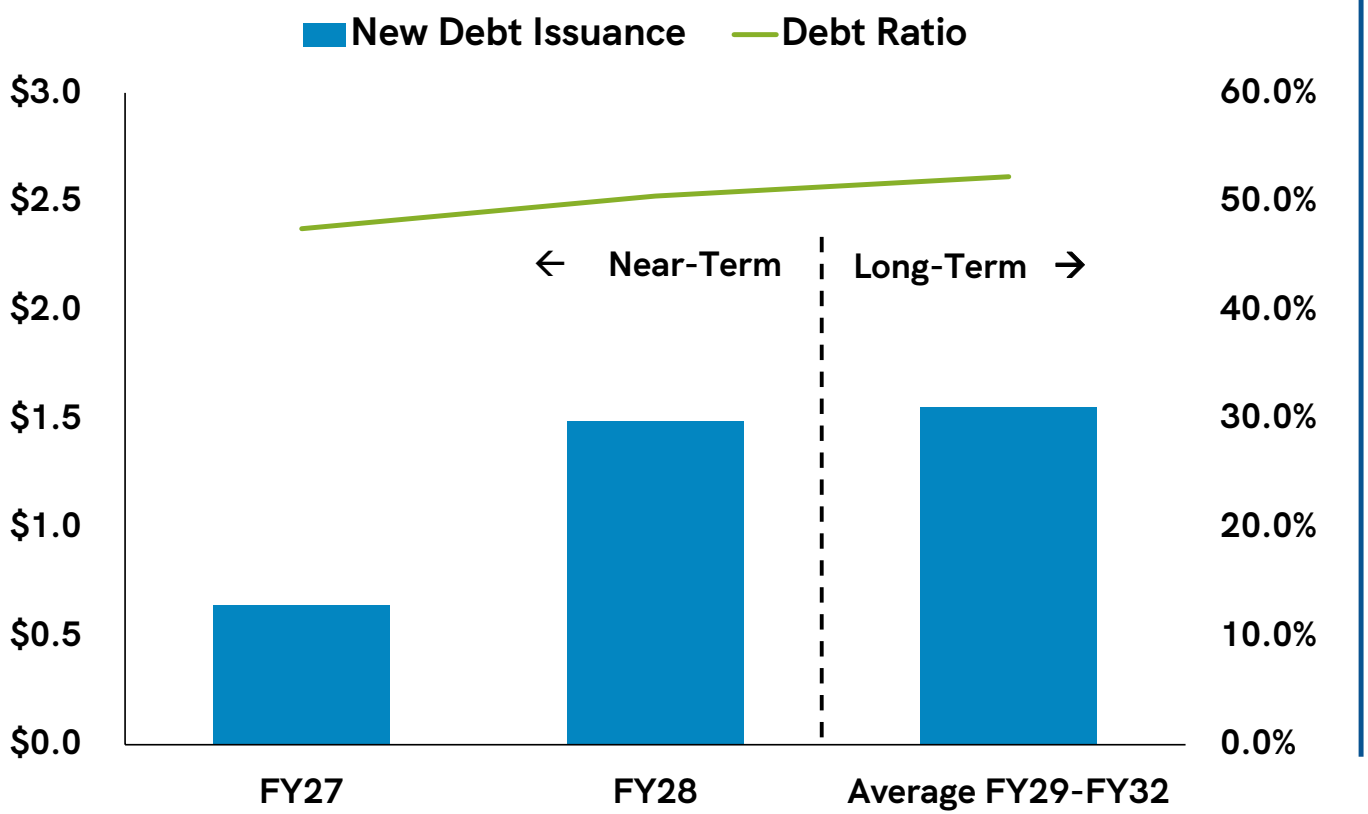



Source: Federal Reserve Economic Data
Consumer Price Index – Electricity (CPI-E) as of Aug '25

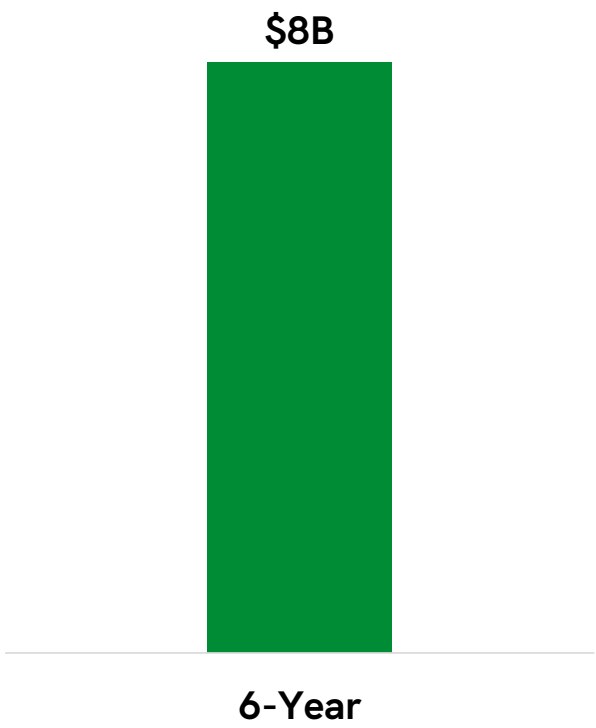
# Borrowing Outlook ($B)

Debt issuances expected annually; debt ratio consistent with AA+/Aa1 ratings

## New Debt Issuance & Debt Ratio




## New Debt Issuance



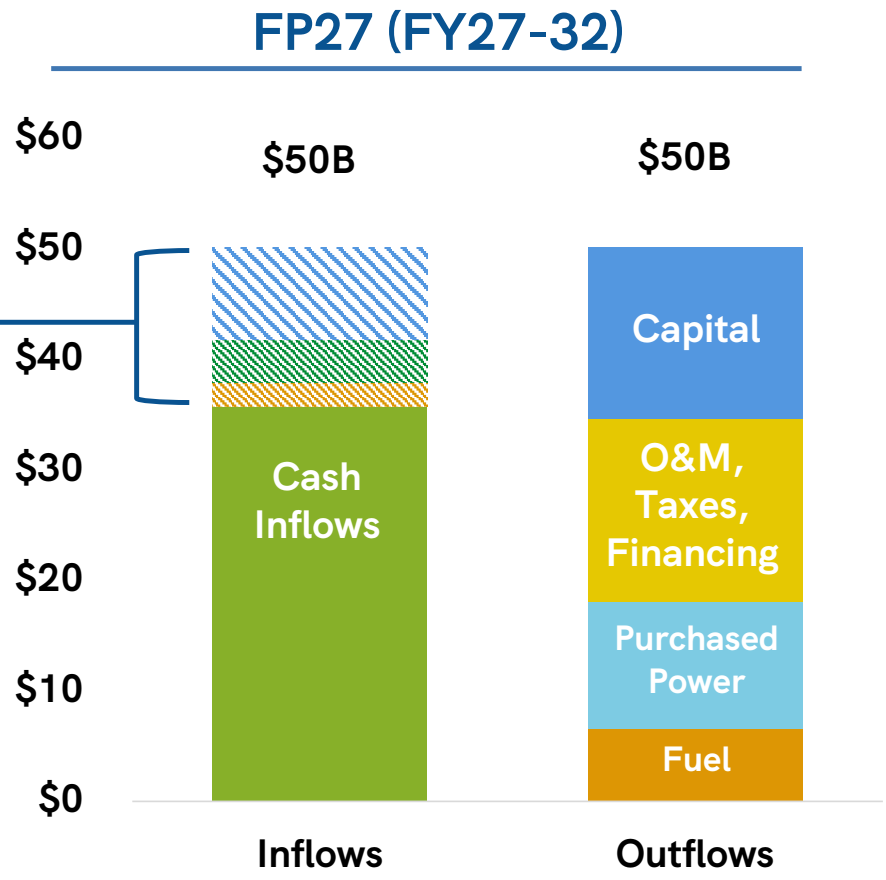
# 6-Year Total Cash Inflows and Outflows ($B)

After management of controllable expenses, shortfall met with balance of borrowing and pricing adjustments

**Future Bond Issuances:**
$8B requiring future Board and Council approval for issuances of revenue bonds

**Future FPPAM Pricing Proposals:**
$4B over 6 years

**Future Base Pricing Proposals:**
$2B over 6 years

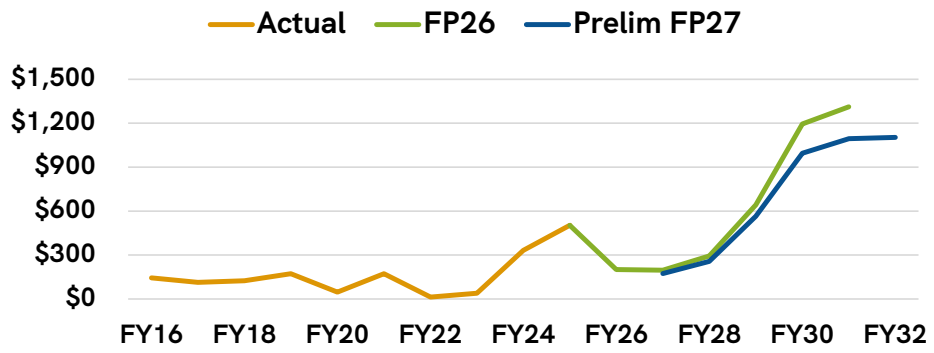


# FP27 Preliminary Financial Indicators

Financial indicators preserve financial strength, flexibility, and current AA+/Aa1 ratings

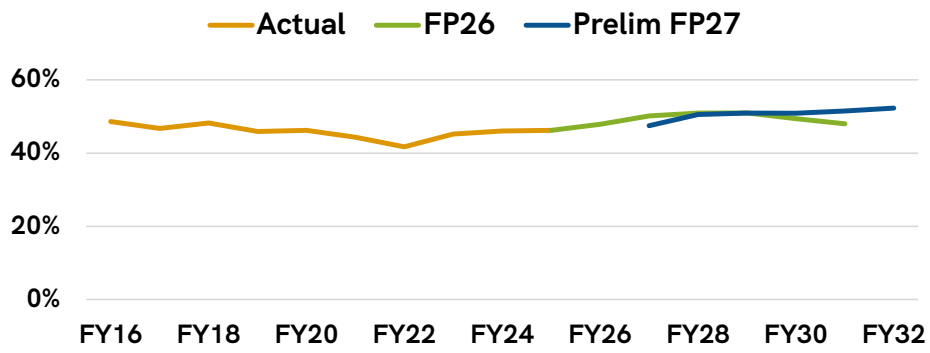
## Combined Net Revenues ($M)

SRP's "bottom line"; similar to Net Income



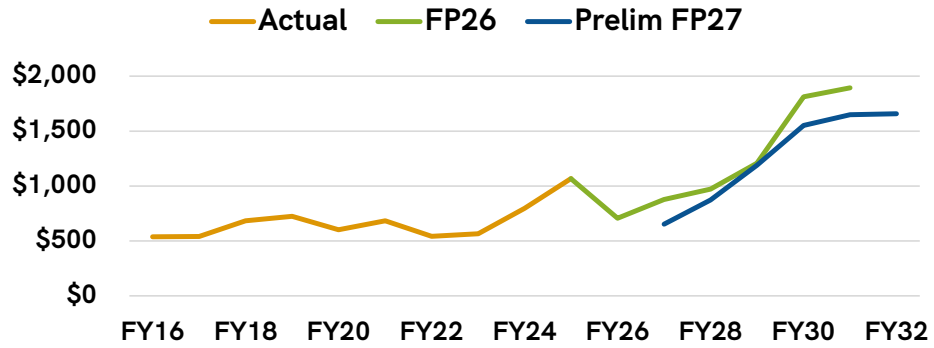

## Debt Ratio

Percentage of long-life assets paid for with debt



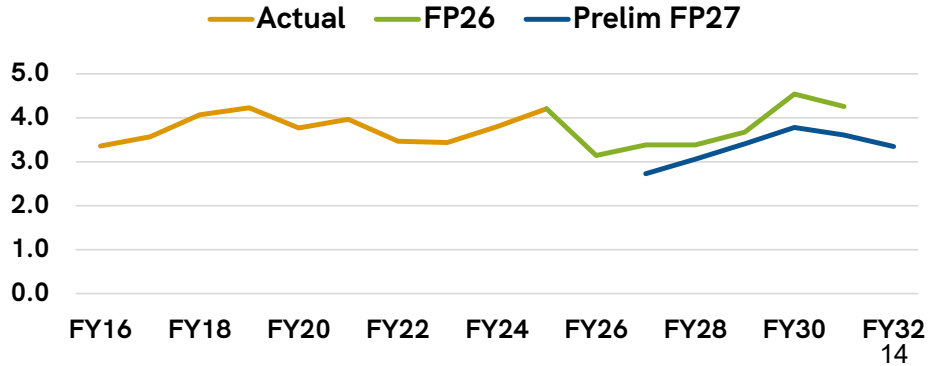

## Funds Available ($M)

Cash generated from the business to pay for capital expenditures




## Debt Service Coverage Ratio

Ratio of net cash inflows versus annual principal and interest payments



# Key Takeaways

FP27 plan on track to achieve financial goals while preparing for significant growth

## Preliminary plan achieves financial goals

- Maintains healthy financial metrics and current AA+/Aa1 ratings
- Balances expense management, borrowing, and pricing

## Finalize FP27 6-year and FY27 Operating Budget

- Finalize FP27 & FY27 while continuing to achieve financial goals
- Incorporate updated energy forecast, revenues, and expenses

## Final Financial Plan & Request for Budget Approval

- February - Final FP27 Financial Plan
- Early March - FY27 Budget Informational Meeting
- Late March - Request for FY27 Budget Approval

# thank you!

# Overview of the Fuel and Purchased Power Adjustment Mechanism

Finance and Budget Committee

Brandon Shoemaker

January 22, 2026

©Salt River Project, 2023. All rights reserved. FOR INTERNAL USE ONLY. DO NOT DISTRIBUTE.

# FPPAM Overview

Mechanism allows SRP to adapt to moving fuel and purchased power expenses and adjust the FPPAM price outside of a formal pricing process

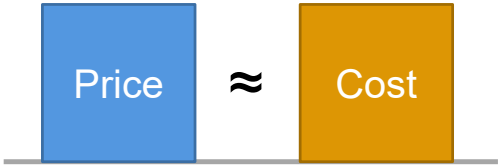
- In place since 2004
- Provides transparency to Board and stakeholders
- Allows for timely recovery of costs
- Recovers exact costs incurred, nothing more or less
- Facilitates gradualism in price changes
- Recognized as key component of financial strength by rating agencies & investors
- Allows for price adjustments as new or modified PPA contracts are signed
- Consistent with peers

# FPPAM Administration

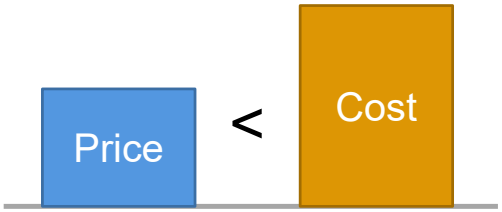
- FPPAM revenues, expenses, cumulative balance, and projected fiscal year end balance are reported to the Board on a monthly basis
- Management may recommend adjustments to the FPPAM prices twice per year (May and November)
- If the cumulative FPPAM balance exceeds a deadband of $50M (positive or negative), management may recommend a change to the FPPAM price, no more often than quarterly
- In evaluating/approving adjustments, consideration may be given to fuel and purchased power projections for a period not exceeding 24 months
- FPPAM price adjustments require Board approval

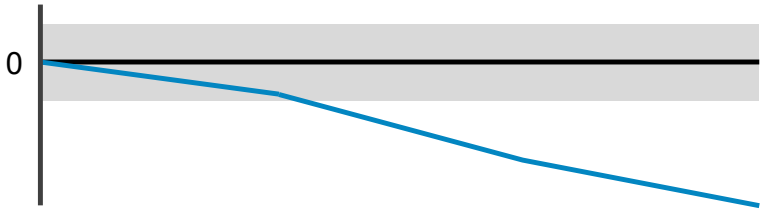
# FPPAM Balance Mechanics

Balanced

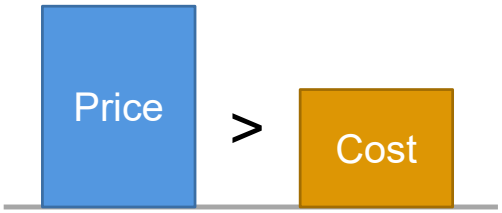


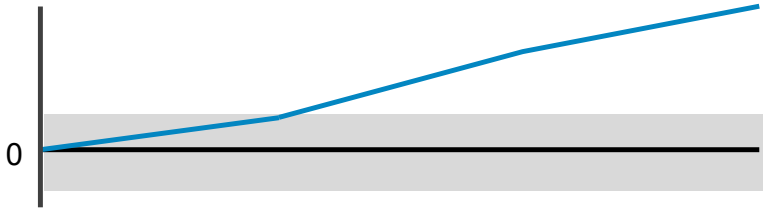
Deficit




Surplus



# Rating Agency Support of FPPAM

## S&P Global Ratings

- *Availability of FPPAM for responding to changes in costs is a major contributor to SRP's financial flexibility to meet future challenges*

## Moody's Ratings

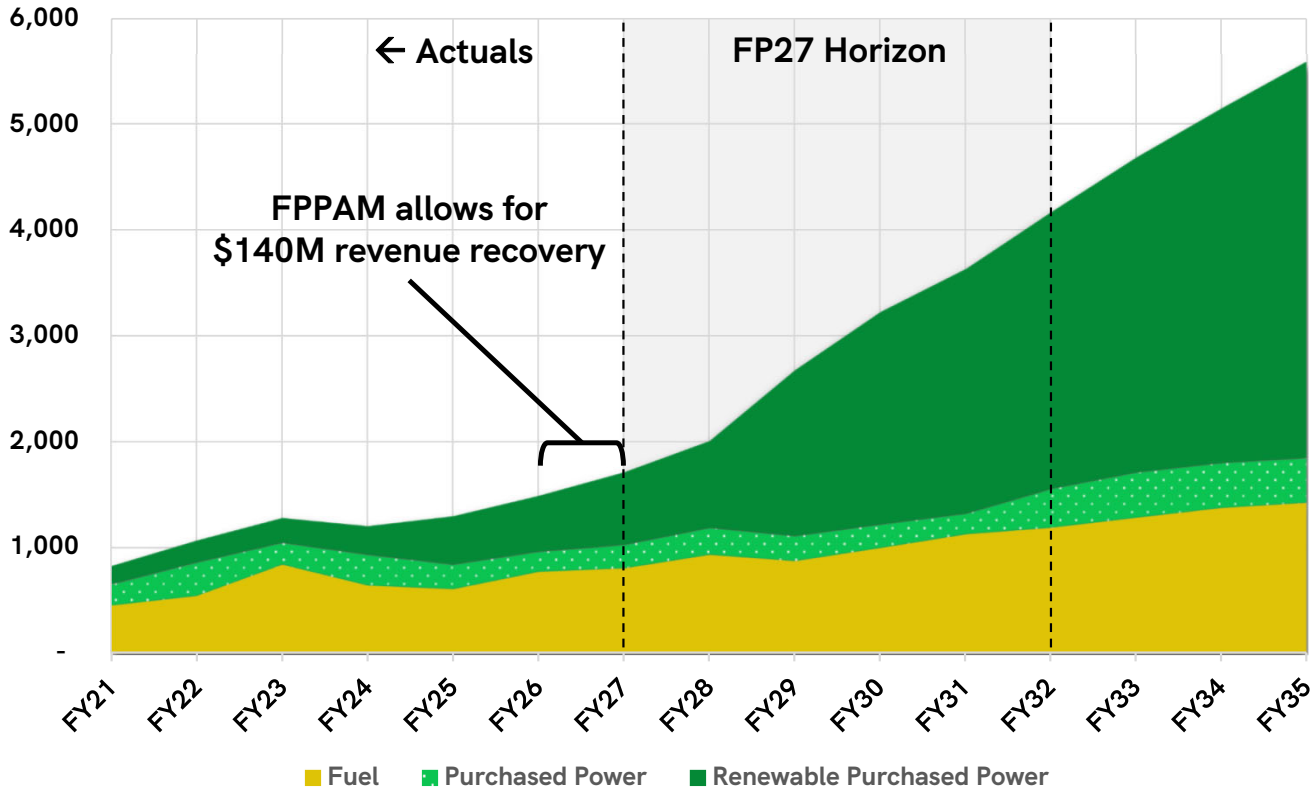
- *Use of FPPAM reflects proactive management of its cost recovery that is critical to maintaining its credit metrics*

# EPCAF History

- SRP's Board approved the creation of the Environmental Programs Cost Adjustment Factor (EPCAF) effective November 2009, which moved a portion then all of the following costs out of FPPAM and Base and into EPCAF:
  - Renewable energy costs, including PPA costs
  - Program costs, including energy efficiency
- Functioned similar to FPPAM: Board approval required to change prices; $20M deadband
- As part of the 2019 Pricing Process, the Board approved the elimination of the EPCAF, moving the costs to FPPAM and Base.

# Retail Fuel & Purchased Power Generation

## Actuals & Prelim FP27 ($M)




1. Prudent cost recovery is important: renewables represent larger share of overall expenditures
2. FPPAM reduces regulatory lag

   e.g., FPPAM allows for cost recovery of $140M from FY26 – FY27

# Signed PPA Uncertainty and Price Volatility

Number of approved renewable PPAs since 2019

**26**

Number of Board approved PPA price increases since 2022

**9**

Average price increase for solar PPAs with amendments

**33%**

Project delay from original expected operation date

**53 - 1,309 days**

# Peer Comparison

Peer utilities include renewable PPAs in their adjusters

| Use Adjusters for PPA Costs | Use Adjusters for PPA Costs, then Later Move to Base |
| --- | --- |
| LADWP Los Angeles Department of Water & Power<br>CPS Energy<br>Colorado Springs Utilities – It's how we're all connected<br>Austin Energy | aps<br>Southern California Edison – An Edison International Company<br>TEP<br>SDGE<br>UniSource Energy Services<br>Xcel Energy<br>The Electric Company – El Paso Electric<br>Nevada Power<br>PG&E<br>PNM<br>Rocky Mountain Power<br>Sierra Pacific |

# FPPAM in Summary

- In place for over 20 years
- Provides transparency to Board and stakeholders
- Reduces regulatory lag and allows full cost recovery
- Facilitates gradualism in price changes
- Recognized by rating agencies and investors as critical component of:
  - Financial flexibility
  - Strong credit rating
- Allows for price adjustments as new or modified PPA contracts are signed
- Consistent with peers

# thank you!

# Informational Presentation on SRP's Price Plan Comparison Display

Vanessa Kisicki | 01/22/2026

# Today’s Discussion

**Purpose**: Address inquiries raised by Board members about the Price Plan Comparison Display (PPCD).

# Background

- Re-launched on November 1, 2025
- Replaced the prior price plan comparison display with a like-for-like solution
- Accessed through the customer's My Account page
- Customers see the display if their account is eligible
    - Customers with more than 12 months of usage history
    - Customers not on grandfathered solar plans

# Board Inquiries

- Does the PPCD include the Monthly Service Charge?
  - No, Monthly Service Charge and other fees are not included.
- For customers that do not have access to the PPCD, is there a way we can inform them of why?
  - Effective 12/23/2025, ineligible customers see a message explaining this feature isn’t available to them.
- Why are 12 months of historical data needed to use the PPCD?
  - 12 months of history is required to ensure seasonal variations in usage are included.

# Board Inquiries (cont'd)

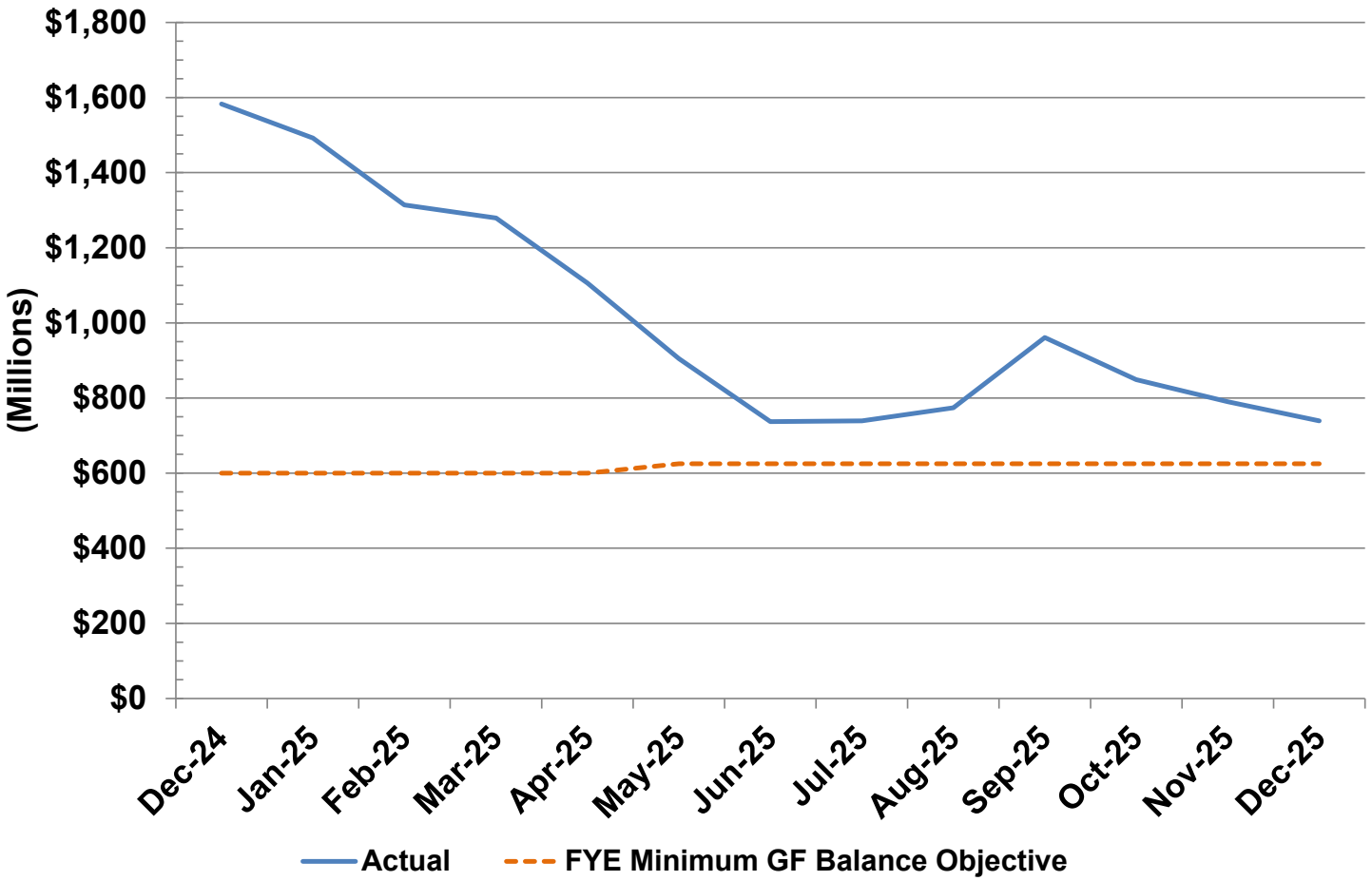
- Does the new display allow a customer to compare their plan to all price plans?
  - Yes, a customer will receive estimates for every rate they are eligible for.
- How can customers who are losing their grandfather period know which of the new plans is the most economical for them?
  - SRP proactively reaches out to these customers to walk them through transitioning to another plan before their grandfather period expires.

# thank you!

# Monthly Financial Report
# December 2025

Finance & Budget Committee Meeting
Jeremy T. Fry | January 22, 2026

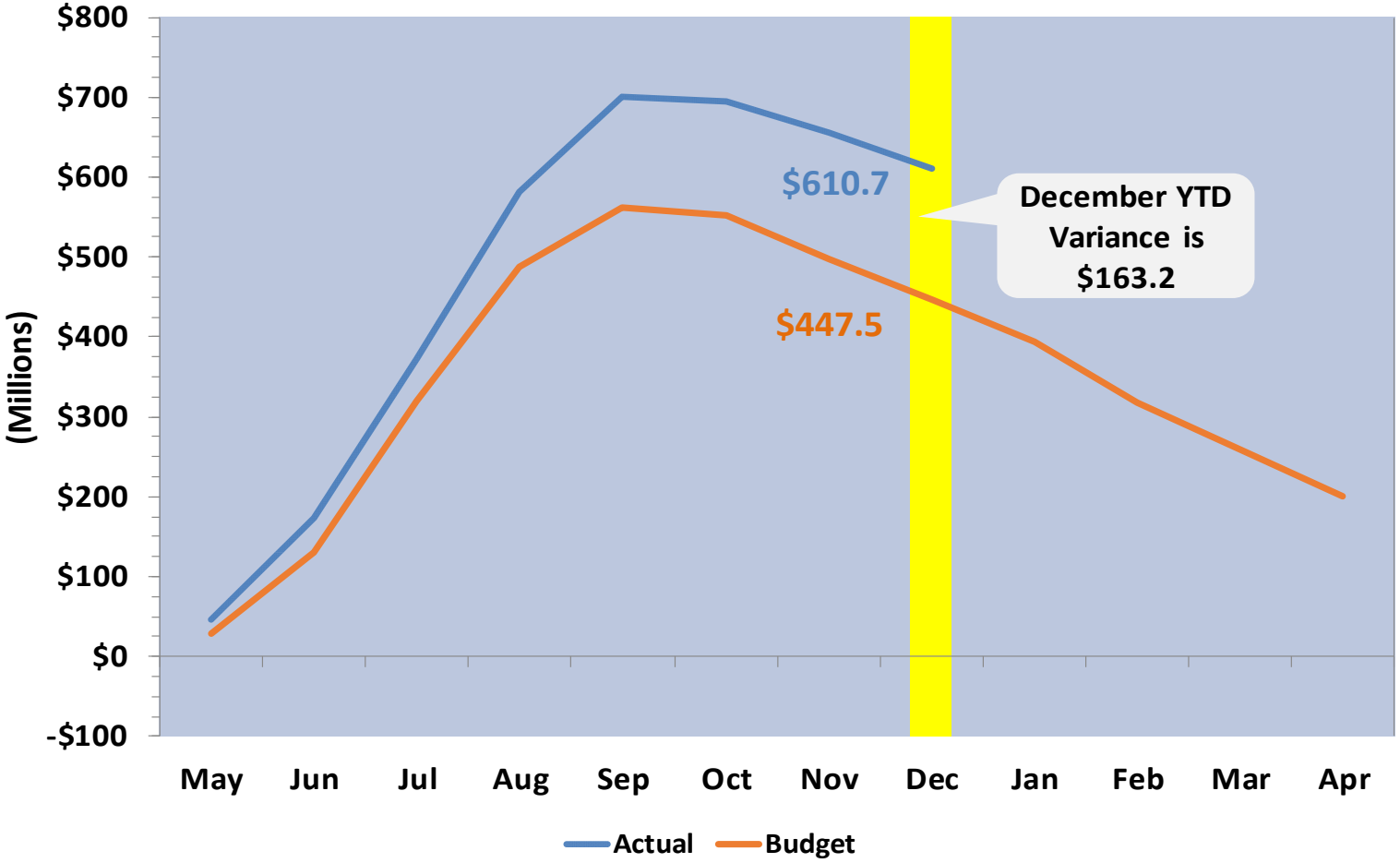
# General Fund Balance






(Non-GAAP, Unaudited)

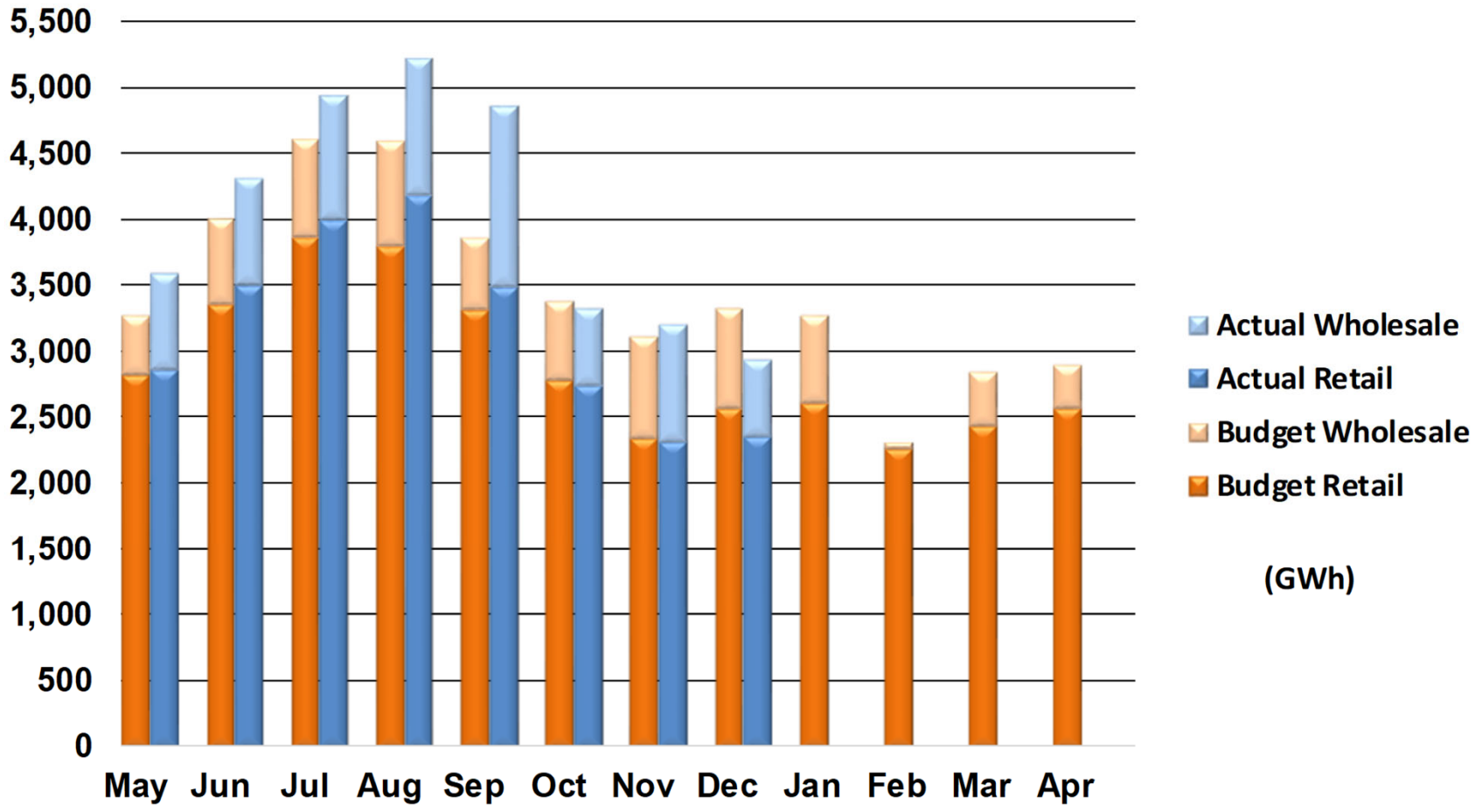
# YTD Combined Net Revenue






(Non-GAAP, Unaudited)

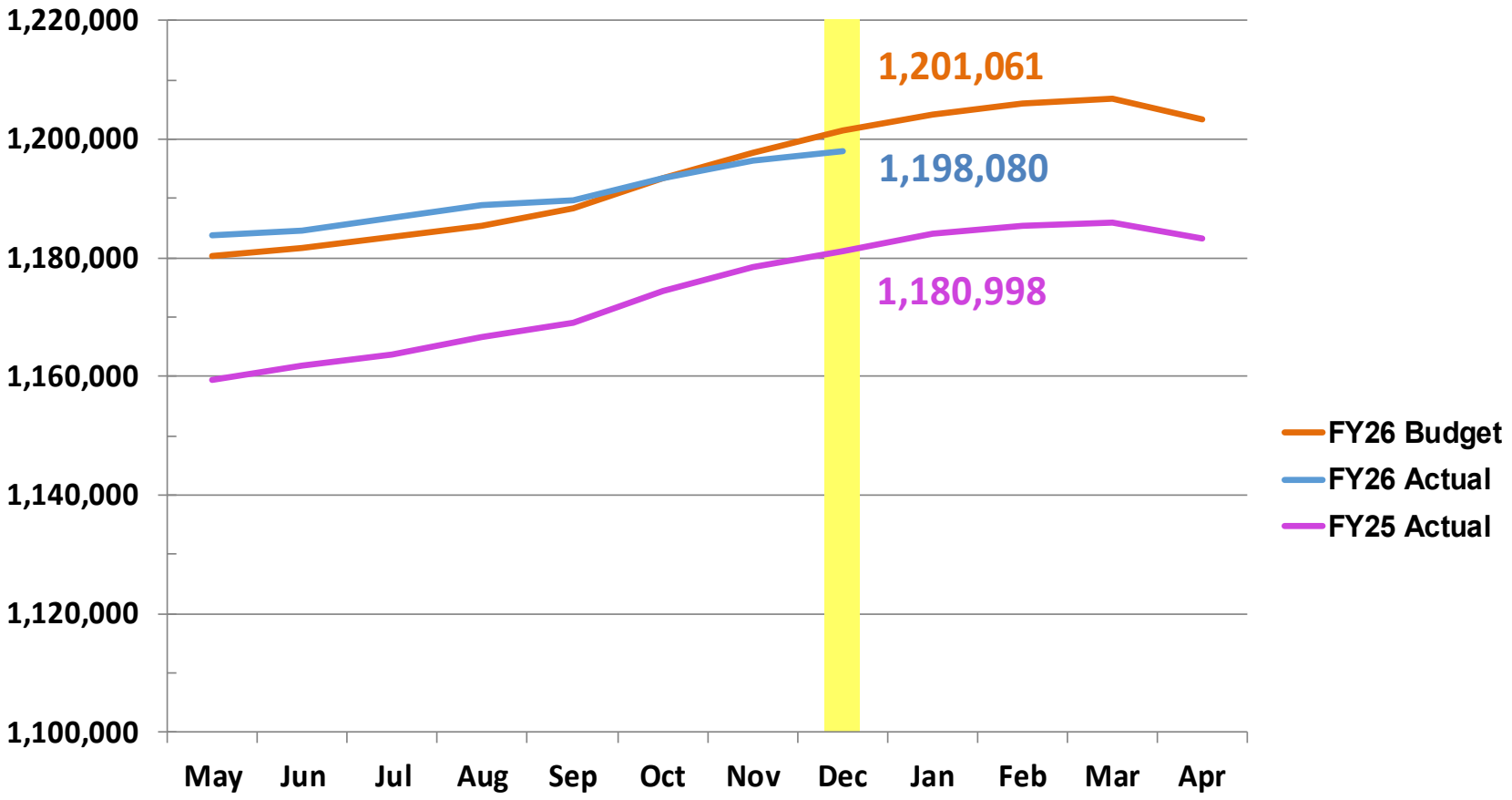
# System Sales






(Non-GAAP, Unaudited)

# Customer Accounts






(Non-GAAP, Unaudited)

# Financial Summary - December 2025

| (Thousands) | Actual | Budget | Variance |
|---|---|---|---|
| Operating Revenues | $ 294,881 | $ 320,782 | $ (25,901) |
| Operating Expenses | | | |
| Fuel | 125,134 | 149,410 | (24,276) |
| O&M | 132,615 | 135,112 | (2,497) |
| Depr & Tax | 72,936 | 74,316 | (1,380) |
| Total Operating Expenses | 330,685 | 358,838 | (28,153) |
| Net Financing Costs | 19,442 | 18,729 | 713 |
| Other, Net | 9,771 | 7,494 | 2,277 |
| Combined Net Revenues | $ (45,475) | $ (49,291) | $ 3,816 |



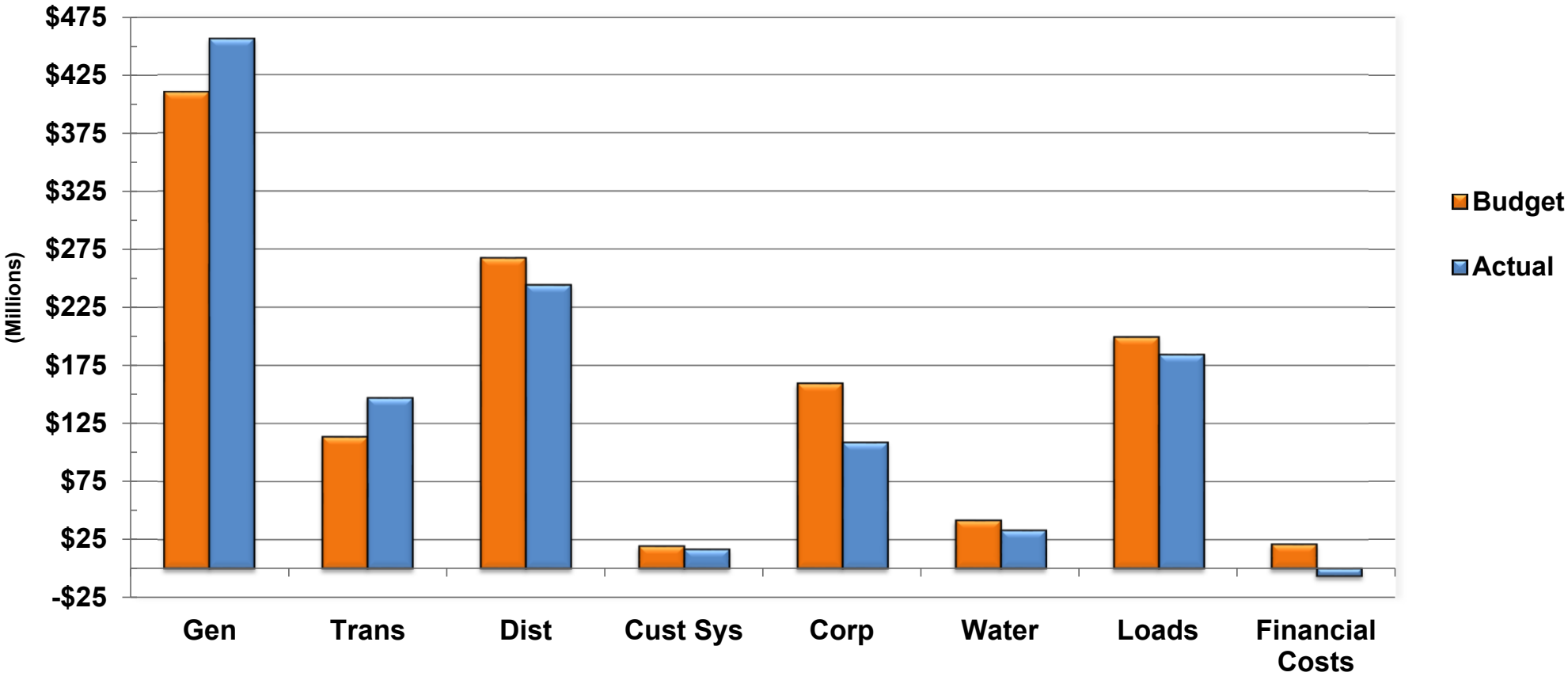
(Non-GAAP, Unaudited)

# Key Financial Indicators - YTD December 2025

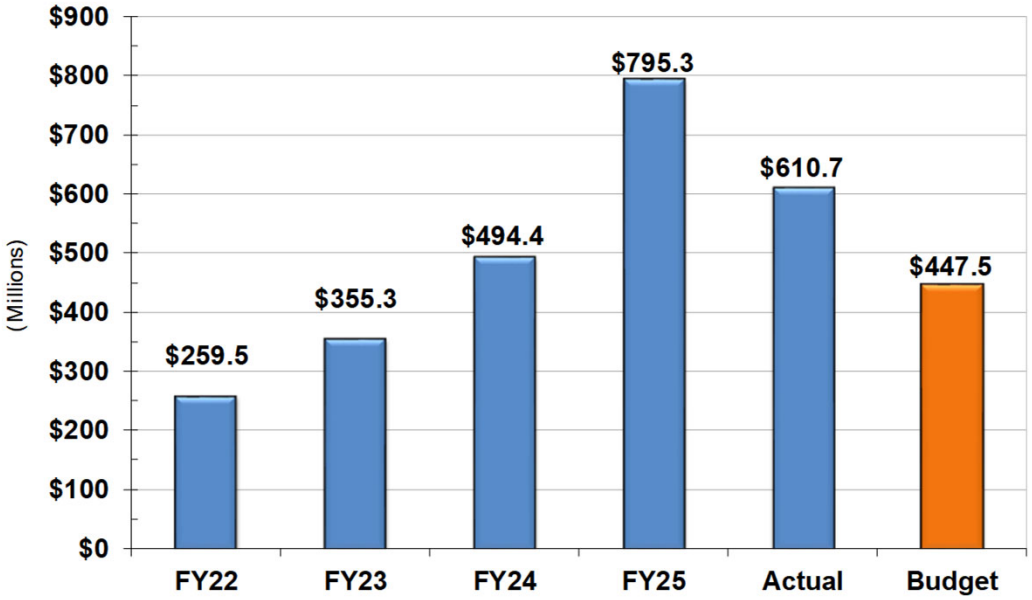
| (Thousands) | Actual | Budget | Variance |
|---|---|---|---|
| Funds Available | $ 952,015 | $ 784,424 | $ 167,591 |
| Total Debt Service Coverage Ratio | 4.66 | 4.32 | 0.34 |
| Debt Ratio* | 46.7 | 47.9 | (1.2) |
| Capital Expenditures | $ 1,182,558 | $ 1,230,458 | $ (47,900) |

***Debt Ratio represents Projected Actual compared to Annual Budget**

# Capital Expenditures - YTD December 2025



## CNR without Fair Value Adjustments - YTD December 2025

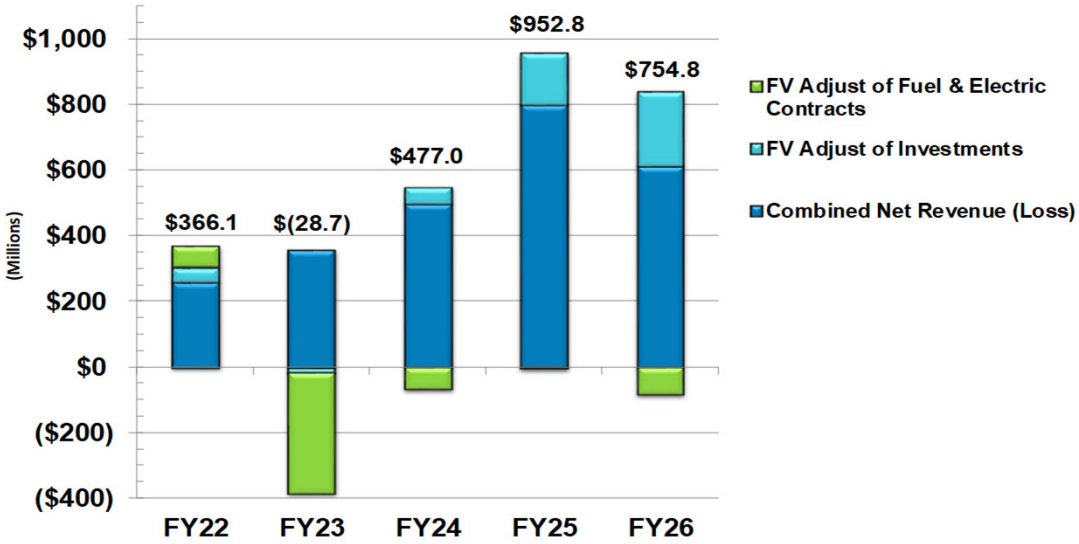



01/22/2026 Board Meeting, J. T. Fry

(Non-GAAP, Unaudited) 1

1

## CNR with Fair Value Adjustments - YTD December 2025

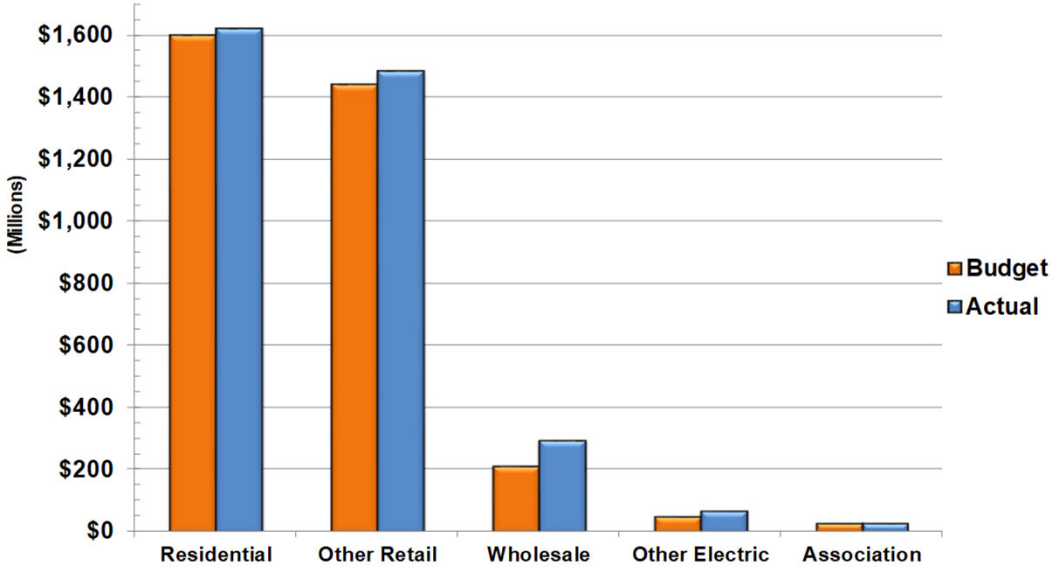



01/22/2026 Board Meeting, J. T. Fry

(Non-GAAP, Unaudited) 2

2

# Combined Operating Revenues - YTD December 2025

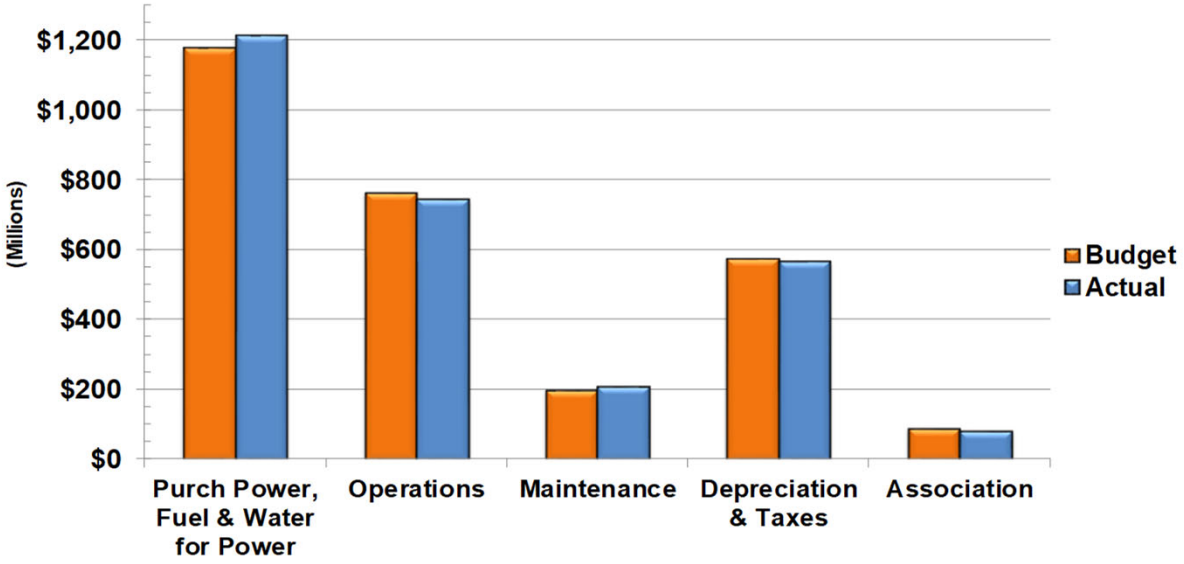



01/22/2026 Board Meeting, J. T. Fry

(Non-GAAP, Unaudited) 3

3

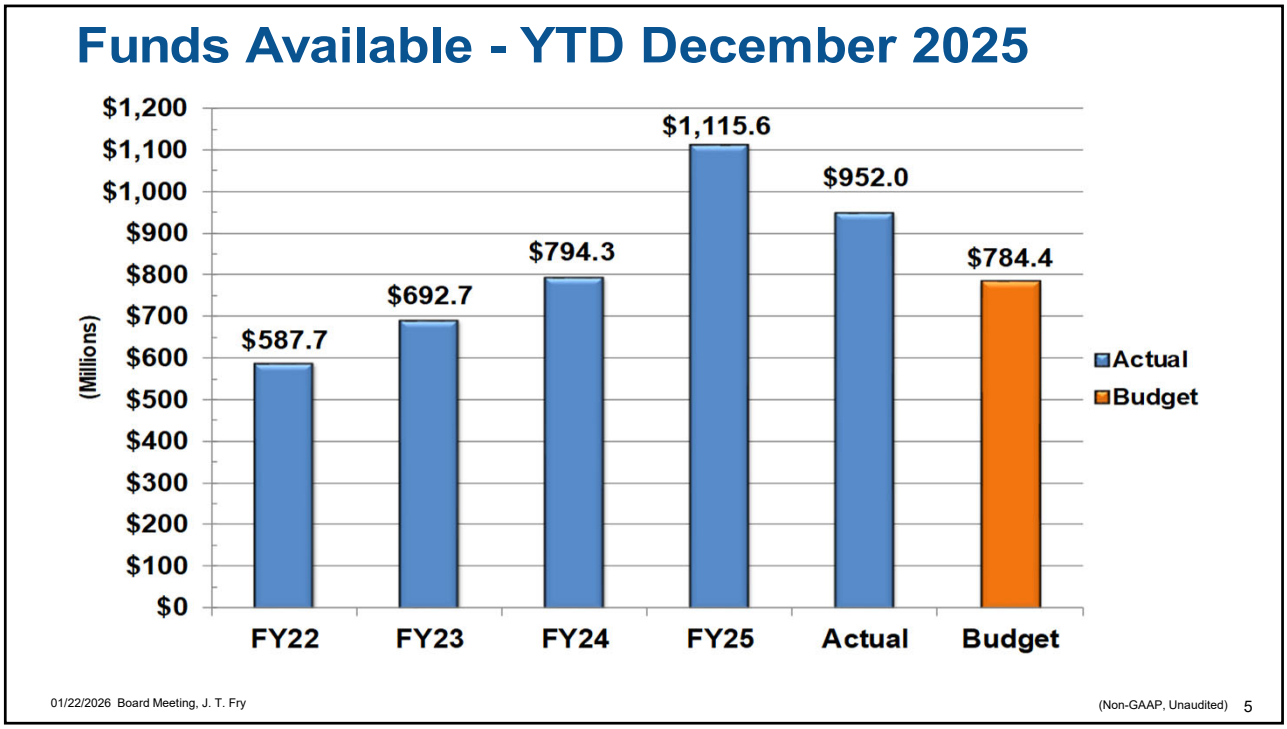
# Combined Expenses - YTD December 2025



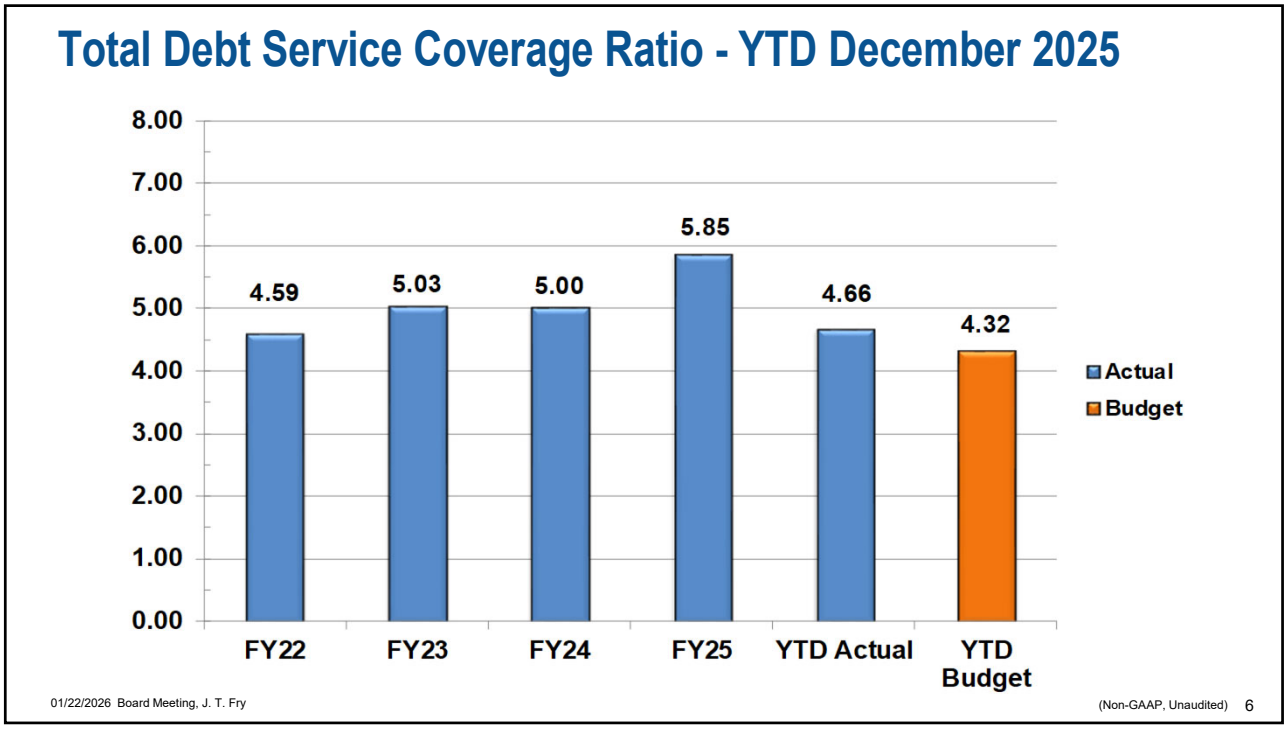

01/22/2026 Board Meeting, J. T. Fry

(Non-GAAP, Unaudited) 4

4

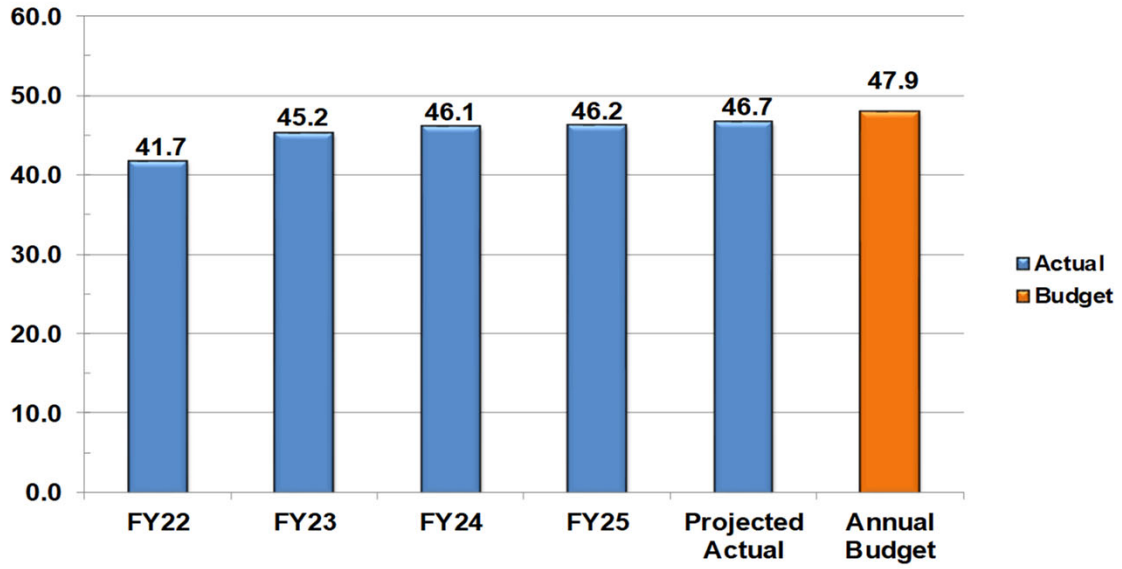

Funds Available - YTD December 2025
$1,200
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
(Millions)
$587.7
$692.7
$794.3
$1,115.6
$952.0
$784.4
FY22
FY23
FY24
FY25
Actual
Budget
Actual
Budget
01/22/2026 Board Meeting, J. T. Fry
(Non-GAAP, Unaudited)
5

5


Total Debt Service Coverage Ratio - YTD December 2025
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
4.59
5.03
5.00
5.85
4.66
4.32
FY22
FY23
FY24
FY25
YTD Actual
YTD Budget
Actual
Budget
01/22/2026 Board Meeting, J. T. Fry
(Non-GAAP, Unaudited)
6

6

## Debt Ratio - YTD December 2025



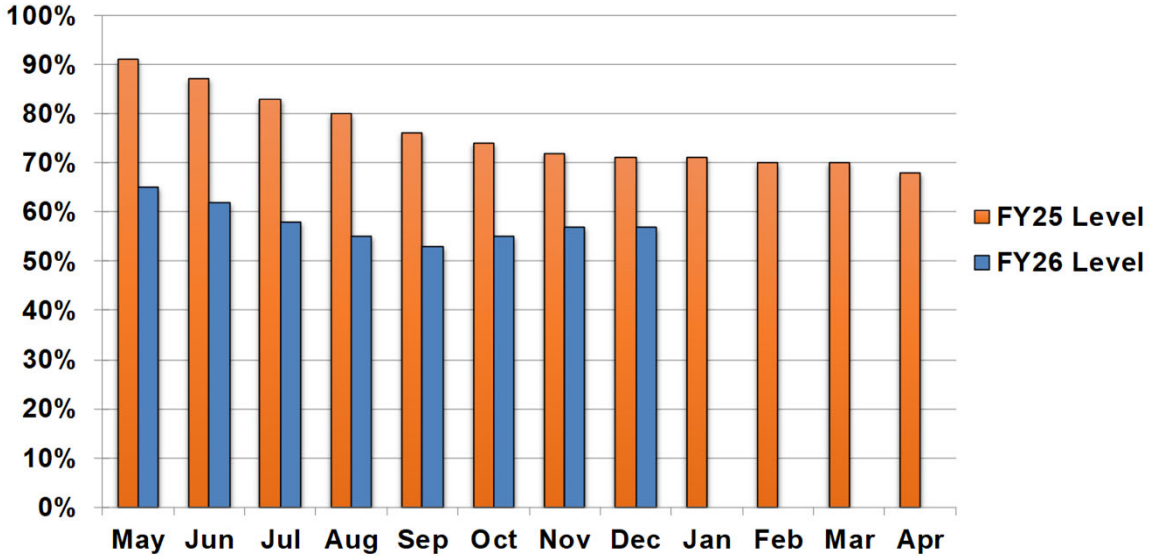

Note: Prior Years and Budget are Fiscal Year-End Ratios



(Non-GAAP, Unaudited) 7



## Water Storage Levels






(Non-GAAP, Unaudited) 8