

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

FINANCE AND BUDGET COMMITTEE Tuesday, March 25, 2025, No Sooner Than 10:15 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 C. Williams

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIR MARK PACE
 - A. Request for approval of the minutes for the meeting of February 20, 2025.
 - B. Request for approval of the Monthly Cash Statement for February 2025 (District and Association).
2. Proposed Fiscal Year 2026 (FY26) Financial Plan and Operating Budget Questions and Answers BRIAN KOCH

Informational presentation regarding Management’s response to questions and comments from the Committee about the proposed FY26 Financial Plan and Operating Budget.
3. Review of the Financial Results for the Month of February 2025JEREMY FRY
4. Report on Current Events by the General Manager and Chief Executive Officer and DesigneesJIM PRATT
5. 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 THURSDAY, APRIL 24, 2025

03/18/2025

MINUTES
FINANCE AND BUDGET COMMITTEE

DRAFT

February 20, 2025

A meeting of the Finance and Budget Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 10:26 a.m. on Thursday, February 20, 2025, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and R.J. Miller, P.E. Rovey, J.M. White Jr., and L.C. Williams.

Committee Member absent at roll call was C. Clowes.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, S.D. Kennedy, and L.D. Rovey; Council Chair J.R. Shelton; Council Vice Chair T.M. Francis; Council Liaison R.W. Swier; Council Members G.E. Geiger, E.L. Gorsegner, B.E. Pacey, and C. Resch Geretti; K. Arita, I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, J.D. Coggins, J.M. Felty, J. Fry, L.F. Hobaica, J.W. Hubbard, D.J. Jackson, B.J. Koch, K.J. Lee, L.A. Meyers, G.A. Mingura, M.J. O'Connor, B.A. Olsen, S.A. Perkinson, J.M. Pratt, J.I. Riggs, D.S. Roach, J.R. Schuricht, C.M. Sifuentes-Kohlbeck, R.R. Taylor, and J.C. Tucker of SRP; Ian Calkins of Copper State Consulting Group; Maxwell Cohen of Ørsted; and Cathy Kim of Copia Power.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Finance and Budget Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, February 18, 2025.

Chair M.V. Pace called the meeting to order.

Consent Agenda

Chair M.V. Pace requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member J.M. White Jr. and seconded by Vice Chair K.L. Mohr-Almeida, the Committee unanimously approved and adopted the following items on the Consent Agenda:

- A. Minutes of the Finance and Budget Committee meeting on January 23, 2025, as presented.
- B. Approval of the District and Association Monthly Cash Statement for January 2025.
- C. Approval of the Association Quarterly Cash Statement for period ending January 31, 2025.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member J.M. White Jr.'s motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and R.J. Miller, P.E. Rovey, J.M. White Jr., and L.C. Williams	(6)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member C. Clowes	(1)

Copies of the handouts distributed are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Preliminary Fiscal Year 2026 (FY26) Financial Plan and Operating Budget

Using a PowerPoint presentation, Danielle J. Jackson, SRP Director of Financial Planning and Analysis, stated that the purpose of the presentation was to provide information to review the key drivers and preliminary results shaping the FY26 Financial Plan and Operating Budget. They reviewed SRP's 2035 financial goals and targets and the FY25 objectives.

D.J. Jackson reviewed the following outlook points for Financial Plan 2026 (FP26): strong sales forecast; higher spending levels to fund generation transition and corporate objectives; and a need for balance and flexibility. They focused on the following FP26 uncertainties: forecast uncertainty, operational planning, borrowing, and pricing.

D.J. Jackson reviewed the historical retail sales, together with the anticipated forecast for FP26. They reviewed retail fuel and purchase power generation with respect to coal, gas, market purchases, nuclear, solar, hydro, solar plus battery, battery, wind, geothermal, and biomass forecasts from FY20 to FY35. D.J. Jackson reviewed the changing retail fuel mix, which impacts fuel and purchased power adjustment mechanism (FPPAM) costs

D.J. Jackson outlined the forecasted capital spending for FY26 to FY35 for the following segments: distribution, corporate infrastructure, new generation and storage, transmission, existing generation betterments, water, and risk and contingency. They compared FP25 retail sales and direct costs to those of the forecasted FP25.

D.J. Jackson reviewed the six-year total cash inflows and outflows for FP26; price modeling assumptions, which indicates that the projected pricing adjustments are lower than inflation over the six-year horizon; and the borrowing outlook from FY26 to FY31. They provided graphs and reviewed the financial indicators with respect to combined net revenues (CNR), funds available, debt ratio, and debt service coverage ratio. D.J. Jackson concluded with an overview of the financial plan budget schedule.

D.J. Jackson responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member R.C. Arnett; and Ian Calkins of Copper State Consulting Group left the meeting during the presentation. R.J. Klawitter and G.M. Smedley of SRP entered the meeting during the presentation.

Review of the Financial Results for the Month of January 2025

Sue Ann Perkinson, SRP Controller and Senior Director of Corporate Accounting Services, referenced the financial handout distributed to the Members relative to the combined highlights of operations of the District and Association for the month of January 2025. Using a PowerPoint presentation, they compared the actual versus budgeted figures for categories such as general fund balance, year-to-date (YTD) combined net revenue (CNR), system sales, and customer accounts. S.A. Perkinson concluded by reviewing the financial summary and key financial indicators for the month of January 2025 and capital expenditures.

S.A. Perkinson responded to questions from the Committee.

Copies of the handout distributed and the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes. The financial information in the handouts and PowerPoint slides is unaudited and non-GAAP.

Board Member M.J. Herrera; R.J. Klawitter and G.M. Smedley of SRP; and Maxwell Cohen of Ørsted left the meeting during the presentation. V.P. Kisicki of SRP; John Deese of Origis Energy; and Joy Seitz of American Solar & Roofing entered the meeting during the presentation.

PNC Bank Revolving Credit Agreement (RCA)

Michael J. O'Connor, SRP Associate General Manager and Chief Legal Executive, said that the meeting would continue in open session for this agenda item, although it was previously noted as a closed session item. They introduced Jason I. Riggs, SRP Director and Assistant Treasurer of Treasury Operations and Compliance.

Using a PowerPoint presentation J.I. Riggs stated that the purpose of the presentation was to request approval to execute an RCA with PNC Bank, which will replace the existing and expiring RCA with US Bank.

J.I. Riggs provided the following background information regarding the RCA: 1) the Board approved an \$800 million short-term liquidity program; 2) the \$200 million RCA with US Bank expires in June 2025; 3) the review process included evaluating several banks; and 4) market participants highly value SRP's liquidity. They detailed the Request for Information (RFI) selection process and explained how the laddering strategy helps ensure liquidity.

J.I. Riggs outlined the following benefits of hiring PNC Bank for the \$200 million three-year RCA: 1) competitive financial terms; 2) strong credit and balance sheet; 3) continue to build a long-term business relationship; 4) positive team impression and local presence; 5) maintains a diversified portfolio; and 6) financial strategy alignment. They reviewed a timeline of next steps.

J.I. Riggs concluded by requesting approval of a new RCA with PNC Bank, which will replace the existing and expiring RCA with US Bank; and authorization for the General Manager and Chief Executive Officer, the Associate General Manager and Chief Financial Executive, the Treasurer, or the Assistant Treasurer to execute and deliver the new PNC Bank RCA, any subsequent amendments to these agreements provided that such amendments do not materially modify the terms of the agreements, and any related ancillary documents.

J.I. Riggs responded to questions from the Committee.

On a motion duly made by Board Member J.M. White Jr. and seconded by Board Member L.C. Williams, the Committee agreed to recommend Board approval, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member J.M. White Jr.'s motion to recommend Board approval. The vote was recorded as follows:

YES:	Board Members M.V. Pace, Chair; K.L. Mohr-Almeida, Vice Chair; and R.J. Miller, P.E. Rovey, J.M. White Jr., and L.C. Williams	(6)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member C. Clowes	(1)

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

J.R. Schuricht and J.C. Tucker of SRP; and Cathy Kim of Copia Power left the meeting during the presentation.

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

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair M.V. Pace asked the Committee if there were any future agenda topics. Board Member R.J. Miller requested an informational presentation regarding the FPPAM and if renewables can be moved out of the FPPAM.

There being no further business to come before the Finance and Budget Committee, the meeting adjourned at 11:22 a.m.

John M. Felty
Corporate Secretary

**Statement of Cash Received and Disbursed**

February 2025

(\$000)

	<u>District</u>	<u>Association</u>	<u>Total Month</u>	<u>Year-to-Date</u>
Funds Balance Beginning of Period	\$ 1,490,686	\$ 1,437	\$ 1,492,123	\$ 785,829
Cash Receipts:				
Electric Revenues	277,782	---	277,782	3,746,660
Water Revenues	---	1,093	1,093	20,679
Electric Customer Deposits	3,956	---	3,956	42,079
Reimbursement on Joint Ownership Projects	22,920	---	22,920	133,743
Construction Contributions and Advances	29,258	---	29,258	260,986
Proceeds from Bond Sales	---	---	---	---
Proceeds from Other Borrowings	---	---	---	---
Transfers from Segregated Funds	---	---	---	1,152,176
Sales Tax Collected	17,197	---	17,197	267,519
Other Cash Receipts	<u>34,502</u>	<u>---</u>	<u>34,502</u>	<u>189,817</u>
Total Cash Receipts	<u>385,615</u>	<u>1,093</u>	<u>386,708</u>	<u>5,813,659</u>
Fund Transfers - Net	<u>(6,645)</u>	<u>6,645</u>	<u>---</u>	<u>---</u>
Cash Disbursements:				
Purchased Power and Fuel	105,551	---	105,551	1,177,255
Operations and Maintenance	178,339	4,354	182,693	1,109,396
Employee Payroll and Payroll Taxes	58,706	4,471	63,177	669,061
Purchased Inventory	19,202	---	19,202	248,761
Cash Segregated for -				
Bond Interest	21,785	---	21,785	204,463
Bond Principal	10,865	---	10,865	100,914
Other Debt - Principal Repayment	---	---	---	---
Other Debt - Interest Expense	1,080	---	1,080	14,283
Capital Expenditures	115,475	---	115,475	946,524
Advances on Joint Ownership Projects	---	---	---	---
Transfers to Segregated Funds	---	---	---	360,815
In Lieu and Ad Valorem Taxes	19	---	19	110,451
Sales Tax Remitted	19,899	---	19,899	280,299
Margin and Collateral Received - Net	22,653	---	22,653	30,059
Miscellaneous Cash Disbursements	<u>1,976</u>	<u>---</u>	<u>1,976</u>	<u>32,751</u>
Total Cash Disbursements	<u>555,550</u>	<u>8,825</u>	<u>564,375</u>	<u>5,285,032</u>
Funds Balance End of Period	<u>\$ 1,314,106</u>	<u>\$ 350</u>	<u>\$ 1,314,456</u>	<u>\$ 1,314,456</u>

**Cash Position**

February 2025

Composition of Funds Balance	(\$000)		
	<u>District</u>	<u>Association</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 856,156	\$ 350	\$ 856,506
Other Temporary Investments	160,475	---	160,475
Other Non-Current Investments	<u>297,475</u>	<u>---</u>	<u>297,475</u>
General Fund	<u>1,314,106</u>	<u>350</u>	<u>1,314,456</u>
Segregated Funds			
Electric System Debt Reserve Fund	80,614	---	80,614
Debt Service Fund	67,882	---	67,882
Rate Stabilization Fund	---	---	---
Nuclear Decommissioning Fund	724,109	---	724,109
Post-Retirement Benefits Fund	1,348,158	---	1,348,158
Construction Fund	15	---	15
RHCP Fund	12,685	---	12,685
HHCP Fund	9,049	---	9,049
SPRHCP Fund	3,562	---	3,562
Four Corners Mine Reclamation Trust	15,974	---	15,974
Other Special Funds	<u>17,342</u>	<u>---</u>	<u>17,342</u>
Total Segregated Funds	<u>\$ 2,279,390</u>	<u>\$ ---</u>	<u>\$ 2,279,390</u>

Proposed FY26 Financial Plan and Operating Budget Questions and Answers

Finance and Budget Committee

Brian Koch

March 25, 2025

Current Outlook

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

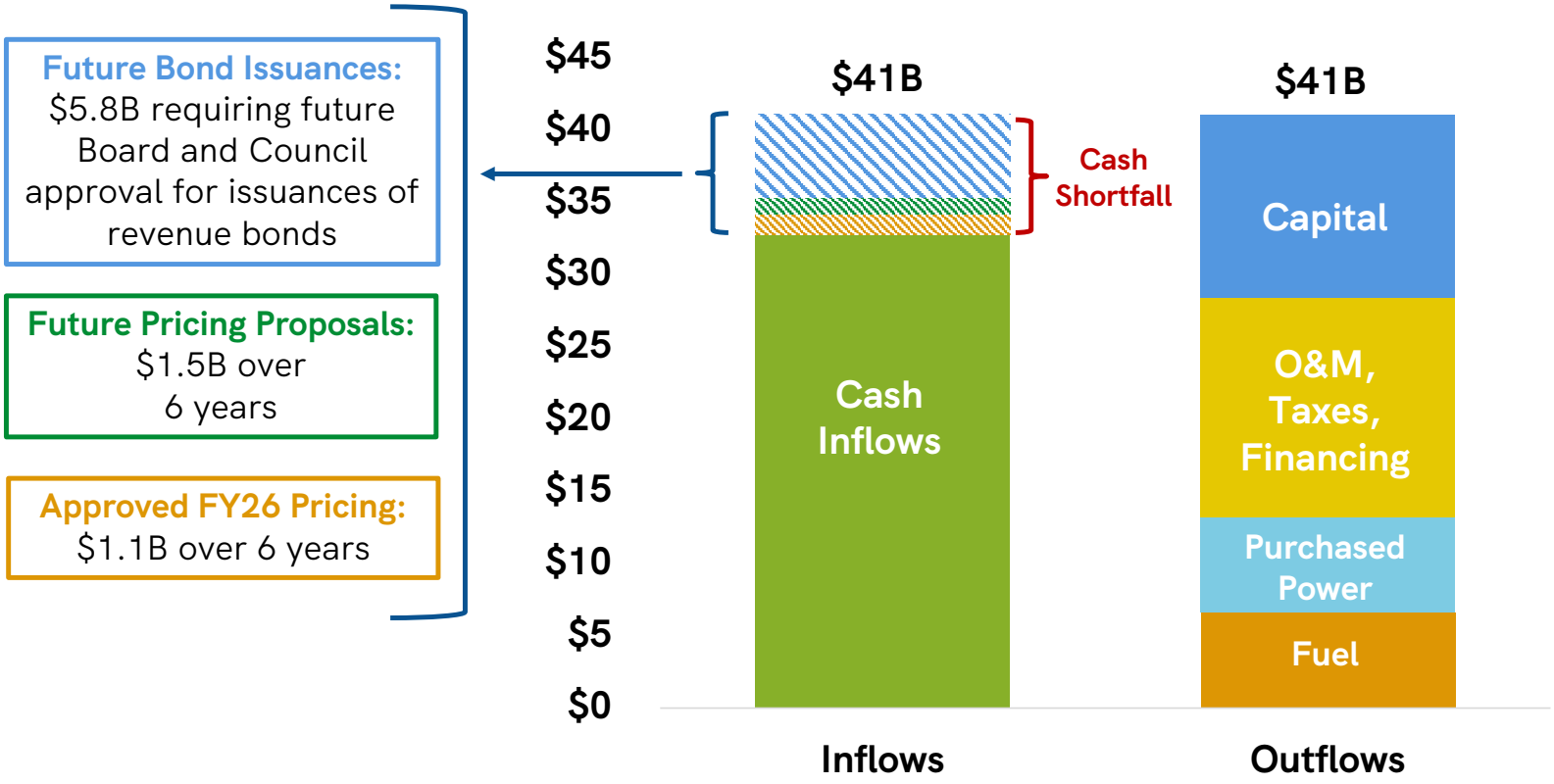
FP26 Outlook

- Strong sales forecast
 - 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 Management | Pricing | Borrowing
 - Sustainability | Affordability | Reliability

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)

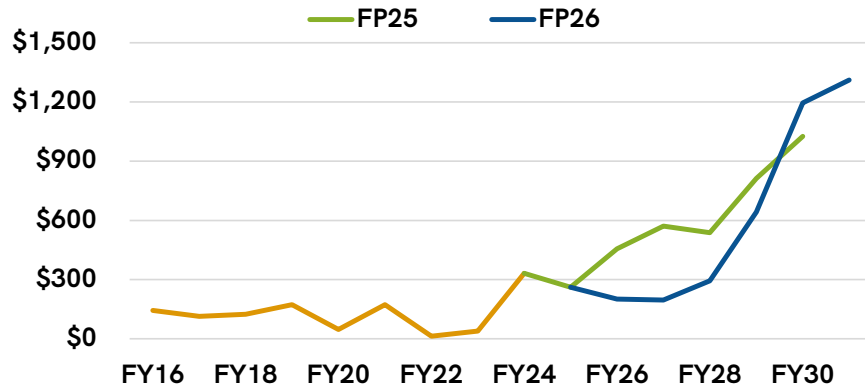


Financial Indicators

Financial Indicators preserve financial strength and flexibility

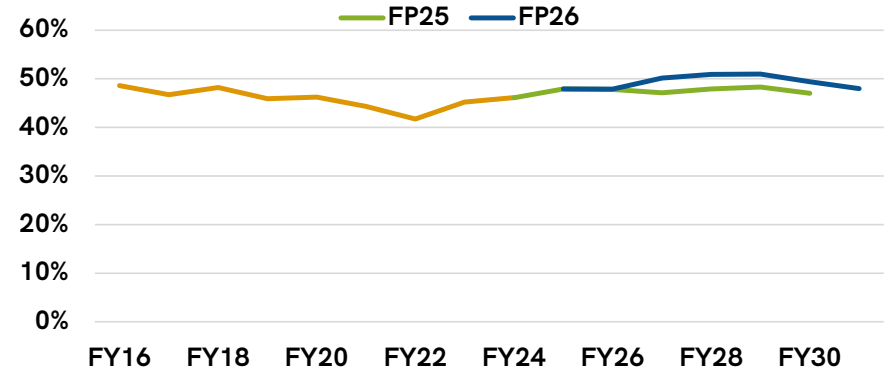
Combined Net Revenues (\$M)

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



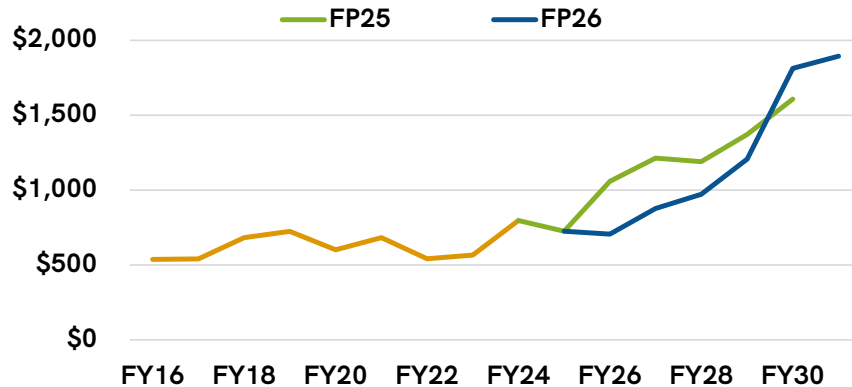
Debt Ratio

Percentage of long-life assets paid for with debt



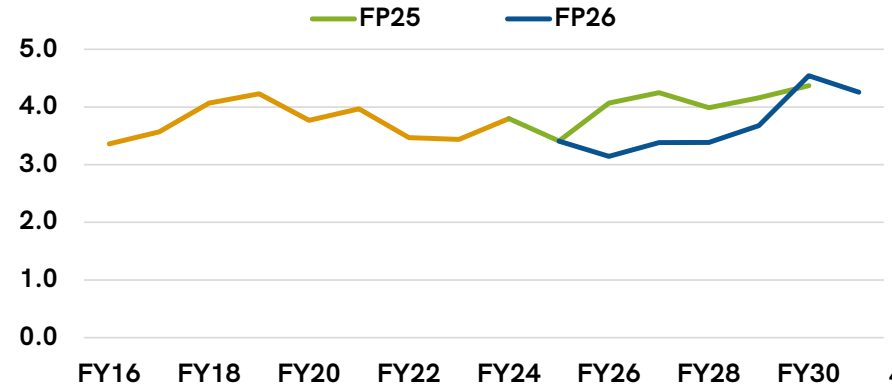
Funds Available (\$M)

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



FY26 Budget

FY26 Operating Budget Summary

Overview of the Budget Book Binder mailed out on February 28th

- 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

FY25 vs. FY26 Budget Comparison Summary

Higher revenues in FY26 result in lower debt issuance

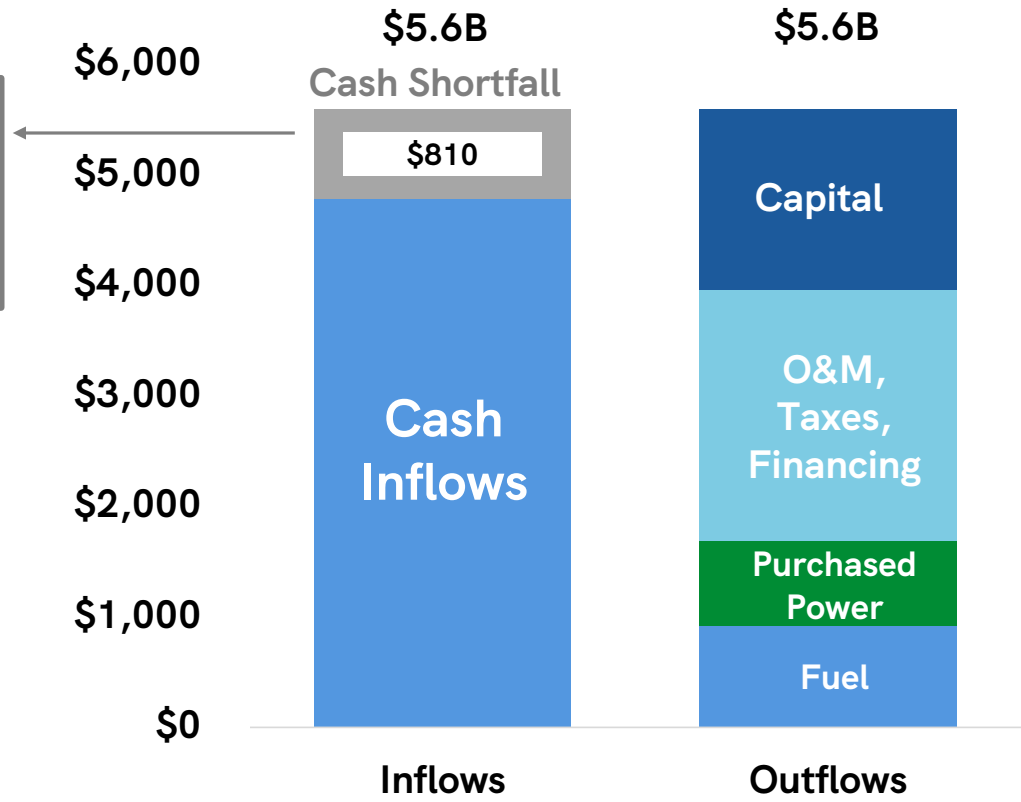
Metric	FY25	FY26	Summary of Metric
Combined Net Revenues	\$182M	\$201M	Revenues minus expenses
Funds Available	\$645M	\$706M	Revenues minus cash expenses
Debt Ratio*	48.5%	47.9%	Percentage of assets funded by debt
Debt Issuance	\$840M	\$810M	Projected borrowing needs
General Fund Target	\$600M	\$625M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

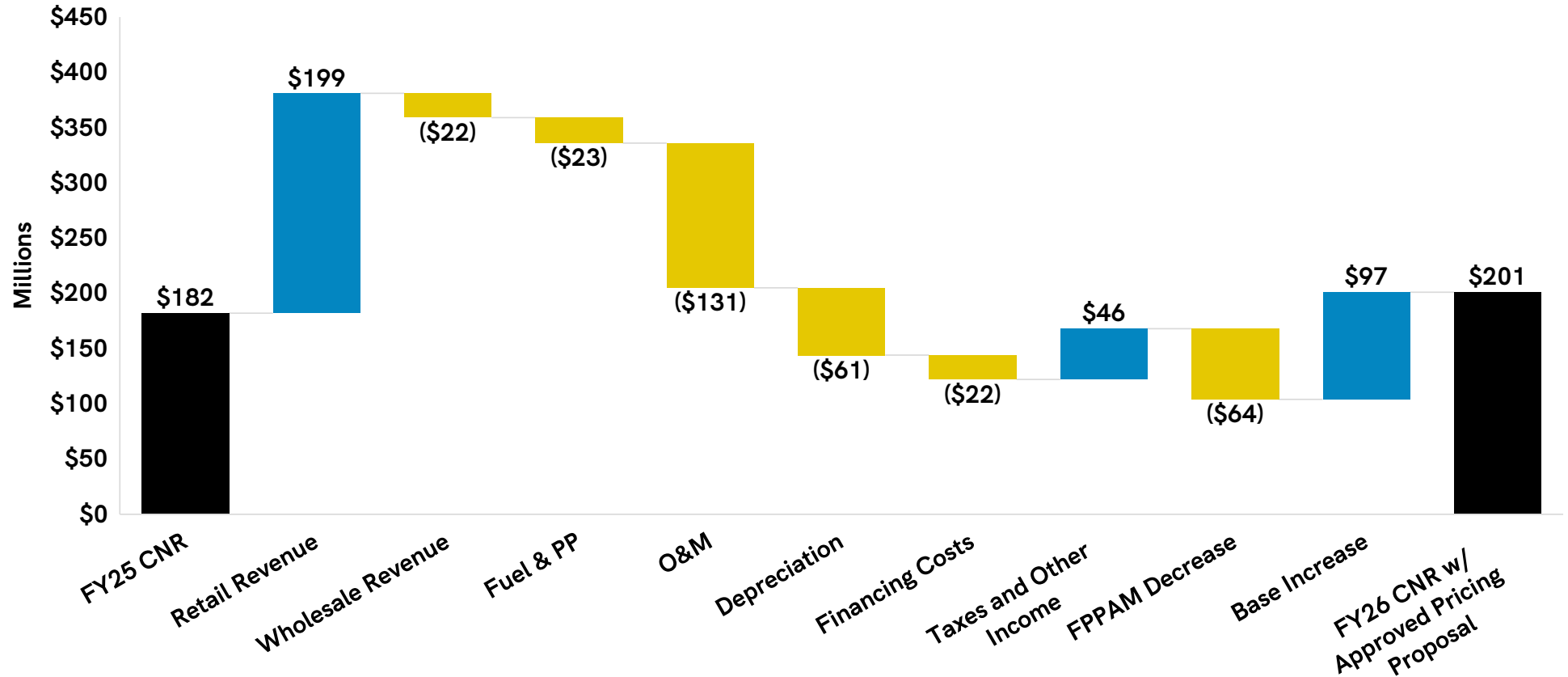
Cash shortfall will be met with borrowing activities

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



Combined Net Revenues

FY26 CNR maintains SRP's financial health and flexibility



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

Responses to Questions

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
Total Allocated	5,827	5	1	206	6,034	5
Unallocated	20	0	(1)	11	30	0
Total	5,847	5	0	217	6,064	5
	5,852				6,069	

Details found in the Workforce section, pages 125-131

Summary by T.O. Position Job Type

206 requested positions represent range of salary grades

Job Type	Average Cost/TO	# of New Positions
Customer Service	\$57,812	43
Supv, Mgr, Dir	\$140,400	43
Analyst	\$102,623	29
Engineer	\$126,361	27
Apprentice	\$75,000	15
Specialist	\$82,602	11
Operator	\$96,818	10
Technician	\$84,010	9
Electrician	\$105,264	7
Foreman	\$105,086	7
ALL OTHER	\$86,035	5
		206

ALL OTHER includes: Construction and Maintenance Technician, Mechanic, Meter Tech (2), Tradeshelper 1st Year

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

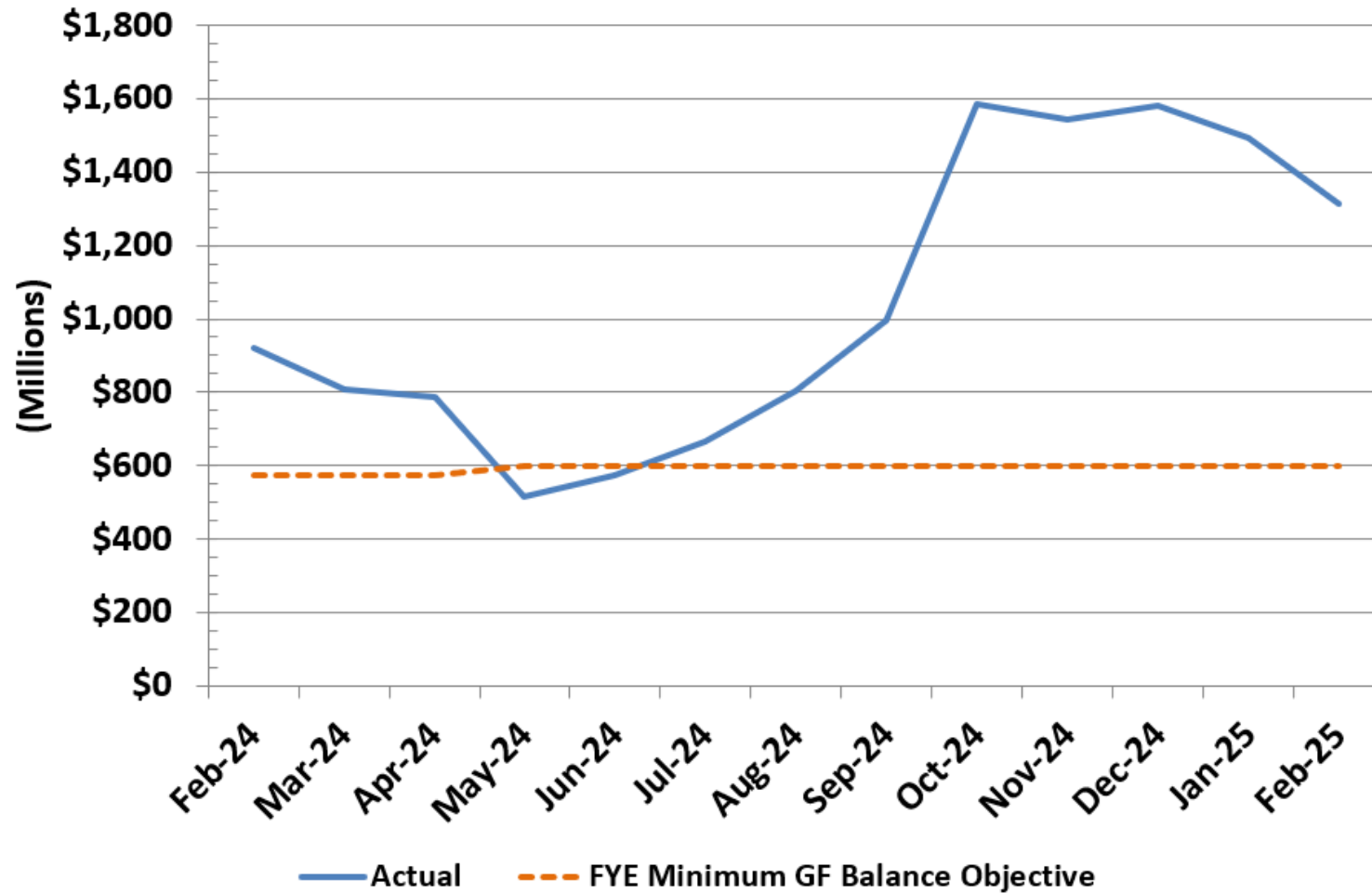
thank you!



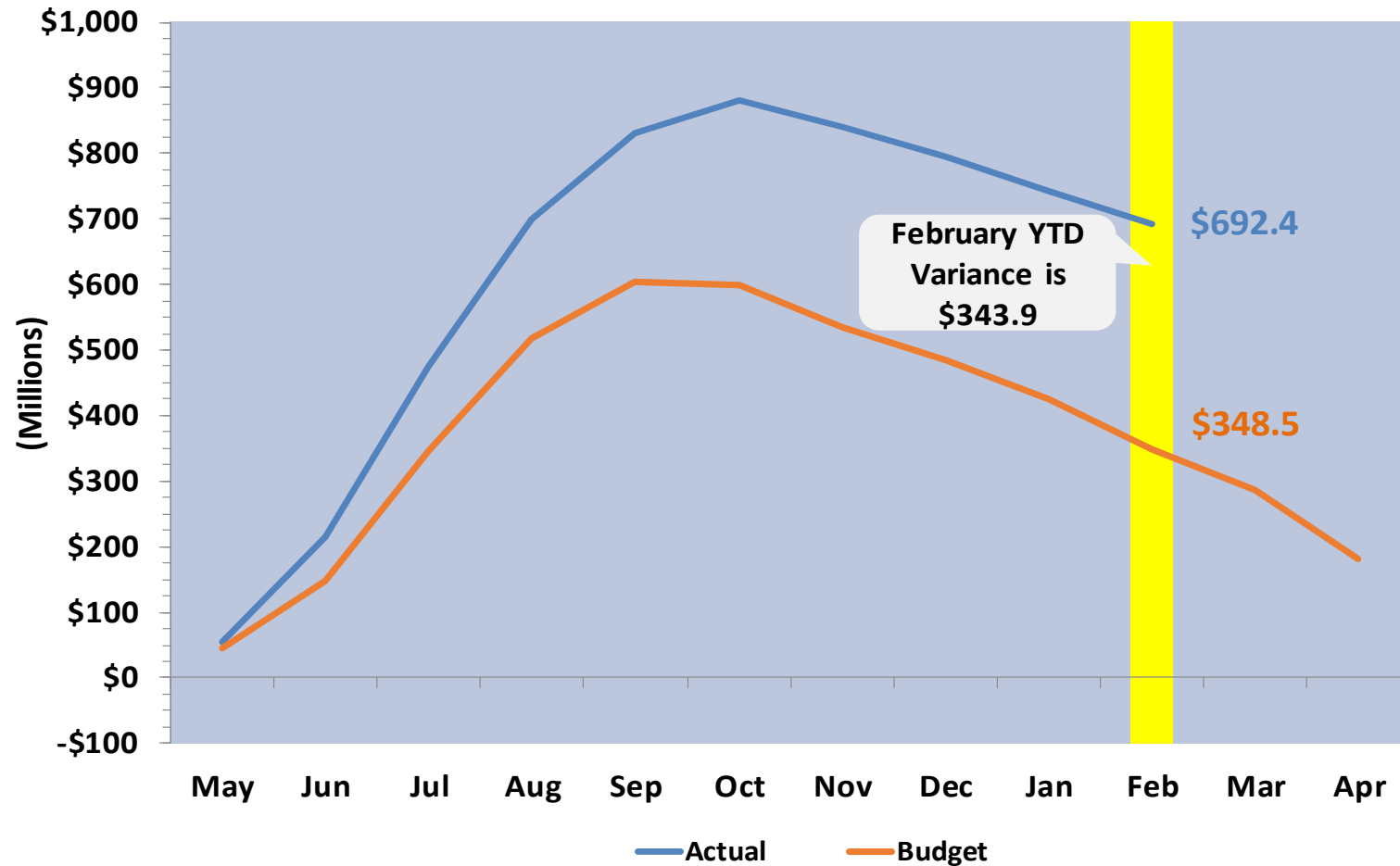
Monthly Financial Report February 2025

Finance & Budget Committee Meeting
Jeremy T. Fry | March 25, 2025

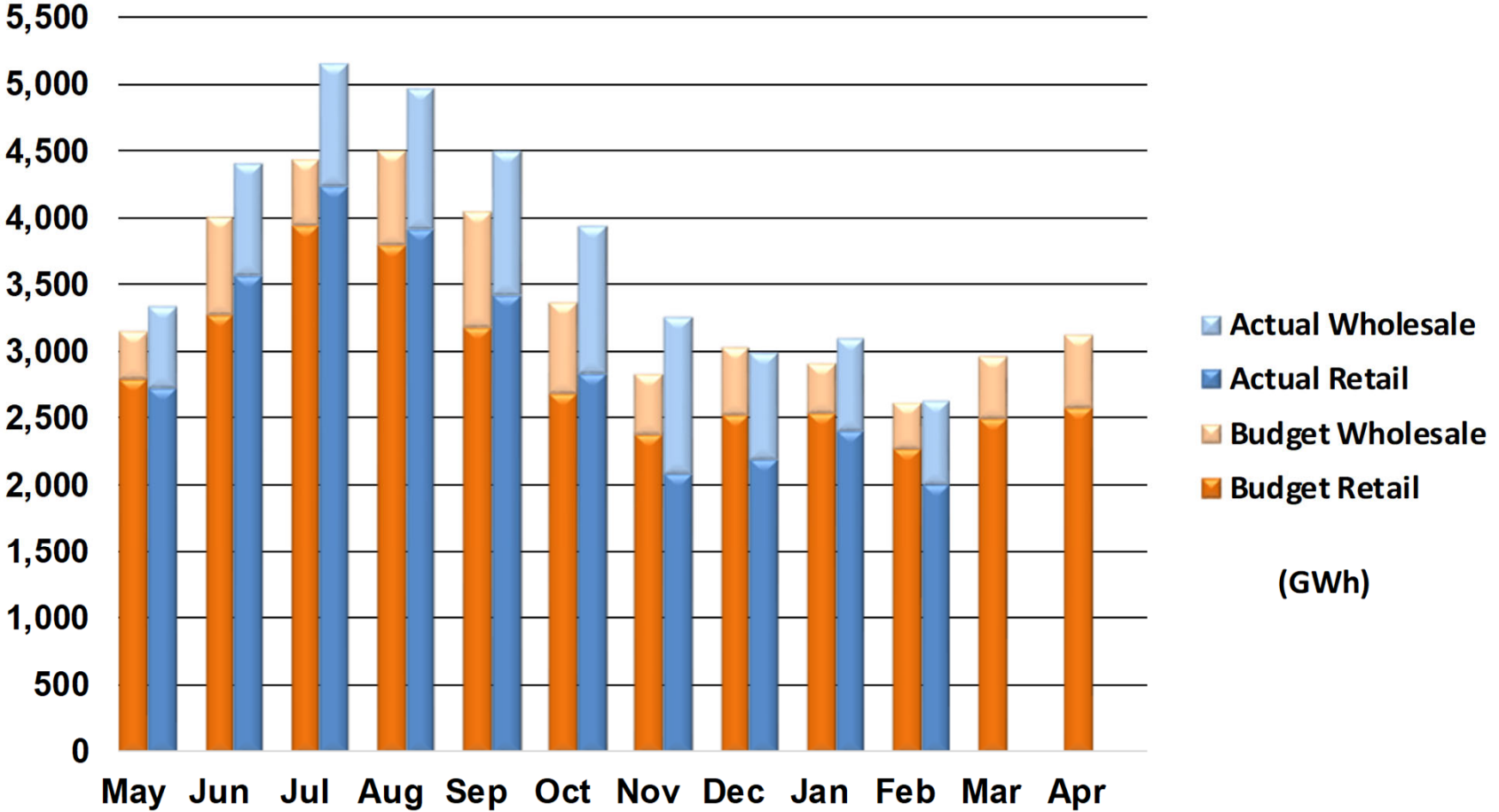
General Fund Balance



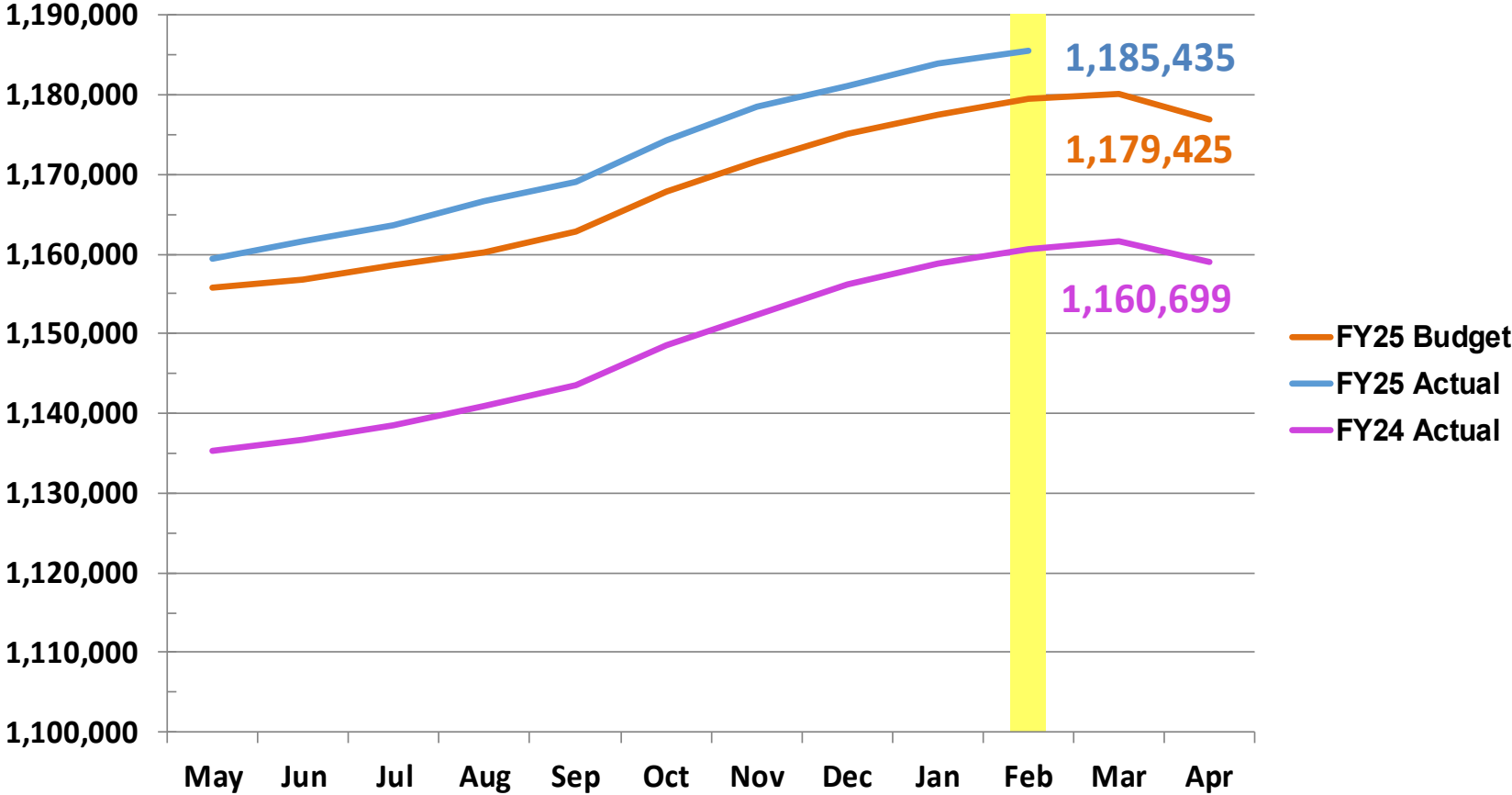
YTD Combined Net Revenue



System Sales



Customer Accounts



Financial Summary - February 2025

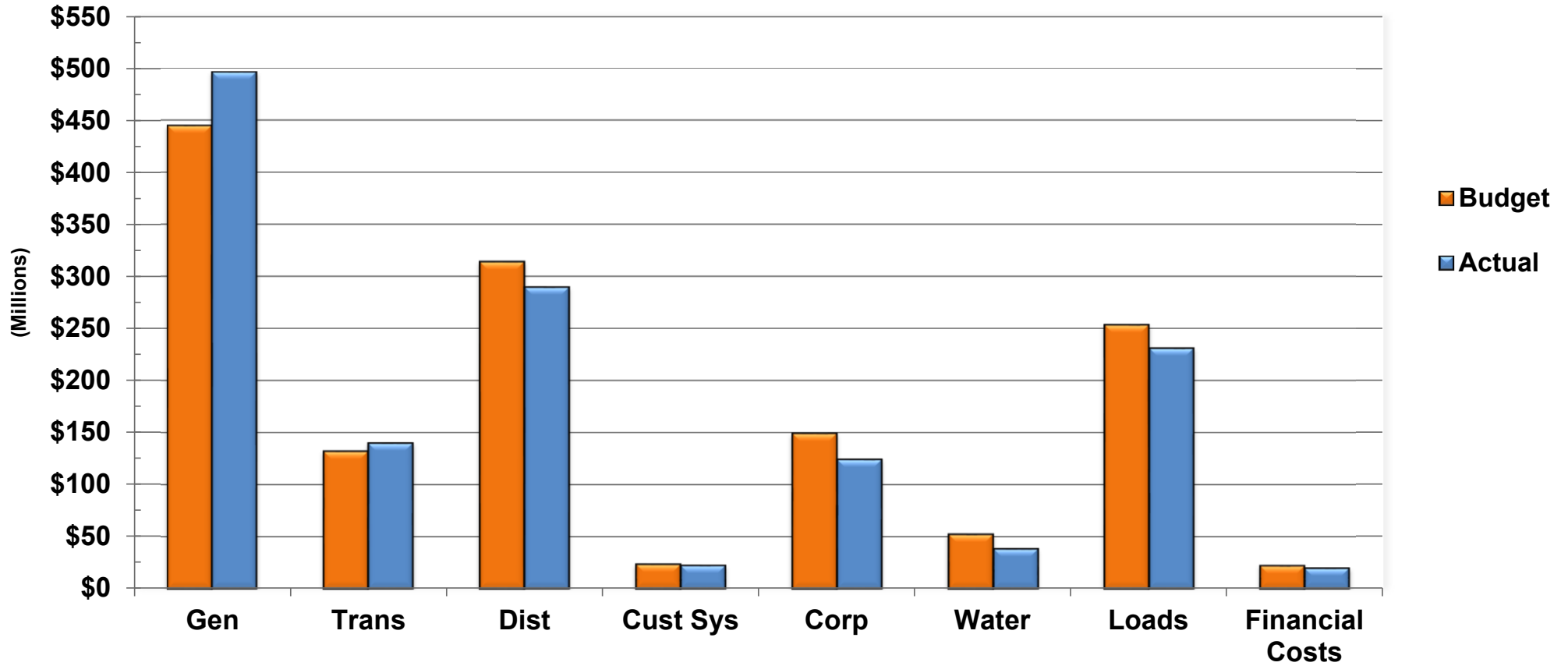
(Thousands)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues	\$ 250,340	\$ 248,524	\$ 1,816
Operating Expenses			
Fuel	106,475	123,780	(17,305)
O&M	118,527	121,216	(2,689)
Depr & Tax	69,948	70,102	(154)
Total Operating Expenses	294,950	315,098	(20,148)
Net Financing Costs	16,630	16,880	(250)
Other, Net	11,347	6,750	4,597
Combined Net Revenues	<u>\$ (49,893)</u>	<u>\$ (76,704)</u>	<u>\$ 26,811</u>

Key Financial Indicators - YTD February 2025

(Thousands)	Actual	Budget	Variance
Funds Available	\$ 1,172,393	\$ 735,069	\$ 437,324
Total Debt Service Coverage Ratio	5.11	3.85	1.26
Debt Ratio*	46.9	47.4	(0.5)
Capital Expenditures	\$ 1,361,472	\$ 1,392,379	\$ (30,907)

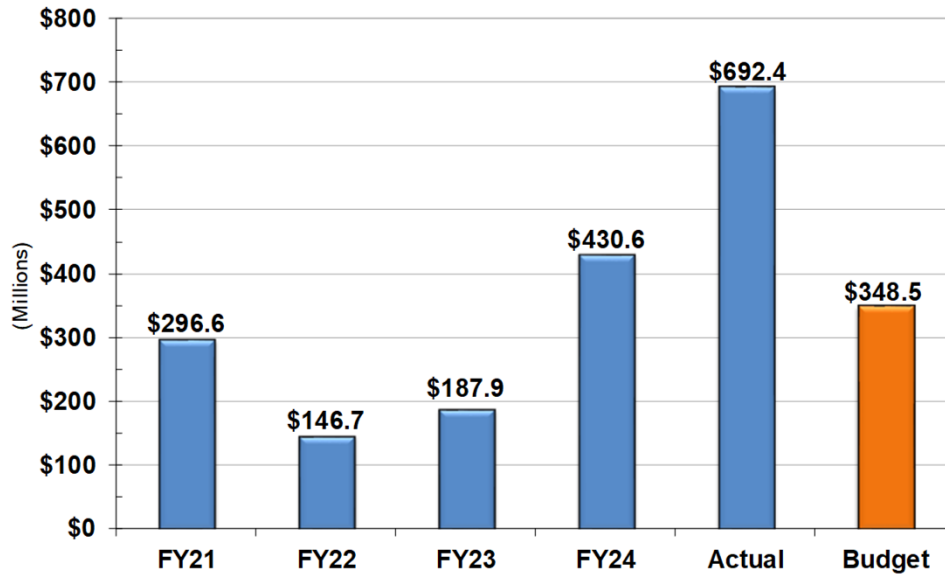
***Debt Ratio represents Projected Actual compared to Annual Budget**

Capital Expenditures - YTD February 2025





CNR without Fair Value Adjustments - YTD February 2025

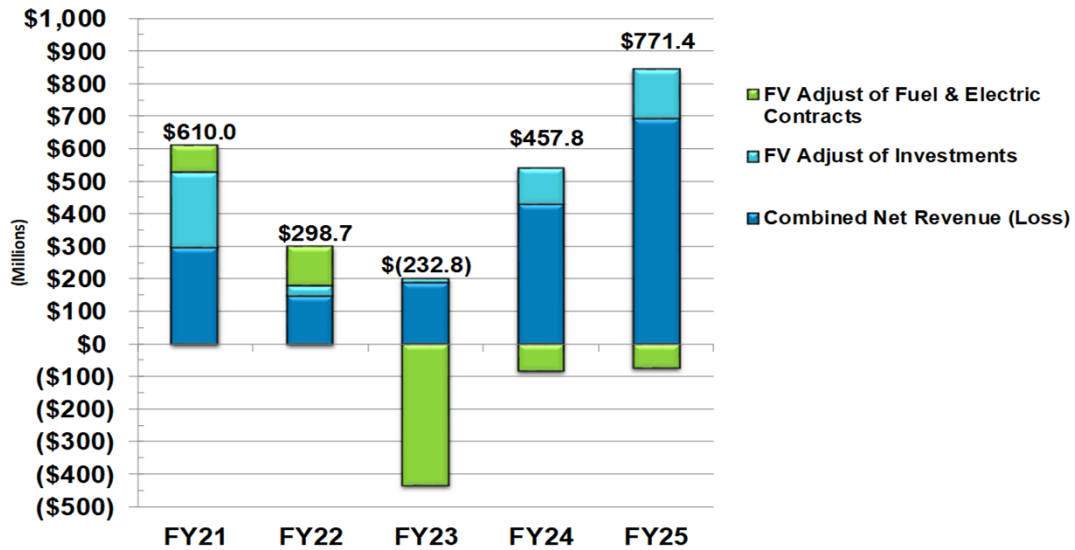


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 1

1

CNR with Fair Value Adjustments - YTD February 2025

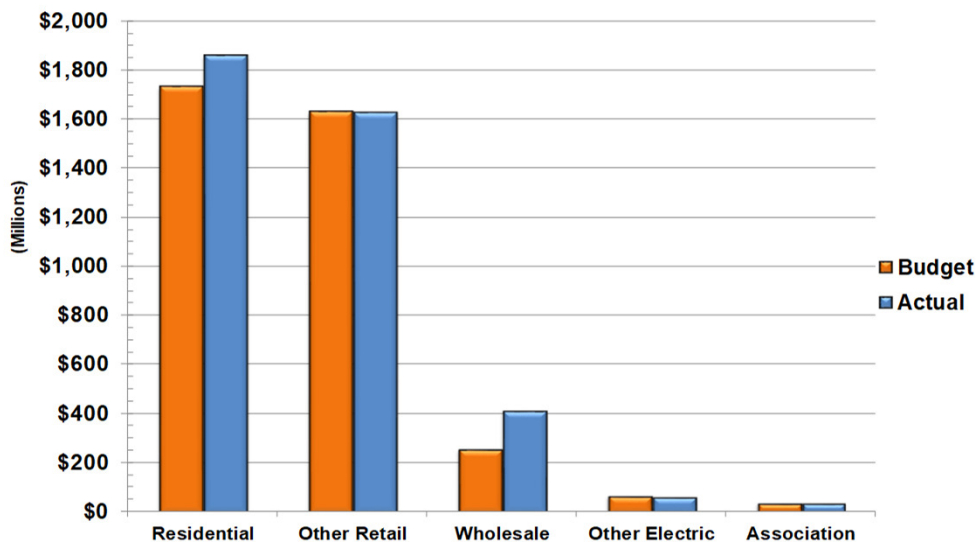


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 2

2

Combined Operating Revenues - YTD February 2025

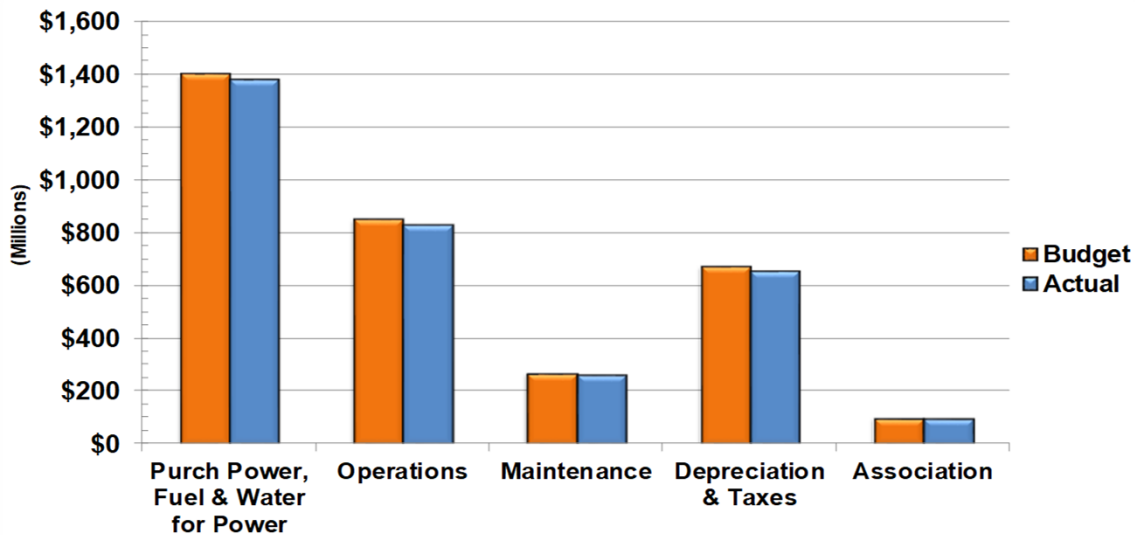


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 3

3

Combined Expenses - YTD February 2025

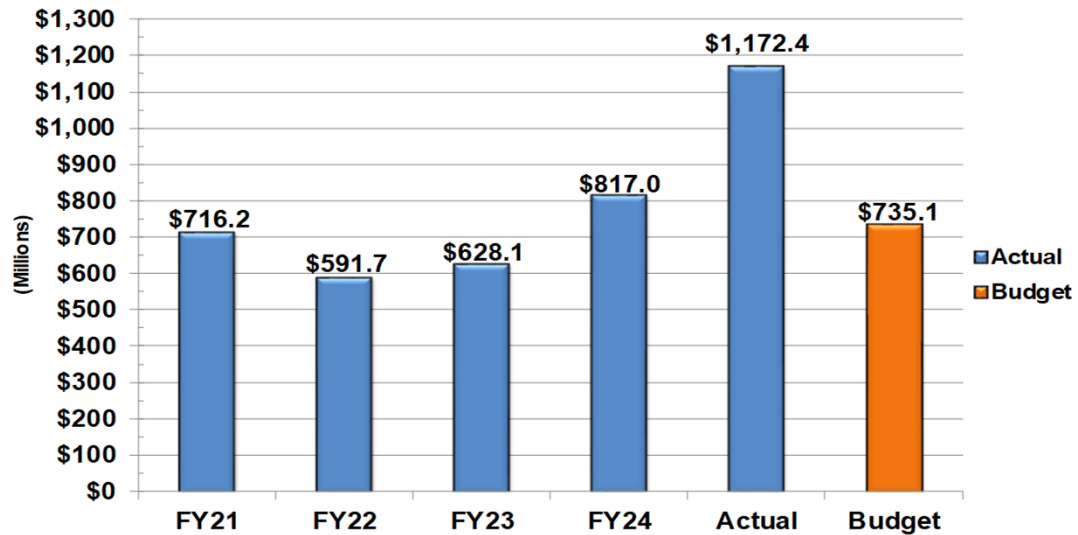


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 4

4

Funds Available - YTD February 2025

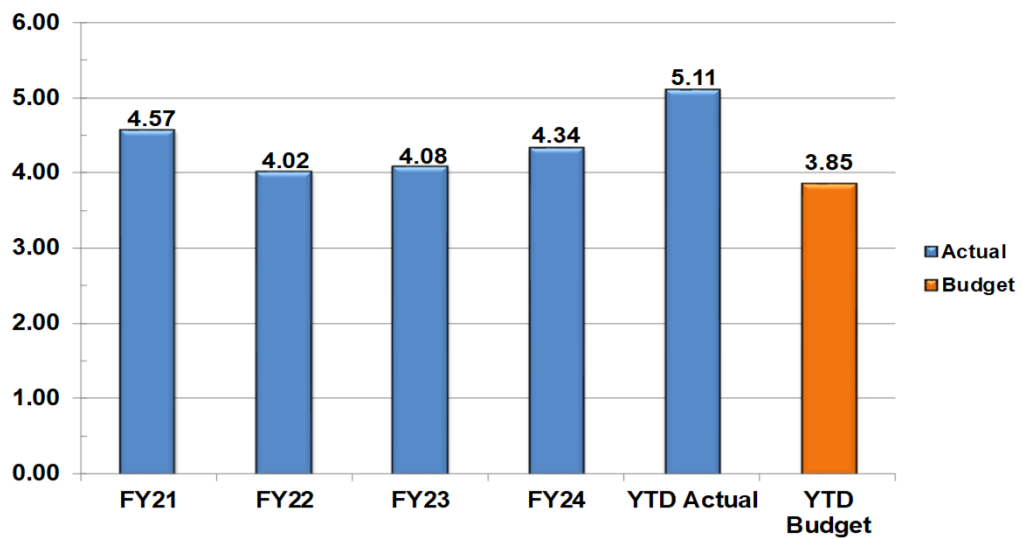


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 5

5

Total Debt Service Coverage Ratio - YTD February 2025

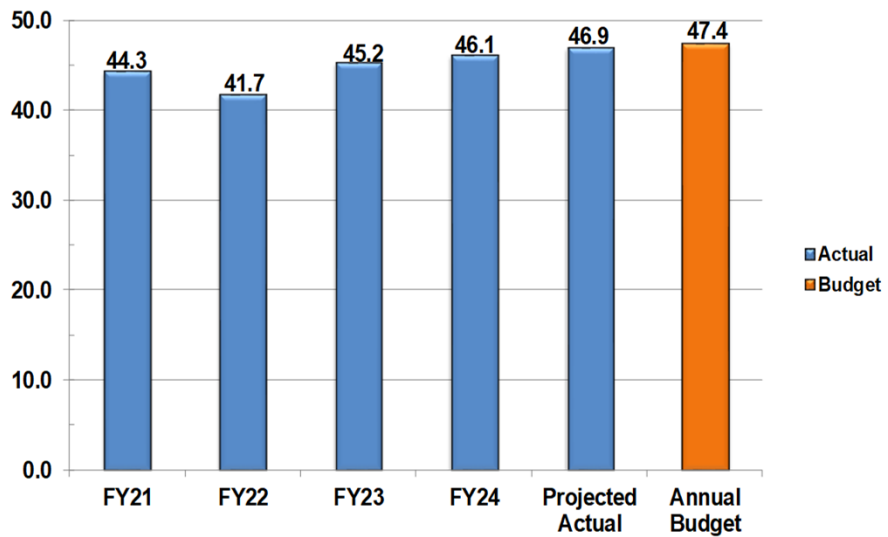


03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 6

6

Debt Ratio - YTD February 2025



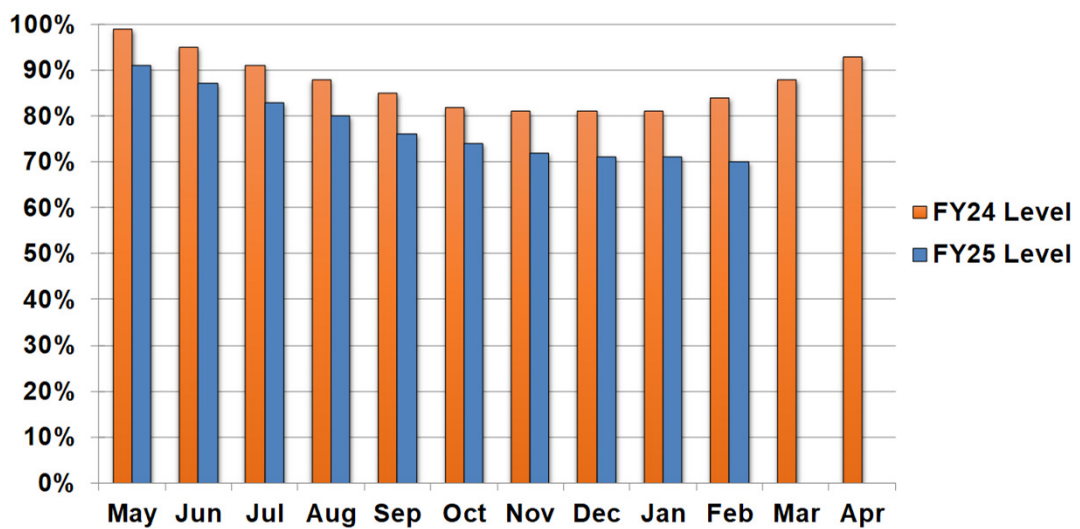
Note: Prior Years and Budget are Fiscal Year-End Ratios

03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 7

7

Water Storage Levels



03/25/2025 F&B Committee Meeting, J.T. Fry

(Non-GAAP, Unaudited) 8

8

