



Delivering water and power®

FIRST-QUARTER REPORT

MAY 1, 2025–JULY 31, 2025

FISCAL YEAR 2026

Message from the President and the General Manager & CEO

David Rousseau
PRESIDENT

Jim Pratt
GENERAL MANAGER & CEO

NEWS AND ACHIEVEMENTS

Record heat, record demand

Arizona's record heat continued to drive up energy demand. For the third consecutive summer, SRP set records for energy delivered to our retail customers. On July 9, the high temperature was 118 degrees and SRP delivered its highest-ever system peak of 8,361 megawatts (MW). One MW is enough energy to power about 225 average homes. A new record was later set in August.

In addition to warmer temperatures, the growing demand for power is also impacted by an increase in the number of commercial and residential power customers. SRP plans ahead to ensure we have the energy resources necessary to meet projected summer demand. The company utilized the demand response program and leveraged a diverse mix of generation, including solar, battery storage and natural gas, to maintain reliability for customers.

New life for Coronado Generating Station

SRP is exploring all options to meet future demand reliably, affordably and sustainably, including leveraging existing generating sites. As part of that effort, the SRP Board of Directors approved repowering Coronado Generating Station (CGS) to run on natural gas by late 2029. The company had previously announced its intent to repurpose the CGS site and cease coal generation by the end of 2032.

The decision pursues the lowest-cost option to preserve the plant's capacity — enough power to serve more than 150,000 homes — that will be critical to

meeting the peak summer and winter energy demand of the Valley, which is expected to increase 50% by 2035.

Converting CGS to use natural gas is expected to save SRP customers about \$300 million compared to a new natural gas facility and about \$1.2 billion relative to new long-duration lithium-ion batteries over the same period. The decision also supports SRP's carbon reduction goals and provides a bridge to the mid-2040s, when other generating technology options that could be used on the CGS site, including advanced nuclear, are mature.

Coolidge Expansion Project on track

A key project in SRP's plan to meet growing demand in the coming years is the expansion of Coolidge Generating Station. The plan is to double the number of quick-start natural gas-fired units at Coolidge from 12 to 24, adding an additional 575 MW to SRP's generation portfolio. The project is ahead of schedule and on budget. Half of the units are scheduled to come online in 2026, with the remaining units online in 2027.

Verde Reservoirs project moves forward

SRP's initiative to increase water storage capacity along the Verde River achieved an important milestone in Q1. As part of the [Verde Reservoirs Sediment Mitigation Project](#) (VRSMP) feasibility study, the U.S. Bureau of Reclamation, in partnership with SRP and 23 other municipal, tribal and agricultural users, published the Notice of Intent to prepare an Environmental Impact Statement (EIS), as required by the National Environmental Policy Act (NEPA). The notice was

published in the [Federal Register](#) on Friday, July 11, officially beginning the EIS process.

SRP is actively engaged in the VRSMF, which aims to restore storage lost due to natural sedimentation in the Bartlett and Horseshoe reservoirs, securing the water supply for SRP shareholders and communities in the Phoenix metropolitan area. The reservoirs have lost approximately 50,000 acre-feet of storage capacity since their construction.

Serving as the lead agency, the Bureau of Reclamation will prepare the EIS and summarize the findings in the feasibility study report, which will document the analysis of the technical, environmental and economic feasibility of the VRSMF.

Healthy forests, healthy watershed

SRP and the Arizona Department of Forestry and Fire Management (DFFM) have extended their commitment to partner on strategic forest thinning projects through 2030. The memorandum of understanding sets the foundation for the company and state agency to cooperatively plan, fund and implement forest thinning projects.

The Good Neighbor Authority allows DFFM to partner with the [U.S. Forest Service](#) to conduct forest restoration projects on National Forest System lands. This partnership helps increase the pace and scale of restoration by leveraging funding and capacity to implement mutually beneficial projects.

In the first five years of the partnership, SRP and DFFM have collaboratively funded 25 thinning and mastication projects that will restore 35,000 acres. Additionally, these projects have resulted in the removal of 129,600 tons of timber and 50,150 tons of biomass in the Tonto and Coconino national forests to date.

SRP and DFFM's efforts focus on projects within the Salt River, Verde River and East Clear Creek watersheds that have components of infrastructure protection, community wildfire risk reduction and wildlife habitat enhancement. In addition, these projects help protect the watersheds and infrastructure that provide water to the Phoenix metropolitan area.

The goals for the next five years will be to focus on expanding the partnership across the Prescott National Forest (which includes the Verde River watershed) and the Apache-Sitgreaves National Forest while continuing to work in the Tonto and Coconino national forests.

SRP and DFFM plan to partner on an additional 52,000 acres of restoration work through 2030.

Sustainability in action

SRP has recycled more than 500 tons of previously unrecyclable wooden utility poles, successfully diverting them from Arizona landfills. The poles, which are used to support overhead power lines, are treated with preservatives to increase their durability. This makes them difficult to process through traditional recycling methods.

In 2024, SRP partnered with Blackwood Solutions, a recycling company committed to finding sustainable solutions for wood and concrete products, to recycle weathered wooden poles. Now, instead of sending the poles to landfills after they are decommissioned — typically after 30 years of use — SRP's utility poles are stripped of any existing wires and cables and transported to New Mexico where they are repurposed. The poles are used for building structures like fences, pole barns, retaining walls, shooting stops and small bridges. Poles are also used to line trails and driveways.

SRP is the first Arizona utility to recycle wooden utility poles and keep hundreds — potentially even thousands — of tons of poles out of landfills. This milestone supports SRP's 2035 Sustainability Goals, which include a goal to divert 95% of its industrial waste from landfills by 2035 and to achieve zero industrial landfill waste by 2050.

FINANCIAL RESULTS

Operating revenues were \$1.5 billion for the first quarters of fiscal year 2026 (FY26) and fiscal year 2025 (FY25). In the first quarter of FY26, retail electric revenues decreased \$1.8 million, or 0.1%. Additionally, wholesale revenues decreased \$18.9 million, or 15.5%, to \$103.4 million. Wholesale revenues for the first quarter of FY26 included a fair value gain of \$3.2 million compared to a \$9.4 million fair value gain for the same period in FY25. Excluding the fair value adjustments, wholesale revenues would have been \$100.2 million and \$113.0 million in the first quarters of FY26 and FY25, respectively, a decrease of \$12.8 million, or 11.3%, primarily due to lower average sales prices which were slightly offset by increased sales volume. The total number of customers as of July 31, 2025, was 1,186,676, an increase of 2.0% from July 31, 2024.

Operating expenses were \$1.1 billion for the first quarters of FY26 and FY25, remaining consistent year over year. Fuel used in electric generation and power purchased include adjustments for the fair value of fuel and power-purchase contracts. Excluding the fair value losses of \$5.8 million and fair value gains of \$101.9 million in the first quarters of FY26 and FY25, respectively, total operating expenses would have increased \$95.7 million, or 10.0%, primarily due to increased depreciation expenses and purchased power costs.

Investment income, net was \$126.5 million for the first quarter of FY26 compared to net income of \$96.9 million for the same period in FY25. Investment income, net includes fair value gains of \$112.9 million and \$87.9 million in the first quarters of FY26 and FY25, respectively.

Net financing costs were \$49.2 million and \$42.2 million for the first quarters of FY26 and FY25, respectively. The increase is primarily due to interest expense related to new revenue bonds issued within the last year.

Net revenues for the first quarter of FY26 were \$482.0 million, compared with net revenues of \$471.3 million for the first quarter of FY25. Excluding the effects of the changes in the fair value of wholesale revenues, fuel and power-purchase contracts and investment income, net, net revenues would have been \$371.7 million and \$475.5 million for the first quarters of FY26 and FY25, respectively.

SRP: WATER AND POWER SUPPLIER TO THE VALLEY

SRP provides reliable, affordable water and power to more than 2 million people living in central Arizona. SRP has operated for more than a century and has helped the Phoenix metropolitan area, known as the Valley, develop into one of the nation’s most vibrant regions.

SRP comprises two entities: the Salt River Project Agricultural Improvement and Power District and the Salt River Valley Water Users’ Association. As a community-based organization, SRP acts in the best interest of the people it serves and strives to help build a better future for Arizona.

Service Area

Water: 375 square miles
Watershed: 13,000 square miles
Power: 2,900 square miles

SRP Corporate Offices

1500 N. Mill Ave., Tempe
(602) 236-5900 | srp.net

Financial Inquiries

Sue Ann Perkinson,
Controller and Senior Director
(602) 236-5298

Water Highlights

Water Deliveries (acre-feet)



3 months ended July 31

Water in Storage (capacity)



As of July 31

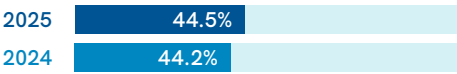
Financial Highlights

Debt Service Coverage



12 months ended July 31

Debt Ratio



As of July 31

Total Sales (kWh)



3 months ended July 31

SRP Combined Balance Sheets

As of July 31	(In Thousands - Unaudited)	
ASSETS	FY26	FY25
Utility Plant, at Original Cost	\$ 22,504,448	21,086,723
Less: Accumulated Depreciation	11,106,893	10,683,539
	11,397,555	10,403,184
Other Property and Investments	2,880,122	2,495,162
CURRENT ASSETS		
Cash and Cash Equivalents	346,362	422,026
Temporary Investments	130,501	128,924
Current Portion, Segregated Funds	101,042	91,910
Receivables, Net	685,039	721,773
Fuel Stocks	139,725	127,232
Materials and Supplies	563,097	445,744
Current Commodity Derivative Assets	1,384	5,749
Other	70,306	62,195
	2,037,456	2,005,553
DEFERRED CHARGES AND OTHER ASSETS		
Accumulated Post-Retirement Asset	274,539	268,072
Regulatory Assets	473,526	300,206
Non-Current Commodity Derivative Assets	156	-
Other Deferred Charges and Other Assets	199,207	129,202
	947,428	697,480
TOTAL ASSETS	\$17,262,561	\$15,601,379

As of July 31	(In Thousands - Unaudited)	
CAPITALIZATION & LIABILITIES	FY26	FY25
CAPITALIZATION		
Accumulated Net Revenues	\$7,494,109	\$6,879,467
Long-Term Debt	5,997,566	5,460,079
	13,491,675	12,339,546
CURRENT LIABILITIES		
Current Portion, Long-Term Debt	152,785	118,780
Accounts Payable	324,985	262,727
Accrued Taxes and Tax Equivalents	117,471	118,702
Accrued Interest	27,057	21,889
Customers’ Deposits	162,579	151,289
Current Commodity Derivative Liabilities	67,375	91,535
Other	335,497	263,187
	1,187,749	1,028,109
DEFERRED CREDITS		
Accrued Post-Retirement Liability	756,974	645,284
Regulatory Liabilities	891,468	666,437
Asset Retirement Obligations	595,371	550,736
Non-Current Commodity Derivative Liabilities	68,238	110,484
Other Deferred Credits and Other Non-Current Liabilities	271,086	260,783
	2,583,137	2,233,724
TOTAL CAPITALIZATION & LIABILITIES	\$17,262,561	\$15,601,379

These unaudited financial statements should be read in conjunction with the 2025 Notes to Combined Financial Statements.

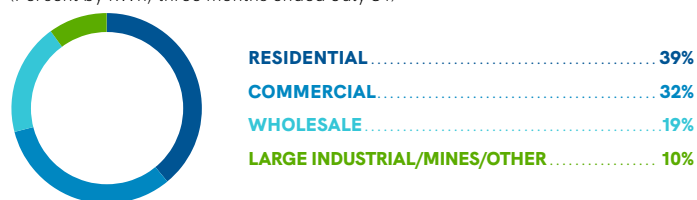
SRP Combined Statements of Net Revenues

(In Thousands – Unaudited)		3 Months Ended July 31	
	FY26	FY25	
OPERATING REVENUES			
Retail Electric	\$1,320,509	\$1,322,303	
Water	6,927	6,229	
Wholesale	103,438	122,363	
Other	23,292	17,256	
Total Operating Revenues*	1,454,166	1,468,151	
OPERATING EXPENSES			
Power Purchased	233,232	207,662	
Fuel Used in Electric Generation*	245,271	326,019	
Operations and Maintenance*	361,413	323,372	
Depreciation and Amortization	177,528	159,097	
Taxes and Tax Equivalents	42,178	43,476	
Total Operating Expenses	1,059,622	1,059,626	
Net Operating Revenues	394,544	408,525	
OTHER INCOME			
Investment Income (Loss), Net	126,484	96,890	
Other Income (Loss), Net	10,124	8,123	
Total Other Income (Loss), Net	136,608	105,013	
Net Revenues (Expenses) before Financing Costs	531,152	513,538	
FINANCING COSTS			
Interest on Bonds	66,130	55,798	
Capitalized Interest	(6,762)	(8,981)	
Amortization of Bond Discount/Premium and Issuance Expenses	(12,749)	(10,862)	
Interest on Other Obligations	2,539	6,263	
Net Financing Costs	49,158	42,218	
NET REVENUES	\$481,994	\$471,320	

These unaudited financial statements should be read in conjunction with the 2025 Notes to Combined Financial Statements. *Intercompany transactions eliminated.

TOTAL SALES – FIRST QUARTER FY26

(Percent by kWh; three months ended July 31)



ELECTRIC OPERATING REVENUES – FIRST QUARTER FY26

(Percent by service class; three months ended July 31)

