About SRP

SRP (Salt River Project) provides reliable, fairly priced electricity and water to more than 2 million people living in central Arizona.

As one of the nation’s largest public power utilities, we provide generation, transmission and distribution services to homes and businesses in our 2,900-square-mile service area known as the Valley. We also are the area’s largest raw-water supplier, with a service area covering more than 375 square miles and management responsibilities for a 13,000-square-mile watershed.

For more than a century, SRP has demonstrated foresight in providing the essential resources to meet the needs of our power customers and water shareholders and to help the Valley grow into one of the most vibrant metropolitan areas in the country.
## CONTENTS

- LETTER TO ELECTRIC CUSTOMERS, WATER SHAREHOLDERS AND BONDHOLDERS ............................................. 2
- LETTER FROM THE GENERAL MANAGER ............................................. 4
- POWER SUPPLY ............................................................................. 6
- WATER STEWARDSHIP .................................................................. 8
- SUSTAINABILITY ........................................................................... 10
- CUSTOMER COMMITMENT .............................................................. 12
- COMMUNITY SERVICE .................................................................. 14
- MANAGEMENT’S FINANCIAL AND OPERATIONAL SUMMARY .................. 16
- SRP BOARDS AND COUNCILS .......................................................... 20
- CORPORATE INFORMATION ............................................................. 22
- FIVE-YEAR OPERATIONAL AND STATISTICAL REVIEW ....................... 23
- CONNECT WITH US ONLINE ............................................................ 24
SRP’s legacy reaches back more than 100 years to early pioneers who braved the rugged territory of Arizona, alternately fighting floods and droughts to forge their livelihoods in agriculture and plant the seeds for a future thriving metropolis.

Our ancestors were among those visionary pioneers who championed the need for Theodore Roosevelt Dam, pledging their land as collateral for federal loans that would build the dam and create water security for the Valley. They and others joined former President Theodore Roosevelt that spring day in 1911 as the dam was dedicated for the benefit of generations of Arizonans that followed.

That’s why this year’s Roosevelt Dam centennial was such a significant occasion to celebrate.

Without the dam, our Valley would look much different today. Roosevelt Lake, SRP’s largest reservoir, is our single most important source of surface water. Without water certainty — a central element in SRP’s water resource management — economic development and urbanization may never have occurred.

SRP’s shareholders have some of the most senior water rights on the watershed of the Salt and Verde rivers. Water certainty begins with the protection of those rights.

This year Congress approved the White Mountain Apache Tribe Water Rights Quantification Act, which quantifies the tribe’s allocation and provides federal funding for new water storage and delivery infrastructure. SRP played a major role in reaching the settlement, thereby protecting the water rights of our shareholders.

“Water certainty begins with the protection of SRP shareholder water rights on the watershed of the Salt and Verde rivers.”

Today we deliver water and power to one of the nation’s largest urban areas, one with an increasingly diverse economy that includes manufacturing, technology, bioscience, finance and tourism, along with the agriculture that started it all. Even though the Great Recession has taken its toll on Arizona, we believe we
will rebound with even more opportunities. As a provider of critical infrastructure, SRP accepts its pivotal role in that effort.

During this recovery period, while population growth is slow, our customers are conserving more and practicing energy-efficiency measures. For SRP, this translates to less need for costly electric system expansion, giving us time to focus on fresh solutions to challenges facing the energy industry.

“SRP is resolved to add reliable sources of sustainable energy for the lowest cost to our customers.”

SRP is resolved to add reliable sources of sustainable energy for the lowest cost to our customers.

Sustainable resources will be managed to ensure gradualism (smoothing the impacts of cost movements), cost relation (establishing prices based on relationships to costs), equity (treating all types of customers fairly) and sufficiency (ensuring SRP’s financial well-being). The fiscal year 2012 (FY12) budget includes $100 million for additional sustainable resources.

We will remain anchored in our heritage. Just as those before us made the commitment to build Roosevelt Dam, SRP is committed to providing the Valley with a reliable supply of water and power. We and the other elected leaders of SRP will continue to work with management to provide resource stewardship for the next 100 years.

SRP’s success can continue thanks to a diverse SRP workforce of innovative, hardworking thinkers committed to new ideas while staying true to our customers, shareholders and the communities we serve.

John R. Hoopes
Vice President
After 45 years with SRP, the last 17½ years as General Manager, this is my last annual report letter. The SRP Boards have appointed Mark Bonsall, SRP’s longtime Associate General Manager and Chief Financial Executive, and a 33-year veteran of SRP, as the new General Manager.

As I retire in August 2011, SRP management is in good hands. The new General Manager has announced his organization and in the adjacent columns sets forth his vision and plans. The transition has gone smoothly and is welcomed by our industry, by our electric customers and water shareholders, and by our employees. While there is never a perfect time for a transition in leadership, the current economy does present a window of opportunity to reflect, retool and redirect.

I wish to thank both the SRP employees who have made the organization successful and the many SRP elected officials, past and present, who have supported management during my time as General Manager. It has been an honor and a pleasure to serve, and I wish you well.

Thanks to the leadership and example of my predecessor, Richard Silverman, I am fortunate to begin my time as SRP General Manager leading a stable yet adaptable organization.

SRP has a history of looking forward, and that’s a concept I plan to embrace leading an integrated water and power utility dedicated to serving the needs of our power customers and water shareholders.

Despite continuing challenges brought about by an uncertain economy, SRP had a good year.

A modest price increase coupled with cost-saving measures in place throughout the fiscal year delivered positive financial results. SRP’s net revenues for the fiscal year ended April 30, 2011, totaled $304.6 million, compared with $371 million for the previous year. Operating revenues were $2.8 billion for FY11, compared with $2.7 billion for FY10.

On March 18, we celebrated the 100-year anniversary of Theodore Roosevelt Dam, the cornerstone of SRP. Federal and state leaders recognized the dam for the significant role it played in the development of Arizona.

“SRP, as a provider and steward of the resources required for economic development, must take a more active role.”

Our power system, especially the new generating unit at Springerville, performed well. We added new control equipment at two other power plants that results in significant air-quality improvements. Renewable energy efforts, including new wind and solar projects, gained momentum.

With the assistance of federal stimulus funds, we accelerated the installation of smart meters, which give more customers price options that help shape electric load, while providing them with valuable tools to manage their energy use.
Employees continued their impressive record of working safely and providing some of the greatest customer service in the utility industry. And through SRP contributions and our employee volunteers, we made a difference in the communities we serve during a time when aid was essential.

The economic downturn has kept SRP electric-customer growth at or below 1%. This is a dramatic change from the 3%–4% annual growth range for most of the past decades. We can’t assume those previous levels of growth and prosperity will return.

The ability to attract and grow new business is tied directly to the resources SRP provides. It was a founding principle in the early days as SRP helped develop the Salt River Valley, and it must be once again. SRP, as a provider and steward of the resources required for economic development, must take a more active role.

Earlier this year, SRP was involved in two “locates” that will bring approximately 2,000 new high-tech manufacturing jobs to the Valley. Key factors in securing these deals with national firms were our reputation for providing extremely reliable power and water and our competitive energy prices.

Another major challenge before us is to balance the energy needs of our customers with the economic and environmental implications of available resources.

We see a larger role for wind power in our Sustainable Portfolio. Locations near existing transmission lines help make it economically feasible to use wind to generate electricity. We proved Arizona wind was a viable resource with the Dry Lake Wind Power Project, which doubled in size this fiscal year.

Among our traditional power generation resources, we are monitoring an ongoing issue at Navajo Generating Station (NGS) involving a possible additional Environmental Protection Agency (EPA) determination. Depending upon the results of the EPA process, such a determination could require substantial new expenditures that might moderate the operation of the plant. Such moderation could impair the economies of Native American communities in Northern Arizona, as well as increase the cost of moving Central Arizona Project water from the Colorado River to Arizona. The EPA has stated that it will not propose a determination for NGS until early 2012 to allow more time for a study of environmental concerns, economic and water impacts related to the plant, as well as to complete consultation with affected tribes. SRP, along with the other NGS participants, will evaluate its options in light of this process.

Finally, a responsive and focused organization is critical to our continued success and to creating solutions to the challenges we face. Serving our power customers and water shareholders and managing the resources required to do that are two fundamentals that define SRP. My new management organization provides a renewed emphasis on these twin fundamentals and aligns complementary functions to help employees work efficiently across the organization.

I look forward to working with SRP employees, my management team and SRP’s publicly elected officials to carry on the best of our traditions into our second century.

Mark B. Bonsall
General Manager
New plant equipment reduces emissions

The installation of major environmental controls, which cost nearly $550 million, at two power plants means reduced emissions and improved air quality.

Retrofit jobs at Coronado Generating Station (CGS) in St. Johns and Navajo Generating Station (NGS) near Page significantly reduce nitrous oxide emissions. New systems are being added at CGS to further reduce nitrous oxide, mercury and sulfur dioxide emissions. The coal-fired generating stations together supply about 3,000 megawatts of energy day and night. That’s enough to power 600,000 homes.

Construction of the new equipment and necessary support systems required more than 2.2 million work hours. About 700 construction workers — carpenters, electricians, millwrights, welders (below at NGS), pipefitters and others — were employed at the height of construction.

SRP has consistently supported reasonable controls on power plant emissions and has been a leader in adopting new technologies and practices to reduce emissions. In the past 15 years — while increasing generation output by about 46% — SRP has reduced emissions of nitrogen oxides 18% and sulfur dioxide by about 67% across the generating fleet.

Energy from the 575-megawatt Coolidge Generating Station, built by Calgary-based TransCanada, supplies SRP with quick-response peak power capacity while providing a new resource to back up more renewable energy sources, such as wind and solar.
The vastness of the West, with population centers and power plants often separated by large distances, drives the need for effective electric system operations and joint transmission projects that provide economies of scale and shared risk.

Massive 230- and 500-kilovolt (kV) transmission projects that ring the outer limits of the Valley are a key component. This year, the 10th year in the 13-year build-out of a project from Palo Verde to the Southeast Valley, a 43-mile leg of a double-circuit 230- and 500-kV line was energized, stretching from north to south in the East Valley. It’s a project that addresses future demand, the integration of renewable resources and system reliability.

In 2010, SRP made full use of a new $10 million backup transmission and generation control center (above). The Emergency Dispatch Center in Tempe is a fully redundant facility to our main dispatch center and adds a new layer of certainty to SRP’s increasingly robust power delivery system.
Campaign champions conservation efforts

Valley residents know SRP as a major electric utility. However, few realize we deliver water to cities and homes through a system of rivers, reservoirs, dams and canals — and have for more than a century.

In January, SRP launched the Theodore Roosevelt Dam centennial celebration with the “Together We Conserve” campaign, which featured SRP employees championing water conservation and their ongoing commitment to a sustainable water future.

The goal is to re-establish awareness of SRP as a major influence in water supply and stewardship issues in Arizona. It also emphasizes the simple ways residents can save water and how SRP partners with government agencies to meet the water needs of growing communities.

To honor the dam’s century of service, the campaign shifted in March to “Together We Celebrate.” It focused on the vital role Roosevelt Dam has played in ensuring a reliable water supply and driving economic development for the Salt River Valley and the greater Phoenix metropolitan area.

Reservoirs on the Salt and Verde rivers were full at the end of the 2010 runoff season, so even with this year’s below-normal runoff, water storage levels remain good. This illustrates the value of SRP’s system.
Reservoir reborn to supplement supply

A nearly forgotten water resource in a remote part of the Mogollon Rim has become a valuable asset for the Town of Payson, Gila County and SRP.

C.C. Cragin Dam and Reservoir is back in the water delivery business as a result of a four-year, $13.3 million renovation to pipelines and other infrastructure. The facility, originally called Blue Ridge, was constructed by mining company Phelps Dodge in 1965 and obtained for SRP in 2005. The dam and reservoir were renamed for Charles C. Cragin, SRP’s general superintendent in the 1920s and ’30s.

The acquisition was possible when the Arizona Water Settlements Act became law. The largest water rights agreement in U.S. history resolved a complex web of claims involving more than 3 million residents of Maricopa, Pima, Pinal and Yavapai counties and millions of acre-feet of water.

The revitalized Cragin reservoir satisfies obligations to the Gila River Indian Community and supplements the Gila County and SRP water supply.
Solar program focuses on community participation

A new 20-megawatt solar photovoltaic plant in Pinal County, constructed by Iberdrola Renewables, will begin producing power in FY12. SRP will purchase all the energy produced at the Copper Crossing Solar Ranch facility. That's equivalent to the amount of energy needed to serve 3,700 homes.

The energy purchase is part of the SRP EarthWise™ Community Solar pilot program. Community Solar is an easy and affordable way to make a difference for the environment. As an alternative to rooftop solar installations on homes and schools, the program allows public schools and residential customers in our service territory to purchase a portion of the output from the solar facility for a fixed price during a fixed term.

SRP Community Solar customers can do something good for the environment without having to pay upfront panel installation costs or maintain solar equipment. In addition, solar panels at Copper Crossing track the sun throughout the day to produce up to 50% more energy than a stationary rooftop system.

The Dry Lake Wind Power Project provides more than 120 megawatts of electricity. The estimated carbon dioxide offset is equivalent to removing 30,000 cars from the road annually. Our purchase of Arizona-based wind energy is about 225 megawatts — more than any other utility in Arizona.
Plan increases commitment to sustainable resources

Renewable energy sources and energy-efficiency programs both have the ability to reduce carbon emissions. SRP’s revised Sustainable Portfolio Plan calls for an increase in energy-efficiency efforts and a more aggressive schedule for adding renewable resources, such as solar and wind.

After a six-month public process, the SRP Board of Directors voted to increase the sustainability target to 20% and accelerate the date by which it will be achieved to 2020. The Board also set an annual incremental target for energy-efficiency savings at 1.5% beginning in FY12. The target will increase to 2% in FY18.

The ambitious goals remain true to the purpose of the plan, which is to reduce emissions while managing the financial impact on customers.

Our plan preserves flexibility by not setting specific targets for one particular renewable resource type. By not committing to one technology over another, SRP can better control costs and take advantage of new opportunities in renewable energy as they arise.
Price options offer control, potential savings

SRP EZ-3™ is one of two residential Time-of-Day Price Plans that together give more than 230,000 customers an opportunity to manage energy usage and lower monthly bills.

Customers typically save 4% annually on energy costs by switching to EZ-3. The name EZ-3 reminds customers to reduce energy usage during the three on-peak hours of 3–6 p.m. weekdays. Households can reduce their monthly bills by using major appliances, such as the washer and dryer, during lower-priced off-peak times.

The combination of EZ-3 and SRP Time-of-Use™ creates one of the largest Time-of-Day pricing programs in the United States. These plans are designed for customers who can be flexible with energy usage. Lower prices during off-peak hours encourage customers to shift energy consumption away from times when generation costs are highest.

By partnering with customers, SRP can better manage the cost to supply electricity. Our Time-of-Day, prepayment and standard price plans, along with energy advice and rebate offers, provide customers with several options to control household expenses, resulting in greater peace of mind.

SRP was No. 1 in customer satisfaction for both business and residential electric service among large electricity providers in the western U.S., according to rankings from 2011 J.D. Power and Associates studies.
Smart meters use two-way radio communication, which allows SRP to read meters, complete service orders and support price plan changes remotely. No service visits are needed. As a result, we have reduced employee- and travel-related costs.

However, smart meters play a much larger role. They provide customers with more timely and detailed information about their energy usage through SRP My Account™. This information gives customers a better sense of how and when they use power, paving the way for more efficient use of SRP’s generation resources.

Smart meters also are an important component in developing smarter grids, which use advanced communications, computing and electronics to optimize system reliability and power delivery.

More than two-thirds of SRP customers have the devices, and more are being added every week. This enables us to offer more service options to more customers. With the assistance of federal stimulus funds, we expect to complete the rollout to virtually all customers by summer 2012.
Involvement advances educational achievement

Quality schools are benchmarks for thriving communities. Scientists, engineers, technicians and tradespeople are crucial to our business success. SRP understands the importance of high-quality math and science education for all students.

We support higher academic standards and efforts to improve education throughout our state. Our primary focus in education is forming partnerships that facilitate teacher development and curriculum enhancement in science.

A highlight of this year’s involvement was our partnership with the Center for Teacher Success and Arizona State University’s Mary Lou Fulton Teachers College to conduct a summer science institute for elementary school teachers. The institute enhances science knowledge and teaches new ways to actively engage students in science activities and lessons.

In addition to the institute and other training opportunities, SRP awards educators with grants for teaching approaches that generate student interest, enhance the learning environment and promote student achievement in math, science and social studies. We also develop and provide curriculum support and classroom materials at no cost to educators.

Each year, more than 12,000 teachers use SRP educational materials and teacher training programs related to power, water, science, technology and the environment. This information reaches about 360,000 Arizona students.
SRP’s commitment to community service dates back more than 100 years. We’re committed to investing time, resources and energy into the programs that make Arizona a great place to live.

SRP’s culture of giving and volunteering go hand in hand as we work to actively support nonprofits throughout Arizona. Nearly 85% of our employees participated in community service, including the child therapy program Angel Acres (above), and employees donated more than $1.5 million to health and human services organizations through the Employee Boosters Association.

SRP’s $3 million in corporate contributions provides essential aid to help nonprofits continue to serve our communities as the local economy recovers. Contributions focus on health and human services, civic programs, education, environmental issues and the arts. With so many people in need, a significant portion of SRP donations are directed to human services programs that enhance the quality of life for many of our electric customers and water shareholders and build better Valley communities.
Overview of Business

The Salt River Project Agricultural Improvement and Power District (the District) owns and operates an electric system that generates, purchases, transmits, and distributes electric power and energy, and provides electric service to residential, commercial, industrial and agricultural power users in a 2,900-square-mile service territory spanning portions of Maricopa, Gila and Pinal counties, plus mining loads in an adjacent 2,400-square-mile area in Gila and Pinal counties. The District remains a vertically integrated organization. It is developing additional generation, transmission and distribution resources to keep pace with load growth. The District builds and acquires generation resources as needed and makes short- and long-term purchases of wholesale power. For example, during the past fiscal year, a double-circuit 230- and 500-kilovolt transmission line was energized. The 43-mile line, which stretches from north to south in the East Valley, will address future demand and system reliability. In terms of generation, the District will purchase 20 megawatts of energy from the Copper Crossing Solar Ranch facility, which was constructed by Iberdrola Renewables.

SRP manages a system of dams and reservoirs, and has responsibility for the construction, maintenance and operation of a supply system to deliver raw water for irrigation and municipal treatment purposes. It provides the water supply for an area of approximately 248,200 acres within the major portions of the cities of Phoenix, Avondale, Glendale, Mesa, Tempe, Chandler, Peoria, Scottsdale and Tolleson, and the Town of Gilbert. C.C. Cragin Dam and Reservoir near Payson is back in the water delivery business as a result of a four-year, $13.3 million renovation to pipelines and other infrastructure. The revitalized reservoir satisfies obligations to the Gila River Indian Community and supplements the Gila County and SRP water supply.

The District’s subsidiaries include Papago Park Center Inc., which manages a mixed-use commercial development known as Papago Park Center on land owned by the District and adjacent to the District’s administrative offices; SRP Captive Risk Solutions Ltd., which is a domestic captive insurer incorporated in January 2004 to primarily access property/boiler and machinery insurance coverage under the Federal Terrorism Risk Insurance Act of 2002 for certified acts of terrorism; and New West Energy Corp., which was used to market, at retail, energy available to the District that was surplus to the needs of its retail customers and energy that might have been rendered surplus in Arizona by retail competition in the supply of generation but is now largely inactive.
Results of Operations
SRP’s net revenues for the fiscal year ended April 30, 2011, totaled $304.6 million, compared with $371 million for the previous year. Operating revenues were $2.8 billion for FY11, compared with $2.7 billion for FY10. Retail revenues were 4.3% higher than the previous year. However, lower average customer usage resulted in approximately 0.1% less kilowatt-hour sales to our system customers than in FY10. The higher revenues resulted from a price increase that was effective May 1, 2010. In addition, wholesale revenues were 17.3% lower in 2011 than in 2010, resulting from lower wholesale demand and lower wholesale electricity prices. The total number of customers increased by less than 1% from the previous year and totaled 949,388 as of April 30, 2011. Arizona’s economy continued to be sluggish during the past year, and SRP expects the slower customer growth to continue.

Operating expenses were $2.4 billion for FY11, compared with $2.3 billion for FY10. This slight increase is driven mainly by increased depreciation expenses related to the newly constructed Unit 4 at Springerville Generating Station and increased employee benefit expenses. Fuel and purchased-power expenses were $21.6 million, or 2.3% lower in FY11 than in FY10. SRP’s fuel costs include adjustments for the fair value of fuel contracts. Without the fair value adjustments, fuel and purchased-power expenses decreased 7.3% from the previous year. Maintenance expenses decreased by $4.6 million, or 1.6% from the previous year. This decrease was driven primarily by the fact that scheduled plant overhauls occurred less often than in the previous year.

Investment income resulted in an $82.4 million gain for FY11, compared with a $140.8 million gain in FY10. Investment income includes adjustments for the fair value of investment contracts. Without the fair value adjustments, investment income was $13.2 million in FY11 and $18.4 million in FY10.

Financing costs increased by $21 million, or 15.2% from the previous year. The higher interest expense is the result of the Build America Bonds sale that was completed during FY11.

The effects of the previously mentioned activities resulted in net revenues for FY11 of $304.6 million, compared with $371 million for the prior year. Without the effects of the change in the fair value of investments and fuel and purchased-power contracts, net revenues would have been $203.3 million, compared with net revenues of $161.5 million last fiscal year.
Energy Risk Management Program

The District’s mission to serve its retail customers is the cornerstone of its risk management approach. The District builds or acquires resources to serve retail customers, not the wholesale market. However, as a summer-peaking utility, there are times during the year when the District’s resources or reserves are in excess of its retail load, thus giving rise to wholesale activity. The District has an Energy Risk Management Program to limit exposure to risks inherent in retail and wholesale energy business operations by identifying, measuring, reporting and managing exposure to market, credit and operational risks. To meet the goals of the Energy Risk Management Program, the District uses physical and financial instruments, including forward contracts, futures, swaps and options. Certain of these transactions are accounted for under Accounting Standards Codification (ASC) 815, originally Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities.” For a detailed explanation of the effects of ASC 815 on the District’s financial results, see Note 3 in the notes to the Combined Financial Statements.

The Energy Risk Management Program is managed according to a policy approved by the District’s Board of Directors and overseen by the Risk Oversight Committee. The policy covers market, credit and operational risks and includes portfolio strategies, authorizations, value-at-risk limits, stop-loss limits, and notional and duration limits. The Risk Oversight Committee is composed of senior executives. The District maintains an Energy Risk Management Department, separate from the energy marketing area, that regularly reports to the Risk Oversight Committee. In addition, the District has established a credit reserve for its activity in wholesale markets. The District believes that its existing risk management structure is appropriate and that any exposures are adequately covered by existing reserves.

Electricity Pricing

The District has a diversified customer base, with no single retail customer providing more than 2% of its retail electric revenues. The District has implemented projects and programs geared toward enhancing customer satisfaction by offering customers a range of pricing and service options. Moreover, the District is one of the low-price leaders in the Southwest.
The District is a summer-peaking utility and has made an effort to balance the summer-winter load relationships through seasonal price differentials. In addition, the District offers prices on a time-of-use basis for residential, commercial and industrial customers.

SRP’s retail electric prices consist of three components: base prices, a Fuel and Purchased Power Adjustment Mechanism (FPPAM) and an Environmental Programs Cost Adjustment Factor (EPCAF). Base prices can be changed only through a formal public price process, while the FPPAM and EPCAF can be changed during a price process or with Board approval outside of a formal price process, but not more than once per quarter.

On March 11, 2010, the District Board approved an overall 4.9% system average increase effective with the May 2010 billing cycle. The increase was expected to generate approximately $117.4 million in FY11. Of the increase, $244 million was an adjustment to base prices and $26.5 million was related to an adjustment to the EPCAF, both of which were offset by a $153 million decrease in the FPPAM. There were no further pricing actions taken in FY11.

**Capital Improvement Program**

The Capital Improvement Program is driven by the need to sustain the generation, transmission and distribution systems of the District to meet customer electricity needs and maintain a satisfactory level of service reliability. FY11 capital spending levels were somewhat below original expectations. Generation projects, 37% of the year’s expenditures, include spending for the Coronado Emission Controls project, which experienced lower expenditures because of more competitive prices for mechanical and electrical elements than originally forecasted.

Expansion of the electrical distribution system to meet future growth and replace aging underground cable accounted for 29% of FY11 capital expenditures. Slightly more than one-quarter of the distribution system spending was for New Business projects. The addition of new transmission facilities made up 14% of the year’s capital expenditures. FY11 transmission spending included support for the Southeast Valley transmission project as well as construction costs for a high-voltage transmission line.
SRP BOARDS AND COUNCILS

The two Boards work with management to establish policies to further the business affairs of SRP.

The Salt River Valley Water Users’ Association (the Association) is SRP’s private water corporation, which administers the water rights of SRP’s 375-square-mile water service area, and operates and maintains the irrigation and drainage system. The 10 members of the Association Board of Governors serve staggered four-year terms and are elected from voting districts by the landowners within the water service territory.

The Salt River Project Agricultural Improvement and Power District (the District) is SRP’s public power utility and a political subdivision of Arizona. The 14 members of the District Board of Directors serve staggered four-year terms. Ten District Board members are elected from voting divisions, and four are elected at-large by landowners within the District’s boundaries. Most often, candidates seek election to both Boards.
The two Councils enact and amend bylaws relating to the governance of SRP and also serve as liaisons to Association shareholders and District electors.

As with the SRP Boards, there is one Council for the Association and one for the District. The 30 Association Council members are elected to staggered four-year terms from 10 voting districts. The 30 District Council members are elected to staggered four-year terms from 10 voting divisions. Most often, candidates seek election to both Councils.
Corporate Officers

David Rousseau
President

John R. Hoopes
Vice President

Terrill A. Lonon
Secretary

Dean Duncan
Treasurer

Executive Management*

Richard H. Silverman
General Manager

David G. Areghini
Associate General Manager
Power, Construction & Engineering Services

Mark B. Bonsall
Associate General Manager
Commercial & Customer Services

Richard M. Hayslip
Associate General Manager
Environmental, HR, Land/PPC, Risk Management & Telecom

Barbara M. Hoffnagle
Associate General Manager
Information Technology & Operations Support Services

D. Michael Rappoport
Associate General Manager
Public & Communications Services

John F. Sullivan
Associate General Manager
Water Group

Jane D. Alfano
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Requests for Annual Reports
For additional copies of this report or SRP quarterly reports, call SRP at (602) 236-2598.

Changes to Mailing List
For corrections or other changes to the mailing list for this report, call SRP at (602) 236-2303.

Bondholder Information
For all bond information, call the SRP Treasury Department at (602) 236-2222.

*A new Executive Management team was named in July 2011.
## Five-Year Operational and Statistical Review

### Financial Data ($000)

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<tr>
<td>Total operating revenues</td>
<td>$2,762,531</td>
<td>$2,701,613</td>
<td>$2,767,024</td>
<td>$2,739,123</td>
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<td>Retail electric revenues</td>
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<td>2,361,274</td>
<td>2,318,582</td>
<td>2,212,807</td>
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<td>Water revenues</td>
<td>14,169</td>
<td>14,373</td>
<td>14,107</td>
<td>14,339</td>
<td>12,893</td>
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<td>Other revenues</td>
<td>285,355</td>
<td>325,966</td>
<td>434,335</td>
<td>511,977</td>
<td>563,188</td>
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<td>Total operating expenses</td>
<td>2,359,584</td>
<td>2,320,623</td>
<td>2,778,075</td>
<td>2,416,908</td>
<td>2,213,544</td>
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<td>Total other income, net</td>
<td>61,005</td>
<td>128,375</td>
<td>(103,497)</td>
<td>58,104</td>
<td>90,224</td>
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<td>Net financing costs</td>
<td>159,399</td>
<td>138,390</td>
<td>132,474</td>
<td>123,216</td>
<td>139,623</td>
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<td>Net revenues for the year</td>
<td>304,553</td>
<td>370,975</td>
<td>(247,022)</td>
<td>257,103</td>
<td>367,790</td>
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<tr>
<td>Taxes and tax equivalents</td>
<td>105,054</td>
<td>102,092</td>
<td>92,840</td>
<td>93,376</td>
<td>97,607</td>
</tr>
<tr>
<td>Utility plant, gross</td>
<td>12,630,718</td>
<td>12,405,997</td>
<td>11,783,596</td>
<td>10,866,410</td>
<td>9,912,865</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>4,419,099</td>
<td>4,051,931</td>
<td>3,831,657</td>
<td>3,679,929</td>
<td>3,041,408</td>
</tr>
<tr>
<td>Electric revenue contributions to support water operations</td>
<td>34,718</td>
<td>25,149</td>
<td>33,167</td>
<td>47,017</td>
<td>34,792</td>
</tr>
</tbody>
</table>

### Selected Data

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Debt service coverage ratio</td>
<td>2.78</td>
<td>2.48</td>
<td>2.33</td>
<td>2.82</td>
<td>3.09</td>
</tr>
<tr>
<td>Debt ratio (%)</td>
<td>50.9</td>
<td>50.6</td>
<td>51.6</td>
<td>48.9</td>
<td>45.7</td>
</tr>
<tr>
<td>Total electric sales (million kWh)</td>
<td>31,960</td>
<td>32,591</td>
<td>33,064</td>
<td>33,998</td>
<td>33,872</td>
</tr>
<tr>
<td>Peak — SRP retail customers (kW)</td>
<td>6,350,000</td>
<td>6,438,000</td>
<td>6,410,000</td>
<td>6,578,000</td>
<td>6,590,000</td>
</tr>
<tr>
<td>Water deliveries (acre-feet)*</td>
<td>–</td>
<td>809,825</td>
<td>795,689</td>
<td>794,235</td>
<td>854,093</td>
</tr>
<tr>
<td>Runoff (acre-feet)*</td>
<td>–</td>
<td>1,498,866</td>
<td>1,698,219</td>
<td>696,550</td>
<td></td>
</tr>
<tr>
<td>Employees at year-end</td>
<td>4,322</td>
<td>4,374</td>
<td>4,463</td>
<td>4,431</td>
<td>4,388</td>
</tr>
<tr>
<td>Customers at year-end</td>
<td>949,388</td>
<td>942,024</td>
<td>933,771</td>
<td>928,992</td>
<td>919,422</td>
</tr>
</tbody>
</table>

*Water data is by calendar year, all other data is by fiscal year ended April 30, 2011.
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