

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

DISTRICT COUNCIL
Tuesday, September 10, 2024, 9:30 AM
SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

Call to Order
Invocation
Pledge of Allegiance
Roll Call
Safety Minute

- 1. Request for Approval of the Minutes for the Meeting of August 6, 2024
..... CHAIRMAN ROCKY SHELTON
- 2. Council Committee Chairs and Liaisons Reports
..... CHAIRMAN ROCKY SHELTON
- 3. 2024 SRP Boosters Campaign ALAINA FITZPATRICK
- 4. Economic Outlook DENNIS HOFFMAN and PAUL BACHMAN

Informational presentation regarding the national and local economic outlooks with a specific focus on the labor market, consumer spending, inflation, business investment, economic development, near-term economic forecasts, and how these factors may impact SRP’s planning, operations, customers, and communities.
- 5. Report on Current Events by the General Manager and Chief Executive Officer and Designees JIM PRATT
 - A. Power System JOHN COGGINS
 - B. Finance and Information Services BRIAN KOCH
 - C. Water Stewardship LESLIE MEYERS
- 6. Reservoir Report / Weather Report STEPHEN FLORA
- 7. President’s Report PRESIDENT DAVID ROUSSEAU
- 8. Future Agenda Topics CHAIRMAN ROCKY SHELTON

The Council 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 Council on any of the matters listed on the agenda.

The Council may go into Closed Session, pursuant to A.R.S. §30-805(B), for discussion of 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 COUNCIL MEETING IS SCHEDULED FOR
TUESDAY, OCTOBER 8, 2024**

**SAFETY MINUTE: PREVENT EYE INJURIES
SRP COUNCIL**

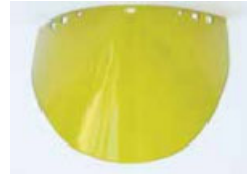
**SARA MCCOY
DIRECTOR, RISK MANAGEMENT
SEPTEMBER 10, 2024**



Delivering water and power™

PREVENT EYE INJURIES: CONSIDER POTENTIAL HAZARDS

Use the correct eye protection
(prescription lenses?)



Flying
Particles

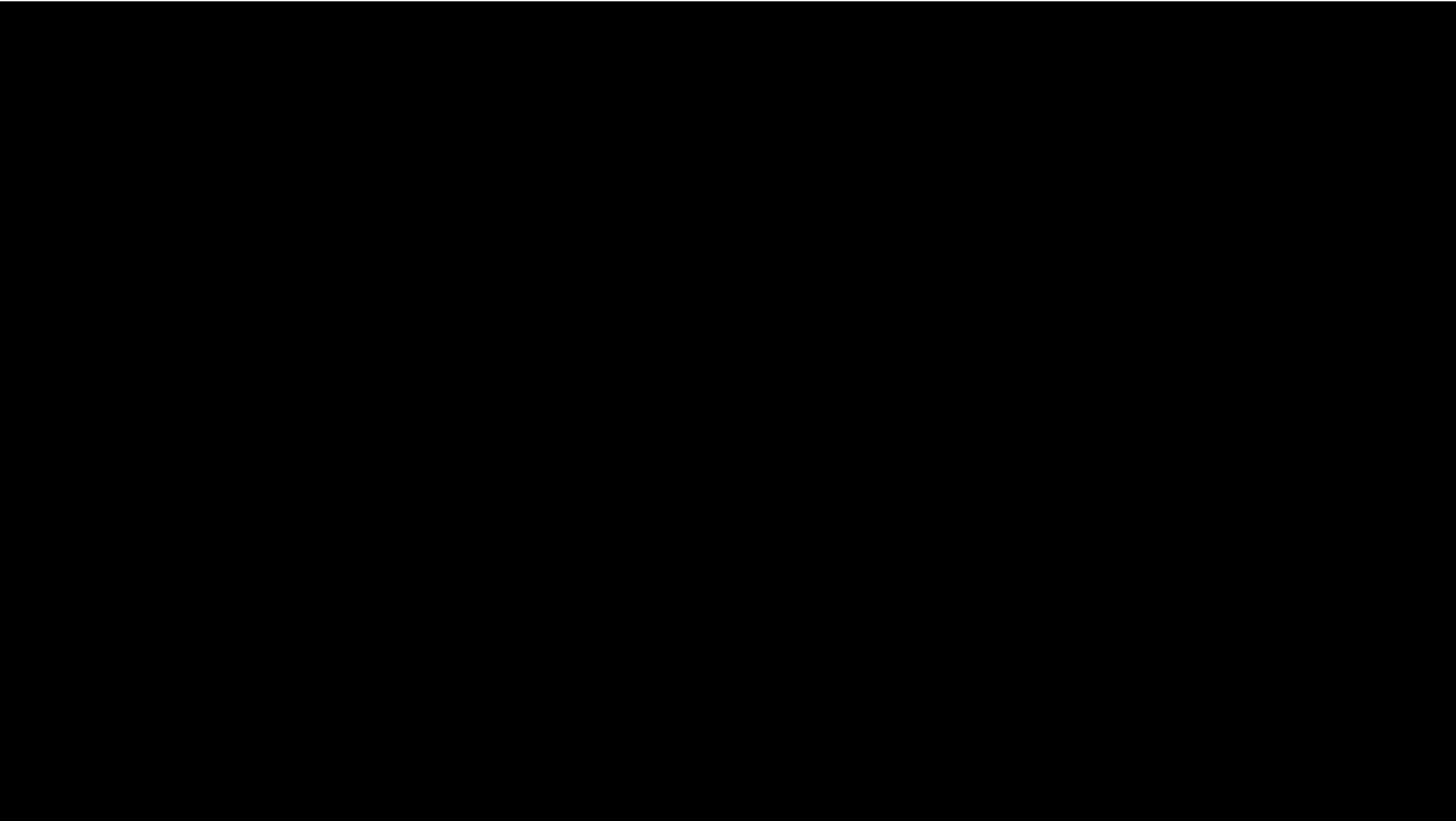
(lawn care,
chainsaw,
pressure
washer,
grinder,
fireworks)

Bright or UV Light
(welder, laser, sun)



Chemicals, Splashing
(pool care, pesticide, batteries)





MINUTES OF COUNCIL
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER
DISTRICT

DRAFT

August 6, 2024

A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Tuesday, August 6, 2024, from the Board 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. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

Council Chairman J.R. Shelton called the meeting to order, and Corporate Secretary J.M. Felty entered into the minutes the order for the meeting, as follows:

Tempe, Arizona
July 30, 2024

NOTICE OF COUNCIL MEETING

A meeting of the Council of the Salt River Project Agricultural Improvement and Power District (the District) is hereby called to convene at 9:30 a.m. on Tuesday, August 6, 2024, from the Board Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. The purpose of the meeting is to discuss, consider, or make decisions on the matters listed on the agenda.

WITNESS my hand this 30th day of July 2024.

/s/ John R. Shelton
Council Chairman

Council Member D.B. Lamoreaux offered the invocation. Corporate Secretary J.M. Felty led the Council in the Pledge of Allegiance.

Council Members present at roll call were Council Chairman J.R. Shelton; and J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman, G.E. Geiger, E.L. Gorsegner, A.M. Herrera, R.S. Kolb, D.B. Lamoreaux, C.M. Leatherwood, J.W. Lines, J.L. Miller, M.R. Mulligan, T.S. Naylor, B.E. Paceley, M.C. Pedersen, I.M. Rakow, M.G. Rakow, C. Resch-Geretti, W.P. Schrader III, W.W. Sheely, R.W. Swier, N.J. Vanderwey, P.A. Van Hofwegen, and M.A. Warren.

Council Members absent at roll call were Council Vice Chairman T.M. Francis; and A.S. Hatley and W.P. Schrader Jr.

Also present were Council Member M.A. Freeman of the Association; Board Liaison M.J. Herrera; Director K.L. Mohr-Almeida; Mmes. I.R. Avalos, A.P. Chabrier, L.F. Hobaica, V.P. Kisicki, S.C. McCoy, L.A. Meyers, G.A. Mingura, and C.M. Sifuentes; and Messrs. L. Arthanari, C.W. Campbell, A.C. Davis, J.M. Felty, J.W. Hubbard, B.J. Koch, K.J. Lee, M.J. O'Connor, B.A. Olsen, J.M. Pratt, and R.R. Taylor.

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 Council of the District meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, June 2, 2024.

Safety Minute

Using a PowerPoint presentation, Sara C. McCoy, SRP Director of Risk Management, provided a safety minute regarding heat stress prevention, including heat stress symptoms and first aid.

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.

Ms. S.C. McCoy left the meeting.

Approval of Minutes

On a motion duly made by Council Member B.E. Pacey, seconded by Council Member P.A. Van Hofwegen and carried, the Council approved the minutes for the meeting of June 4, 2024, as presented.

Corporate Secretary J.M. Felty polled the Council Members on Council Member B.E. Pacey's motion to approve the minutes for the meeting of June 4, 2024. The vote was recorded as follows:

- YES: Council Chairman J.R. Shelton; and Council Members (26)
 J.R. Augustine, M.B. Brooks, M.L. Farmer, A.A. Freeman,
 G.E. Geiger, E.L. Gorsegner, A.M. Herrera, R.S. Kolb,
 D.B. Lamoreaux, J.W. Lines, C.M. Leatherwood, J.L. Miller,
 M.R. Mulligan, T.S. Naylor, B.E. Pacey, M.C. Pedersen,
 I.M. Rakow, M.G. Rakow, C. Resch-Geretti, W.P. Schrader III,
 W.W. Sheely, R.W. Swier, N.J. Vanderwey,
 P.A. Van Hofwegen, and M.A. Warren
- NO: None (0)
- ABSTAINED: None (0)
- ABSENT: Council Vice Chairman T.M. Francis; and Council Members (3)
 A.S. Hatley and W.P. Schrader Jr.

Council Committee Chairs and Liaisons Reports

Council Chairman J.R. Shelton asked for reports from the Council Committee Chairs and Liaisons to the Standing Board Committees. Council Member B.E. Pacey reminded the Council of the upcoming Work Study Sessions and New Member Orientations.

Vice President C.J. Dobson; and Director S.D. Kennedy entered the meeting.

SRP Resource Plan Implementation

Using a PowerPoint presentation, Bobby A. Olsen, SRP Associate General Manager and Chief Planning, Strategy, and Sustainability Executive, stated that the purpose of the presentation was to provide information regarding the Fiscal Year 2024 (FY24) resource implementation plan and current status of resource development activity to meet customer load requirements and SRP's corporate goals.

Mr. B.A. Olsen reviewed the annual resource planning cycle, the contribution of generation resources to reliability, and key drivers for resource changes. He discussed planned resource additions in the 2024 resource plan. Mr. B.A. Olsen detailed SRP's responsible decarbonization approach, its 2035 lower carbon plan, and coal closure commitments.

Next, Mr. B.A. Olsen stated that SRP's strategies for adding resources, include the following: All Source Requests for Proposals (RFPs), strategic partnerships, and SRP self-build. He provided an overview of SRP's resource action plan reflecting available resources under contract and those being actively developed from FY25 to FY29, and resources planned from FY30 to FY35. Mr. B.A. Olsen provided a summary of current resources in construction, development, or active contract negotiations from FY25 to FY34. He concluded with a discussion of near-term next steps.

Mr. B.A. Olsen responded to questions from the Council.

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.

Directors M.J. Herrera, K.L. Mohr-Almeida, and S.D. Kennedy left the meeting. Mr. R.T. Judd entered the meeting during the presentation.

Update on Upcoming Proposed Revenue Bond Sale

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 an update regarding the upcoming proposed revenue bond sale. He introduced Jon W. Hubbard, SRP Treasurer and Senior Director of Financial Operations and Compliance.

Continuing, Mr. J.W. Hubbard reviewed the 6-year District capital spend outlook by segment for Financial Plan 2025 (FP25) and noted that continued SRP growth will require more financing. He discussed the FY25 general fund projection with respect to the proceeds from the bond sale. Mr. J.W. Hubbard provided an overview of the bond sale process and provided an interest rate overview which included data on the AAA rated Municipal Market Data (MMD) rates. He reviewed the current MMD rates and historical range from 1985 through July 29, 2024.

In conclusion, Mr. J.W. Hubbard introduced the potential bond sale team, discussed the parameters under consideration, and provided a Board and Council calendar for the upcoming bond sale.

Mr. J.W. Hubbard responded to questions from the Council.

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.

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

Using a PowerPoint presentation, Jim M. Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the District. He discussed legislation around pump storage.

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.

Council Member J.W. Lines; and Council Member M.A. Freeman of the Association left the meeting.

Status of Power System

Using a PowerPoint presentation, Chris W. Campbell, SRP Senior Director of Distribution and Technology Operations, provided an update on SRP's power system. He provided operational updates for June and July 2024, stating that June's customer peak demand of 7,653 Megawatts (MW) occurred on June 27th and that July's customer peak demand of 8,087 MW occurred on July 8th. Mr. C.W. Campbell said that this summer has seen a record heat of 39 days at 110 degrees or higher; 25 days with a minimum temperature in the 90's; an average temperature of 97 degrees in June, making it the hottest June on record. He highlighted that SRP's grid assets performed extremely well during the record heat.

Mr. C.W. Campbell provided an update on the Level 1 Storm damage from July 24th and wildfire impacts. He provided images of recent storm and wildfire damage.

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.

Status of Financial and Information Services

Using a PowerPoint presentation, Brian J. Koch, SRP Associate General Manager and Chief Financial Executive, provided the following financial definitions: Combined Net Revenue, Debt Service Coverage Ratio and Debt Ratio, Liquidity (General Fund), and FPPAM Collection Balance. He reviewed the financial summary for June 2024 and year-to-date. Mr. B.J. Koch reviewed the preliminary retail energy sales for FY25.

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.

Status of Water Resources

Using a PowerPoint presentation, Leslie A. Meyers, SRP Associate General Manager and Chief Water Resources and Services Executive, provided an update on the 2024 Indian Water Rights Settlement. She discussed the upcoming 2025 water exhibit to be displayed at the Arizona Science Center.

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.

Mr. S.P. Flora entered the meeting during the presentation.

Reservoir and Weather Report

Using a PowerPoint presentation, Stephen P. Flora, SRP Senior Hydrologist, reviewed the cumulative watershed precipitation outlook for Water Year 2024 (October 2023 – September 2024) and provided data on Monsoon Season precipitation from June 15 through July 31, 2024. He discussed the surface runoff and pumping data for July 2024 and year-to-date.

Mr. S.P. Flora reviewed the reservoir storage data for the Salt River, Verde River, C.C. Cragin Reservoir, Lake Pleasant, San Carlos Reservoir, and Upper and Lower Colorado River Basin systems as of August 1, 2024. He concluded with an inflow chart from April through July for Lake Powell, a 7-day precipitation forecast, and the Fall 2024 seasonal outlook.

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's Report

There was no report by Vice President C.J. Dobson.

Future Agenda Topics

Council Chairman J.R. Shelton asked the Council if there were any future agenda topics. Council Member P.A. Van Hofwegen requested a review of the following at a future Council By-Laws meeting: the salary range for SRP's President and Vice President, Board and Council benefits, the 2024 Election.

There being no further business to come before the Council, the meeting was adjourned at 12:00 p.m.

John M. Felty
Corporate Secretary

2024 SRP Boosters Campaign

District and Association Council Meeting

Alaina Fitzpatrick | September 10, 2024

2024 SRP Boosters Campaign

Summary

- Theme: Power of Pledges
- Dates: Wednesday, September 11 through Thursday, October 10 (four weeks)
- Pledge goal: \$1,700,000
- Agency spotlight events: PAB September 12 and September 26



2024 SRP Boosters Campaign

POWER OF PLEDGES
EMPLOYEE BOOSTERS

JIM PRATT
GENERAL MANAGER
AND CHIEF EXECUTIVE OFFICER

LESLIE MEYERS
ASSOCIATE GENERAL MANAGER
OF WATER STEWARDSHIP

STEVE VITAL
LOCAL UNION 266 BUSINESS MANAGER

JESSICA NELSON
SENIOR BUSINESS ANALYST

RORI MINOR
COMMUNITY ENGAGEMENT STRATEGIST

VICTORIA MAURER
SENIOR TRAINING ANALYST



2024 SRP Boosters Campaign

Agency Highlight

- Agency: AZCEND
- Purpose: Changes lives by nourishing minds and bodies to create a connected, thriving community. Helps vulnerable populations meet life's most pressing needs by providing essential resources
- About:
 - Established in Chandler, AZ -1966
 - Began as a food bank and has grown to serve different community needs



2024 SRP Boosters Campaign

Agency Highlight

- Agency: Soldier's Best Friend
- Purpose: Provides US military veterans living with combat-related post-traumatic stress disorder (PTSD) or traumatic brain injury (TBI) with service or therapeutic companion dogs, most of which are rescued from local shelters.
- About:
 - Established in 2011
 - Training locations include Phoenix area, Tucson, Prescott, Flagstaff, Show Low, Yuma & Sierra Vista



2024 SRP Boosters Campaign

Path to success

- Strong presentations to the company that include an ask to pledge
- Great marketing and communications
- Motivated and informed coordinators
- Implementation of new coordinator application
- Executive and management support
- A persistent, accountable, and creative Board – everyone owns the goal



2024 SRP Boosters Campaign

Risks

- Inflation
- Change of agency selection
- Limited attention (work changes, etc.)



2024 SRP Booster Campaign

Potential

- Pledging continues to increase each year
- Retirees eligible to participate
- Implemented Coordinator Application to increase collaboration
- Increased events
 - Two agency events at PAB
 - Additional events hosted at Valley-wide service centers and power plants



thank you!



Economic Outlook

District and Association Council Meeting

Dennis Hoffman and Paul Bachman | September 10, 2024

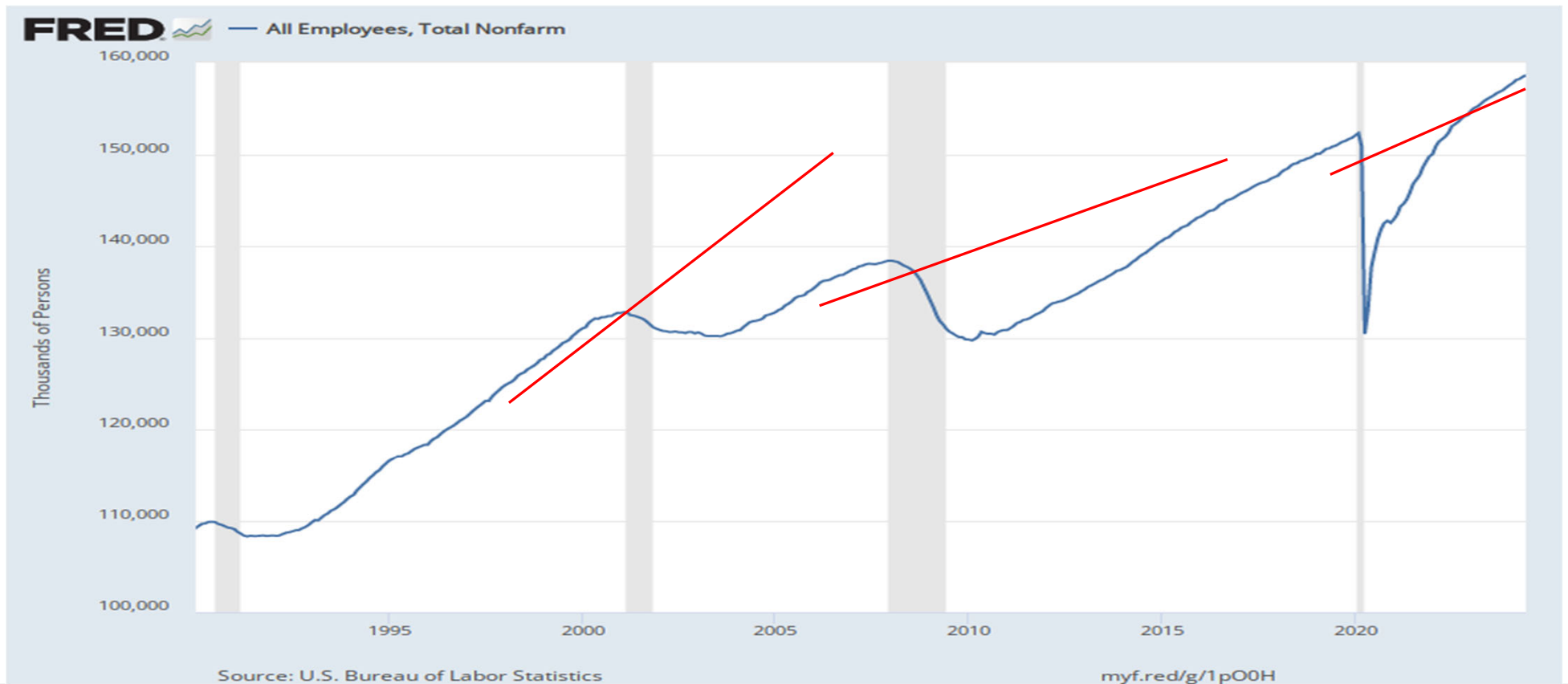
Economic Update Sept 2024

- **Economic Outlook Sept 2024**
 - **Status of US Economy**
 - **Status of Phx Metro**
 - **Where We are Heading**
 - **Risks and Opportunities for Growth**

Can't Assess Today Without Remembering Pandemic

- US Economy was essentially shut down in the spring of 2020
- Impact of Shutdown and Policy response thereafter explains most of what has happened in the economy.
- Distortions and disruptions in Labor Market
- Surge in demand for goods created world wide inflationary spiral
- 2023-24 has seen somewhat of a return to normalcy

Nonfarm Employment since 1990



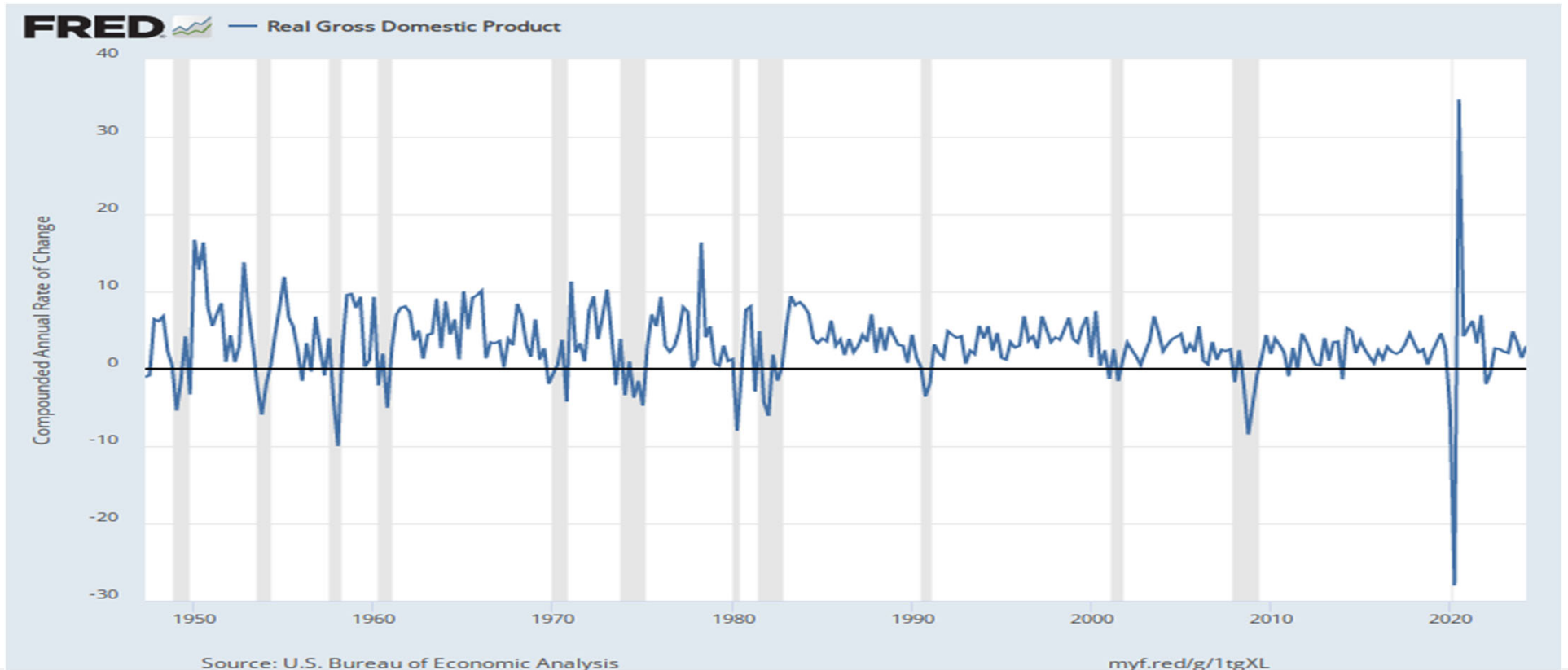
GDP Growth History – Past 10 Years

Real Gross Domestic Product

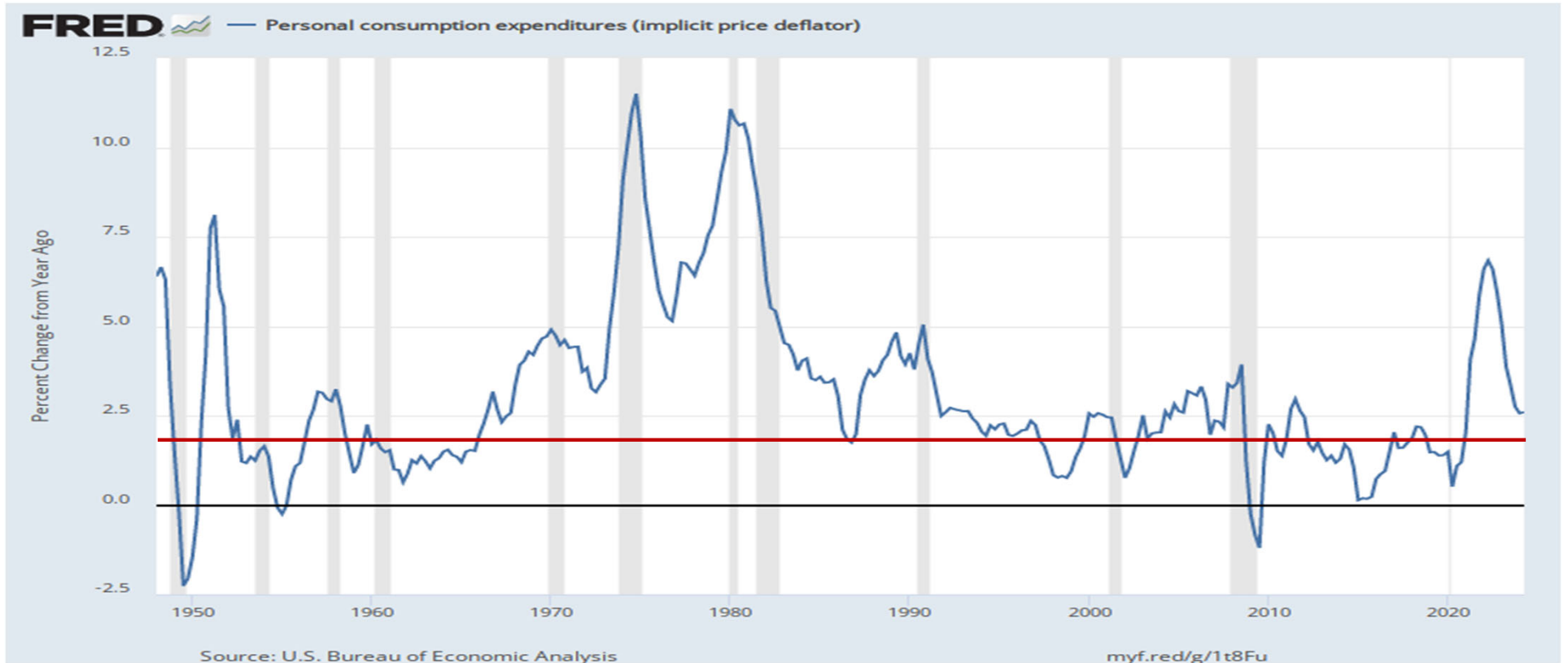


Source: Bureau of Economic Analysis/Haver Analytics

GDP Growth History Since 1948



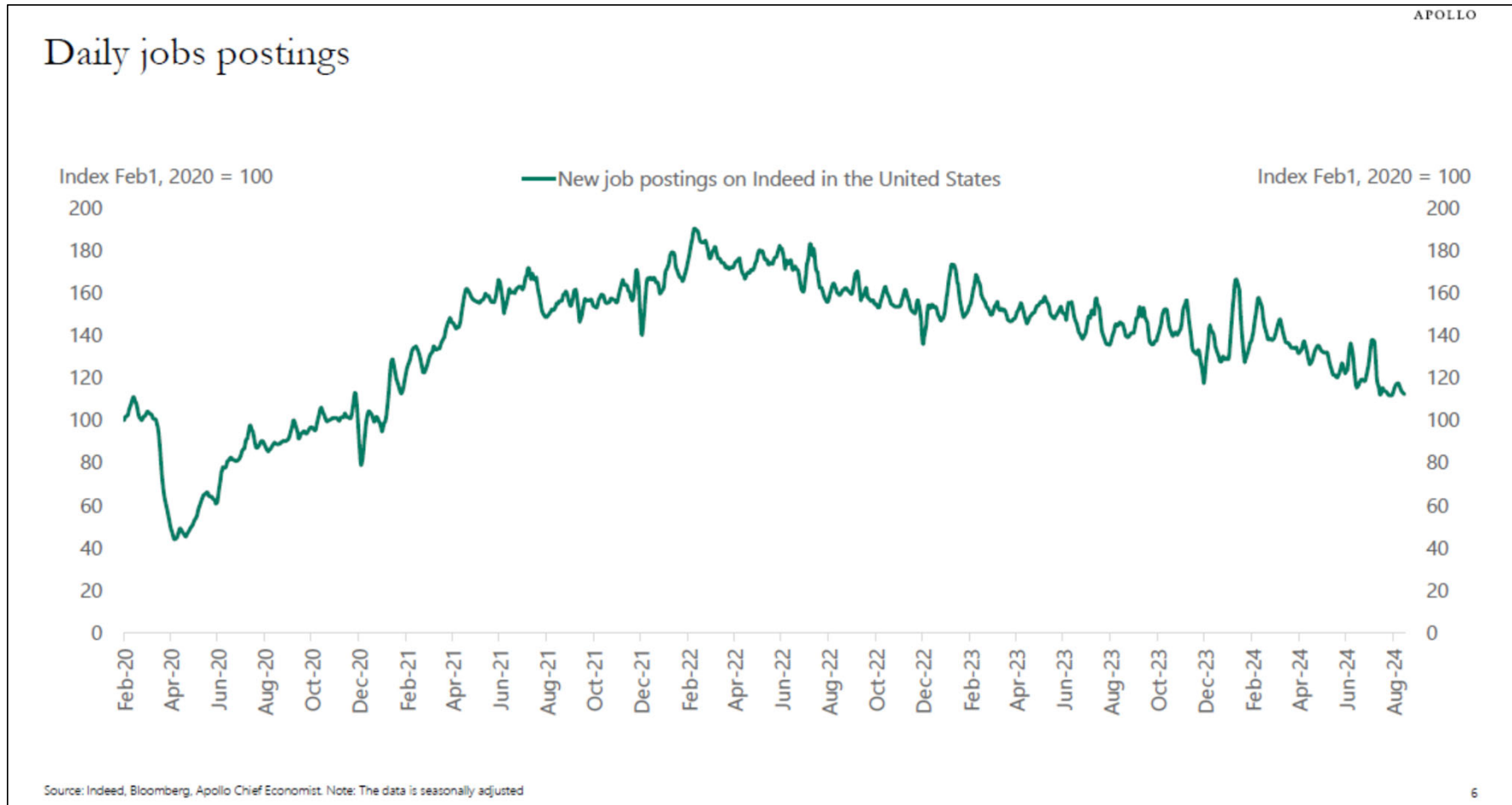
Inflation Now at 2.6% Year over Year



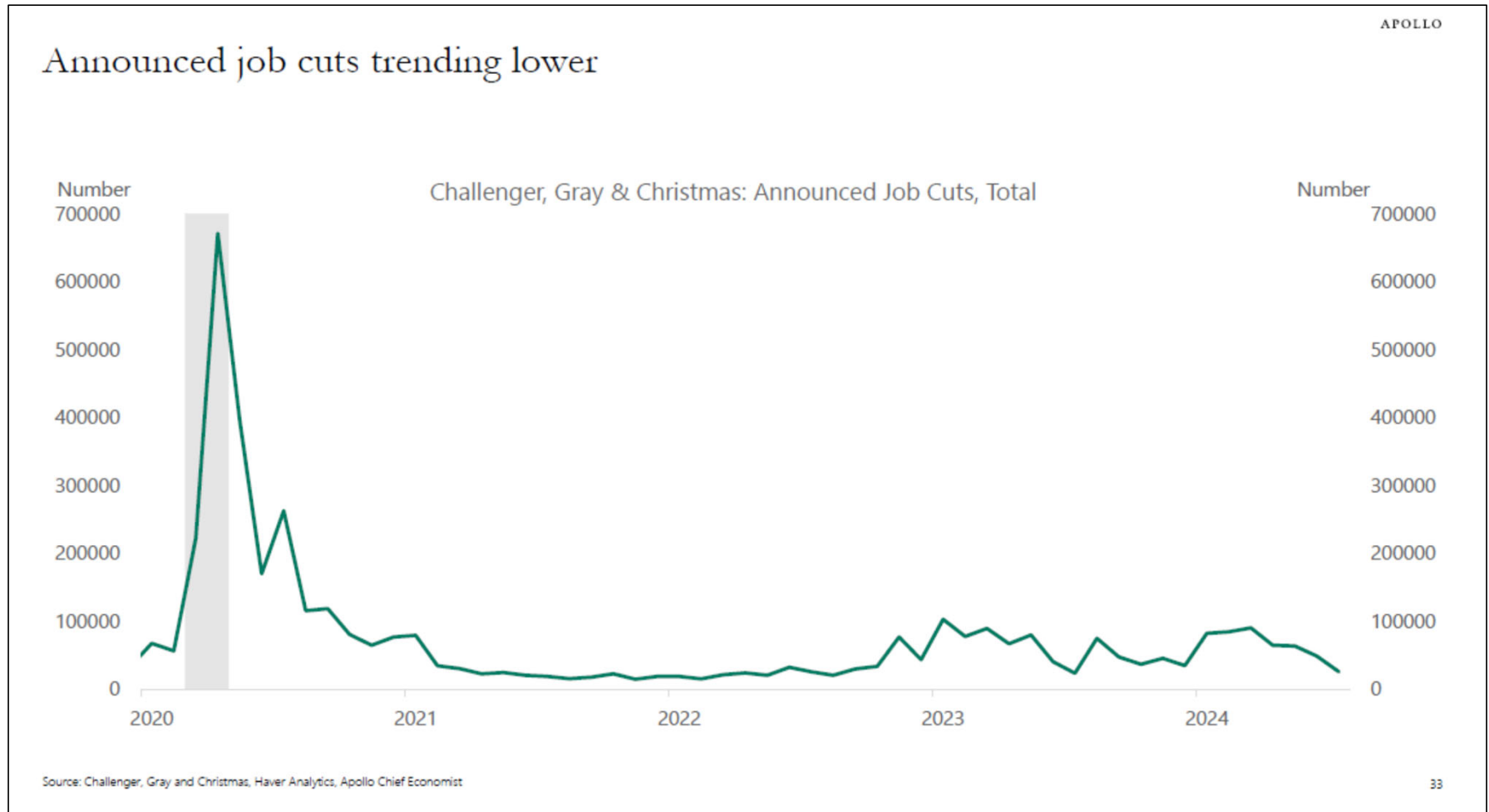
Inflation Following the Pandemic Was A Worldwide Phenomenon

| | euro area | Canada | France | Germany | Italy | Japan | UK | US |
|-----------------------|--------------|----------|----------|------------|------------|------------|------------|----------|
| Inflation | | | | | | | | |
| 2019 | 1.5 | 2 | 1 | 1.5 | 1.5 | 0.5 | 2 | 2 |
| 2022 peak | 10.5 | 8 | 6 | 9 | 12 | 4 | 9.5 | 9 |
| early 2024 | 2.5 | 3 | 2 | 2 | 1 | 2.7 | 3 | 3 |

Daily Jobs Postings Moderated Under Fed Tightening But Remain Solid

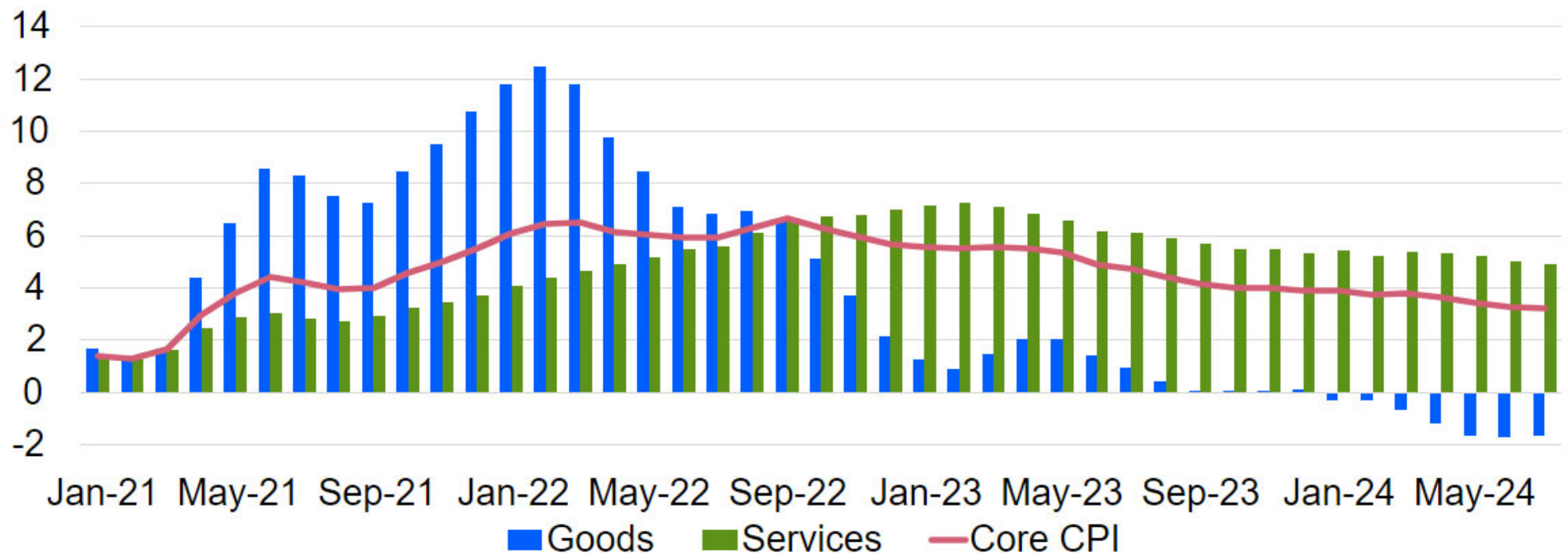


Job Cuts Trending Down Again After Modest Peak in 2024



We've Come a Long Way

U.S. consumer price index, ex food and energy, % change yr ago

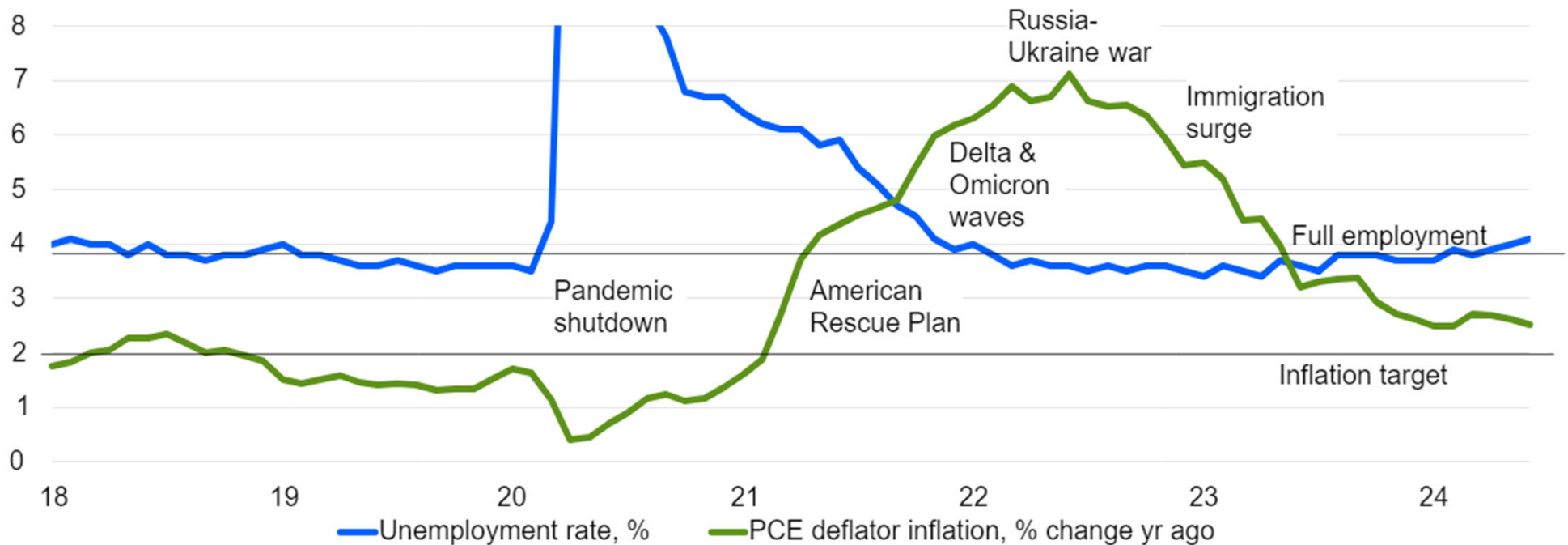


Sources: BLS, Moody's Analytics

ASU Office of University Economist

Forecasts of US Economy

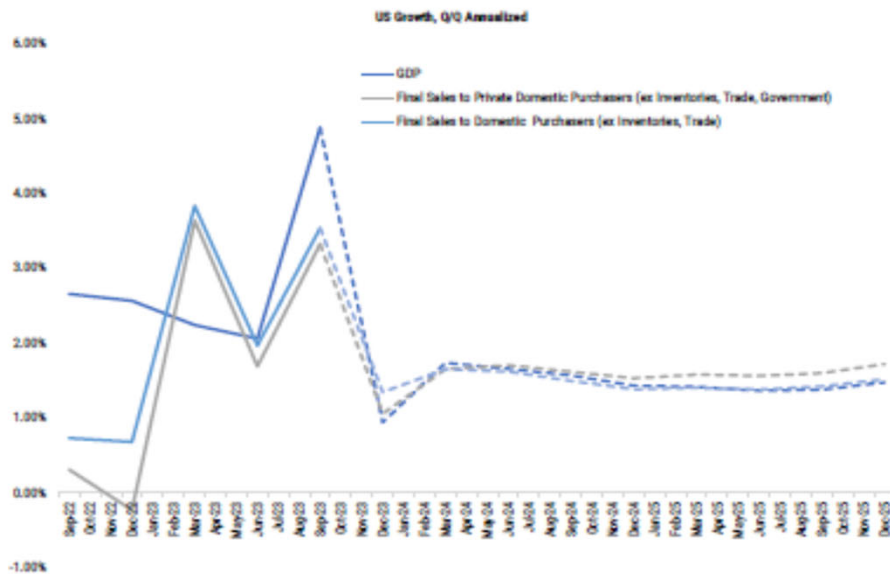
Federal Reserve Achieves Its Dual Mandate



Sources: BLS, Moody's Analytics

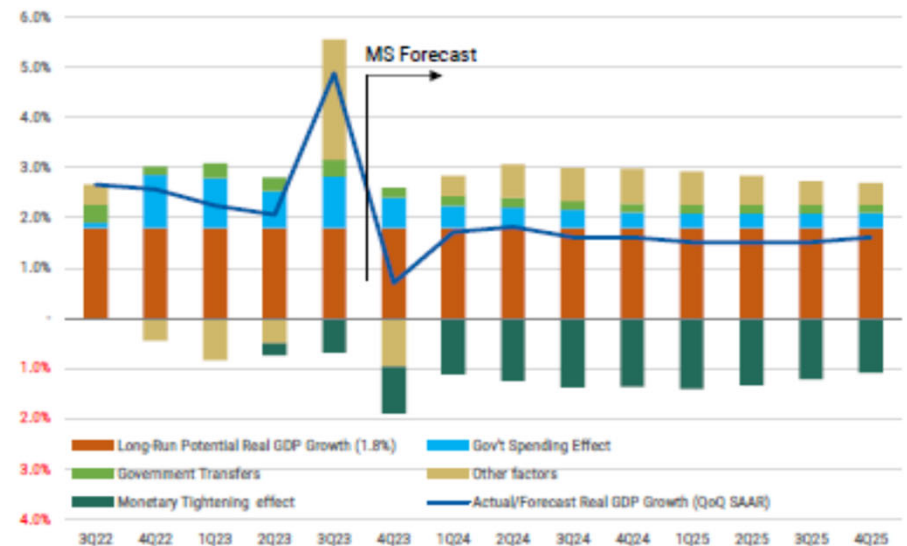
Morgan Stanley Classic Soft Landing Scenario

Exhibit 1: Growth slows into 2025...



Source: Bureau of Economic Analysis, Morgan Stanley Research forecasts

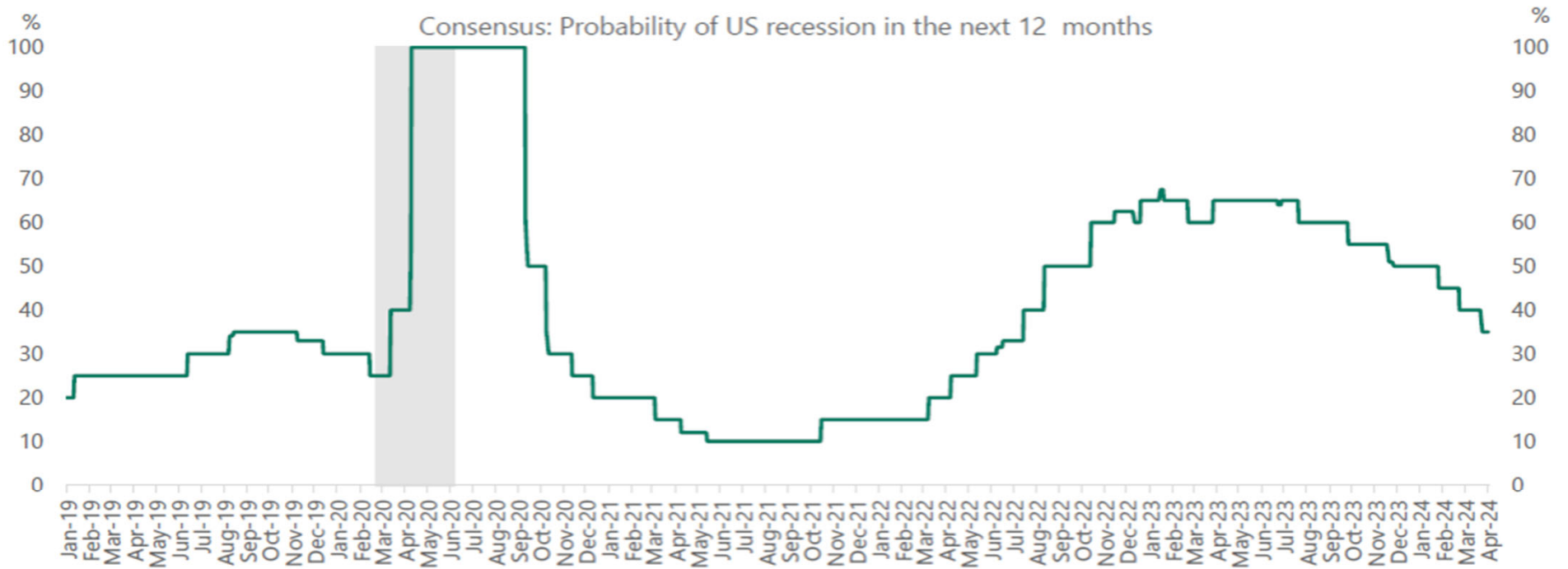
Exhibit 2: ...as the monetary drag grows



Source: Federal Reserve, Treasury, Bureau of Economic Analysis, Morgan Stanley Research forecasts

Morgan Stanley Not Alone In Their Thinking

US recession probability falling



Source: Bloomberg, Apollo Chief Economist

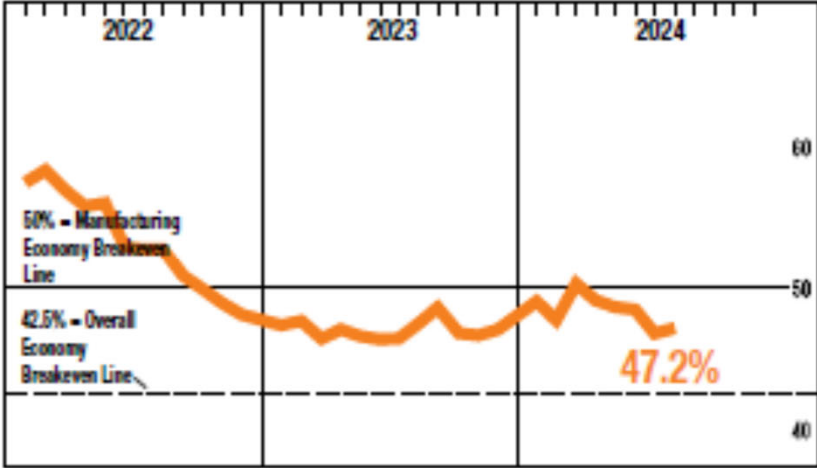
420

Projections from the National Blue Chip Forecast Panel

- Blue-chip consensus GDP growth figures for 2024 stand at 2.3% (2.7-2.4) while the panel consensus for 2025 is 1.8%(1.3-2.3)
- For 2024 the panel is looking for inflation to run at 3.0%(3.2-2.9) CPI and 2.5%(2.4-2.6) PCE
- 2024 unemployment rates 4.1%(4.0-4.2) and the 10-year treasury at 4.3%(4.1-4.7)
- For 2025 the panel is looking for inflation to run at 2.3%(2.6-2.0) CPI and 2.1%(2.3-1.9) PCE
- 2025 unemployment rates 4.3%(4.7-4.1) and the 10-year treasury at 4.0%(4.4-3.5)

MANUFACTURING PMI® at 47.2%

The U.S. manufacturing sector contracted for the fifth consecutive month in August, as the Manufacturing PMI® registered 47.2 percent, up 0.4 percentage point compared to July's reading of 46.8 percent. After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last five months, but at a slower rate in August. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Supplier Deliveries) was in expansion territory, the same as in July.



Risks and Opportunities for US Economy

Reasons for Caution

- Recession risk elevated
- Lagged impacts of monetary policy
- Wall Street froth & services inflation sticky
- Geopolitical/Domestic/Natural Shocks “Think Iran/Israel”
- Federal govt disfunction

Reasons to be optimistic

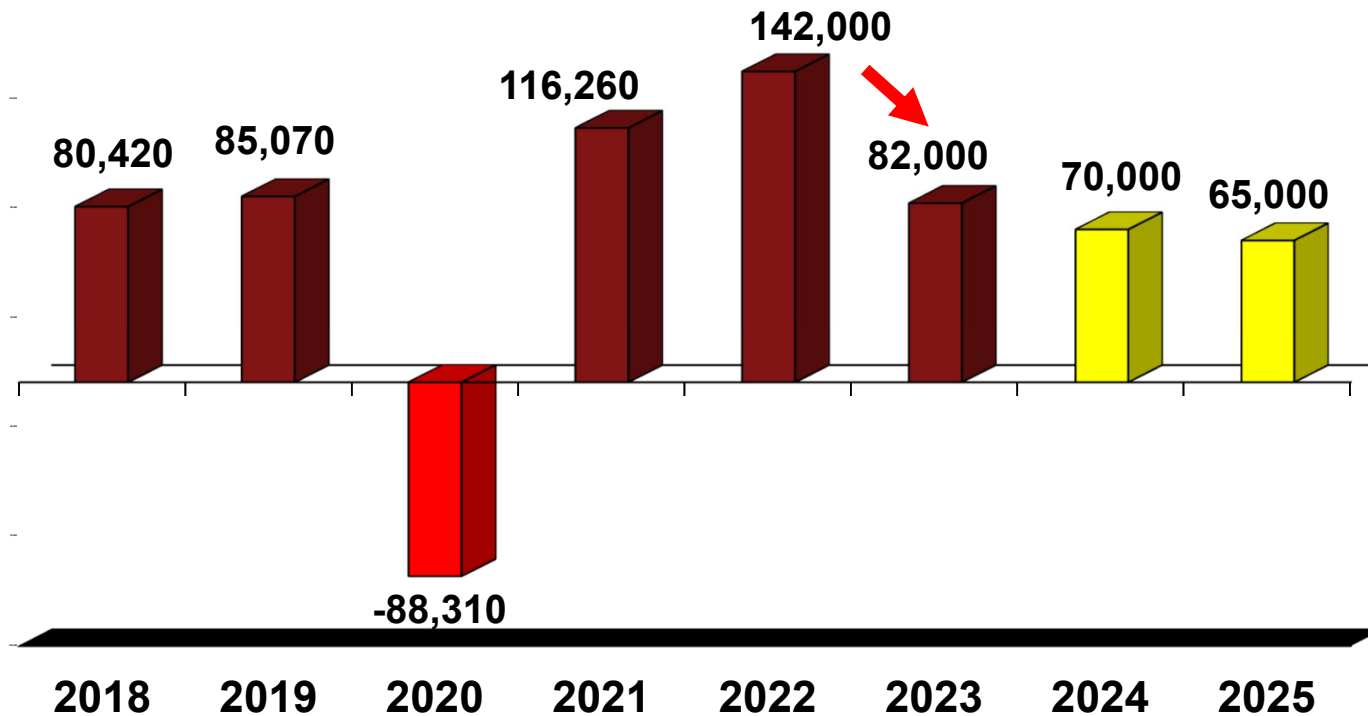
- Health of Labor Market
- Improving Health of Consumer
- Interest rates likely headed down soon
- Still a ton of cash on the sidelines and in reserve

ASU Office of University Economist

Regional Economy Status

Tight Fed Policy Reins in Arizona Job Growth

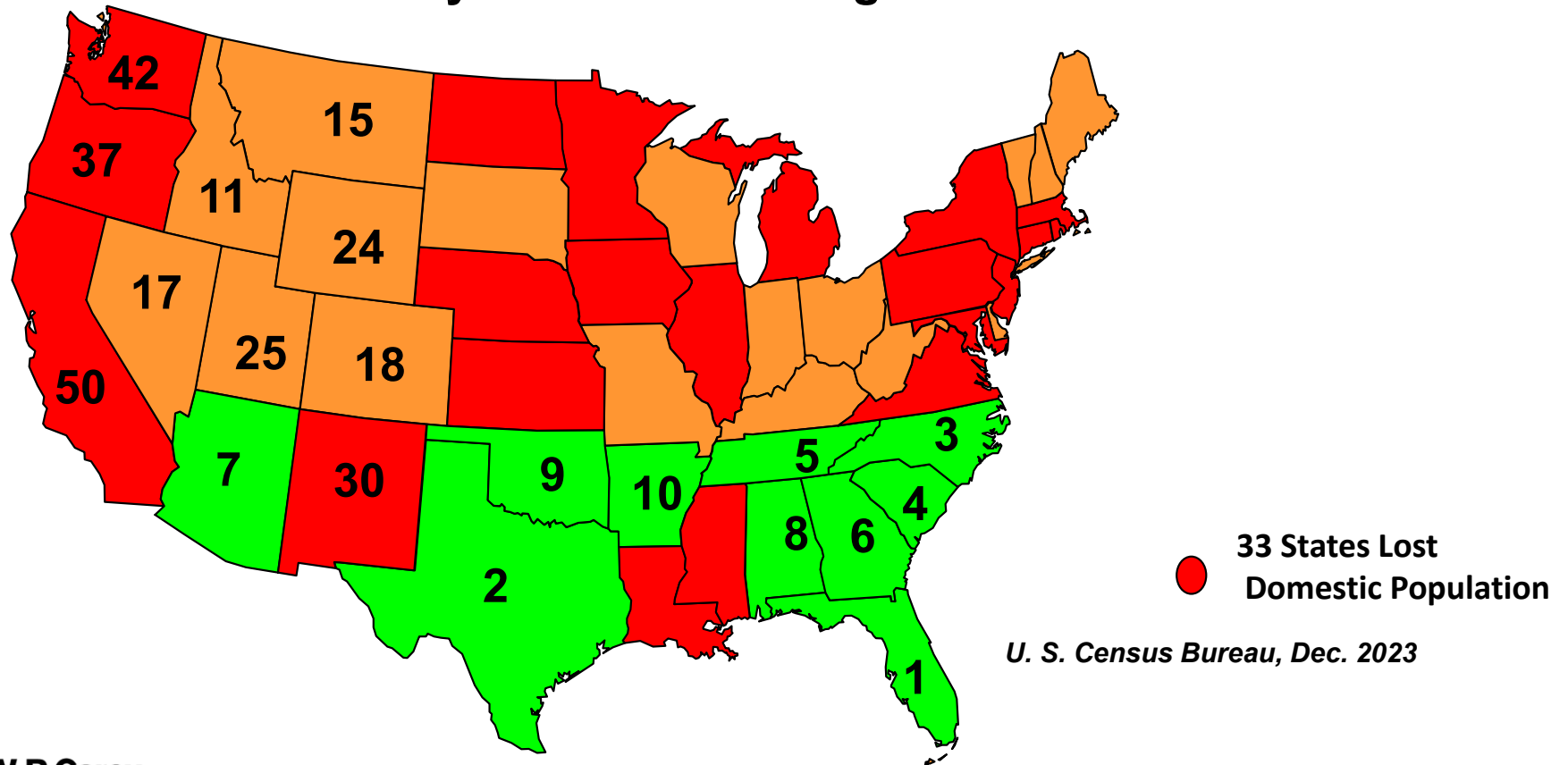
Annual Change In Arizona Nonfarm Jobs 2018 - 2025



Source: W. P. Carey School of Business and U.S. Bureau of Labor Statistics

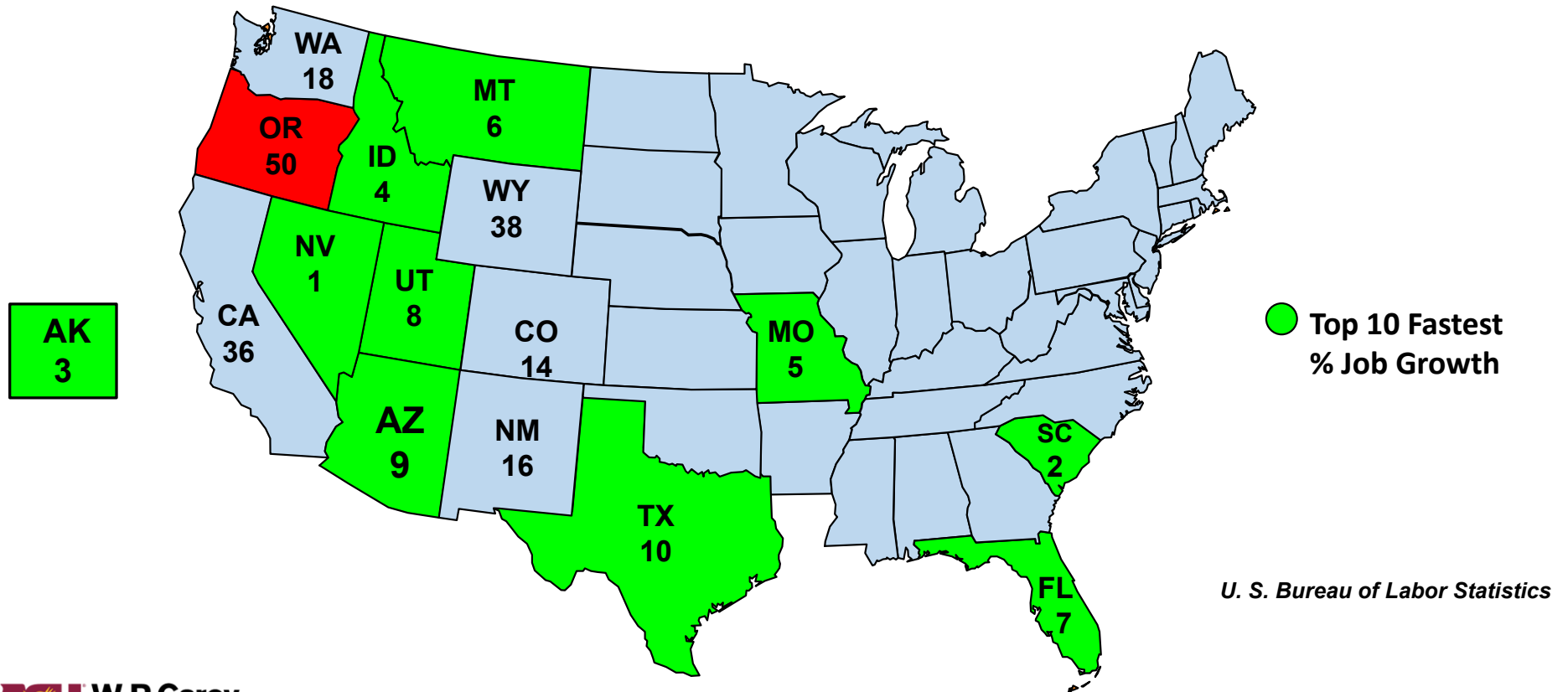
Domestic Migration to Sunbelt Continues

Ranked by Net Domestic Migration In 2023



Arizona Ranks 9th in Rate of Job Creation

Ranked by Percent Change in Employment: Year-to-Date July 2024



U. S. Bureau of Labor Statistics

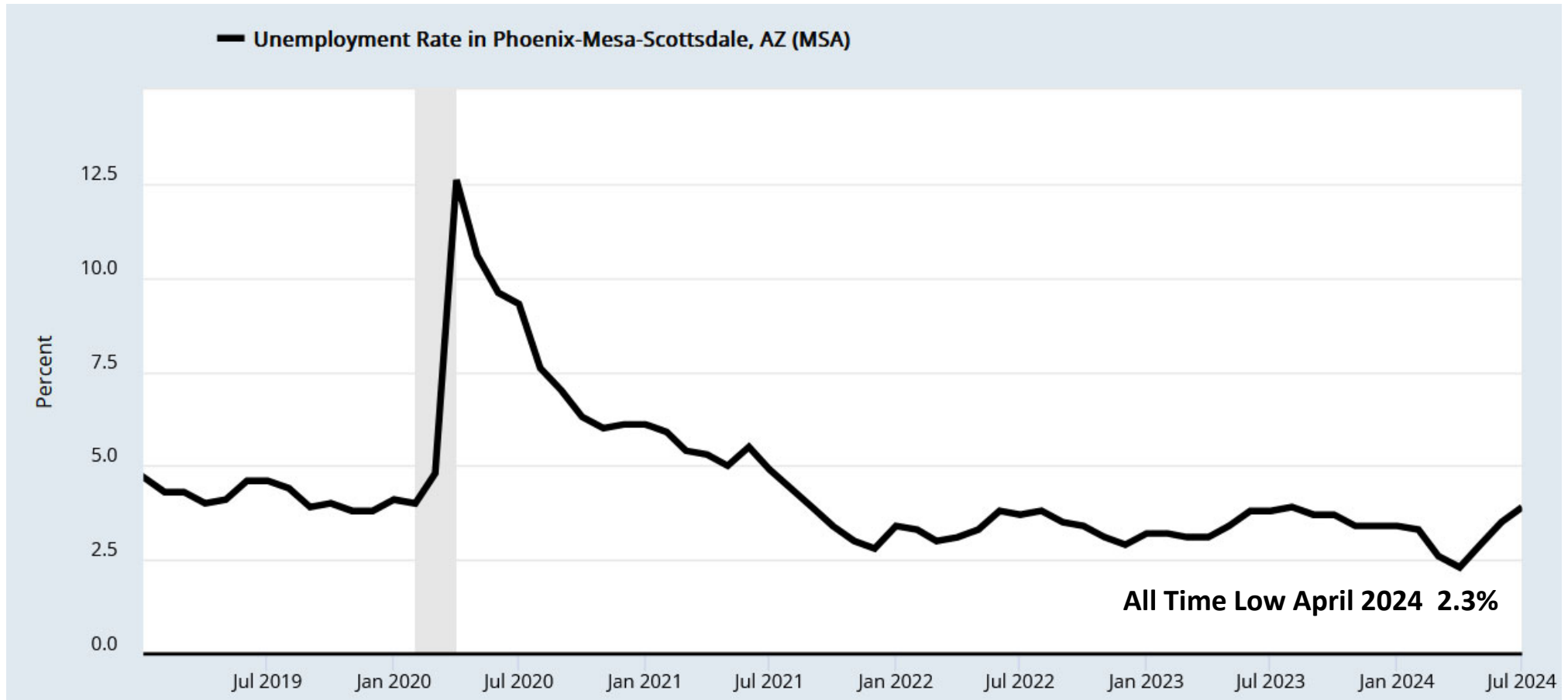
Phoenix 5th Among Metro Labor Markets

(Ranked by % Job Growth Year to Date July)

- 1 Las Vegas (up 3.6%, 39,600 Jobs)
- 2 Sacramento (up 2.6%, 27,600 Jobs)
- 3 Miami (up 2.5%, 70,800 Jobs)
- 4 Houston (up 2.4%, 78,100 Jobs)
- 5 Phoenix (up 2.3%, 55,000 Jobs)

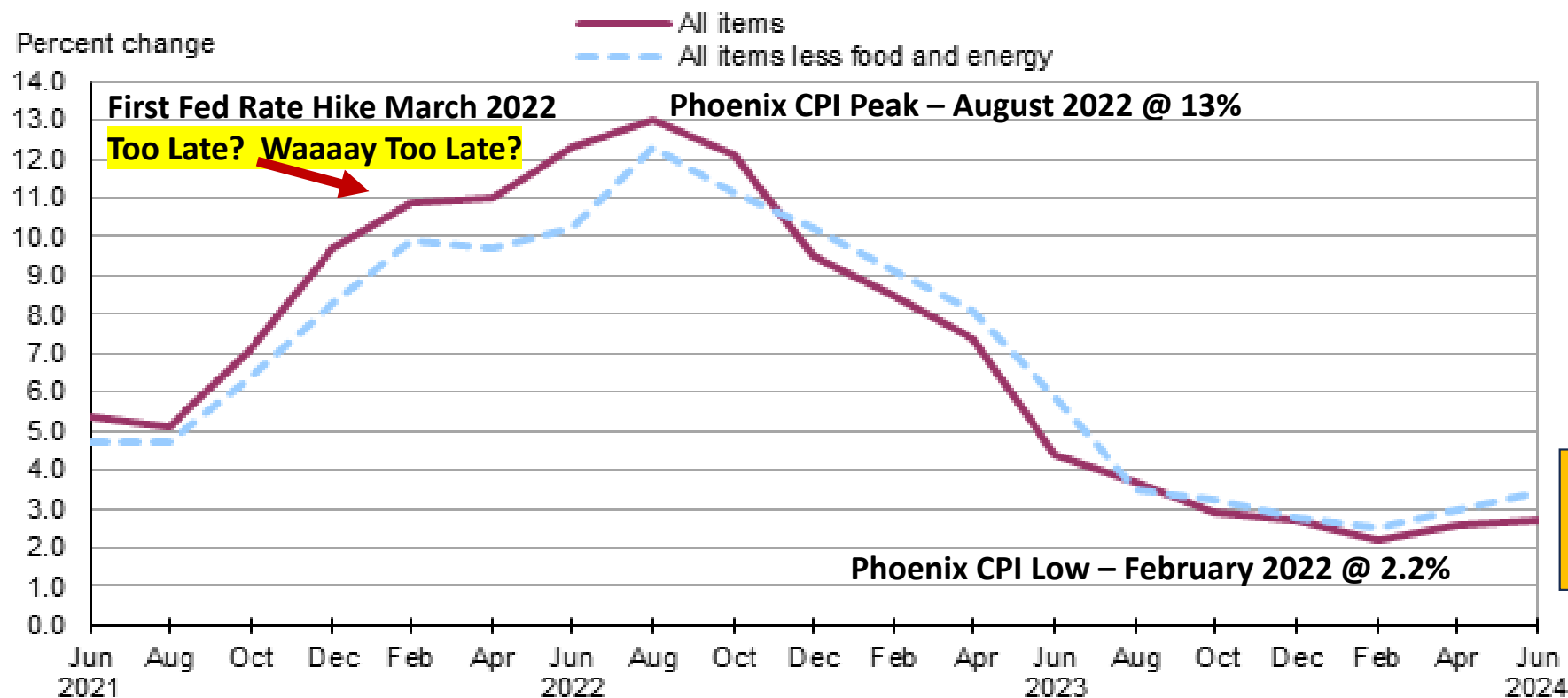
Source: W. P. Carey School of Business and U.S. Bureau of Labor Statistics

Phoenix Unemployment (3.9% July) Below U.S. (4.5%)



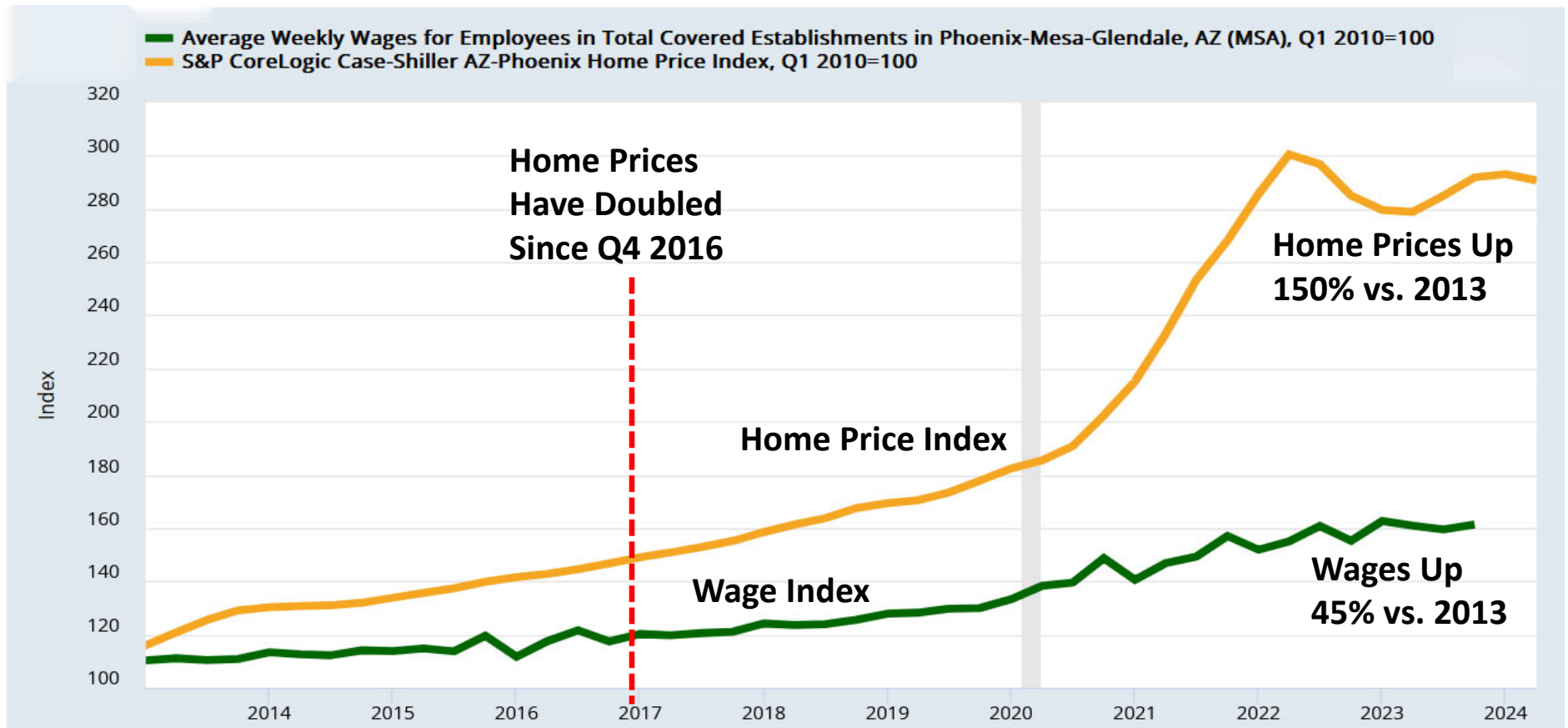
Phoenix 12 Month CPI (2.7% June) Below U.S. (3.0%)

Chart 1. Over-the-year percent change in CPI-U, Phoenix-Mesa-Scottsdale, AZ, June 2021–June 2024



Source: U.S. Bureau of Labor Statistics.

Phoenix Home Prices/Wages Diverged After 2013



Severe Affordable Housing Shortage Across the Country

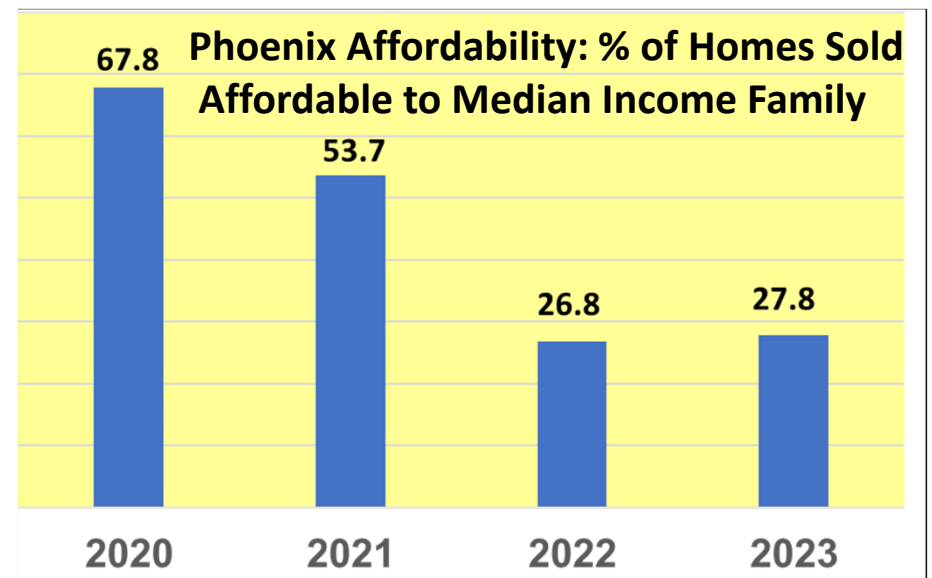
Housing surplus (deficit), % of housing stock



Sources: Census Bureau, Moody's Analytics

Phoenix Metro Area Economic Highlights

- Phoenix MSA number of 2024 jobs created (55,000 YTD) ranks 5th among major metros (ahead of Austin, Atlanta, Denver)
- But Health care and private education make up ½ of all new jobs, while hospitality, information, and manufacturing lose jobs
- The “tech building boom” is not yet a source of new jobs; data centers offer few jobs/sq ft and create huge power demands
- Median income home buyers are priced out of new home housing market



Source: NAHB/Wells Fargo Housing Opportunity Index

Metro Phoenix Economic Outlook

| Indicators | 2023 | 2024 | 2025 |
|-----------------------|--------|--------|--------|
| Employment Growth | 3.0% | 2.3% | 2.1% |
| Job Creation | 69,800 | 55,900 | 51,400 |
| Population Growth | 92,100 | 92,700 | 92,600 |
| Single Family Permits | 24,700 | 30,200 | 30,800 |
| Multi-Family Permits | 20,900 | 13,800 | 13,500 |

Risks and Opportunities for Phoenix MSA Economy

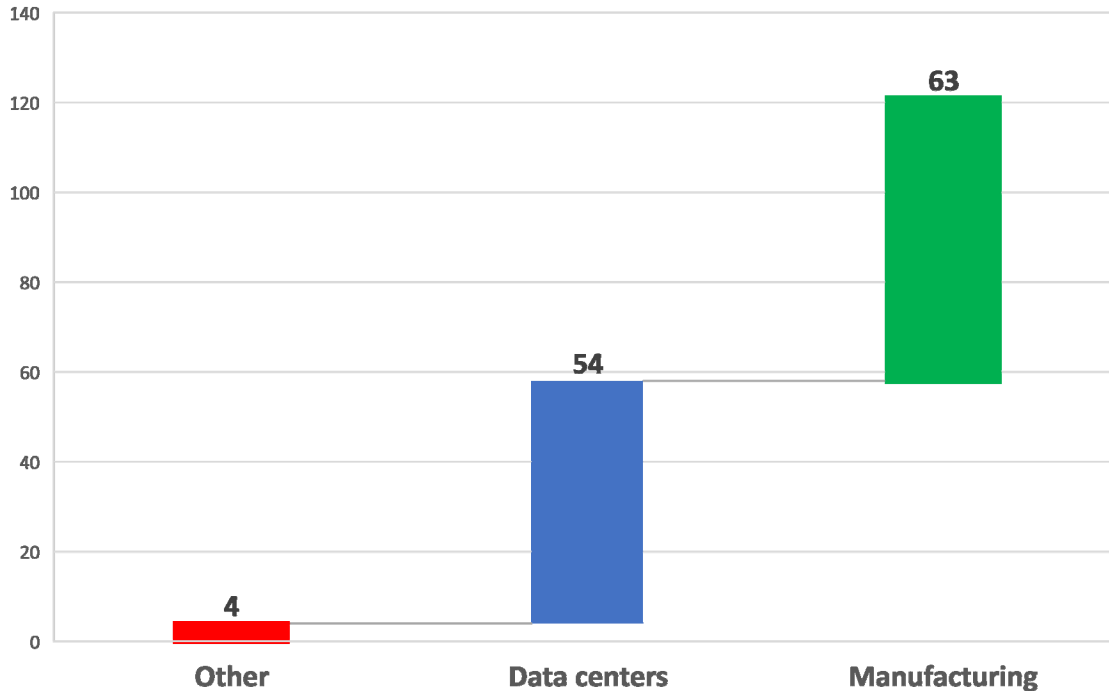
Reasons for Caution

- National business cycle is still the greatest risk to growth
- Domestic migration is slowing in the US and to Arizona
- Phoenix image of housing affordability is under threat
- Chips Act benefits will not be felt until 2 – 3 years or longer

Reasons to be optimistic

- Phoenix is a top 5 labor market
- Housing cheaper than many other metros and California
- Migration slower but Arizona is still a top 10 destination
- Consistently ranked as top area for growth of high tech and regional distribution facilities

SRP's Robust Economic Development Pipeline



Pipeline Potential:

- Jobs: 37,490
- Investment: \$25 billion

Note: Economic development pipeline represents prospective projects in SRP's service territory

Q3 Announced Business Activity

| Employer | # of Jobs | City | Service Area | Industry |
|------------------|-----------|------------|--------------|----------------|
| Big Lots | (483) | Statewide | All | Retail |
| Prileo Home Care | (510) | Phoenix | APS | Health Care |
| Northrop Grumman | (543) | Chandler | SRP | Defense |
| Setna iO | 130 | Tempe | SRP | Transportation |
| Home Run Dugout | 150 | Scottsdale | SRP | Entertainment |
| KoMiCo | 200 | Mesa | SRP | Semiconductor |

Economic Outlook and SRP

Resilient Local Economy



- The sound local economic outlook will fuel continued vigorous future load growth
- The labor market will likely benefit SRP, but also some residential customers could experience costs
- Affordability will hamper in-migration and slow residential load and account growth
- Lower interest rates would lower borrowing costs and provide relief for all our customer classes

thank you!



An aerial photograph of a large dam and reservoir situated in a deep, rugged canyon. The canyon walls are composed of layered, reddish-brown rock formations. The reservoir is a deep blue color, and the dam is a long, curved structure across the middle of the canyon. The sky is a clear, pale blue.

Council Report – Current Events

Council Meeting

September 10, 2024

Current Events

Jim Pratt



Power System Update – Current Events

John Coggins

Operational Updates – August 2024

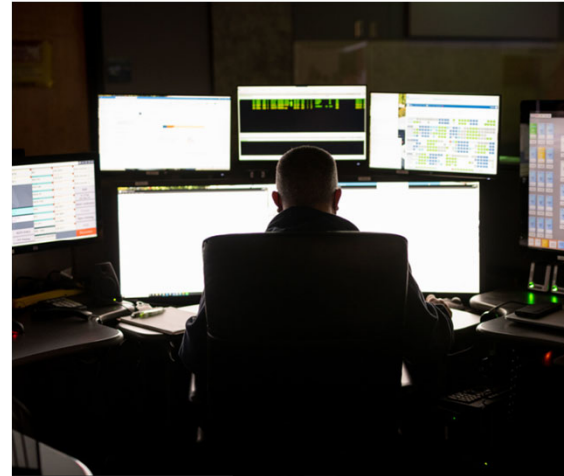
- August Customer peak demand: 8219 MW (New all-time high!)
 - Occurred on August 4th with 116-degree temperature
 - 278 MW higher than forecasted
- Record Heat!
 - Summer 2024 is officially the hottest summer on record
 - 24-hour average temperature over three months was 98.9 degrees, setting a new all-time record
 - 54 days at 110 degrees or higher though August, 52 days in 2023
 - 100 consecutive days at 100+ degrees, new record
- Assets continue to perform extremely well

YTD Reliability Metrics

Exceptional Performance

- ❖ Valley plant Run Reliability
Actual 98.4% vs Target 96.3%
- ❖ CGS EFOR
Actual 0.04% vs Target 4.5%
- ❖ SAIDI
Projection 51.7 min vs Target 73.1 min
- ❖ System health
Actual 97% vs Target 90%
- ❖ Preventative maintenance compliance
Actual 97% vs Target 95%
- ❖ FOHMY
Projection 1.22 outages vs Target 2.10 outages
- ❖ SAIFI
Projection 0.84 events vs Target 0.82 events

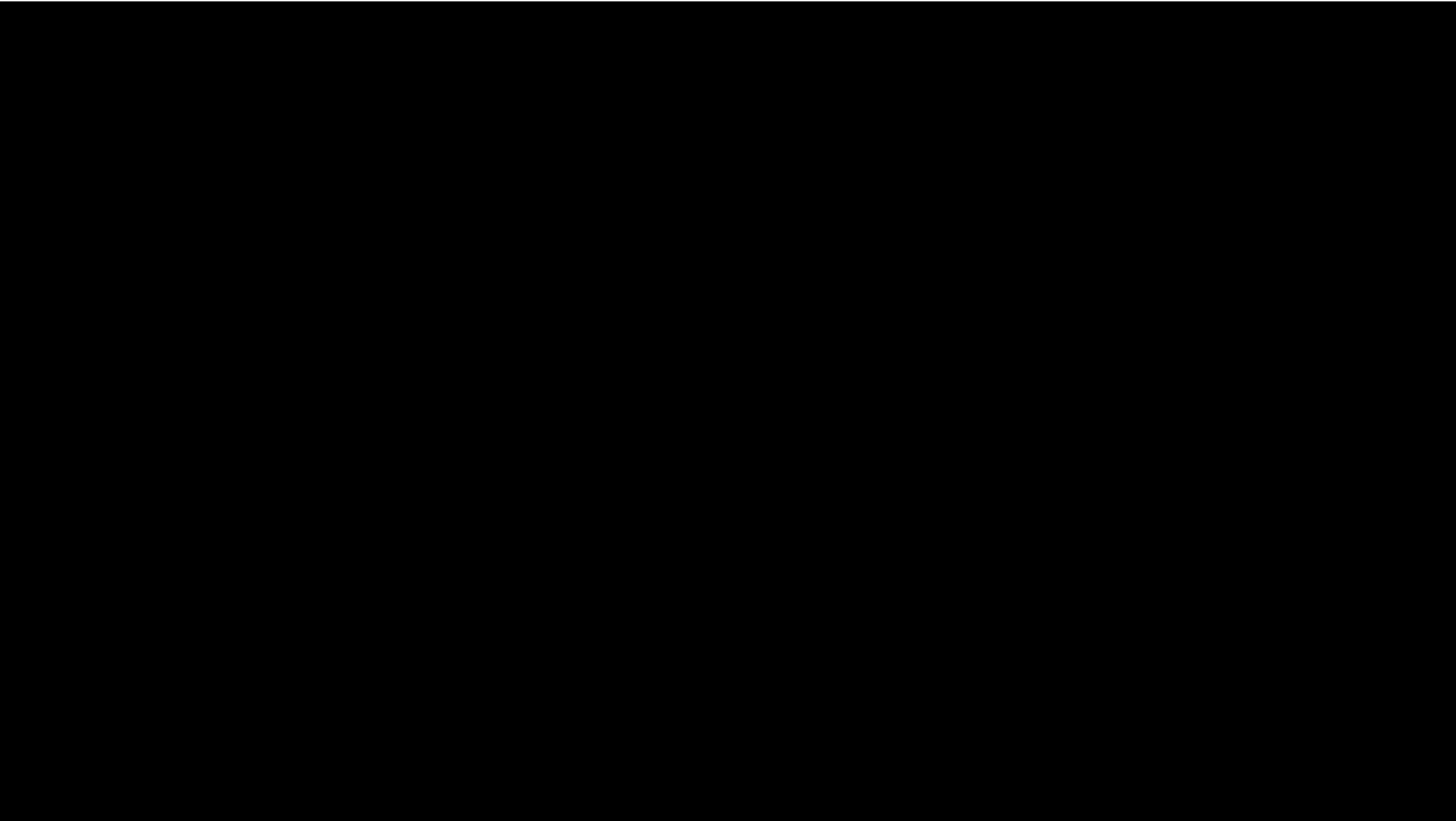
09/10/2024 Council Meeting, J. Coggins



8/22/24 Storm Response

- 22.5K customers interrupted
- 4 poles down
- 2 transformers
- 22kV tower





Financial Update

Brian Koch

Financial Summary Through July 2024

Green text means better than budget/plan; red text means worse than budget/plan

Combined Net Revenue

| July | Year-To-Date |
|-------------------------------|--------------------------------|
| \$260M <i>\$63M</i> | \$476M <i>\$131M</i> |

Debt Service Coverage Ratio & Debt

| Year-To-Date DSCR | Year-End* Debt Ratio |
|----------------------------|----------------------------|
| 7.90 <i>1.47</i> | 46.8% <i>0.6</i> |

Liquidity (General Fund)

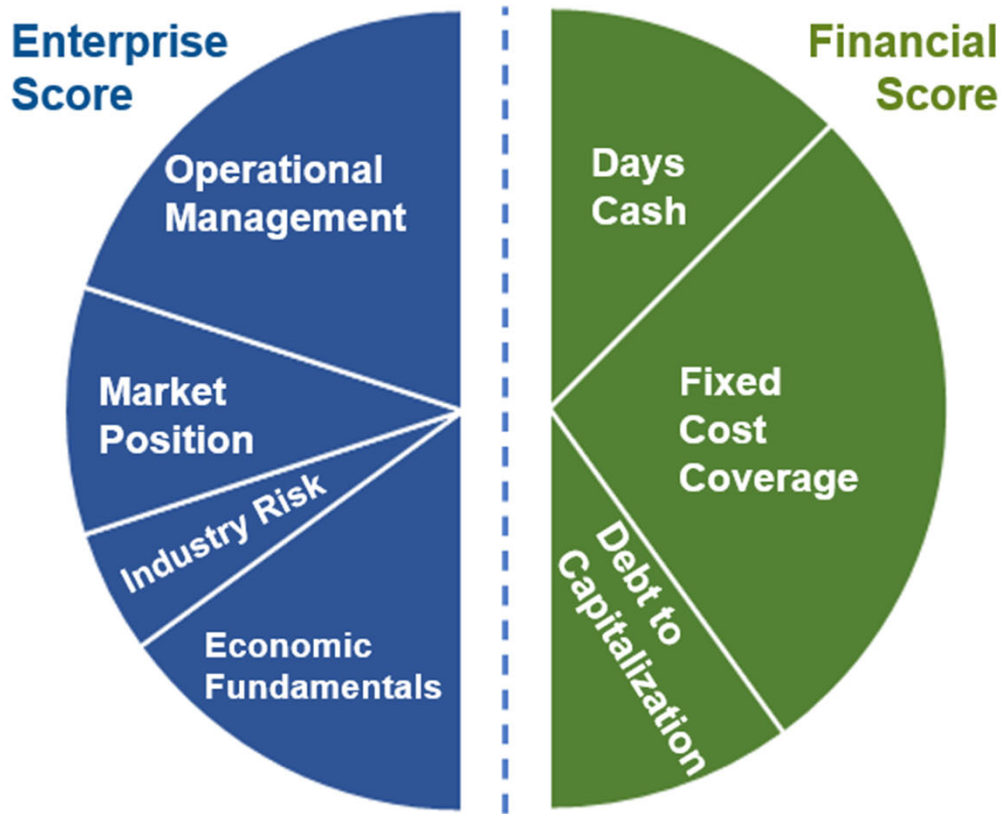
| July | Year-End Forecast |
|---|---|
| <i>45 Days Cash</i> \$666M <i>\$223M</i> | <i>41 Days Cash</i> \$600M <i>\$0M</i> |

FPPAM Collection Balance

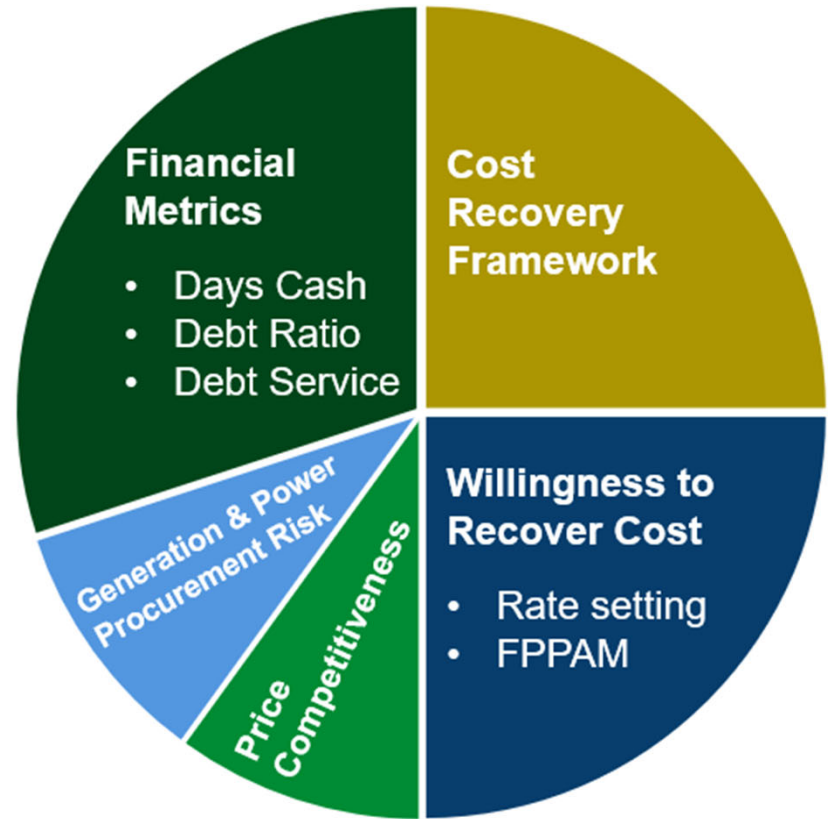
| July | Year-End Forecast |
|---------------------------------|---------------------------------|
| (\$306M) <i>\$53M</i> | (\$300M) <i>\$53M</i> |

What Rating Agencies Value

S&P Criteria



Moody's Scorecard



FY25 Financial Calendar – Key Dates

Final timing subject to financial performance, market conditions, & third-party preferences



FY 2025

- ✓ **Annual Year-End Financial Audit**
- **ACC Filing & Review for Bond Authorization**
- **Standard & Poor's (S&P) and Moody's Reviews**
 - **Customer/Stakeholder Feedback on Outlook, Goals & Customer Offerings**
 - **Bond Issuance Process**
 - **Fuel and Purchased Power Adjustment Mechanism (FPPAM) Process**
 - **Financial Plan 26 and Fiscal Year 26 Budget Process**
 - **Board/Council Work Study Session**
 - **Price Process**

Legend

- ✓ Completed
- In Progress
- Upcoming



Water Stewardship

Leslie Meyers

Colorado River 2025 Shortage Sharing Implementation

Planning for Shortage

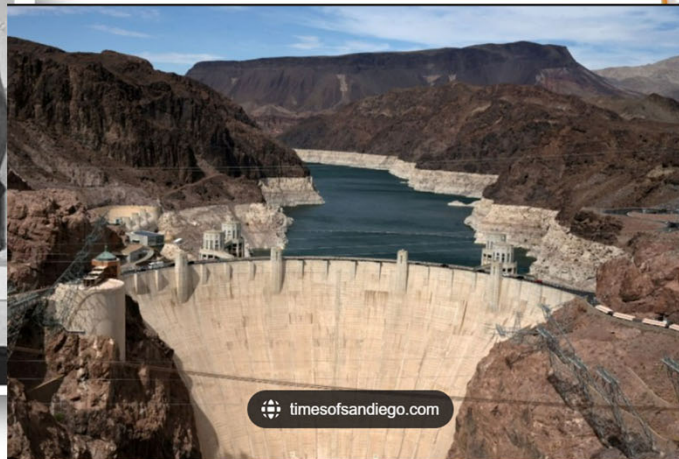
- 2007 Interim Guidelines
- 2019 Drought Contingency Plan

COLORADO RIVER 2007 INTERIM GUIDELINES AND DROUGHT CONTINGENCY PLANS

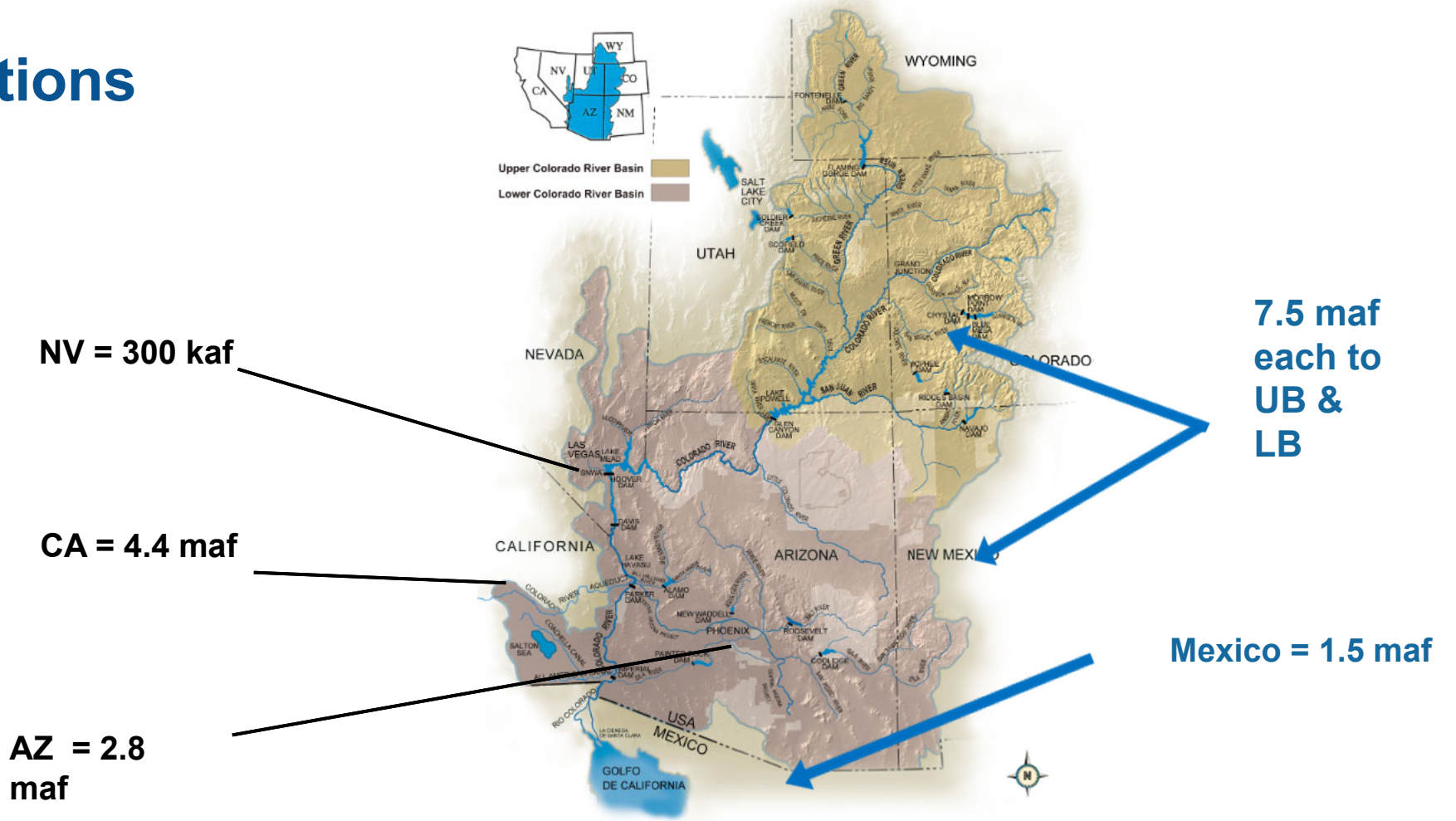
In 2005, after six years of severe drought in the Colorado River Basin, federal officials and representatives of the seven basin states — California, Arizona, Nevada, New Mexico, Colorado, Utah and Wyoming — began building a framework to better respond to drought conditions and coordinate the operations of the basin's two key reservoirs, [Lake Powell](#) and [Lake Mead](#).



The resulting Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (Interim Guidelines) identified the conditions for shortage determinations and details of coordinated reservoir operations. The 2007 Interim Guidelines remain in effect through Dec. 31, 2025.



Allocations



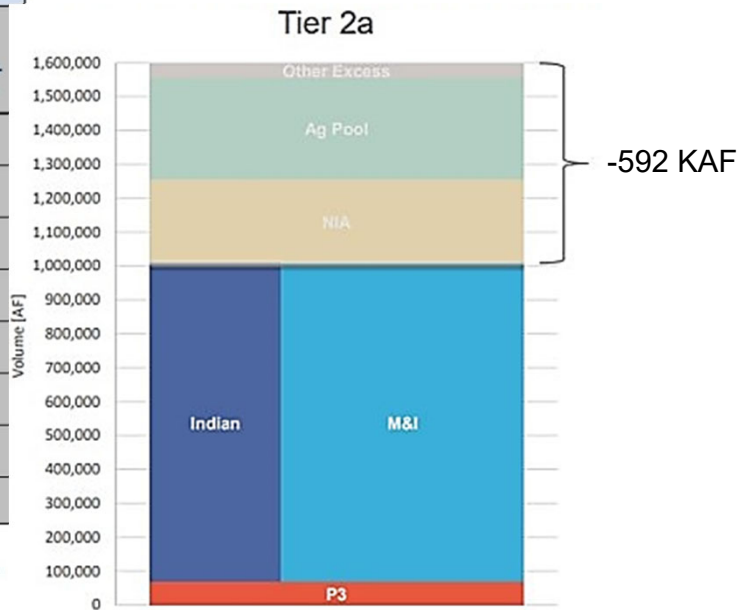
Lower Basin Drought Planning

2007 Interim Guidelines, Minute 323, Lower Basin Drought Contingency Plan, and Binational Water Scarcity Contingency Plan
Total Volumes (kaf)

| Lake Mead Elevation (feet msl) | 2007 Interim Guidelines Shortages | | Minute 323 Delivery Reductions | Total Combined Reductions | DCP Water Savings Contributions | | | Binational Water Scarcity Contingency Plan Savings | Combined Volumes by Country | | | | | Total Combined Volumes |
|--------------------------------|-----------------------------------|----|--------------------------------|------------------------------------|---------------------------------|----|-----|--|-----------------------------|---|----------|--------------------------|--------------|------------------------------------|
| | AZ | NV | Mexico | | AZ | NV | CA | | Mexico | US: (2007 Interim Guidelines Shortages + DCP Contributions) | | | Mexico | |
| | | | | Lower Basin States + Mexico | | | | | AZ Total | NV Total | CA Total | Lower Basin States Total | Mexico Total | Lower Basin States + Mexico |
| 1,090 - 1,075 | 0 | 0 | 0 | 0 | 192 | 8 | 0 | 41 | 192 | 8 | 0 | 200 | 41 | 241 |
| 1,075 - 1,050 | 320 | 13 | 50 | 383 | 192 | 8 | 0 | 30 | 512 | 21 | 0 | 533 | 80 | 613 |
| 1,050 - 1,045 | 400 | 17 | 70 | 487 | 192 | 8 | 0 | 34 | 592 | 25 | 0 | 617 | 104 | 721 |
| 1,045 - 1,040 | 400 | 17 | 70 | 487 | 240 | 10 | 200 | 76 | 640 | 27 | 200 | 867 | 146 | 1,013 |
| 1,040 - 1,035 | 400 | 17 | 70 | 487 | 240 | 10 | 250 | 84 | 640 | 27 | 250 | 917 | 154 | 1,071 |
| 1,035 - 1,030 | 400 | 17 | 70 | 487 | 240 | 10 | 300 | 92 | 640 | 27 | 300 | 967 | 162 | 1,129 |
| 1,030 - 1,025 | 400 | 17 | 70 | 487 | 240 | 10 | 350 | 101 | 640 | 27 | 350 | 1,017 | 171 | 1,188 |
| <1,025 | 480 | 20 | 125 | 625 | 240 | 10 | 350 | 150 | 720 | 30 | 350 | 1,100 | 275 | 1,375 |

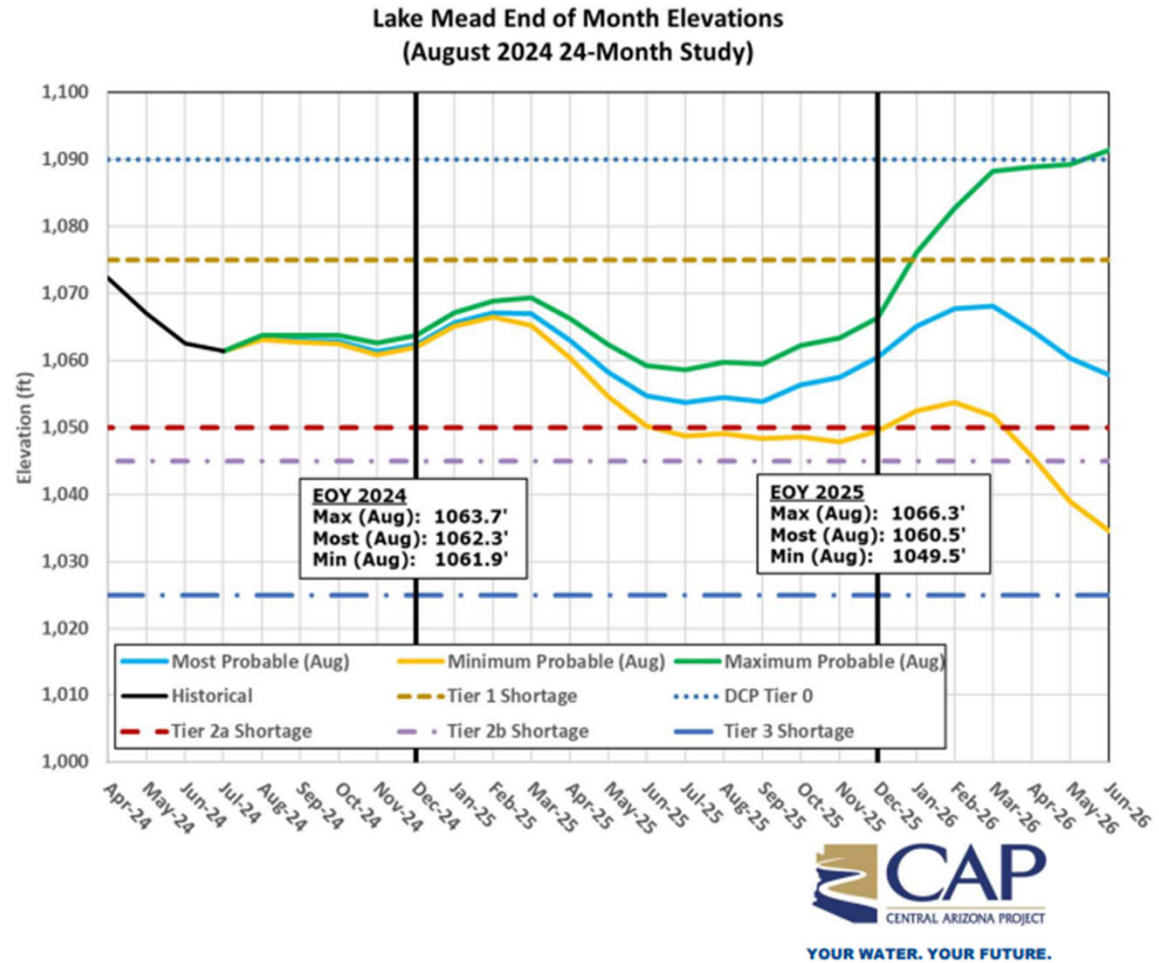
The Secretary of the Interior will take affirmative actions to implement programs designed to create or conserve 100,000 acre-ft per annum or more of Colorado River System water to contribute to conservation of water supplies in Lake Mead and other Colorado River reservoirs in the lower basin. All actions taken by the United States shall be subject to applicable law, including availability of appropriations.

Tier 1 →
Tier 2a →
Tier 2b {
Tier 3 →



Lake Mead August 2024 24-Month Study

- Lake Mead is operating in Tier 1 shortage condition in 2024
- Lake Mead will be in Tier 1 shortage condition in 2025

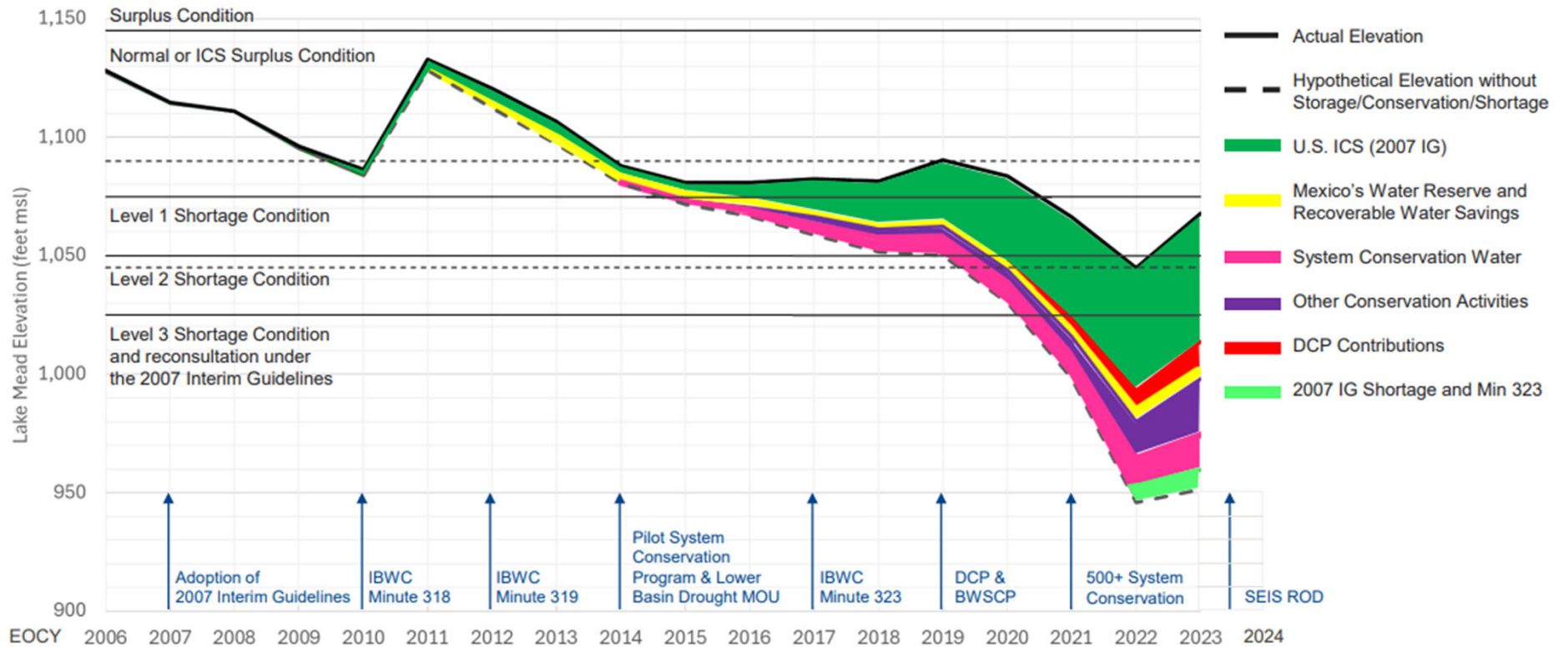


Colorado River – Lower Basin 2025 Shortage Sharing Implementation

2007 Interim Guidelines, Minute 323, Lower Basin Drought Contingency Plan,
and Binational Water Scarcity Contingency Plan
Total Volumes (kaf)

| Lake Mead Elevation (feet msl) | 2007 Interim Guidelines Shortages | | Minute 323 Delivery Reductions | Total Combined Reductions | DCP Water Savings Contributions | | | Binational Water Scarcity Contingency Plan Savings | Combined Volumes by Country US: (2007 Interim Guidelines Shortages + DCP Contributions) Mexico: (Minute 323 Delivery Reductions + Binational Water Scarcity Contingency Plan Savings) | | | | | Total Combined Volumes | |
|---|-----------------------------------|-----|--------------------------------|-----------------------------|---------------------------------|-----|----|--|---|----------|----------|--------------------------|--------------|-----------------------------|-------|
| | AZ | NV | Mexico | Lower Basin States + Mexico | AZ | NV | CA | Mexico | AZ Total | NV Total | CA Total | Lower Basin States Total | Mexico Total | Lower Basin States + Mexico | |
| 1,090 - 1,075 | 0 | 0 | 0 | 0 | 192 | 8 | 0 | 41 | 192 | 8 | 0 | 200 | 41 | 241 | |
| Tier 1 2025 Reductions+ Contributions → | 1,075 - 1,050 | 320 | 13 | 50 | 383 | 192 | 8 | 0 | 30 | 512 | 21 | 0 | 533 | 80 | 613 |
| Tier 2a → | 1,050 - 1,045 | 400 | 17 | 70 | 487 | 192 | 8 | 0 | 34 | 592 | 25 | 0 | 617 | 104 | 721 |
| Tier 2b → | 1,045 - 1,040 | 400 | 17 | 70 | 487 | 240 | 10 | 200 | 76 | 640 | 27 | 200 | 867 | 146 | 1,013 |
| Tier 2c → | 1,040 - 1,035 | 400 | 17 | 70 | 487 | 240 | 10 | 250 | 84 | 640 | 27 | 250 | 917 | 154 | 1,071 |
| Tier 2d → | 1,035 - 1,030 | 400 | 17 | 70 | 487 | 240 | 10 | 300 | 92 | 640 | 27 | 300 | 967 | 162 | 1,129 |
| Tier 2e → | 1,030 - 1,025 | 400 | 17 | 70 | 487 | 240 | 10 | 350 | 101 | 640 | 27 | 350 | 1,017 | 171 | 1,188 |
| Tier 3 → | <1,025 | 480 | 20 | 125 | 625 | 240 | 10 | 350 | 150 | 720 | 30 | 350 | 1,100 | 275 | 1,375 |

Lake Mead Storage and Conservation



System Conservation Commitments^{1,2}

| State | Conservation Activity (ac-ft) | 2023 | 2024 | 2025 | 2026 | Total |
|-------|--|------------------|------------------|------------------|------------------|------------------|
| AZ | Fort McDowell Yavapai Nation | 13,933 | 13,933 | 13,933 | | 41,799 |
| | Gila River Indian Community | 91,319 | 125,000 | 125,000 | | 341,319 |
| | Hopi Tribe | 2,679 | 3,059 | 3,059 | | 8,797 |
| | San Carlos Apache Tribe | 23,804 | | | | 23,804 |
| | CAP Subcontractors | 141,400 | 129,400 | 128,800 | 2,400 | 402,000 |
| | ADWR-CAP ICS Preservation Program | 41,776 | | | | 41,776 |
| | Mohave Valley Irrigation and Drainage District | 12,819 | 13,441 | 13,441 | | 39,701 |
| | Yuma Mesa Irrigation and Drainage District | 21,556 | 21,795 | 21,795 | | 65,146 |
| | Cibola Valley Irrigation and Drainage District | 1,682 | 2,328 | 2,328 | | 6,338 |
| | Cathcart Farms | 57 | 61 | 61 | | 179 |
| | GM Gabrych Family | 3,240 | 3,240 | 3,240 | | 9,720 |
| CA | Coachella Valley Water District | 35,000 | 36,063 | 45,000 | 10,000 | 126,063 |
| | Quechan Tribe-MET | 13,000 | 13,000 | 13,000 | | 39,000 |
| | Palo Verde Irrigation District | 71,507 | 117,021 | 117,021 | 79,830 | 385,379 |
| | Imperial Irrigation District | 106,111 | | | | 106,111 |
| | MET EC- ICS | 450,000 | | | | 450,000 |
| | MET - Conservation left in Lake Mead (non-ICS) | 25,066 | 41,928 | | | 66,994 |
| NV | SNWA Tributary Conservation ICS | 36,075 | 36,000 | 30,000 | 30,000 | 132,075 |
| | SNWA Conservation left in Lake Mead (non-ICS) | 88,156 | 90,000 | 40,000 | 35,000 | 253,156 |
| | Annual Total | 1,179,180 | 646,269 | 556,678 | 157,230 | 2,539,357 |
| | Cumulative Total | 1,179,180 | 1,825,449 | 2,382,127 | 2,539,357 | |

¹ Volumes reflect executed agreements and/or current operational projections and are subject to change. Additional conservation activities are being considered. After new agreements are finalized and executed, these additional activities will be included in Reclamation's operational modeling.

² New agreements under the LC Conservation Program are being developed.

IID Backs Conservation Plan, Strengthening Colorado River and Salton Sea

The Imperial Irrigation District Board of Directors have unanimously approved the 2023 System Conservation Implementation Agreement with the U.S. Bureau of Reclamation, signaling IID's commitment to the sustainability of the Colorado River and Salton Sea.

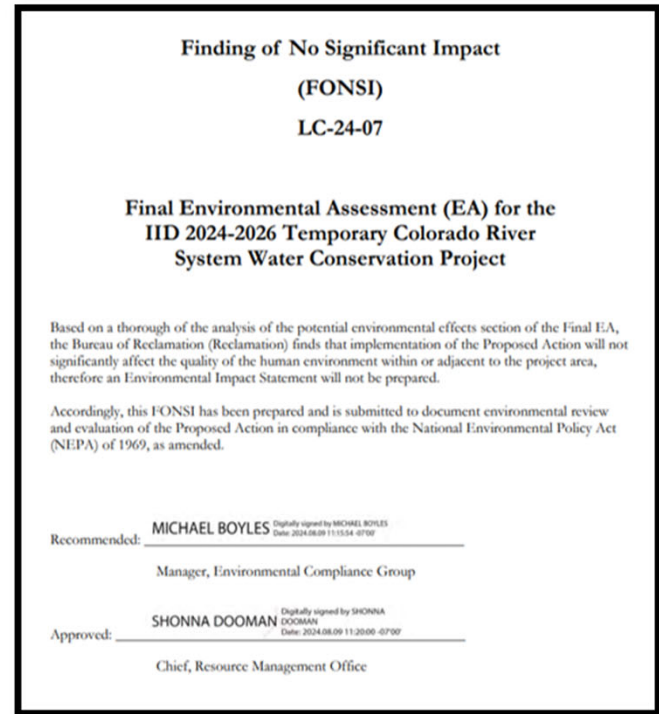
Post Date: 12/01/2023



Imperial Irrigation District (IID) Finalizes Conservation Deal

Specifics:

- 700 KAF of System Conservation Water left in Mead through 2026
- \$250M of federal funding (IRA monies) for Salton Sea restoration, support for summer conservation
- IID to conserve, reducing Colorado River diversions. Potential Programs include:
 - On Farm Efficiency Conservations Programs
 - Deficit Irrigation Program
 - Farm Unit Following Program



Contemplated:

San Diego/MWD/IID water swap in 2024



thank you!



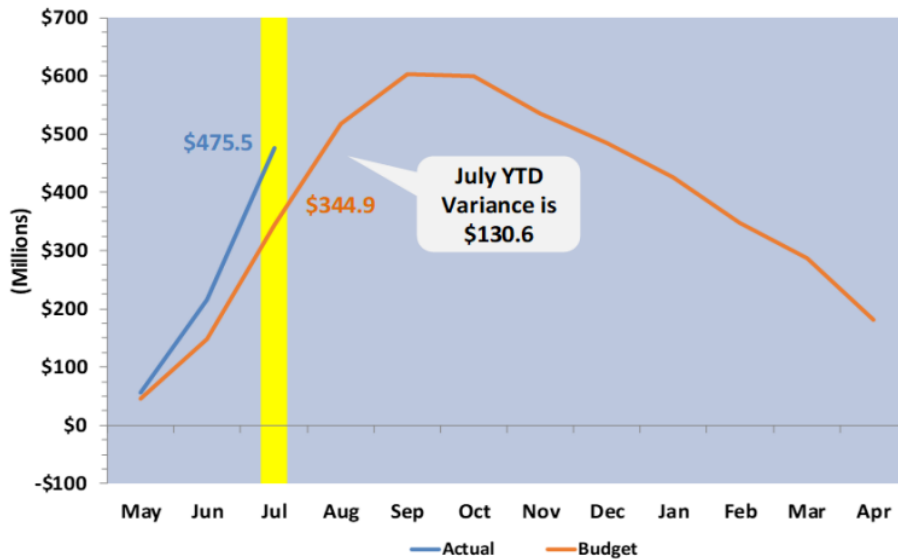
Operating Environment – July 2024

| \$ Millions | Actual | Budget | Variance | % Budget |
|-------------------------------------|-----------|-----------|----------|----------|
| Elec Customer Accounts - July 2024 | 1,163,681 | 1,158,500 | 5,181 | 100% |
| Elec Customer Accounts - April 2024 | 1,158,913 | | | |
| Elec Customer Accounts - July 2023 | 1,138,603 | | | |
| System Sales GWH | 4,233.4 | 3,939.4 | 294.0 | 107% |
| Wholesale Sales GWH | 916.6 | 496.5 | 420.1 | 185% |
| Total A.F. Water Delivered | 97,088 | 106,000 | (8,912) | 92% |

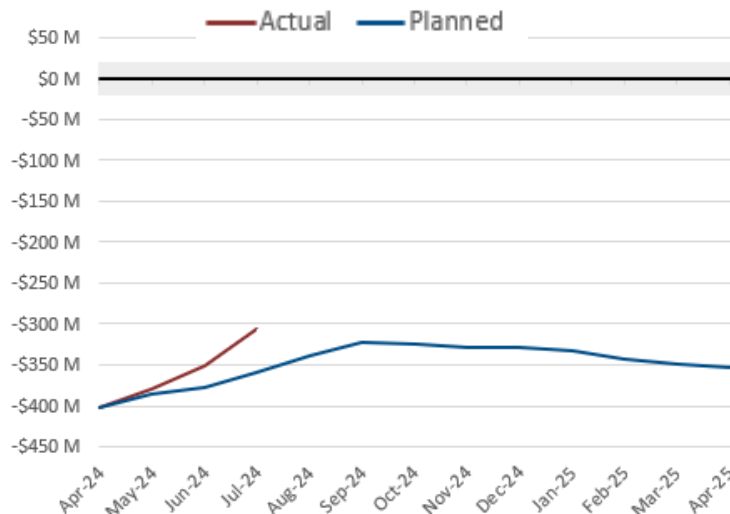
Financial Summary – July 2024

| \$ Millions | Actual | Budget | Variance | % Budget |
|----------------------|----------|----------|-----------|----------|
| Combined Revenues | \$ 632.6 | \$ 567.1 | \$ 65.5 | 112% |
| Combined Expenses | \$ 372.9 | \$ 370.7 | \$ 2.2 | 101% |
| Comb Net Revs (Loss) | \$ 259.7 | \$ 196.4 | \$ 63.3 | 132% |
| Funds Available | \$ 300.4 | \$ 234.8 | \$ 65.6 | 128% |
| Capital Expenditures | \$ 108.8 | \$ 133.0 | \$ (24.2) | 82% |

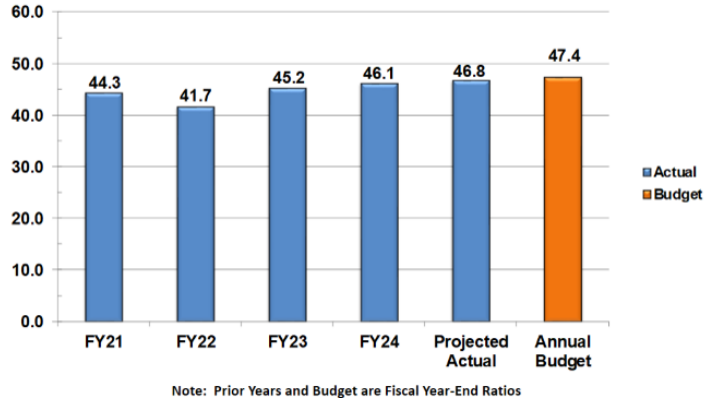
Combined Net Revenues



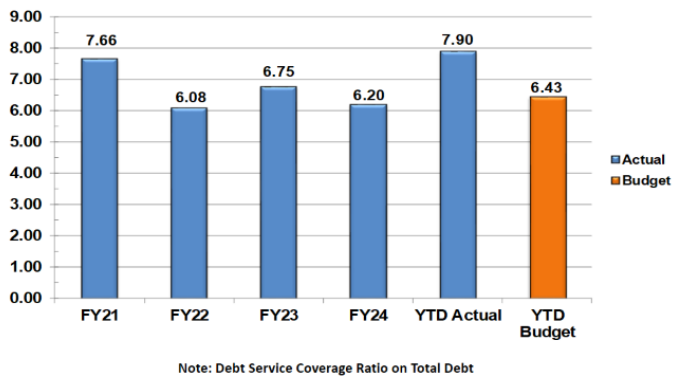
Fuel & Purchased Power Adjustment Mechanism (FPPAM) – July 2024



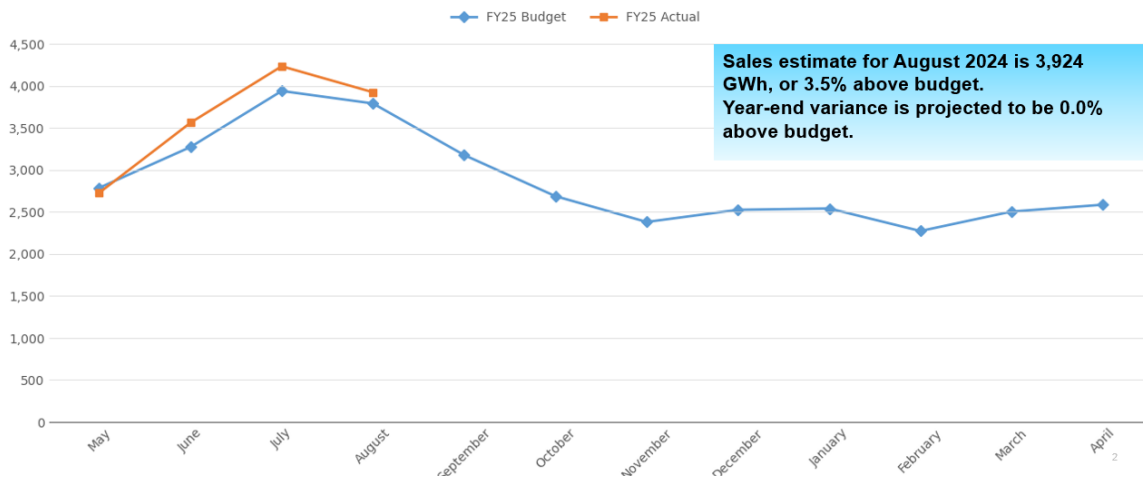
Debt Ratio – Year End Actuals and Projection



Debt Service Coverage Ratio – YTD Through July



Preliminary Retail Sales (GWh) Estimate Through August 2024



Financial Definitions for Dashboard

| | |
|--|--|
| <p>Combined Net Revenue</p> <ul style="list-style-type: none"> SRP's "bottom line" Comparable to Net Income "Combines" SRP's electric and water income statements | <p>Debt Service Coverage Ratio & Debt Ratio</p> <ul style="list-style-type: none"> DSCR = ratio of net cash inflows vs. annual interest & principal payments Debt Ratio = percentage of long-life assets paid for with debt |
| <p>Liquidity (General Fund)</p> <ul style="list-style-type: none"> SRP's checking account Days Cash = number of days that SRP can continue to pay its cash expenses without any cash inflow | <p>FPPAM Collection Balance</p> <ul style="list-style-type: none"> Fuel & Purchased Power Adjustment Mechanism Recovers the appropriate fuel & purchased costs over time (no more, no less) |

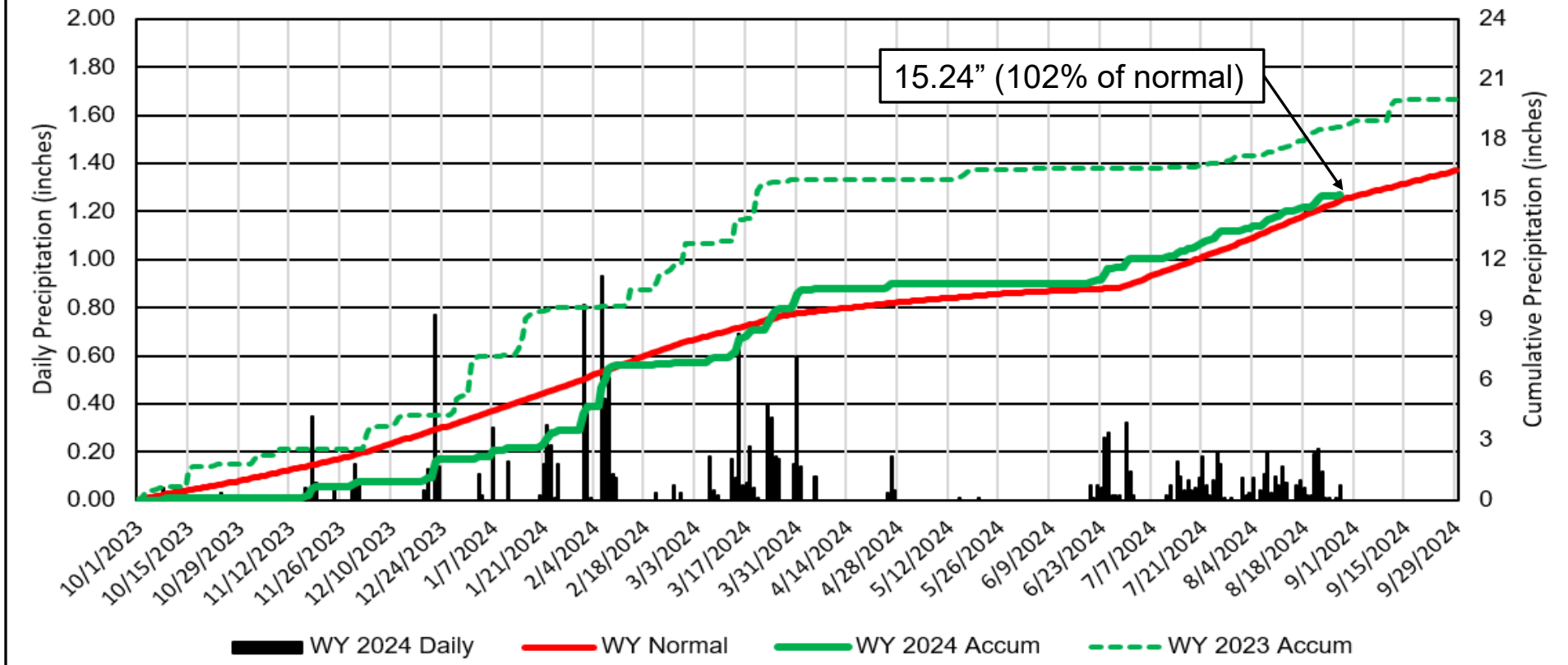
Water Supply and Weather Report

September Council Meeting

September 10, 2024

Stephen Flora

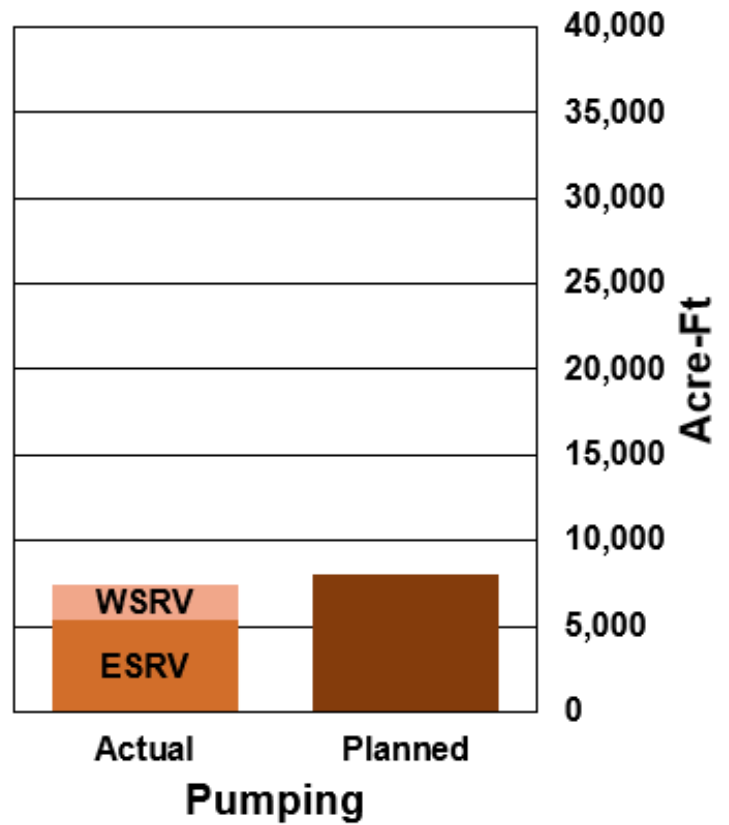
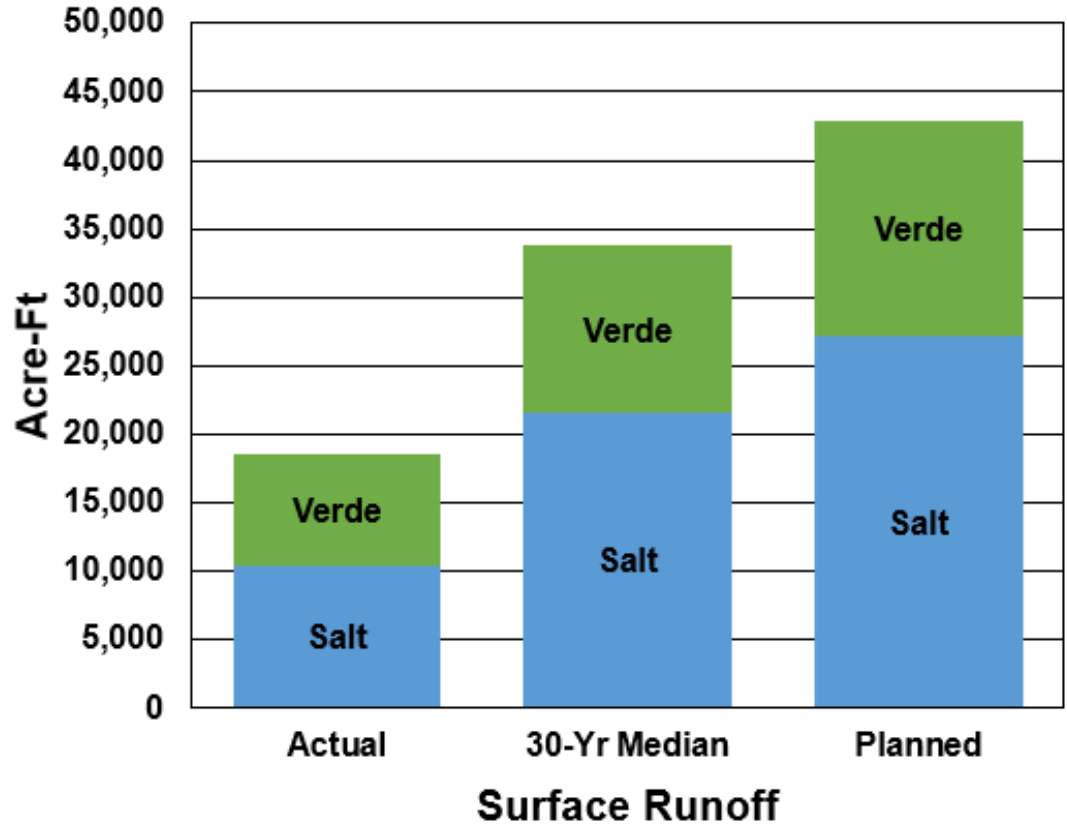
Cumulative Watershed Precipitation: Water Year (Oct 2023 - Sep 2024)



Monsoon Season 2024 Precipitation (June 15 – Aug 30) = 4.41" (98% of normal)

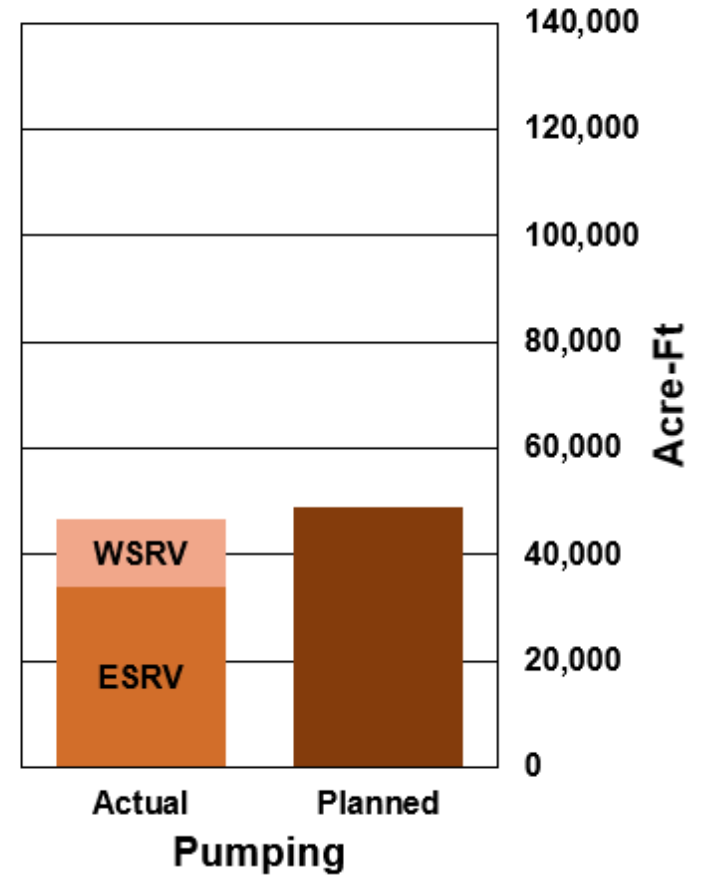
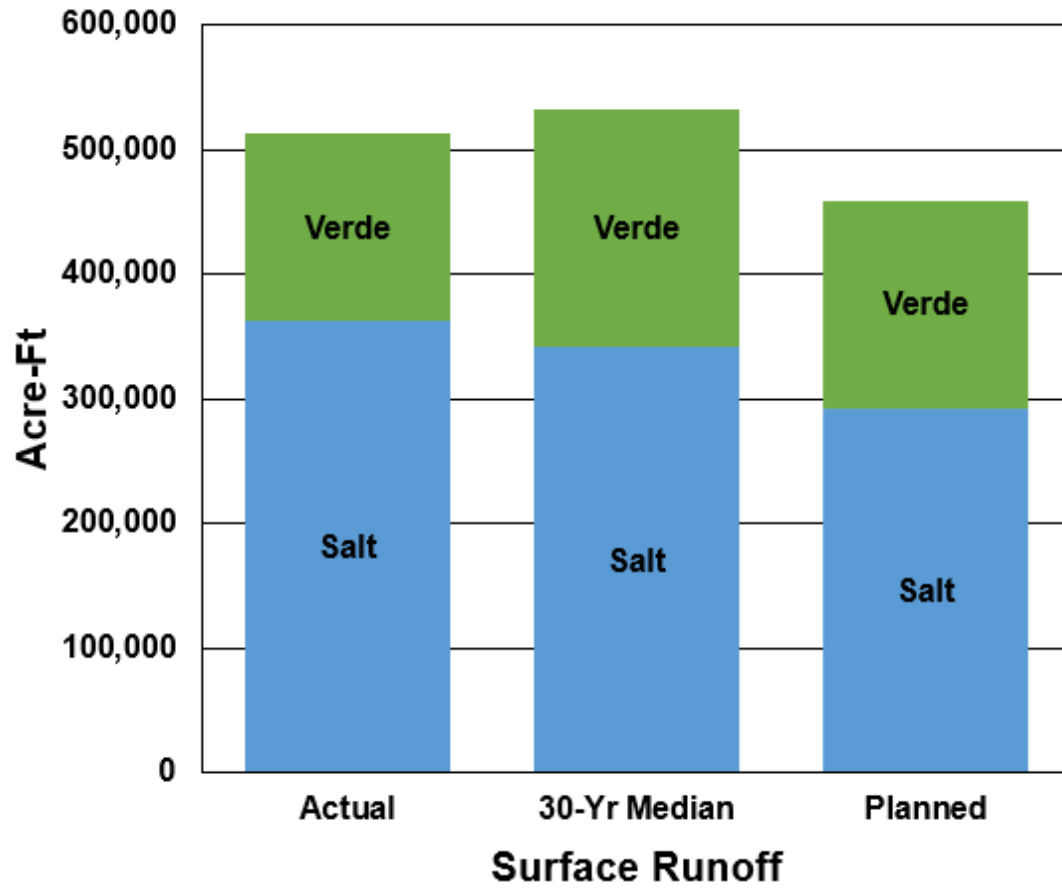
**Monsoon Season Runoff (July/August)
as of September 1, 2024
34,000 AF (64% of median)**

August 2024



Year to Date Runoff
513,000 AF (96% of median)

Year to Date 2024

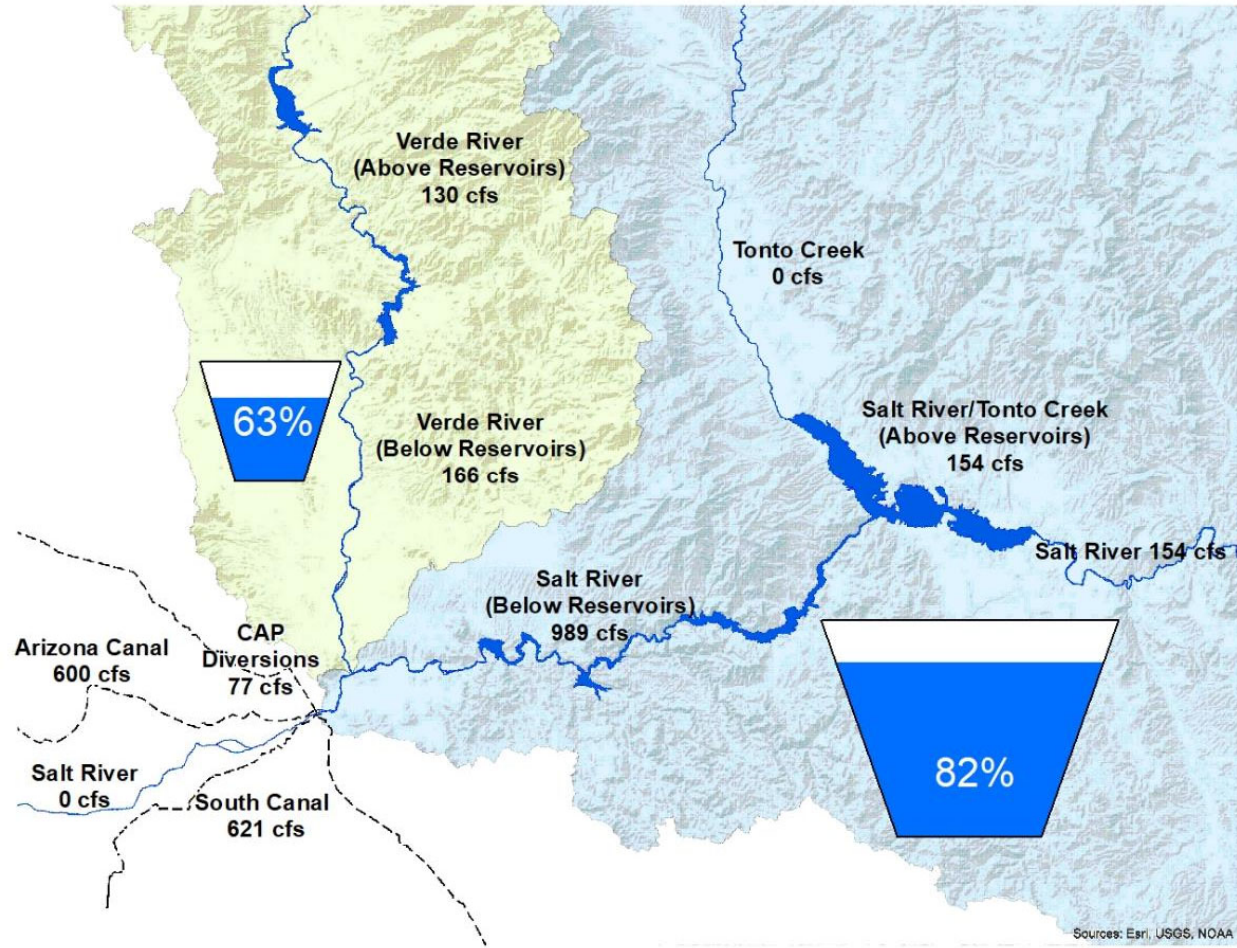


SRP Reservoir System Status

September 1, 2024

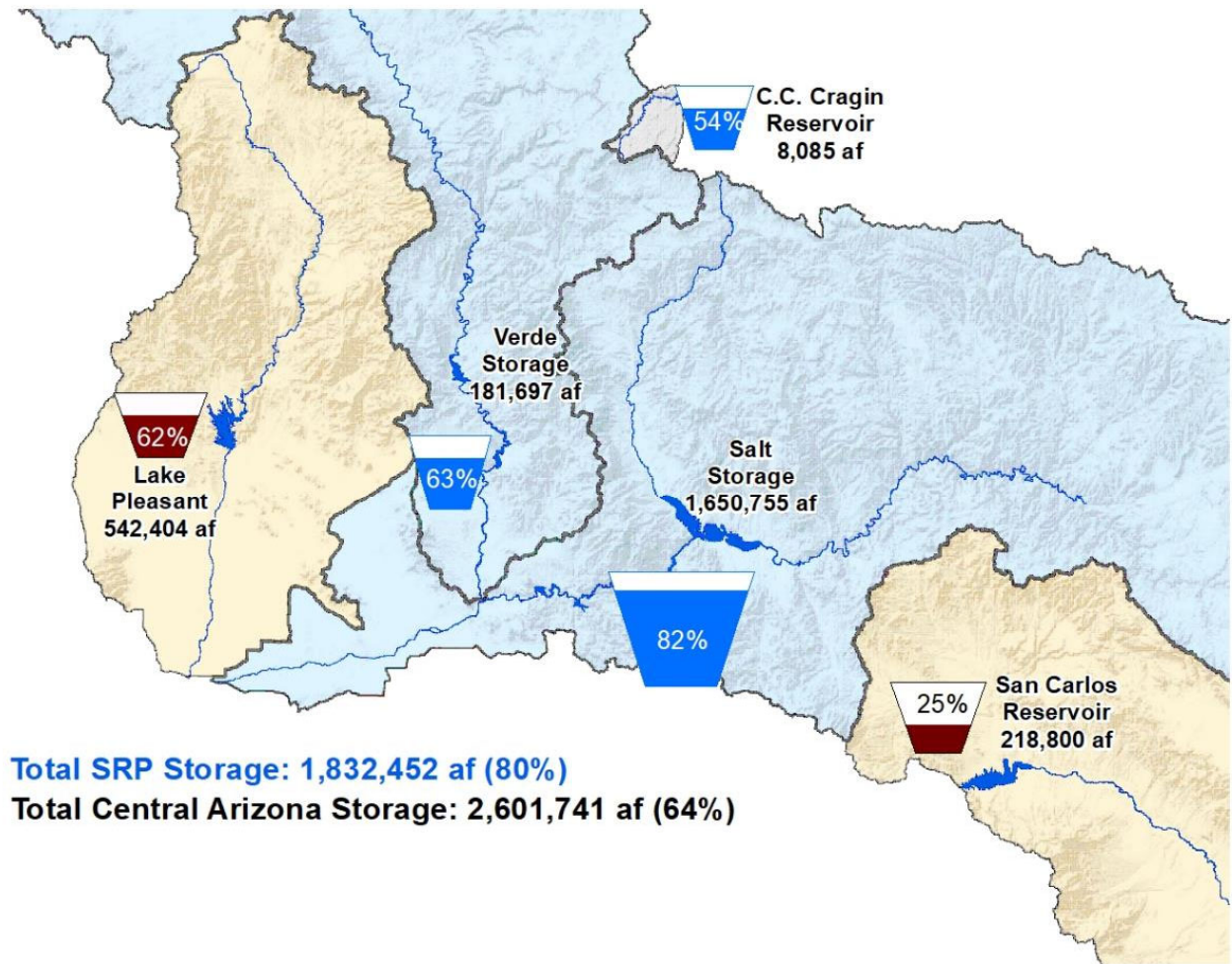
Current Storage:

| | |
|-------|--------------|
| Salt | 1,650,755 AF |
| Verde | 181,697 AF |
| <hr/> | |
| Total | 1,832,452 AF |



Central Arizona Reservoir Status

September 1, 2024

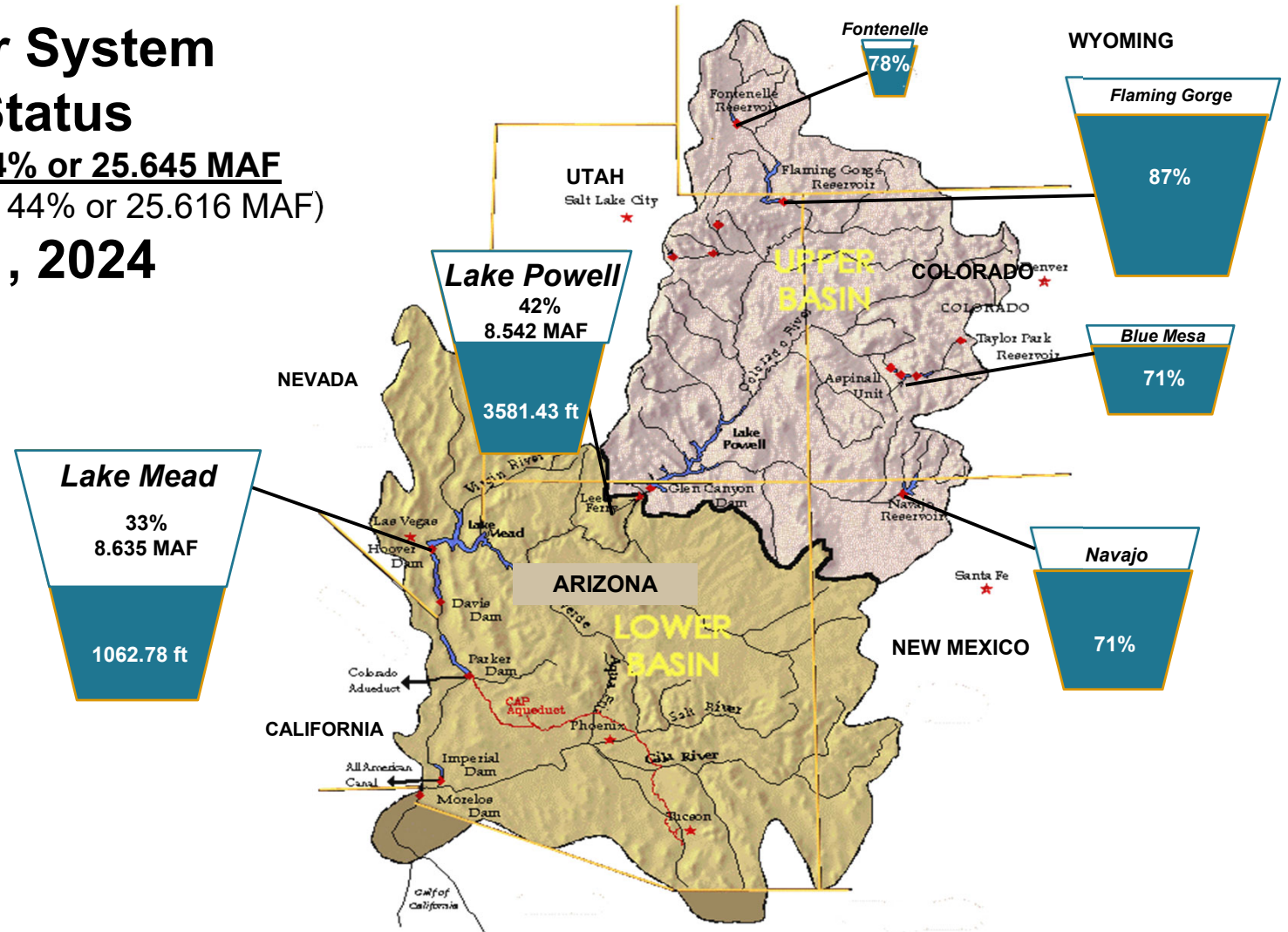


Colorado River System Reservoir Status

Total System Contents – 44% or 25.645 MAF

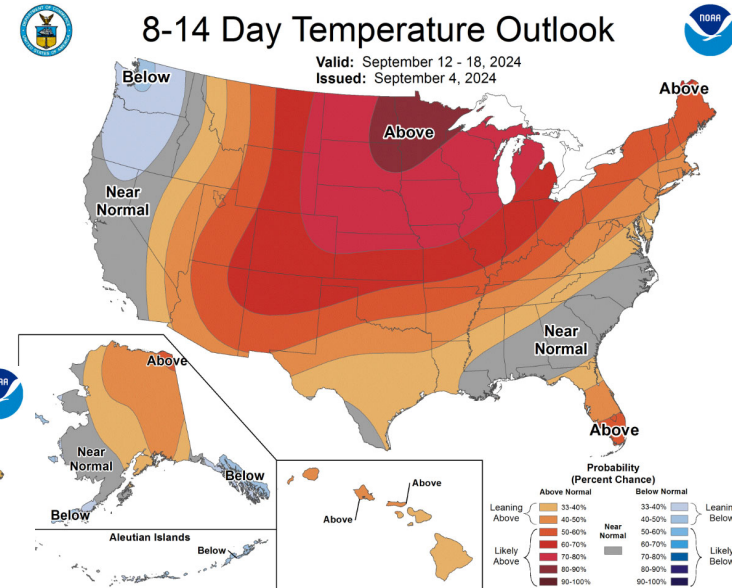
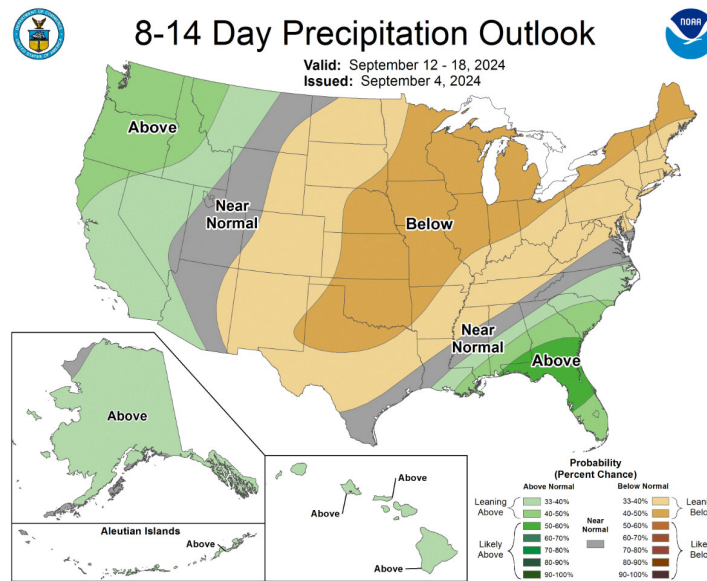
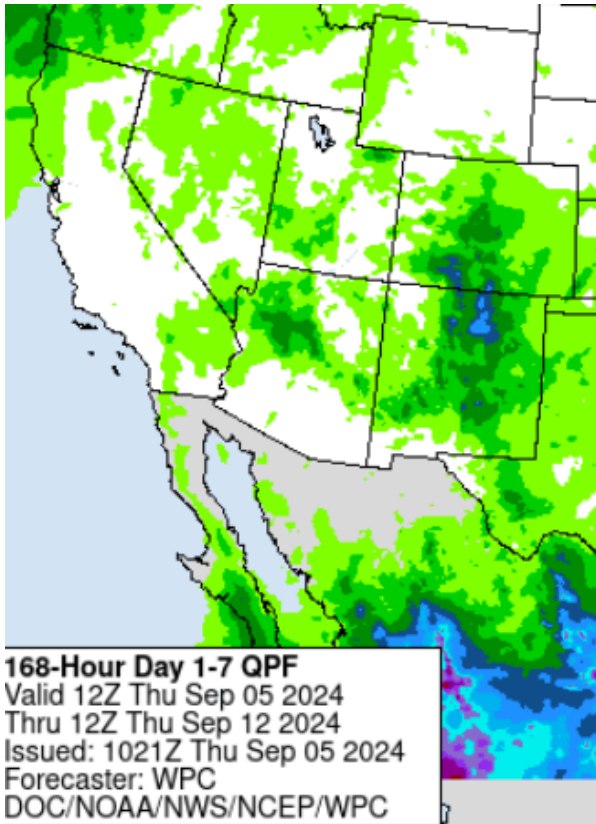
(Total system contents last year 44% or 25.616 MAF)

September 1, 2024



September Weather Outlook

7-day Precipitation Forecast



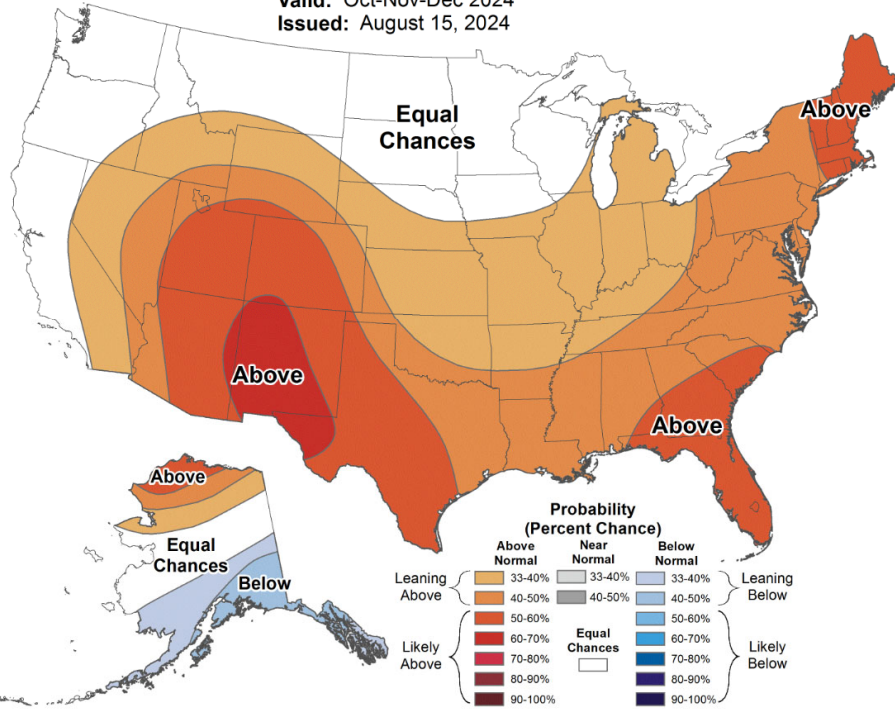
Fall/Winter 2024 Seasonal Outlook



Seasonal Temperature Outlook



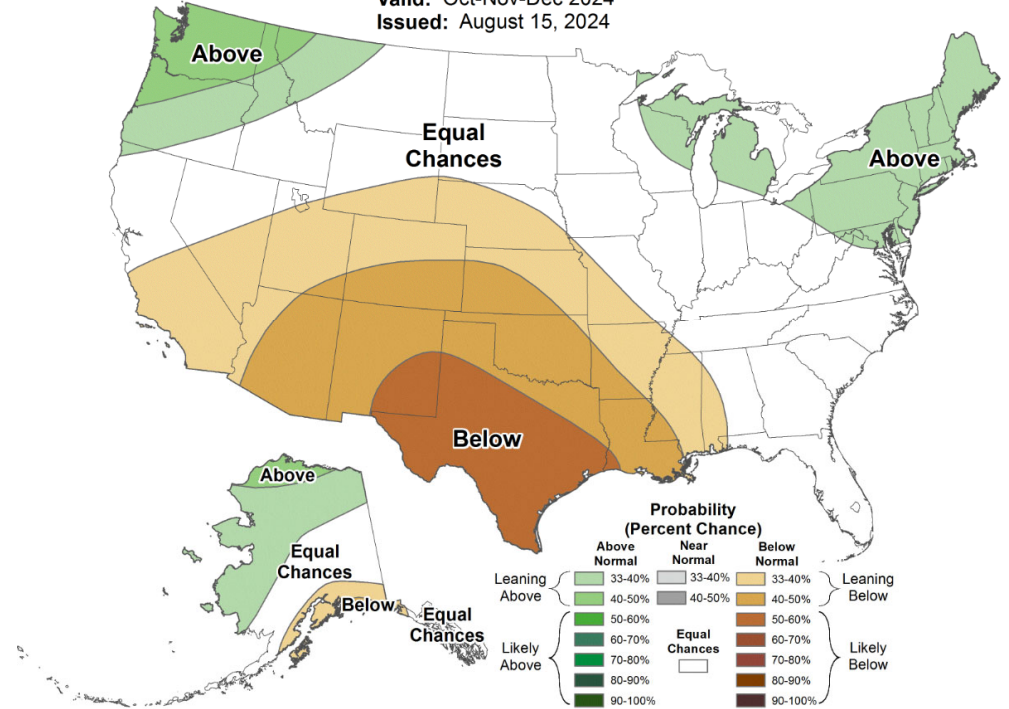
Valid: Oct-Nov-Dec 2024
Issued: August 15, 2024



Seasonal Precipitation Outlook



Valid: Oct-Nov-Dec 2024
Issued: August 15, 2024



ENSO-neutral is expected to continue for the next several months, with La Niña favored to emerge during September-November (66% chance) and persist through the Northern Hemisphere winter 2024-25 (74% chance during November-January) (8 Aug 2024)

thank you!

