

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

**CUSTOMER UTILITY PANEL
Thursday, January 30, 2025, 9:30 AM**

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

Members: Michael Hutchinson, Chair; Alton Washington, Vice Chair; and Tom Burris, Orlando Cazarez, Jesse Gage, Julie Graham, Joan Krueger, Bryant Powell, Mary Ann Przybylski, Jay Schlum, Mark Schnepf, Scott Stilgenbauer, Haylie Studebaker, and Mari Westerhausen

Roll Call
Safety Minute
Sustainability Minute

- 1. Request for Approval of the Minutes for the Meeting of October 31, 2024
..... CHAIR MICHAEL HUTCHINSON
- 2. President’s Office Update VICE PRESIDENT CHRIS DOBSON
- 3. Selection of CUP Chair and Vice Chair for Calendar Year 2025
..... CHAIR MICHAEL HUTCHINSON
- 4. Annual Legal Update SARAH GLOVER
- 5. SRP’s Base Price Adjustment Process and Customer Communications Strategy Feedback JOHN TUCKER

Informational presentation regarding SRP’s base price adjustment process and customer communications strategy feedback.
- 6. Financial Plan 2026 (FP26) Load Forecast..... MARIA NAFF

Informational presentation regarding the FP26 Load Forecast, which will be the baseline for the Phase 2 Resource and Financial Plans covering Fiscal Year 2026 and beyond.
- 7. CUP Member Update..... CHAIR MICHAEL HUTCHINSON
- 8. Report on Current Events by the General Manager and Chief Executive Officer or Designees..... JIM PRATT
- 9. Future Agenda Topics..... CHAIR MICHAEL HUTCHINSON

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 CUSTOMER UTILITY PANEL MEETING IS
SCHEDULED FOR THURSDAY, MAY 1, 2025**

**SAFETY MINUTE: AZ WINTER DRIVING
SRP CUSTOMER UTILITY PANEL**

**SARA MCCOY
DIRECTOR, RISK MANAGEMENT
JANUARY 30, 2025**



Delivering water and power™

SAFE DRIVING IN THE AZ WINTER



Weather Conditions

- Be prepared for expected and unexpected weather – snow, rain, sunny, dark

Vehicle Conditions

- Have a well-maintained vehicle with proper equipment, enough fuel, and an emergency kit

Traffic Conditions

- Be ready for unexpected road changes such as construction or new roundabouts (AZ511)
- Watch for the unexpected – emergency vehicles, pedestrians, bright roadside lights/decorations
- Remain calm in heavy traffic or around drivers unfamiliar with the area
- If you are unfamiliar with the area - use navigators, check maps in advance, avoid sudden moves



Sustainability Minute

Sustainability Practices at Home

Customer Utility Panel

Jay Guerrero | Jan 30, 2025

Sustainability Practices at Home

1. Avoid Disposable Items

Disposable items, while convenient, are terrible for the environment.

2. Reduce Your Food Waste

Check the contents of your refrigerator and pantry before you shop. Make a grocery list and stick to it.

3. Buy Products with Less Packaging

About 40 percent of all plastic produced is packaging, [according to National Geographic](#).

4. Recycle Properly

Recycling prevents pollution, saves energy and helps in the conservation of valuable resources.

5. Shop Local and Support Small Businesses

From putting money back into your community to helping create jobs, there are plenty of reasons to shop local.

6. Reduce Your Energy Use

Reducing your home energy use not only lowers your utility bill, but it also benefits the environment. Replace old appliances with energy-efficient models. Unplug your devices when not in use. Replace your light bulbs with energy-efficient LEDs. Wash your clothes in cold water - ***It's better for your clothes, anyway!***





MINUTES
CUSTOMER UTILITY PANEL
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
DRAFT

October 31, 2024

A meeting of the Customer Utility Panel (CUP) of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Thursday, October 31, 2024, 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.

CUP Members present at roll call were M.T. Hutchinson, Chair; A.J. Washington, Vice Chair; and C.S. Clark, R.D. Coleman, C.M. Ellis, J.A. Graham, A. Koester Thomas, M.A. Nevitt Sr., B.F. Powell, M.A. Przybylski, J. Schlum, S. Stilgenbauer, and M. Westerhausen.

Also present were Vice President C.J. Dobson; Board Liaison P.E. Rovey; Council Chairman J.R. Shelton; Council Liaison J.L. Miller; Council Members E.L. Gorsegner, B.E. Paceley, and C. Resch-Geretti; and I.R. Avalos, M.J. Burger, H.B. Cruz, A.C. Davis, J.M. Felty, M.K. Greene, D.J. Jackson, R.T. Judd, V.P. Kisicki, K.J. Lee, S.C. McCoy, L.A. Meyers, K.T. Moran, M.J. O'Connor, B.A. Olsen, J.M. Pratt, C.M. Sifuentes, R.R. Taylor, and J.C. 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 CUP meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, October 29, 2024.

Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, provided a safety minute regarding Halloween hazards, including watching out for pedestrians, heat precautions, and holiday excitement.

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.

Sustainability Minute

Using a PowerPoint presentation, Karla T. Moran, SRP Senior Manager of Economic Development, provided a sustainability minute regarding sustainable Halloween ideas.

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.

Approval of Minutes

On a motion duly made by CUP Member Vice Chair A.J. Washington, and seconded by CUP Member R.D. Coleman, the CUP approved the minutes for the meeting of August 29, 2024, as presented.

Corporate Secretary J.M. Felty polled the CUP Members on CUP Member Vice Chair A.J. Washington motion to approve the minutes for the meeting of August 29, 2024. The vote was recorded as follows:

YES:	CUP Members M.T. Hutchinson, Chair; A.J. Washington, Vice Chair; and C.S. Clark, R.D. Coleman, C.M. Ellis, J.A. Graham, A. Koester Thomas, M.A. Nevitt Sr., B.F. Powell, M.A. Przybylski, J. Schlum, S. Stilgenbauer, and M. Westerhausen	(13)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

President's Office Update

Vice President C.J. Dobson provided a President's Office update.

Economic Development Activity in the East Valley

Using a PowerPoint presentation, K.T. Moran stated that the purpose of the presentation was to provide information regarding economic development activity in the east valley and implications for providing reliable, affordable, and sustainable power to existing and new SRP customers. They provided an overview of SRP's economic development team members.

K.T. Moran explained that the purpose of the SRP economic development team is to provide a service to support sustainable economic prosperity in the Valley and in partner communities. They highlighted its vision as follows: "Measurable, best-in-class utility economic development activity benefits SRP communities and all SRP customers."

K.T. Moran said that in August 2024, SRP launched an updated economic development website: PowertoGrowPHX.com. They reviewed the initiatives being implemented to attract businesses, retain and expand businesses, develop community relationships, support entrepreneurs, market, and develop sites.

K.T. Moran detailed SRP's ongoing efforts in the following areas: 1) community development programs; 2) coal community transition support; 3) team recognitions; 4) state, regional, and local partners; 5) industry involvement; and 6) strategic economic

development target areas. They reviewed the results for SRP's economic investments by industry sector for Fiscal Year 2024 (FY24) as it relates to operation types, number of projects, jobs created, and funds invested.

K.T. Moran concluded with a discussion regarding the impact of pipeline companies with utilities, SRP's progress in attracting business, and an update on data center projects in the SRP service area.

K.T. Moran responded to questions from the CUP.

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.

Pricing and SRP's Fuel and Purchased Power Adjustment Mechanism (FPPAM) Process

Using a PowerPoint presentation, Brian J. Koch, SRP Associate General Manager and Chief Financial Executive, stated that the purpose of the presentation was to provide information regarding a recap of SRP's FPPAM process that resulted in SRP's Board of Directors approving an overall increase of 3.9%, effective November 1, 2024.

Update on Borrowing and Pricing at SRP

B.J. Koch explained that the FPPAM supports SRP's costs to supply power, replace aging infrastructure, build new infrastructure to support customer growth, and implement new programs that have increased and are forecasted to grow. They reminded the CUP that the Board approved a 3.9% increase of the FPPAM to recover appropriate energy costs, and that the Board approved a bond sale for \$791 million in proceeds for SRP.

B.J. Koch said that an upcoming base price process is to be determined. They summarized how the rating agencies, Standard and Poor's (S&P) and Moody's, rate SRP's financials among its peers, and highlighted that SRP's S&P rating is AA+ and that its Moody's rating is Aa1.

B.J. Koch said that managing finances at SRP involves the three following levers: expense management, borrowing activities, and price changes. They explained that the expense management process influences borrowing and/or pricing actions, which can make up for cash shortfalls, and emphasized how the balanced level of debt is vital to keeping debt service manageable at SRP.

Current Financial Environment

B.J. Koch focused on SRP's forecasted historical retail sales, noting that SRP anticipates percentage sales growth over the next five years, comparable to the past 20

years. They explained that the long-term load growth met from renewable, hydro production, and thermal generation is forecasted to decline through FY35.

B.J. Koch presented a chart of capital expenditures and debt ratio from Calendar Year 1973 (CY73) to projected Fiscal Year 2035 (FY35), projecting a level of capital expenditures not seen since the 1970's. They explained that the projected cash inflows needed for the next six years to meet SRP's objectives is \$39 billion of cash inflows in order to meet the \$39 billion outflows of capital expenditures, debt payments, operating expenses, purchased power, and fuel.

Review of FPPAM Approval

B.J. Koch stated that the FPPAM allows SRP to adapt to moving fuel and purchased power expenses and adjust the FPPAM price with the intention of recovering the appropriate costs over time (no more, no less). They summarized the following considerations that contributed to the Board's recent approval: 1) addresses the substantial 3-year under-collection balance; 2) maintains the financial plan and budget metrics to reduce debt and borrowing costs; 3) is responsive to credit rating agency concerns; and 4) keeps SRP's prices among the lowest quartile in the region.

B.J. Koch broke down the cost of an average monthly bill for a residential customer. They concluded with a breakdown of the recommended FPPAM adjustment impacts to the average annual bill for different customer classes during summer/summer peak and winter months.

B.J. Koch responded to questions from the CUP.

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.

S.C. McCoy and L.A. Meyers of SRP left the meeting during the presentation.

Update on the Arizona Corporation Commission's (ACC) Authorization of SRP's Issuance of Revenue Bonds and Recent Bond Sale

B.J. Koch stated that the purpose of the presentation was to provide information regarding the ACC's authorization of SRP's issuance of up to \$7 billion in tax-exempt revenue bonds to help finance new projects to support reliable, affordable, sustainable power, and support SRP in achieving its corporate objective. They provided an overview of the bond sale's approved parameters, its final execution, and revenue sale results.

B.J. Koch concluded with a review of the debt service after the 2024 series bond sale and reiterated SRP's credit ratings.

B.J. Koch responded to questions from the CUP.

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.

Potential Base Price Process

Using a PowerPoint presentation, B.J. Kock stated that the purpose of the presentation was to provide information regarding a potential base price increase and discussion to solicit CUP Member feedback to SRP Management and the Board of Directors. They highlighted the Board's pricing principles as follows: 1) Gradualism – changes should be evolutionary, not revolutionary (avoid large price adjustments); 2) Cost Relation – prices need to reflect the cost of service; 3) Choice – pricing options should be provided to help customers manage their energy costs; 4) Equity – customers should pay their share of the costs we incur on their behalf; and 5) Sufficiency – prices need to maintain SRP's financial health.

B.J. Koch reviewed the price modeling assumptions for the Financial Plan 2025 (FP25), stating that the recent FPPAM increase of 3.9% is consistent with the FP25 and that the current plan calls for two base price increases. They presented an FY25 financial calendar with key dates finalizing the timing subject to financial performance, market conditions, and third-party preferences.

B.J. Koch concluded with a discussion regarding price process specific initial steps and specific board meetings. They responded to questions from the CUP.

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.

CUP Member Update

CUP Chair M.T. Hutchinson presented an update.

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

Jim M. Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of local topics, current peak loads, and provided a water update.

Future Agenda Topics

CUP Chair M.T. Hutchinson asked the CUP if there were any future agenda topics. None were requested.

There being no further business to come before the CUP, the meeting adjourned at 11:33 a.m.

John M. Felty
Corporate Secretary

Legal Update

Sarah Glover | January 30, 2025

Arizona's Open Meeting Law

A.R.S. §§ 38-431 – 431.09

A set of laws that are intended to:

- Maximize public access to the governmental process
- Open deliberations and proceedings to the public
- Prevent public bodies from making decisions in secret

The Open Meeting Law Applies to “Public Bodies”

“Public Bodies” include:

- The District’s Board and Council
- All standing, special, or advisory committees of, or appointed by, the Board or Council, including the Customer Utility Panel (CUP)

What Must the Public Body Do?

- Hold all meetings in public
- Post advance notice of meetings
- Post an agenda with the meeting notice (and stick to it)
- With limited exceptions, allow the public to listen to the proceedings
- Prepare meeting minutes

Definition of “Meeting”

Any gathering:

- in person, or through technological devices
- of a quorum of the members of a public body
- at which they discuss, propose, or take legal action, including any deliberations with respect to that action.

“Legal action” means a collective decision, commitment, or promise made by a public body.

Electronic Communication

The following are “meetings” under the Open Meeting Law:

- one-way electronic communication by one member sent to a quorum of the members of a public body that proposes legal action
- exchange of electronic communications among a quorum of the members that involves a discussion, deliberation or the taking of legal action by the public body concerning a matter likely to come before the public body for action

Serial Communications

- Communications need not be at the same time or in the same manner to result in a “meeting”
- Serial communications (splintering the quorum) may not be used to circumvent public discussion
- Cannot use e-mail or other means of communication among a quorum to:
 - Discuss or deliberate on CUP business
 - Propose or take legal action

Consequences of Violation

- CUP actions can be invalidated
- Penalties for a member who knowingly violates, or knowingly aids in the violation of, the Open Meeting Law:
 - Civil Penalties
 - Removal from office

Arizona's Conflict of Interest Laws

A.R.S. §§ 38-501 - 511

- Public officers must avoid conflicts of interest that might influence or affect their official conduct
- Conflict of interest laws:
 - Prohibit public officers and employees from realizing personal gain at the expense of the public entity or employer
 - Ensure that public officers and employees act in the best interests of the public entity or employer, without consideration of personal benefit
- Laws apply to the CUP, as an advisory commission of the District

General Requirements

- Officers or employees who have, or whose “relatives” have, a “substantial interest” in a transaction or decision of the public agency must:
 - Disclose the interest, and
 - Refrain from voting on or participating in any manner regarding such transaction or decision.
- Disclosure and disqualification generally cures the conflict

“Substantial Interest” Determination

- A substantial interest is any pecuniary (financial) or proprietary (ownership) interest, either direct or indirect, that is not a “remote” interest.
- Remote interests include:
 - Non-salaried officer of a non-profit corporation
 - Insignificant stock ownership (less than 3% of shares & maximum 5% of income)
 - Recipient of public services generally
 - A relative’s employment by an entity with at least 25 employees (with no control or decision-making authority)

“Relatives” Defined

- Spouse, and the parent, sibling, or child of a spouse
- Child
- Grandchild
- Parent
- Grandparent
- Sibling (half or full) and their spouse

Action Required

If a conflict of interest exists, the officer or employee must:

- Disclose the conflict *before* the transaction is initiated
- Refrain from voting, or participating in discussions, on the matter
- Refrain from discussing the transaction or decision with others involved in the decision-making process

Sanctions for Violations

- Criminal penalties:
 - An intentional or knowing violation is a class 6 felony
 - A reckless or negligent violation is a class 1 misdemeanor
- Mandatory forfeiture of public office

Public Records Law

A.R.S. 39-121 et seq.

- Requires public officials to maintain records and make public records open to inspection
- Any document you create related to your position on the CUP could be made public
- Public records include emails, text messages, voicemails, etc.

Questions?



Pricing Process Overview

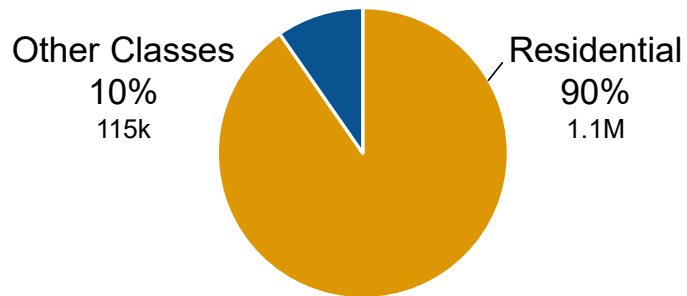
January 30, 2025

Agenda

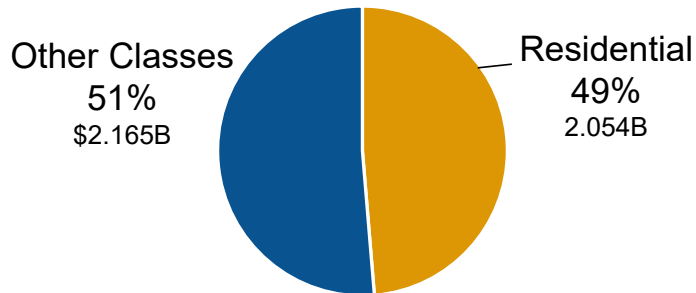
- **Review of customer statistics**
- **Pricing process overview**
- **Price plan design highlights**
- **Calendar**

Annual Revenues & Customer Accounts

No. Of Accounts



Revenue



Data from Financial Plan 2025/Fiscal Year 2026

	No. of Accounts	Revenues
Basic	540,948	\$958M
M-Power	147,840	\$260M
TOU	328,289	\$745M
<u>Solar</u>	<u>56,775</u>	<u>\$91M</u>
Total Residential	1,073,852	\$2.054B
Total Other Classes*	115,117	\$2.165B

*Includes Commercial, Pumping, Lighting, and Large Industrial Classes

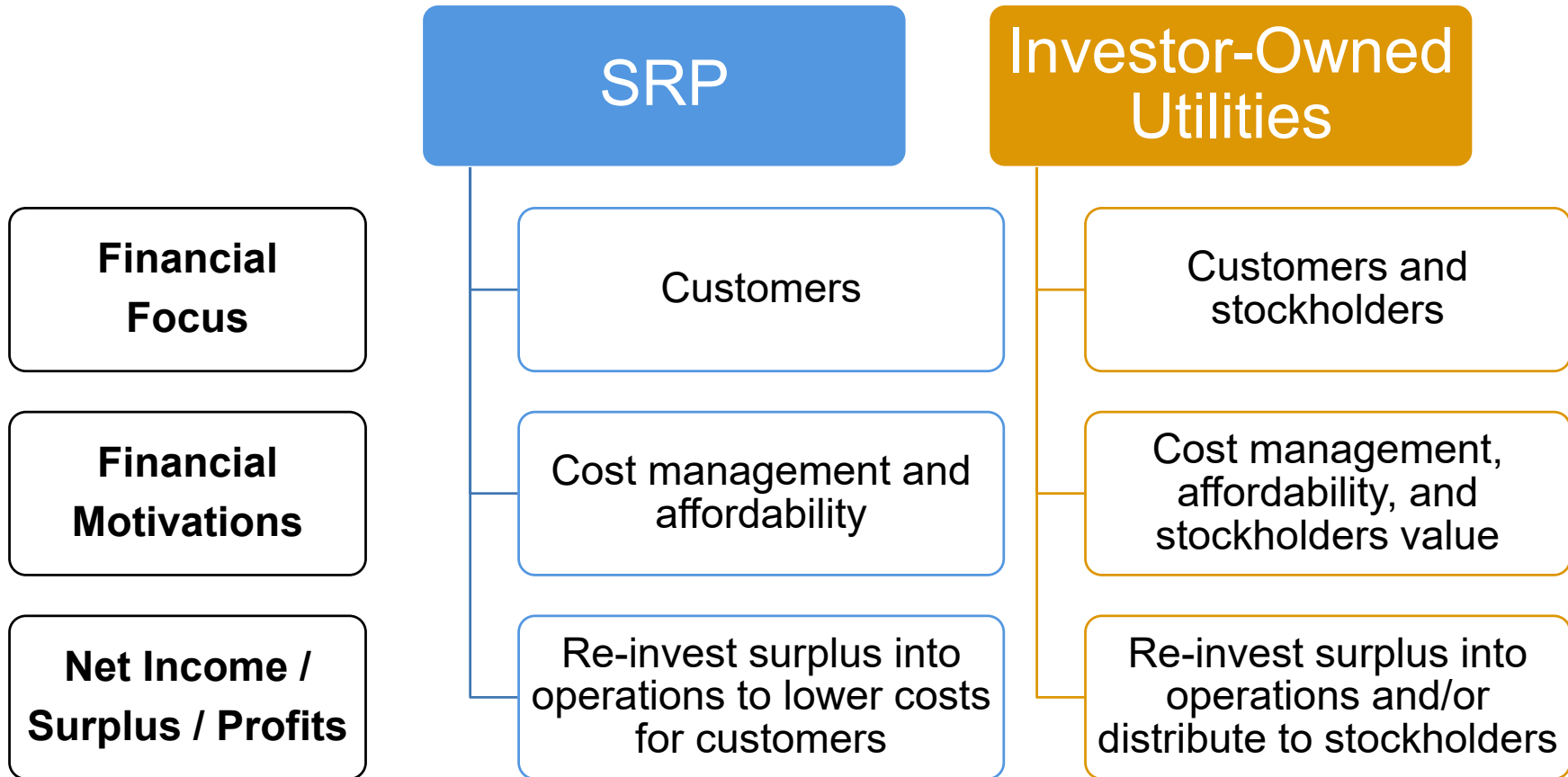
	Economy Price Plan – Current	Economy Price Plan – Proposed
Participants	82k	135k**
Eligible	175k**	275k**

**Estimated

Overview

Financial Drivers for SRP Versus Investor-Owned Utilities

SRP more focused on returning value to customers than investor-owned utilities



Modest Price Increase with Significant Customer Benefits

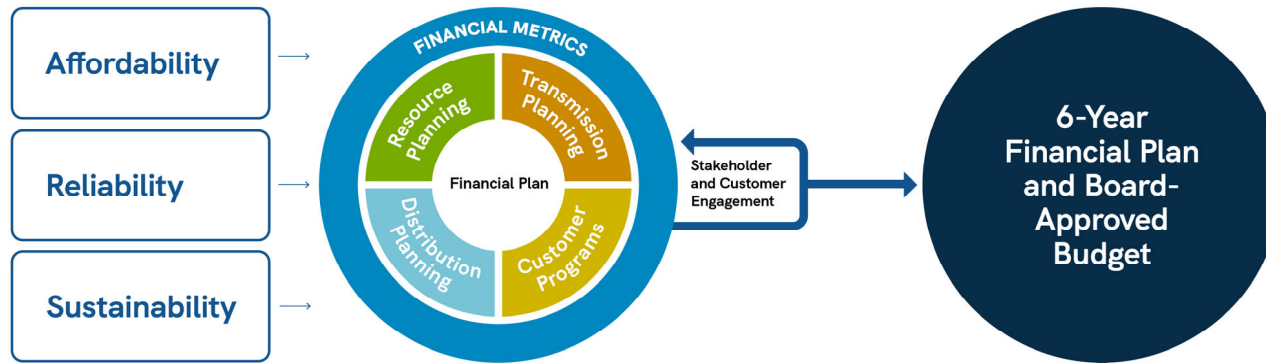
Proposed Price Increase Overview:

- **2.4% Net Increase:** Maintains SRP's financial health, supports investments in the grid.
- **Prices changes below pace of inflation:** Avg annual price increase of 2.3% vs. 3.0% inflation over the past 10 years.
- **Favorable Peer Comparisons:** SRP remains in lowest quartile of peer utility prices.

Customer Benefits:

- **Simplified Residential Portfolio:** Basic, M-Power, plus two time-of-use (TOU) options for all customers, including those w/ solar. Freeze remaining TOU plans with up to four-year transition period.
- **Updated Time-of-Use Hours:** SRP passes the benefits of abundant low-cost, low-carbon utility scale solar and market prices to customers with about 50%+ cheaper energy from 8am to 3pm for all (non-frozen) TOU plans. And align on-peak hours with higher cost periods.
- **Help for Those in Need:** Increased discount and broader eligibility for limited-income customers.
- **Improved Experience for Residential Solar Customers:** Simplified experience for rooftop solar customers without reintroducing cost shifts. Same price plans, Monthly Service Charge, TOU hours, and delivered energy charges as customers without solar, with no additional grid access fees; market-based export rate.
- **Cost Protection for Existing Customers:** Protecting existing customers from costs of new industrial loads by requiring a minimum bill from those customers.
- **Delayed Implementation:** November 2025

PLANNING PROCESSES

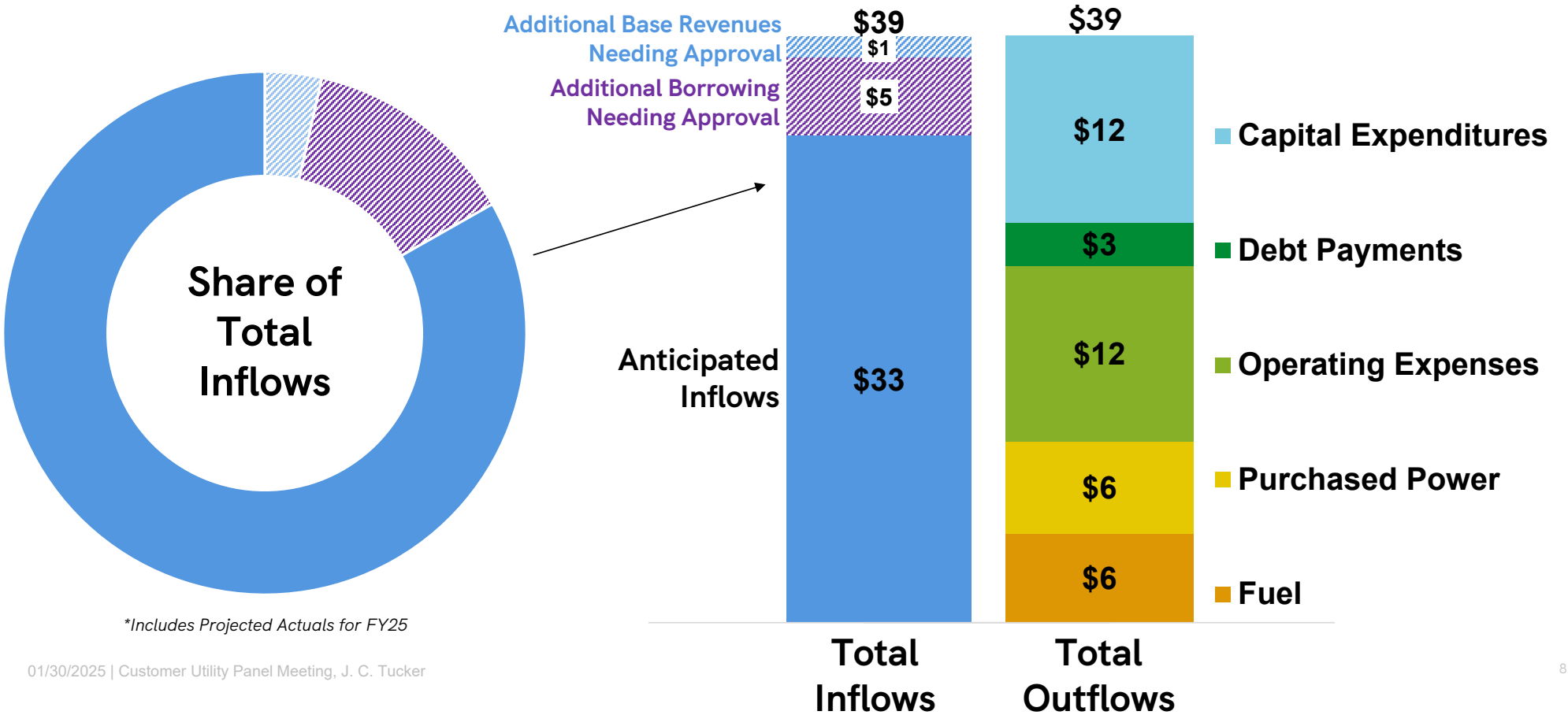


PRICE PROCESS



Revenue Need – Projected FY25-30 Cash Inflows and Outflows* (\$B)

To pay for currently estimated outflows, there are still significant funds that need approval



SRP Board Pricing Principles

These are the pricing principles the Board follows when making pricing decisions

Gradualism

Changes should be evolutionary, not revolutionary (avoid large price adjustments)

Cost Relation

Prices need to reflect the cost of service

Choice

Pricing options should be provided to help customers manage their energy costs

Equity

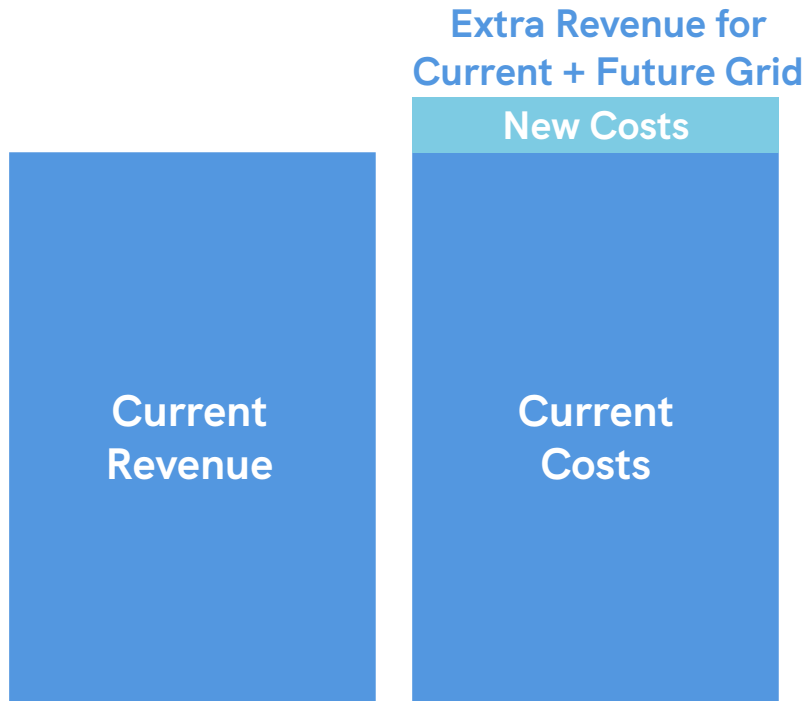
Customers should pay their share of the costs SRP incurs on their behalf

Sufficiency

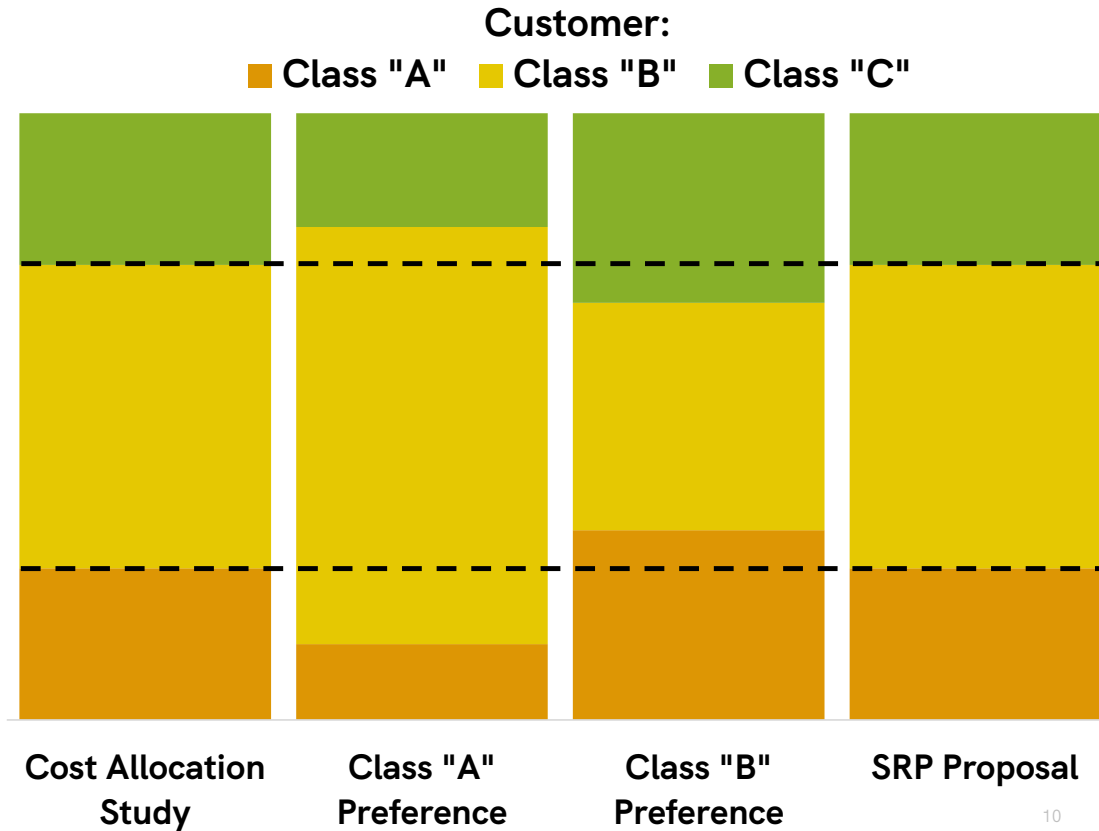
Prices need to maintain SRP's financial health

Pricing Principles and Cost Allocation

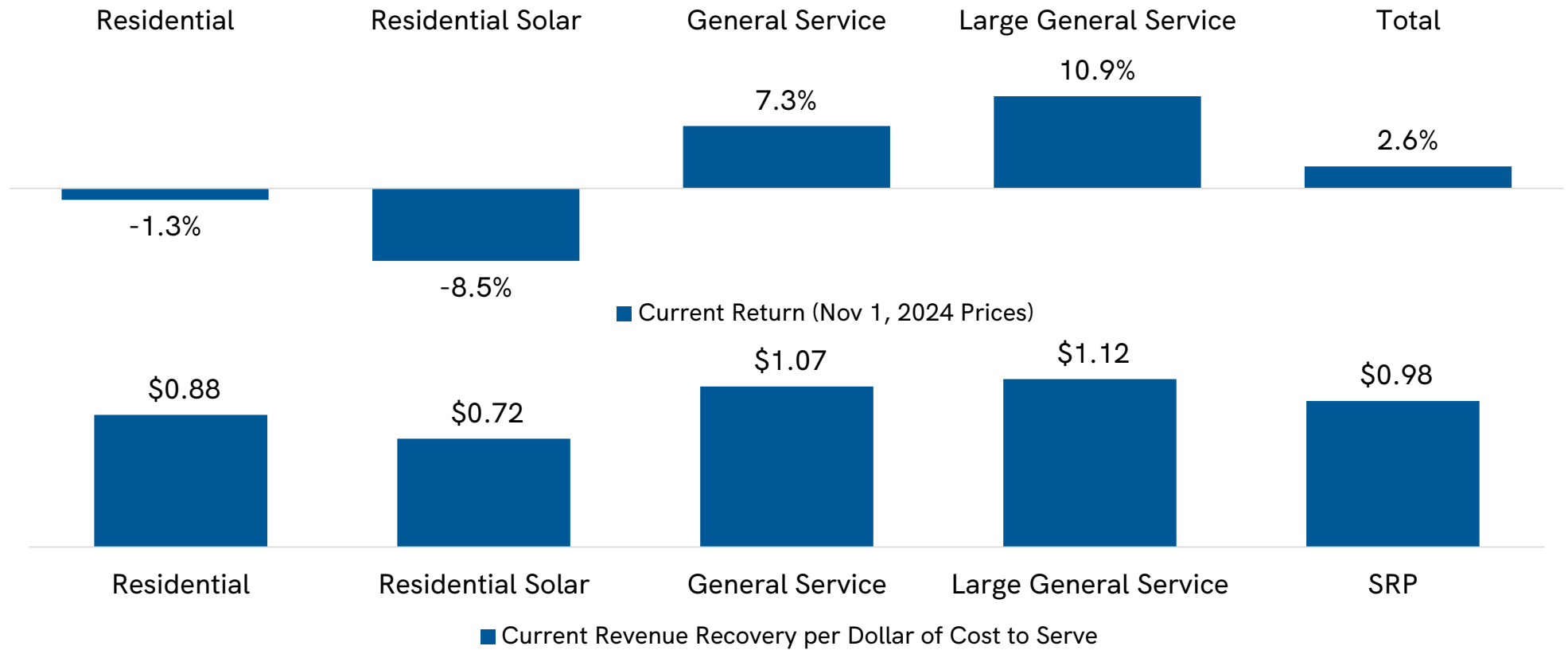
Determine Revenue Requirement



Determine Cost Allocation Across Customers

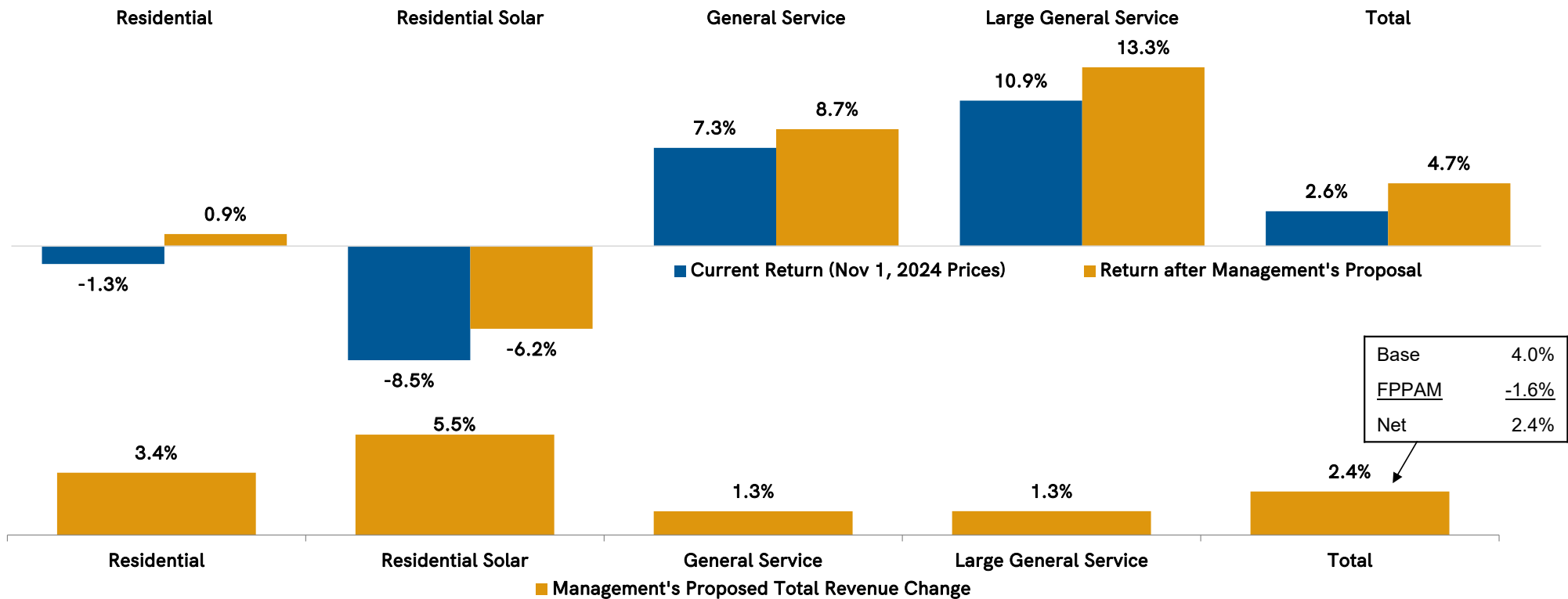


Current Returns and Recovery of Cost to Serve



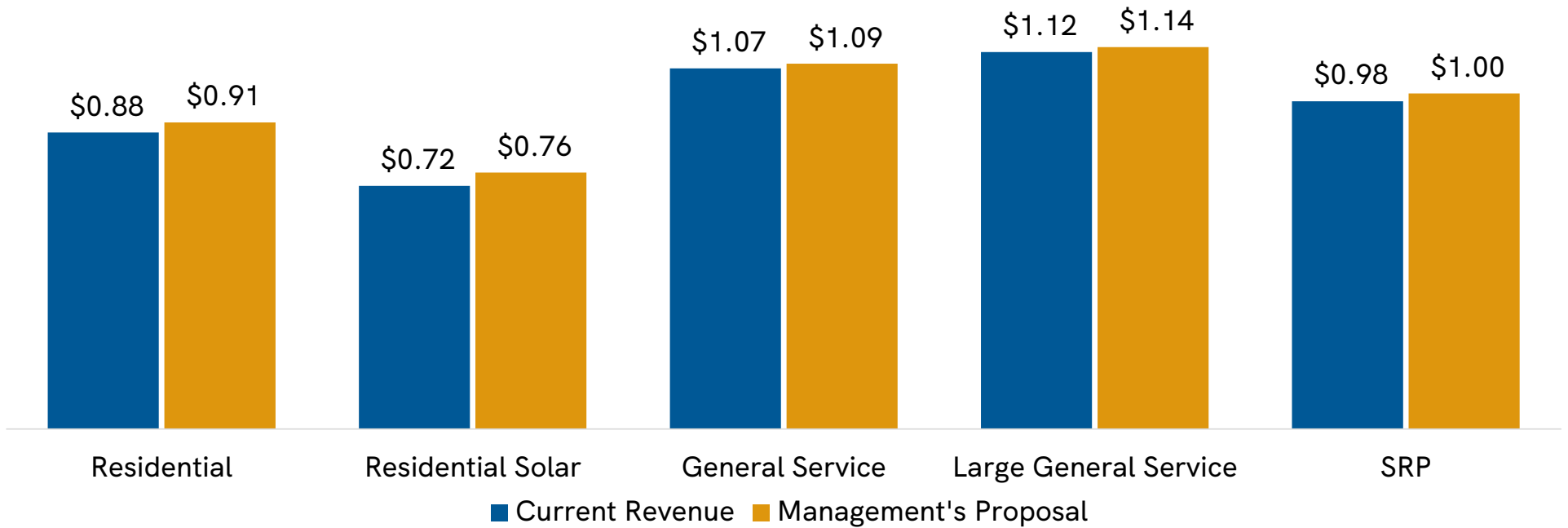
Returns and Proposed Increase by Class

Being mindful of Board Pricing Principles of Gradualism, Cost Relation, Choice, Equity, and Sufficiency



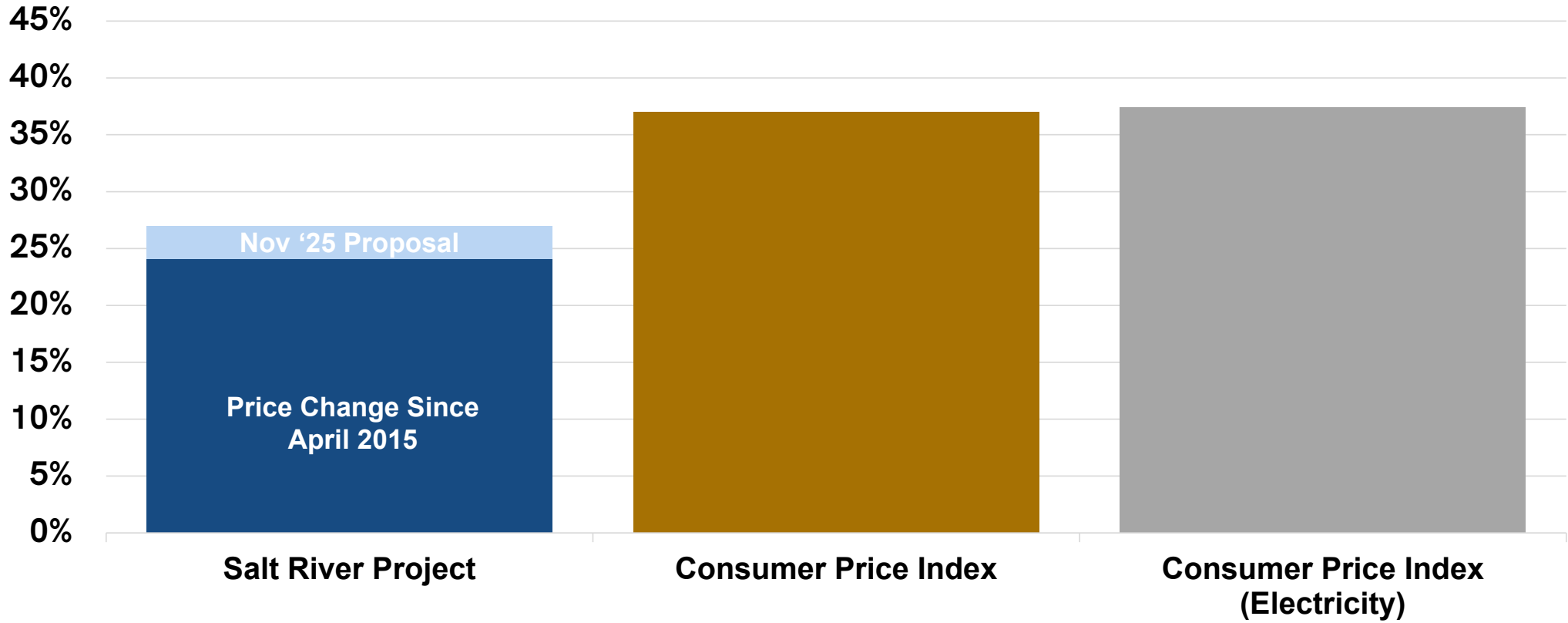
Recovery of Cost to Serve

Recovery per Dollar it Costs to Serve



Cumulative Price Changes (Overall) Since 2015

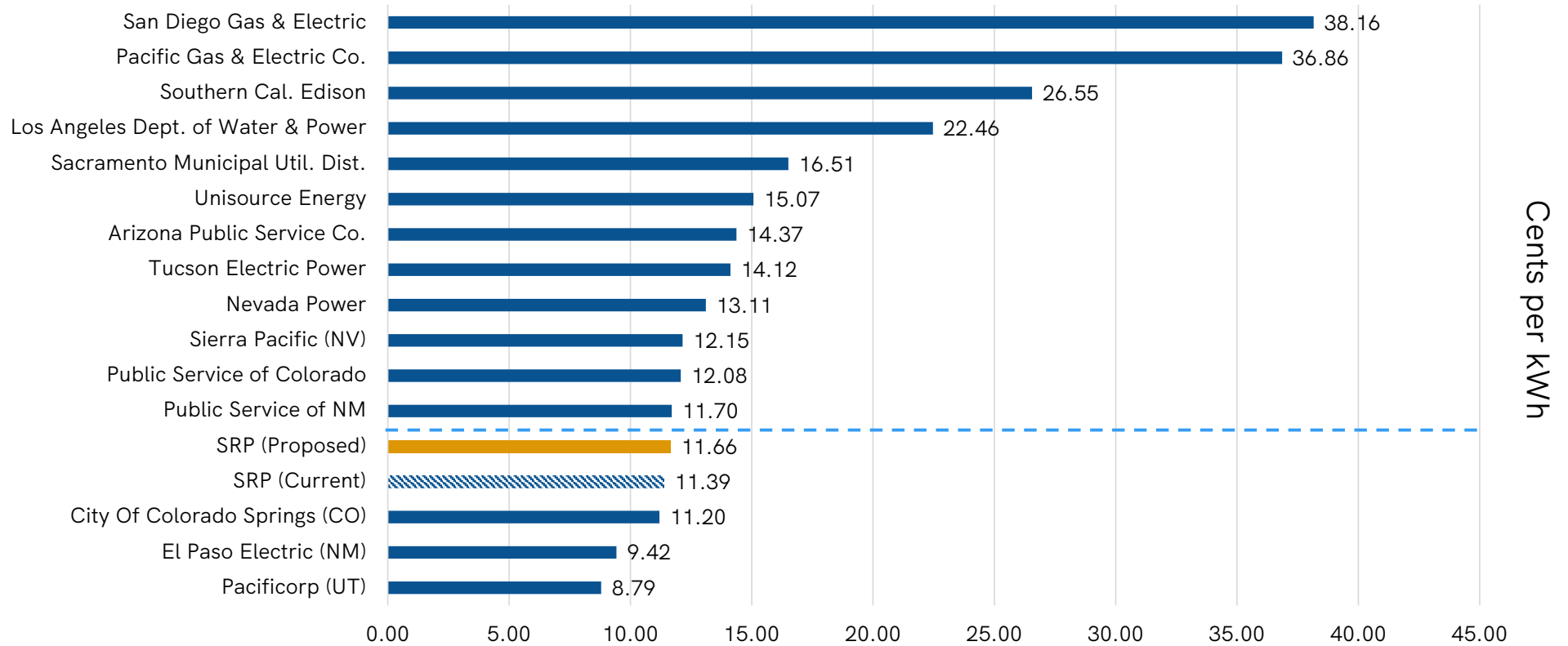
SRP's retail rates have increased at a pace less than inflation over the past 10 years



Price Changes Since April 2015 based on SRP announced numbers, CPI-U and CPI (Electricity) based data from Apr 2015–Nov 2024 projected forward for Dec 2024–Nov 2025

Price Comparison by Company - Overall

The proposal keeps SRP within the lowest quartile of peer utility prices

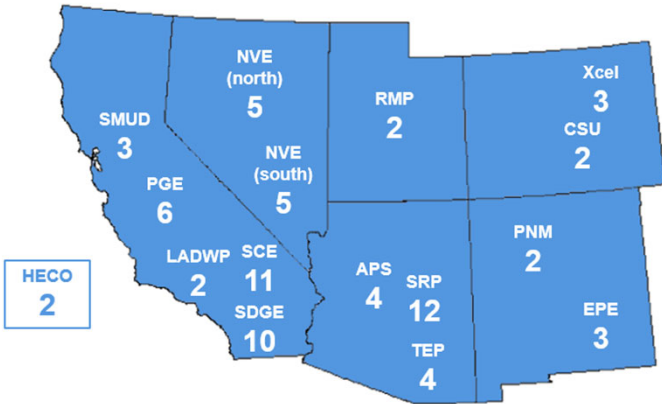


Source: Dept. of Energy EIA-826 Reports for a rolling 12 months through Sep 2024.

Price Plan Design Highlights

Residential Price Plan Suite Simplification

Residential Rate Count



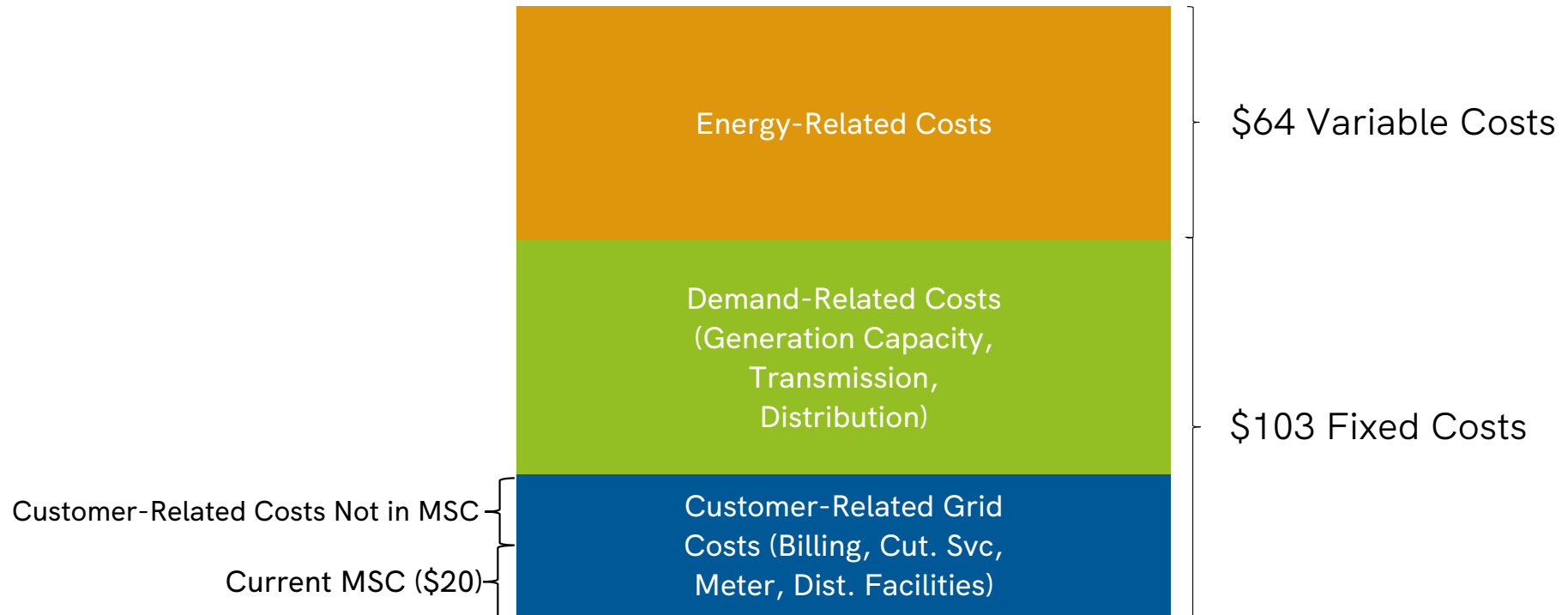
Price Plan	Current	Proposal
E-13 Customer Generation Export	Active	Frozen
E-14 Customer Generation Export w/ EV	Active	Frozen
E-15 Customer Generation Avg Demand	Active	Frozen
E-16 SRP Manage Demand 5-10 P.M. and Save	n/a	New
E-21 EZ-3 (3-6pm)	Active	Frozen
E-22 EZ-3 (4-7pm)	Active	Frozen
E-23 Basic	Active	Active
E-24 Prepay (M-Power)	Active	Active
E-26 Time-of-Use (2-8pm)	Active	Frozen
E-27 Customer Generation Demand	Active	Frozen
E-27P Demand Pilot	Pilot	Frozen
E-28 SRP Conserve 6-9 P.M. and Save	Pilot	Active
E-29 EV (overnight charging)	Active	Frozen

Equalized Prices

Improve Fixed Cost Recovery

Total Costs Per Month – Average Residential Bill

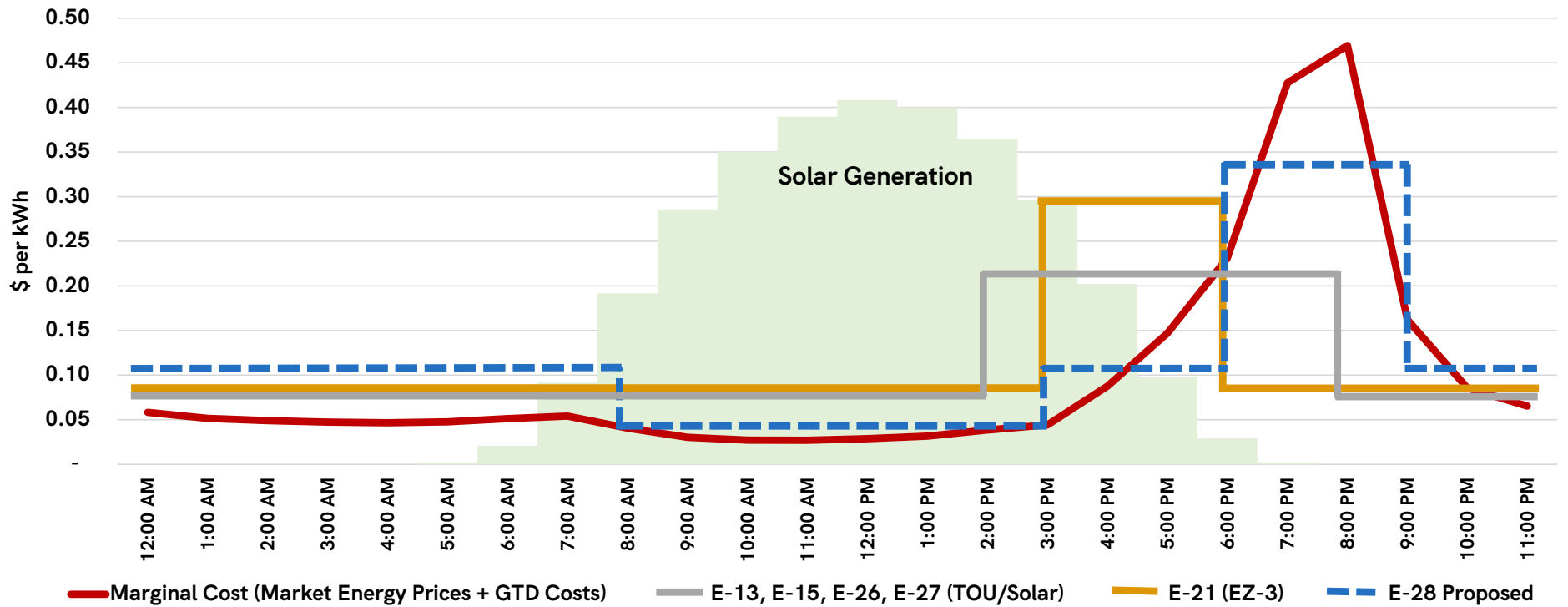
\$167



2025 Cost Allocation Study | FP25 FY26 | Avg. Residential Bill

Realign Prices with Costs

Marginal Costs & Prices by Hour, May – October



Enhance Economy Price Plan (EPP)

**Increase
qualification from
150% Federal
Poverty Level to
200%**

**Estimated
100,000+
customers newly
eligible**

**Increase discount
from \$23/mo to
\$25/mo***

**Budget increase from
\$20M (80k +
customers) to \$41M
(estimated 55k new
sign ups)**

Improve Experience for Residential Solar Customers

- 1) Same TOU price plans as non-solar customers
 - Maintain demand rate offering
- 2) Same Monthly Service Charge
- 3) Export rate: increased, tied to market
 - Open to alternative cost-based approach
- 4) Planning to develop REC incentive program later this year

Improved Cost Recovery for Large Load Customers (E-67)

- Applicable to New Large Load Accounts taking service on or after November 1, 2025 (20 MW or more, based on customer forecasts)
- The monthly demand charge shall be the greater of:
 - 80% of the customer's contracted capacity (minimum billing demand), or
 - The customer's maximum on-peak demand during current billing month
- Contracted capacity based on agreement between the customer and SRP
- Aims to protect customers from cost related to load not materializing
- Consistent with other utilities

2025 Pricing Proposal Summary

Limited revenue
increase

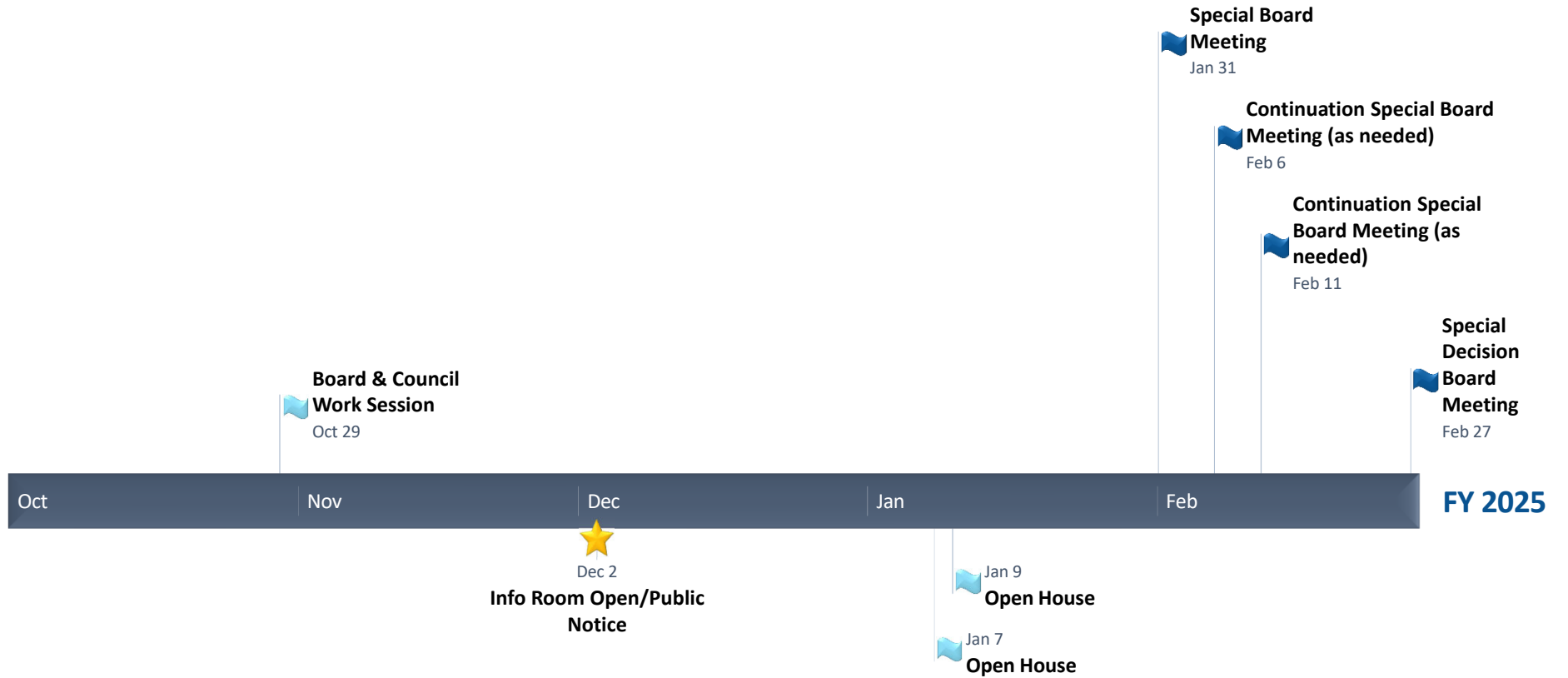
Simplified Residential
price plan portfolio

Increasing assistance to
limited-income
customers

Addressing common
solar customer concerns

Protections for existing
customers from new
large load investments

Price Process Calendar



thank you!



Final Load Forecast for Financial Plan 2026

Customer Utility Panel

Maria Naff | January 30, 2025

FP26 Forecast Key Points

- Population and economic drivers of growth remain strong
- Data Center increases in the mid-term years of the plan (FY29 and beyond)
- Advanced Manufacturing projects show risk and decrease near-term projections

Current Economic Outlook



U.S. economy in strong position

Inflation below 3% with interest rates loosening



Low risk of economic downturn

17% risk of economic contraction in 2025 down from 32% last year¹



Strong employment and population growth in Phoenix

Maricopa is a top 5 U.S. county for population growth²

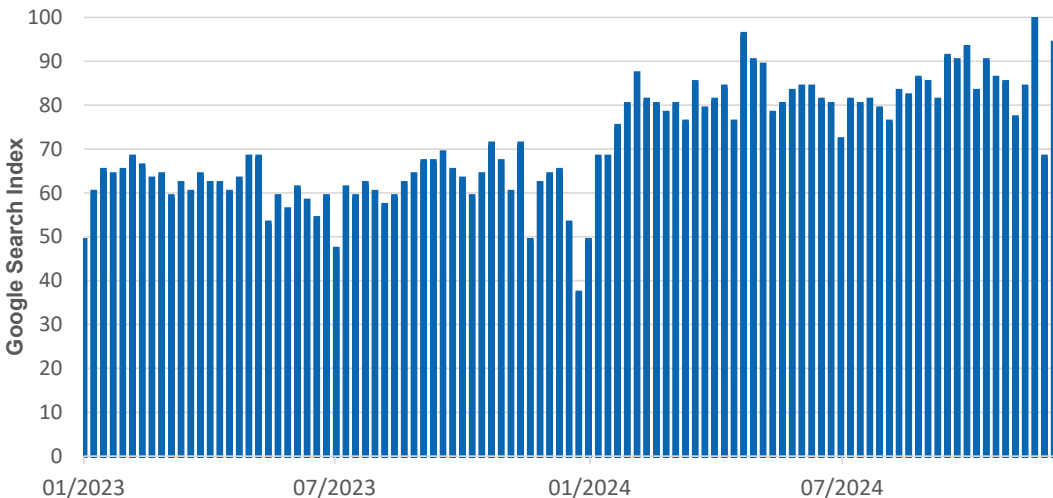


Phoenix is a top 5 U.S. data center market³

1. The Survey of Professional Forecasters
2. [U.S. Census 2023 County Population Estimates](#)
3. CBRE Research [H1 2024 Report](#)

National Focus on Data Center Energy Demand

"Data Center" Google searches in the U.S.



ELEVATE
ENERGY CONSULTING

WECC

Large Loads Risk Assessment

Global electricity demand from data centres could double towards 2026
International Energy Agency, 2024

GridStrategies

The Era of Flat Power Demand is Over

RBC Capital Markets

February 6, 2024
RBC Imagine™: Powering Innovation
Utility sector enabling the AI revolution

EPRI

2024 White Paper

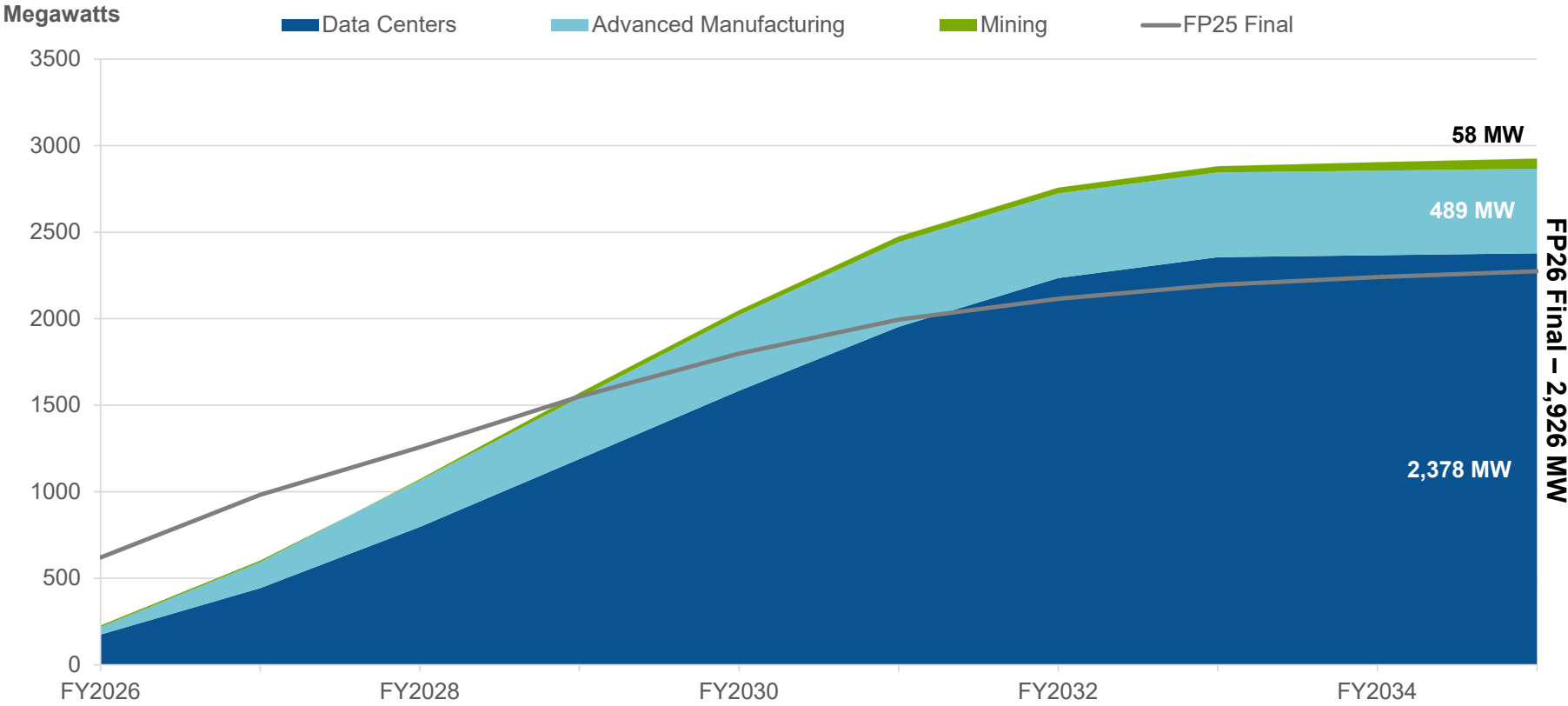
Powering Intelligence
Analyzing Artificial Intelligence and Data Center Energy Consumption

Joule

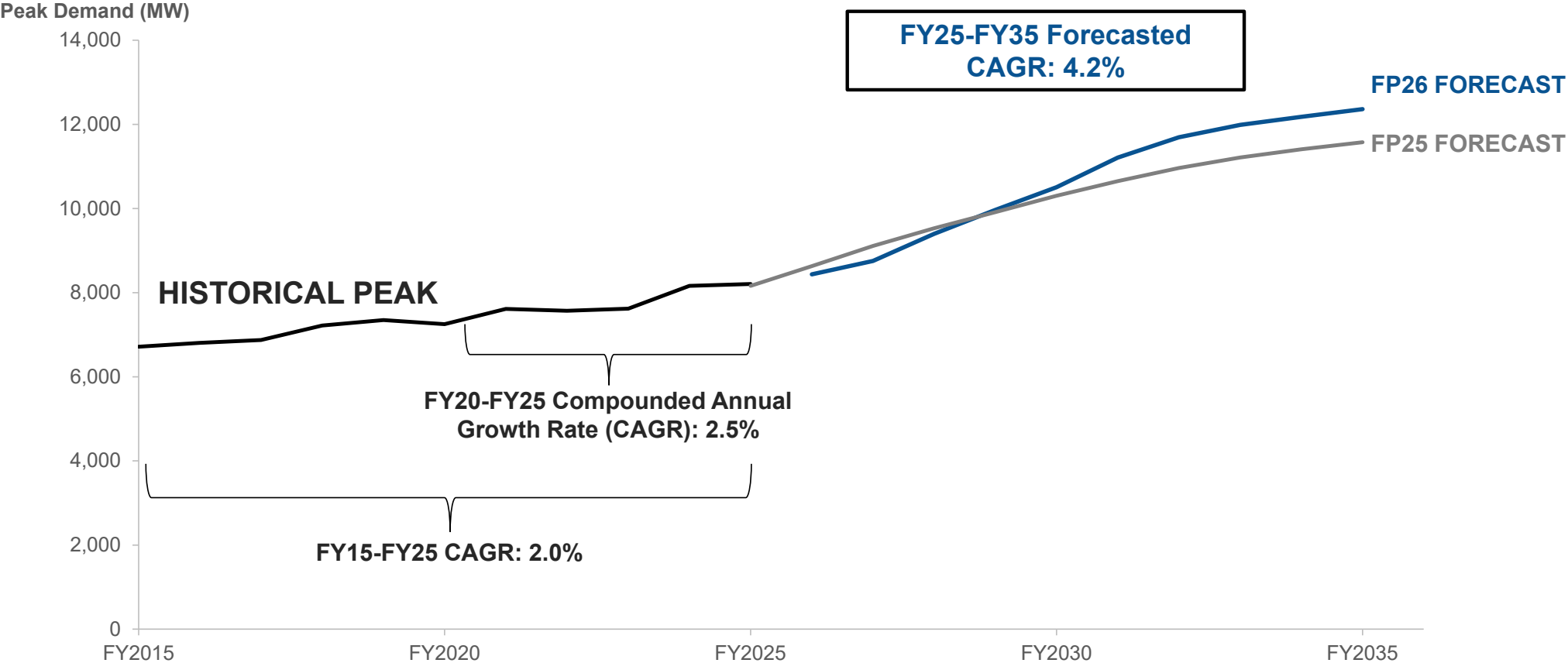
Commentary
The growing energy footprint of artificial intelligence
J.P.Morgan

Data center this, data center that

Expected Growth in Large Customer Load (MW)

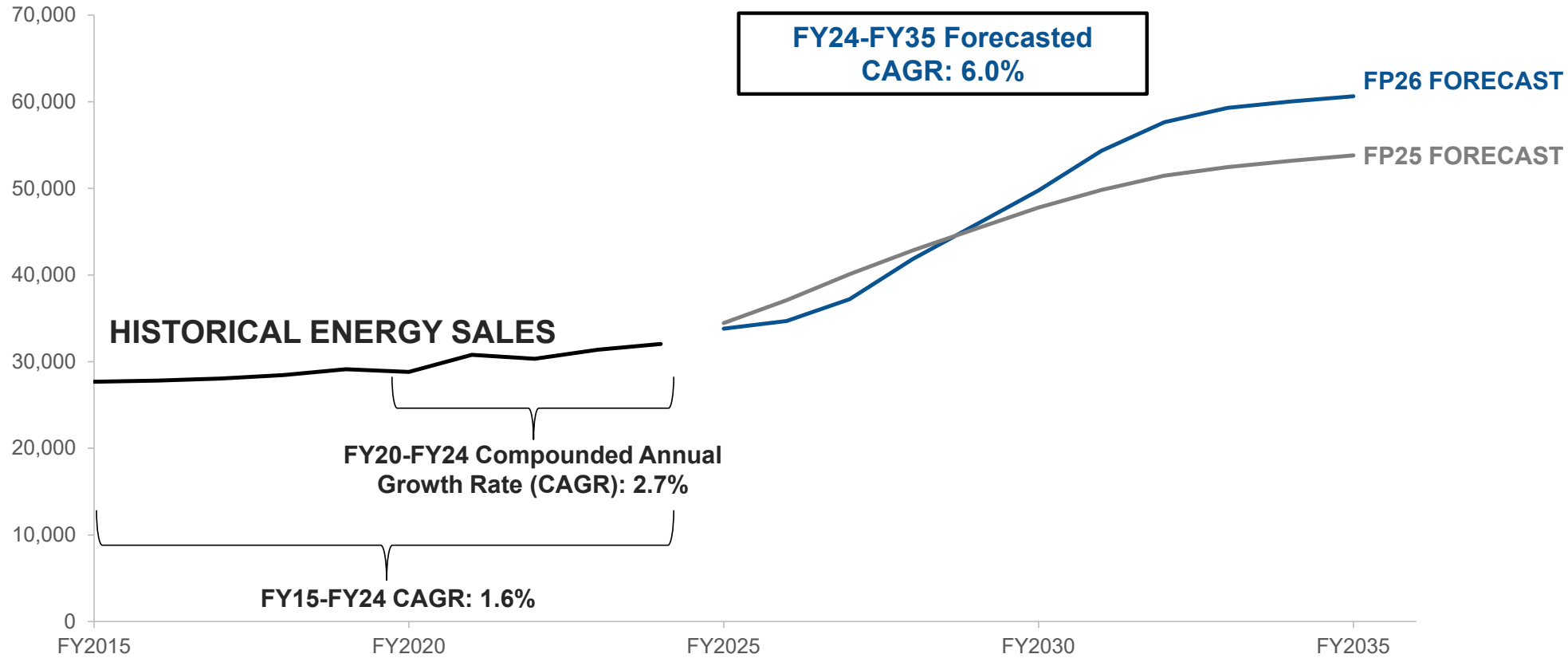


FP26 Peak Load Forecast



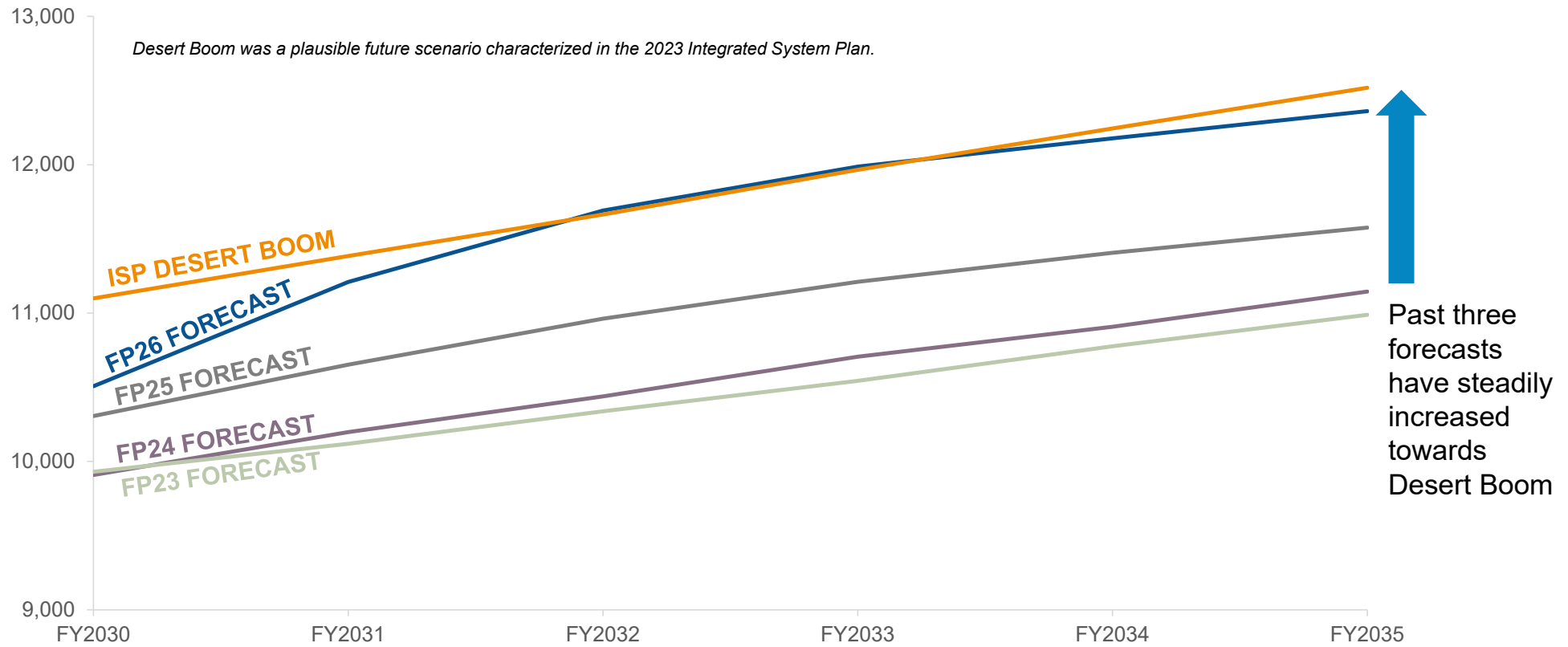
FP26 Energy Forecast

Retail Energy Sales (GWh)



Trending Towards Desert Boom

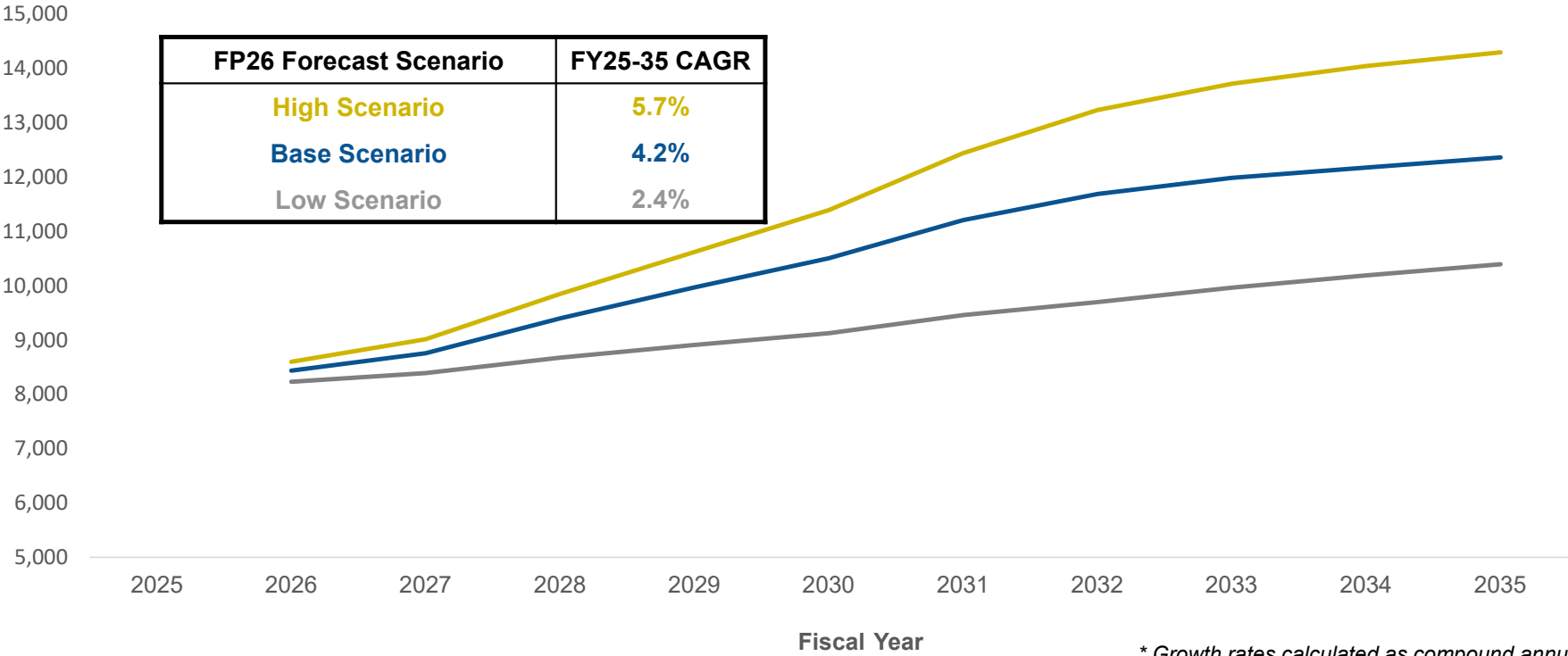
Peak Demand (MW)



Past three forecasts have steadily increased towards Desert Boom

Planning for Uncertainty – Peak Demand Load Growth Scenarios

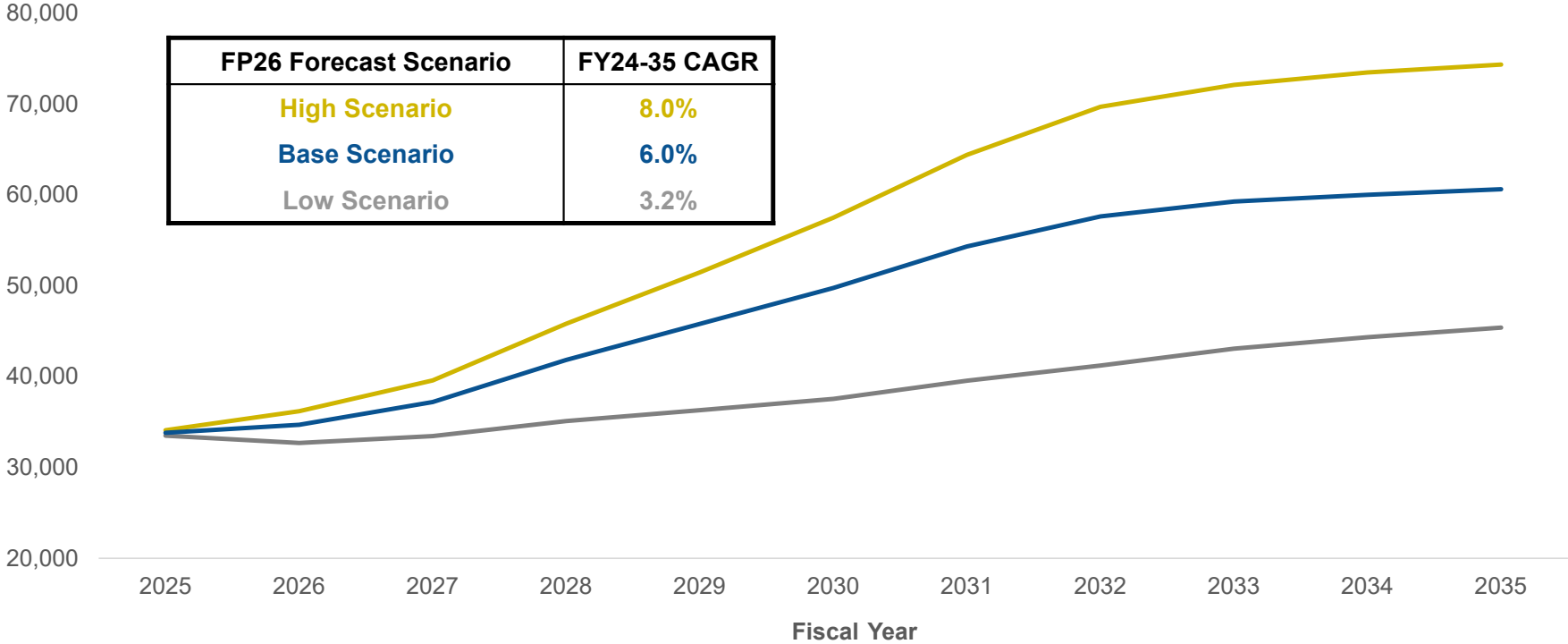
Peak Demand (MW)



* Growth rates calculated as compound annual growth

Planning for Uncertainty – Energy Demand Load Growth Scenarios

Retail Energy Sales (GWh)



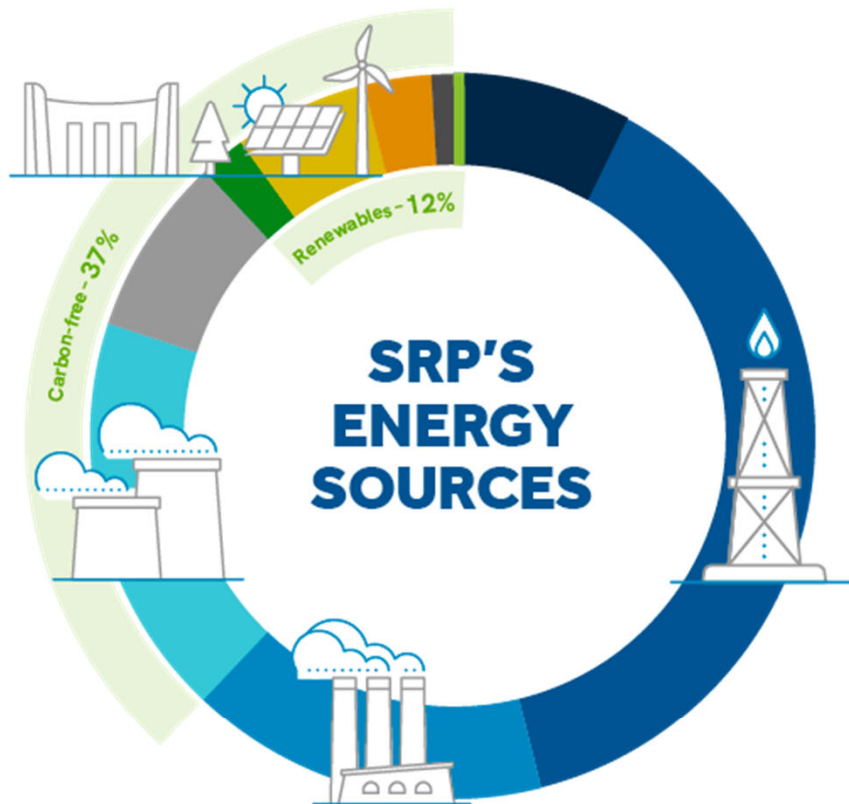
* Growth rates calculated as compound annual growth

Key Takeaways

- Growth rates for electricity demand through 2035 were revised upwards for the FP26 Forecast
- Near-term downward revision due to delays in advanced manufacturing projects
- Medium-term upward revision due to increased data center projections
- SRP will continue to monitor key trends in the data center and advanced manufacturing industries

Thank you!





MARKET - 8%
NATURAL GAS - 38%
COAL - 16%
NUCLEAR - 18%
CUSTOMER PROGRAMS - 8%
HYDRO - 2%
SOLAR - 5%
GEO THERMAL - 3%
WIND - 1%
BIOMASS - <1%

The pie chart shows how the power needs of SRP's retail customers were met during fiscal year 2024 (May 1, 2023-April 30, 2024). This chart represents generation output from all generating facilities operational in FY24. Generation data is pending third-party verification by The Climate Registry.

