




Delivering water and power®

SECOND-QUARTER REPORT
AUGUST 1, 2024-OCTOBER 31, 2024
FISCAL YEAR 2025

Message from the President and the General Manager & CEO


David Rousseau
PRESIDENT


Jim Pratt
GENERAL MANAGER & CEO

NEWS AND ACHIEVEMENTS

SRP sets new peak energy demand record

As the Valley endured another historically hot summer, SRP again set a record for the amount of energy delivered to customers. On Sunday, Aug. 4, between 5 and 6 p.m., SRP delivered its highest system peak of 8,219 megawatts (MW). One megawatt is enough energy to power about 225 average-size homes. This surpasses the previous system peak record of 8,163 MW set on July 18, 2023.

Strong customer demand is the result of several factors, including extreme daytime temperatures, higher overnight temperatures and an increase in the number of SRP commercial and residential electric customers. The high temperature recorded on Aug. 4 was 116 degrees.

SRP is prepared for such challenges and continued to deliver industry-leading reliability despite the record-high temperatures over an extended period.

SRP continues grid transformation

SRP added a significant number of renewable resources to our system this summer, including solar, wind and battery storage.

The company joined with Ørsted, a leading U.S. renewable energy company, to bring online the Eleven Mile Solar Center, a 300 MW solar project and a 300 MW/1,200 megawatt-hour (MWh) battery energy storage system (BESS) in Pinal County. The project is SRP's largest colocated solar and BESS project, providing power to businesses, homes and Meta's data

center in Mesa. The Eleven Mile Solar Center has the capacity to produce enough energy to power 65,000 homes and store 1,200 MWh of power each day.

SRP also partnered with NextEra Energy Resources LLC, the Arizona State Land Department and Babbitt Ranches to launch Babbitt Ranch Energy Center, a 161 MW wind project located on Babbitt Ranches' property in Coconino County, north of Flagstaff.

Babbitt Ranch Energy Center will play an important role in decarbonizing SRP's energy portfolio while the company works to meet the energy needs of one of the fastest-growing areas of the nation. The wind energy generated by the project will complement SRP's solar resources by providing energy during evening and nighttime hours when solar energy is not available.

With the addition of Eleven Mile and Babbitt Ranch, SRP has nearly 3,000 MW of carbon-free energy — including more than 1,400 MW of solar — serving our customers and nearly 1,600 MW of battery and pumped hydro storage supporting the grid. SRP is working to at least double the number of generating resources on the power system in the next 10 years to meet increasing energy demand in the Phoenix metropolitan area and as we move forward with the planned retirement of an additional 1,300 MW of coal resources.

Resilient water and forest initiative

The SRP Resilient Water and Forest Initiative™ is dedicated to reducing the risk of catastrophic wildfires

in Arizona forests located in critical watershed areas. Bottler Swire Coca-Cola and The Coca-Cola Company announced a \$202,500 contribution to support the initiative's restoration of forests over the next two years, helping strengthen a critical water supply for central Arizona communities, including the town of Payson and the Phoenix metropolitan area. This investment includes thinning overgrown areas in the Tonto National Forest that feed into Tonto Creek, which flows into Roosevelt Lake. Roosevelt is the largest of SRP's reservoirs and stores up to 1.6 million acre-feet of water.

Since it began in 2019, the initiative has generated more than \$5 million to help restore more than 40,000 acres.

Supporting sustainable cities

SRP is committed to sustainability and created the Sustainable Cities Program to recognize the efforts of local municipalities to adopt and champion sustainable practices and policies. The program provides a structure to assist cities in understanding and demonstrating their sustainability efforts to ensure future competitiveness in the national market.

SRP recently recognized Avondale and Scottsdale as SRP Sustainable Cities for their commitment to sustainable growth while supporting SRP's environmental policies and goals. Both cities earned the highest Platinum designation for their sustainability-focused assets and programs.

Avondale's efforts that helped the city earn a Platinum designation include the Avondale Community Sustainability Plan and Municipal Sustainability Plan. Scottsdale's programs include its Sustainable Scottsdale Award Program, which awards Scottsdale organizations spearheading significant environmental advancement.

This is the second year of the Sustainable Cities Program, managed by the SRP Economic Development team and Boyette Strategic Advisors, an economic development consulting firm. SRP was recently named a 2024 Top Utility in Economic Development by Site Selection magazine for its program offerings to community partners.

Mesa, Phoenix and Tempe completed the Sustainable Cities Program last year.

EV adoption surpasses expectations

SRP reached another milestone in the rapidly growing number of electric vehicles (EVs) on Valley roads. More than 53,500 EVs were purchased or leased in our service territory by April 30, surpassing the target of 50,000 by that date.

This achievement reflects a rapidly growing interest in EVs across the Valley as more consumers turn to clean energy solutions for transportation. It also indicates a shift in how people think about transportation, with EVs being recognized as not just a smart environmental choice but also a smart financial one.

SRP is committed to supporting the adoption of 1 million electric vehicles in our service area by 2035.

FINANCIAL RESULTS

Operating revenues were \$1.4 billion for the second quarter of fiscal year 2025 (FY25) and \$1.3 billion for the second quarter of fiscal year 2024 (FY24). In the second quarter of FY25, retail electric revenues increased \$160.4 million, or 14.9%, to \$1.2 billion, primarily due to customer growth and an increase in Fuel and Purchased Power Adjustment Mechanism (FPPAM) prices as well as more extreme weather during certain months of Q2 2025. Additionally, wholesale revenues increased \$16.9 million, or 10.7%, to \$175.2 million. Wholesale revenues for the second quarter of FY25 included a fair value gain of \$16.5 million compared to a \$10.0 million fair value gain for the same period in FY24. Excluding the fair value adjustments, wholesale revenues would have been \$158.6 million and \$148.3 million in the second quarters of FY25 and FY24, respectively, an increase of \$10.4 million, or 7.0%, primarily due to higher sales volume driven by regional demand. The total number of customers as of Oct. 31, 2024, was 1,174,320, an increase of 2.3% from Oct. 31, 2023.

Operating expenses were \$987.3 million for the second quarter of FY25 and \$976.3 million for the same period in FY24, an increase of \$11.0 million, or 1.1%. Fuel used in electric generation and power purchased include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value gains of \$10.2 million and \$20.9 million in the second quarters of FY25 and FY24, respectively, these expenses would have increased \$0.2 million.

Investment income (loss), net was income of \$41.0 million for the second quarter of FY25 compared to a loss of \$13.7 million for the same period in FY24. Investment income (loss), net includes fair value gains of \$23.3 million and fair value losses of \$35.8 million in the second quarters of FY25 and FY24, respectively.

Net financing costs were \$44.7 million and \$37.1 million for the second quarters of FY25 and FY24, respectively. The increase is primarily due to issuance of new revenue bonds.

Net revenues for the second quarter of FY25 were \$448.5 million, compared with net revenues of \$236.3 million for the second quarter of FY24. 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 \$398.5 million and \$241.2 million for the second quarters of FY25 and FY24, 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

SRP Corporate Offices

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Financial Inquiries

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Controller and Senior Director

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Water Highlights

Water Deliveries (acre-feet)

FY25 **474,809**

FY24 **471,381**

6 months ended Oct. 31

Water in Storage (capacity)

FY25 **74%**

FY24 **82%**

As of Oct. 31

Financial Highlights

Debt Service Coverage

2024 **4.66**

2023 **3.41**

12 months ended Oct. 31

Debt Ratio

2024 **46%**

2023 **42.6%**

As of Oct. 31

Total Sales (kWh)

FY25 **113,371,537**

FY24 **12,099,847**

3 months ended Oct. 31

SRP Combined Balance Sheets

As of October 31 (In Thousands - Unaudited)

ASSETS	FY25	FY24
Utility Plant, at Original Cost	\$21,359,784	\$20,025,278
Less: Accumulated Depreciation	10,797,888	10,392,400
	10,561,896	9,632,878
Other Property and Investments	2,933,989	2,176,934
CURRENT ASSETS		
Cash and Cash Equivalents	1,181,690	407,100
Temporary Investments	122,006	166,855
Current Portion, Segregated Funds	179,362	165,350
Receivables, Net	547,145	500,241
Fuel Stocks	127,804	129,109
Materials and Supplies	507,642	385,068
Current Commodity Derivative Assets	19,151	5,297
Other	66,628	48,509
	2,751,428	1,807,529
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	271,989	-
Regulatory Assets	297,567	582,626
Non-Current Commodity Derivative Assets	-	38,277
Other Deferred Charges and Other Assets	125,628	19,1621
	695,184	812,524
TOTAL ASSETS	\$16,942,497	\$14,429,865

As of October 31 (In Thousands - Unaudited)

CAPITALIZATION & LIABILITIES	FY25	FY24
CAPITALIZATION		
Accumulated Net Revenues	\$7,327,994	\$6,638,424
Long-Term Debt	6,238,382	4,927,940
	13,566,376	11,566,364
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	118,780	113,930
Accounts Payable	318,847	239,422
Accrued Taxes and Tax Equivalents	75,718	130,328
Accrued Interest	84,743	73,285
Customers' Deposits	159,925	145,353
Current Commodity Derivative Liabilities	94,917	23,347
Other	235,974	231,931
	1,088,904	957,596
DEFERRED CREDITS		
Accrued Post-Retirement Liability	648,219	719,820
Asset Retirement Obligations	552,143	382,640
Non-Current Commodity Derivative Liabilities	90,363	7,874
Other Deferred Credits and Other Non-Current Liabilities	996,492	795,571
	2,287,217	1,905,905
TOTAL CAPITALIZATION & LIABILITIES	\$16,942,497	\$14,429,865

These unaudited financial statements should be read in conjunction with the 2024 Notes to Combined Financial Statements.

SRP Combined Statements of Net Revenues

(In Thousands - Unaudited)

3 Months Ended Oct. 31

	FY25	FY24
OPERATING REVENUES		
Retail Electric	\$1,240,206	\$1,079,813
Water	5,391	4,333
Wholesale	175,181	158,244
Other	18,657	20,987
Total Operating Revenues*	1,439,435	1,263,377
OPERATING EXPENSES		
Power Purchased	209,151	213,482
Fuel Used in Electric Generation*	230,751	252,931
Operations and Maintenance*	349,316	324,042
Depreciation and Amortization	164,397	153,093
Taxes and Tax Equivalents	33,636	32,702
Total Operating Expenses	987,251	976,250
Net Operating Revenues	452,184	287,127
OTHER INCOME		
Investment Income, Net	35,898	(28,079)
Other Income, Net	5,148	14,388
Total Other Income, Net	41,046	(13,691)
Net Revenues (Expenses) before Financing Costs	493,230	273,436
FINANCING COSTS		
Interest on Bonds	57,963	48,882
Capitalized Interest	(8,261)	(6,118)
Amortization of Bond Discount/Premium and Issuance Expenses	(11,140)	(11,512)
Interest on Other Obligations	6,141	5,838
Net Financing Costs	44,703	37,090
NET REVENUES	\$448,527	\$236,346

These unaudited financial statements should be read in conjunction with the 2024 Notes to Combined Financial Statements. *Intercompany transactions eliminated.

TOTAL SALES - SECOND QUARTER FY25

(Percent by kWh; three months ended Oct. 31)



RESIDENTIAL	38%
COMMERCIAL	30%
WHOLESALE	24%
LARGE INDUSTRIAL/MINES/OTHER	8%

ELECTRIC OPERATING REVENUES - SECOND QUARTER FY25

(Percent by service class; three months ended Oct. 31)



RESIDENTIAL	48%
COMMERCIAL	31%
WHOLESALE	12%
LARGE INDUSTRIAL/MINES/OTHER	9%