Message from the President and the General Manager & CEO



Chris Dobson
PRESIDENT



Jim Pratt
GENERAL MANAGER & CEO

NEWS AND ACHIEVEMENTS

Record energy demand amid extreme heat

Another summer of extreme temperatures drove unprecedented energy demand across SRP's service territory. On July 24, SRP delivered a record system peak of 9,072 megawatts (MW), surpassing the previous record of 8,542 MW set in August 2025. SRP exceeded the prior record multiple times over a three-day period as temperatures reached 117 degrees and overnight lows remained near 100 degrees.

The continued rise in energy demand reflects both prolonged heat and ongoing customer growth throughout the Phoenix metropolitan area. To maintain reliability during peak conditions, SRP relied on a diverse portfolio of generation resources, including natural gas, solar and battery energy storage.

SRP also strengthened its system over the past year by bringing several new resources online, including the Copper Crossing Solar Project, Flatland Energy Storage, Pediment Battery Energy Storage System and portions of the Coolidge Expansion Project. Together, these additions contributed nearly 800 MW of new nameplate capacity to support customers during periods of extreme demand.

Major water infrastructure project strengthens reliability

SRP celebrated the completion of the Gilbert Road Pipeline project, a significant infrastructure investment designed to improve water reliability and operational flexibility throughout the Valley. The project enables SRP to move water from south of the Salt River to the Arizona Canal, strengthening the system's ability to deliver water where it is needed most and enhancing long-term drought resilience.

More than a decade in planning and five years in construction, the project includes 3.5 miles of 36-inch pipeline that can transport approximately 20,000 gallons of water per minute uphill from SRP wells and underground storage facilities to the Arizona Canal. The pipeline crosses the Salt River and includes a section installed beneath the Beeline Highway using trenchless construction technology.

The project also supports the Granite Reef Underground Storage Project, one of Arizona's largest water banking facilities. Combined with five new high-capacity production wells, the new infrastructure provides added flexibility to manage water supplies and respond to changing regional demands.

New battery storage strengthens reliability

SRP and Aypa Power placed the Pediment Battery Energy Storage System into service in Mesa, adding a 250 MW/1,000-megawatt-hour resource to SRP's growing energy portfolio. The facility can provide enough energy to power approximately 56,250 homes for up to four hours and supports grid reliability as energy demand continues to grow across the region.

Battery storage plays an increasingly important role in SRP's strategy to meet peak demand and maintain reliability as SRP plans to more than double system capacity over the next decade. The Pediment project is

the first of two battery storage projects under contract with Aypa Power, with a second project expected to enter service in 2028.

The addition of Pediment contributes to SRP's diverse generation portfolio and advances the company's efforts to reduce carbon intensity while maintaining reliable and affordable service for customers.

Wind energy agreement supports future growth

SRP signed a power purchase agreement with Pattern Energy for 600 MW of energy from the SunZia Wind Project, one of the largest renewable energy agreements in the United States. The agreement will help meet the growing electricity needs of the Phoenix metropolitan area while supporting reliability, affordability and sustainability objectives.

SRP will begin receiving 400 MW of wind energy in fall 2026, with the allocation increasing to 600 MW by summer 2027. The agreement will more than triple the amount of wind energy serving SRP customers and further diversify the company's energy portfolio.

SunZia includes 3,650 MW of wind generation supported by a 550-mile transmission line that delivers renewable energy across the Southwest. The project supports SRP's long-term plan to expand generation capacity through a mix of renewable energy, battery storage and traditional generation resources.

Long-duration energy storage pilot

SRP and Energy Dome announced plans to develop a 19 MW, 10-hour carbon dioxide-based battery system at Coronado Generating Station in St. Johns. The project, expected to come online in 2029, will store enough energy to power approximately 4,275 homes for up to 10 hours and will help evaluate an emerging long-duration energy storage technology in Arizona.

The project is part of SRP's collaboration with Google to accelerate deployment of non-lithium-ion energy storage technologies. Energy Dome's system stores energy by compressing and storing carbon dioxide, then generates electricity by expanding the CO_2 through a turbine when power is needed.

As SRP works to at least double generation resources by 2035 to meet growing energy demand, the project will help assess the potential role of long-duration energy storage in supporting reliable, affordable and sustainable energy for customers.

Advancing Arizona's energy future

SRP continued its partnership with Arizona Public Service (APS) and Tucson Electric Power (TEP) to explore new nuclear generation opportunities for Arizona. During the quarter, the three utilities launched a preliminary siting study to evaluate potential locations for future nuclear development and support the state's long-term energy needs.

The study uses a phased screening process to identify potential sites, including former coal generation locations, and will include stakeholder engagement and community outreach. The effort comes as Arizona utilities continue to experience strong demand growth driven by population increases and economic development.

While no decision has been made to build a new nuclear facility and no technology has been selected, the study represents an important step in evaluating future generation options that could provide reliable, carbon-free energy for decades to come.

New innovation helps protect our water and power resources

SRP and Northern Arizona University launched a pilot project to deploy advanced fuel moisture sensor technology in the Tonto National Forest. The project is the first utility installation of its kind in the United States and is designed to improve wildfire monitoring and risk assessment within SRP's watershed and transmission corridors.

The project supports efforts to safeguard watershed health, reduce wildfire impacts on water supplies and strengthen the reliability of critical transmission and telecommunications infrastructure located in forested areas.

Approximately 200 wireless sensors will be installed at six locations to provide continuous, real-time monitoring of fuel and soil moisture conditions. Traditionally, these measurements require manual field sampling, making data collection more labor intensive and less frequent.

FINANCIAL RESULTS

Operating revenues were $1.6 billion for the first quarter of fiscal year 2027 (FY27) compared to $1.5 billion for the first quarter of fiscal year 2026 (FY26). In the first quarter of FY27, retail electric revenues increased $94.6 million, or 7.2%, primarily driven by increased commercial customer sales and Board-authorized rate increases effective November 2025. During the same period, other electric revenue increased $18.0 million, or 77.4%, while wholesale revenues decreased $17.8 million, or 17.2%, to $85.6 million. Wholesale revenues for the first quarter of FY27 included a fair value loss of $0.7 million compared to a $3.2 million fair value gain for the same period in FY26. Excluding the fair value adjustments, wholesale revenues would have been $86.3 million and $100.2 million in the first quarters of FY27 and FY26, respectively, reflecting a decrease of $13.9 million, or 13.9%. The total number of customers as of July 31, 2026, was 1,201,604, an increase of 1.3% from July 31, 2025.

Operating expenses were $0.9 billion for the first quarter of FY27 compared to $1.1 billion for the same period in FY26, reflecting a decrease of $146.0 million, or 13.8%. Fuel used in electric generation and power purchased include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value gain of $195.5 million and fair value loss of $5.9 million in the first quarters of FY27 and FY26, respectively, total operating expenses would have increased $55.3 million, or 5.3%, primarily due to increased power-purchase costs and operation and maintenance expenses.

Investment income (loss), net, was a net loss of $38.7 million for the first quarter of FY27 compared to net income of $126.5 million for the same period in FY26. Investment income (loss), net, includes a fair value loss of $48.8 million and a fair value gain of $112.9 million in the first quarters of FY27 and FY26, respectively.

Net financing costs were $55.3 million and $49.2 million for the first quarters of FY27 and FY26, respectively. The increase is primarily due to interest expense related to new revenue bonds issued within the last year.

Net revenues for the first quarters of FY27 and FY26 were $550.9 million and $482.0 million, respectively. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and investment income (loss), net, net revenues would have been $404.9 million and $371.7 million for the first quarters of FY27 and FY26, respectively.

SRP: WATER AND POWER SUPPLIER TO THE VALLEY

SRP provides reliable, affordable water and power to more than 2 million people living in central Arizona. SRP has operated for more than a century and has helped the Phoenix metropolitan area, known as the Valley, develop into one of the nation's most vibrant regions.

SRP comprises two entities: the Salt River Project Agricultural Improvement and Power District and the Salt River Valley Water Users' Association. As a community-based organization, SRP acts in the best interest of the people it serves and strives to help build a better future for Arizona.

Service Area

Water: 375 square miles
Watershed: 13,000 square miles
Power: 2,900 square miles

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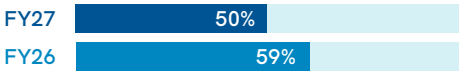
Water Highlights

Water Deliveries (acre-feet)



3 months ended July 31

Water in Storage (capacity)



As of July 31

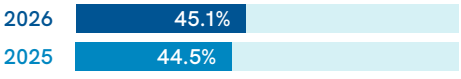
Financial Highlights

Debt Service Coverage



12 months ended July 31

Debt Ratio



As of July 31

Total Sales (kWh)



3 months ended July 31

SRP Combined Balance Sheets

As of July 31	(In Thousands – Unaudited)	
ASSETS	**FY27**	**FY26**
Utility Plant, at Original Cost	**$23,860,611**	$22,504,448
Less: Accumulated Depreciation	**11,615,543**	11,106,893
	12,245,068	11,397,555
Other Property and Investments	**2,910,819**	2,880,122
CURRENT ASSETS		
Cash and Cash Equivalents	**432,712**	346,362
Temporary Investments	**145,189**	130,501
Current Portion, Segregated Funds	**118,968**	101,042
Receivables, Net	**787,627**	685,039
Fuel Stocks	**156,339**	139,725
Materials and Supplies	**664,734**	563,097
Current Commodity Derivative Assets	**1,580**	1,384
Other	**87,444**	70,306
	2,394,593	2,037,456
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	**672,129**	**274,539**
Regulatory Assets	**308,892**	473,526
Non-Current Commodity Derivative Assets	-	156
Other Deferred Charges and Other Assets	**262,922**	199,207
	1,243,943	947,428
TOTAL ASSETS	$18,794,423	$17,262,561

As of July 31	(In Thousands – Unaudited)	
CAPITALIZATION & LIABILITIES	**FY27**	**FY26**
CAPITALIZATION		
Accumulated Net Revenues	**$7,993,940**	$7,494,109
Long-Term Debt	**6,565,908**	5,997,566
	14,559,848	13,491,675
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	**157,960**	152,785
Accounts Payable	**275,555**	324,985
Accrued Taxes and Tax Equivalents	**113,066**	117,471
Accrued Interest	**28,499**	27,057
Customers' Deposits	**176,372**	162,579
Current Commodity Derivative Liabilities	**39,502**	67,375
Other	**336,175**	335,497
	1,127,129	1,187,749
DEFERRED CREDITS		
Accrued Post-Retirement Liability	**932,759**	756,974
Regulatory Liabilities	**1,146,794**	891,468
Asset Retirement Obligations	**631,138**	595,371
Non-Current Commodity Derivative Liabilities	**131,162**	68,238
Other Deferred Credits and Other Non-Current Liabilities	**265,593**	271,086
	3,107,446	2,583,137
TOTAL CAPITALIZATION & LIABILITIES	$18,794,423	$17,262,561

These unaudited financial statements should be read in conjunction with the 2026 Notes to Combined Financial Statements.

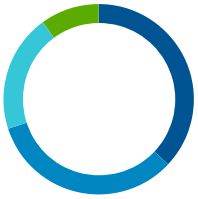
SRP Combined Statements of Net Revenues

(In Thousands – Unaudited)	3 Months Ended July 31	
	FY27	**FY26**
OPERATING REVENUES		
Retail Electric	**$1,415,122**	$1,320,509
Water	**7,500**	6,927
Wholesale	**85,647**	103,438
Other	**41,323**	23,292
Total Operating Revenues*	**1,549,592**	1,454,166
OPERATING EXPENSES		
Power Purchased	**267,424**	233,232
Fuel Used in Electric Generation*	**27,998**	245,271
Operations and Maintenance*	**386,412**	361,413
Depreciation and Amortization	**190,028**	177,528
Taxes and Tax Equivalents	**41,747**	42,178
Total Operating Expenses	**913,609**	1,059,622
Net Operating Revenues	**635,983**	394,544
OTHER INCOME		
Investment Income (Loss), Net	**(38,711)**	126,484
Other Income (Loss), Net	**9,012**	10,124
Total Other Income (Loss), Net	**(29,699)**	136,608
Net Revenues (Expenses) before Financing Costs	**606,284**	531,152
FINANCING COSTS		
Interest on Bonds	**73,601**	66,130
Capitalized Interest	**(7,434)**	(6,762)
Amortization of Bond Discount/Premium and Issuance Expenses	**(12,162)**	(12,749)
Interest on Other Obligations	**1,340**	2,539
Net Financing Costs	**55,345**	49,158
NET REVENUES	**$550,939**	$481,994

These unaudited financial statements should be read in conjunction with the 2026 Notes to Combined Financial Statements. *Intercompany transactions eliminated.

TOTAL SALES — FIRST QUARTER FY27

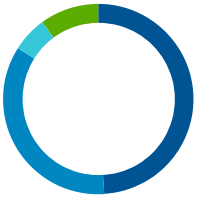
(Percent by kWh; three months ended July 31)



RESIDENTIAL **37%**
COMMERCIAL **33%**
WHOLESALE **20%**
LARGE INDUSTRIAL/MINES/OTHER **10%**

ELECTRIC OPERATING REVENUES — FIRST QUARTER FY27

(Percent by service class; three months ended July 31)



RESIDENTIAL **49%**
COMMERCIAL **35%**
WHOLESALE **6%**
LARGE INDUSTRIAL/MINES/OTHER **10%**