

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

---

## SPECIAL FINANCE AND BUDGET COMMITTEE

Tuesday, March 11, 2025, 9:30 AM

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

Committee Members: Mark Pace, Chair; Kathy Mohr-Almeida, Vice Chair; and Casey Clowes, Randy Miller, Paul Rovey, Jack White Jr., and Leslie Williams

Call to Order  
Roll Call

1. Fiscal Year 2026 (FY26) Water Function Budget..... TRAVIS BURNETT  
  
Informational presentation regarding SRP's proposed FY26 Water Function Budget, which will include proposed Calendar Year 2026 water pricing.
2. FY26 Financial Plan and Operating Budget.....BRIAN KOCH  
  
Informational presentation regarding the key assumptions and initiatives for the FY26 Financial Plan and Operating Budget.
3. Report on Current Events by the General Manager and Chief Executive Officer or Designees .....JIM PRATT
4. Future Agenda Topics..... CHAIR MARK PACE

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



THE NEXT FINANCE AND BUDGET COMMITTEE MEETING  
IS SCHEDULED FOR TUESDAY, MARCH 25, 2025

03/04/2025



# **FISCAL YEAR 2026 ASSOCIATION WATER BUDGET**

**Water / Finance & Budget Committees**

**March 11, 2025**

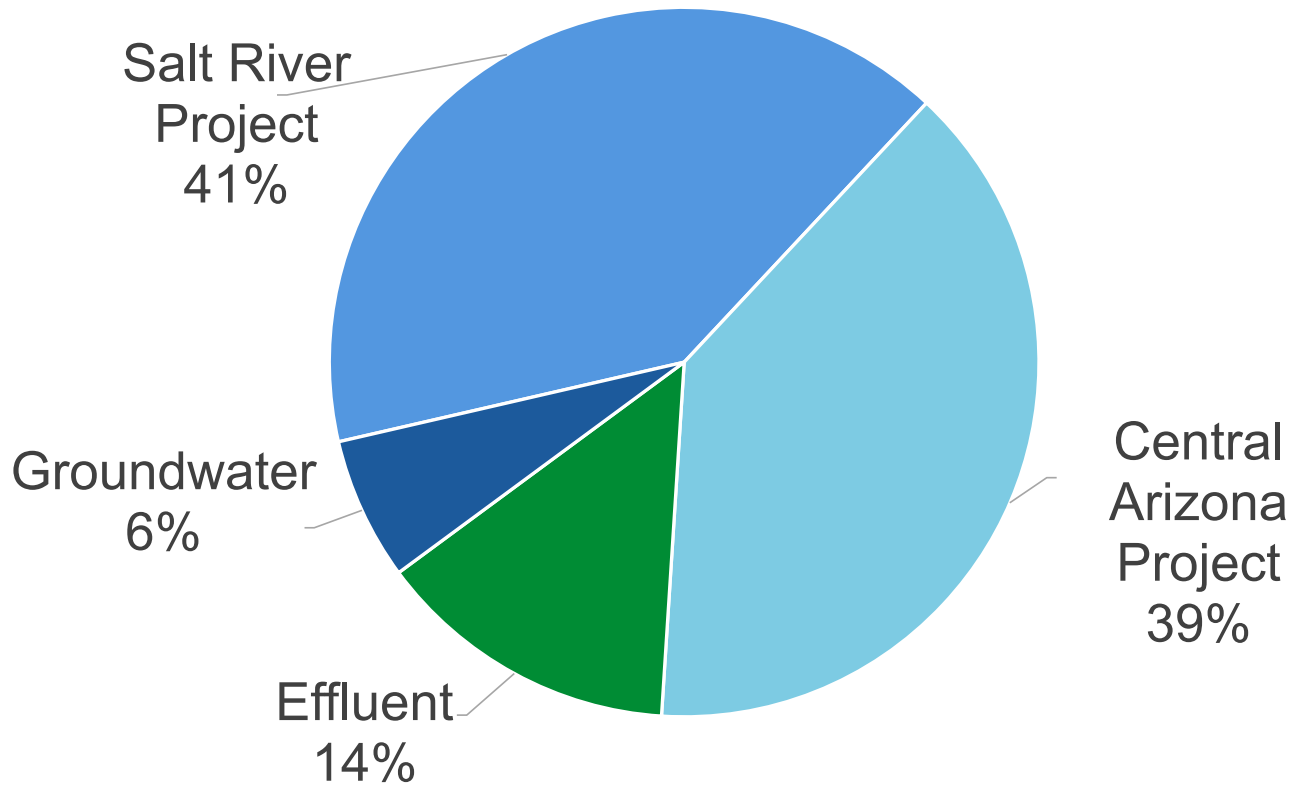
**Travis Burnett, Manager, Water Finance**

# Agenda

- ✓ Customer and Water Delivery Background
- ✓ Proposed FY26 Association O&M budget
- ✓ Proposed 2026 water pricing for water types and administrative fees for Association members

# Valley Water Supply

## Total Use by SRP Cities in 2020



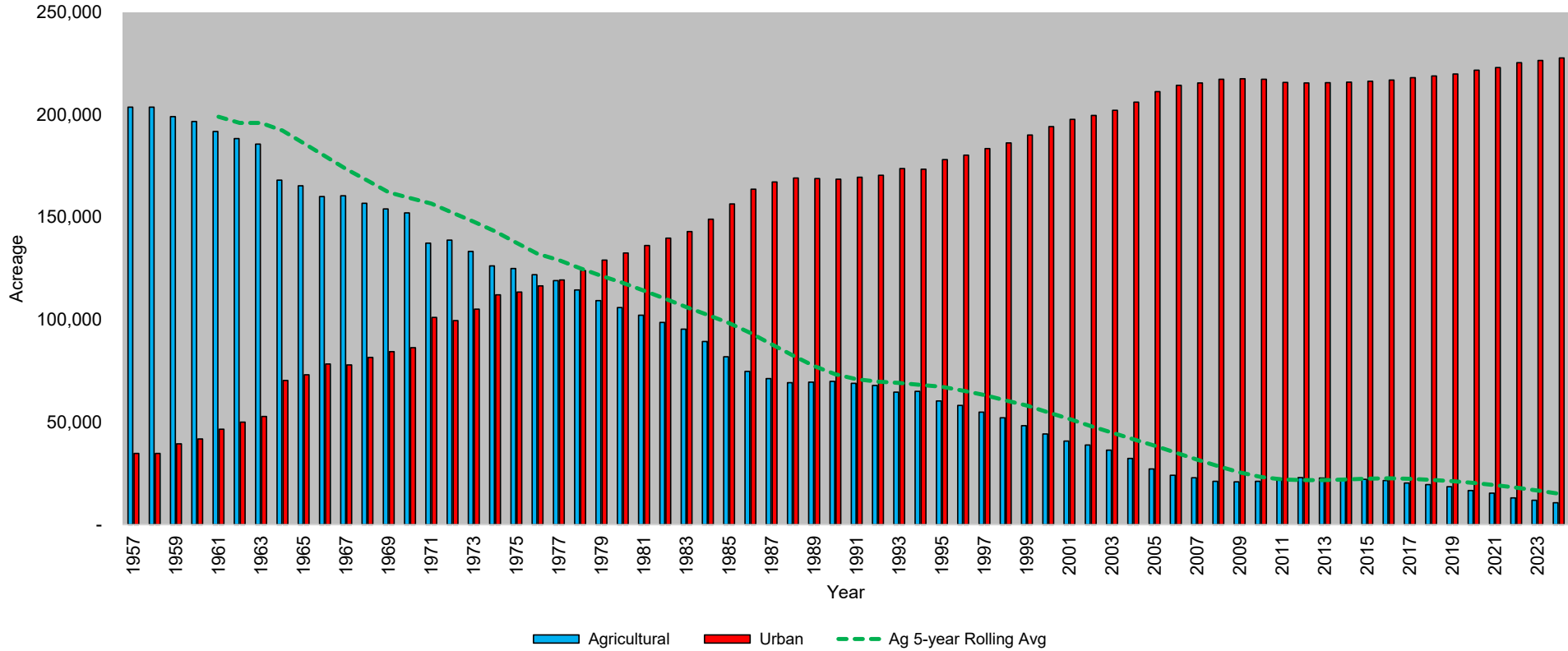
### SRP Municipal Deliveries

- Avondale
- Chandler
- Gilbert
- Glendale
- Mesa
- Peoria
- Phoenix
- Scottsdale
- Tempe
- Tolleson

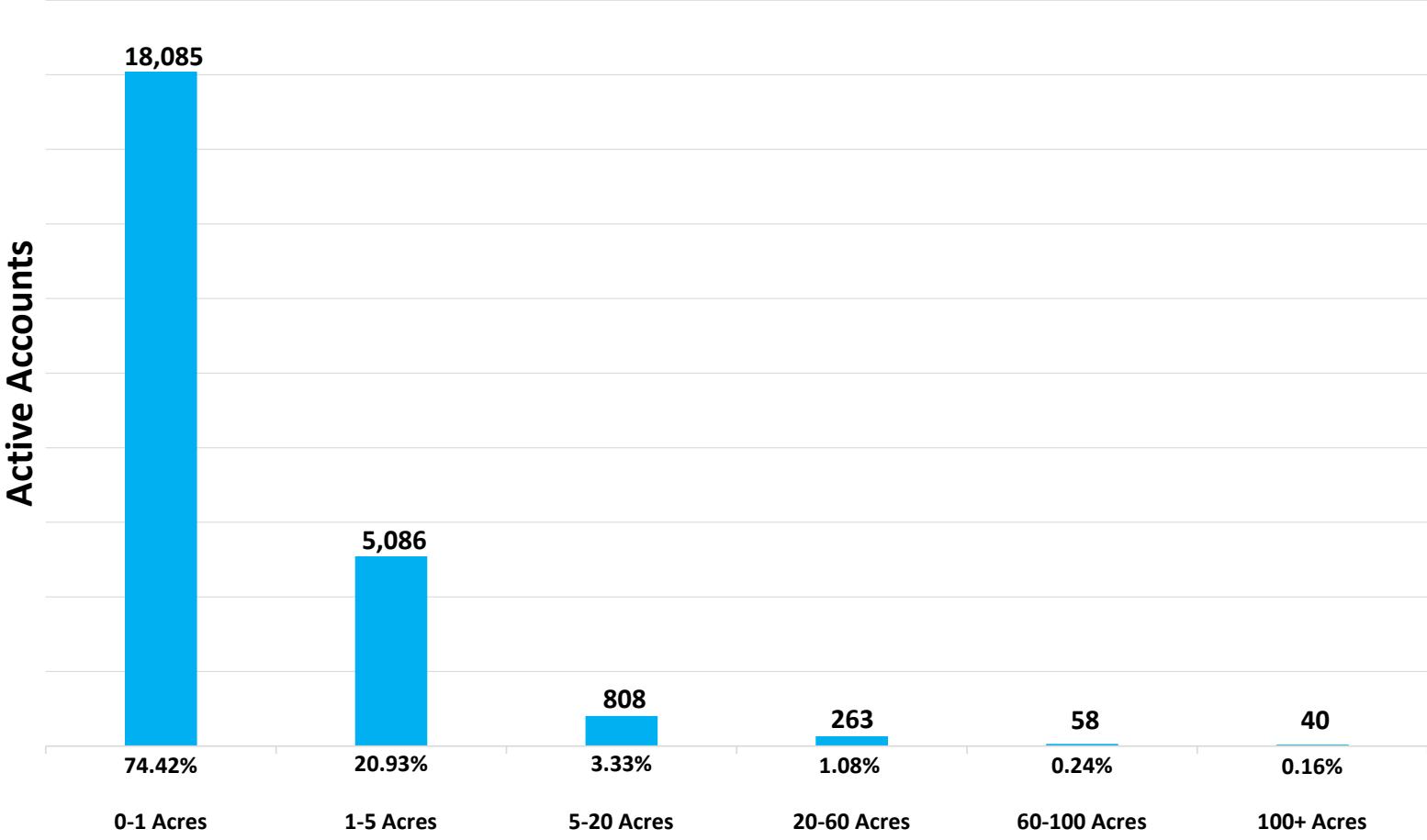
# SRP Lands

Major transition from agricultural to urban land use from 1957 - 2024

SRP Lands 1957-2024

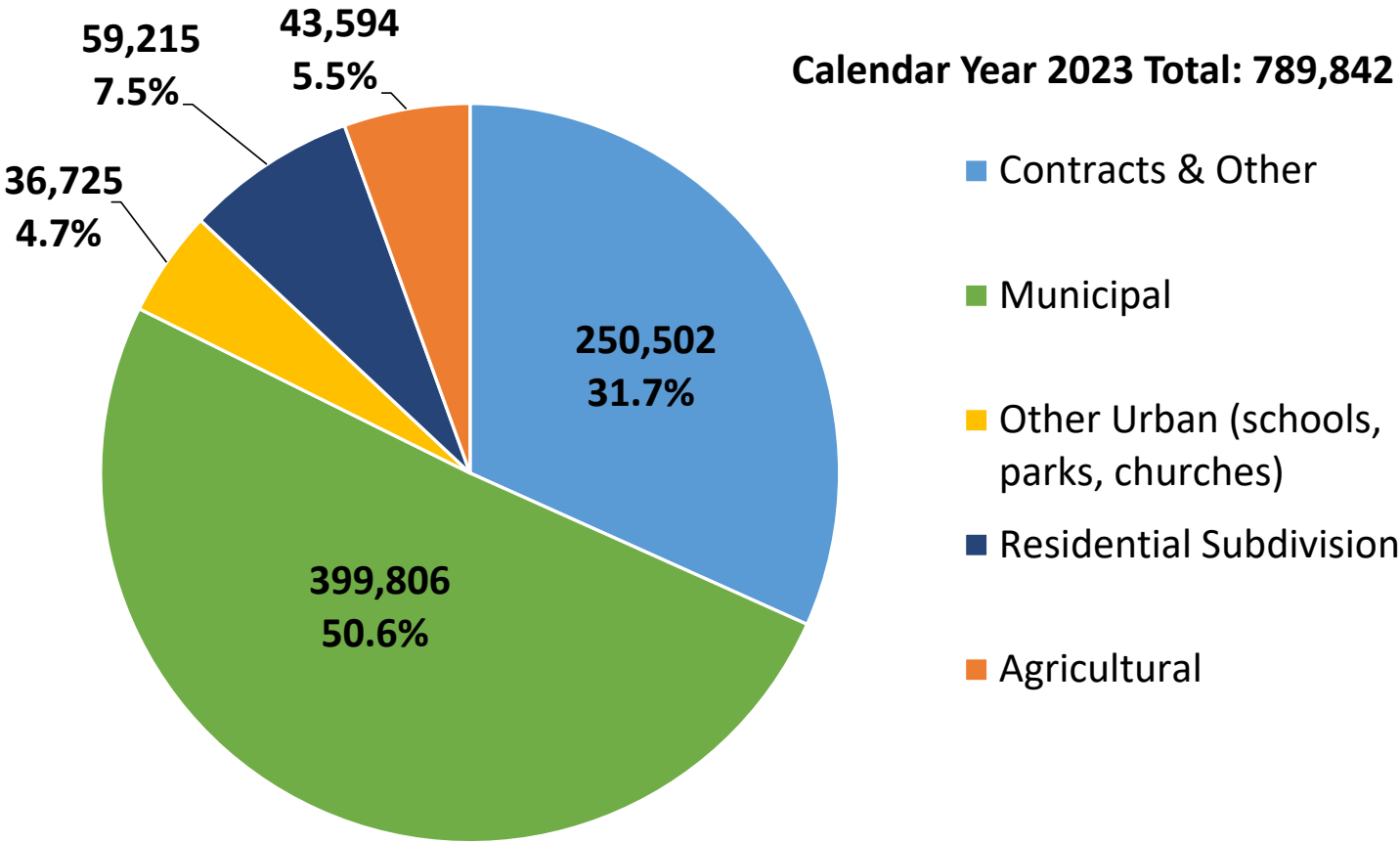


# Direct Delivery Active Accounts



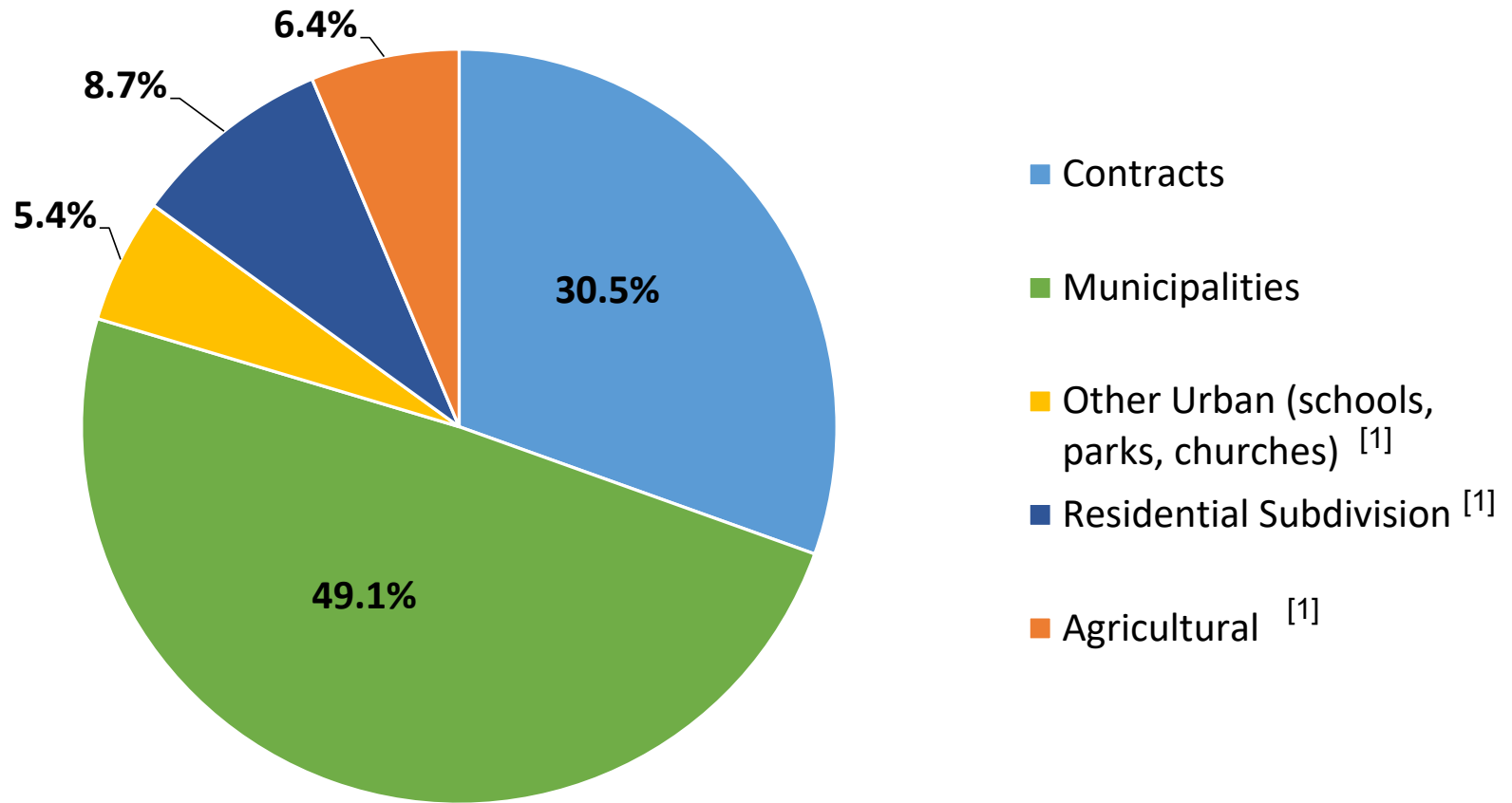
# Total Water Deliveries

Calendar Year 2023 Total: 789,842 AF





# Water Delivery as a % of Total Revenues



[1] % of Revenues are estimates based on 2023 total deliveries

# Association Budget Items

The Association includes the Operation & Maintenance of the Irrigation & Drainage system as determined by the 1949 contract.

✓ **Association Budget:**

- Revenues from water services for shareholders, including city agents, and falling water.
- Expenses for O&M of the Irrigation & Drainage system for shareholders.

✓ **District Budget:**

- Expenses for capital additions and replacements to the Irrigation & Drainage system.
- Expenses for reservoir operations, watershed monitoring, water rights protection, water policy engagement, water conservation support, forest restoration, recharge projects, interconnection facilities, etc.
- Revenues and expenses from services to non-shareholders such as recharge project leases, well leases, wheeling water services, etc.

# Draft Statement of Revenues and Expenses Association Budget

	FY25 Budget (000)	FY26 Proposed Budget (000)
<b><i>Operating Revenues</i></b>		
Stored and Developed	\$12,006	\$12,625
Additional Deliveries	\$2,315	\$2,407
Water Delivery Revenues	\$1,993	\$2,026
Other Service Revenues	\$4,552	\$4,748
Falling Water	\$6,897	\$7,177
<b><i>Total Operating Revenues</i></b>	<b>\$27,763</b>	<b>\$28,983</b>
<b><i>Operating Expenses</i></b>		
Operations & Maintenance	\$76,029	\$82,610
Power for Pumping	\$4,191	\$5,268
<b><i>Total Operating Expenses</i></b>	<b>\$80,220</b>	<b>\$87,878</b>
<b><i>Net Operating Revenues (Loss)</i></b>	<b>(\$52,457)</b>	<b>(\$58,895)</b>
<b><i>Other Income (Deductions) Net</i></b>	<b>\$2,751</b>	<b>\$2,872</b>
<b><i>Net Revenues (Loss)</i></b>	<b>(\$49,706)</b>	<b>(\$56,023)</b>

# Association Members

Association Members hold water rights to water stored and developed from the Reclamation Project and provide revenue to the Association for:

1. The delivery of such water based on water type,  
*and*
2. Administrative fees for such delivery service

# Proposed Price Recommendation for Water Delivery Types for CY2026

<u>Per Acre Foot Prices</u>	2025 Approved		2026 Proposed	
	<u>% Increase</u>	<u>Rates</u>	<u>% Increase</u>	<u>Rates</u>
Basic Stored & Developed <sup>[1]</sup>	4.7%	\$25.17	6.3%	\$26.76
Normal Flow	3.0%	\$17.91	3.0%	\$18.45
Additional Stored and Developed	3.0%	\$17.91	3.0%	\$18.45
Pump Right Water	4.7%	\$59.99	6.3%	\$63.77
Additional Subdivision Water	4.7%	\$59.99	6.3%	\$63.77
Supplemental Supply Program	4.7%	\$59.99	6.3%	\$63.77

[1] Basic Stored & Developed are provided in 2 Acre Feet per Acre increments

# Proposed Administrative Fee Recommendation for CY2026

	<u>2025</u>	<u>2026</u>	<u>% Increase</u>
<u>Water Delivery Fee</u> <sup>[1]</sup>			
Per Account	\$90.52	\$93.87	3.7%
Per Acre	\$0.43	\$0.45	4.7%
<u>City Contracts Fee</u> <sup>[2]</sup>	\$5.89	\$6.11	3.7%

[1] Direct Delivery for Active Accounts

*Formula for calculation is set by Association By-Laws*

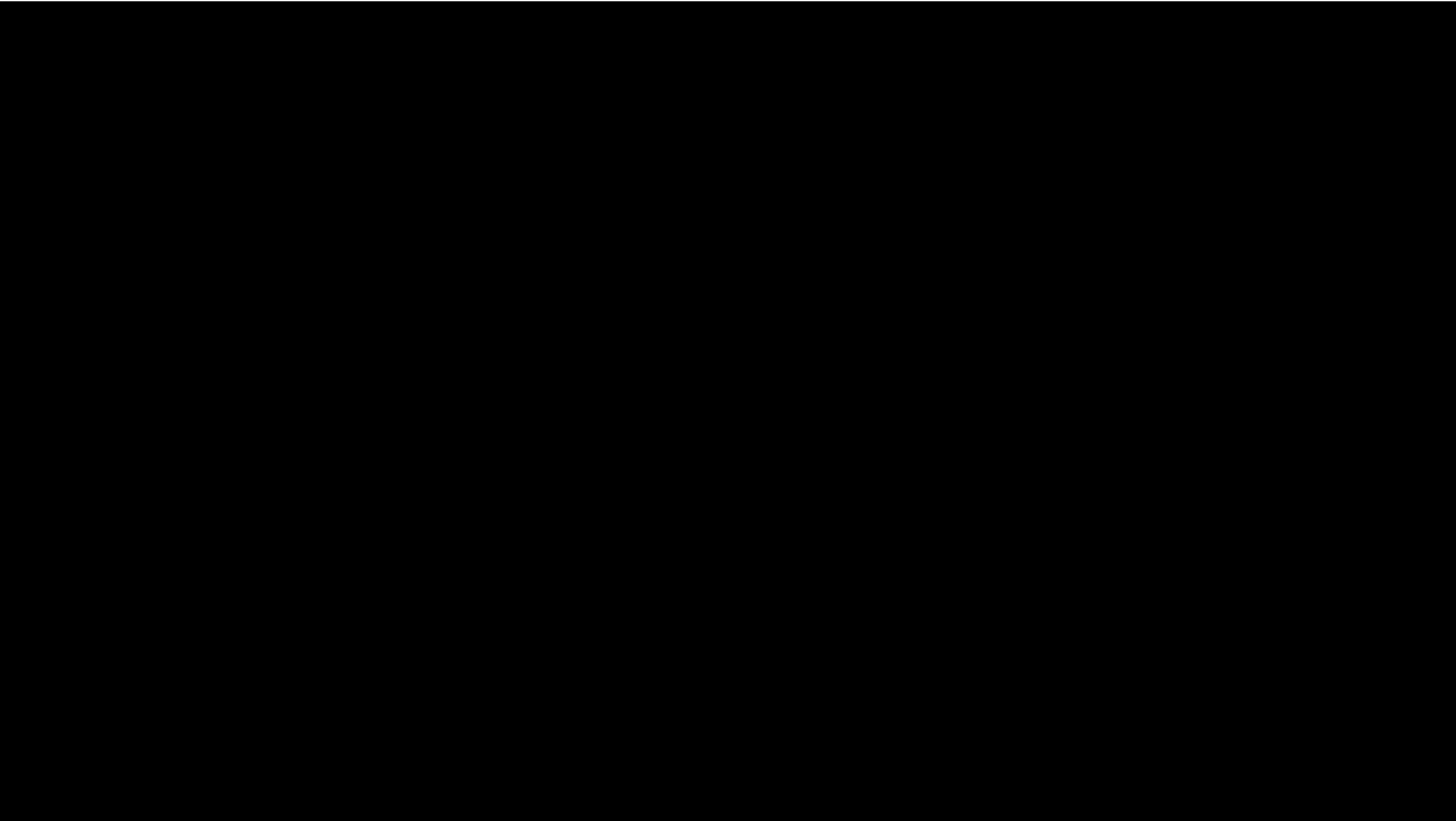
[2] Admin fee per parcel for inactive accounts.

## What Does This Mean? Cost Per Acre Foot Examples

<u>Customer Examples</u>	<u>2025</u>	<u>2026</u>	<u>Increase</u>	<u>Percent</u>
Large account over 1,500 Acres	\$23.84	\$25.21	\$1.37	5.7%
Small account 10 Acres	\$29.90	\$31.70	\$1.80	6.0%
1 acre sub account	\$57.02	\$60.18	\$3.16	5.5%
2 acre water balance sub account	\$37.98	\$39.78	\$1.80	4.7%
All Cities	\$32.96	\$34.83	\$1.87	5.7%

# QUESTIONS?





# **FP26 Financial Plan**

**Finance and Budget Committee**

**Brian Koch**

**March 11, 2025**

# Financial Goals & Objectives

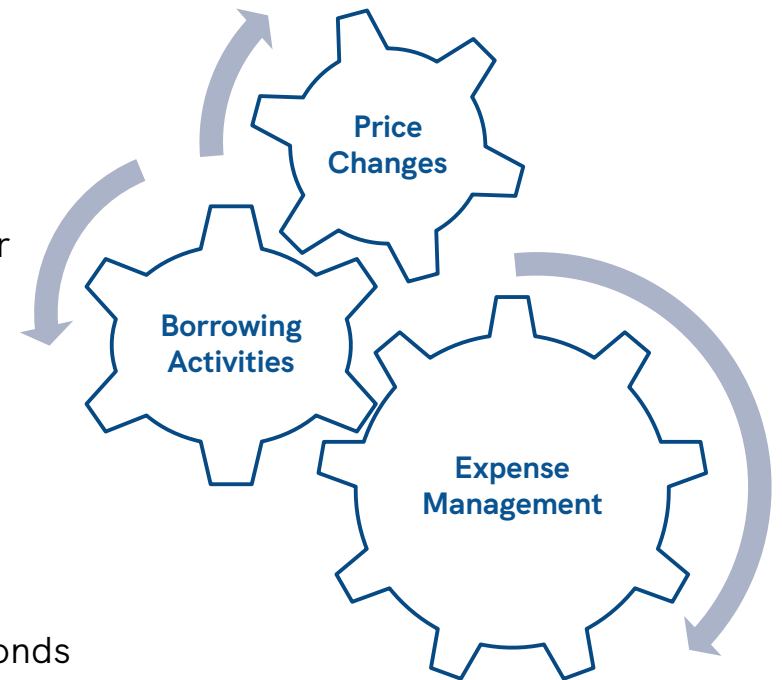
## 2035 Goals & Targets

### Maintain strong yet flexible financial position

- Retail electric prices among lowest quartile in southwest
- Credit rating in top quartile as compared to other large public power utilities

## FY25 Objectives

- Achieve direct cost per customer account at or below budget
- ✓ Seek Board approval of an updated FPPAM rate
- ✓ Receive authorization from the ACC for SRP to issue new revenue bonds
- ✓ Complete a public price process to evaluate and propose updates to SRP's base electric prices



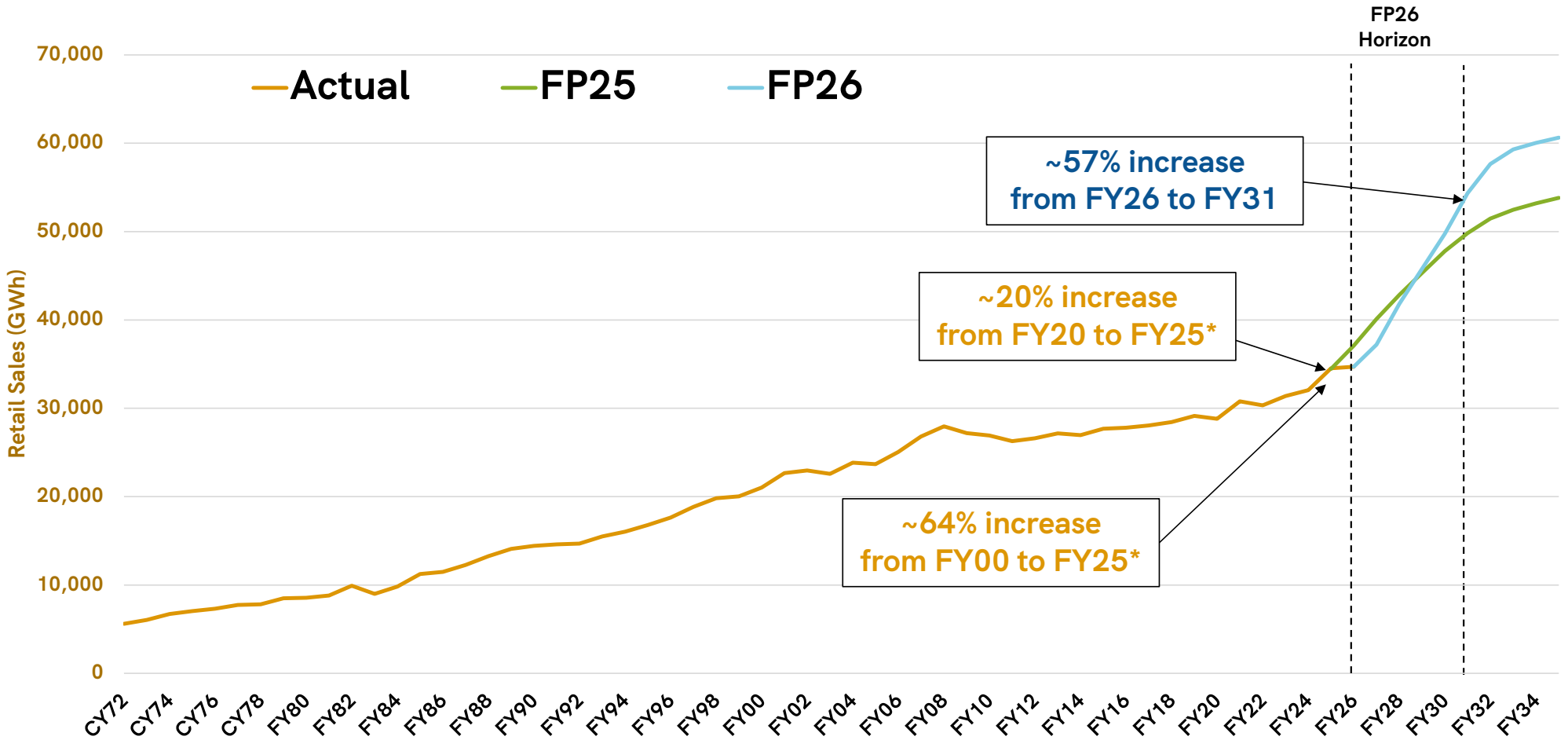
# Current Outlook

Forecasted sales growth, coupled with generation transition, has significant financial implications

## FP26 Outlook

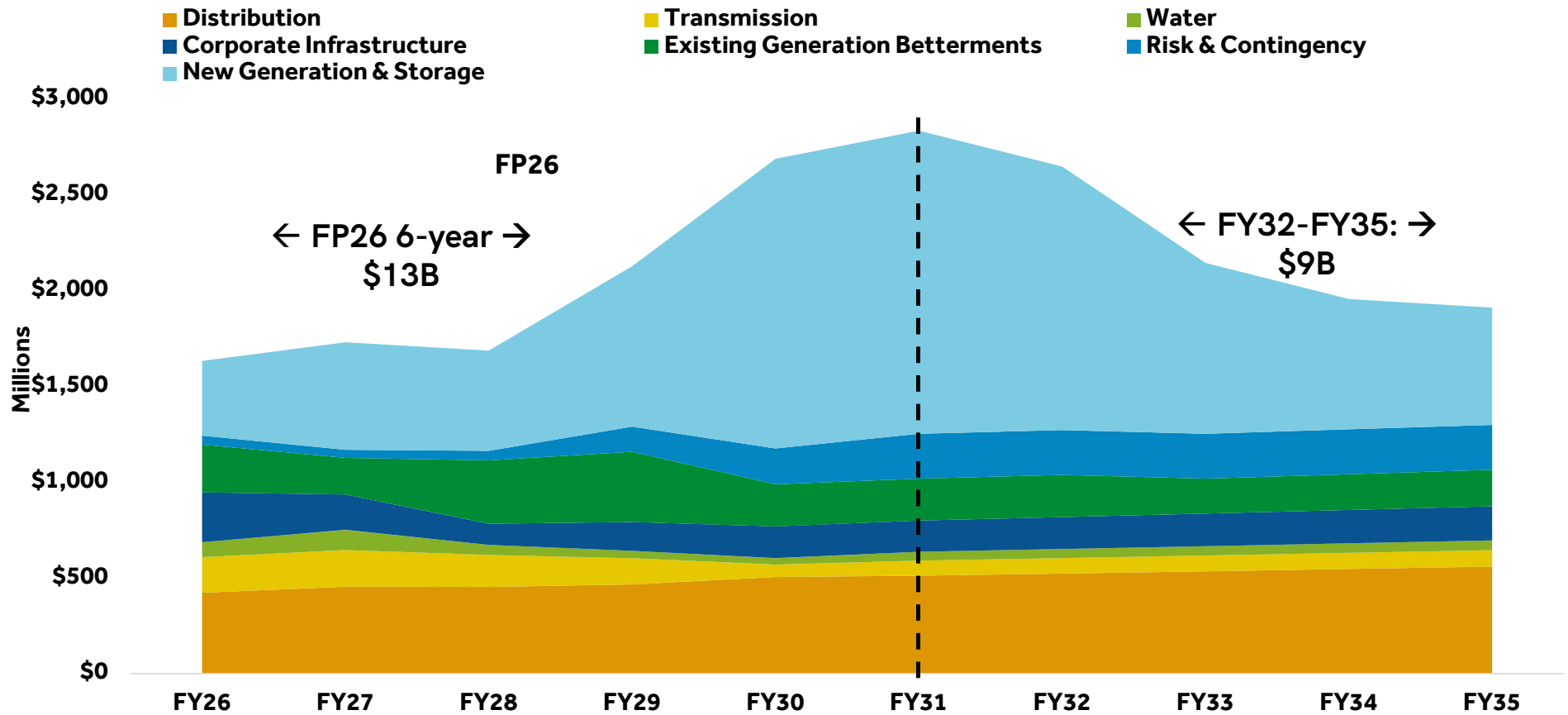
- Strong sales forecast
  - 9.4% annual growth (FP26)
  - Moderate sales early on; sales growth over time
- Higher spending levels to fund generation transition and corporate objectives
  - ~\$13B in total capital over FP26
  - ~\$6B in projected debt
  - Additional workforce
  - Pricing in line with inflation
- Need for balance and flexibility
  - Expense Mgmt | Pricing | Borrowing
  - Sustainability | Affordability | Reliability

# Historical Retail Sales Plus FP26 Forecast



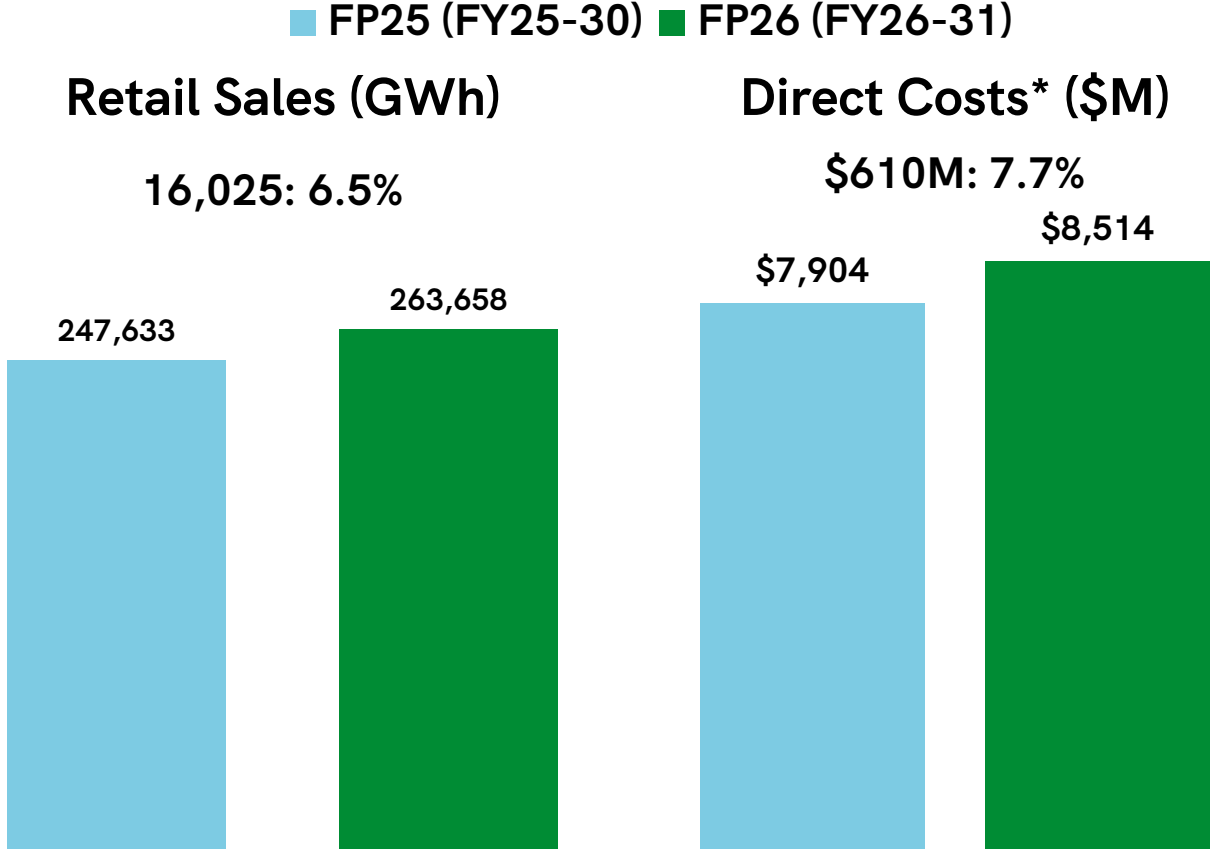
# Capital Spending by Segment (\$M) – 10 Year View

Capital spend driven by increases across all segments



# FP26 Outlook (Retail Sales & Direct Costs)

Higher sales forecast corresponds to roughly equivalent increase in forecasted direct costs

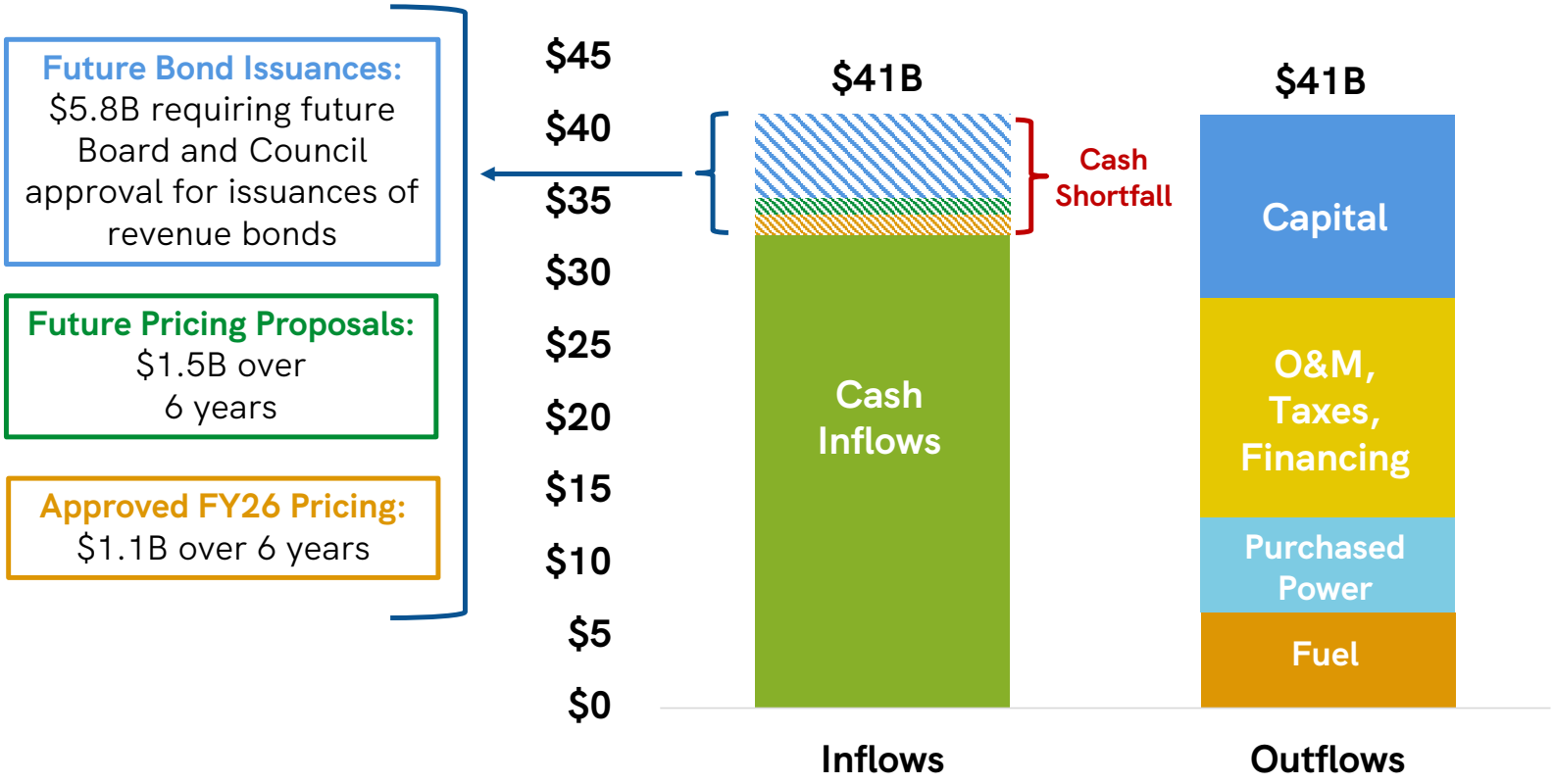


\* FP25 labor has been revised for inflation to report in FP26 dollars

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

To meet objectives, SRP will need to carefully balance expense management, borrowing & price changes

## FP26 (FY26-31)

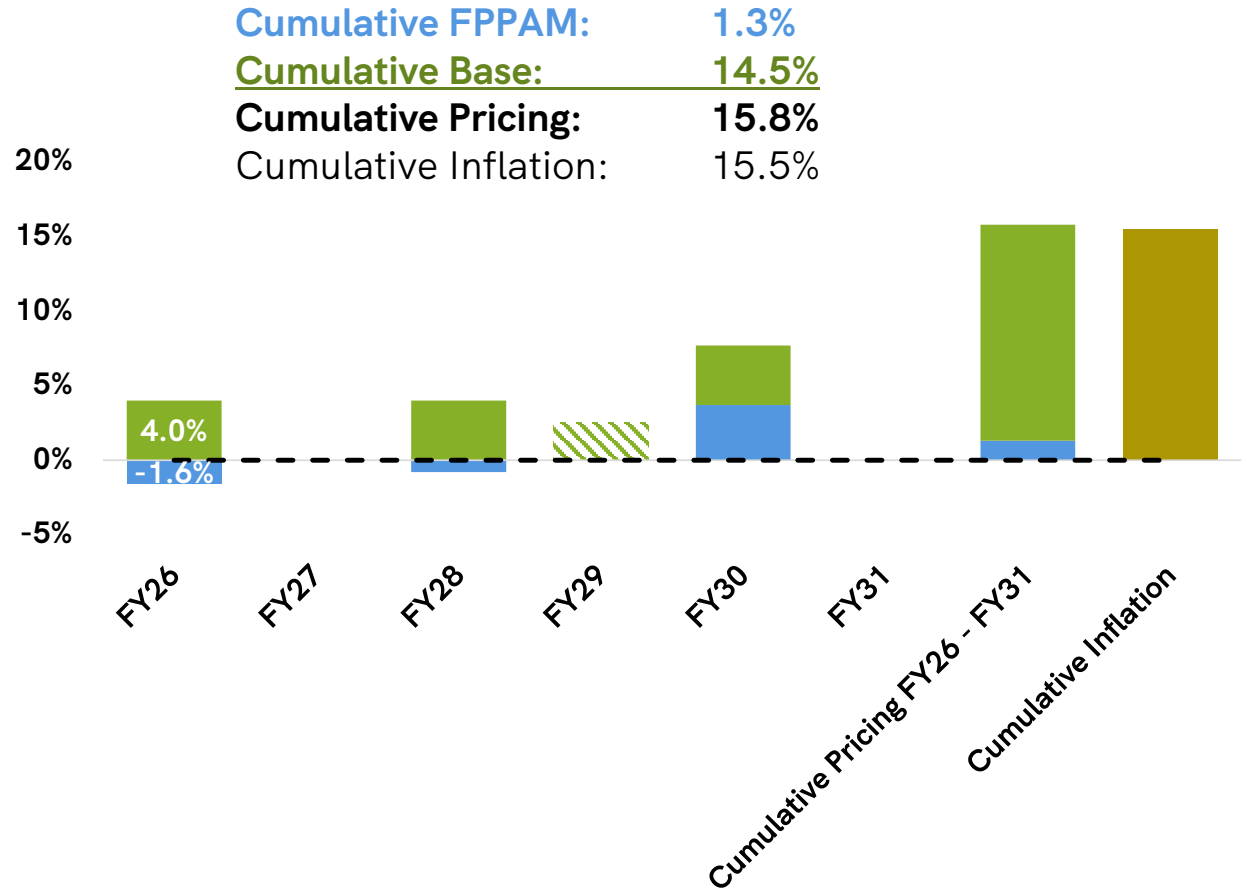




# Price Modeling Assumptions

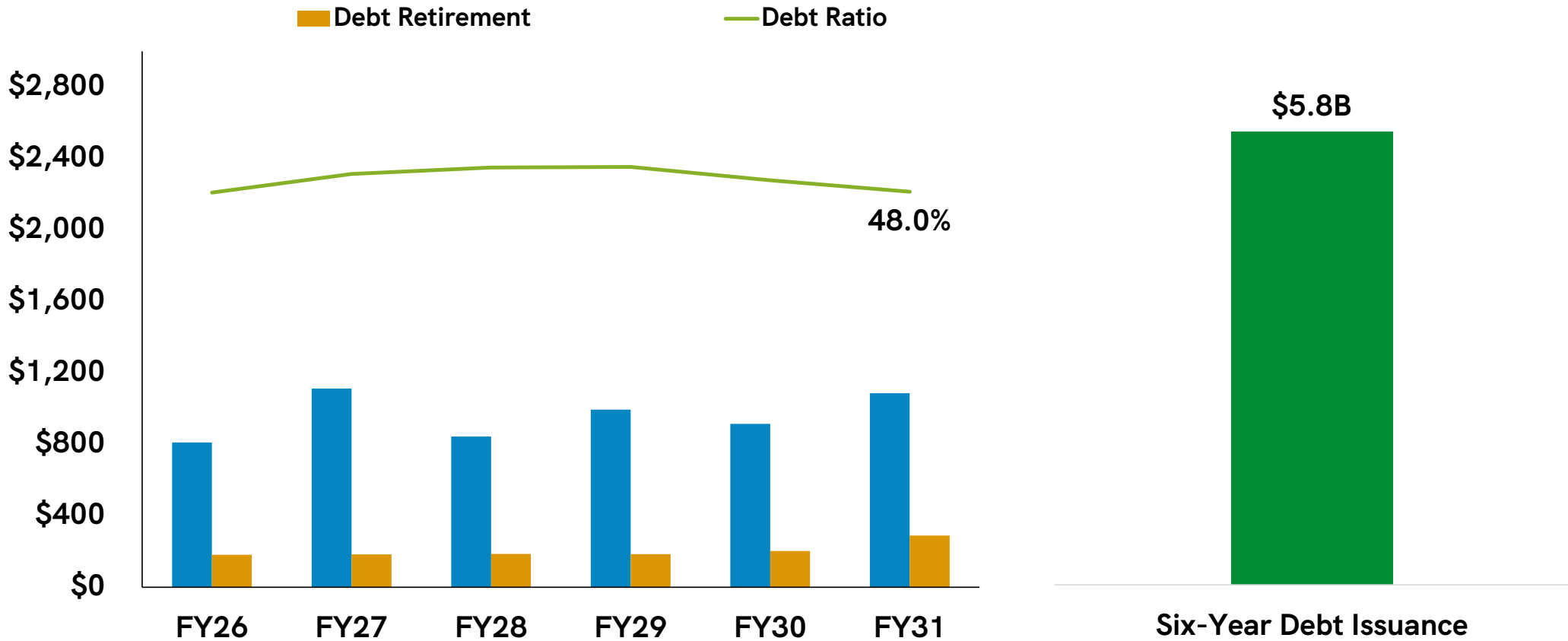
Projected pricing adjustments in line with inflation over 6-year horizon

- FY26 reflects approved pricing
- Cumulative projected pricing in line with cumulative inflation



# Borrowing Outlook (\$M)

Management of SRP's three financial levers preserves SRP's financial strength

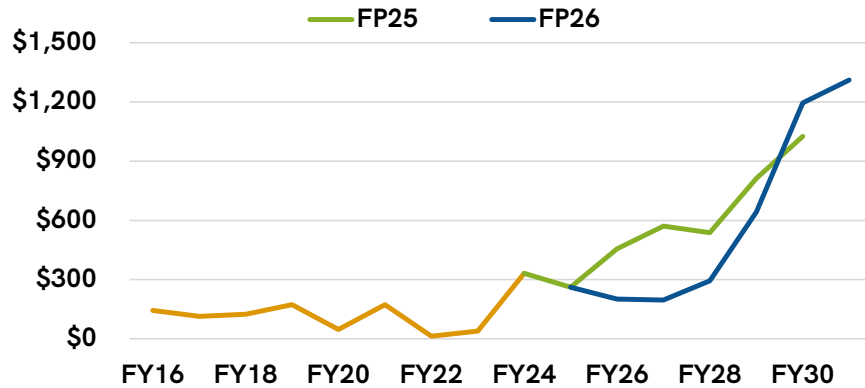


# Financial Indicators

Financial Indicators preserve financial strength and flexibility

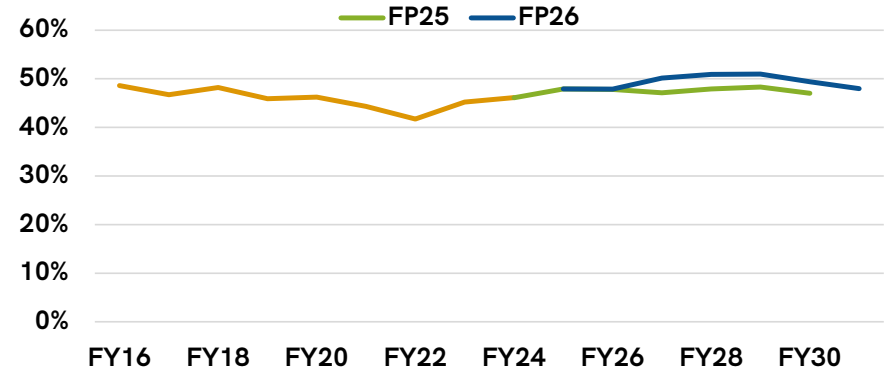
## Combined Net Revenues (\$M)

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



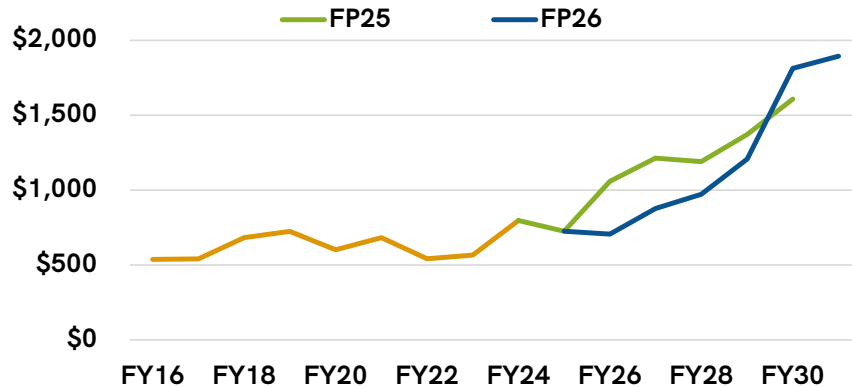
## Debt Ratio

Percentage of long-life assets paid for with debt



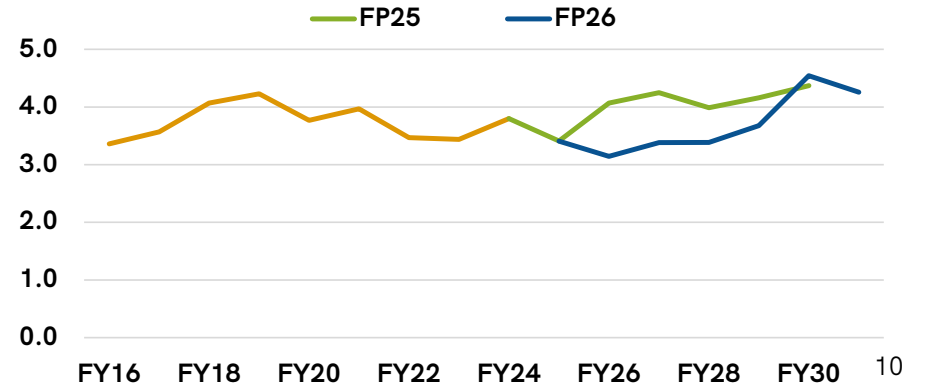
## Funds Available (\$M)

Cash generated from the business to pay for capital expenditures



## Debt Service Coverage Ratio

Ratio of net cash inflows versus annual principal and interest payments



# Budget Schedule

Date	Description	Audience
<i>Jan. 23</i>	<i>FP26 Preview</i>	<i>F&amp;B Committee</i>
<i>Feb. 20</i>	<i>FP26 Financial Plan</i>	<i>F&amp;B Committee</i>
<i>Feb. 28</i>	<i>Mail Budget Books</i>	<i>Board, Council Liaisons</i>
<i>Mar. 11</i>	<i>FY26 Budget and Financial Plan</i>	<i>Special F&amp;B Committee</i>
Mar. 25	Question & Answer	F&B Committee
Mar. 27	Request FY26 Budget Approval	Special F&B Committee/Board Mtg

**thank you!**



## MEMORANDUM



February 28, 2025

**TO:** SRP Board Members  
**FROM:** Brian Koch, Chief Financial Executive  
**SUBJECT:** FY26 Operating Budget Book

Attached is the FY26 Operating Budget Book, which includes the FY26 proposed financial statements, operating and capital budgets for each organization, and supporting details. The FY26 Operating Budget was developed with involvement from areas throughout SRP to support corporate goals and objectives.

The FY26 Operating Budget Book materials are organized as follows:

- Section 1: Summary to be presented to the Finance & Budget Committee on March 11<sup>th</sup>
- Section 2: Historical reference and perspective for key metrics
- Section 3: SRP financial statements which includes the Water Function Budget with its proposed rate changes.
- Section 4: Supporting detailed information for each line of SRP's financial statements
- Section 5: Operating and capital budgets for each organization including highlights of budget changes
- Section 6: Workforce details including the additional needs associated with SRP's goals and objectives
- Section 7: Multi-year contracts under negotiation or renegotiation in FY26 that contain penalties for early termination. In these instances, the Board would be providing approval that goes beyond the one-year Operating Budget timeframe.
- Section 8: Estimated impacts to financial statements if proposed water rates are not approved
- Section 9: Appendix containing a listing of all capital expenditures, Municipal Aesthetics program allocation, cash contributions, full life capital projects, and loads related to the operating and capital budgets.

On March 11<sup>th</sup>, SRP management will present this proposed Operating Budget to the Finance & Budget Committee.

On March 25<sup>th</sup>, SRP management will address any questions on the proposed Operating Budget at the Finance & Budget Committee meeting.

On March 27<sup>th</sup>, SRP management will request approval of the FY26 Operating Budget, including:

- Multi-year contracts identified in the FY26 Operating Budget
- FY26 Water Function Budget

If anyone wishes to submit questions regarding the FY26 Operating Budget, please contact John Felty at [John.Felty@srpnet.com](mailto:John.Felty@srpnet.com), (602) 236-8147, or Lora Hobaica at [Lora.Hobaica@srpnet.com](mailto:Lora.Hobaica@srpnet.com), (602) 236-4430. The Corporate Secretary's Office will work with SRP management to provide responses at the March 11<sup>th</sup>, March 25<sup>th</sup>, and March 27<sup>th</sup> Finance & Budget Committee meetings.

Thank you,



Brian Koch

CC: D. Rousseau, C. Dobson, J. Pratt, G.M. Staff, J. Felty, L. Hobaica, R. Judd







**FY2026 Proposed  
Operating Budget**

**February 28, 2025**



## **Table of Contents**

### **Sections:**

- 1. Financial Highlights of FY26 Operating Budget**
- 2. Reference/Perspective**
- 3. Financial View**
- 4. Supporting Detail**
- 5. Organizational View**
- 6. Workforce**
- 7. Multi-Year Contracts**
- 8. Water Rates**
- 9. Appendices**



# **FY26 Proposed Operating Budget**

**Finance and Budget Committee**

**Brian Koch**

**March 11, 2025**

# FY26 Operating Budget Summary

Overview of the Budget Book Binder mailed out on February 28<sup>th</sup>

- Reflects all budgeted revenues and expenditures for May 1, 2025 – April 30, 2026
- Includes funding necessary to support corporate goals and objectives
- Provides transparency to Board, customers and stakeholders
- Data presented in both a financial and organizational view
- Preserves financial strength and flexibility to ensure continued affordability

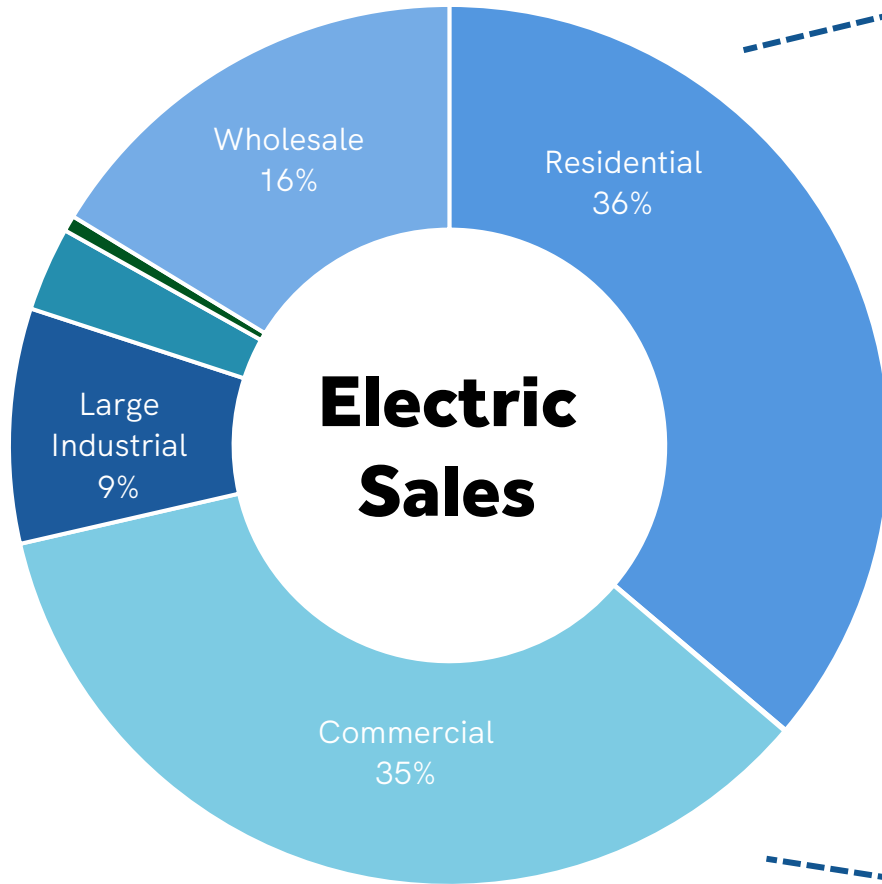
# **Financial View & Supporting Details**

**Including Approved Pricing Proposal**



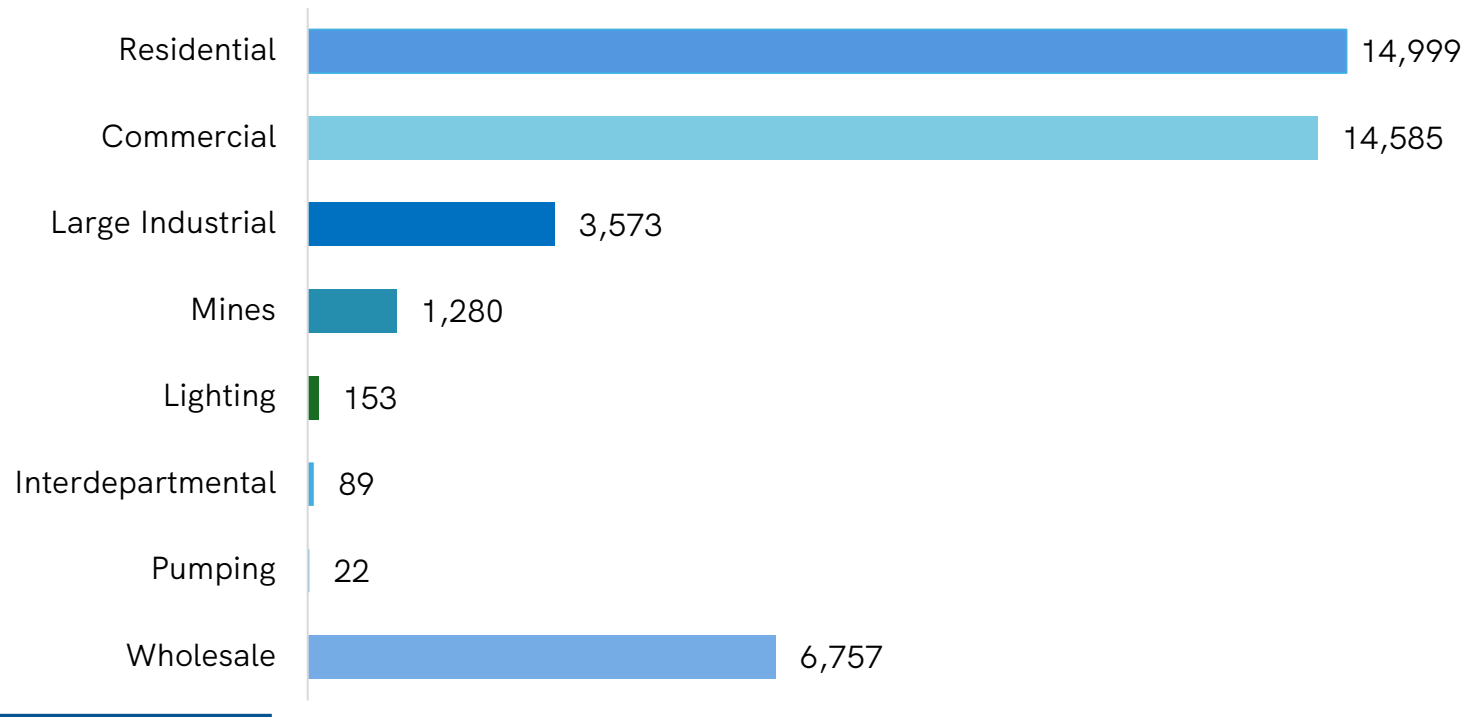
# RETAIL SALES ARE PROJECTED TO BE 84% OF SRP'S ELECTRIC ENERGY SALES

SRP's retail sales are primarily driven by **residential & commercial sales**



## RESIDENTIAL & COMMERCIAL ARE THE LARGEST CONTRIBUTORS TO RETAIL SALES (GWh)

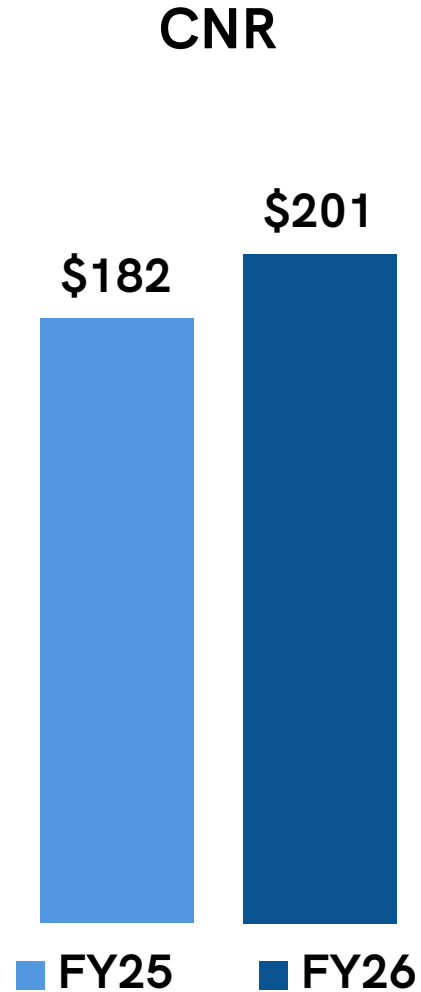
Residential & Commercial make up **85%** of the annual budgeted retail electric energy sales



Details found in the Electric Sales section, pages 32-33

# FY26 Operating Budget Summary

Overview of the Budget Book Binder mailed out on February 28<sup>th</sup>



	FY25 Budget	FY26 Budget	Change	% Change
<b>Total Operating Revenues</b>	\$4,319	\$4,536	\$217	5.0%
<b>Total Fuel/PP</b>	1,661	1,684	23	1.4%
<b>Gross Margin</b>	\$2,658	\$2,852	\$194	7.3%
<b>Expenses</b>				
O&M	\$1,508	\$1,639	\$131	8.7%
Depr/Amort	652	713	61	9.4%
Taxes & Tax Equivalents	180	177	(3)	-1.7%
Financing Costs	181	203	22	12.2%
<b>Total Expenses</b>	\$2,521	\$2,732	\$211	8.4%
 Other Income (Deductions) Net	45	81	36	80.0%
 <b>CNR</b>	<b>\$182</b>	<b>\$201</b>	<b>\$19</b>	<b>10.4%</b>
 <b>Sales (GWh)</b>	<b>40,999</b>	<b>41,458</b>	<b>459</b>	<b>1.1%</b>

# FY25 vs. FY26 Comparison Summary

Higher revenues in FY26 result in lower debt issuance

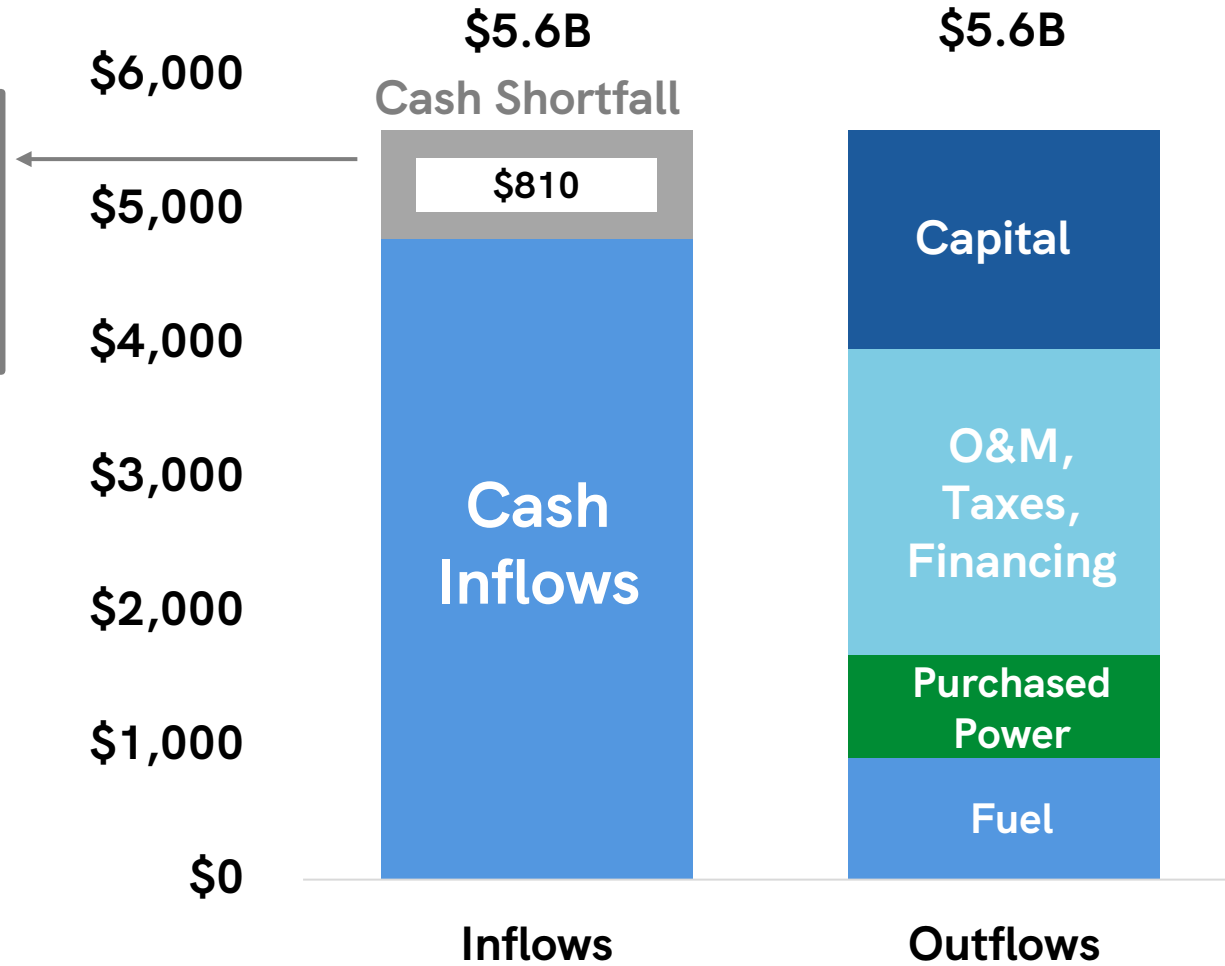
Metric	FY25	FY26	Summary of Metric
Combined Net Revenues	\$182M	\$201M	Revenues minus expenses
Funds Available	\$645M	\$706M	Revenues minus cash expenses
Debt Ratio*	48.5%	47.9%	Percentage of assets funded by debt
Debt Issuance	\$840M	\$810M	Projected borrowing needs
General Fund Target	\$600M	\$625M	Year-end cash balance
Days Cash	42	41	Days of expenses General Fund can cover

\*The debt ratio includes planned revenue bonds and commercial paper.

# FY26 Cash Inflows & Outflows

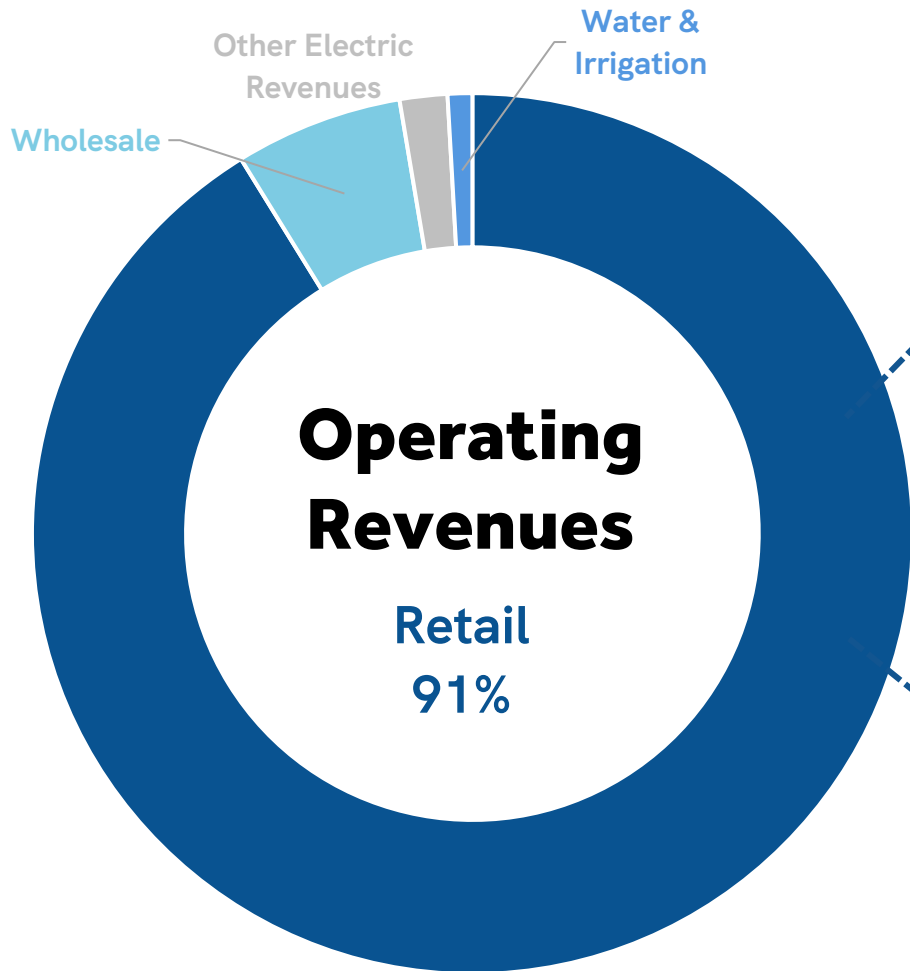
Cash shortfall will be met with borrowing activities

**Address Cash Shortfall:**  
Treasury will seek Board and Council approval during FY26 for issuance of revenue bonds



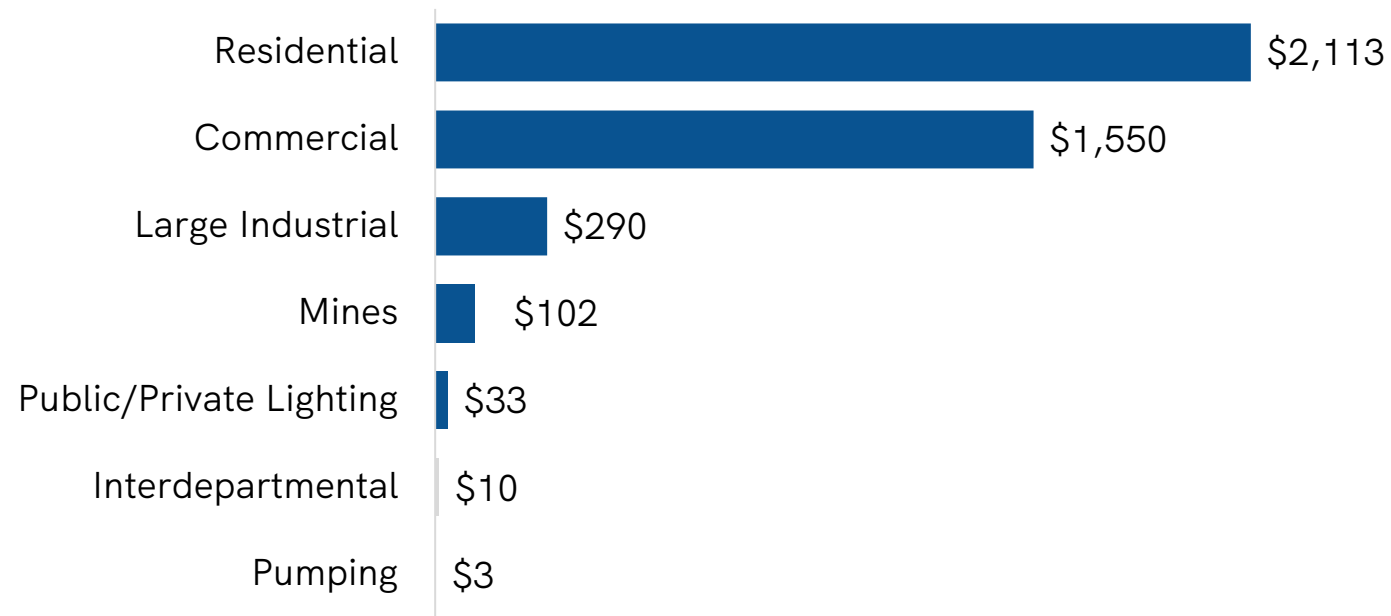
# RETAIL REVENUES ARE PROJECTED TO BE 91% OF SRP'S TOTAL REVENUES

SRP's retail revenues are primarily driven by residential & commercial revenues



## RESIDENTIAL & COMMERCIAL ARE THE LARGEST CONTRIBUTORS TO RETAIL REVENUES (\$M)

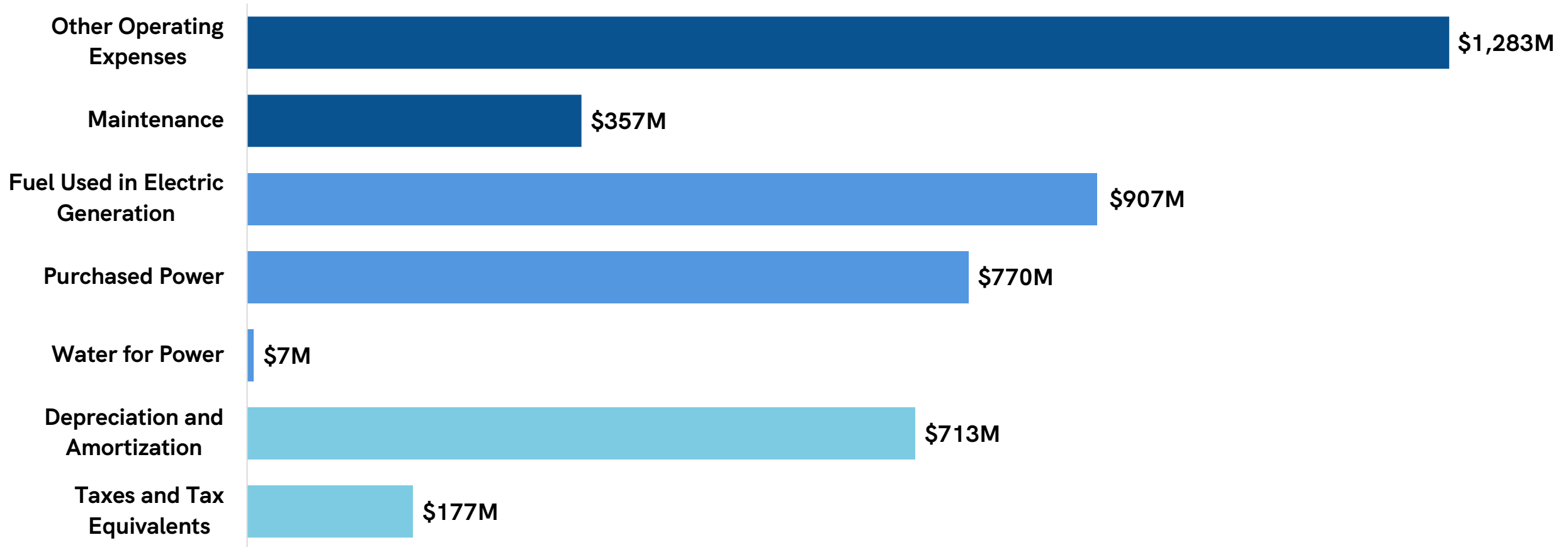
Residential & Commercial make up 89% of the annual budgeted retail revenues



Details found in the Electric Operating Revenues section, pages 34-35

# SRP'S BUDGETED OPERATING EXPENSES ARE DRIVEN BY O&M

Fuel & Purchased Power are the next largest drivers followed by the non-cash item of Depreciation & Amortization



Details found in the Supporting Details section, pages 31-49

# Organizational View

# FY26 Organizational Primary Costs – Operating

(Thousands)

	FY25 Budget	FY26 Proposed	\$ Change	% Change
President & Staff	\$ 7,398	\$ 7,823	\$ 425	5.7%
General Manager	1,985	2,135	150	7.6%
Public Affairs & Corporate Services	112,627	120,175	7,548	6.7%
Community, Communications & Marketing	58,669	61,348	2,679	4.6%
Financial & Information Services	187,178	191,524	4,346	2.3%
Law, Land & Risk Management	66,776	76,076	9,300	13.9%
Human Resources	158,200	168,874	10,674	6.7%
Customer Operations	239,674	278,704	39,030	16.3%
Water Stewardship	61,590	64,525	2,935	4.8%
Power System	629,448	675,668	46,220	7.3%
Corporate Planning & Strategy	1,752,951	1,778,595	25,644	1.5%
<b>Organizational Operating Primary Costs</b>	<b>\$ 3,276,496</b>	<b>\$ 3,425,447</b>	<b>\$ 148,951</b>	<b>4.5%</b>
Operating Contingency	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>	(20.0%)
<b>Total Organizational Primary &amp; Contingency</b>	<b>\$ 3,301,496</b>	<b>\$ 3,445,447</b>	<b>\$ 143,951</b>	<b>4.4%</b>

Details found in the Organizational View section, pages 51-120



# FY26 Organizational Primary Costs – Capital

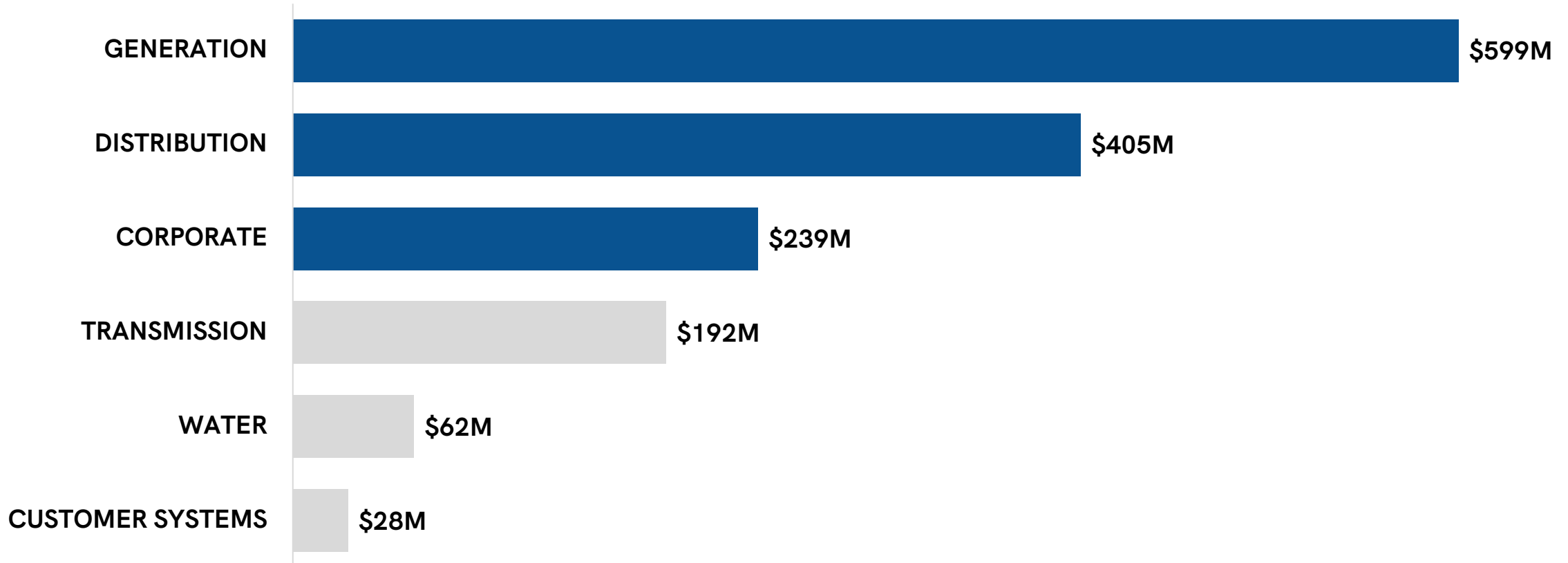
(Thousands)

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Public Affairs & Corporate Services	\$ 82,220	\$ 113,540	\$ 31,320	38.1%
Community, Communications & Marketing	430	239	(191)	(44.4%)
Financial & Information Services	86,322	114,754	28,432	32.9%
Law, Land & Risk Management	83,954	118,849	34,895	41.6%
Customer Operations	241,501	283,081	41,580	17.2%
Water Stewardship	61,423	61,699	276	0.4%
Power System	745,632	807,992	62,360	8.4%
Corporate Planning & Strategy	<u>48,856</u>	<u>24,405</u>	<u>(24,451)</u>	(50.0%)
<b>Organizational Capital Primary Costs</b>	<b>\$ 1,350,338</b>	<b>\$ 1,524,559</b>	<b>\$ 174,221</b>	<b>12.9%</b>
Capital Contingency & Risk Portfolio	<u>73,198</u>	<u>46,866</u>	<u>(26,332)</u>	(36.0%)
<b>Total Organizational Primary, Contingency &amp; Risk</b>	<b>\$ 1,423,536</b>	<b>\$ 1,571,425</b>	<b>\$ 147,889</b>	<b>10.4%</b>

Details found in the Organizational View section, pages 51-120

# GENERATION, DISTRIBUTION, AND CORPORATE (GD&C) ARE THE TOP 3 CONTRIBUTORS TO SRP'S BUDGETED CAPITAL COSTS

GD&C make up approximately 81% of SRP's budgeted capital costs



Details found in the Organizational View section, pages 51-120

# WORKFORCE: Table of Organization (T.O.)

Organizations are requesting 217 New Positions, a 3.7% increase from FY25

	FY25 Workforce		Transfers	New Positions	FY26 Workforce	
	Regular	Provisionals			Regular	Provisionals
President & Staff	39	0	0	1	40	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	545	1	(30)	10	525	1
Community, Communication & Marketing	156	0	1	1	158	0
Financial & Information Services	659	0	(58)	4	605	0
Power System	1,564	0	25	80	1,669	0
Customer Operations	1,671	4	55	71	1,797	4
Law, Land & Risk Management	186	0	0	4	190	0
Water Stewardship	414	0	1	5	420	0
Corporate Planning & Strategy	209	0	7	12	228	0
Human Resources	112	0	0	3	115	0
PERA	53	0	0	0	53	0
Managed Development Program	215	0	0	15	230	0
<b>Total Allocated</b>	<b>5,827</b>	<b>5</b>	<b>1</b>	<b>206</b>	<b>6,034</b>	<b>5</b>
<b>Unallocated</b>	<b>20</b>	<b>0</b>	<b>(1)</b>	<b>11</b>	<b>30</b>	<b>0</b>
<b>Total</b>	<b>5,847</b>	<b>5</b>	<b>0</b>	<b>217</b>	<b>6,064</b>	<b>5</b>
	<b>5,852</b>				<b>6,069</b>	

Details found in the Workforce section, pages 125-131

## **MULTI-YEAR CONTRACTS**

Organizations are requesting \$358M covering 30 multi-year contracts

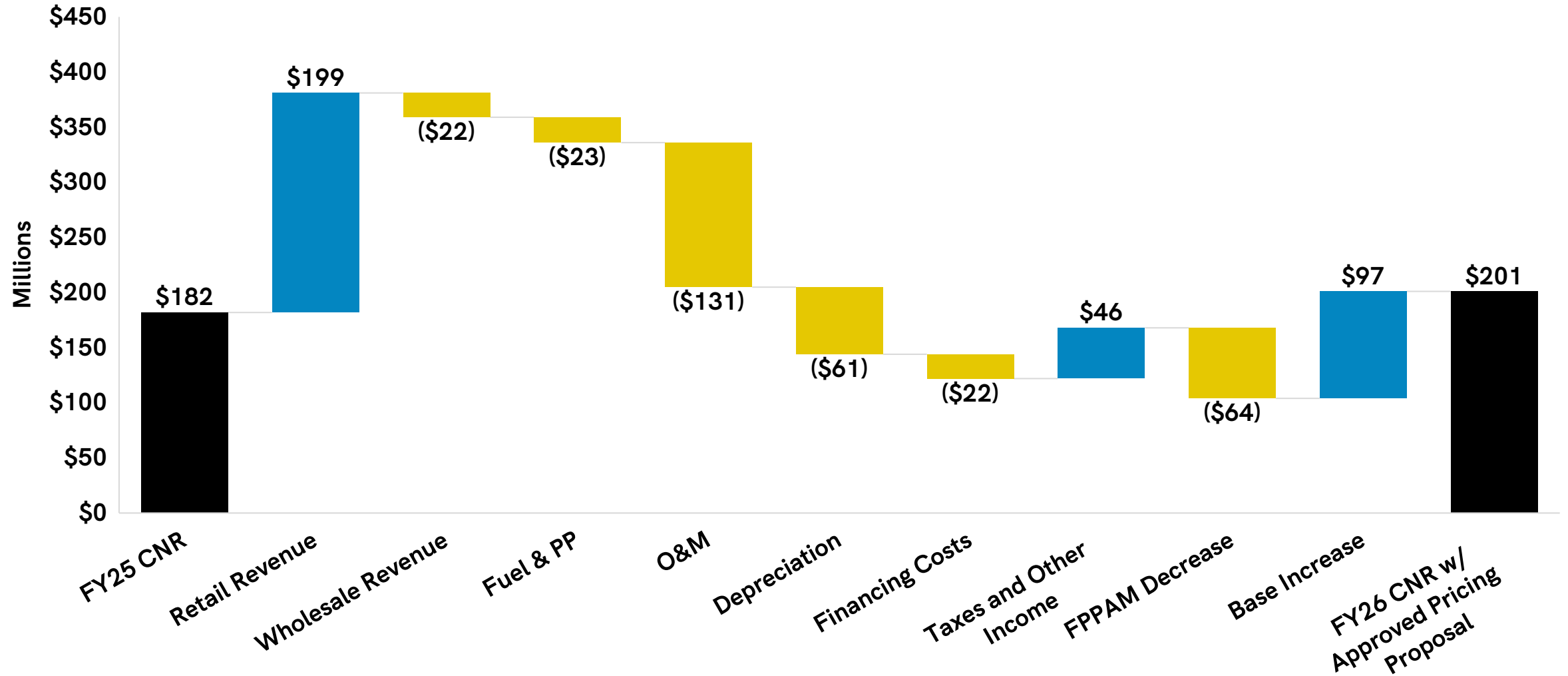
FY26 Budget book contains a list of multi-year contracts of \$500,000 or more, contain a penalty for early termination, and are under negotiation or renegotiation during FY26

Multi-year contracts containing a penalty that arise during the year, not approved by the Board during the budget process, require individual presentation to the Board for approval, unless already approved by an existing Board authorization

Details found in the Multi-Year Contracts section, pages 133-137

# Combined Net Revenues

FY26 CNR maintains SRP's financial health and flexibility



Details found in the Supporting Details section, pages 31-49

# Next Steps

Communicate with FP&A through Secretary's Office

Send any questions to Secretary's office in advance of March 25<sup>th</sup> Meeting

## March 25th Finance & Budget Meeting

- Respond to FY26 budget questions

## March 27th Special Finance & Budget Meeting & Special Board Meeting

- Respond to FY26 budget questions
- Seek approval of the FY26 Operating Budget

# FY26 Operating Budget

Detailed descriptions within the Budget Book Binder

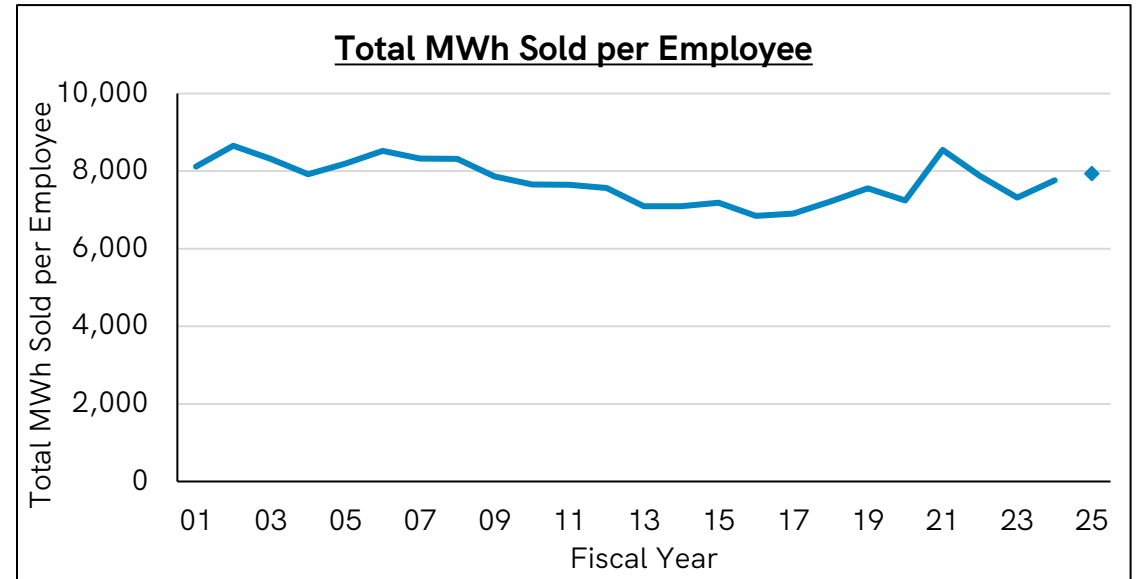
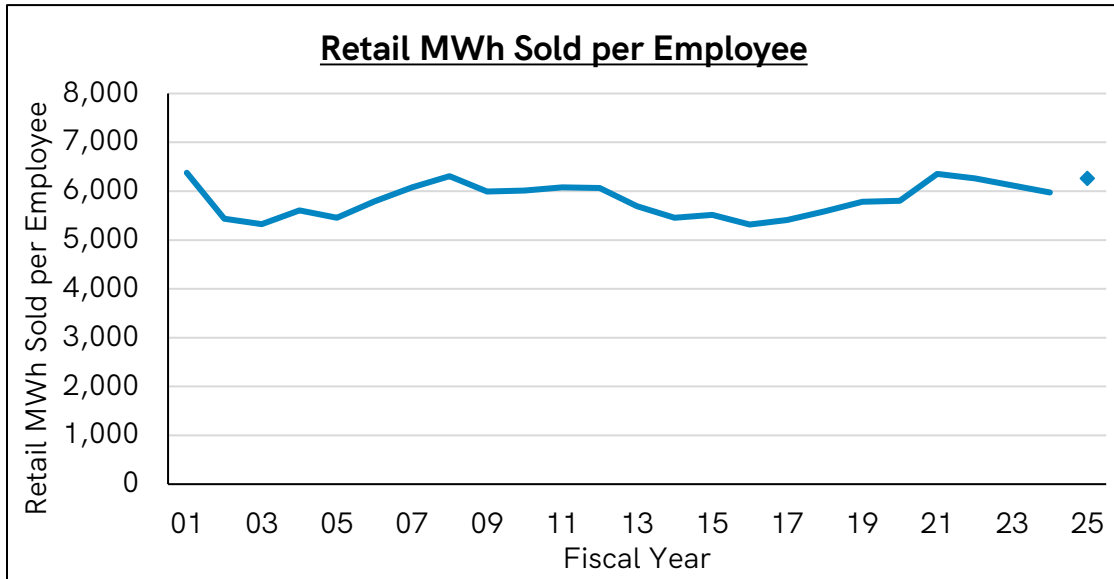
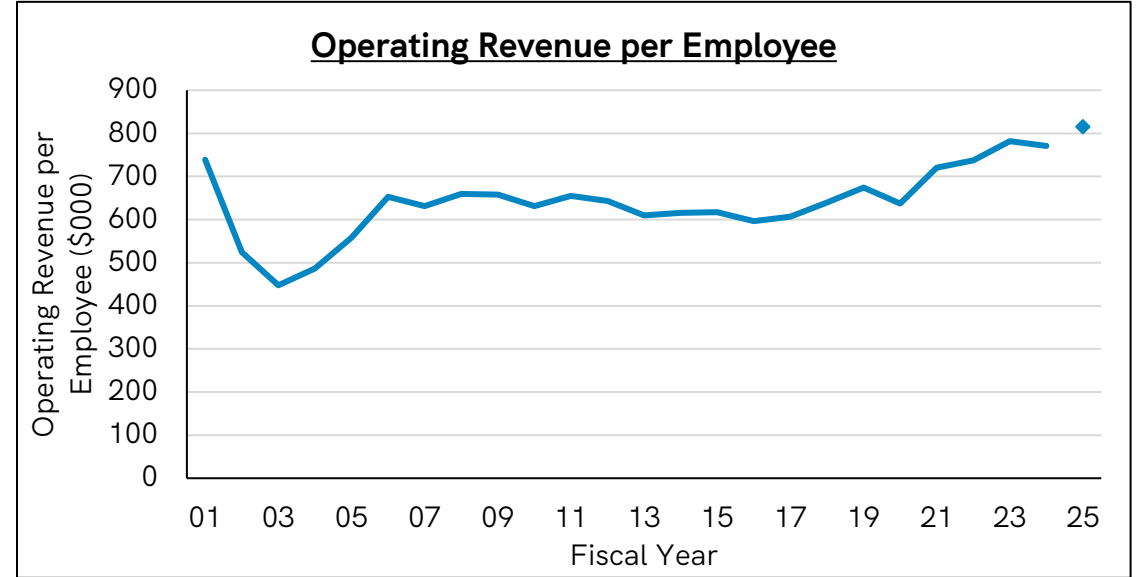
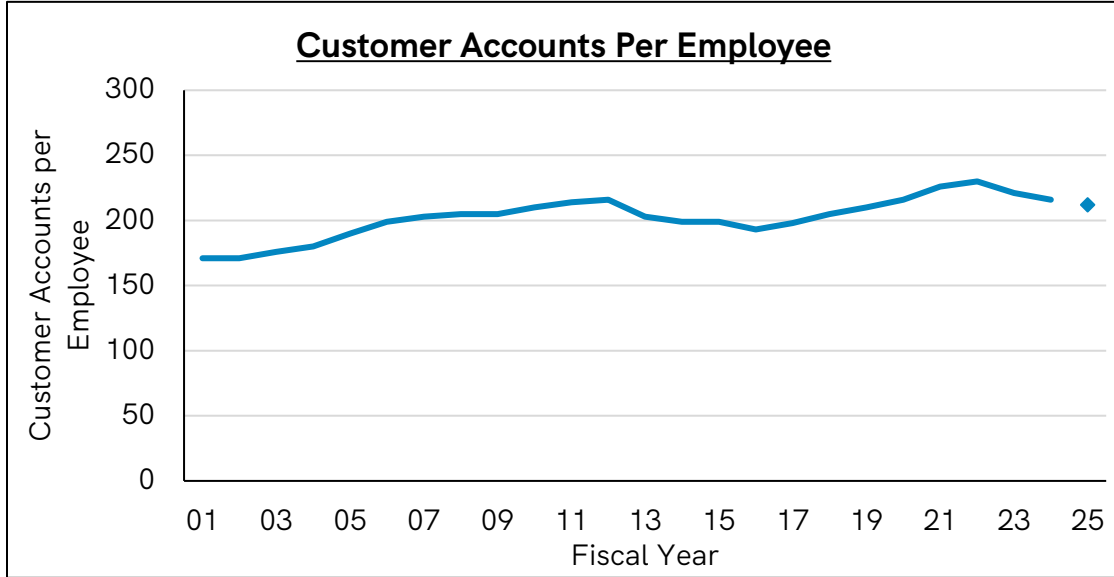
Requesting Approval of FY26 Operating Budget on 3/27/25 including:

- Multi-Year Contracts
- FY26 Water Function Budget including the Falling Water Allocation

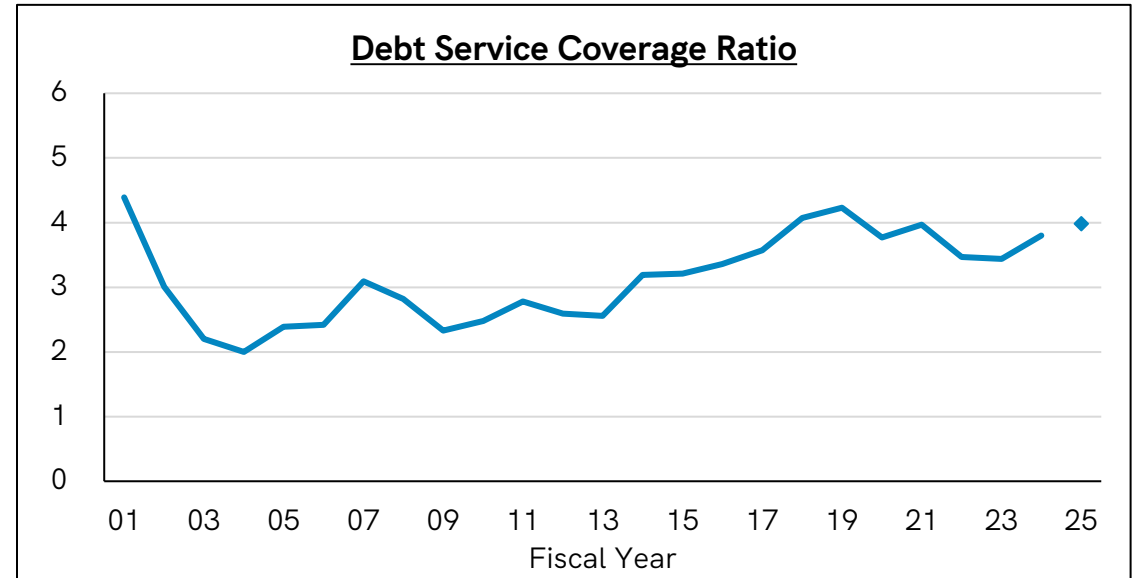
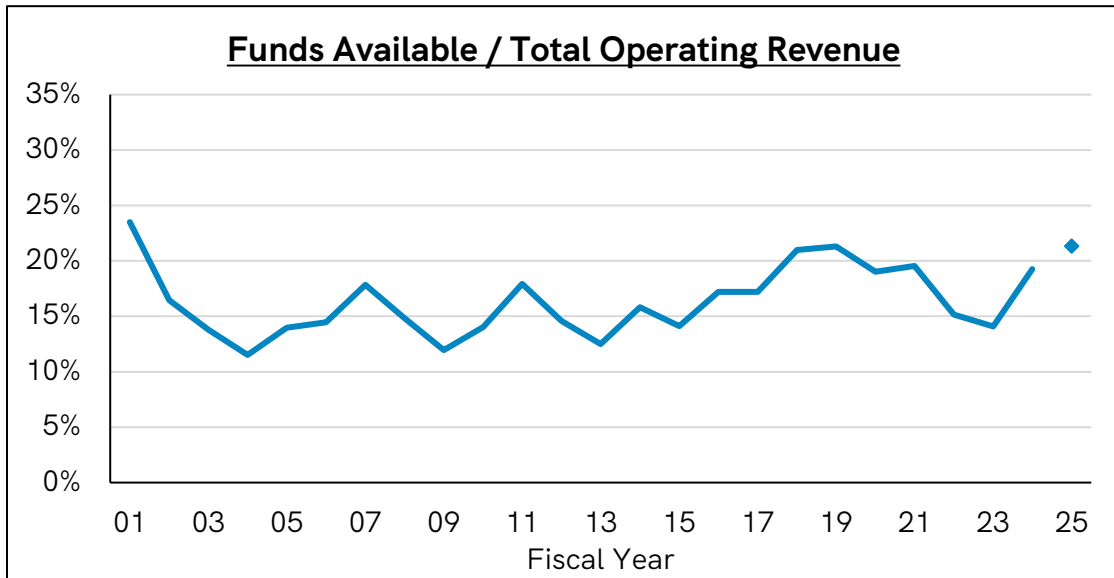
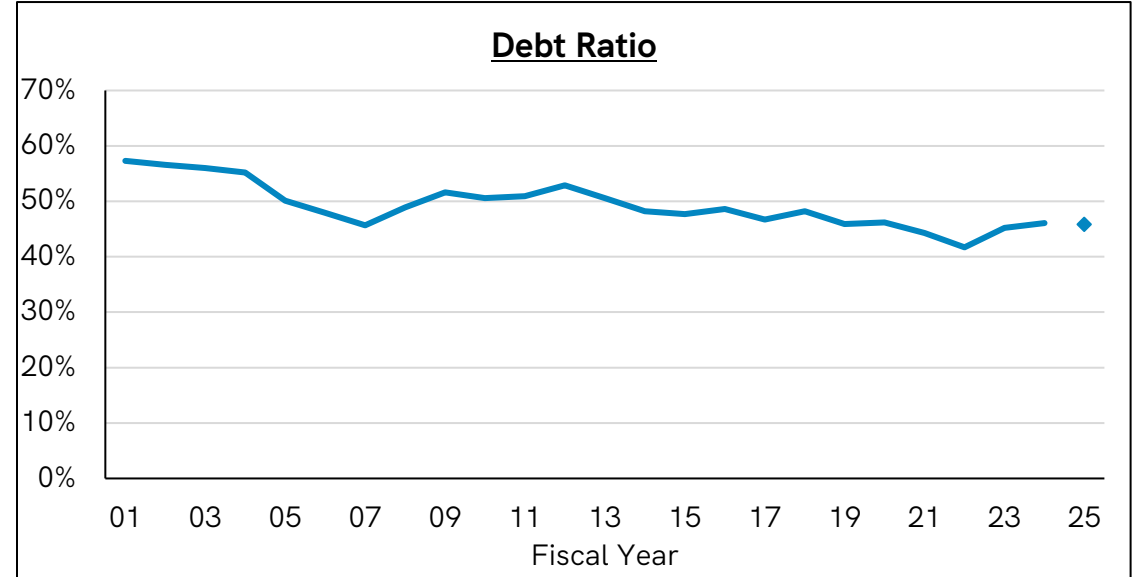
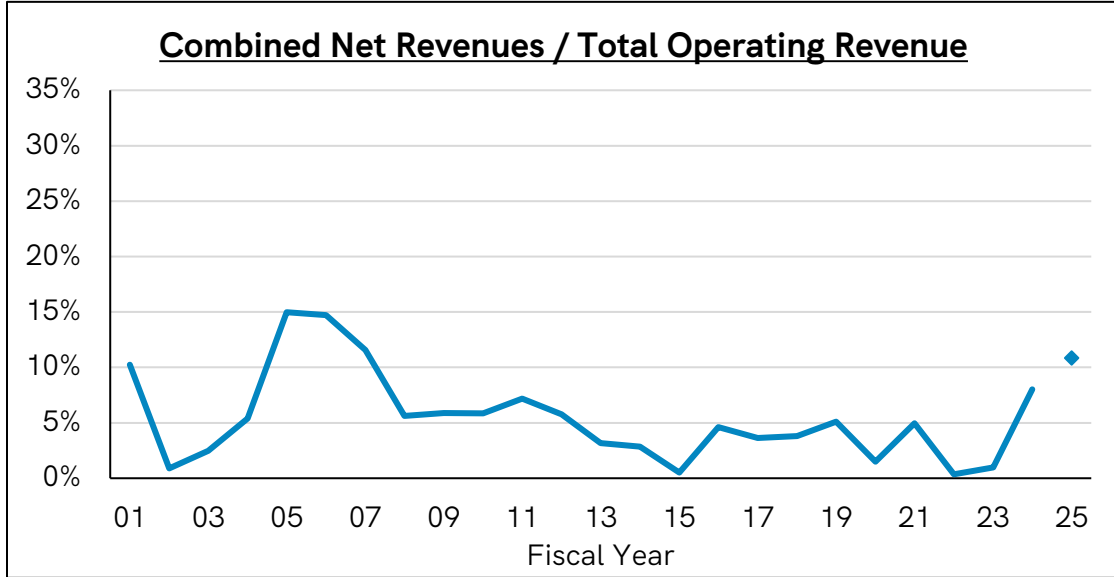
# **Reference & Perspective Regarding Long-Term Trends**



# Metrics per Employee



# Financial Indicators



This slide intentionally left blank.

# Financial View

The Financial View Section steps through the FY26 financial statements including the Statement of Funds Available from Operations, the Combined Statement of Net Revenues, the Statement of Net Revenues Electric, the Statement of Net Revenue Water and Irrigation, and the Statement of Revenues and Expenses Association Budget.

**Salt River Project**  
**2025-2026 Operating Budget**  
**Statement of Funds Available from Operations**  
**(\$ Thousands)**

<b>FY24</b>		<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Actual</b>		<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
\$ 4,101,566	Electric Operating Revenues	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
<u>2,904,669</u>	Electric Operating Expenses	<u>3,113,362</u>	<u>3,256,860</u>	143,498	4.6%
1,196,897	Net Operating Revenues	1,128,692	1,199,711	71,019	6.3%
<u>126,611</u>	Interest and Other Income (Net)	<u>81,407</u>	<u>116,428</u>	35,021	43.0%
1,323,508	Funds Available for Debt Service	1,210,099	1,316,139	106,040	8.8%
	Debt Service Requirements on Revenue Bonds:				
216,319	Net Interest on Bonds	238,695	285,696	47,001	19.7%
<u>115,547</u>	Principal	<u>121,324</u>	<u>132,960</u>	11,636	9.6%
<u>331,866</u>	Total	<u>360,019</u>	<u>418,656</u>	58,637	16.3%
3.99	Debt Service Coverage Ratio on Revenue Bonds	3.36	3.14	(0.22)	(6.5%)
	Debt Service Requirements on Subordinated Debt:				
16,746	Net Interest on Subordinated Debt	17,716	0	(17,716)	(100.0%)
<u>0</u>	Principal	<u>0</u>	<u>0</u>	0	--
<u>16,746</u>	Total	<u>17,716</u>	<u>0</u>	(17,716)	(100.0%)
<u>348,612</u>	Debt Service Requirements on Revenue Bonds and Subordinated Debt	<u>377,735</u>	<u>418,656</u>	40,921	10.8%
<b>3.80</b>	<b>Debt Service Coverage Ratio on Revenue Bonds and Subordinated Debt</b>	<b>3.20</b>	<b>3.14</b>	<b>(0.06)</b>	<b>(1.9%)</b>
974,896	Funds After Debt Service	832,364	897,483	65,119	7.8%
4,583	Interest on Construction Fund	228	900	672	294.7%
107,613	Less: Contributions in Lieu of Taxes	116,616	106,880	(9,736)	(8.3%)
66,633	Contributions to Water Operations	63,680	77,953	14,273	22.4%
<u>8,491</u>	Falling Water Charges	<u>6,897</u>	<u>7,178</u>	281	4.1%
<b><u>\$ 796,742</u></b>	<b>Funds Available for Corporate Purposes</b>	<b><u>\$ 645,399</u></b>	<b><u>\$ 706,372</u></b>	<b><u>\$ 60,973</u></b>	<b>9.4%</b>

**Salt River Project  
2025-2026 Operating Budget  
Combined Statement of Net Revenues  
(\$ Thousands)**

FY24 Actual		FY25 Budget	FY26 Proposed	\$ Change	% Change
	<b>Operating Revenues:</b>				
\$ 4,101,566	Electric	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
33,982	Water and Irrigation	38,437	40,564	2,127	5.5%
4,135,548	Total Operating Revenues	4,280,491	4,497,135	216,644	5.1%
	<b>Operating Expenses:</b>				
3,619,156	Electric	3,881,825	4,075,794	193,969	5.0%
115,791	Water and Irrigation	119,620	136,675	17,055	14.3%
3,734,947	Total Operating Expenses	4,001,445	4,212,469	211,024	5.3%
400,601	Net Operating Revenues	279,046	284,666	5,620	2.0%
	<b>Other Income:</b>				
42,536	Earnings on Investments and Deposits	38,689	38,497	(192)	(0.5%)
443,137	Net Revenues before Financing Costs	317,735	323,163	5,428	1.7%
	<b>Financing Costs:</b>				
208,479	Interest on Bonds	230,859	277,860	47,001	20.4%
(45,163)	Amort. of Bond Disc. (Prem.), Issue and Refinancing Expenses	(42,376)	(43,032)	(656)	1.5%
23,234	Interest on Other Obligations	24,241	6,868	(17,373)	(71.7%)
24,172	Capitalized Interest - Deduction	32,109	38,607	6,498	20.2%
162,378	Net Financing Costs	180,615	203,089	22,474	12.4%
51,105	Other Income (Deductions) Net	44,391	80,739	36,348	(81.9%)
<b>\$ 331,864</b>	<b>Combined Net Revenues (Loss)</b>	<b>\$ 181,511</b>	<b>\$ 200,813</b>	<b>\$ 19,302</b>	<b>10.6%</b>

**Salt River Project  
2025-2026 Operating Budget  
Statement of Net Revenues, Electric  
(\$ Thousands)**

<b>FY24 Actual</b>		<b>FY25 Budget</b>	<b>FY26 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>Operating Revenues</b>				
\$ 4,101,566	Total Operating Revenues	\$ 4,242,054	\$ 4,456,571	\$ 214,517	5.1%
	<b>Operating Expenses</b>				
678,563	Purchased Power	766,250	769,601	3,351	0.4%
910,784	Fuel Used in Electric Generation	887,628	906,621	18,993	2.1%
8,491	Water for Power	6,897	7,178	281	4.1%
935,106	Other Operating Expenses	1,065,465	1,182,105	116,640	10.9%
331,587	Maintenance	341,444	339,600	(1,844)	(0.5%)
591,748	Provision for Depreciation	637,191	697,422	60,231	9.5%
<u>162,877</u>	Taxes and Tax Equivalents	<u>176,950</u>	<u>173,267</u>	<u>(3,683)</u>	<u>(2.1%)</u>
3,619,156	Total Operating Expenses	3,881,825	4,075,794	193,969	5.0%
482,410	Net Operating Revenues	360,229	380,777	20,548	5.7%
<u>42,536</u>	Total Other Income	<u>38,689</u>	<u>38,497</u>	<u>(192)</u>	<u>(0.5%)</u>
524,946	Net Revenues Before Financing Costs	398,918	419,274	20,356	5.1%
162,378	Net Financing Costs	180,615	203,089	22,474	12.4%
<u>49,125</u>	Other Income (Deductions) Net	<u>41,635</u>	<u>77,863</u>	<u>36,228</u>	<u>(87.0%)</u>
<b><u>\$ 411,693</u></b>	<b>Net Revenues (Loss) Electric</b>	<b><u>\$ 259,938</u></b>	<b><u>\$ 294,048</u></b>	<b><u>\$ 34,110</u></b>	<b><u>13.1%</u></b>

**Salt River Project**  
**2025-2026 Operating Budget**  
**Statement of Net Revenue, Water & Irrigation**  
**(\$ Thousands)**

FY24 Actual		FY25 Budget	FY26 Proposed	\$ Change	% Change
	<b>Operating Revenues</b>				
\$ 33,982	Total Operating Revenues	\$ 38,437	\$ 40,564	\$ 2,127	5.5%
	<b>Operating Expenses</b>				
81,773	Operation	84,207	100,458	16,251	19.3%
17,388	Maintenance	17,239	17,058	(181)	(1.0%)
13,196	Depreciation	14,747	15,282	535	3.6%
<u>3,434</u>	Taxes and Tax Equivalents	<u>3,427</u>	<u>3,877</u>	<u>450</u>	13.1%
115,791	Total Operating Expenses	119,620	136,675	17,055	14.3%
(81,809)	Net Operating Revenues (Loss)	(81,183)	(96,111)	(14,928)	(18.4%)
<u>1,980</u>	Other Income (Deductions) Net	<u>2,756</u>	<u>2,876</u>	<u>120</u>	(4.4%)
<b><u>\$ (79,829)</u></b>	<b>Net Revenues (Loss) Water &amp; Irrigation</b>	<b><u>\$ (78,427)</u></b>	<b><u>\$ (93,235)</u></b>	<b><u>\$ (14,808)</u></b>	<b><u>(18.9%)</u></b>



This managerial financial statement aligns the Association's revenue and expenses for operations and maintenance of the irrigation and drainage system, as indicated within the 1937 contract between the Association and the District (subsequently amended in 1949) and should be read in conjunction with the Statement of Net Revenue, Water & Irrigation, and the Supporting Detail Section.

# STATEMENT OF REVENUES AND EXPENSES

## ASSOCIATION BUDGET

	FY25 Budget (000)	Proposed FY26 Budget (000)
<b><i>Operating Revenues</i></b>		
Stored and Developed	\$12,006	\$12,625
Additional Deliveries	\$2,315	\$2,407
Water Delivery Revenues	\$1,993	\$2,026
Other Service Revenues	\$4,552	\$4,748
Falling Water	\$6,897	\$7,177
<b><i>Total Operating Revenues</i></b>	<b>\$27,763</b>	<b>\$28,983</b>
<b><i>Operating Expenses</i></b>		
Operations & Maintenance	\$76,029	\$82,610
Power for Pumping	\$4,191	\$5,268
<b><i>Total Operating Expenses</i></b>	<b>\$80,220</b>	<b>\$87,878</b>
<b><i>Net Operating Revenues (Loss)</i></b>	<b>(\$52,457)</b>	<b>(\$58,895)</b>
<b><i>Other Income (Deductions) Net</i></b>	<b>\$2,751</b>	<b>\$2,872</b>
<b><i>Net Revenues (Loss)</i></b>	<b>(\$49,706)</b>	<b>(\$56,023)</b>

This page intentionally left blank.

# Supporting Detail

The Supporting Detail Section steps through the financial statement Combined Statement of Net Revenues. The major drivers of each line item of the statement are discussed.

**Salt River Project  
2025-2026 Operating Budget  
Electric Sales and Customers**

<b>Sales of Electric Energy</b>	<b>FY25</b>	<b>FY26</b>		<b>%</b>
<b>MWh</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Residential	14,806,431	14,999,449	193,018	1.3%
Commercial	13,522,148	14,584,645	1,062,497	7.9%
Large Industrial	4,398,211	3,572,830	(825,381)	(18.8%)
Mines	1,464,703	1,279,936	(184,767)	(12.6%)
Public/Private Lighting	165,341	153,231	(12,110)	(7.3%)
Interdepartmental	83,924	88,874	4,950	5.9%
Pumping	20,333	21,991	1,658	8.2%
<b>System Sales</b>	<b>34,461,091</b>	<b>34,700,956</b>	<b>239,865</b>	<b>0.7%</b>
Wholesale	6,538,003	6,757,208	219,205	3.4%
<b>Total Sale of Energy</b>	<b>40,999,094</b>	<b>41,458,164</b>	<b>459,070</b>	<b>1.1%</b>
<b>Number of Customer Accounts</b>	<b>FY25</b>	<b>FY26</b>		<b>%</b>
<b>At Fiscal Year-End</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Residential	1,063,371	1,088,782	25,411	2.4%
Commercial	103,138	104,249	1,111	1.1%
Large Industrial	29	27	(2)	(6.9%)
Mines	19	22	3	15.8%
Public/Private Lighting	10,173	10,105	(68)	(0.7%)
Interdepartmental	1	1	0	0.0%
Pumping	150	153	3	2.0%
<b>Total</b>	<b>1,176,881</b>	<b>1,203,339</b>	<b>26,458</b>	<b>2.2%</b>

## Electric Sales

### **Total Sale of Energy 41,458,164 MWh**

There is an increase of 1.1% in Total Energy Sales.

FY26 System Sales: 34,700,956 MWh

FY26 System Sales are projected to increase by 0.7%, or 239,865 MWh over the FY25 budget. Details are as follows:

- Long-run population growth, above the national average and employment growth continue to drive residential and small commercial customer growth in FY26.
- Offset by reduced scopes and additional risks of large, advanced manufacturing projects, already connected, or nearly connected, to SRP's power system.

Wholesale Sales: 6,757,208 MWh

Wholesale Energy Sales increase by 3.4% from FY25 to FY26, due to additional opportunities to sell excess generation into the wholesale markets.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Electric Operating Revenues  
(\$ Thousands)**

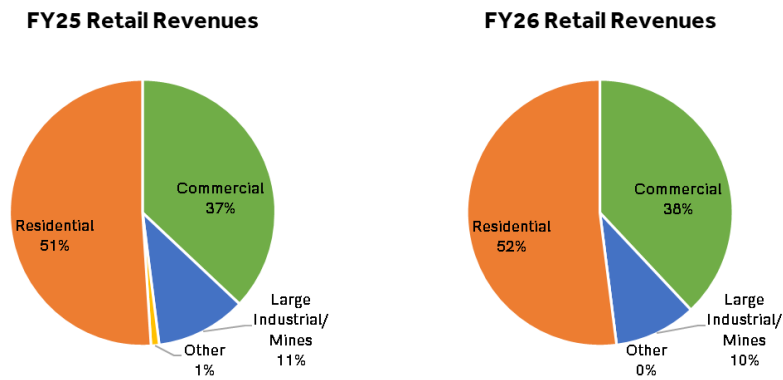
	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Residential	\$ 1,972,386	\$ 2,113,044	\$ 140,658	7.1%
Commercial	1,411,987	1,550,057	138,070	9.8%
Large Industrial	327,072	290,178	(36,894)	(11.3%)
Mines	112,212	101,883	(10,329)	(9.2%)
Public/Private Lighting	33,376	33,129	(247)	(0.7%)
Interdepartmental	9,458	10,242	784	8.3%
Pumping	2,259	2,535	276	12.2%
<b>System Revenues</b>	<b>\$ 3,868,750</b>	<b>\$ 4,101,068</b>	<b>\$ 232,318</b>	<b>6.0%</b>
Wholesale	299,218	276,861	(22,357)	(7.5%)
<b>Total Sales Revenues</b>	<b>\$ 4,167,968</b>	<b>\$ 4,377,929</b>	<b>\$ 209,961</b>	<b>5.0%</b>
Other Electric Revenues	74,086	78,642	4,556	6.1%
<b>Total Operating Revenues</b>	<b>\$ 4,242,054</b>	<b>\$ 4,456,571</b>	<b>\$ 214,517</b>	<b>5.1%</b>

**Electric Operating Revenues \$4,456,571,000**

**Total Sales Revenues \$4,377,929,000**

System Revenues: \$4,101,068,000

System revenues increase by \$232.3 million, or 6.0%. The mix of Retail revenues by customer class remains nearly the same as FY25, with a slight decrease in Large Industrial and a slight increase in Commercial & Small Industrial. System revenues increase due to an increase in sales. Additionally, the approved Fuel and Purchased Power Adjustment Mechanism increase implemented in November 2024, the proposed Fuel and Purchased Power Adjustment Mechanism decrease effective in November 2025, and the proposed base price increase effective in November 2025, have a net FY26 revenue impact of \$185.5 million.



Wholesale Revenues: \$276,861,000

Wholesale revenue decreases by 7.5% in FY26 driven by fewer Transmission Spread Trade opportunities in the region.

**Other Electric Revenues \$78,642,000**

Other electric revenues include transmission sales, customer service-related fees including late fees, direct cut-off fees, service fees, and wireless and wireline telecom revenues. The increase of \$4.6 million, or 6.1%, is driven primarily by an increase in transmission services revenue for long-term point-to-point sales inclusive of the approved Open Access Transmission Tariff pricing that will become effective November 1, 2025.



<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Water & Irrigation Revenue  
(\$ Thousands)**

	<b>FY25 Budget</b>	<b>FY26 Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Water Delivery Revenues</b>				
Stored and Developed	\$ 12,006	\$ 12,623	\$ 617	5.1%
Additional Deliveries (including pump)	2,316	2,406	90	3.9%
Water Delivery Revenues	1,994	2,028	34	1.7%
Other Service Revenues	15,224	16,329	1,105	7.3%
<b>Total Water Delivery Revenues</b>	<b>\$ 31,540</b>	<b>\$ 33,386</b>	<b>\$ 1,846</b>	<b>5.9%</b>
Falling Water	6,897	7,178	281	4.1%
<b>Total Operating Revenues</b>	<b>\$ 38,437</b>	<b>\$ 40,564</b>	<b>\$ 2,127</b>	<b>5.5%</b>

**Water & Irrigation Revenue \$40,564,000**

**Total Water Delivery Revenue \$33,386,000**

The FY26 budget includes the approved 2025 and 2026 increase in revenue due to the increase in the Basic Charge and Additional Deliveries prices. Water Delivery Fees escalated 3.7% in accordance with the formula outlined in the By-Laws. Other Service Revenues include increases in 1) the number of City Shareholder accounts and City Shareholder Fees charged to the cities, 2) Canal Transportation, 3) Decreed Stored Water, and 4) Well Lease Fees.

**Falling Water Allocation \$7,178,000**

The FY26 budget reflects the FY26 Falling Water allocator. The \$0.3 million increase is driven by an increase in natural gas prices from FY25 to FY26.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Fuel & Purchased Power  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Purchased Power</b>				
Energy	\$ 584,162	\$ 436,282	\$ (147,880)	(25.3%)
Demand	<u>182,088</u>	<u>333,319</u>	<u>151,231</u>	83.1%
<b>Total Purchased Power</b>	<b>\$ 766,250</b>	<b>\$ 769,601</b>	<b>\$ 3,351</b>	<b>0.4%</b>
<b>Fuel</b>				
Valley Gas	\$ 525,074	\$ 577,958	\$ 52,884	10.1%
Coal	320,059	285,206	(34,853)	(10.9%)
Nuclear	<u>42,495</u>	<u>43,457</u>	<u>962</u>	2.3%
<b>Total Fuel</b>	<b>\$ 887,628</b>	<b>\$ 906,621</b>	<b>\$ 18,993</b>	<b>2.1%</b>
<b>Water for Power</b>	<b>\$ 6,897</b>	<b>\$ 7,178</b>	<b>\$ 281</b>	<b>4.1%</b>

## **Fuel & Purchased Power**

### **Purchased Power \$769,601,000**

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts.

Several storage resources were realigned within the Purchased Power category, resulting in approximately \$160 million dollars shifting from Purchased Power - Energy to Purchased Power - Demand. The 0.4% increase in the Purchased Power budget is primarily due to the addition of a new battery energy storage system contract in FY26 partially offset by refinements to geothermal and solar outage forecasts.

### **Fuel \$906,621,000**

Total fuel expenses increased by 2.1% in FY26 driven by an increase in forecasted generation to meet higher projected customer demand.

Valley Gas expenses increase by \$52.9 million, or 10.1%, in FY26 due to available combined cycle capacity at times when more expensive coal generation can be ramped down.

Coal expenses decreased by \$34.9 million, or 10.9%, in FY26 driven primarily by a decrease in coal generation due to lower cost gas resources.

Nuclear expenses increased slightly by \$0.9 million, or 2.3%, in FY26 due to slightly higher nuclear generation.

### **Water for Power \$7,178,000**

The FY26 budget reflects a 4.1% increase in the calculated Falling Water Allocation, driven by an increase in natural gas prices from FY25 to FY26.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Operating & Maintenance Expenses  
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Water & Irrigation	\$ 101,446	\$ 117,516	\$ 16,070	15.8%
Electric	<u>1,406,909</u>	<u>1,521,705</u>	<u>114,796</u>	8.2%
<b>Total O&amp;M</b>	<b>\$ 1,508,355</b>	<b>\$ 1,639,221</b>	<b>\$ 130,866</b>	<b>8.7%</b>

## **Operating & Maintenance Expenses \$1,639,221,000**

Operating and Maintenance costs (O&M) increase \$130.9 million, or 8.7%, when compared to the FY25 budget.

The FY26 budget reflects the Employee Performance Incentive Compensation, or EPIC, and contains two components, one budgeted and one unbudgeted. The FY26 budget includes \$21.6 million in funding for core performance metrics, while the financial - based metrics remain self-funded through better than budget financial performance.

## **Water & Irrigation \$117,516,000**

The \$16.1 million, or 15.8%, increase in water O&M costs is primarily due to higher reimbursable costs related to Bartlett Dam and Forest Thinning, new T.O. requests and labor inflation, which drive higher allocation of costs of associated benefits and payroll taxes, and increased Power for Pumping volumes.

## **Electric \$1,521,705,000**

Overall electric O&M costs increase \$114.8 million, or 8.2%. Driving the increase from FY25 are changes in organizational spend related to 1) additional workforce to support new generation units, further transition to renewable resources, maintain aging assets, operate a larger electric system, plan for and support the modernization and replacement of critical information systems, and expanding the Apprenticeship Program to meet demand for future business needs, 2) increased annual generation maintenance expenses due to inflationary increases and expanding resource fleet, 3) adapting to an evolving power grid inclusive of increased power delivery technology services expenses, and 4) enhancing customer programs and services such as the modernization of legacy Billing applications.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

Water & Irrigation  
 Electric  
**Total Depr & Amort**

**Salt River Project  
 2025-2026 Operating Budget  
 Depreciation & Amortization  
 (\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Water & Irrigation	\$ 14,747	\$ 15,282	\$ 535	3.6%
Electric	<u>637,191</u>	<u>697,422</u>	<u>60,231</u>	9.5%
<b>Total Depr &amp; Amort</b>	<b>\$ 651,938</b>	<b>\$ 712,704</b>	<b>\$ 60,766</b>	<b>9.3%</b>

**Depreciation & Amortization \$712,704,000**

**Water & Irrigation Depreciation \$15,282,000**

The \$0.5 million increase in depreciation expense is primarily due to plant additions for facilities betterments, security equipment and water transmission assets.

**Electric Depreciation \$697,422,000**

The \$60.2 million increase in Electric Depreciation expense is due to several contributing items including:

- Plant additions at generating stations, Coronado, Hayden, and Craig, as well as an increase for the Asset Retirement Obligation (ARO) at Coronado due to updated estimates from a recently completed study.
- Plant additions at Palo Verde Nuclear Generating Station.
- Plant additions at a valley generating station, Agua Fria, and the addition of Copper Crossing.
- Increases for transmission and distribution assets for items including conduit, conductor, poles, line transformer, services, and substations due to valley growth.



**Salt River Project  
2025-2026 Operating Budget  
Taxes & Tax Equivalents  
(\$ Thousands)**

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
<b>Taxes and Tax Equivalents</b>	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
Payroll Taxes, Net	\$ 60,053	\$ 66,876	\$ 6,823	11.4%
In Lieu Taxes	116,616	106,880	(9,736)	(8.3%)
Ad Valorem & Generation Taxes	<u>3,708</u>	<u>3,388</u>	<u>(320)</u>	(8.6%)
<b>Total Taxes &amp; Tax Equivalents</b>	<b>\$ 180,377</b>	<b>\$ 177,144</b>	<b>\$ (3,233)</b>	<b>(1.8%)</b>

**Taxes & Tax Equivalents \$177,144,000**

**Payroll Tax, Net \$66,876,000**

The \$6.8 million, or 11.4%, increase in Payroll Taxes is driven by an estimated increase in gross wages due to both labor inflation and workforce growth.

**In Lieu Taxes \$106,880,000**

In Lieu Taxes decrease of \$9.7 million is driven by a decline in the property tax assessment ratio of 0.5% per year for the next few years and an estimated decrease in tax rates, partially offset by a 4.5% increase due to plant additions.

**Ad Valorem Taxes \$3,388,000**

The decrease in Ad Valorem Tax is attributed to the projected decline in property values driven by assets outside of Arizona.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Other Income & Other Income (Deductions) Net  
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
<b>Other Income</b>	\$ 38,689	\$ 38,497	\$ (192)	(0.5%)
<b>Other Income (Deductions) Net</b>				
Water & Irrigation	\$ 2,756	\$ 2,876	\$ 120	(4.4%)
Electric	<u>41,635</u>	<u>77,863</u>	<u>36,228</u>	(87.0%)
<b>Total Other Income (Deductions) Net</b>	<b>\$ 44,391</b>	<b>\$ 80,739</b>	<b>\$ 36,348</b>	<b>(81.9%)</b>

**Other Income & Other Income (Deductions) Net**

**Other Income \$38,497,000**

Other Income decreases in FY26 as interest rates are expected to decrease, resulting in lower interest earnings projected on SRP's General Fund and Debt Service Fund.

**Other Income (Deductions) Net \$80,739,000**

Other Income (Deductions) Net is a non-operating category and includes corporate contributions, shareholders compensation, lobbying expenses, rental income, earnings on equity method investments, other non-operating activities, and certain retirement benefits. The current plan reflects a \$75 million contribution to the Pension in the FY26 budget year. The main driver of the increase is budgeting for the first year of the Production Tax Credit.

<b>Combined Statement of Net Revenues</b>	
Operating Revenues	
Electric	
Water and Irrigation	
Total Operating Revenues	
Operating Expenses	
Purchased Power	
Fuel Used in Electric Generation	
Water for Power	
Other Operating Expenses	
Maintenance	
Depreciation and Amortization	
Taxes and Tax Equivalents	
Total Operating Expenses	
Net Operating Revenues	
Other Income	
Net Revenues before Financing Costs	
Financing Costs	
Other Income (Deductions) Net	
<b>Combined Net Revenues (Loss)</b>	

**Salt River Project  
2025-2026 Operating Budget  
Financing Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Interest on Bonds	\$ 230,859	\$ 277,860	\$ 47,001	20.4%
Amort - Bond Disc/Issuance/Refinancing	(42,376)	(43,032)	(656)	1.5%
Interest on Other Obligations	24,241	6,868	(17,373)	(71.7%)
Capitalized Interest - Deduction (AFUDC)	<u>(32,109)</u>	<u>(38,607)</u>	<u>(6,498)</u>	20.2%
<b>Net Financing Costs</b>	<b>\$ 180,615</b>	<b>\$ 203,089</b>	<b>\$ 22,474</b>	<b>12.4%</b>
<b>Informational:</b>				
<b>Principal Repayment</b>				
Revenue Bonds	\$ 121,324	\$ 132,960	\$ 11,636	9.6%

**Financing Costs \$203,089,000**

**Interest on Bonds \$277,860,000**

Interest on revenue bonds is a part of the debt service requirements. The increase in FY26 is a result of new money bond issuance in FY25 and planned new money bond issuance in FY26 to support the capital plan.

**Amortization - Bond Discounts, Issuance & Refinancing (\$43,032,000)**

Amortization - Bond Discounts, Issuance and Refinancing is a component of revenue bond financing. The change in amortization is due to new money bond issuance in FY25 and planned new money bond issuance in FY26.

**Interest on Other Obligations \$6,868,000**

The Interest on Other Obligations decrease in FY26 is due to the planned repayment of outstanding Commercial Paper.

**Capitalized Interest - Deduction (AFUDC) (\$38,607,000)**

Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY25 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

**Principal Repayment - Revenue Bonds \$132,960,000**

SRP's annual principal repayment schedule reflects the compilation of all outstanding long-term debt issues with payments due during each fiscal year. As such, annual principal repayments vary from year to year. The year-over-year variance was anticipated. SRP structures its Revenue Bond program such that a portion of outstanding principal is repaid annually.

This page intentionally left blank.

# Organizational View

The Organizational View Section steps through the operating and capital budgets for each Organization. The major drivers of each line item are discussed.



**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
President & Staff	\$ 7,398	\$ 7,823	\$ 425	5.7%
General Manager	1,985	2,135	150	7.6%
Public Affairs & Corporate Services	112,627	120,175	7,548	6.7%
Community, Communications & Marketing	58,669	61,348	2,679	4.6%
Financial & Information Services	187,178	191,524	4,346	2.3%
Law, Land & Risk Management	66,776	76,076	9,300	13.9%
Human Resources	158,200	168,874	10,674	6.7%
Customer Operations	239,674	278,704	39,030	16.3%
Water Stewardship	61,590	64,525	2,935	4.8%
Power System	629,448	675,668	46,220	7.3%
Corporate Planning & Strategy	<u>1,752,951</u>	<u>1,778,595</u>	<u>25,644</u>	1.5%
<b>Organizational Operating Primary Costs</b>	<b>\$ 3,276,496</b>	<b>\$ 3,425,447</b>	<b>\$ 148,951</b>	<b>4.5%</b>
Operating Contingency	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>	(20.0%)
<b>Total Organizational Primary &amp; Contingency</b>	<b>\$ 3,301,496</b>	<b>\$ 3,445,447</b>	<b>\$ 143,951</b>	<b>4.4%</b>

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Public Affairs & Corporate Services	\$ 82,220	\$ 113,540	\$ 31,320	38.1%
Community, Communications & Marketing	430	239	(191)	(44.4%)
Financial & Information Services	86,322	114,754	28,432	32.9%
Law, Land & Risk Management	83,954	118,849	34,895	41.6%
Customer Operations	241,501	283,081	41,580	17.2%
Water Stewardship	61,423	61,699	276	0.4%
Power System	745,632	807,992	62,360	8.4%
Corporate Planning & Strategy	<u>48,856</u>	<u>24,405</u>	<u>(24,451)</u>	(50.0%)
<b>Organizational Capital Primary Costs</b>	<b>\$ 1,350,338</b>	<b>\$ 1,524,559</b>	<b>\$ 174,221</b>	<b>12.9%</b>
Capital Contingency & Risk Portfolio	<u>73,198</u>	<u>46,866</u>	<u>(26,332)</u>	(36.0%)
<b>Total Organizational Primary, Contingency &amp; Risk</b>	<b>\$ 1,423,536</b>	<b>\$ 1,571,425</b>	<b>\$ 147,889</b>	<b>10.4%</b>

## **Notes for Contingency and Risk Portfolio**

### **Operating Contingency \$20,000,000**

The FY26 Operating Contingency is budgeted at \$20.0 million. These dollars are intended to cover unforeseen or unplanned operating expenditures. This represents 1.1% of total organizational operating costs excluding Fuel and Purchased Power expenses. The decrease of \$5.0 million is due to organizational-wide analysis of contingency needs.

### **Capital Contingency and Risk Portfolio \$46,866,000**

The FY26 Risk Portfolio of \$46.9 million was created as a result of estimates provided by various organizations to address potential needs by taking into account the probability of occurrence and the magnitude of potential impact for a given project. This represents 3.1% of total organizational capital primary costs. Projects represented in this year's Risk Portfolio, in order of dollar magnitude, are associated predominantly with land for future solar generation sites, the Crosscut Site Redevelopment, and the SRP/CAP Interconnection Facility. The Capital Contingency, which is funded in the latter half of the six-year plan, was established to meet potential expenditures for elements such as unplanned replacement of large equipment, expenditures for asset purchase opportunities and other unforeseen circumstances.

This page intentionally left blank.

**Salt River Project  
2025-2026 Organizational Budget  
Operating Primary Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>President &amp; Staff</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
President & Staff	\$ 657	\$ 646	\$ (11)	(1.7%)
Corporate Secretary's Office	3,491	3,794	303	8.7%
Corporate Audit Services	<u>3,250</u>	<u>3,383</u>	<u>133</u>	4.1%
<b>Total</b>	<b>\$ 7,398</b>	<b>\$ 7,823</b>	<b>\$ 425</b>	<b>5.7%</b>

## Notes for Operating Primary Costs

### **President & Staff**

The Office of President & Staff is comprised of three areas: the President's Office, the Corporate Secretary's Office, and Corporate Audit Services. Each area works with management to establish policies and procedures to further the business affairs of SRP.

### **President & Staff \$646,000**

The President & Staff budget includes the operating costs for the President, Vice President, and direct staff. The decrease is driven by less planned travel and training partially offset by labor inflation.

### **Corporate Secretary's Office \$3,794,000**

The Corporate Secretary's Office facilitates and supports the operations and activities of the President's Office as well as SRP's Board and Council. The increase is driven by labor inflation and higher costs for contracted elections staff and title plant services required to maintain SRP Election property rolls.

### **Corporate Audit Services \$3,383,000**

Corporate Audit Services provides independent objective assurance and consulting services designed to add value and improve SRP's operations. The increase is driven primarily by labor inflation and higher travel and training costs.

**Salt River Project  
2025-2026 Organizational Budget  
Operating Primary Costs  
(\$ Thousands)**

	FY25	FY26	\$	%
<b>General Manager</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
General Manager & Staff	\$ 1,985	\$ 2,135	\$ 150	7.6%
<b>Total</b>	<b>\$ 1,985</b>	<b>\$ 2,135</b>	<b>\$ 150</b>	<b>7.6%</b>

## **Notes for Operating Primary Costs**

### **General Manager**

### **General Manager & Staff \$2,135,000**

The General Manager & Staff budget includes the operating costs for the General Manager and direct staff. The increase is driven by higher contracted services funding to support succession management and employee engagement corporate objectives.



**Salt River Project  
2025-2026 Organizational Budget  
Operating Primary Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Public Affairs &amp; Corporate Services</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 1,791	\$ 1,918	\$ 127	7.1%
Facilities, MCM & Transportation Services	64,417	71,010	6,593	10.2%
Federal Affairs	1,853	1,927	74	4.0%
Local Government Affairs	2,059	2,107	48	2.3%
Policy, Strategy & Consumer Affairs	2,794	2,787	(7)	(0.3%)
Regulatory Affairs & Compliance	4,128	4,202	74	1.8%
State Government Affairs	2,455	2,508	53	2.1%
Supply Chain & Flight Services	<u>33,130</u>	<u>33,716</u>	<u>586</u>	1.8%
<b>Total</b>	<b>\$ 112,627</b>	<b>\$ 120,175</b>	<b>\$ 7,548</b>	<b>6.7%</b>

## Notes for Operating Primary Costs

### Public Affairs & Corporate Services

#### Associate General Manager \$1,918,000

The Associate General Manager (AGM) budget includes the operating costs for the AGM and direct staff. The FY26 increase is primarily driven by reallocation of materials funding from Community, Communications & Marketing and labor inflation.

#### Facilities, MCM & Transportation Services \$71,010,000

Facilities, Mechanical Construction & Maintenance (MCM), and Transportation Services promotes operational excellence by strategically providing innovative, sustainable, reliable, and customized work solutions throughout SRP's service territory.

The Facilities, MCM & Transportation Services department consists of:

- Facilities Business Operations
- Facilities Design & Construction
- Facilities Operations & Maintenance
- Facilities Workplace Strategy
- Mechanical Construction & Maintenance
- Transportation Fleet Engineering
- Transportation Fleet Services

The FY26 budget supports the operation and maintenance of 21 Valley sites (110 buildings and more than 2.1 million square feet), MCM's manufacturing, maintenance, and repair of equipment across SRP's water, power and telecom distribution networks, and provides ongoing maintenance for over 3,000 fleet assets and 57 fuel tanks across 19 SRP locations. The primary driver of the FY26 budget increase is inflation (labor, utilities, materials, and service contracts). The FY26 budget includes funding for three additional full-time T.O. for increased support of building infrastructure, large-scale facilities projects, and maintenance for the additional fleet equipment needed to support customer workloads.

## Notes for Operating Primary Costs

### Public Affairs & Corporate Services (continued)

#### **Federal Affairs \$1,927,000**

The Federal Affairs department provides management with information, intelligence, and strategic counsel on federal policy issues. The department also ensures SRP's positions on key federal policy issues and effectively advocates to policymakers and stakeholder groups in Washington. Finally, the department develops and implements strategies to achieve favorable outcomes on SRP's priority issues. This includes the development of long-term collaborative relationships with tribal communities to support SRP's interests in expanding the understanding of respective concerns regarding the management of energy and water supplies.

#### **Local Government Affairs \$2,107,000**

Local Government Affairs interacts with local governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory. It includes the Public Involvement group which provides public outreach services to SRP organizations that are involved in projects that can affect the community, such as the construction of transmission lines, generation facilities, and upgrades to the distribution delivery system. The FY26 increase is driven by funding for one new T.O.

#### **Policy, Strategy & Consumer Affairs \$2,787,000**

The Policy, Strategy & Consumer Affairs department drives policy and messaging of Government Relations Teams to internal and external leaders and equips them with strategies, information, perspectives, and policy messaging to achieve SRP's Corporate Objectives. In addition, the Consumer Affairs department provides dispute resolution services for both SRP's power and water customers, as well as the public. The FY26 decrease is primarily due to lower funding for corporate sponsorships and consulting services to support ad hoc projects partially offset by labor inflation.

## Notes for Operating Primary Costs

### Public Affairs & Corporate Services (continued)

#### Regulatory Affairs & Compliance \$4,202,000

The Regulatory Affairs & Compliance department manages relationships and the matters that affect SRP at the Arizona Corporation Commission and the Federal Energy Regulatory Commission and provides support and assistance for activities focused on limiting SRP's corporate risk exposure, ensuring SRP's regulatory compliance with North American Electric Reliability Corporation/Critical Infrastructure Protection (NERC/CIP) Compliance and Western Electricity Coordinating Council (WECC) Regional Criteria standards, and limiting SRP's corporate risk exposure via internal environmental, health, and safety audits. The FY26 increase is primarily due to labor inflation.

#### State Government Affairs \$2,508,000

The State Government Affairs department interacts with state governments to better position SRP in the business community, weigh in on public policy decisions that affect SRP operations, and help increase economic growth within SRP's service territory.

#### Supply Chain & Flight Services \$33,716,000

Supply Chain & Flight Services (SC&FS) provides internal services aligned with SRP's corporate objectives to support customer needs. SC&FS offers a suite of services that supports and promotes operational excellence throughout SRP.

The Supply Chain & Flight Services department consists of:

- Flight Services
- Strategic Solutions & Support Services
- Logistics & Material Management
- Purchasing Services

## **Notes for Operating Primary Costs**

### **Public Affairs & Corporate Services (continued)**

The Supply Chain & Flight Services operating budget is driven primarily by the day-to-day operations of the respective roles related to purchasing, logistics, material management, inventory stewardship and flight services. Additional funding supports strategic engagements and efforts, system upgrades and enhancements, and training.

The FY26 budget increase is driven by labor inflation and higher costs associated with strategic initiatives, rentals, and lease agreements. Furthermore, SRP continues to see impacts from inflation and ongoing supply chain challenges.

This page intentionally left blank.

**Salt River Project  
2025-2026 Organizational Budget  
Capital Primary Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Public Affairs &amp; Corporate Services</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Facilities, MCM & Transportation Services	84,520	117,040	32,520	38.5%
Federal Affairs	0	0	0	--
Local Government Affairs	0	0	0	--
Policy, Strategy & Consumer Affairs	0	0	0	--
Regulatory Affairs & Compliance	0	0	0	--
State Government Affairs	0	0	0	--
Supply Chain & Flight Services	<u>(2,300)</u>	<u>(3,500)</u>	<u>(1,200)</u>	52.2%
<b>Total</b>	<b>\$ 82,220</b>	<b>\$ 113,540</b>	<b>\$ 31,320</b>	<b>38.1%</b>

## Notes for Capital Primary Costs

### Public Affairs & Corporate Services

### Facilities, MCM & Transportation Services \$117,040,000

The Facilities, MCM and Transportation Services capital budget is crucial to the reliability of SRP operations and business continuity and includes funding for corporate real estate construction and purchases, comprehensive building renovations, infrastructure improvements, and life-cycling of critical assets. This budget also provides funding for projects identified during the Facilities Betterments Roadmap strategic planning effort, replacement of fleet equipment that has reached or exceeded the vehicle lifecycle, the purchase of electric vehicles, and incorporates Facilities and Transportation internal customer requests. Main drivers of the FY26 budget include:

- Crosscut (XCT) Modernization Phase 1: In FY26 Facilities Services will focus on site enablement and design for new Mechanical Construction and Maintenance buildings, as well as an upgrade to the site perimeter fencing.
- Falcon Field Hangar: Construction of the Falcon Field Hangar is underway and will be complete in FY26, enabling SRP to relocate Flight Services from Phoenix Sky Harbor Airport due to lease expirations.
- Customer Driven Transportation Additions: Transportation received an increased number of customer driven fleet requests for FY26. These requests are above and beyond the existing fleet allocations and will support the significant increased workloads.

### Supply Chain & Flight Services (\$3,500,000)

The Supply Chain & Flight Services budget is driven primarily by Flight Services, Investment Recovery, Logistics (inbound & outbound), and Materials Management Departments. The main driver of the reduction in FY26 is related to a one-time Investment Recovery Equipment purchase in FY25. This purchase was for a granulator, which is used to process wire conductor into its most basic components of aluminum, copper, and steel to keep up with increasing demands that have doubled the amount of old scrap wire output to be processed for resale.



**Salt River Project  
2025-2026 Organizational Budget  
Operating Primary Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
<b>Community, Communications &amp; Marketing</b>				
Community, Communications & Marketing	\$ 58,669	\$ 61,348	\$ 2,679	4.6%
<b>Total</b>	<b>\$ 58,669</b>	<b>\$ 61,348</b>	<b>\$ 2,679</b>	<b>4.6%</b>

## Notes for Operating Primary Costs

### Community, Communications & Marketing

#### Community, Communications & Marketing \$61,348,000

The Community, Communications & Marketing (CCM) organization uses an integrated marketing, communications, creative, media relations, and community outreach model that represents a best practice across industries. CCM's work supports SRP's short and long-term objectives and works to educate customers on programs and services. The integrated model proactively leads and responds to the ongoing changes at SRP, in the utility industry, with customers' expectations, with the regulatory environment, and more. The work performed by CCM provides customer insights to inform company decisions.

Community, Communications & Marketing consists of the following organizations:

- Community Partnerships
- Integrated Communications
- Customer Insights, Brand Strategy & Marketing

The primary drivers of the increase include additional funding for labor inflation, one new T.O., market research and communications support for Customer Modernization.

- **Corporate Contributions \$5,281,000**

A portion of the budget is comprised of Corporate Contributions (grants to community nonprofits). The Contribution budget is comprised of a predetermined calculation of approximately \$4 per SRP customer.

**Salt River Project  
2025-2026 Organizational Budget  
Capital Primary Costs  
(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
<b>Community, Communications &amp; Marketing</b>				
Community, Communications & Marketing	\$ 430	\$ 239	\$ (191)	(44.4%)
<b>Total</b>	<b>\$ 430</b>	<b>\$ 239</b>	<b>\$ (191)</b>	<b>(44.4%)</b>

## **Notes for Capital Primary Costs**

### **Community, Communications & Marketing**

#### **Community, Communications & Marketing \$239,000**

Capital costs for Community, Communications & Marketing are associated with the planned lifecycle and refresh of audio-visual, printing equipment, and outgoing mail operations in support of the organization's Customer, Community, Workforce, and Innovation & Sustainability goals. The budget decrease is due to the printing equipment replacement cycle cadence and efficiencies gained in the print services redesign.

**Salt River Project  
2025-2026 Organizational Budget  
Operating Primary Costs  
(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Financial &amp; Information Services</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 3,783	\$ 3,549	\$ (234)	(6.2%)
Corporate Accounting Services	8,896	9,483	587	6.6%
Cyber Security Services	11,492	13,176	1,684	14.7%
Financial Operations & Compliance	6,550	5,955	(595)	(9.1%)
Financial Strategy	3,368	3,994	626	18.6%
IT Services	<u>153,089</u>	<u>155,367</u>	<u>2,278</u>	1.5%
<b>Total</b>	<b>\$ 187,178</b>	<b>\$ 191,524</b>	<b>\$ 4,346</b>	<b>2.3%</b>

## Notes for Operating Primary Costs

### Financial & Information Services

Financial & Information Services (F&IS) includes several groups that provide various services within SRP. These departments include Corporate Accounting Services, Cyber Security Services, Financial Operations & Compliance, Financial Strategy, and Information Technology Services. The primary driver for the 2.3% increase in FY26 is higher costs associated with software licensing and hardware.

### Associate General Manager **\$3,549,000**

The AGM's budget contains labor costs for direct reports and contracted services for projects across the organization. The decrease is primarily driven by the Strategic Risk Management department and associated labor moving to the Corporate Planning & Strategy organization in FY26.

### Corporate Accounting Services **\$9,483,000**

The Corporate Accounting department maintains SRP's books, prepares monthly and annual financial statements, monitors and pays SRP's payroll, sales/use and property taxes, and manages SRP's accounts payable. The main driver for the increase in FY26 is additional resources to support the increased workload for the Accounts Payable function within Corporate Accounting Services.

### Cyber Security Services **\$13,176,000**

The Cyber Security department's main responsibility is to protect SRP's corporate cyber assets in a risk-based manner by ensuring the preservation of confidentiality, integrity, and availability of cyber systems. The strategy to accomplish this mission employs a defense-in-depth approach to protecting SRP cyber resources. The main driver for the increase in FY26 is the additional software and resources to support the increased workload associated with Operational Technology (OT) Vulnerability Management and OT Cyber Security Monitoring and Incident Response.

## Notes for Operating Primary Costs

### Financial & Information Services (continued)

#### **Financial Operations & Compliance \$5,955,000**

The Financial Operations & Compliance department consists of various activities and services including daily cash flow, corporate debt agreements, corporate investing activities, and management of market, credit, and operational risks. The decrease in budget is driven by the reorganization of Financial Services to Financial Strategy and Financial Operations & Compliance.

#### **Financial Strategy \$3,994,000**

The Financial Strategy department consists of various activities and services including customer pricing, annual budget facilitation, and financial performance analysis and forecasting. The increase in budget is driven by the reorganization of Financial Services to Financial Strategy and Financial Operations & Compliance.

#### **Information Technology Services \$155,367,000**

Information Technology Services (ITS) provides information technology expertise and solutions to support business operations, including the following services: business application implementation and support, data analytics and management, collaboration solutions for telephony, conferencing and information sharing, and project implementation services.

The budget consists of service and equipment expenditures to maintain SRP's technology solutions and infrastructure. One of the top components of the budget is materials, which cover the cost of computer peripherals, hardware warranties/maintenance, and software licenses, maintenance, and subscriptions for enterprise platforms and productivity solutions.

## **Notes for Operating Primary Costs**

### **Financial & Information Services (continued)**

Major drivers for the increase are due to software license and hardware commodity cost increases attributed to growth and the supply chain market, industry and business research subscriptions, and consolidation of leased circuit services, offset by the reorganization of the Customer Modernization department and associated labor shifting to capital.



**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Financial &amp; Information Services</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Corporate Accounting Services	0	0	0	--
Cyber Security Services	250	250	0	0.0%
Financial Operations & Compliance	0	0	0	--
Financial Strategy	0	0	0	--
IT Services	<u>86,072</u>	<u>114,504</u>	<u>28,432</u>	33.0%
<b>Total</b>	<b>\$ 86,322</b>	<b>\$ 114,754</b>	<b>\$ 28,432</b>	<b>32.9%</b>

## **Notes for Capital Primary Costs**

### **Financial & Information Services**

#### **Cyber Security \$250,000**

Cyber Security's capital program includes the tools and contracted services required to help secure SRP's cyber assets. Capital expenditures have remained relatively unchanged.

#### **Information Technology Services \$114,504,000**

The ITS capital program consists of major system implementations/modifications and hardware replacements and improvements. Ongoing capital expenses for ITS include the lifecycle and growth for End User Compute (desktop computers, laptops and conference room equipment) and Infrastructure (server, network and storage). The main drivers for the FY26 increase are attributed to OT technology for additional Generation sites; the Open Analytics Platform, Enterprise Asset Serialization, Microsoft 365, Contract Management Contract Authoring, and the Enterprise Content Management retention schedule.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Law, Land &amp; Risk Management</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 1,263	\$ 1,304	\$ 41	3.2%
Land Department	5,439	6,597	1,158	21.3%
Legal Services	16,256	17,004	748	4.6%
Risk Management	25,577	31,650	6,073	23.7%
Security Services	<u>18,241</u>	<u>19,521</u>	<u>1,280</u>	7.0%
<b>Total</b>	<b>\$ 66,776</b>	<b>\$ 76,076</b>	<b>\$ 9,300</b>	<b>13.9%</b>

## Notes for Operating Primary Costs

### Law, Land & Risk Management

#### Associate General Manager \$1,304,000

The AGM budget is comprised of the operating costs related to executive oversight and support of the overall organization. The increase is driven by labor inflation.

#### Land Department \$6,597,000

The Land Department is responsible for managing and enforcing SRP's land rights for generation, transmission, distribution, irrigation, and corporate facilities. The operating budget supports the Land Rights Management, Acquisitions, Document Management, and Survey Departments. The increase is primarily the result of labor inflation and additional permanent and contract resources to support business operational needs.

#### Legal Services \$17,004,000

The Legal Services department manages all legal issues related to SRP, including all claims brought against SRP by its customers and other third-party claimants. The department's focus is to provide legal expertise and advice to SRP clients in a collaborative effort to mutually support, strengthen, and advance SRP's interests. The increase is driven by labor inflation and additional resources to support contract and procurement activities. Demand for electricity in SRP's electric service area is expected to continue to increase which will require SRP to acquire additional electric generation and transmission assets. In addition, as SRP continues to increase the amount of renewable energy in its portfolio, it will require changes to its electric infrastructure. On the water side, SRP is currently planning multiple projects to address drought, climate change and the potential for a shift in the hydrologic cycle that will require additional water storage and infrastructure to transport water.

## Notes for Operating Primary Costs

### Law, Land & Risk Management (continued)

- **Outside Legal \$9,500,000**

Outside Legal represents the costs necessary to provide for outside legal expenses based on litigated matters, regulatory compliance, and commercial and financial transactions.

### **Risk Management \$31,650,000**

The Risk Management department is responsible for advancing SRP's strong commitment to safety, managing OneSRP Safety, managing SRP's fire protection program, and managing SRP's insurance programs.

The Risk Management department consists of:

- Insurance Services
- Safety Services

The major drivers for the increased funding in Risk Management are increased insurance premiums and additional resources in Safety Services required to support Safety Leadership Team activities and the SRP Safety Culture Advancement Plan.

- **Insurance Premiums \$26,481,000**

Insurance Premiums represent costs for the procurement of property, casualty, and other insurance programs to protect SRP assets. The insurance marketplace has changed substantially in recent years resulting in fewer insurance product offerings, fewer insurance carriers, less coverage, and higher costs resulting in the need for a budget increase. Supply chain and inflation costs impact future asset valuation which increases the cost of the property coverage. Liability insurance costs are increasing due to industry claims and wildfire risk.

## **Notes for Operating Primary Costs**

### **Law, Land & Risk Management (continued)**

#### **Security Services \$19,521,000**

Security Services operating costs represent funds necessary to assist SRP management in protecting human, physical, and financial resources from accidental loss and criminal acts, reducing exposure to litigation and regulatory risk, and managing a corporate contingency planning process by using selected risk management techniques.

The increase is driven by additional resources needed to keep pace with the additional sites SRP continues to buy and build to meet service demands and to stay in line with best practices in the industry with new and improved security technologies to protect SRP's assets.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Law, Land &amp; Risk Management</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Land Department	75,604	113,156	37,552	49.7%
Legal Services	0	0	0	--
Risk Management	350	1,693	1,343	383.7%
Security Services	<u>8,000</u>	<u>4,000</u>	<u>(4,000)</u>	(50.0%)
<b>Total</b>	<b>\$ 83,954</b>	<b>\$ 118,849</b>	<b>\$ 34,895</b>	<b>41.6%</b>

## **Notes for Capital Primary Costs**

### **Law, Land & Risk Management**

#### **Land Department \$113,156,000**

The Land Department capital program consists of the costs associated with acquiring land rights for generation, transmission, distribution, irrigation, and corporate facilities. This also includes costs incurred in association with the acquisition of land rights such as litigation, insurance, survey, and appraisal costs. Increases for FY26 are primarily driven by generation and transmission projects to support load growth and 2035 sustainability goals. This includes land acquisitions for generation, as well as transmission easements for Cheatham-Hodgkins 230kV, Honor-Pico 69kV, Alpha-Scott 69kV, and Anderson-Wilkins 69kV.

#### **Risk Management \$1,693,000**

The Risk Management capital program is comprised of materials and contracted services needed to support SRP Fire Protection System Betterments at SRP facilities. FY26 funding will support replacement of the San Tan Generating Station fire suppression system protecting the telecommunication room located on the second level of Unit 5, replacement of the diesel engine driver and controller servicing the back-up fire pump at Desert Basin Generating Station, and design work for the Agua Fria fire protection pipe replacement project.

#### **Security Services \$4,000,000**

The Security Services capital program is made up of expenses related to Security Services and equipment. The decrease from FY25 is due to a lack of personnel resources and supply chain issues. Many of these initiatives are being deferred to future years.



**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
<b>Human Resources</b>				
Human Resources	<u>\$ 158,200</u>	<u>\$ 168,874</u>	<u>\$ 10,674</u>	6.7%
<b>Total</b>	<b>\$ 158,200</b>	<b>\$ 168,874</b>	<b>\$ 10,674</b>	<b>6.7%</b>

## Notes for Operating Primary Costs

### Human Resources

#### Human Resources \$168,874,000

Human Resources (HR) is a trusted strategic partner dedicated to supporting, engaging, and developing the SRP workforce to drive SRP's success. HR delivers innovative workforce solutions that meet the evolving needs of both SRP employees and the business and is committed to the engagement and professional development of the SRP workforce that addresses the unique challenges and opportunities within the organization. HR empowers SRP leaders to inspire and guide their teams effectively and strives to create an environment where employees feel valued, supported, and motivated to achieve their best.

The HR department consists of:

- Benefits and Wellness
- Compensation
- Diversity, Equity, and Inclusion (DEI)
- Employee and Labor Relations
- Health Services
- HR Business Partners
- HR Operations
- Management Development Programs
  - Apprenticeship and Skills Training
  - Rotational Engineer and Analyst Programs
- PERA Facilities
- Professional and Organizational Development
- Talent Acquisition
- Talent Management

## Notes for Operating Primary Costs

### Human Resources (continued)

The Human Resources FY26 budget includes funding for Corporate Benefits, labor, and contracted services required to support workforce strategic initiatives and to continue to provide HR-related support to all SRP employees.

The increase in FY26 is primarily due to rising Corporate Benefits expenses and labor inflation.

- **Corporate Benefits \$135,072,000**

The Corporate Benefits department manages and distributes all SRP employee benefits including medical, dental, vision, life insurance, retirement plans, employee leave benefits, group legal, and employee assistance programs. The increase in FY26 funding for Corporate Benefits is primarily due to increases in 401(k) company match due to labor inflation and additional T.O. as well as increases in insurance premiums including medical, prescription, and behavioral health costs.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Customer Operations</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 2,493	\$ 2,464	\$ (29)	(1.2%)
Customer Modernization	19,013	24,299	5,286	27.8%
Customer Services	62,022	85,297	23,275	37.5%
Customer Strategy	85,424	92,962	7,538	8.8%
Distribution Grid Services	<u>70,722</u>	<u>73,682</u>	<u>2,960</u>	4.2%
<b>Total</b>	<b>\$ 239,674</b>	<b>\$ 278,704</b>	<b>\$ 39,030</b>	<b>16.3%</b>

## Notes for Operating Primary Costs

### Customer Operations

Customer Operations is responsible for the distribution of power below the substation and manages all facets of customer service including metering, billing and payment processing, power contact centers, and commercial key accounts. Customer Operations is also responsible for administrating and developing a portfolio of customer programs as well as implementing strategic customer initiatives. The organization is comprised of approximately 1,730 employees.

Customer Operations aligns with SRP's strategic directions by focusing on SRP's mission of serving customers and communities with reliable, affordable, and sustainable power, all while ensuring an exceptional customer experience. By staying in sync with SRP's corporate goals and objectives, Customer Operations has identified initiatives that will continue to support SRP's customers now and in the future. To support a new initiative aimed at modernizing the customer experience, Customer Operations underwent a reorganization to help SRP meet evolving customer expectations.

### Associate General Manager \$2,464,000

The AGM budget includes funding for operations and maintenance for the AGM as well as direct staff oversight of all operational, strategic, and financial aspects of the business. The FY26 budget decrease is primarily due to the removal of funds allocated for hosting the Innovate Utility Customer Experience (IUCX) conference, formerly known as Customer Service Week. The conference is hosted by a different utility every year therefore funding is not needed on an annual basis.

### Customer Modernization \$24,299,000

The Customer Modernization Technology & Program team develops and supports strategic initiatives to enhance the customer's experience. The department develops and maintains nearly 100 systems to support the power customer experience.

The increase in FY26 is primarily due to the labor costs of employees transitioning from other business areas including Information Technology Services and Customer Strategy to the Customer Modernization team. Additionally, material costs

## Notes for Operating Primary Costs

### Customer Operations (continued)

increased due to Five9 (phone system) maintenance.

### Customer Services \$85,297,000

Customer Services operates the power contact centers that respond to approximately four million annual power customer calls. The department also bills 1.1 million electric customers and develops a wide variety of customer programs and operational support on behalf of both residential and commercial customers, including billing, metering, and customer credit services.

Labor inflation and other significant increases in FY26 are due to the labor costs associated with the Customer Information System (Phoenix) replacement which began in FY24 and will be completed by FY27. The current Customer Information System relies on outdated COBOL language, making it difficult to support and maintain. The system will be replaced with an SAP product, providing greater program management capabilities and better interconnection with SRP's other technology systems. Additionally, increased uncollectible expenses and decreased first-time meter installation credits due to a reduction in the meter install forecast contribute to the increase. Cost increases related to the support of the Customer Modernization program are offset by a decrease in anticipated FISERV expenses, reduced M-Power expenses related to B-Meter contracted services, and postage for bill printing (which is now budgeted within Community, Communications & Marketing).

### Customer Strategy \$92,962,000

Customer Strategy works with existing and prospective business customers to support expansion and relocation in the Valley. This team is also responsible for designing and managing a portfolio of programs that help customers achieve their sustainability goals, control their energy usage and costs, and reduce SRP's overall peak demand. These program offerings continue to help the organization better understand and meet evolving customer needs and thereby enhance customer satisfaction. In addition to implementing and evaluating programs to understand their direct impact, Customer Strategy

## Notes for Operating Primary Costs

### Customer Operations (continued)

oversees account managers and representatives who provide dedicated support and solutions to industrial, commercial, and small business customers.

The increase in Customer Strategy's FY26 budget is primarily due to a 25 MW custom Demand Response agreement with a large industrial customer that was executed in FY24. Additionally, strong customer demand and market activity for energy efficiency initiatives have led to further budget increases.

### Distribution Grid Services **\$73,682,000**

Distribution Grid Services maintains over 22,300 circuit miles of 12kV distribution lines, which include approximately 110,000 wood poles, 185,000 service transformers, 42,900 switches, and 6,000 capacitor banks. The department is also responsible for responding to power outages to restore service, building distribution system infrastructure for new residential, commercial, and small industrial customers, and performing line clearing and Blue Stake locating functions on behalf of SRP.

The main driver for the FY26 budget increase is labor inflation and additional workforce to address the increased workload. Another factor contributing to the FY26 increase is the need for additional contract support to handle the rise in Blue Stake tickets, driven by the expansion of fiber installation due to recent federal incentives. These increases are partially offset by the reduced costs associated with phasing out contract work to address the Distribution Line Maintenance backlog and the deployment of the Advanced Distribution Management System (ADMS).



**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Customer Operations</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Customer Modernization	1,641	500	(1,141)	(69.5%)
Customer Services	22,090	27,550	5,460	24.7%
Customer Strategy	525	200	(325)	(61.9%)
Distribution Grid Services	<u>217,245</u>	<u>254,831</u>	<u>37,586</u>	17.3%
<b>Total</b>	<b>\$ 241,501</b>	<b>\$ 283,081</b>	<b>\$ 41,580</b>	<b>17.2%</b>

## Notes for Capital Primary Costs

### Customer Operations

#### Customer Modernization \$500,000

The Customer Technology business unit in the Customer Modernization capital program consists of work on technology projects to support customer interactions, provide an improved customer experience, and enhance functionalities to meet current business needs. This work includes enhancements and modifications to various IT solutions. The budget for FY26 was reduced due to the rescheduling of the Advanced Security Project to prevent it from coinciding with the Customer Modernization project.

#### Customer Services \$27,550,000

The Customer Services capital program primarily consists of the New Meter program. The leading drivers for the increase in FY26 are due to the commencement of a meter replacement project, delayed FY25 project work that will now take place in FY26, as well as adjustments in the growth forecasting model.

#### Customer Strategy \$200,000

Due to business transitions, Customer Strategy now includes Customer Programs' capital budget which consists of the Innovation Test Center, located adjacent to the Santan Generating Station in Gilbert, Arizona. The center includes a testing lab, a manufactured home, and a garage, in which teams can research, analyze, and pilot innovative technology solutions that benefit both SRP and its customers. This enables different technology solutions to be tested and refined in-house, prior to being offered to customers. The reduction in Customer Strategy's FY26 capital budget is due to the discontinuation of the EV Charging Stations Pilot.

## Notes for Capital Primary Costs

### Customer Operations (continued)

#### **Distribution Grid Services \$254,831,000**

The Distribution Grid Services department is responsible for the capital asset maintenance of SRP's existing distribution system. The organization installs new distribution line assets to support system growth, connect new customers to the distribution grid, and collaborates with municipalities to relocate and underground existing overhead lines. In FY26, increases are due to the construction workload for new business work, with 10% higher average cost per unit of line transformers. The pole replacement plan includes 2,100 poles, due to failure rates and backlog catchup. Other workload increases are for distribution system expansion to serve new load and equipment relocations for Arizona Department of Transportation (ADOT) expansion projects.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Water Stewardship</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 6,821	\$ 7,470	\$ 649	9.5%
Water Customer Services	11,958	13,504	1,546	12.9%
Water Strategic Services	17,615	16,971	(644)	(3.7%)
Water Supply & System	<u>25,196</u>	<u>26,580</u>	<u>1,384</u>	5.5%
<b>Total</b>	<b>\$ 61,590</b>	<b>\$ 64,525</b>	<b>\$ 2,935</b>	<b>4.8%</b>

## Notes for Operating Primary Costs

### Water Stewardship

#### Associate General Manager \$7,470,000

The AGM budget is comprised of the operating costs for the AGM and direct staff and the management of SRP's water resources to sustain life and the economy in the Valley by integrating expertise, leadership, and planning. Protecting and developing these water resources ensures the continued economic growth and vitality of the communities served by SRP.

The FY26 increase is driven by higher Power for Pumping and & Groundwater Savings Facility expenses. This overall increase is in alignment with SRP's mission to meet future electric and water demands, while balancing stewardship, cost, and reliability.

- **Power for Pumping, Groundwater Tax, & Groundwater Savings Facility (GSF) \$5,538,000**

Volume of planned pumping and planned GSF was increased for FY26 which contributed to the overall increase in the planned budget.

#### Water Customer Services \$13,504,000

Water Customer Services provides an exceptional experience by ensuring a reliable water supply, maintaining a safe workplace, and prioritizing customer service. Water Customer Services emphasizes community involvement and efficient water distribution to SRP Shareholders and other external partners.

Water Customer Services budget includes costs related to Water Distribution Scheduling, Water Strategic Field Customer Services and Water Communications, Water Distribution Operations, Water Contact Center and Water Accounting, and Water Contact Center Support Services. These teams collectively nurture positive relationships with stakeholders, drive the company's goals forward, and uphold the pledge to exceptional customer support.

## Notes for Operating Primary Costs

### Water Stewardship (continued)

The FY26 budget increase is driven by hourly labor contract increases and adjustments, labor inflation for salaried employees, and adjustments to better align the labor budget with current trends and actual expenditures.

### Water Strategic Services \$16,971,000

The Water Strategic Services department plays a vital role in ensuring water resiliency for SRP's customers, communities, and Arizona as a whole. This focus is achieved through a commitment to local and regional leadership, partnership, expertise, and staff empowerment. The department's budget includes costs related to Water Rights and Contracts, Water Strategy, Water Information Technology Services, and Water Pricing & Finance.

The FY26 budget supports these critical functions and aligns with the department's mission of water resiliency, ensuring that resources are managed effectively to meet the needs of SRP's customers, communities, and the growing demands of Arizona.

The primary driver of the decreased budget for FY26 is due to a reduction in the land easement budget, shifting the project funds into the O&M risk portfolio due to the uncertainty about when outlays for easements will occur, as well as a shift to capital projects as the Water Information Technology Services team supports the corporate Customer Modernization project. The budget decrease is partially offset by increased labor funding for new T.O.

### Water Supply & System \$26,580,000

The Water Supply & System department combines long range planning for surface water resources and aquifer management, with the engineering, operations, construction, and maintenance functions. This is achieved by working together to ensure that SRP water resources and infrastructure are managed to meet customers' demands by providing a resilient water supply. Continual improvement is leveraged by working collaboratively with internal and external partners, with a focus on safety, to ensure team members get home safe every day.

## **Notes for Operating Primary Costs**

### **Water Stewardship (continued)**

The department's budget includes costs related to Water Engineering & Transmission, Water Groundwater Construction & Maintenance, and Water Supply.

The primary driver of the overall increases for FY26 include inflationary increases seen in materials and supplies including steel, concrete, and software, additional costs associated with landfills, a secondary payment to the United States Geological Survey (USGS) that allows us to coordinate fiscal year payments, as well as additional training throughout the department and increased labor funding for new T.O.



**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Water Stewardship</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Water Customer Services	0	0	0	--
Water Strategic Services	10,170	29,814	19,644	193.2%
Water Supply & System	<u>51,253</u>	<u>31,885</u>	<u>(19,368)</u>	(37.8%)
<b>Total</b>	<b>\$ 61,423</b>	<b>\$ 61,699</b>	<b>\$ 276</b>	<b>0.4%</b>

## Notes for Capital Primary Costs

### Water Stewardship

#### Water Strategic Services \$29,814,000

Water Strategic Services capital projects are focused on water resource support and technology solutions.

The SRP/CAP Interconnect Facility (SCIF) and Verde River Sedimentation Mitigation Project (VRSMP) address critical water resiliency challenges and ensure the availability of sufficient water resources during times of drought. These projects focus on managing regional water supply and demand issues to secure new water supplies for power generation and population growth through collaboration with stakeholders.

In addition to water resource projects, the capital budget includes technology projects aimed at improving the reliability and cyber security for operational, hydrology, meteorology, and accounting data. These technology investments will enhance system functionality to meet evolving business needs by transitioning from aging infrastructure to modern technology platforms. This will provide greater efficiency, flexibility, and security in managing critical water-related data and operations.

The FY26 budget increase is primarily attributed to the planning and construction of the SCIF project with federal funding and partner contributions offsetting expenses. In FY26, Engineering Design will move into the 60% design phase of the SCIF project and a design contracting firm will be hired to proceed with that effort. The increase is also driven by Water Information Technology Services support for the corporate Customer Modernization project.

## Notes for Capital Primary Costs

### Water Stewardship (continued)

#### Water Supply & System \$31,885,000

Water Supply & System capital projects support the evaluation and drilling of new wells and replacement wells. This includes the acquisition of land for well sites, along with well modifications due to either aging infrastructure, city water system needs, recovery of water storage credits, or in response to poor water quality. The Water Supply & System capital budget also includes work to maintain and improve SRP's canal system, as well as technology projects that will provide improved reliability and cyber security for operational, hydrology, meteorology, and accounting data. Additionally, the technology projects provide enhanced functionality to meet current business needs as systems are transitioned from aging infrastructure to new technology platforms.

The primary drivers for the FY26 budget decrease comes from a thorough assessment of planned future work versus the ability to complete this work given constraints of crew availability as well as competing priority work. The decrease is also driven by the completion of the pipeline portion of the Gilbert Road Pipeline project.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Power System</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 2,202	\$ 2,617	\$ 415	18.9%
Distribution Strategy, Planning & Operations	26,920	27,999	1,079	4.0%
Operational Technology Services	55,965	67,717	11,752	21.0%
Power Delivery	70,682	84,122	13,440	19.0%
Power Generation	<u>473,679</u>	<u>493,213</u>	<u>19,534</u>	4.1%
<b>Total</b>	<b>\$ 629,448</b>	<b>\$ 675,668</b>	<b>\$ 46,220</b>	<b>7.3%</b>

## Notes for Operating Primary Costs

### Power System

The Power System (PS) group brings together core departments that play a significant role in meeting SRP's mission by producing and delivering energy to meet demand while enabling options for customers. These departments include Power Generation, Power Delivery, Distribution Strategy, Planning and Operations, and Operational Technology Services.

Power System operates with the following core values in mind: 1) **Safety** - We work safely for our families, our health, and each other. Safety values are at the forefront of all our decisions and actions, both at home and at work. 2) **Customer Service** - Considering the customer's perspective in all of decisions and actions and seek to do what is best for customers. 3) **Community Support** - Proactively seeking to understand and address the preferences and priorities of both the communities we serve and the communities where we own significant assets. 4) **Operational Excellence** - Achieving premier business performance through the continuous cycle of identifying, measuring, and improving processes in order to reduce costs and improve efficiency. 5) **Culture** - Establishing a culture of mutual respect, open and honest communication, treating people fairly, and welcoming and valuing input from all employees.

The Power System FY26 budget supports SRP's strategic directions:

- **Customers:** Planning, engineering, and construction of numerous dedicated transmission and substation facilities for new industrial customers or expansion of existing industrial customer facilities. Planning, engineering, and construction of new infrastructure to support residential and small commercial customer growth including substations and distribution lines.
- **Community:** Support for community-based economic development plans through the planning, engineering, and construction of new electrical infrastructure; strengthening relationships with local communities and stakeholders where large SRP assets are located, including investments in communities to help address gaps and provide benefits to both the community and SRP.
- **Reliability:** Planning, engineering, and construction of new generation facilities to ensure resource adequacy. Continued implementation of the Asset Management Program, which includes capital planning, procurement, construction, operation, maintenance, risk assessment, and proactive replacement of Power System assets. Continued implementation

## Notes for Operating Primary Costs

### Power System (continued)

of the Power System Resiliency Program, including wildfire mitigation, cyber and physical security, analysis and preparation for extreme heat conditions, spare equipment strategy, and analysis and corrective actions related to unplanned outages. Design and implementation of engineering standards to balance reliability, risk, and cost.

- **Affordability:** Analysis and optimization of maintenance activities and proactive equipment replacement pursuant to the Asset Management Program. Design and implementation of engineering standards to balance reliability, risk, and cost. Ongoing monitoring, assessment, and mitigation of generating unit operating efficiency and equipment performance. Ongoing assessment of labor needs and the evaluation of the most efficient way to fill identified gaps. Continuance of the Operational Excellence initiative to drive costs down and improve efficiency.
- **Sustainability:** Completion of Generation flexibility upgrades to support renewable integration. Continued implementation of the Distribution Enablement Program to enable the interconnection of all customer-sided resources while maintaining grid integrity. Continued implementation of the Operational Readiness program to successfully integrate and operate the grid with very high levels of intermittent resources. Planning, engineering, and construction of the Copper Crossing Research & Energy Center, including a new solar project and provisions for the testing of long duration storage technologies. Planning, engineering, and construction of peaking gas fired generation to enable the integration of solar and wind resources.
- **Workforce:** Development of workforce in anticipation of process and technology changes in the utility industry. “Keys to Our Success” employee recognition program; Power System-driven initiatives related to enhancing the workplace culture in order to attract and retain the best employees.

### Associate General Manager \$2,617,000

The Associate General Manager budget includes the dollars for executive management and support staff for the Power System organization, as well as expenses related to employee events and awards. The increase is primarily driven by a reorganization in support of succession planning and other miscellaneous adjustments.

## Notes for Operating Primary Costs

### Power System (continued)

#### **Distribution Strategy, Planning & Operations \$27,999,000**

The Distribution Strategy, Planning, & Operations (DSP&O) department is responsible for the planning and operations of the electric distribution system. An increase of \$1.1 million is the result of labor inflation and 9 new T.O. The DSP&O T.O. increase is driven by run-the-business support of a rapidly expanding electric system aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.

#### **Operational Technology Services \$67,717,000**

The Operational Technology Services (OTS) department is responsible for the operations, planning, engineering, design, construction, and maintenance for operational technology supporting the electric grid. This also includes telecommunications in support of the enterprise and telecom commercial services business. An increase of \$11.8 million is the result of labor inflation, 16 new T.O., and additional contracted services expenses related to operational technology support. The increase in operational technology expenses is driven by software support and implementation costs of the Southwest Power Pool Markets+ transition. The OTS T.O. increase is driven by run-the-business support of a larger electric system and strategic operational technology initiatives driven by evolving technology requirements and aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.

#### **Power Delivery \$84,122,000**

The Power Delivery organization handles a wide range of activities and services, including operations, planning, engineering, design, construction, and maintenance of SRP's transmission and substation assets, and coordinates participation in transmission project activities. The \$13.4 million increase is primarily attributed to labor inflation, rising costs of materials and rental equipment, and additional labor required to implement new business processes recommended by Operational Readiness, which are essential for the reliable integration of new inverter-based resources. Other internal labor movements also contribute to the budget increase. The addition of 39 new Power Delivery T.O. is driven by ongoing system



## Notes for Operating Primary Costs

### Power System (continued)

growth related to large industrial customers, new generation interconnections, and an overall increase in workload.

### Power Generation \$493,213,000

The Power Generation budget includes the operations and maintenance expenses for the coal, gas, nuclear, and hydro generating facilities and departments, as well as generation support groups. The following generation sites encompass SRP's generation fleet: the SRP-operated generating stations (gas plants: Agua Fria, Coolidge, Copper Crossing, Desert Basin, Gila River, Kyrene, Mesquite, and Santan; coal plant: Coronado), the participant-operated generating stations (nuclear plant: Palo Verde; coal plants: Springerville, Four Corners, Craig, and Hayden), as well as SRP's hydro generating sites and dams. SRP's gas and hydro generating resources enhance SRP's flexibility to meet higher peak demand and integrate more renewable resources into SRP's system.

The \$19.5 million increase for Power Generation is primarily driven by Palo Verde expenses, Mesquite Generating Station Block 1 turbine outage, and Desert Basin Generating Station turbine/generator outage.

- **Associated Fuel Expenses \$9,639,000**

The Associated Fuel Expenses comprise expenses incurred for moving coal at the plant, and in some cases the cost of transporting coal to the plant. Additionally, these expenses include maintenance for the SRP-owned railway sections (e.g., rail spur for Coronado and Springerville). The increase in Associated Fuel Expenses is driven by rail road cost increases and general inflation.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Power System</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Distribution Strategy, Planning & Operations	633	685	52	8.2%
Operational Technology Services	29,429	35,181	5,752	19.5%
Power Delivery	240,791	244,883	4,092	1.7%
Power Generation	<u>474,779</u>	<u>527,243</u>	<u>52,464</u>	11.1%
<b>Total</b>	<b>\$ 745,632</b>	<b>\$ 807,992</b>	<b>\$ 62,360</b>	<b>8.4%</b>

## Notes for Capital Primary Costs

### Power System

#### **Distribution Strategy, Planning & Operations \$685,000**

The Distribution Strategy, Planning, & Operations capital portfolio includes investments defined in the Distribution Enablement Roadmap, along with tools budgets required for the upgrade and maintenance of the distribution operations system. The overall increase is a result of increasing prices relating to distribution operations tools.

#### **Operational Technology Services \$35,181,000**

The Operational Technology Services (OTS) capital portfolio includes projects required for the upgrade and replacement of critical operational technology infrastructure, strategic investments defined by the Distribution Enablement Roadmap, and initiatives in support of the commercial telecom business, which is recovered with margin via customer revenue. The overall increase is the net result of both increases and decreases within the project portfolios. Noteworthy increases include the implementation of a secondary High Security Operations Center (HSOC) site to increase data center resiliency, along with the movement of HSOC hardware lifecycle costs from Information Technology Services (ITS) to the OTS portfolio. In addition, increased costs from materials and contracted services are seen throughout the OTS portfolio. Noteworthy decreases include reductions to customer driven projects in Telecommunication Systems based off current customer demands, and delays in the planned lifecycle of Energy Management System (EMS) hardware.

#### **Power Delivery \$244,883,000**

The Power Delivery capital program includes projects for jointly owned transmission resources, multiple capital maintenance (aging infrastructure) projects, load growth related projects, and dedicated customer facilities including:

- Customer driven work - customer requested construction of SRP facilities to be recovered as a part of the Contribution in Aid of Construction (CIAC) process
- Transmission Substation Maintenance and Transmission Station Additions/Upgrades

## Notes for Capital Primary Costs

### Power System (continued)

- Distribution Substation Maintenance and Distribution Station Additions/Upgrades
- Transmission Line Additions and Wood Pole Asset Management

The increase from FY25 for Power Delivery's capital program is driven by the commencement of construction activities for several customer-driven projects including:

- Falcon Expansion - addition of a 69/12kV 28MVA Transformer at Falcon Substation
- Coutts New 69/34.5kV Dedicated Substation
- Red Hawk Phase 2 New Double Circuit OH 230kV Line

These increases are offset by the completion of all or a portion of larger projects in FY25:

- Cyrus One Chandler New 69/12.47kV Substation
- EdgePower 69/12kV Dedicated Distribution Substation
- Hermosa Ranch Tech Campus New 69/34kV Dedicated Switchyard

### Power Generation \$527,243,000

Power Generation capital betterment project funding is focused on maintaining the performance of existing coal, gas, nuclear, and hydro assets, as well as constructing new generation assets. The increase for Power Generation is primarily driven by the Salt River Pumped Storage Development, Mesquite Generating Station Block 1 turbine outage, and Palo Verde Projects. These increases are offset by the winding down of the Copper Crossing Research & Energy Center Phase 1 and Gila River Block 1 turbine outage. As part of the approved Coolidge Expansion Project plan, 575 megawatts (MW) of new power generation produced by 12 gas turbines are under construction — enough energy to power more than 139,000 average-size homes, while also supporting the integration of wind, solar, and batteries on our system.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Operating Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Corporate Planning &amp; Strategy</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 2,012	\$ 3,131	\$ 1,119	55.6%
Energy Market Strategy	1,270	2,299	1,029	81.0%
Environmental Services	7,358	8,136	778	10.6%
Future System Assets and Strategy	19,425	20,976	1,551	8.0%
Resource Management	11,699	13,545	1,846	15.8%
Supply & Trading	<u>1,711,187</u>	<u>1,730,508</u>	<u>19,321</u>	1.1%
<b>Total</b>	<b>\$ 1,752,951</b>	<b>\$ 1,778,595</b>	<b>\$ 25,644</b>	<b>1.5%</b>

## Notes for Operating Primary Costs

### Corporate Planning & Strategy

Corporate Planning & Strategy (CP&S) provides an extensive portfolio of services and support for SRP. The departments within CP&S work together to anticipate, plan, and deliver reliable, affordable, sustainable, and innovative solutions valued by SRP's water and power customers.

At the beginning of FY25 CP&S implemented a reorganizational change, acquiring the Energy Market Strategy and the Supply & Trading departments directly reporting to the Associate General Manager. This change is in response to the transformational growth and expansion of services that SRP continues to provide for their customers.

Corporate Planning & Strategy consists of the following organizations:

- Energy Market Strategy
- Environmental Services
- Executive Business Operations
- Future System Assets & Strategy
- Resource Management
- Supply & Trading

### Associate General Manager **\$3,131,000**

The FY26 Associate General Manager budget includes funding for senior leadership, executive consultants, and support staff within CP&S as well as funding to support key initiatives which also includes a newly developed team in FY25, Executive Business Operations. This new department includes two new full time T.O. to support and oversee organizational initiatives, including budget facilitation for the organization, information management, and the CP&S Skill Enhancement & Employee Development (SEED) Program. These employee programs support individual contributors in their career paths and leadership journeys while providing the workforce with learning and developmental opportunities. There is also funding for labor inflation for senior leadership, direct reports, and AGM direct costs.



## Notes for Operating Primary Costs

### Corporate Planning & Strategy (continued)

#### Energy Market Strategy \$2,299,000

The Energy Market Strategy organization coordinates the enterprise-wide strategy for engaging in the development of and potential participation in new energy markets, resource adequacy (RA) programs, and regional transmission organizations (RTOs). The team develops and maintains relationships with key industry personnel, builds coalitions, and influences decisions related to market structure in the interest of SRP's customers. In addition, it directs efforts to model, analyze, and assess potential benefits and risks of new energy market/RA/RTO opportunities, as well as support the potential SRP implementation and transition into new energy markets, RA programs, and RTOs. On November 4, 2024, the SRP Board approved the execution of all necessary agreements for SRP to participate in the Southwest Power Pool's (SPP) Markets+, a day-ahead market. The FY26 increase is driven by SRP's day-ahead implementation process with the goal of joining the market in FY28. This timeline necessitates various operational efforts to ensure a smooth transition and successful integration into the day-ahead market.

#### Environmental Services \$8,136,000

Environmental Services (ES) provides support for resource planning and development initiatives, as well as routine compliance support for multiple business units in Power System, Water Stewardship, and other departments. ES is responsible for identifying and tracking changes to environmental legislation, regulations, and policies that may impact SRP power and water operations.

The Environmental Services department consists of:

- Air Quality & Environmental Policy
- Biological & Cultural Resource Services
- Environmental Laboratory & Field Services
- Environmental Systems
- Water Quality & Waste Management Services

## Notes for Operating Primary Costs

### Corporate Planning & Strategy (continued)

The Environmental Services budget includes funding for permit acquisition, permit maintenance and other routine compliance activities where professional consulting support is needed to supplement in-house staff or meet certain regulatory requirements. The department also maintains budget line items to support on-going and new electronic data acquisition, management, and reporting initiatives. Funding is included for one new full-time T.O. in Biological & Cultural Resource Services.

### Future System Assets & Strategy \$20,976,000

Future System Assets & Strategy (FSA&S) leads SRP's efforts in creating, monitoring, and updating the overarching corporate strategy with further specific strategy leadership responsibilities for economics, sustainability, electric vehicles, innovation, strategic risk management, and the preservation of SRP's history and heritage. This department is further responsible for the focused development of strategic long-lead asset options such as advanced nuclear generation, hydrogen infrastructure, carbon capture and storage technologies, enhanced geothermal, long-duration energy storage, and future transmission lines and/or upgrades.

The Future System Assets & Strategy department consists of:

- Corporate Strategy & Sustainability
- Electric Vehicle Strategy
- Future Energy Assets
- Innovation & Development
- Research Archives & Heritage
- Strategic Planning
- Strategic Risk Management
- Sustainability Policy & Programs

The FSA&S budget includes funding for innovation and development programs and projects, sustainability programs, and initiatives with a strategic focus on the early development of long lead asset options, including hydrogen/carbon capture

## Notes for Operating Primary Costs

### Corporate Planning & Strategy (continued)

technological evaluations, and site and technology assessments for new nuclear. Additional work includes developing an electric vehicle (EV) fleet online education and comparison tool and furthering the development of new long-duration storage technologies. Included in the budget is funding for SRP's membership in the Electric Power Research Institute (EPRI) and for collaborative research projects with Arizona universities. Funding is included for four new full-time T.O. in Future Energy Assets.

- **EPRI \$6,546,000**

The EPRI funds are used to pursue utility-related research including generation, transmission, distribution, environmental and customer end-use technologies, and operational improvements. The EPRI budget increased due to inflation.

### Resource Management \$13,545,000

Resource Management ensures future reliability, affordability, and sustainability for SRP customers through rigorous analysis of customer needs, thoughtful planning of future generation facilities, and partnership, coordination, and execution of development of Power System generating resources and infrastructure. By integrating new types of intermittent generation and storage resources, the department is able to respond to industry innovations and expanding customer needs. Developing innovative policies, technologies, and capabilities supports SRP's commitment to responsible decarbonization while providing reliable, affordable power.

The Resource Management department consists of:

- Integrated System Planning & Support
- Resource Planning, Acquisition & Development
- Forecasting & Load Research

## Notes for Operating Primary Costs

### Corporate Planning & Strategy (continued)

The Resource Management budget accounts for labor inflation and necessary adjustments to support operational and planning initiatives. Consulting arrangements will continue in FY26 to further aid resource decisions, siting, permitting, developing, and the integration of new resources. The budget also includes funding for four new full-time T.O. to address increasing workload in this area. These include three T.O. in Resource Planning, Acquisition & Development and one T.O. in Integrated System Planning & Support.

### Supply & Trading \$1,730,508,000

Supply & Trading's mission is to ensure sufficient energy supply for meeting retail load, to optimize SRP's resources to minimize retail costs, and to maximize the value from SRP's resources when not needed to meet retail demand. The department's primary business activities include generation dispatch planning, fuel procurement, natural gas hedging, power trading, and management of power contracts.

The Supply & Trading department consists of:

- Energy Supply & Trading
- Fuel Supply & Trading
- Market Operations Training
- Market Operations Strategies
- Operations Planning
- Real-Time Power Trading
- Short Term Trading

Fuel and Purchased Power expenses account for approximately 97% of the Supply & Trading operating budget. The increase from FY25 is attributed to the higher costs of natural gas and purchased power due to higher prices and increased volumes. The non-fuel portion of the Supply & Trading budget changes are primarily driven by contracted services to support the Markets+ Day Ahead market implementation activities, one new full time T.O., and labor inflation.

## Notes for Operating Primary Costs

### Corporate Planning & Strategy (continued)

- **Purchased Power \$769,601,000**

Two types of costs are included in the Purchased Power budget: Purchased Power Energy and Purchased Power Demand. The Purchased Power Energy budget represents the costs associated with short-term, long-term, and renewable purchases. The Purchased Power Demand budget represents demand payments, capacity charges, and other fixed costs associated with long-term power contracts. The increase in the Purchased Power budget is primarily due to a new battery energy storage system contract that will be added in FY26 partially offset by refinements to geothermal and solar outage forecasts.

- **Valley Fuel \$504,705,000**

Included in Valley Fuel are the fuel expenses for Valley gas generation as well as financial components such as retail and wholesale gas hedges, gas balancing and storage, and physical gas sales. Valley Fuel expenses increased due to available combined cycle capacity at times when more expensive coal generation can be ramped down.

- **Fuel \$407,717,000**

Included in the Fuel budget are coal expenses for SRP's coal generation resources, nuclear spent fuel expenses, natural gas transportation costs, water for power expenses, and pumped storage costs at the hydro resources. The Plant Fuel budget decreased primarily due to a decrease in coal generation due to lower cost gas resources.

This page intentionally left blank.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Primary Costs**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
<b>Corporate Planning &amp; Strategy</b>	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
Associate General Manager	\$ 0	\$ 0	\$ 0	--
Energy Market Strategy	0	0	0	--
Environmental Services	0	0	0	--
Future System Assets and Strategy	0	0	0	--
Resource Management	48,856	24,405	(24,451)	(50.0%)
Supply & Trading	<u>0</u>	<u>0</u>	<u>0</u>	--
<b>Total</b>	<b>\$ 48,856</b>	<b>\$ 24,405</b>	<b>\$ (24,451)</b>	<b>(50.0%)</b>

## Notes for Capital Primary Costs

### Corporate Planning & Strategy

#### Resource Management \$24,405,000

The FP26 Resource Management capital portfolio encompasses solar and storage projects, along with project specific transmission upgrades and community support. It allocates planning funds necessary to successfully site, develop, connect, and implement future resources, while collaborating with local communities to identify their needs. The decrease from FY25 is driven by transferring funds for the SRP Pumped Storage project to Power System.

- Solar and storage additions support SRP's 2035 sustainability goals. Approximately 200 MW of self-built solar and 200MW of self-built storage by FY29, which will require certain costs to be incurred for early design and procurement in FY26.
- Funds allocated for project transmission help ensure projects meet their commercial operation dates and comply with regulatory requirements.
- The Long Duration Energy Storage Pilot assumes a 50MW project and includes funding for site prep and interconnection infrastructure, including power, water, and sewer.
- Randolph community support has been budgeted in accordance with the Randolph Parties settlement commitments and Certificate of Environmental Compatibility (CEC) conditions. Budget dollars represent funds needed to support community improvements such as community center construction and landscaping.
- The Environmental Lab capital budget will provide funding of the replacement of equipment that has reached or exceeded the life cycle.
- The Real Time Quality Sensor Replacement capital funding is customer driven and is for the replacement of the network of real-time water quality equipment. The monitoring network is tied to a web-based portal ("Water Quality Viewer") where SRP and its municipal customers can utilize and share information regarding the water quality in the canal system. The system aids municipal shareholders by providing basic data for the planning and efficient operation of their water treatment facilities.



This page intentionally left blank.

# Workforce

The Workforce summary is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the staffing summaries listed on the following pages.

## **Table of Organization (T.O.) Summary Notes**

Overall, there is an increase of 217 T.O. positions for FY26. Details are as follows:

- Organizations increase 217 regular T.O. positions as part of the normal budgeting process.

The details of these changes can be found on the following pages.

## Salt River Project 2025-2026 Workforce Budget

Table of Organization (T.O.) Positions

	FY25 Workforce		Transfers	New Positions	FY26 Workforce	
	Regular	Provisionals			Regular	Provisionals
President & Staff	39	0	0	1	40	0
General Manager	4	0	0	0	4	0
Public Affairs & Corporate Services	545	1	(30)	10	525	1
Community, Communication & Marketing	156	0	1	1	158	0
Financial & Information Services	659	0	(58)	4	605	0
Power System	1,564	0	25	80	1,669	0
Customer Operations	1,671	4	55	71	1,797	4
Law, Land & Risk Management	186	0	0	4	190	0
Water Stewardship	414	0	1	5	420	0
Corporate Planning & Strategy	209	0	7	12	228	0
Human Resources	112	0	0	3	115	0
PERA	53	0	0	0	53	0
Managed Development Program	215	0	0	15	230	0
Total Allocated	5,827	5	1	206	6,034	5
Unallocated	20	0	(1)	11	30	0
<b>Total</b>	<b>5,847</b>	<b>5</b>	<b>0</b>	<b>217</b>	<b>6,064</b>	<b>5</b>
	<b>5,852</b>				<b>6,069</b>	

## Table of Organization (T.O.) Summary Notes

### President & Staff [Regular]

The increase of 1 regular T.O. position is driven by:

- 1 regular T.O. position in the **Corporate Secretary's Office** to manage additional workload related to corporate governance record keeping and shareholder archives driven by the increasing size and complexity of the Corporate Secretary's permanent archives.

### Public Affairs & Corporate Services [Regular]

The increase of 10 regular T.O. positions is driven by:

- 1 regular T.O. position in **Local Government Affairs** to support increased concentration on local City Councils and Boards, to expand and advance engagement efforts in more localities, advancing community presence.
- 1 regular T.O. position in **Public Power Relations** to further assist SRP's working tribal connections and establish increased corporate-wide visibility and collaboration on the large number of pending projects and outstanding issues impacting various departments across the company.
- 3 regular T.O. positions in **Facilities & MCM** needed for increased support of building infrastructure, internal customer needs, and an increase in large-scale projects.
- 5 regular T.O. positions in **Supply Chain, Transportation & Flight Services** to support increased demand for materials, services, technology, and equipment driven by customer growth. Additional effort to mitigate risk associated with continued worldwide supply chain disruptions.

### Community, Communication & Marketing [Regular]

The increase of 1 regular T.O. position is driven by:

- 1 regular T.O. position in **Cartographic & GIS Services**, due to increased workload and responsibilities driven by the need to increase automation, manage complex computing environments to interface with diverse customers, growth in technologies such as LiDAR and Remote Sensing, and in support of Water Strategic Services water data efforts to ensure delivery of SRP's contractual obligations with community partners.

### Financial & Information Services [Regular]

The increase of 4 regular T.O. positions is driven by:

- 1 regular T.O. position in **Corporate Accounting** to support increased strategic emphasis and planning for expense report processing.
- 2 regular T.O. positions in **Cyber Security** to support growth and increased workload related to Operational Technology (OT) Vulnerability Management and OT Cyber Security Monitoring and Incident Response.
- 1 regular T.O. position in **Information Technology Services (ITS)** to support participation in the Day-Ahead Market.

### **Power System [Regular]**

The increase of 80 regular T.O. positions is driven by:

- 20 regular T.O. positions in **Power Generation** are needed to support the generation construction projects, fill operator positions for new generation facilities, support the transition to renewable resources, and increasing maintenance due to aging assets.
- 14 regular T.O. positions in **Operational Technology Services** is driven by run-the-business support of a larger and growing electric system and associated technology requirements, as well as strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.
- 9 regular T.O. positions in **Distribution Strategy, Planning & Operations** is driven by run-the-business support of a larger and growing electric system and strategic operational technology initiatives aligned with SRP's 2035 Corporate Goals and the associated Power System Strategic Plan.
- 37 regular T.O. positions in **Power Delivery** is motivated by several key factors: (1) facilitating generation and load growth projects, (2) maintaining SRP's expanding transmission system, (3) aiding SRP's transition to renewable-based resources and other operational enhancements, and (4) supporting business processes across multiple departments in Power Delivery.

### **Customer Operations [Regular]**

The increase of 71 regular T.O. positions is driven by:

- 4 regular T.O. positions in **Customer Modernization** to support the implementation and stabilization of the new SAP Customer Information System (CIS) and related systems.
- 58 regular T.O. positions in **Customer Services** to support the transformational workload of the new SAP Customer Information System (CIS) across customer service, customer contact center, and billing functions.
- 4 regular T.O. positions in **Customer Strategy** to support the increased workload from commercial and industrial customer growth, and to develop and support innovative customer solutions and programs.

- 5 regular T.O. positions in **Distribution Grid Services** to support the growing needs for design, construction, and support of the distribution system.

### **Law, Land & Risk Management** [Regular]

The increase of 4 regular T.O. positions is driven by:

- 3 regular T.O. positions in the **Land Department** to support increased workload related to survey work driven by transmission, generation, and distribution growth in the valley within SRP's service territory.
- 1 regular T.O. position in **Risk Management** to provide support for the Safety Culture Advancement Plan and One SRP Safety Projects throughout the organization.

### **Water Stewardship** [Regular]

The increase of 5 regular T.O. positions is driven by:

- 2 regular T.O. positions in **Water System Projects** in support of cities and other external entities to help mitigate impacts from Colorado River limitations and other water supply challenges, address design and contractor management as we enter the design phases, address NEPA process needs, and provide a technical conduit to the Bureau of Reclamation.
- 1 regular T.O. position in **Water Maintenance** for dedicated caddisfly remediation on a full-time basis to mitigate impact to customers.
- 1 regular T.O. position in **Water & Forest Sustainability** to support the need for modeling forest health project water and carbon benefits, provide a technical interface with local university technical experts, and better position SRP with potential financial partners requiring this type of data information exchange for funding support.
- 1 regular T.O. position in **Groundwater** for increased workload driven by the growth in additional assets like SCIF, lateral automation, automatic trash rake, and new well sites supporting power, hydro, and environmental services.

### **Corporate Planning & Strategy** [Regular]

The increase of 12 regular T.O. positions is driven by:

- 1 regular T.O. position in **Environmental Services** to provide increased support for environmental legislation, regulations, and policies that impact SRP power and water operations.
- 2 regular T.O. positions in **Executive Business Operations** needed to support budget facilitation, employee development programs, executive leadership presentations, and operational processes.

- 4 regular T.O. positions in **Future System Assets & Strategy** due to increased workload and support for the early development of long lead generation assets.
- 4 regular T.O. positions in **Resource Management** to provide support for enhanced procurement and planning efforts to meet peak capacity and carbon-free energy needs, increased customer demand, and advance development of a forward-looking strategy for power generation resources.
- 1 regular T.O. position in **Supply & Trading** to provide leadership, guidance and strategy for daily and hourly trading operations, and consolidate training activities to focus on trading and market bidding fundamentals.

### **Human Resources** [Regular]

The increase of 3 regular T.O. positions is driven by:

- 1 regular T.O. position in **HR Total Rewards & HR Operations** for a Retirement Coordinator to centralize the retirement experience and organize education efforts for retirees.
- 1 regular T.O. position in **HR Operations** for a Compensation Analyst due to increased workload to complete job evaluations, educate leaders on career framework and salary structure, and provide additional, comprehensive support during labor union negotiations.
- 1 regular T.O. position in **Talent Management** for an Organizational Design Program Manager to analyze and assess current structures to align with business goals and objectives, collaborate to understand business needs, develop organizational solutions, and facilitate significant reorganizations through large scale change management initiatives to ensure smooth transitions.

### **Managed Development Program** [Regular]

The increase of 15 regular T.O. positions is driven by:

- 15 T.O. positions supporting the **Apprenticeship Program** within the Managed Development Program. SRP's attrition rate in the Skills Trade Career Ladders remains steady, and an increase of current apprentices is needed to more closely offset projected retirements. The labor market for these trades is increasingly competitive, and business area requirements for skilled trades are expanding. These additional T.O. positions mitigate risk of failing to sustain our pipeline with the skilled labor crucial for our operations and growth.



This page intentionally left blank.

# **Multi-Year Contracts**

The multi-year contract Short List is part of the Operating Budget. Approval by the Board of Directors of the Operating Budget extends to the multi-year contracts listed on the following pages.

## **Multi-Year Contract Management**

Multi-year contracts of \$500,000 or more under negotiation or renegotiation during FY26 require a thorough review and approval process. ALL multi-year contracts that contain a penalty for early termination are reviewed and require approval of the Board of Directors. Multi-year contracts that contain a penalty for early termination constitute the "Short List".

The process requires the multi-year contracts on the Short List be presented to the Board of Directors during the annual budget process for preliminary approval. If a contract that contains a penalty arises during the year, the policy requires that the proposed contract be presented individually to the Board for approval.

For the purposes of developing SRP's FY26 budget, General Manager's Staff members identified all existing and planned multi-year contracts that obligate or commit SRP beyond FY26 which are open for negotiation, then submitted summary lists of those contracts that contain a penalty clause to the Purchasing department. Financial Planning & Analysis has reviewed the submitted lists of contracts to confirm that total multi-year contract expenditures contemplated are consistent with SRP's Six-Year Financial Plan.

**Salt River Project  
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031				
<b>Public Affairs &amp; Corporate Services</b>										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Public Affairs & Corporate Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Community, Communications &amp; Marketing</b>										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Community, Communications & Marketing	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Financial &amp; Information Services</b>										
1 Cyber access administration platform	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 0	\$ 0	\$ 2,375	\$ 2,375	\$ 0
2 Omnichannel marketing platform and web analytics	\$ 275	\$ 275	\$ 275	\$ 0	\$ 0	\$ 0	\$ 0	\$ 825	\$ 825	\$ 0
3 Software to create/read PDF documents	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 0	\$ 0	\$ 2,750	\$ 2,750	\$ 0
4 Solution to automate and centralize indirect tax determination	\$ 275	\$ 275	\$ 275	\$ 275	\$ 0	\$ 0	\$ 0	\$ 1,100	\$ 1,100	\$ 0
5 Asset accounting system and support services	\$ 0	\$ 460	\$ 460	\$ 460	\$ 460	\$ 0	\$ 0	\$ 1,840	\$ 1,840	\$ 0
6 Solution to automate power trading and transmission	\$ 600	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 0	\$ 2,400	\$ 2,400	\$ 0
7 Enterprise geographical information system (GIS) software	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,800	\$ 1,800	\$ 0
8 Database platform	\$ 1,875	\$ 1,875	\$ 1,875	\$ 1,875	\$ 1,875	\$ 0	\$ 0	\$ 9,375	\$ 9,375	\$ 0
9 Virtual tour platform	\$ 225	\$ 225	\$ 225	\$ 225	\$ 0	\$ 0	\$ 0	\$ 900	\$ 900	\$ 0
10 Enterprise roadmapping solution	\$ 375	\$ 375	\$ 375	\$ 375	\$ 0	\$ 0	\$ 0	\$ 1,500	\$ 1,500	\$ 0
11 Software licensing for virtual server environment	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 0	\$ 0	\$ 21,249	\$ 21,249	\$ 0
12 Customer communications and marketing platform	\$ 225	\$ 225	\$ 225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 675	\$ 675	\$ 0
13 Digital adoption platform for delivering onboarding experiences	\$ 700	\$ 700	\$ 700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,100	\$ 2,100	\$ 0
14 Background check solution	\$ 180	\$ 180	\$ 180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 540	\$ 540	\$ 0
15 Operating system platform to run critical workloads	\$ 660	\$ 660	\$ 660	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,980	\$ 1,980	\$ 0
16 Software maintenance and support for dispatch system	\$ 330	\$ 330	\$ 330	\$ 330	\$ 0	\$ 0	\$ 0	\$ 1,320	\$ 1,320	\$ 0
17 Application programming interface platform	\$ 200	\$ 200	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600	\$ 0
18 Data security and information lifecycle management application	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,800	\$ 1,800	\$ 0
19 Enterprise digital signature software	\$ 250	\$ 250	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750	\$ 750	\$ 0
20 Enterprise content management platform	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 0	\$ 0	\$ 6,500	\$ 6,500	\$ 0
21 Subscription for utility and industry research and analysis	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,400	\$ 5,400	\$ 0
22 Subscription for utility and industry research and analysis	\$ 240	\$ 240	\$ 240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 720	\$ 720	\$ 0
23 Leased circuit services	\$ 400	\$ 400	\$ 400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,200	\$ 1,200	\$ 0
Total O&M	\$ 16,385	\$ 16,845	\$ 16,845	\$ 10,715	\$ 8,910	\$ 0	\$ 0	\$ 69,699	\$ 69,699	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Financial & Information Services	\$ 16,385	\$ 16,845	\$ 16,845	\$ 10,715	\$ 8,910	\$ 0	\$ 0	\$ 69,699	\$ 69,699	\$ 0

**Salt River Project  
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031				
<b>Law, Land &amp; Risk Management</b>										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Law, Land & Risk Management	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Human Resources</b>										
1 Online learning library platform licensing	\$ 333	\$ 333	\$ 333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 0
2 Leadership development impact platform licensing	\$ 333	\$ 333	\$ 333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	\$ 1,000	\$ 0
3 Benefits administration system licensing	\$ 233	\$ 700	\$ 467	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,400	\$ 1,400	\$ 0
4 Worker's compensation vendor contract	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 10,800	\$ 10,800	\$ 0
Total O&M	\$ 2,700	\$ 3,167	\$ 2,933	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 14,200	\$ 14,200	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Human Resources	\$ 2,700	\$ 3,167	\$ 2,933	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	\$ 14,200	\$ 14,200	\$ 0
<b>Customer Operations</b>										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Customer Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Water Stewardship</b>										
Total O&M	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Water Stewardship	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Salt River Project  
Contract Management - Multi-Year Contracts**

Description	Annual Expenditure (\$ Thousands)						Total Beyond 6-Year FinPlan	Total Contract	O&M	Capital
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031				
<b>Power System</b>										
1 ARO Decommissioning services	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,300	\$ 0	\$ 9,300
2 Engineer, procure, and construct contractor services	\$ 185,847	\$ 59,736	\$ 885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,469	\$ 0	\$ 246,469
3 Engineer, procure, and construct contractor services	\$ 10,334	\$ 7,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,084	\$ 0	\$ 18,084
<b>Total O&amp;M</b>	<b>\$ 205,480</b>	<b>\$ 67,486</b>	<b>\$ 885</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 273,852</b>	<b>\$ 0</b>	<b>\$ 273,852</b>
<b>Total Capital</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Power System</b>	<b>\$ 205,480</b>	<b>\$ 67,486</b>	<b>\$ 885</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 273,852</b>	<b>\$ 0</b>	<b>\$ 273,852</b>
<b>Corporate Planning &amp; Strategy</b>										
<b>Total O&amp;M</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Capital</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Corporate Planning &amp; Strategy</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total SRP Multi-Year Contracts</b>										
<b>Total O&amp;M</b>	<b>\$ 224,565</b>	<b>\$ 87,498</b>	<b>\$ 20,663</b>	<b>\$ 12,515</b>	<b>\$ 10,710</b>	<b>\$ 1,800</b>	<b>\$ 0</b>	<b>\$ 357,751</b>	<b>\$ 83,899</b>	<b>\$ 273,852</b>
<b>Total Capital</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Contracts</b>	<b>\$ 224,565</b>	<b>\$ 87,498</b>	<b>\$ 20,663</b>	<b>\$ 12,515</b>	<b>\$ 10,710</b>	<b>\$ 1,800</b>	<b>\$ 0</b>	<b>\$ 357,751</b>	<b>\$ 83,899</b>	<b>\$ 273,852</b>

This page intentionally left blank.

# Water Rates

The Water Rates section steps through the proposed changes and estimated impacts to the FY26 financial statements if the proposed rates are not approved.



# DRAFT STATEMENT OF REVENUES AND EXPENSES ASSOCIATION BUDGET

	FY25 Budget (000)	FY26 Proposed Budget (000)
<i>Operating Revenues</i>		
Stored and Developed	\$12,006	\$12,411
Additional Deliveries	\$2,315	\$2,404
Water Delivery Revenues	\$1,993	\$2,029
Other Service Revenues	\$4,552	\$4,642
Falling Water	\$6,897	\$7,177
<b>Total Operating Revenues</b>	<b>\$27,763</b>	<b>\$28,663</b>
<i>Operating Expenses</i>		
Operations & Maintenance	\$76,029	\$82,610
Power for Pumping	\$4,191	\$5,268
<b>Total Operating Expenses</b>	<b>\$80,220</b>	<b>\$87,878</b>
<i>Net Operating Revenues (Loss)</i>	(\$52,457)	(\$59,215)
<i>Other Income (Deductions) Net</i>	\$2,751	\$2,872
<b>Net Revenues (Loss)</b>	<b>(\$49,706)</b>	<b>(\$56,343)</b>

# Appendix

The Appendix Section includes capital detail by Summary of Municipal Aesthetics Program Allocation, Summary of Cash Contributions, Capital Budget Item (CBI), Capital Costs for Full Life Items, Summary of Operating Chargebacks and Loads, and Capital Summary of Loads.

**Salt River Project**  
**Summary of Municipal Aesthetics Program Allocation**  
**(\$ Thousands)**

<b>Description</b>	<b>FY25 Budget</b>	<b>FY26 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Municipal Aesthetics Program	\$ 18,000	\$ 18,000	\$ 0	0.0%

Note: The Municipal Aesthetics Program Fund balance as of January 31, 2025 is \$80,608,655.

**Salt River Project**  
**Summary of Cash Contributions**  
**Subsidiaries, LLCs, and/or Related Entities**  
**(\$ Thousands)**

<b>Entity</b>	<b>FY26</b> <b>Budget</b>
Gila River Water Storage, LLC	\$ 887
<b>Total</b>	<b>\$ 887</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Public Affairs &amp; Corporate Services</b>				
<b>Supply Chain &amp; Flight Services</b>				
3922500 IR: Transportation Fleet Salvage	\$ (1,500)	\$ (1,500)	\$ 0	0.0%
3925000 Flight Services: Aircraft Transportation	400	0	(400)	(100.0%)
3931001 Material Services: Equipment	1,230	1,500	270	22.0%
3931005 Investment Recovery: Equipment	1,250	250	(1,000)	(80.0%)
3981511 Flight Services: Equipment & UAS; Drones	420	350	(70)	(16.7%)
3984005 General Equipment Salvage	(4,100)	(4,100)	0	0.0%
<b>Total Supply Chain &amp; Flight Services</b>	<b>\$ (2,300)</b>	<b>\$ (3,500)</b>	<b>\$ (1,200)</b>	<b>52.2%</b>
<b>Facilities, MCM &amp; Transportation Services</b>				
3902043 POB Modernization	\$ 2,000	\$ 2,700	\$ 700	35.0%
3902100 Facilities Betterments	32,900	36,900	4,000	12.2%
3903042 ISB Modernization	3,000	650	(2,350)	(78.3%)
3903043 XCT Modernization	5,500	17,000	11,500	209.1%
3903240 Falcon Field Hangar	12,400	16,500	4,100	33.1%
3922000 Transportation Svcs:Fleet Transportation	24,800	39,270	14,470	58.3%
3941201 Building Services Tools & Shop Equipment	20	20	0	0.0%
3941202 Transportation Svcs: Tools & Equipment	1,100	1,200	100	9.1%
3941300 Mechanical C&M Tools	300	300	0	0.0%
3941306 MCM Equipment Replacements	2,500	2,500	0	0.0%
<b>Total Facilities, MCM &amp; Transportation Services</b>	<b>\$ 84,520</b>	<b>\$ 117,040</b>	<b>\$ 32,520</b>	<b>38.5%</b>
<b>Total Public Affairs &amp; Corporate Services</b>	<b>\$ 82,220</b>	<b>\$ 113,540</b>	<b>\$ 31,320</b>	<b>38.1%</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Community, Communications &amp; Marketing</b>				
<b>Community, Communications &amp; Marketing</b>				
3981401 A-V & Other Equipment	\$ 210	\$ 165	\$ (45)	(21.4%)
3981410 CC&M Printing Equipment	<u>220</u>	<u>74</u>	<u>(146)</u>	<u>(66.4%)</u>
<b>Total Community, Communications &amp; Marketing</b>	<b>\$ 430</b>	<b>\$ 239</b>	<b>\$ (191)</b>	<b>(44.4%)</b>
<b>Total Community, Communications &amp; Marketing</b>	<b>\$ 430</b>	<b>\$ 239</b>	<b>\$ (191)</b>	<b>(44.4%)</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Financial &amp; Information Services</b>				
<b>Cyber Security Services</b>				
3981708 Application Roadmap-Cyber Security Prgrm	\$ 250	\$ 250	\$ 0	0.0%
<b>Total Cyber Security Services</b>	<b>\$ 250</b>	<b>\$ 250</b>	<b>\$ 0</b>	<b>0.0%</b>
<b>IT Services</b>				
3911200 Managed Print Services	\$ 150	\$ 267	\$ 117	78.3%
3912001 End User Compute	10,405	8,483	(1,922)	(18.5%)
3912052 Infrastructure Equip. Lifecycle & Growth	17,375	18,180	805	4.6%
3972025 Telephone System Upgrades	2,996	195	(2,801)	(93.5%)
3981640 Enterprise Content Management Program	2,227	2,083	(144)	(6.5%)
3981641 Enterprise System Improvements	6,270	6,842	572	9.1%
3981655 Corporate Data Dictionary	6,396	4,024	(2,372)	(37.1%)
3981660 Customer Modernization	37,526	72,665	35,139	93.6%
3981665 GIS Replatform	560	0	(560)	(100.0%)
3981714 Application Road Map-SAP Improvement Prg	0	1,765	1,765	--
3981715 Work Asset Management Systems	2,167	0	(2,167)	(100.0%)
<b>Total IT Services</b>	<b>\$ 86,072</b>	<b>\$ 114,504</b>	<b>\$ 28,432</b>	<b>33.0%</b>
<b>Total Financial &amp; Information Services</b>	<b>\$ 86,322</b>	<b>\$ 114,754</b>	<b>\$ 28,432</b>	<b>32.9%</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Law, Land &amp; Risk Management</b>				
<b>Land Department</b>				
2891104 Purchase Right Of Way Irrigation Facilit	\$ 585	\$ 184	\$ (401)	(68.5%)
3101800 Generation Right Of Way	20,007	50,245	30,238	151.1%
3501802 Transmission Right Of Way	51,559	59,579	8,020	15.6%
3601197 Distribution Right Of Way	3,038	2,807	(231)	(7.6%)
3891001 Retirement of Land & Rights	34	10	(24)	(70.6%)
3891012 Airport Ground Lease	150	100	(50)	(33.3%)
3891095 Survey Equipment and Instruments	231	231	0	0.0%
<b>Total Land Department</b>	<b>\$ 75,604</b>	<b>\$ 113,156</b>	<b>\$ 37,552</b>	<b>49.7%</b>
<b>Risk Management</b>				
3901395 Fire Protection System Betterments	\$ 350	\$ 1,693	\$ 1,343	383.7%
<b>Total Risk Management</b>	<b>\$ 350</b>	<b>\$ 1,693</b>	<b>\$ 1,343</b>	<b>383.7%</b>
<b>Security Services</b>				
3971300 Security Equipment	\$ 8,000	\$ 4,000	\$ (4,000)	(50.0%)
<b>Total Security Services</b>	<b>\$ 8,000</b>	<b>\$ 4,000</b>	<b>\$ (4,000)</b>	<b>(50.0%)</b>
<b>Total Law, Land &amp; Risk Management</b>	<b>\$ 83,954</b>	<b>\$ 118,849</b>	<b>\$ 34,895</b>	<b>41.6%</b>



**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Customer Operations</b>				
<b>Customer Modernization</b>				
3981626 Customer Technology Projects	\$ 1,641	\$ 500	\$ (1,141)	(69.5%)
<b>Total Customer Modernization</b>	<b>\$ 1,641</b>	<b>\$ 500</b>	<b>\$ (1,141)</b>	<b>(69.5%)</b>
<b>Customer Services</b>				
3704400 New Meters	\$ 21,940	\$ 27,400	\$ 5,460	24.9%
3941440 Metering-Electric System Planning & Eng	150	150	0	0.0%
<b>Total Customer Services</b>	<b>\$ 22,090</b>	<b>\$ 27,550</b>	<b>\$ 5,460</b>	<b>24.7%</b>
<b>Customer Strategy</b>				
3606000 EV Charging Stations Pilot	\$ 325	\$ 0	\$ (325)	(100.0%)
3904000 SRP Innovation Test Center	200	200	0	0.0%
<b>Total Customer Strategy</b>	<b>\$ 525</b>	<b>\$ 200</b>	<b>\$ (325)</b>	<b>(61.9%)</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Distribution Grid Services</b>				
3601210 Distribution Lines - System Plan	\$ 18,996	\$ 20,181	\$ 1,185	6.2%
3601220 Distribution - Customer Improvements	9,519	12,643	3,124	32.8%
3601230 Distribution - System Replacements	16,299	16,998	699	4.3%
3601240 Electric System Upgrades to Standards	155	825	670	432.3%
3601250 Public Agency Management	2,190	2,392	202	9.2%
3601300 Light Rail Project	92	30	(62)	(67.4%)
3601401 Residential New Business	32,940	42,842	9,902	30.1%
3601405 Commercial New Business	24,542	27,501	2,959	12.1%
3601415 Distribution Transformers	35,356	51,977	16,621	47.0%
3601416 Residential & Commercial Services	18,164	19,500	1,336	7.4%
3601500 Wood Pole Asset Management Project	12,988	13,713	725	5.6%
3601510 Underground Cable Replacement	45,200	45,200	0	0.0%
3603605 Municipal Aesthetics Program	80,609	18,000	(62,609)	(77.7%)
3609999 Municipal Program Carry-Out	(80,609)	(18,000)	62,609	(77.7%)
3941303 CCS New Business D&C Tools	118	140	22	18.6%
3941304 Distribution Grid Services Tools	594	694	100	16.8%
3981233 Reprographics Equipment	92	195	103	112.0%
<b>Total Distribution Grid Services</b>	<b>\$ 217,245</b>	<b>\$ 254,831</b>	<b>\$ 37,586</b>	<b>17.3%</b>
<b>Total Customer Operations</b>	<b>\$ 241,501</b>	<b>\$ 283,081</b>	<b>\$ 41,580</b>	<b>17.2%</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Water Stewardship</b>				
<b>Water Supply &amp; Systems</b>				
2301110 Granite Reef and Basin Improvements	\$ 1,740	\$ 100	\$ (1,640)	(94.3%)
2401009 Groundwater Combined Improvements	840	1,000	160	19.0%
2401010 Groundwater Resource Development	8,192	9,031	839	10.2%
2401014 Groundwater Electrical Improvements	540	420	(120)	(22.2%)
2402010 Water Quality Management	2,273	1,915	(358)	(15.8%)
2502001 Water Transmission	11,765	6,425	(5,340)	(45.4%)
2502012 Gilbert Road Pipeline	6,763	1,861	(4,902)	(72.5%)
2502015 Canal Water Measurement Bridges	0	300	300	--
2602001 Water Distribution	2,500	2,500	0	0.0%
2602005 Water Distribution Improvements	12,299	3,713	(8,586)	(69.8%)
2891170 Land Budget for New Well Sites	1,063	1,000	(63)	(5.9%)
2943009 Tools - C&M/Groundwater	110	130	20	18.2%
2972105 SCADA Infrastructure	3,153	3,178	25	0.8%
2972131 Real Time Nitrate Monitoring	0	282	282	--
2972133 Pluvial Precipitation Gauges	15	30	15	103.0%
<b>Total Water Supply &amp; Systems</b>	<b>\$ 51,253</b>	<b>\$ 31,885</b>	<b>\$ (19,368)</b>	<b>(37.8%)</b>
<b>Water Strategy Services</b>				
2321015 Verde River Sedimentation Mitigation Prj	\$ 250	\$ 250	\$ 0	0.0%
2502014 SRP/CAP Interconnection	1,958	18,619	16,661	850.9%
2911025 Water Delivery Systems	3,703	6,374	2,671	72.1%
2911030 Hydromet & Mobility Systems	4,259	4,571	312	7.3%
<b>Total Water Strategy Services</b>	<b>\$ 10,170</b>	<b>\$ 29,814</b>	<b>\$ 19,644</b>	<b>193.2%</b>
<b>Total Water Stewardship</b>	<b>\$ 61,423</b>	<b>\$ 61,699</b>	<b>\$ 276</b>	<b>0.4%</b>

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Costs**  
**(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Power System</b>				
<b>Distribution Strategy, Planning &amp; Operations</b>				
3605000 Dist Resource Intgrtn Val Enhncmnt Pilot	\$ 500	\$ 500	\$ 0	0.0%
3941435 Distribution Operations Tools	133	185	52	39.1%
<b>Total Distribution Strategy, Planning &amp; Operations</b>	<b>\$ 633</b>	<b>\$ 685</b>	<b>\$ 52</b>	<b>8.2%</b>
<b>Operational Technology Services</b>				
3502010 Transmission SCADA	\$ 244	\$ 457	\$ 213	87.3%
3502020 Telecom Wide Area Network Improvements	2,211	2,156	(55)	(2.5%)
3502022 Telecom Infrastructure Improvements	1,653	1,905	252	15.2%
3502024 Telecom Microwave & Power Improvements	2,582	3,875	1,293	50.1%
3502035 Energy Management System Upgrades	10	2,836	2,826	28,257.5%
3503904 Transmission Station Relaying	2,272	2,282	10	0.4%
3504020 Substation Communication Network Upgrade	0	1,290	1,290	--
3504025 Substation Multiplex-JMUX Project	933	149	(784)	(84.1%)
3602010 Distribution SCADA	2,368	1,903	(465)	(19.6%)
3602015 Dist. Stations Power Quality Monitors	42	192	150	358.2%
3603044 Distribution Station Relaying	4,202	5,282	1,080	25.7%
3904100 HSOC Multi-Site Buildout	0	4,465	4,465	--
3912053 HSOC Equip. Lifecycle & Growth	0	1,273	1,273	--
3951330 Telecom Lab and Tools Equipment	456	593	137	30.0%
3951335 Relay & Central Test Equipment	412	412	0	0.0%
3971415 Telecom Field Area Network Improvements	252	241	(11)	(4.4%)
3971416 Cap. Controller Lifecycle Replacement	82	646	564	690.4%
3971420 Telecom Land Mobile Radio Improvements	2,491	686	(1,805)	(72.4%)
3971500 SRP Wireline Customer Capital	460	243	(217)	(47.2%)
3971510 SRP Wireless Customer Capital	697	475	(222)	(31.8%)
3982035 Advanced Distribution Management System	4,062	820	(3,242)	(79.8%)
3982038 PAC Digital Transformation Project	4,000	3,000	(1,000)	(25.0%)
<b>Total Operational Technology Services</b>	<b>\$ 29,429</b>	<b>\$ 35,181</b>	<b>\$ 5,752</b>	<b>19.5%</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

		FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Power Delivery</b>					
3501074	Transmission Line Additions	\$ 13,192	\$ 11,015	\$ (2,177)	(16.5%)
3501100	Transmission Pole Asset Management	3,693	5,640	1,947	52.7%
3501301	Navajo Southern Transmission System	239	277	38	15.8%
3503603	Transmission Substation New Business	14,839	12,837	(2,002)	(13.5%)
3503604	Transmission Line New Business	9,128	18,256	9,128	100.0%
3503630	Mead-Phoenix Improvements	148	2,027	1,879	1,268.6%
3503901	Transmission Substation Maintenance	9,963	7,623	(2,340)	(23.5%)
3503903	Transmission Stations Additions/Upgrades	27,612	39,759	12,147	44.0%
3503905	Palo Verde Transmission Sys Improvements	2,217	4,176	1,959	88.4%
3503906	Rudd System Improvements	531	6,605	6,074	1,143.9%
3503910	Palo Verde-Pinal Central Betterments	1,234	1,455	221	17.9%
3503915	Browning Bank T2A 500/230kV Xfrmr Addtn	1,951	0	(1,951)	(100.0%)
3505200	Southeast Power Link	5,436	0	(5,436)	(100.0%)
3506009	Mesquite Transmission Improvements	13	10	(3)	(23.8%)
3506012	Four Corners Switchyard Participation	0	18	18	--
3506015	Coronado-Springerville Improvements	1,268	81	(1,187)	(93.6%)
3506020	Rogers System Improvements	3,903	341	(3,562)	(91.2%)
3507005	Red Hawk 230kv Project	0	5,478	5,478	--
3507020	High-Tech Interconnect Project (HIP)	3,996	0	(3,996)	(100.0%)
3507025	South Mountain Transmission	971	531	(440)	(45.3%)
3603040	Distribution Station Capital Maintenance	12,881	15,256	2,375	18.4%
3603042	Distribution Stations Additions/Upgrades	18,265	29,962	11,697	64.0%
3603603	Distribution Substation New Business	103,791	80,309	(23,482)	(22.6%)
3941301	System Operations Tools	1,644	2,340	696	42.3%
3941430	Planning & Engineering Tools	430	282	(148)	(34.4%)
3981628	Flowgate Methodology Implementation	2,450	0	(2,450)	(100.0%)
3981634	Operational Readiness Implementation	996	605	(391)	(39.3%)
<b>Total Power Delivery</b>		<b>\$ 240,791</b>	<b>\$ 244,883</b>	<b>\$ 4,092</b>	<b>1.7%</b>

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Costs**  
**(\$ Thousands)**

		FY25		FY26		\$		%
		Budget		Proposed		Change		Change
<b>Power Generation</b>								
3102003	Hayden Capital Projects	\$ 327	\$	393	\$	66		20.2%
3103002	Craig Capital Projects	23		23		0		0.9%
3105020	Coronado Capital Projects	4,661		4,726		65		1.4%
3105026	Coronado Capital Emissions	12,027		0		(12,027)		(100.0%)
3105557	Springerville Betterments	3,323		3,706		383		11.5%
3105591	Renewable Resource Projects	0		125		125		--
3105594	Coolidge Plant Improvement	6,917		10,115		3,198		46.2%
3105595	Coolidge Expansion Project	209,820		224,193		14,373		6.9%
3108002	Four Corners Capital Projects	12,027		3,744		(8,283)		(68.9%)
3109095	Agua Fria Capital Projects	2,939		12,971		10,032		341.4%
3109112	Kyrene Capital Projects	28,843		3,104		(25,739)		(89.2%)
3201004	Palo Verde Capital Projects	37,153		63,323		26,170		70.4%
3301213	Hydro Capital Projects	8,972		5,856		(3,116)		(34.7%)
3301230	SRP Pumped Storage	0		89,041		89,041		--
3421027	Santan Capital Projects	9,037		8,594		(443)		(4.9%)
3421125	Mesquite Capital Projects	3,129		41,098		37,969		1,213.6%
3421140	Gila River Capital Projects	44,212		12,354		(31,858)		(72.1%)
3421150	Desert Basin Capital Projects	3,885		12,033		8,148		209.7%
3421225	Copper Crossing Research & Energy Center	85,748		29,073		(56,675)		(66.1%)
3421230	Copper Crossing Capital Projects	40		0		(40)		(100.0%)
3506005	Gila River Switchyard	500		430		(70)		(14.0%)
3506010	Mesquite Switchyard Improvements	103		0		(103)		(100.0%)
3941311	Tools - Hydro	40		617		577		1,442.8%
3941313	Tools and Equipment - Coronado	120		120		0		0.0%
3941316	Tools and Equipment - Agua Fria	50		100		50		100.0%
3941317	Tools and Equipment - Kyrene	35		125		90		257.1%
3941318	Tools and Equipment - Santan	56		174		118		211.4%
3941334	Tools and Equipment - Desert Basin	50		150		100		200.0%
3941335	Tools and Equipment - Mesquite	59		50		(9)		(14.6%)
3941340	Tools and Equipment - Gila River	50		50		0		0.0%
3941342	Tools and Equipment - Coolidge	80		105		25		31.3%

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Costs**  
**(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
3941345 Power Generation Services Tools	\$ 178	\$ 115	\$ (63)	(35.4%)
3951110 Generation Engineering Tools	200	200	0	0.0%
3961000 Coronado Rolling Stock	<u>175</u>	<u>535</u>	<u>360</u>	205.7%
<b>Total Power Generation</b>	<b>\$ 474,779</b>	<b>\$ 527,243</b>	<b>\$ 52,464</b>	<b>11.1%</b>
<b>Total Power System</b>	<b>\$ 745,632</b>	<b>\$ 807,992</b>	<b>\$ 62,360</b>	<b>8.4%</b>
<b>Corporate Planning &amp; Strategy</b>				
<b>Resource Management</b>				
2951202 Chemistry Lab	\$ 550	\$ 245	\$ (305)	(55.5%)
2972132 Real Time Water Quality Probe Replacemen	85	85	0	0.0%
3105580 Future Resources	47,271	21,700	(25,571)	(54.1%)
3901394 Randolph Parties Settlement	<u>950</u>	<u>2,375</u>	<u>1,425</u>	150.0%
<b>Total Resource Management</b>	<b>\$ 48,856</b>	<b>\$ 24,405</b>	<b>\$ (24,451)</b>	<b>(50.0%)</b>
<b>Total Corporate Planning &amp; Strategy</b>	<b>\$ 48,856</b>	<b>\$ 24,405</b>	<b>\$ (24,451)</b>	<b>(50.0%)</b>

**Salt River Project  
2025-2026 Organizational Budget  
Capital Costs  
(\$ Thousands)**

	FY25 Budget	FY26 Proposed	\$ Change	% Change
<b>Total Capital Primary Costs</b>	\$ 1,350,338	\$ 1,524,559	\$ 174,221	12.9%
<b>Contingency &amp; Risk Portfolio</b>				
3990300 Capital Contingency	\$ 0	\$ 0	\$ 0	--
3990400 Capital Risk Portfolio	73,198	46,866	(26,332)	(36.0%)
<b>Total Contingency &amp; Risk Portfolio</b>	<u>\$ 73,198</u>	<u>\$ 46,866</u>	<u>\$ (26,332)</u>	<u>(36.0%)</u>
<b>Total Capital Expenditures</b>	<b>\$ 1,423,536</b>	<b>\$ 1,571,425</b>	<b>\$ 147,889</b>	<b>10.4%</b>
<b>Loads &amp; Financials</b>				
Loads	\$ 304,899	\$ 296,200	\$ (8,699)	(2.9%)
Financial	28,915	35,199	6,284	21.7%
<b>Total Loads &amp; Financials</b>	<u>\$ 333,814</u>	<u>\$ 331,399</u>	<u>\$ (2,415)</u>	<u>(0.7%)</u>
<b>Subtotal</b>	<b>\$ 1,757,350</b>	<b>\$ 1,902,823</b>	<b>\$ 145,474</b>	<b>8.3%</b>
<b>Cash Contributions (CIAC)</b>	<u>\$ (254,536)</u>	<u>\$ (235,692)</u>	<u>\$ 18,844</u>	<u>(7.4%)</u>
<b>Grand Total</b>	<b>\$ 1,502,814</b>	<b>\$ 1,667,131</b>	<b>\$ 164,317</b>	<b>10.9%</b>



**Salt River Project**  
**2025-2026 Operating Budget**  
**Capital Costs for Full Life Items**  
**(\$ Thousands)**

<b>CBI</b>							
<b>Number</b>	<b>Description</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>
2301110	Granite Reef and Basin Improvements	\$ 100	\$ 600	\$ 0	\$ 0	\$ 0	\$ 0
2321015	Verde River Sedimentation Mitigation Prj	250	409	409	0	0	0
2402010	Water Quality Management	1,915	1,915	1,915	1,915	1,915	1,915
2502012	Gilbert Road Pipeline	1,861	406	281	0	0	0
2502014	SRP/CAP Interconnection	18,619	43,976	29,685	21,783	78,133	60,889
2502015	Canal Water Measurement Bridges	300	375	0	0	0	0
2891170	Land Budget for New Well Sites	1,000	1,000	1,000	1,000	1,000	1,000
2911025	Water Delivery Systems	6,374	5,294	0	1,537	1,537	1,537
2911030	Hydromet & Mobility Systems	4,572	5,365	4,019	1,493	1,493	3,589
2972133	Pluvial Precipitation Gauges	30	0	0	0	0	0
3105022	Coronado Long Term Projects	0	0	20,000	30,000	20,000	0
3105580	Future Resources	21,700	291,667	119,967	210,867	310,294	399,150
3105591	Renewable Resource Projects	125	330	0	0	0	0
3105594	Coolidge Plant Improvement	10,115	3,645	4,426	5,518	4,302	508
3105595	Coolidge Expansion Project	224,193	70,342	2,087	0	0	0
3301230	SRP Pumped Storage	89,041	153,509	336,221	507,594	564,001	444,016
3421225	Copper Crossing Research & Energy Center	29,073	0	0	0	0	0
3504020	Substation Communication Network Upgrade	1,290	269	269	0	0	0
3504025	Substation Multiplex-JMUX Project	149	428	0	0	0	0
3507005	Red Hawk 230kv Project	5,478	0	0	0	0	0

**Salt River Project**  
**2025-2026 Operating Budget**  
**Capital Costs for Full Life Items**  
**(\$ Thousands)**

<b>CBI</b>							
<b>Number</b>	<b>Description</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>
3507025	South Mountain Transmission	531	63,266	0	0	0	0
3507030	Transmission Expansion Projects	0	390	11,700	19,740	31,371	26,877
3601300	Light Rail Project	30	210	220	400	2,400	2,400
3602015	Dist. Stations Power Quality Monitors	192	146	184	177	185	177
3605000	Dist Resource Intgrtn Val Enhncmnt Pilot	500	2,132	500	500	500	500
3901394	Randolph Parties Settlement	2,375	0	0	0	0	0
3901395	Fire Protection System Betterments	1,693	1,050	350	350	350	350
3902043	POB Modernization	2,700	9,000	16,000	7,000	8,000	8,000
3903042	ISB Modernization	650	0	0	0	0	0
3903043	XCT Modernization	17,000	12,000	13,500	35,000	25,500	3,500
3903240	Falcon Field Hangar	16,500	0	0	0	0	0
3904100	HSOC Multi-Site Buildout	4,465	0	0	0	0	0
3941306	MCM Equipment Replacements	2,500	2,500	2,500	2,500	2,500	2,500
3971416	Cap. Controller Lifecycle Replacement	646	1,257	787	1,066	1,350	1,067
3971420	Telecom Land Mobile Radio Improvements	686	4,403	695	1,606	1,998	1,008
3971515	Paging System Replacement	0	0	84	0	0	0
3972025	Telephone System Upgrades	195	489	818	379	876	499
3981629	Transient Cyber Assets	0	0	1,500	0	0	0
3981634	Operational Readiness Implementation	605	75	0	0	0	0
3981640	Enterprise Content Management Program	2,083	0	0	0	0	0

**Salt River Project**  
**2025-2026 Operating Budget**  
**Capital Costs for Full Life Items**  
**(\$ Thousands)**

<b>CBI</b>							
<b>Number</b>	<b>Description</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>
3981655	Corporate Data Dictionary	4,024	3,131	2,240	2,240	2,240	2,240
3981660	Customer Modernization	72,665	55,825	0	0	0	0
3981708	Application Roadmap-Cyber Security Prgrm	250	250	750	250	250	250
3982035	Advanced Distribution Management System	820	2,646	2,937	2,025	973	155
3982038	PAC Digital Transformation Project	\$ 3,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 0	\$ 0
	<b>Total Primary Cost for Full Life Items</b>	<b>\$ 550,297</b>	<b>\$ 740,300</b>	<b>\$ 576,043</b>	<b>\$ 855,939</b>	<b>\$ 1,061,166</b>	<b>\$ 962,125</b>
	<b>Loads</b>	<b>\$ 54,055</b>	<b>\$ 62,037</b>	<b>\$ 45,022</b>	<b>\$ 57,117</b>	<b>\$ 69,682</b>	<b>\$ 62,206</b>
	<b>Total Full Life Items</b>	<b>\$ 604,352</b>	<b>\$ 802,337</b>	<b>\$ 621,065</b>	<b>\$ 913,055</b>	<b>\$ 1,130,849</b>	<b>\$ 1,024,331</b>

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Summary of Operating Chargebacks and Loads**  
**(\$ Thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>\$</b>	<b>%</b>
	<b>Budget</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
<b>Total Organizational Primary &amp; Contingency</b>	<b>\$ 3,301,496</b>	<b>\$ 3,445,447</b>	<b>\$ 143,951</b>	<b>4.4%</b>
<b>Chargebacks and Loads</b>				
President & Staff	\$ 4,301	\$ 4,305	\$ 4	0.1%
General Manager	1,190	1,129	(61)	(5.1%)
Public Affairs & Corporate Services	41,698	40,603	(1,095)	(2.6%)
Community, Communications & Marketing	17,305	16,900	(405)	(2.3%)
Financial & Information Services	59,087	56,361	(2,726)	(4.6%)
Law, Land & Risk Management	16,568	18,660	2,092	12.6%
Human Resources	18,731	20,324	1,593	8.5%
Customer Operations	269,381	286,149	16,768	6.2%
Water Stewardship	60,440	62,991	2,551	4.2%
Power System	227,330	244,567	17,237	7.6%
Corporate Planning & Strategy	<u>27,949</u>	<u>29,531</u>	<u>1,582</u>	5.7%
<b>Total Chargebacks and Loads</b>	<b>\$ 743,980</b>	<b>\$ 781,520</b>	<b>\$ 37,540</b>	<b>5.0%</b>

## **Notes for Operating Chargebacks and Loads**

### **Chargebacks \$299,394,000**

The chargeback category includes dollars for all of SRP's shared service providers which include: Information Technology, Facilities Services, Supply Chain, Graphic Records, Transportation Services, Communications System Support, Environmental Lab, Mail Services, Security Services, and Flight Services. Chargebacks increased year-over-year. The increase over FY25 is primarily due to Transportation Services, which had a business reorganization resulting in absorbing another business unit.

### **Loads \$482,126,000**

The loads category includes the following subcategories: Labor Loads (Sick, Vacation, Holiday, and Leave (SVHL), Benefits, and Payroll Tax), Supply Chain Loads, Functional Loads, and Transportation Loads. Loads increased from FY25 due primarily to an increase in Labor loads. This increase is driven by general inflationary pressures and increased workforce, increasing all costs and therefore increasing support costs to project driven work. Additionally, higher benefits and taxes drove an increase to Labor load rates.

**Salt River Project**  
**2025-2026 Organizational Budget**  
**Capital Summary of Loads**  
**(\$ Thousands)**

	FY25	FY26	\$	%
	Budget	Proposed	Change	Change
<b>Total Organizational Primary, Contingency &amp; Risk</b>	\$ 1,423,536	\$ 1,571,425	\$ 147,889	10.4%
<b>Loads</b>				
Public Affairs & Corporate Services	\$ 10,924	\$ 12,435	\$ 1,511	13.8%
Community, Communications & Marketing	24	12	(12)	(49.2%)
Financial & Information Services	7,986	11,827	3,841	48.1%
Law, Land & Risk Management	7,245	7,775	530	7.3%
Customer Operations	132,087	138,163	6,076	4.6%
Water Stewardship	22,679	20,441	(2,238)	(9.9%)
Power System	120,718	104,245	(16,473)	(13.6%)
Corporate Planning & Strategy	<u>3,236</u>	<u>1,301</u>	<u>(1,935)</u>	(59.8%)
<b>Total Loads</b>	<b>\$ 304,899</b>	<b>\$ 296,199</b>	<b>\$ (8,700)</b>	<b>(2.9%)</b>
<b>Financial</b>	<b>\$ 28,915</b>	<b>\$ 35,199</b>	<b>\$ 6,284</b>	<b>21.7%</b>
<b>Subtotal</b>	<b>\$ 333,814</b>	<b>\$ 331,398</b>	<b>\$ (2,416)</b>	<b>(0.7%)</b>
<b>Cash Contributions (CIAC)</b>	<b>\$ (254,536)</b>	<b>\$ (235,692)</b>	<b>\$ 18,844</b>	<b>(7.4%)</b>
<b>Grand Total</b>	<b>\$ 1,502,814</b>	<b>\$ 1,667,131</b>	<b>\$ 164,317</b>	<b>10.9%</b>

## **Notes for Capital Loads**

### **Loads \$296,199,000**

The Loads category includes the following subcategories: Labor Loads, Supply Chain Loads, Administrative & General Loads, Functional Loads, Transportation Loads, and Municipal Aesthetics Loads. Loads decreased from FY25 due primarily to a decrease in Labor loads and A&G loads. This decrease is driven by loads shifting from capital to O&M.

### **Financial \$35,199,000**

The Financial category includes AFUDC. Allowance for Funds Used During Construction is an interest cost associated with capital construction and appears as a credit to the income statement. The increase from the FY25 budget is due to additional spending on AFUDC-eligible projects, and a slight increase in the interest rate applied to these projects.

### **Contributions-In-Aid-of-Construction (CIAC) (\$235,692,000)**

CIAC are funds recovered from residential or commercial customers to defray the cost of new business or customer requested construction of SRP-owned facilities. The largest contributor of the decrease from FY25 is a \$31.5 million decrease related to Distribution Substation New Business as less customer driven work was requested in FY26. This decrease is offset by a \$12.4 million increase for more customer driven work related to Distribution New Business.

This page intentionally left blank.