



SRP
CONSERVATION
& STEWARDSHIP REPORT



Delivering more than power.™

The cover features a large, semi-transparent image of a pine tree on the left side, set against a background of a sunset or sunrise over a landscape with rolling hills and a body of water. The sky is a mix of soft orange, yellow, and light blue. The overall aesthetic is clean and nature-oriented.

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ABOUT THIS REPORT

This report highlights the contributions of SRP and its employees to operate facilities in an environmentally responsible manner, reduce emissions, minimize waste, conserve natural resources, and protect habitat and wildlife. It is also available to download at srpnet.com/environment. Questions about the report can be directed to CSreport@srpnet.com.

ABOUT THE COVER

Forests in northern and eastern Arizona are the lifeblood that provides the water supply to the metropolitan Phoenix area (known as the Valley). The runoff from rain and snow that fall on those forests flows downstream, filling reservoirs on the Salt and Verde rivers that SRP manages.

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LETTER FROM THE GENERAL MANAGER



A strong commitment to environmental stewardship and water conservation has established SRP as a leader in the wise use of resources.

In support of this important commitment, we continue to make investments that reduce the emissions profile from our power plants.

In fact, since 1995, SRP has invested more than \$1 billion in air pollution control equipment at its power plants. Specifically, SRP has reduced sulfur dioxide and nitrogen oxides emissions by 80%, while customer demand for electricity has increased by approximately 60%.

We have also demonstrated a commitment to reduce greenhouse gas emissions. In 2013, SRP met 30% of its retail needs from non-emitting sources. Additionally, SRP is on track to have 824 megawatts of renewable generation online by 2020.

SRP also manages the Valley's water supply to make sure there is enough for the communities we serve, today and tomorrow. In response to this challenge, SRP partnered with the Gila River Indian Community to create the Gila River Water Storage LLC, or GRWS. In 2013, GRWS stored more than 182,000 acre-feet of water.

Recently, we introduced GateKeeper™ Technology on our water delivery system. Designed by SRP, this equipment automatically raises and lowers vertical-style water delivery and continuation gates. GateKeepers allow for improved monitoring and efficiency of water deliveries, among other benefits.

SRP has a long history of providing responsible water management and low-cost, dependable power to the communities we serve. As we look to the future, we will focus on further reducing emissions by exploring cleaner resources, supporting research and investing in technology to help us in this mission.

Sincerely,

Mark B. Bonsall
General Manager & CEO

ADDITIONAL HIGHLIGHTS

- Exceeded energy-efficiency savings target of 1.5% by delivering 2.25% of retail requirements
- Stored more than 1.5 million acre-feet of water underground for future use
- Saved more than 1 million gallons of fuel with SRP's alternative-fuel fleet
- Planted more than half a million trees in Arizona
- Distributed more than 2,000 water-saving irrigation controllers to our customers

COMMITMENT TO THE ENVIRONMENT

At SRP, our roots have been firmly grounded in the principle of resource stewardship for more than 100 years. We continue to demonstrate our commitment to this core value by using innovative policies, programs and technologies to responsibly manage our water and power resources.

We strive to foster a culture of environmental excellence among our employees and suppliers and encourage the efficient use of energy and water among our customers. We also support research that ensures we continue to deliver water and power in a cost-effective and environmentally responsible manner.

Our executive team is committed to continually evolving our stewardship programs, ensuring that we:

- Operate and maintain our facilities in an environmentally sound and responsible manner
- Reduce emissions, minimize waste and conserve natural resources
- Protect habitat and wildlife
- Engage stakeholders to build trust and partner toward common goals for environmental stewardship and protection

We want to be the first and best source of information for our stakeholders to learn about our environmental performance.

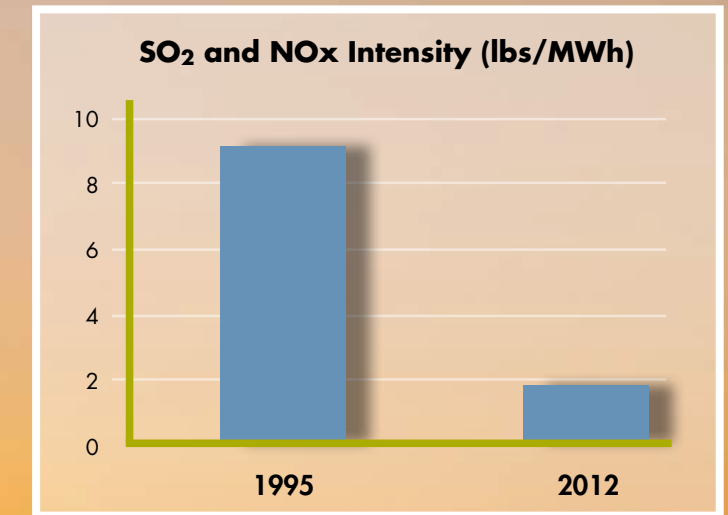
AIR QUALITY

We are a committed partner in addressing the air quality challenges in the areas in which we operate and have made significant investments in pollution controls at all of our generation facilities. We encourage our employees to be responsible environmental stewards at work and home, educate area teachers and students about air quality issues, and offer our customers opportunities to get involved in reducing air emissions.

REDUCING EMISSIONS

One of the ways we demonstrate our leadership in environmental stewardship is by continuously lowering our emissions profile. Since 1995, we have invested more than \$1 billion in air pollution control equipment at our power generation facilities and significantly decreased emissions during a period of unprecedented growth in electricity demand. Specifically, we have reduced SO₂ and NO_x emissions intensity by 80%, while customer demand for electricity has increased by approximately 60%.

Demand for electricity is up 60% since 1995. SO₂ and NO_x emissions intensity is down 80%.



INVESTMENTS IN EMISSIONS CONTROLS

The steps SRP has taken to reduce emissions include:

- Investing more than \$500 million to upgrade air pollution equipment at Coronado Generating Station. The upgrade project, referred to as the Coronado Emissions Control Project, included the addition of new wet flue gas desulfurization systems and low NOx burner technology on both units 1 and 2. In addition, SRP installed selective catalytic reduction (SCR) technology for additional NOx reduction on Unit 2.
- Working with our co-owners to invest more than \$510 million to upgrade air pollution control equipment at Navajo Generating Station. This work included the addition of new wet flue gas desulfurization systems and low-NOx burner technology on all three units at the power plant.
- Reducing the use of products that generate hazardous waste and have the potential to release toxic air emissions. Instead of using solvents with high concentrations of volatile organic compounds (VOCs), SRP uses detergent and high-pressure water to clean mechanical parts.
- Reducing fugitive dust emissions during construction and maintenance activities in the Phoenix metropolitan area. Efforts include the constant operation of street sweepers during dry-up work on the canals, a maximum speed limit of 15 mph to control dust from SRP vehicles, and using physical and chemical stabilization to control dust during long-term projects.

CLIMATE CHANGE AND GREENHOUSE GASES

SRP has undertaken a number of efforts to demonstrate our commitment to environmentally responsible power generation and management of greenhouse gas emissions.

SRP uses an integrated resource planning process to compare a variety of options to understand the implications of future greenhouse gas emissions. This “all of the above” approach is recognized as the most effective way to reduce greenhouse gas emissions. According to the Electric Power Research Institute (EPRI), “no single technology will suffice in meeting (carbon dioxide) emissions reduction goals — a diverse portfolio of advanced technologies is needed.”

To this end, SRP will also continue to invest in researching technologies that will help us achieve our goals. Since 2000, SRP has invested more than \$50 million in research and development through EPRI and local universities, a significant amount of which has been focused on topics such as energy efficiency, power plant efficiency improvements, renewable resources, and carbon capture and sequestration.

SRP has also demonstrated a commitment to reducing greenhouse gas emissions by increasing the amount of sustainable resources and natural-gas-fired generation in our resource portfolio. In 2013, SRP met 30% of its retail needs from non-emitting sources. SRP is on track to have 824 MW of renewable generation online by 2020.

SRP will continue to evaluate greenhouse gas emissions strategies and the impacts on customer energy bills. This approach recognizes that climate change is a global challenge and that actions will need to be taken by a variety of stakeholders, including utilities, utility customers, the transportation sector, other industries and even other nations to address this issue.

A GREENER, CLEANER FLEET

We go further than our power generation and water delivery infrastructure to be good environmental stewards. By supporting the adoption of electric and other alternative-fuel vehicles, we are also reducing greenhouse gas emissions and our dependence on petroleum-based fuels.

In 2013, we had 2,118 vehicles — of which 1,107 used alternative fuel — saving more than 1 million gallons of fuel. As a result of these efforts, our fleet was recognized as one of the 100 Best Fleets in North America in 2012 and won the Government Green Fleet™ Award in 2013.

Improving the energy efficiency of our fleet and maintaining an environmentally responsible fleet operation is not only good for the environment but also benefits our stakeholders through significant monetary savings over the long term.

INVESTING IN RESEARCH TO PROTECT THE ENVIRONMENT

SRP is committed to advancing the development of new technologies and innovative ideas by supporting research related to efficiency improvements, environmental controls, renewable energy, water conservation and waste management.

We were a founding member of EPRI in 1973. Today EPRI includes over 1,000 organizations in more than 40 countries working together to advance new technology and solutions to meet the most significant needs of our industry. Due to the nature of collaboration with other utilities and partners, SRP realizes as much as \$10 of research and development value for every dollar invested in EPRI.

SRP has also partnered with Arizona universities for more than 30 years to pursue important research initiatives. Our university research partnerships help educate students, develop local expertise and promote economic development.

We will continue to invest in collaborative research to develop technologies that will help us meet environmental requirements and achieve our goals.



Since testing our first electric vehicle in 1961, SRP has been committed to a greener fleet. Today we have 15 electric vehicles and plans for more, plus charging stations at our facilities for employee and fleet use.

HABITAT CONSERVATION

SRP supports balanced, proactive solutions to environmental issues. Our activities are dedicated to preserving the native wildlife and habitat of species of the Southwest while serving the needs of growing communities.



HABITAT CONSERVATION PLANS

SRP's system of reservoirs and dams delivers water and power to central Arizona cities. But the reservoirs and rivers also are home to an abundance of plants and wildlife. Some of these species are rare or in decline. SRP has taken actions to ensure they will persist in the wild.

SRP worked closely with the U.S. Fish and Wildlife Service and the Arizona Game and Fish Department (AGFD) to develop two Habitat Conservation Plans (HCPs) that are focused on offsetting any impacts to threatened and endangered species from the operation of Roosevelt Lake and Horseshoe and Bartlett reservoirs. By implementing the actions outlined in the HCPs, we hope to contribute toward the recovery and survival of these species while ensuring that SRP can continue to manage the reservoirs and maintain a reliable water supply for the Phoenix metropolitan area.

The species covered under these HCPs are the Southwestern willow flycatcher, yellow-billed cuckoo, bald eagle, Yuma clapper rail, the Mexican and narrow-headed garter snakes, the lowland leopard frog and 10 of Arizona's native fish species.

PROTECTION AND CREATION OF RIPARIAN AND WETLAND HABITATS

One of SRP's obligations under the HCPs was to acquire riparian habitat along three major rivers in Arizona. These lands will be managed in perpetuity for the preservation and protection of riparian habitat for endangered species:

- Camp Verde Riparian Preserve on the Verde River
- Fort Thomas Preserve on the upper Gila River
- Properties along the lower San Pedro River (Black Farm, Adobe, Stillinger and Spirit Hollow preserves)

These conservation lands support breeding habitat for the Southwestern willow flycatcher, yellow-billed cuckoo, and Mexican garter snake, as well as numerous other riparian-obligate species.

In addition, SRP created 20 acres of native riparian habitat for Southwestern willow flycatchers and yellow-billed cuckoos at the Rockhouse Riparian Demonstration Project on the Salt River upstream of Roosevelt Lake.

SRP planted more than 6,000 trees over a four-year period. Planning for the project began in 2003, and four years later, the first yellow-billed cuckoos began using the site. In 2010, Southwestern willow flycatchers were found at the site during their breeding season. In 2012, breeding was confirmed at the site. This was the first instance of the species using created habitat for successful breeding.

To protect critical nesting places for marsh birds, SRP partnered with the AGFD and Ducks Unlimited to add 5 acres of wetlands adjacent to an existing 10-acre created wetland site at the Arlington Wildlife Management Area. This site supports habitat for numerous marsh bird species, including the endangered Yuma clapper rail.

The addition of this wetland acreage expands the breeding habitat for this rare marsh bird. The wetland is managed and monitored cooperatively between AGFD and SRP, with SRP providing crucial technical and financial support for facilities management and maintenance.

LIME CREEK FISH BARRIER

In 2010, SRP completed the construction of a native fish barrier in a remote section of Lime Creek. This tributary to Horseshoe Reservoir supports the Gila topminnow, a federally protected fish.

In 2012, our surveys documented native fish both upstream and downstream of the fish barrier, but more important, no non-native fish were found upstream of the barrier.

NATIVE FISH HATCHERIES

SRP supports and helps fund the AGFD in the rearing and stocking of native fish in the Verde watershed. At present, this project has stocked more than 13,000 native fish in support of our Horseshoe-Bartlett HCP.

Additionally, we have provided funds to the AGFD to support plans, designs and improvements for native-fish hatchery upgrades at the Bubbling Ponds Fish Hatchery.

MONITORING ECOSYSTEMS

SRP scientists develop the plans to monitor the health of the ecosystems in which our facilities operate. These plans look at three key areas:

Habitats

Each year, we monitor riparian (riverbank) vegetation at both the Horseshoe and Bartlett reservoirs and at Roosevelt Lake. The purpose of this effort is to estimate the acreage of tall, dense vegetation that might be suitable for nesting by the Southwestern willow flycatcher and yellow-billed cuckoo.

Bird Populations

To determine the presence and abundance of birds that either are protected under the Endangered Species Act or are candidates for Endangered Species Act listing, we conduct surveys at our conservation properties on the Salt, Gila, San Pedro and Verde rivers. Our efforts focus on the Southwestern willow flycatcher, yellow-billed cuckoo, bald eagle, Yuma clapper rail and other marsh birds.

Aquatic Populations

SRP conducts aquatic surveys to monitor the fish, frogs and snakes at Horseshoe Reservoir, within the main channel of the Verde River, and at some of the tributaries that feed into the Verde. We also monitor the movements of non-native species out of the reservoir.



PRESERVING NATIVE BIRD WILDLIFE

Arizona's diverse ecosystems support dozens of species of birds, and the region is a migration stop to many more. Our Avian Protection Program is dedicated to preserving the native bird wildlife and habitat of the Southwest while serving the needs of our communities.

PARTNERSHIP EFFORTS

SRP works collaboratively with members of the Avian Power Line Interaction Committee, the U.S. Fish and Wildlife Service, the AGFD, the Liberty Wildlife Rehabilitation Foundation, Audubon Arizona and others to practice leading-edge efforts in avian protection.

MAKING SRP FACILITIES 'BIRD SAFE'

Our Avian Protection Program promotes harmonious coexistence of power facilities and wildlife habitat. Most of the Avian Protection Program activities take place in SRP's water and power service territories in metropolitan Phoenix. Additionally, SRP has employees who support the Avian Protection Program at Navajo Generating Station near Page and Lake Powell, at Coronado Generating Station in the St. Johns area, and at the various dams SRP operates along the Salt and Verde rivers.

Although the Avian Protection Program strives to protect all birds, the emphasis is placed on large-bodied birds, such as raptors, ravens and various water birds. These larger birds have wingspans of 3 to 4 feet, and thus, they encounter more problems with power lines and facilities.

They also are attracted to our infrastructure when looking for nesting locations. If a large bird nest is built on SRP equipment, SRP crews can install a nesting box and move the nest from the energized electrical equipment to a safer location in the nesting box.

SRP's new electric facilities are designed to prevent birds from coming in contact with "hot," or energized, portions of the system. When complications with raptors occur, we routinely upgrade older poles and transformers with protection devices, such as:

- Insulated jumper wires with rubber tubing
- Plastic caps on top of transformer bushings
- Lightning arresters that insulate and prevent electrical conduction
- Transformer covers with several layers of nonconductive paint
- Perches





WASTE AND RECYCLING

Over the years, waste management has become more complex and costly. That means recycling and creating less waste have become a part of standard operating procedures because they provide these critical benefits:

- Extend the life of natural resources
- Help reduce pollution
- Conserve valuable landfill space
- Reduce the cost of operations

RESPONSIBLE DISPOSAL OF WASTE MATERIALS

Like our fellow Arizonans, SRP considers good environmental stewardship to be a high-priority goal. We ensure every facility participates in our waste management program to the fullest extent to keep as much waste as possible out of the state's landfills. And we monitor our progress so we can measure our improvement.

For example, one of SRP's power plants greatly reduced on-site storage of water treatment chemicals. The facility eliminated storage of 22,000 gallons of sodium hydroxide and reduced sulfuric acid storage from 20,000 to 1,000 gallons. These reductions were achieved by changing components of the water treatment system to minimize chemical usage at the facilities.

WASTE AND RECYCLING VENDOR AUDITS

Established in 1990, SRP's environmental, health and safety (EHS) auditing program is based on federal guidance from the Environmental Protection Agency, Occupational Safety and Health Administration, and Department of Justice, which establish criteria that identify top management support and commitment to auditing and correction of audit findings. To satisfy those criteria and ensure the program is effective, executive management is aware of the audit process and has a role in guiding auditing efforts and responding to issues that arise from the audit process.

Up to eight EHS compliance and management system audits are conducted of SRP facilities and programs each year. The audit results are reported to SRP management, and corrective actions on each finding are tracked to completion. Each year, a risk assessment is conducted based on historical audit findings and an update is made to the six-year EHS auditing plan.

SRP has contracts with more than 85 vendors for solid and hazardous waste disposal or for management of recycled materials (scrap ferrous and nonferrous metal, transformer mineral oil and electronic material). Twenty to 30 environmental compliance audits of these vendors are conducted annually on a three-, four- and five-year cycle depending on the determined level of risk. The results of the vendor audits are provided to the SRP operating groups.



RECYCLING

SRP is committed to reducing the amount of waste going from our facilities into landfills. Landfills can have an impact on the environment and drain community resources. Therefore, SRP gives employees opportunities to reduce solid waste at their facilities by providing clearly marked recycling receptacles at all buildings.

**We protected the environment
by recycling 322 tons of materials.**

In 2013, we recycled 99.4% of the recyclable materials we disposed of, equivalent to 322 tons. The list of materials we recycle includes these items:

- Aluminum cans
- Beverage bottles
- Coated book stock
- Colored envelopes
- Corrugated material
- Magazines and newspapers
- Paper in bags and boxes
- Plastic
- Plastic-windowed envelopes
- Sorted office paper

SRP is committed to realizing the greatest return on assets, including those reaching the end of their useful life. As part of our daily operations, we recycle products when possible.

SRP receives market-priced rebates for some recycled materials, and these rebates expand our opportunities for providing good fiscal stewardship.

OTHER RECYCLED WASTE

When coal is burned to produce electricity, a waste product called “fly ash” is produced. To keep this out of the environment, our two coal-burning facilities use electrostatic precipitators, which capture 99% of the fly ash. This very fine particulate matter is then recycled for use in concrete, cement and other construction materials. In 2013, SRP recycled more than 324,989 tons of fly ash.

FY13	Volume	Tons	Value
Scrap steel	5,841,139	2,920.57	\$543,190.94
Mixed wire	235,847	117.92	\$162,427.95
Chopped copper	231,240	115.62	\$784,819.30
Chopped aluminum	731,627	365.81	\$708,796.58
Scrap transformers (KVA)	202,847	N/A	\$891,986.23
Scrap meters	154,494	77.25	\$121,936.12
Scrap luminaires	13,040	6.52	\$12,082.34
Total Value of Recycled Materials			\$3,225,239.46

SRP'S WATER BUSINESS

SRP's water business has been developing and delivering the Valley's water supply for more than 100 years. Rain and snow fall on the watershed, then water flows down creeks and rivers to collect in the lakes and reservoirs behind our dams. It then moves through our canal system to deliver water to municipal water treatment plants, agricultural irrigators and urban irrigators.

From the watershed to our customers' showerheads, managing water is one of SRP's top priorities. That includes efforts such as the Four Forest Restoration Initiative to help keep the forests of the Salt and Verde watersheds healthy.

We're committed to delivering a safe, affordable and reliable water supply to our customers. To keep water costs reasonable, we use a portion of our net electric revenues to support water operations.

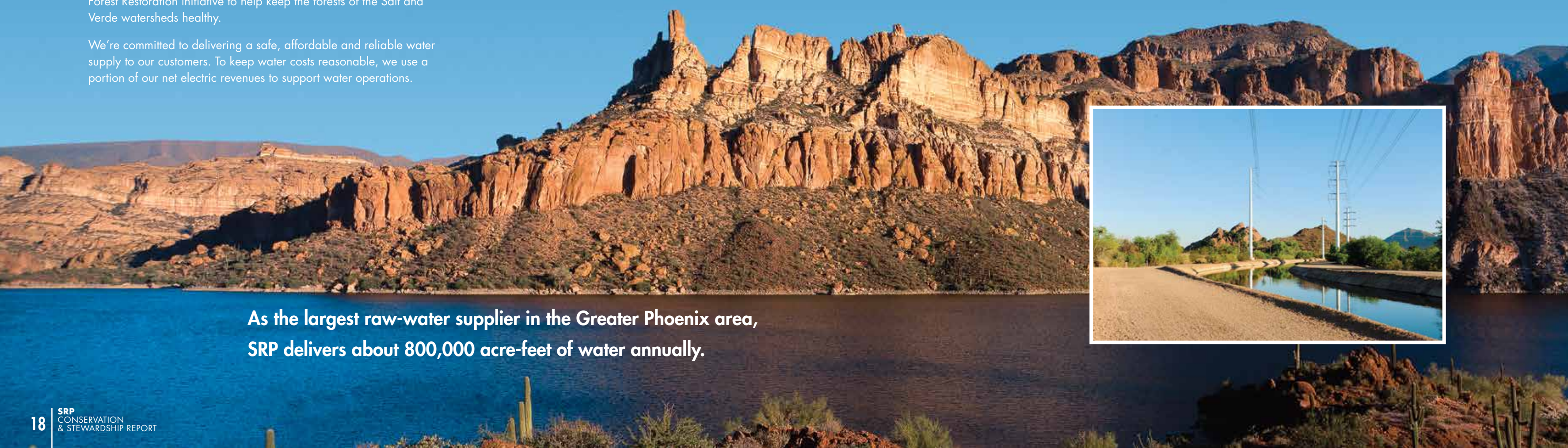
WATER MANAGEMENT

Today SRP operates a system of seven dams and 1,300 miles of canals and laterals and is responsible for the construction, maintenance and operation of the supply system that delivers water.

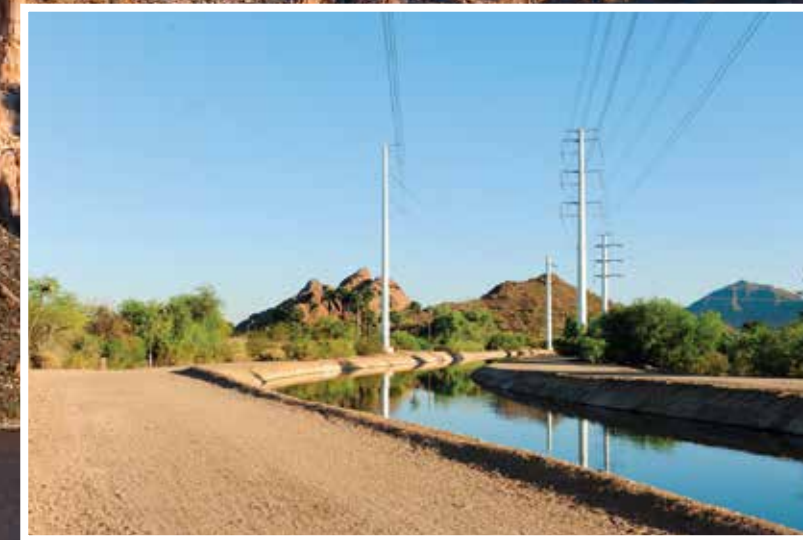
As the Valley's leading supplier of water, SRP is centrally involved in developing plans to meet the water supply and demand challenges of a growing population.

We are committed to:

- Meeting the water demands of our customers
- Maximizing the delivery of surface water through careful management of stored water
- Acquiring a long-term, renewable water supply for customer demands during dry years
- Keeping the water supply safe and costs reasonable



As the largest raw-water supplier in the Greater Phoenix area, SRP delivers about 800,000 acre-feet of water annually.



WATER DATA

Data	(acre feet)
Water deliveries	767,445
Reservoir storage capacity	2,328,201
End of FY13 reservoir storage	1,452,697
Runoff	344,608

Note: Water data is for calendar year 2012 unless noted.

SRP DAMS AND LAKES

Dam	Lake
Bartlett Dam	Bartlett Lake
C.C. Cragin Dam	C.C. Cragin Reservoir
Horse Mesa Dam	Apache Lake
Horseshoe Dam	Horseshoe Lake
Mormon Flat Dam	Canyon Lake
Stewart Mountain Dam	Saguaro Lake
Theodore Roosevelt Dam	Roosevelt Lake



DELIVERING WATER WITH ADVANCED SRP GATEKEEPER™ TECHNOLOGY

Water is delivered to customers through a series of canals, irrigation laterals and ditches that have gates to control the flow.

As with many large, complex systems, SRP relies on the efforts of experienced staff and effective technology to efficiently transport water to customers.

To improve water delivery methods, SRP began evaluating the feasibility of remotely operating water delivery gates. As a result, we have now installed 20 GateKeepers — an SRP-designed system to automatically raise and lower vertical-style water delivery and continuation gates. An additional 30 GateKeeper units are slated for installation.

These systems provide a computerized control and data collection system to facilitate both on-site and remote operation. The solar-powered GateKeepers also contribute to SRP's Sustainable Portfolio, because they support water conservation efforts and reduce SRP's carbon footprint by reducing trips made by vehicles and saving electricity. They also help improve safety through reduced driving and reduced exposure to hazards.

PROTECTING SURFACE WATER AND GROUNDWATER AT SRP FACILITIES

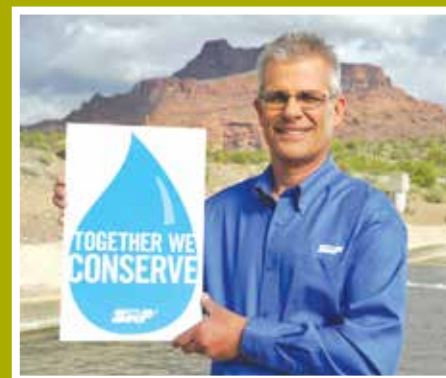
SRP manages our power plants and other facilities to protect surface water and groundwater resources. We perform all monitoring and reporting required by various water quality protection laws, regulations and permits, such as the federal Clean Water Act and Arizona's Aquifer Protection Permit Program.

Permits, approvals, or best management practices are required for water discharges to surface waters, municipal sewer systems, storm water discharges from construction sites, and other discharges that have the potential to reach surface water or groundwater.

Sample collections, analyses, data reviews, and annual reports or maps are created for various agencies and municipalities.

WATER CONSERVATION PROGRAMS

One way we ensure a reliable supply of water is through conservation programs with Valley cities and other organizations. We also sponsor the annual Water Conservation Expo and the Together We Conserve campaign, both of which educate consumers about how to reduce water use at home.



WATER QUALITY MONITORING

One of SRP's water management activities involves water quality monitoring. It provides information about patterns and trends in SRP surface water and groundwater quality and also about potential pollution sources.

Due to a rapidly urbanizing community and in anticipation of increasing water quality regulations, we have expanded our monitoring program to include testing of a greater number of potential pollutants in SRP canals and wells. SRP collects samples from groundwater wells and various sites on the canals and analyzes them in our environmental laboratory, which is licensed by the Arizona Department of Health Services for a broad range of analytical methods.

WATER QUALITY INITIATIVES

SRP works with the Arizona Department of Environmental Quality to address known pollution problems through special projects. SRP also collaborates with a wide variety of Valley water providers, including cities and private water companies, through a Regional Water Quality Partnership that is administered by Arizona State University (ASU). ASU produces a regional water quality newsletter that includes water quality samplings at Bartlett, Roosevelt, Saguaro, Apache and Canyon lakes, along some of SRP's canals, and at the intake of some of the city water treatment plants that are on SRP's canal system.

In addition, SRP routinely reviews the proposed wastewater discharge permits of non-SRP facilities to ensure that the water resources we manage are protected.



STORING WATER FOR TOMORROW

Water that is not needed today is stored for future use — this is the premise of Arizona’s recharge and recovery water management program. Through a direct recharge facility, surface water and reclaimed water (highly treated wastewater that can be used to irrigate parks and golf courses) are stored underground in aquifers for future use.

SRP operates three water storage facilities on behalf of the facility owners:

- Granite Reef Underground Storage Project, which is jointly owned by SRP, Chandler, Gilbert, Mesa, Phoenix, Scottsdale and Tempe
- New River-Agua Fria Underground Storage Project, which is jointly owned by SRP, Avondale, Chandler, Glendale and Peoria
- Groundwater Savings Facility, which is operated in collaboration with Valley cities and the Gila River Indian Community

By working with our regional partners to develop these storage sites, more than 1 million acre-feet of water has been stored for use during times of drought. We also earn recharge credits from Central Arizona Project (CAP) water that is stored underground. Those credits are used when we need renewable water for our Kyrene and Santan generating stations.

SECURING FUTURE WATER SUPPLIES

Renewable water supplies are critical to sustaining economic development in central Arizona. In response to the mounting challenges to secure dependable renewable water supplies, SRP has partnered with the Gila River Indian Community to create the Gila River Water Storage LLC, or GRWS.

GRWS was formed to further conserve groundwater by bringing 5 million acre-feet of additional renewable water supplies to central Arizona. These supplies are created from the Community’s vast CAP water resources and are targeted for municipal water providers, residential developers and industrial water users.

Under the partnership, a portion of the Community’s CAP supply will be leased to municipal water providers and another portion will be made available to SRP for use during severe droughts. However, most of the water will be banked in underground aquifers through an innovative water storage program that uses 12 water storage facilities in central Arizona. Banked water creates water storage credits. In 2013, GRWS created 182,889 acre-feet of storage credits.

CAP water stored for and managed by GRWS has been carefully planned to sustain new municipal and industrial growth. The intent behind this plan is for water storage credits to be available when and where needed. Having access to stored water in growth areas ensures prudent and sustainable water management.



WATERSHED MANAGEMENT

A healthy, well-managed forest is critical to having a sufficient water supply to meet the needs of Valley residents and businesses. Arizona's forested watersheds contribute nearly 90% of the state's total stream flow. They also serve as important recharge areas for large regional aquifers.

Today Arizona's dense ponderosa pine forests are prone to unnatural, high-intensity fires. This type of fire eliminates nearly all the benefits received from a healthy watershed because it increases the amount of sedimentation, organic material and ash that makes its way into our reservoirs and water supplies. A restored forest is resilient against pests and climate stresses, and it welcomes frequent low-intensity fires to maintain its health.

After nearly a century of fire suppression, today's forests are overcrowded. Much of the forest has hundreds of trees more per acre than a century ago. These extra trees use water to grow, and the tree canopies catch more rain and snow than in the past, which evaporates before reaching the ground. SRP is working to better understand the impact forest restoration will have on runoff and groundwater recharge.



PARTNERING TO STUDY FOREST RESTORATION

SRP and the Ecological Restoration Institute at Northern Arizona University are collaborating on a research project to identify the hydrologic response of the state's forested lands to restoration treatments. The results of this study will give land managers insight into the best practices for implementing large-scale forest restoration projects across the Southwest.

To help establish baseline watershed conditions, SRP relies on time-lapse photography. The technology, referred to as "flowtophography," is emerging as a leading-edge, low-cost solution to quickly and effectively gather stream flow information.



REFORESTING ARIZONA LAND

At SRP, we provide customers with an economical and friendly way to help the environment through the reforestation and beautification of Arizona national forests. Reforestation is beneficial for many reasons, including the following:

- Revitalizes areas destroyed by wildfire
- Rejuvenates habitat for native species
- Reduces greenhouse gases
- Protects Phoenix's water supply and watersheds

Launched in 2007, the SRP Trees for Change™ program gives customers the opportunity to contribute \$3 or more per month on their bill, with all of the funds going directly to help reforest Arizona land destroyed by wildfires. SRP also matches 100% of the funds, up to \$120,000 per fiscal year.

To date, more than half a million trees have been planted and tens of thousands of new aspen trees have been protected across more than 3,600 acres of the Kaibab, Apache-Sitgreaves and Coconino national forests.

SRP'S ELECTRICITY BUSINESS

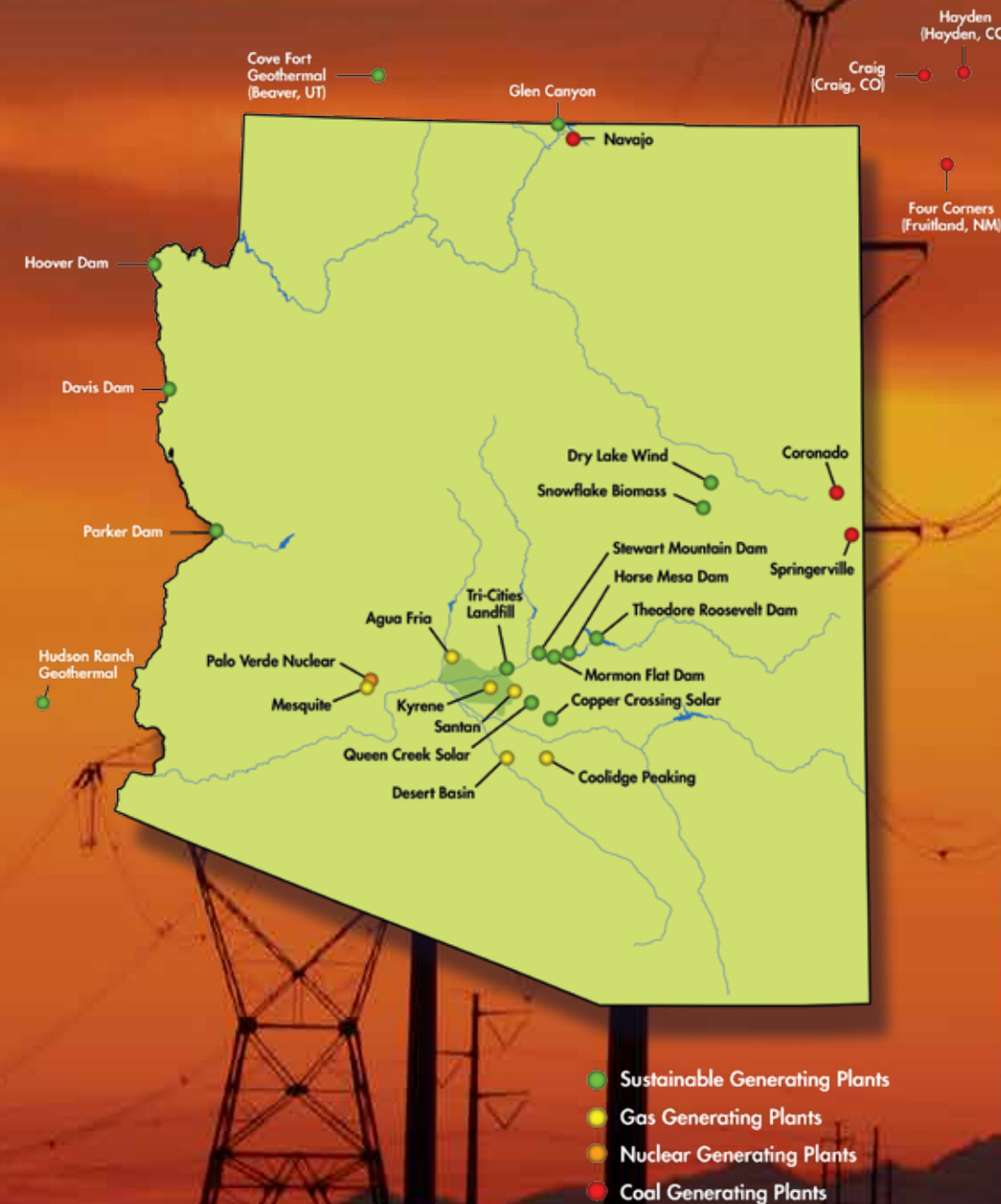
At SRP, we're committed to providing reliable electric service to our customers — now and in years to come. Ensuring our energy future requires careful, informed and innovative planning. That's why we are committed to these objectives:

- Ensure reliable electric service
- Provide an economically efficient and environmentally responsible resource mix
- Maintain financial integrity while providing energy at competitive rates
- Maximize flexibility in acquiring resources so we can respond efficiently to the changing conditions of an uncertain future
- Limit exposure to the risks inherent in normal electric utility operations
- Develop working relationships with local residents, organizations and community leaders to seek input and provide education on the infrastructure necessary to meet the electric needs of those who live, work and play in Arizona

To meet the energy demands of customers, our generation portfolio consists of a diverse mix of generation technologies. Today we operate or participate in 12 power plants and other generating stations, including coal, low-emissions natural gas, and safe, emissions-free nuclear power. We also produce energy through renewable resources, such as hydroelectric, solar, wind, geothermal, biomass and landfill gas.

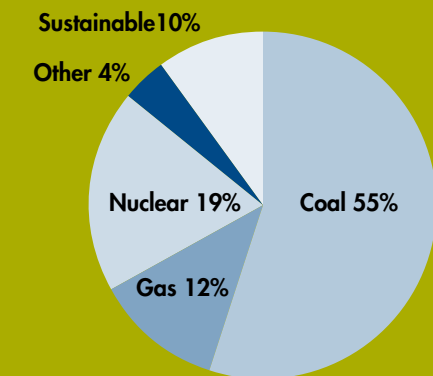
FY13 OPERATING STATISTICS	
Electric customers, year-end	969,046
Peak - SRP retail customers (MW)	6,663
Peak - power system (MW)	7,195
Resources available to serve peak (MW)	8,155
Sales, total (GWh)	32,452
Sales, retail (GWh)	27,158

SRP GENERATING PLANTS

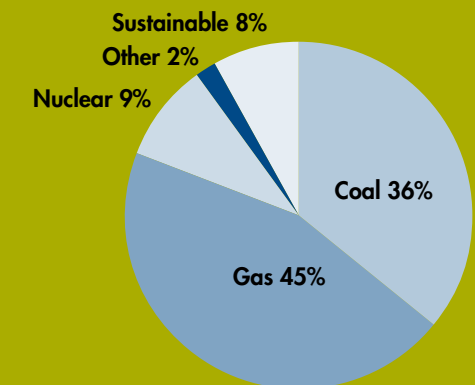


TOTAL ENERGY GENERATION PERFORMANCE AND RESOURCES

Energy Generation in FY13
27,000 gigawatt-hours



Generation Capacity Mix in FY13
7,501 megawatts



RENEWABLE ENERGY POWER SUPPLIES

SOLAR

With more than 300 days of sunshine per year, Arizona is the perfect location for solar power. As a result, we offer several options for customers who want to take advantage of the power of the sun, including our rooftop solar and SRP Community Solar™ programs.

Our utility-scale solar plants include the 20-MW Copper Crossing Solar Ranch in Florence, which supplies the electricity for SRP's Community Solar program, and the 19-MW Queen Creek Solar Farm, located 30 miles southeast of Phoenix.

In 2013, these programs combined provided more than 91 MW of solar electric generating capacity.

SOLAR FOR THE NAVAJO NATION

In an effort to support solar for more residents of the Navajo Nation, SRP purchased solar photovoltaic renewable energy certificates in 2012 from the Navajo Tribal Utility Authority, an enterprise of the Navajo Nation. The \$220,000, five-year purchase agreement allowed for the acquisition of additional off-grid systems for tribal residents.

HYDROPOWER

In addition to Theodore Roosevelt Dam, SRP has three other hydroelectric facilities on the Salt River and three low-head hydroelectric units in use on our canal system. Combined, these units can generate more than 250,000 megawatt-hours of electricity.

Additionally, SRP receives power from three federal hydroelectric plants that produce emissions-free energy to further diversify our Sustainable Portfolio.

WIND

We diversified the SRP Sustainable Portfolio in 2009 by purchasing 100% of the output from the first phase of the Dry Lake Wind Power Project, located near Heber, Ariz. This project, which has 30 wind turbines, was Arizona's first commercial-scale wind farm. In 2011, the 31 wind turbines of Dry Lake's second phase came online.

Each turbine can produce about 2.1 MW of clean, renewable energy, for a total production of 127 MW.

GEOHERMAL

A geothermal power plant produces electricity from naturally occurring heat below Earth's surface. As one of the few renewable technologies that generates power continuously, geothermal is a valuable source of baseload generation.

SRP obtains up to 25 MW of geothermal power from Cove Fort Geothermal Plant in Utah and 49 MW from Hudson Ranch Plant in California.

OTHER RESOURCES

SRP receives power from the 24-MW Snowflake White Mountain Biomass facility in Snowflake. It generates electricity through a wood-burning boiler that uses forest thinning and waste recycled paper fibers from an existing newsprint paper mill adjacent to the biomass facility.

Methane, a greenhouse gas, occurs naturally as waste decomposes in landfills. SRP's 4-MW landfill-gas facility captures methane gas created by the Tri-Cities Landfill, located on the Salt River Pima-Maricopa Indian Community.

SRP's renewable energy power supplies offset nearly 970,000 metric tons of carbon emissions.

SRP's wind power generates enough energy to power more than 18,000 homes in the Phoenix metropolitan area.





CUSTOMER PROGRAMS

SRP strives to continuously improve all aspects of power and water service by keeping customers foremost in our mind. We help our customers save energy and money, use water wisely, and select billing, payment and pricing options that work best for them. Our goal is to make doing business with SRP easy, pleasant and convenient — anywhere and anytime.

Being environmentally responsible extends beyond the way we generate electricity to how we help our customers understand and manage their energy usage. Today's energy-efficiency programs are effective tools to help manage the energy demands that will accompany future growth.

SRP's energy-efficiency programs provide benefits to SRP and our customers by deferring the need for future generating resources, reducing emissions, improving overall efficiency and reliability, and reducing costs. Together, SRP and our customers take an active role in the stewardship mission, as evidenced by the strong participation in these programs.

SRP offers more than 25 energy-efficiency programs to our residential and commercial customers. We provide opportunities for our customers to reduce energy and save money in ways that range from low-cost to comprehensive solutions for their homes or businesses.

Energy-efficiency programs also play an important part in reaching our Sustainable Portfolio goals. With the help of our customers, in 2013 we exceeded our annual incremental energy-efficiency savings target of 1.5% by achieving 2.25% of retail requirements.

FUTURE OF ENERGY-EFFICIENCY PROGRAMS

As SRP enters a second century of service in the Valley of the Sun, energy efficiency is a major part of our overall conservation and stewardship ethic. It is a cost-effective way to help residents and business owners make improvements that save energy and money while helping preserve resources. Ultimately, this collaboration with customers helps SRP manage resources for all customers — today and in future generations.

The thousands of SRP customers who have participated in our energy-efficiency programs have saved enough energy to power roughly 80,000 homes for one year.

RESIDENTIAL PROGRAMS

Residential customers have access to a variety of programs that can help them save energy. Last year, our customers purchased 2.5 million CFL bulbs through our partnerships with local retailers. We also made a splash with our Energy-Efficient Pools Program, with more than 5,500 customers making the switch to variable-speed pool pumps. In addition, more than 4,000 customers purchased SRP ENERGY STAR® homes and are benefiting from a whole-house approach to energy efficiency.

COMMERCIAL PROGRAMS

Commercial customers save energy and money by taking advantage of our Standard Business Solutions and Custom Business Solutions programs, which offer rebates for energy-efficient lighting, HVAC, refrigeration and more. SRP also offers a full suite of technical assistance programs to help our business customers identify and implement energy-efficiency projects. These programs exceeded their annual energy-savings goals, achieving 163% of the set targets. The success of our programs would not be possible without our customers' participation.

BUILDING ENERGY CODE INITIATIVE

Energy-efficient construction continues to be a priority for SRP. That's why we're committed to raising awareness of the International Energy Conservation Code for residential construction and the American Society of Heating, Refrigerating and Air-Conditioning Engineers code for commercial construction.

We've taken the lead in supporting local jurisdictions and educating key stakeholders within SRP's electric service territory to further the adoption of these building energy codes, which ultimately help customers achieve long-term savings.

PRICE CHOICES MEAN MORE WAYS TO SAVE

The SRP EZ-3™ and SRP Time-of-Use™ price plans accommodate a variety of lifestyles and offer ways to save on energy costs. Our customers approve. In terms of participation, the plans are among the largest in the nation.

SRP offers these options to help control energy demand during "on-peak" hours, when it costs the most to produce electricity. Customers who enroll and shift or reduce energy usage during higher-cost hours are rewarded with lower prices during off-peak times.

The SRP M-Power® prepaid electricity program is the largest of its kind in North America. M-Power allows customers to purchase the power they want anytime they want it. M-Power participants reduce their annual consumption by an average of 12%.

HELPING CUSTOMERS PREPARE FOR ELECTRIC VEHICLES

We help our customers with information in order to prepare their homes for plug-in electric vehicles. Decisions such as how and where to charge an electric vehicle and determining the best electricity price plan are available on SRP's electric vehicle website at srpnet.com/ev.



HELPING VALLEY NONPROFIT AGENCIES

Through the SRP EarthWise Energy™ program, customers work with us to expand the use of solar energy. For as little as \$3 per month added to their utility bills, customers can help build solar projects for nonprofit organizations in the Valley.

These projects help offset operational costs and promote clean energy — transforming solar power and dollars into services for local families, children and individuals.

'ADOPTING' SOLAR

Through the SRP Community Solar program, residential customers can “adopt” solar from a utility-scale solar plant and offset up to 50% of their energy consumption at a fixed price for five years without having to install solar panels.

Businesses and schools can offset up to 35% of their peak demand with Community Solar at a fixed price for 10 years.

Electricity for the Community Solar program is produced at Copper Crossing Solar Ranch. The 20-MW solar plant in Florence produces approximately 54 million kWh annually. Additionally, because the solar panels at Copper Crossing track the sun throughout the day, this facility produces up to 40% more energy than a stationary rooftop system.

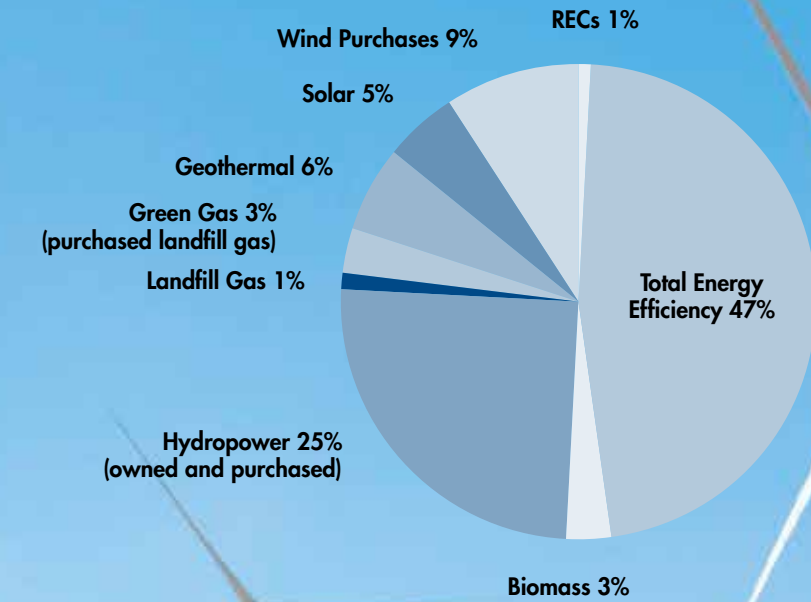
COMMITMENT TO SUSTAINABLE ENERGY

For more than 100 years, SRP has demonstrated a commitment to conservation in Arizona. In keeping with this legacy, SRP's Board of Directors adopted the Sustainable Portfolio Principles to help guide decisions regarding energy-efficiency measures and the acquisition of renewable energy resources.

SRP established a goal that by 2020, 20% of our expected retail energy requirements will be met with sustainable resources. This target includes the percentage of retail energy requirements met by energy-efficiency programs, pricing measures, hydroelectric generation and other renewable generation.

SRP is examining the role of sustainable energy sources and other measures in reducing carbon emissions, and we are evaluating emissions-related goals and objectives.

SRP Sustainable Resources (FY13 MWh)



In 2013, SRP met 30% of its retail needs from non-emitting sources.

Since 2007, SRP EarthWise Energy has completed 18 solar installations for nonprofits.



RELIABILITY

The reliability and security of the power grid is a national concern. That's why the North American Electric Reliability Corporation (NERC) is dedicated to ensuring the reliability and security of the power system by developing, monitoring and enforcing mandatory electric reliability standards. The reliability and security of the power grid, in particular the portion SRP owns and operates, is a priority for SRP as well. SRP complies with the mandatory electric reliability standards for operating, planning, maintaining and protecting the SRP power system.

IMPROVED POWER RELIABILITY

SRP's investments in reliability have helped reduce the frequency and duration of service interruptions as measured by our reliability indices of the System Average Interruption Frequency Index and the System Average Interruption Duration Index. Overall, the trend during the past five years is downward, with both measures showing a considerable improvement during that time.

Reliability is our No. 1 product, so reliability metrics are measured against established targets to help quantify and evaluate operating experience, reveal trends, identify problems, and indicate how and where reliability can be improved.

We do all of this to maintain an exemplary level of reliability as the Valley grows and new technologies emerge.

The next generation grid technology is helping SRP better anticipate energy demand, avoid drops in service and speed power restoration after an outage.

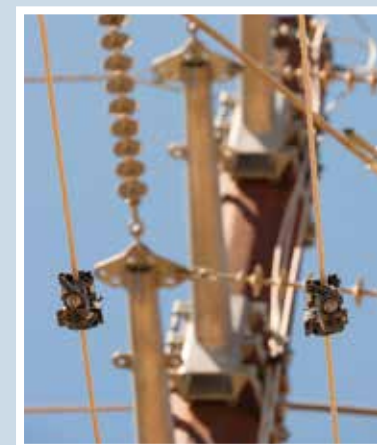
PREPARING FOR FUTURE ELECTRICITY AVAILABILITY

We are committed to providing affordable, reliable electricity to meet the growing power needs of the metropolitan Phoenix area.

That's why we're moving ahead with plans for additional generating facilities and transmission capacity that will help protect our customers from market fluctuations and power shortages.

INVESTING IN THE NEXT GRID

Another way we ensure affordable reliability is by appropriately incorporating current technologies to modernize the electric grid — the vast network that delivers power to our customers. Electricity service interruptions, when they occur, happen mostly within SRP's distribution system. Implementing technologies in this area will result in significant improvement to the overall reliability of SRP's electric system. Having a modern grid also supports sustainability and provides electricity cost-effectively.



The next-generation power grid will bring:

- Reliability — The new system of communication in smart grid technology allows SRP to plan and anticipate energy demand and avoid drops in service. We have advanced sensors, called remote fault indicators, that quickly pinpoint the exact location of problems on the grid. This communications backbone also enables SRP to speed power restoration after an outage, cut back on long troubleshooting field visits, and save money on fuel and emissions from driving.
- Renewable energy integration — New sources of renewable energy, such as solar and wind, are joining SRP's portfolio of power generation. New grid investments, such as smart grid enhancements, will be necessary to balance renewable sources of energy with more traditional baseload generation to ensure a steady, reliable stream of energy to SRP customers.
- Future economic opportunity — A smarter grid improves the ability to serve future economic development, such as the expansion of high-tech industries and data warehouses in the Valley. The improved power reliability and expanded variety of energy sources help ensure future power system growth to fuel future economic expansion.
- Customer information — Through smart meters, SRP customers are better able to track and manage their energy use on a daily basis via a personalized energy dashboard.

STUDIES TO IMPROVE RELIABILITY

To minimize reliability concerns, SRP conducts extensive planning studies that model the power system, consider emergency conditions, anticipate system constraints and assess SRP responses to numerous system conditions. Through this effort, we gather information that allows us to be proactive in ensuring system reliability.

SRP is nearing the end of a comprehensive study to assess the operational impacts and costs of integrating solar and wind into our resource portfolio. The results of this report will provide valuable information regarding the integration of new wind and solar resources into our portfolio.

In collaboration with Arizona Public Service Co., we conduct annual electric system operating studies. These studies help us define the maximum service capabilities in the Phoenix metropolitan area. SRP also collaborates with multiple entities in the Western Interconnection to assess the impact of system conditions on the entire power system.

RELIABILITY IS A TEAM EFFORT

In 2011, we created a cross-departmental Reliability Team to anticipate challenges and prioritize strategies for maintaining and improving the performance of the electric system over the next 10 to 15 years.

This team identified the key drivers of reliability at SRP and the metrics and initiatives necessary to maintain reliability performance. Initiatives that will be essential to SRP reliability are those related to improving the customer experience and those that improve our management of assets. This team is also working to improve capital investment planning for reliability to help ensure a proper balance between reliability and cost.

POOLING OUR POWER

For Arizona and other states in the region, the Southwest Reserve Sharing Group (SRSRG) is a NERC registered entity that monitors reliability and provides access to short-term purchases of power during emergencies. SRP, as a member of the SRSRG, is entitled to receive emergency assistance as needed.

Our SRSRG membership requires that we maintain contingency reserves (resources of additional power for emergencies) and that we comply with the contingency reserve requirements of the Western Electricity Coordinating Council (WECC).

SRP abides by the operating-reserve criteria established by WECC, NERC and the SRSRG participation agreement.

COMMUNITY OUTREACH

SRP has a passion for community service that dates back more than 100 years. We believe in a bright future for the communities we serve, and we are committed to investing our time, resources and energy into the programs, projects and events that make Arizona a great place to live.



The following areas play key roles in SRP's community outreach efforts.

- **Corporate contributions** — SRP is proud to support key facets of Arizona's nonprofit community, including human service, civic, education, environmental, and arts and culture initiatives.
- **Educational resources for teachers and students** — More than 200,000 students benefit from the educational programs SRP originates each year. SRP helps Arizona students become the best and brightest they can be by providing educational grants, curriculum support and comprehensive energy education programs for teachers, in addition to a host of resources for students and educators alike.
- **Volunteerism** — SRP's employee volunteer organization is nationally recognized as a model of innovation and effectiveness. In addition to giving time to charitable organizations, SRP employees donate more than \$1.5 million to nonprofit organizations through the annual Employee Boosters Association campaign.
- **SRP Safety Connection™** — We are widely recognized for our commitment to safety-related electric and water initiatives.
- **Support for multicultural programs** — SRP makes informed investments in programs that support a rich diversity of ethnicities.
- **SRP Speakers Bureau** — Our speakers are SRP employees who volunteer their time to help educate the community about safety, energy use, the environment and other topics.

EDUCATION OUTREACH FOR STUDENTS AND EDUCATORS

At SRP, we applaud the outstanding efforts of Arizona educators to help students become the best and brightest they can be. We demonstrate our appreciation by providing free workshops, comprehensive in-service programs and resources (such as videos, downloadable teaching materials and standards-based lesson plans) for Arizona educators.

Our goal is to equip teachers with high-quality, relevant information and proven classroom resources related to the water and energy industries. Educators who participate in our programs will be expertly prepared to teach students about water, electricity and renewable energy technologies.

Our workshops address specific objectives and standards outlined by the Arizona Department of Education. Professional development and credit hours are available to teachers who participate.

Water Education

SRP offers educators in grades 4–8 information about the desert's most precious resource. Topics include central Arizona water history, water management concepts, environmental water issues and water science.

Water Chemistry

SRP scientists teach this workshop, which explores topics such as where we get our water; how pH, chlorine and hardness interact in raw water; what to do when water gets polluted; the water treatment process; and how SRP and cities use chemistry every day to provide safe drinking water. This workshop is for eighth-grade teachers.

Powering Our Future

From how electricity is generated to conservation and renewable energy, this workshop looks at all energy resources. Offered for grades 3–12, Powering Our Future provides great background content knowledge, activities to use in the classroom and standards-based lesson plans.

Energy Efficiency

Designed for teachers of grades 6–12 who want to integrate environmental stewardship into their curricula, this workshop explores the fundamentals of energy conservation and transformation, as well as behaviors and technologies that help us save energy. Correlated to state standards related to human impacts on the environment and the stewardship of natural resources, this lesson can be tailored to many grade levels.

Global Climate Change Academy

This four-day academy focuses on global climate issues that affect teachers and their students. Teachers examine current data and what it means to Arizona, develop an instructional plan with the guidance of academy facilitators and collaborate with colleagues. Teachers also visit selected sites in SRP's territory. This is for grades 3–12.

Solar Summit

This workshop is tailored to those who want to learn more about solar energy in Arizona. With a focus on photovoltaic energy, this workshop gives educators the tools and resources to teach about solar power. Separate modules are available to meet the specific needs of grades 3–12.

COMMUNITY PARTNERSHIPS

The following are just a few of SRP's community outreach projects and partnerships.

Arizona Science Center

Housed within the Arizona Science Center, the Center for Leadership in Learning helps improve the academic achievement of Arizona K-12 public school students by elevating the professional performance of their teachers and education leaders.

Arizona-Mexico Commission

For more than a decade, SRP has been involved with the Arizona-Mexico Commission, contributing annually as a major sponsor and offering leadership and support. The mission of this cross-border organization is to advance the mutual economic, social, environmental and political interests of the sister states of Arizona and Sonora.

ASU Foundation — Mary Lou Fulton Teachers College

The ASU Modeling Instruction Program provides a model-centered professional development opportunity for physical science high school and middle school teachers. Advanced science content courses and modeling workshops are offered to teachers each summer. They cover physics, chemistry and middle school/ninth grade physical science with mathematics.

Heard Museum

Through innovative programs, world-class exhibitions and unmatched festivals, the Heard Museum sets the standard nationally for collaborating with Native people to present first-person voices. Partnerships with American Indian artists and tribal communities provide visitors with a distinctive perspective about the art and cultures of Native people, especially those from the Southwest.



PROTECTING OUR CULTURAL RESOURCES

Much of SRP's service territory has archaeological and historical significance. Even some SRP facilities contain prehistoric and historic archaeological sites. SRP strives to minimize disturbances to archeological, cultural and historical resources.

To achieve this, we consult with federal, state, municipal and tribal agencies to determine which resources are important and how to avoid or mitigate potential adverse effects to those resources.



SUPPORTING ENVIRONMENTAL ORGANIZATIONS

Protecting the environment through actions and educational efforts benefits all Arizonans. These are examples of the many environmental organizations we support.

- Arizona Envirothon
- Arizona Forward Association
- Arizona State Parks Foundation
- Arizona Trail Association
- Audubon Arizona
- Avian Protection Programs
- Greater Phoenix Forest Partnerships
- Liberty Wildlife
- Nature Conservancy
- Phoenix Parks and Conservation Foundation
- Western Yavapai Conservation Education Center

CORPORATE INITIATIVES



STEWARDSHIP IN ACTION EMPLOYEE PROGRAM

SRP's Stewardship in Action program gives our employees the tools to become stewards at work, at home and in the community. It reflects our legacy of stewardship and conservation that dates back for more than a century.

- **Ride Share** — There are many reasons to share a ride: Beat the traffic, save money and, most important, help clear the air. It's a cause SRP has been committed to since 1988, when we first joined the Maricopa County Travel Reduction Program, and it remains a top priority today. This program encourages our employees to participate in carpooling, vanpooling, bicycling, and riding the bus and light rail.
- **Bike Share** — SRP invests in pedal power with our Bike Share program. Our employees can check out a bike to use to travel between our facilities. It's the perfect way to help clear the air.
- **Green Basket** — In partnership with Tempe-based Chow Locally, SRP's Green Basket program gives our employees the chance to receive fresh produce grown right in Arizona and delivered to them at work. It has never been easier for our employees to support local farmers — or to eat healthfully.
- **Electric Vehicle Initiative** — SRP is involved in a variety of efforts that will better prepare us for a future that includes electric vehicles. Within the next year, we plan to have 30 electric sedans and two light-duty electric trucks in our fleet. We also have charging stations at our buildings for employee and fleet use.



SUPPLY CHAIN MANAGEMENT

SRP focuses our supply chain management function on procuring materials and products at the lowest cost, with the shortest lead time and of the highest quality. We strive to maintain a secure and uninterrupted flow of materials and parts in support of all of SRP operations.

Our Corporate Operations Services mission is to deliver collaborative value through operational excellence. We execute our mission through five key elements:

- Alignment
- Accountability/ownership
- Effective communication
- Technology
- Best in class

In 2013, SRP joined the Electric Utility Industry Sustainable Supply Chain Alliance. The organization's mission is to work with stakeholders to develop sustainable supply chain standards. The alliance provides best-practice education, advocacy materials and tools to help evaluate the eco-efficiency of commodities used in the industry.

PREFERRED SUPPLIERS

SRP's Purchasing Services looks to companies that are working to reduce their environmental impact in applicable areas that may include:

- Greenhouse gas emissions (including transportation fuel consumption)
- Energy consumption
- Water use and quality
- Waste and materials management

Additionally, SRP recognizes the importance of integrating eco-efficiency principles into manufacturing and operations. This helps improve environmental performance with the reduction of material used, increased recyclability, reduction in packaging materials, use of recycled content, use of renewable resources and ensured greater durability of goods.

Along these lines, the incorporation of environmental considerations into business operation practices to sustain higher levels of environmental performance is a critical component of SRP's supplier selection process.

ABOUT SRP

SRP (Salt River Project) is the oldest multipurpose federal reclamation project in the United States. We have been serving central Arizona since 1903, nearly 10 years before Arizona became the 48th state.

Today the SRP power district is one of the nation's largest public power utilities. We provide electricity to nearly 970,000 retail customers in a 2,900-square-mile service area that spans three Arizona counties, including most of the metropolitan Phoenix area (known as the Valley). We are an integrated utility, providing generation, transmission and distribution services, as well as metering and billing services.

SRP's water business is one of the largest raw-water suppliers in Arizona. We deliver about 800,000 acre-feet of water annually to a 375-square-mile service area and manage a 13,000-square-mile watershed that includes an extensive system of reservoirs, wells, canals and irrigation laterals.

For more than a century, SRP has demonstrated foresight in providing the essential resources to meet the needs of our power and water customers and to help the Valley grow into one of the most vibrant metropolitan areas in the country. We are continuing that mission in our second century.

SRP has been dedicated to providing reliable, reasonably priced water and power to meet the needs of people, businesses and communities in Arizona for more than 100 years.



SRP AWARDS AND RECOGNITION

At SRP, we're always humbled when others recognize the efforts and achievements of our employees. Here are some examples of the many awards and recognitions we've recently achieved.

"Ranked Highest Customer Satisfaction among Large Utilities in the West, 12 Years in a Row."

Salt River Project received the highest numerical score among large utilities in the West region in the proprietary J.D. Power 2002-2013 Electric Residential Customer Satisfaction StudiesSM.

100 Best Fleets

Awarding agency: Tom Johnson, "The 100 Best Fleets in North America." Awarded in recognition of SRP Transportation Services meeting the program's standard of excellence.

APPA Safety Award of Excellence

Awarding agency: American Public Power Association. Awarded in recognition of SRP's low incident rate.

Corporation of the Year

Awarding agency: Grand Canyon Minority Supplier Development Council (GCMSDC). Awarded in recognition of SRP's corporate sponsorship of the GCMSDC since 2004.

Environmental Stewardship Award

Awarding agency: Keep Arizona Beautiful. Awarded in recognition of the Planet SRP recycling campaign.

LEED for Homes Platinum

Awarding agency: U.S. Green Building Council. Certification that the Habitat for Humanity Central Arizona home funded by SRP and built by SRP employee volunteers meets Leadership in Energy and Environmental Design standards.

Tree Line USA Award

Awarding agency: Arbor Day Foundation in cooperation with the National Association of State Foresters. Awarded in recognition of SRP's demonstrated practice that protects and enhances America's urban forests.



Delivering more than power.™

