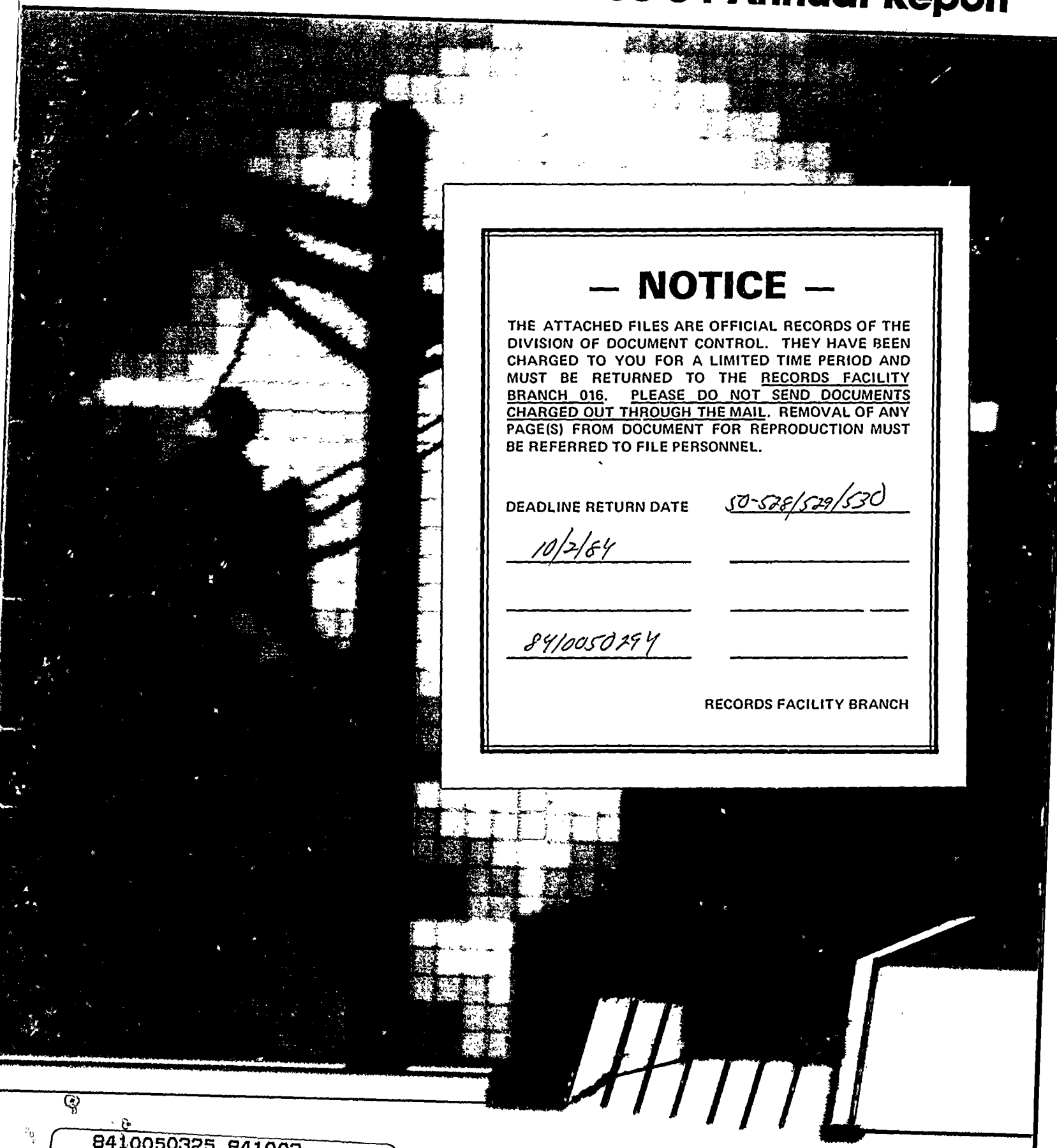
Salt River Project 1983-84 Annual Report



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Background

Salt River Project, named for the major river that supplies water to the Phoenix metropolitan area, has played a leading role in the growth of the Salt River Valley, providing water and power to area residents. The Project comprises two organizations—the Salt River Valley Water Users'Association (the Association) and the Salt River Project Agricultural Improvement and Power District (the District).

The Association is a private Arizona corporation. It participates in the management of the 13,000-square-mile watersheds of the Salt and Verde rivers, in cooperation with the U.S. Forest Service. The Association administers water rights of the Project's 250,000-acre area and operates and maintains the irrigation transmission system which carries water to agricultural, municipal, industrial and residential users.

The District, a political subdivision of Arizona, operates under contracts with the United States and provides electricity to residential, commercial, industrial and agricultural power users in a 2,900-square-mile service area in parts of Maricopa, Gila and Pinal counties.

In line with the long-standing reclamation principle, SRP uses a portion of its electric revenues to help support its water operations. This practice helps keep water delivery charges to farmers, cities and homeowners at reasonable levels. And SRP also maintains electric rates that are competitive with those of other utilities in the area.

Contents

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Salt River Project is an Equal Opportunity Employer

Highlights

Revenues

	Fiscal Year 1984 Dollars ($000)	Percent
Residential	$302,731	44.3%
Commercial and Industrial	253,467	37.1
Sales for Resale	89,253	13.0
Agricultural Pumping, Street and Highway Lighting, and Public Authorities	27,550	4.0
Water and Irrigation Revenues	5,295	.8
Other	5,697	.8
TOTAL	$683,993	100.0%

Demands on Revenues

Fuel Used for Generation	$159,025	23.2%
Purchased Power	26,456	3.9
Other Operating Expenses	107,370	15.6
Taxes and Tax Equivalents	67,745	9.9
Depreciation and Amortization	68,046	9.9
Maintenance	56,086	8.2
Net Financing Costs	28,961	4.2
Miscellaneous Deductions (Income)	9,800	1.4
Gain on Defeasance of General Obligation Bonds	(27,672)	(3.9)
Reinvested	188,176	27.6
TOTAL	$683,993	100.0%

Power Operations

	Fiscal 1984	Fiscal 1983
Number of Energy Customers-year end	391,142	359,561
Total Kilowatt-Hour Sales (000)	12,612,241	13,088,066
Average Annual kWh Usage Per Residential Customer	12,535	12,277
Average Annual kWh Revenue Per Residential Customer (Cents)	7.06	6.47

Water Operations

	Calendar 1983	Calendar 1982
Assessed water accounts	180,455	179,532
Water runoff (acre-feet)	2,829,617	1,667,257
Water in storage, Dec. 31 (acre-feet)	1,717,407	1,631,411
Deliveries of water (acre-feet)	1,171,097	1,054,163

Selected Financial Data

	Fiscal 1984	Fiscal 1983
Gross Plant Investment ($000)	$3,777,893	$3,386,983
Net Plant Investment ($000)	$3,227,168	$2,903,730
Long-Term Debt ($000)	$2,610,026	$2,495,914
Plant Construction Costs ($000)	$ 431,303	$ 412,222
Ratio of Long-Term Debt to Total Capitalization	72.7	76.0
Debt Service Coverage Ratio	1.85	1.92

Letter from Management

Salt River Project President John Lassen, right, discusses business with Vice President Marcel Boulais, left, and General Manager A.J. Pfister.

Remarkable growth in the number of electric customers and a strong local economy contributed to another favorable year for Salt River Project.

An increase in retail sales boosted gross revenues by 4.9 percent to $683.9 million. Through diligent cost-cutting and productivity improvements, SRP improved net revenues by 17.6 percent to a record $188.1 million.

The Arizona economy continued to strengthen, as reflected in the unemployment rate, which dipped in April to its lowest level since October 1979. At the close of the fiscal year, the state's unemployment rate was 5.2 percent, compared to the national unemployment rate of 7.8 percent.

Good economic conditions and strong financial performance enabled SRP to keep electric rates stable during the year. Consequently, SRP continues to achieve its goal of keeping electric rates at or below the level of inflation. The last increase—which took effect in April 1983—was 5.5 percent.

SRP improved its debt-to-total capitalization ratio from 76 percent to 72.7 percent.

Although a decline in sales for resale caused a moderate decline in SRP's debt service coverage ratio, the ratio was a healthy 1.85 percent at fiscal year-end.

Sound credit ratings influenced the successful sale of $275 million in revenue bonds and $14.2 million in SRP "minibonds" during the year.

The Project continued to depend on coal to produce the bulk of its customers' energy needs. Coal-fired generation produced 78.8 percent of the electricity used by customers during the fiscal year. Excess snowmelt from the Rockies enabled SRP to increase its purchases of low-cost federal hydroelectricity in an ongoing effort to keep down fuel costs.

SRP will have sufficient generating resources to meet future growth with construction of the Palo Verde Nuclear Generating Station and Unit 3 of the coal-fired Coronado Generating Station. SRP will own 17.49 percent of Palo Verde's three 1,270,000 kilowatt (kW) units when the first unit becomes fully operational in April 1986.

Load growth projections show SRP will need Coronado's 350,000 kW Unit 3 by the early 1990s. SRP initiated the process to select an architect-engineer for the unit, which is being constructed at a pace to meet the date of need.

SRP has taken steps to ensure an adequate and economic future supply of coal by purchasing 29 percent of the Trapper Coal Mine near Craig, Colorado and expanding a coal exploration program in New Mexico.

Meanwhile, copious runoff filled SRP reservoirs and brought SRP's fifth wettest year since 1913.

Runoff into reservoirs during calendar 1983 totaled 2.8 million acre feet (af) of water—or 400 times normal. Abundant runoff necessitated the release of 1.7 million af from SRP dams into the normally dry Salt River through Phoenix. However, flows were relatively low and did not cause any major disruption of traffic.

The water picture changed dramatically in 1984 as the Valley experienced its longest dry spell—a record 91 days without any trace of rain. The year is projected to be among SRP's driest.

Despite the quick turn of events, SRP's combined supply of surface and groundwater can meet demand through three years of below average runoff.

A continuing emphasis on conservation will help SRP ensure an adequate water supply for the future.

Overall, we are pleased with the year's results. For the third consecutive year, SRP's financial performance has been especially good. We look forward to a healthy future characterized by continued growth, sufficient generating resources to meet future energy needs and stabilization of interest rates.

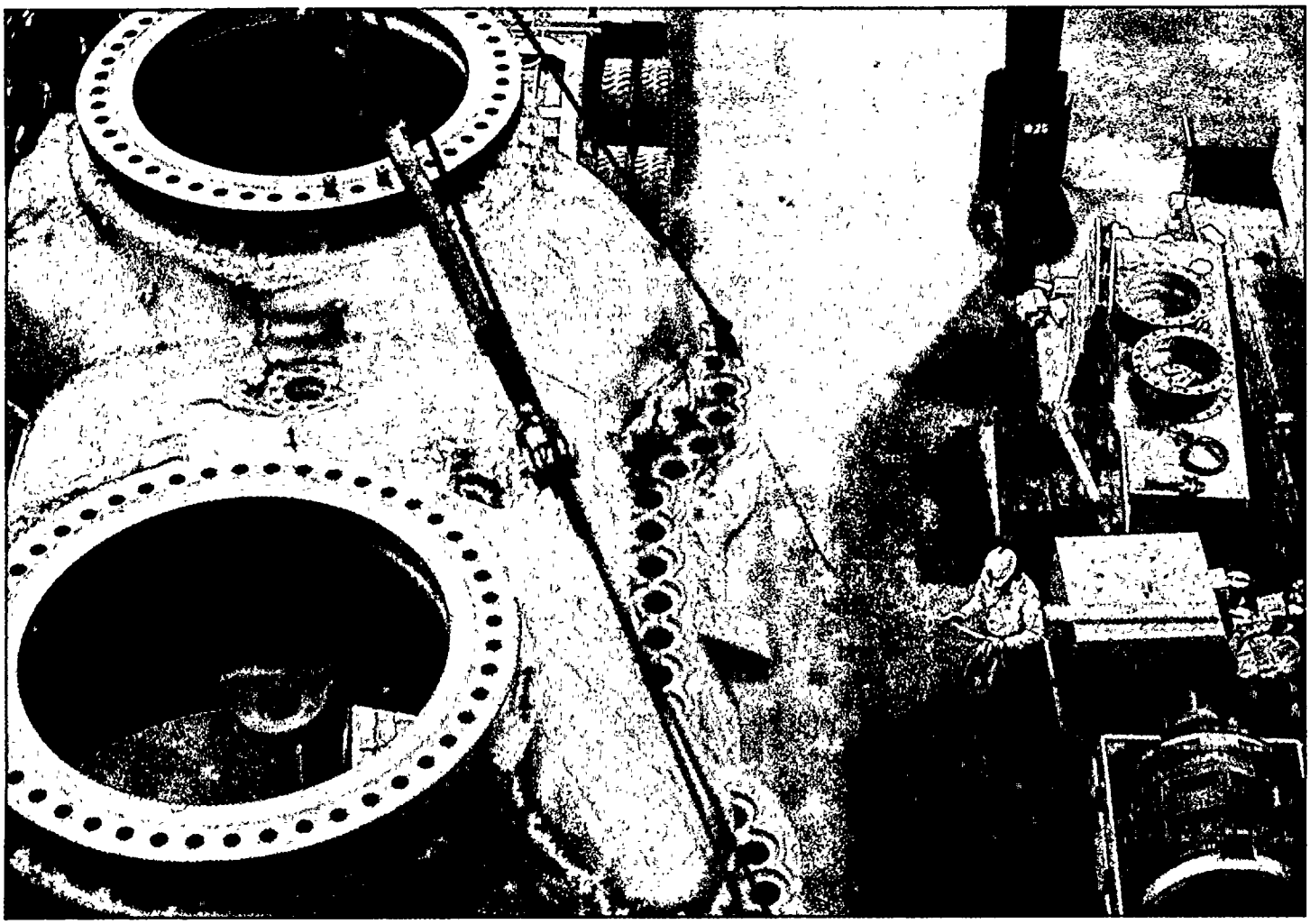
Through sound financial planning and the dedication of employees, SRP will be able to carry on a tradition of providing a reliable supply of water and power in a cost-efficient manner.

John R. Lassen

Marvel J. Boulais

A. J. Foster

Rapid growth marks eventful year



A Navajo Generating Station employee is dwarfed by a massive main turbine inner shell as it is lifted 40 feet onto the turbine deck after inspection during a major overhaul of Unit 1.

Economy improves

Rebounding of the local economy triggered a spurt in new housing construction which led to unprecedented growth in the number of SRP electric customers.

By year-end, SRP had added 25,281 new customers, including 20,325 residential customers. Reclassification of 6,300 existing customers under a new dawn-to-dusk lighting program brought the number of additional customers to 31,581 for a nine percent increase over the previous year.

The number of building permits issued for new residential dwellings alone rose a dramatic 53 percent from 16,796 the previous year to 25,768.

Load growth forecasts showed the need by the early 1990s for Unit 3 of SRP's coal-fired Coronado Generating Station. The forecasts also added steam to the search for a site in Arizona for another coal-fired station projected to be needed in the late 1990s.

The rising growth rate was the basis for SRP land and building purchases during the year. The number of SRP customers is expected to double by the year 2000.

Coal continued to be the staple of SRP's fuel diet. To protect and ensure a future supply, SRP joined other participants in the purchase of a coal mine in Colorado and continued an active coal exploration program in New Mexico.

SRP faced both gains and setbacks in efforts to bring on line Unit 1 of the Palo Verde Generating Station, under construction 50 miles west of downtown Phoenix.

Milestones, delays mark progress of Palo Verde

Several significant milestones were reached in construction of the Palo Verde Nuclear Generating Station despite problems normally encountered during start-up of large nuclear units.

By fiscal year-end, Unit 1 was essentially complete. Units 2 and 3 were 99 percent and 90 percent complete, respectively. While pre-operational activities progressed smoothly at the start of the fiscal year, subsequent problems contributed to a two-year delay in commercial operation of Unit 1 and cost increases totaling $128 million for SRP.

Full scale testing of the station's emergency preparedness plan was conducted in May 1983. A subsequent report by the Federal Emergency Management Agency identified no major inadequacies or difficulties during the drill. The report followed the Nuclear Regulatory Commission's licensing of Unit 1 reactor operators after they passed tough examinations.

In July 1983, the NRC awarded Palo Verde a "high level of performance" rating in five of 11 categories evaluated in a Region V appraisal of construction and preparation for operation. The remaining categories were judged "satisfactory."

Then, in late July, the first of three 1,270,000 kilowatt (kW) units underwent tests and clearance problems caused damage to the unit's four reactor coolant pumps. Redesign of clearance specifications remedied the problem. Later, problems were encountered with the unit's low pressure safety injection system. Corrections were made.

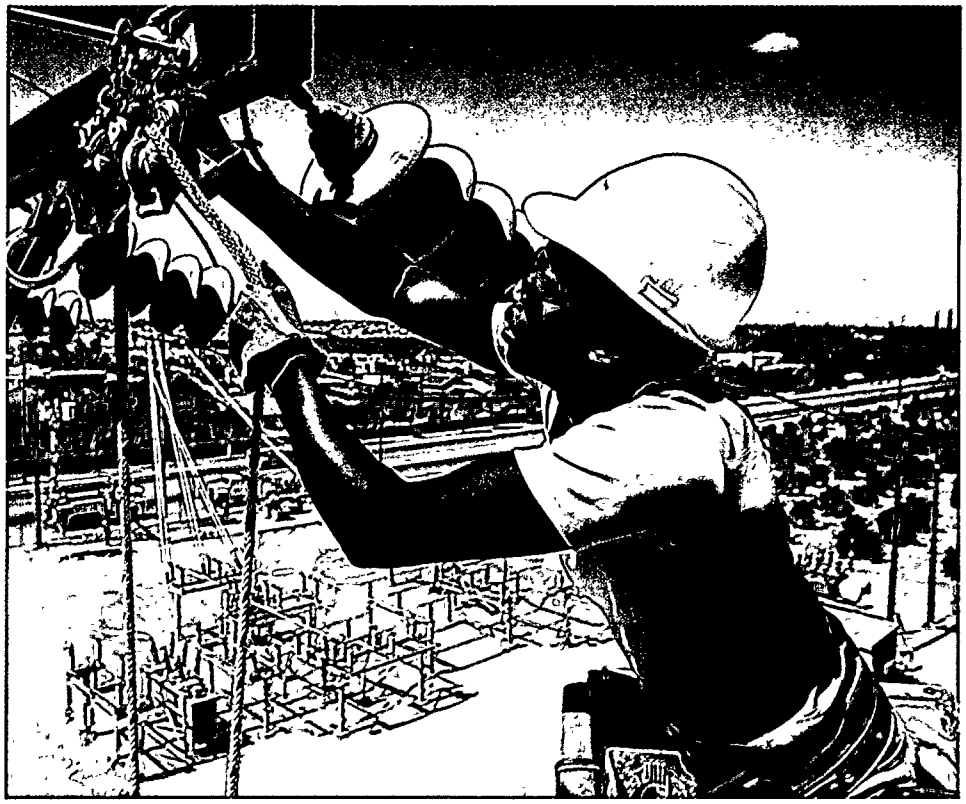
The NRC conducted an in-depth construction appraisal inspection during September and reported that construction was generally satisfactory, although the commission did cite two violations for which it levied fines totaling $80,000. The fines later were reduced to $60,000 and the causes of the violations were remedied.

By the end of the fiscal year, Arizona Public Service Co.—the project manager for the six participants—reported that the problems were solved and that a demonstration test of the repairs would be conducted in early fiscal 1984-85.

The current schedule calls for Unit 1 to be fully operational in April 1986 with Unit 2 to follow later in 1986. Full operation of Unit 3 is expected in 1987.

When Unit 1 becomes operational, SRP will exchange 5.7 percent of Palo Verde for the Los Angeles Department of Water and Power's interest in Coronado Generating Station. After the transfer, SRP will own 17.49 percent of Palo Verde and 100 percent of Coronado.

SRP enters fiscal 1984-85 confident that Palo Verde will be completed in a timely manner and that it will prove to be a reliable and cost-effective energy source for our customers.



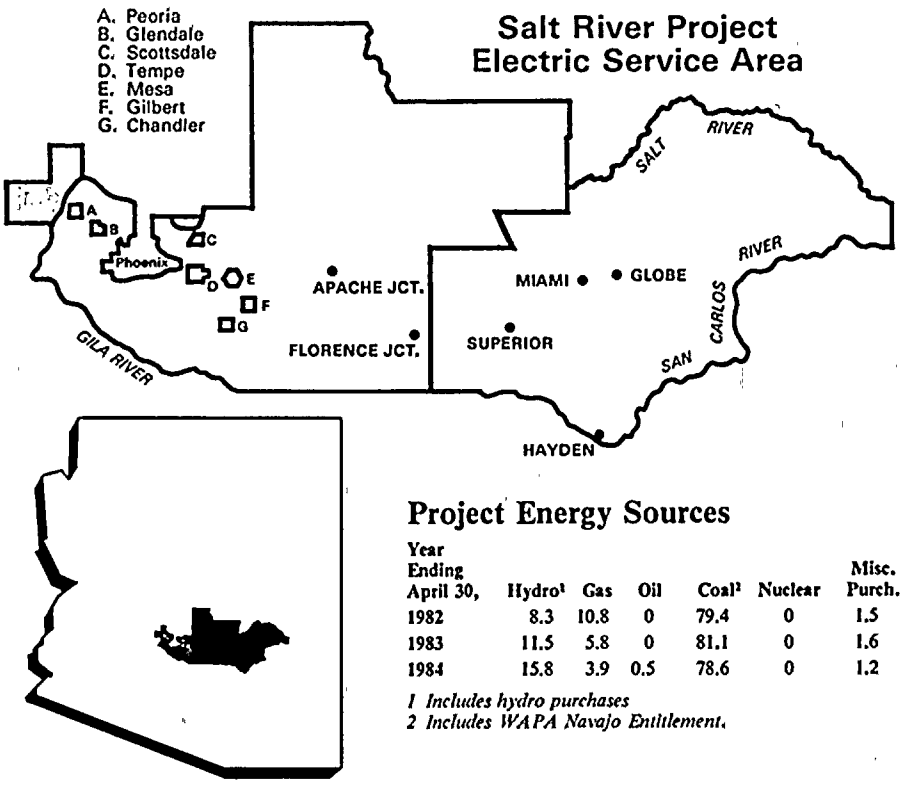
An apprentice lineman helps build a temporary feed for a 69-kilovolt portable substation which will be used temporarily while the Lehi Substation in Mesa is under construction.

Transmission, distribution system expands

In response to the new housing surge, SRP crews built 72 miles of overhead and underground powerlines as well as five residential and two industrial substations.

SRP supervised design and construction activities related to the Palo Verde transmission system that will carry nuclear-generated electricity to the station's six participants in Arizona, California, Texas and New Mexico. This transmission system also will provide a path for additional economy energy transfers between the participants.

As project manager for the system's development, SRP completed design



Project Energy Sources

Year Ending April 30,	Hydro[1]	Gas	Oil	Coal[2]	Nuclear	Misc. Purch.
1982	8.3	10.8	0	79.4	0	1.5
1983	11.5	5.8	0	81.1	0	1.6
1984	15.8	3.9	0.5	78.6	0	1.2

1 Includes hydro purchases
2 Includes WAPA Navajo Entitlement.

Electric Service Area Served Exclusively by Salt River Project

Salt River Project Provides Full Power Requirements of Arizona Public Service for Resale. Project Makes Direct Sales to Customers for All Mining Loads

Salt River Project Provides Full Power Requirements of Arizona Public Service for Resale

Electric Service Areas Not Served by Salt River Project

of a third 500 kilovolt transmission line. When completed in 1986, the 45-mile line will be a second link from Palo Verde to SRP's Westwing Receiving Station, west of Phoenix.

Mead-Phoenix study moves toward completion

While crews were busy building and improving today's system, planning personnel looked for ways to enhance system reliability and improve energy exchanges in the future. One of the most promising projects is the proposed Mead-Phoenix 500 kV direct current (DC) transmission line.

The 240-mile DC transmission line would greatly increase SRP's ability to purchase or sell energy to other utilities.

As project manager for the five utility participants in the feasibility study, SRP helped prepare a draft environmental report and initiated planning to obtain permits within the states of Nevada and Arizona. A final environmental report is expected to be ready by late summer 1985.

If the idea proves feasible, the line would link SRP with West Coast utilities near Hoover Dam. The link would provide a way for SRP to sell up to 200,000 kilowatts of surplus electricity to California and Nevada utilities. Also, the line would allow the Project to increase substantially its purchases of energy from the West Coast.

SRP will manage the design and construction of the $500 million system if participants decide to proceed with construction of the line.

Coal remains the staple of fuel diet

Availability of low-cost, federal hydroelectricity rose with the high snowmelt from the Rockies into the Colorado River in 1983.

SRP purchases of federal electricity allowed SRP to reduce its fuel and generation production costs. However, the widespread availability of this energy reduced SRP's sales of excess coal-generated energy to other utilities.

Nevertheless, coal maintained its position as SRP's principal fuel for generation. Coal-fired generation provided customers with 78.8 percent of their electricity during the year and helped to meet near-record demand of 2,260,000-kW which occurred at 5 p.m. on Aug. 31. The year's peak demand fell slightly short of summer 1981's record demand of 2,266,000-kW. The record demand of 1981 was due to unusually warm summer weather.

SRP continued to invest in coal for future electric generation in ways that will result in long-term fuel cost savings for customers.

In an ongoing effort to ensure an adequate and economic supply of coal, SRP purchased 29 percent of the Trapper Coal Mine near Craig, Colorado. The $6.5 million transaction, finalized in July 1983, helped SRP to reduce its fuel costs at the nearby Craig Generating Station. SRP owns 29 percent of units 1 and 2 at the generating station.

New Mexico state lands offer promise as an alternate source of coal for Coronado Generating Station in eastern Arizona. SRP obtained a federal exploration license on lands adjacent to state leases already held by SRP for exploration.

SRP expects to realize substantial savings in fuel costs as a result of coal agreements negotiated during the year.

In addition, a $7.6 million settlement of a coal dispute with Peabody Coal Co. in April will benefit customers by allowing SRP to stabilize the fuel cost adjustment factor through 1984.

Progress made on future coal-fired plants

The development of coal-fired plants needed to meet future energy needs in the Valley continued at a planned slow but steady pace.

Progress was made in construction of Unit 3 at the Coronado Generating Station at St. Johns. Crews worked on the water supply system and completed the unit's turbine foundation, circulating water lines, and cathodic protection system. SRP also began the process to select an architect-engineer for the unit. Load growth projections show the unit's 350,000-kW capacity will be needed in 1990 or 1991.

In the meantime, SRP is continuing preliminary work to evaluate sites in Arizona for another coal-fired generating station expected to be needed by the year 2000.

Growth projections prompt land purchases

The Legend City amusement park and a former Woolco Department Store, both in Tempe, have assumed a new identity as a result of $27 million property purchases by SRP.

Acquisition of the 111,317 square-foot Woolco building and 135 acres, comprising the grounds of Legend City and nearby properties, allows SRP to expand its administrative facilities to satisfy an urgent need for space. The property also will be needed to house another 2,800 employees projected to join the Project by the turn of the century.

Renovation of the Woolco building is expected to be complete by late summer. It will be occupied by approximately 500 SRP employees. A land use master plan, which includes a new computer center, is being developed for the Legend City area properties adjacent to SRP's main administration building.

Local service to customers improved when SRP opened the Tempe Regional Center in September 1983. Regional centers provide service and maintenance facilities near the areas they serve. The result is faster response to customer service requests and reduced transportation costs. Studies show a need for another regional service facility to serve in the southwest portion of the Valley. A plan is being developed for a regional center at Tolleson to satisfy that need.

Major progress was made in construction of a new power operations building during the year. Located on a 12.5 acre site in Scottsdale, the building will house SRP's power dispatching system and a new computerized energy management system capable of remotely controlling SRP electrical facilities. Construction was 50 percent complete at the close of the fiscal year.

SRP's easy-to-identify meter readers have improved their average readings per day from 380 to 420 since inception of the "Eight & Skate" program in 1982. The program rewards meter readers who complete their work assignments in less than eight hours.

Mother Nature drenches the Valley

Outdoor enthusiasts, such as this bicyclist, find the Arizona Canal a scenic spot for recreation. The banks of some SRP canals have paths for bicycling, jogging and horseback riding. Fishing also is permitted from the banks of canals in most areas.

Runoff is 4 times normal; reduces need to pump

In her spirited, unpredictable way, Mother Nature confounded weathermen, challenged water managers, threatened some citizens and delighted snow skiers in 1983 with an unusually lavish production of rain and snow. 1983 was SRP's fifth wettest year since 1913.

Runoff into SRP reservoirs during 1983 totaled 2,829,617 acre-feet (af), a robust 401 percent of normal. Of that total, 65 percent was produced during the first five months of the year.

Unable to accommodate all the runoff in the reservoirs, SRP released 1,749,000 af into the normally dry Salt River channel that divides the Valley. Releases were made intermittently for a record 260 days.

A freak five-day storm in early fall dumped the equivalent of an average winter and spring's precipitation on the watershed, prompting the release of 465,000 af from reservoirs—the earliest-ever in SRP's history. The storm resulted in the year's peak releases of 45,000 cubic feet per second (cfs)—enough water in one day to fill Saguaro Lake 1-1/4 times.

The year began with a substantial 1,630,000 af stored in reservoirs—81 percent of capacity. Peak storage occurred on May 12 when reservoir contents measured an "operationally full" 2,009,354 af. At year's end, reservoirs contained 1,717,407 af—165 percent of normal.

The abundant water supply allowed SRP to cut groundwater pumping drastically from an already low 104,019 af in 1982 to just 43,248 af in 1983. Historically, SRP pumps an average of 300,000 af per year from its system of 248 deep wells.

Water deliveries increase

Excess runoff and warmer than normal summer weather caused a hefty 13 percent jump in total water deliveries. Canals delivered 1,014,772 af to water users in 1983, compared to 886,968 af in 1982. The 1983 figure includes more than 460,000 af of water not charged against users' allotments, available as a result of excess runoff.

Deliveries to cities under domestic contracts increased 1.5 percent in 1983. A total of 251,110 af was delivered to the eight Valley cities served by the Project, compared to 247,216 af in 1982.

Water managers plan for the future

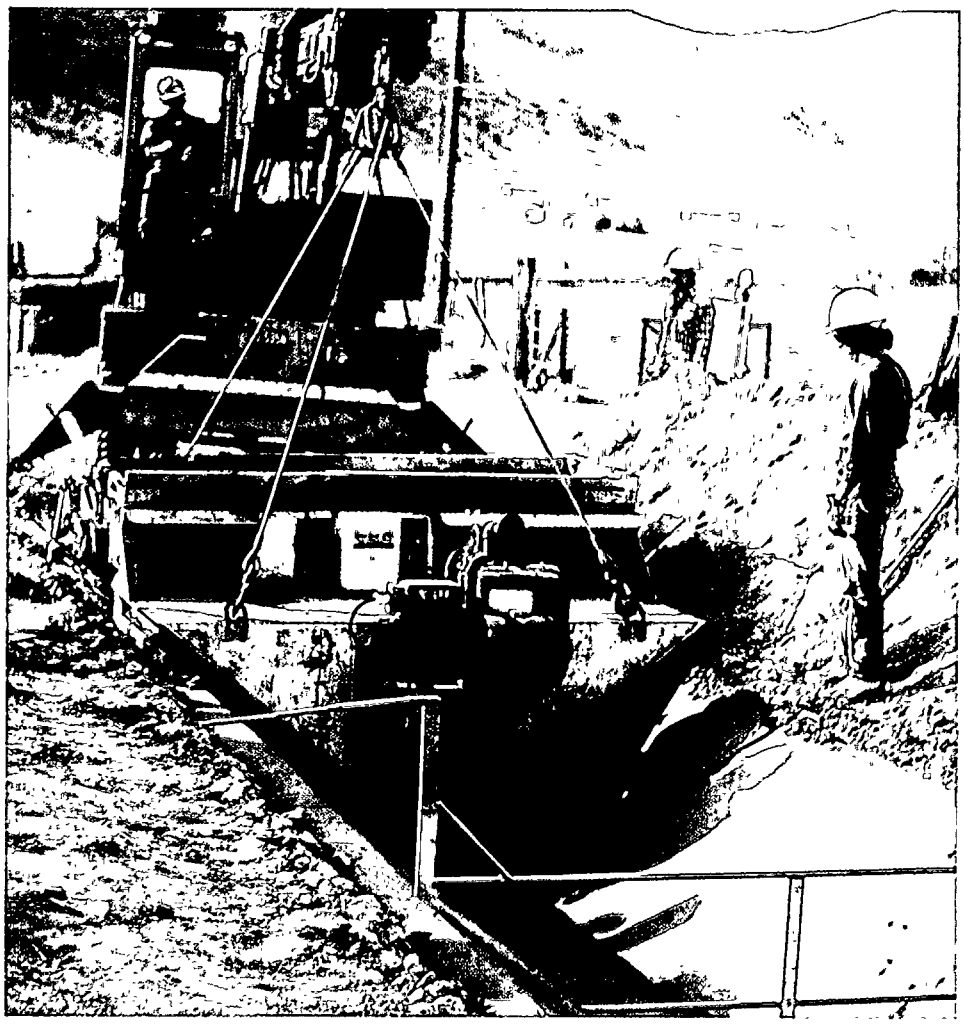
As SRP water managers know, Mother Nature can be as stingy as she is generous. And she doesn't always give warning of her change of heart.

Such was the situation in early 1984, when the Valley experienced its longest dry spell—a record 91 days without any trace of rain. Runoff for 1984 is predicted to be among the lowest in SRP's history.

This shifting scenario punctuates the critical importance of sound water management. SRP's goal is to maintain an adequate and reliable supply of water to meet demand in dry years while keeping reservoirs at safe operating levels during years of heavy runoff. Historically, there have been twice as many extremely dry years as extremely wet years. At present, SRP's combined supply of surface and groundwater can meet demand through three years of below average runoff.

That has occurred several times since 1913, the last three-year dry spell occurring between 1974 and 1977. In addition, SRP has experienced two seven-year droughts.

SRP's emphasis on conservation, improved runoff forecasting and the anticipated arrival of Central Arizona Project water to the Valley in 1986 will help relieve any water shortage concerns. And, some additional storage capacity now being considered for the Salt and Verde rivers will help ensure Phoenix area residents of a future water supply for the next 25 to 50 years.



Construction and maintenance crews use a telescoop to remove a slipform lining machine after pouring concrete in a lateral in Laveen. SRP's ongoing concrete lining program reduces water seepage in canals and laterals by up to 10 percent.

SRP improves data gathering

Project employees made notable strides in managing the Valley's water.

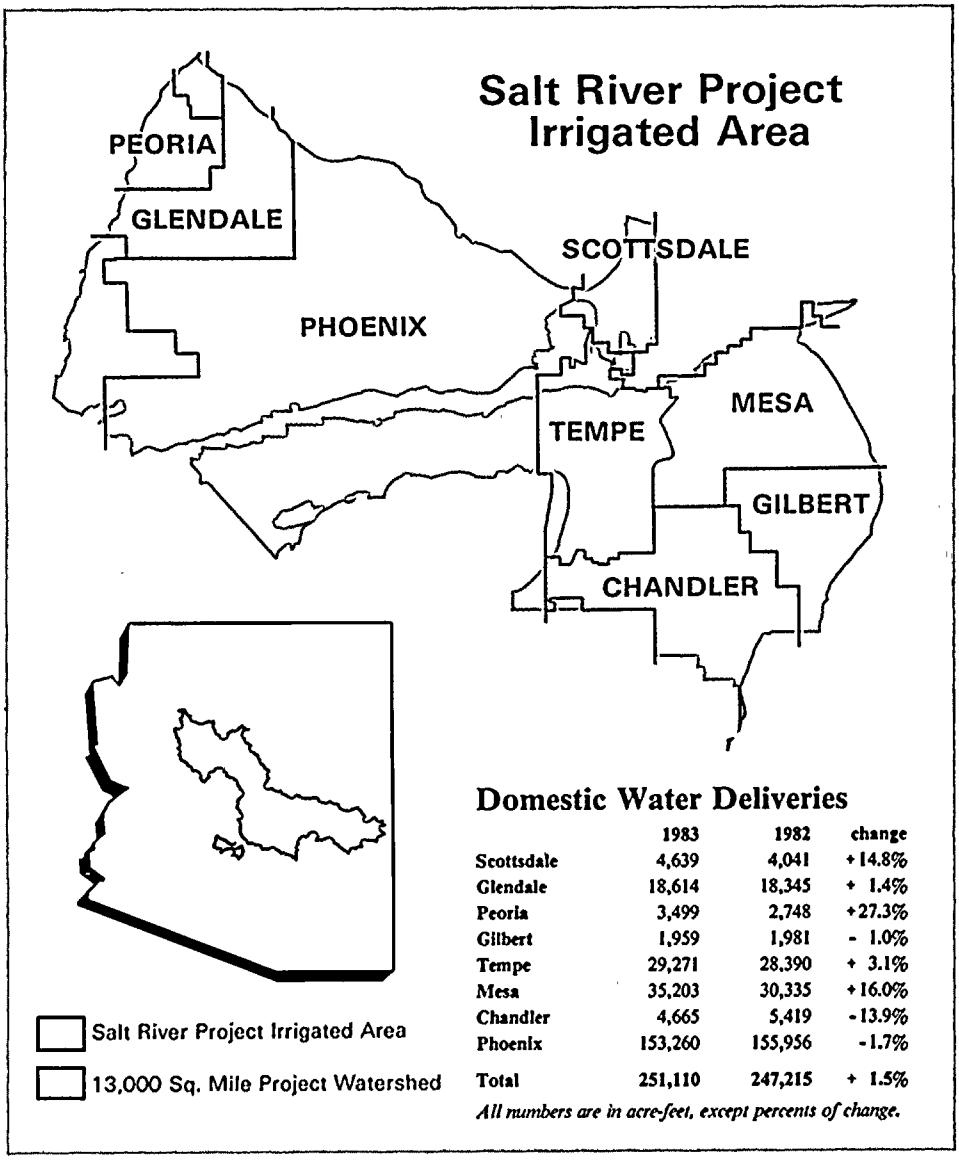
In the fall of 1983, the Project initiated a paleohydrology study of historical river flows with the University of Arizona. The study involves examination of organic materials deposited in canyons by previous floods.

Techniques were reviewed and study sites were selected to identify the magnitude and approximate date of floods during thousands of years. The information will be used with historic records to estimate future intervals between major floods in Arizona. The data also will be helpful in evaluating interim solutions for SRP dams awaiting repairs under the Safety of Dams Act.

Meanwhile, SRP pursued weather modification in a joint study with the U.S. Bureau of Reclamation (USBR). Results indicated that cloud seeding could be feasible over the lofty Mogollon Rim boundary of the watershed. Producing rain or snowfall through cloud seeding could prove vital during periods of drought.

SRP enhanced its ability to stabilize some of the effects of nature's whimsy through technological advances in the collection of stream, reservoir and watershed data. Quicker and more precise data collection allows SRP faster assessment and response to potentially dangerous runoff conditions that could cause flooding in the Valley.

As part of an ongoing procedure to improve reservoir operations, SRP



Domestic Water Deliveries

	1983	1982	change
Scottsdale	4,639	4,041	+14.8%
Glendale	18,614	18,345	+ 1.4%
Peoria	3,499	2,748	+27.3%
Gilbert	1,959	1,981	- 1.0%
Tempe	29,271	28,390	+ 3.1%
Mesa	35,203	30,335	+16.0%
Chandler	4,665	5,419	-13.9%
Phoenix	153,260	155,956	-1.7%
Total	251,110	247,215	+ 1.5%

All numbers are in acre-feet, except percents of change.

developed a new streamflow and reservoir routing model. The computer model and a new printer/terminal provide a clearer, overall picture of runoff conditions four times faster than the system it replaced.

A new watershed model developed by a consultant also helps SRP protect its shareholders' water supply and reduce the danger of flooding in the Valley. The model uses data about soil moisture and snowpack conditions on the watershed to improve forecasting of short-term runoff.

SRP worked closely with the U.S. Soil Conservation Service to develop improved methods of information collection for determining seasonal streamflows for the Salt and Verde rivers. The effort is intended to produce more accurate readings of the water content of snow and temperatures at 15 sites on the watershed.

When emergency releases are necessary, it is essential that all employees involved know their role and work cooperatively to ensure safe operations. For this reason, SRP developed the "Emergency Preparedness Plan for Reservoir Operations." The manual assesses the current operational status of the Project's technical and executive manpower, equipment and technology utilized during emergency reservoir operations and each department involved in emergency operations.

As another emergency safety measure, SRP developed for the U.S. Bureau of Reclamation, flood inundation maps that will become part of a Bureau emergency preparedness plan. The maps depict areas that would be inundated in the event of a dam failure on the Salt and Verde rivers. This information could be critical if evacuation was necessary.

Conservation remains an important focus

Because every year could be the start of a prolonged drought, conservation continued to be a major and highly visible SRP effort during the year. The message was conveyed through paid media advertising, bill inserts, speaker's bureau presentations, distribution of water flow restrictors and joint activities with local municipalities.

SRP's own efforts to conserve water continued with SRP's canal lining and agricultural conservation programs.

During the year, SRP lined another 4.4 miles of its canal network. Studies show lined canals can reduce water losses by up to 10 percent. At present, 70.7 miles of SRP's 132 miles of canals have been lined.

SRP also contributed to Maricopa County flood control efforts by relocating 2.25 miles of the Arizona Canal in northwest Phoenix. Portions of the old canal will be incorporated into the planned Arizona Canal Diversion Channel to divert local floodwaters from residential areas.

SRP continued active support of the state's 1980 Groundwater Management Act by complying with the code and urging others to do the same.

The Act restricts the amount of groundwater pumped in areas where water is being withdrawn faster than it is replenished.

Project personnel have assisted the Arizona Department of Water Resources by helping shareholders comply with well registration, well metering and other requirements, since the code was adopted in 1980.

Legislation promises dam safety, more storage

SRP applauded the U.S. House of Representatives and the Secretary of the Interior for interwoven actions

that brought closer to reality dam safety repairs, flood control and additional water storage benefits.

Diligent lobbying by SRP and Arizona congressional delegates paid off when the House passed a bill in March 1984 that would raise repair funds available under the 1978 Safety of Dams Act from $100 million to $650 million. Agreement on the bill would spare SRP water users from paying for government-mandated repairs to SRP-operated Roosevelt and Stewart Mountain dams on the Salt River. These dams were identified by the USBR as needing repairs to meet new Bureau safety criteria. If the measure passes, $270 million in federal funds would be appropriated for these repairs.

SRP has maintained that the federal government is responsible for repairs to the dams. However, SRP agrees with an amendment to the House bill that requires local participants to pay any costs associated with dam safety repairs that also add flood control and water storage benefits.

Secretary of the Interior William Clark also expressed support for cost-sharing when he filed his long-awaited endorsement—with one reservation—of Plan 6 in April 1984. Clark delayed a decision about the Cliff Dam segment to allow for more time to study environmental concerns about it.

Plan 6 is the local favorite of nine options developed by the Central Arizona Water Control Study as the best way for the Central Arizona Project to provide needed safety, flood control and conservation storage.

The plan calls for:

- An enlarged Roosevelt Dam to provide flood control and safely handle the worst possible flood on the Salt River. (The USBR decided on an enlarged rather than a new Roosevelt Dam after a joint SRP/USBR evaluation of Bureau Feasibility Design studies in 1983.)
- Modifications to Stewart Mountain Dam on the Salt River that would improve flood handling capabilities and protection from the worst potential earthquake.
- Construction of Cliff Dam on the Verde River to control floods and provide dam safety and water storage.
- Construction of New Waddell Dam on the Agua Fria River to store Central Arizona Project water.

SRP will continue to participate in the Governor's Task Force on Plan 6 funding. The USBR and the U.S. Army Corps of Engineers will conduct a joint study of dam safety criteria under the auspices of the National Academy of Sciences.

A chemist at Navajo Generating Station demonstrates to visiting Egyptian engineers one of several pieces of equipment used to analyze chemical substances in coal and water. The Egyptians toured the generating station as participants in an employee exchange program designed to promote a sharing of ideas about water and power operations between SRP and Egypt.

PEEP program wins acclaim

The SRP/Egypt Professional Employees Exchange Program (PEEP) was hailed as the top exchange program of 1983 by its sponsor, the U.S. Agency for International Development. The program is executed by Consortium for International Development through the Egypt Water Use and Management Project.

As the program entered its second year, PEEP proved to be as successful a bridge for friendship as a vehicle for technology sharing.

During 1983, four SRP employees visited Egyptian irrigation projects while 10 Egyptians toured SRP facilities in an exchange of ideas and operating techniques relative to large irrigation projects.

SRP was selected to participate in the program because of its reputation as a world leader in the field of irrigation and because the Project serves an area similar in climate and terrain to Egypt.

Phase II of PEEP began in 1984 with the start of a four-year detailed training effort. During that time, 16 SRP employees will travel to Egypt and 32 Egyptians will come to America.

We're building our community through involvement

Hundreds of employees attended SRP's fourth annual Volunteer Fair outside the Project's main administration building in March. Thirty community agencies recruited employees for charitable service during the one-day event.

Employees strive for excellence on, off job

During the year, employees represented SRP well as they devoted themselves to corporate goals and community endeavors with equal fervor.

At the office, they improved work performance through a new quality circles program. Members of 23 "circles" met voluntarily on a weekly basis to discuss solutions to work-place problems and methods of improving productivity.

Individually and corporately, employees acknowledged the role of education in building the future. They enrolled in in-house courses such as computer training, management development and apprenticeship programs to develop job skills, knowledge and leadership. And they educated Valley residents about water and energy conservation through mobile workshops, speakers' bureau presentations and school education programs.

Construction, maintenance and operations workers continued to demonstrate keen safety consciousness. As a result of their safety efforts, SRP earned third place in the American Public Power Association safety contest.

Away from the office, employees pledged their time and energy to community efforts such as Valley Big Brothers, the Mesa Crisis Center for abused children and American Red Cross. And they served in trade and civic organizations such as the Better Business Bureau, Arizona Alliance of Business, the American Public Power

Association and various chambers of commerce.

Fifteen employees received special recognition from SRP for outstanding community service during the second annual Karl F. Abel awards ceremony in September. Abel, a former SRP president, was well known for his participation in community service organizations.

SRP promoted volunteerism by staging the fourth annual Volunteer Fair. Thirty community agencies set up information booths for the one-day event at the SRP main administration building and recruited employees for charitable service.

As a business entity, SRP donated labor and money to more than 400 charitable, cultural and civic organizations during the year. Employees independently contributed $191,200 to charities through the Employees' Booster Association during calendar 1983.

Arizona Blood Services collected 870 pints from employees during Project blood drives.

SRP helped further the education of high school and college students by contributing more than $85,000 in scholarship monies during the year.

Early in the fiscal year, the Project sponsored the first "Spotlight on Excellence" program to honor outstanding high school seniors in Maricopa County, Page and St. Johns. The program was instituted to publicly recognize and reward these students for their academic achievements and for their "all-around excellence."

Employees can take credit for organizing the nation's most successful community clean-up campaign, based on percent of community participation. Sixty percent of Page's 5,000 residents participated in the third annual "Page Attacks Trash" drive in the northern Arizona town in April. Keep America Beautiful spokesman and veteran actor Iron Eyes Cody helped promote the event, during which participants disposed of 90 tons of trash.

We applied innovation to customer service

Acceptance of an Energy Innovator Award from the American Public Power Association in May 1983 won SRP industry recognition for five service-related programs.

A water safety coloring book is among the educational tools used by SRP public affairs representatives to teach youngsters, such as these Brownies, about water safety. Following a water safety presentation, children take an oath to apply the safety rules they learned.

Those programs are:

Eight & Skate—a productivity improvement program that rewards meter readers who complete their work assignments in less than eight hours. Since the program began in 1982, average readings per day have increased from 380 to 420.

Project Outreach—Financially distressed customers received credit counseling and financial aid referral through this program. Credit counselors helped 6,612 customers find emergency assistance during the year.

Project S.H.A.R.E. (Service to Help Arizonans with Relief on Energy)—Through this program SRP, its employees and customers helped elderly, disabled and otherwise financially needy citizens find financial assistance with their energy-related bills. More than $1 million has been donated to the program since it was formed by SRP and Arizona Public Service Co. in 1982. All contributions are turned over to The Salvation Army for disbursement.

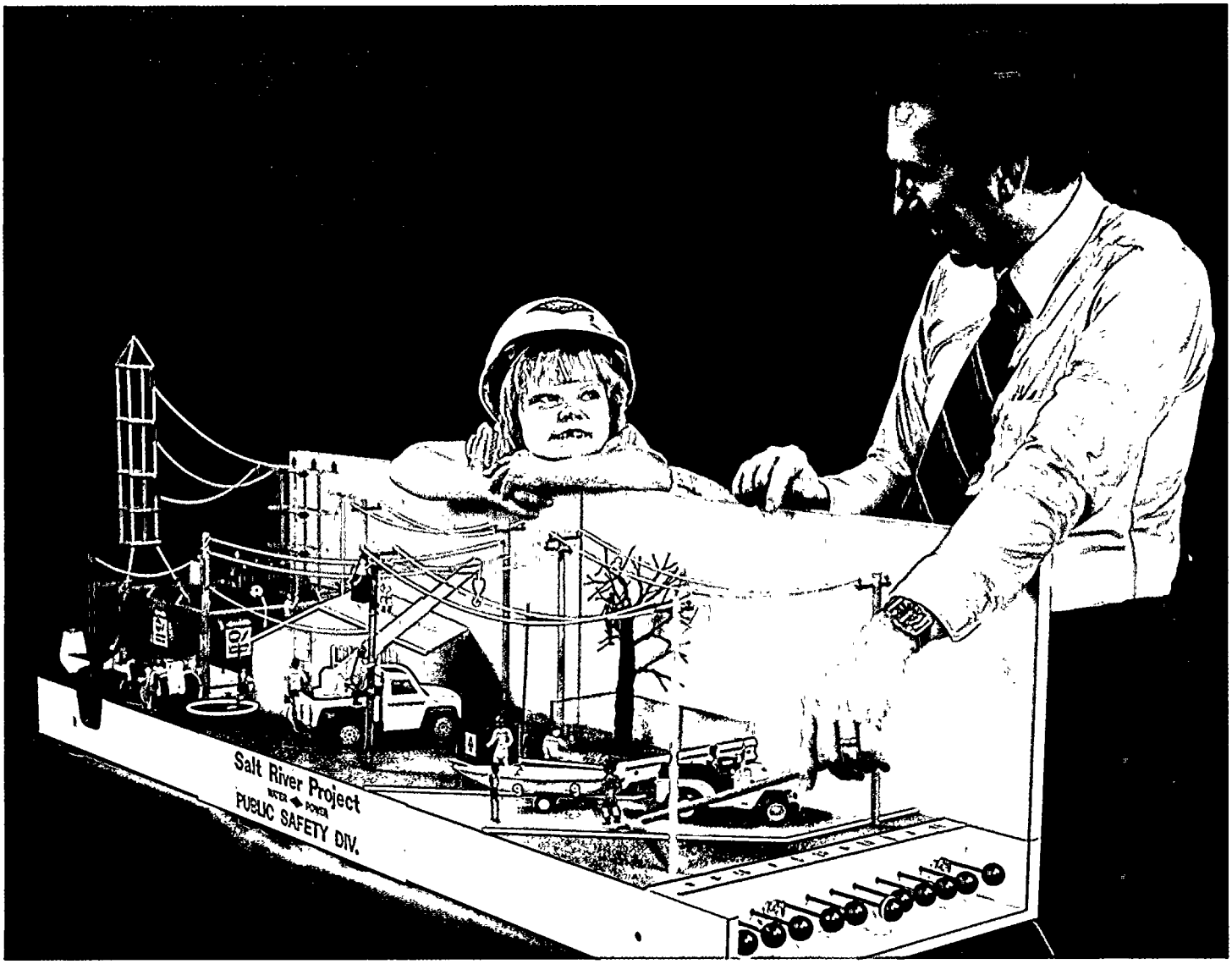
Power Saver Store and Power Saver Workshops—Nearly 20,000 residents learned the techniques of applying reflective window film, insulation, water heater jackets, weatherstripping and caulking materials to save energy at SRP's free Power Saver Store and mobile Power Saver Workshops.

The one-of-a-kind Power Saver Store, located in a busy shopping mall, offered electric customers a computer printout with detailed information about their energy use history.

Valley hardware store operators enthusiastically provided space for weekend Power Saver Workshops, one of SRP's most popular conservation programs. An SRP energy adviser answered shoppers' questions about products and methods related to energy conservation and demonstrated how to apply energy-saving materials.

Owners of mobile homes also received free advice and instruction for their particular conservation needs through SRP's new Mobile Home Workshops program presented by energy saver advisers at mobile home parks throughout the Valley.

The Project's Energy Efficient New Home Program has had a strong influence in the upgrading of insulation, window shading, heating and cooling systems in new homes constructed in the Valley. SRP energy management representatives work with more than 85 local homebuilders



An SRP public safety representative uses an energized electrical model to demonstrate the dangers of playing near electrical facilities. The model was used in more than 100 electrical safety presentations to children, electrical contractors and civic groups during the year.

in the program. Nearly 10,000 new homes were constructed to the program's conservation standards during the fiscal year.

Another 1,180 residential electric customers received energy-saving recommendations with SRP home energy audits during the year.

We shared our knowledge

SRP crossed an ocean of cultural barriers to share its expertise in water and power operations and in management with developing countries. To coordinate the effort, SRP established an Office of International Affairs.

Encouraged by the success of an ongoing information exchange program with Egypt, SRP management decided to enlarge the program to include other Middle East countries and Africa.

On the home front, an energized electrical model and a human prospector, Salt River Pete, were among the educational tools used to reach 75,000 schoolchildren with electric and water safety messages.

The 5th annual Energy Fair—Century of Change—attracted nearly 800 posters and science projects from youngsters around the state. The event, co-sponsored by SRP and Arizona Public Service Co., is designed to promote a greater understanding and appreciation for electric energy among students in fourth grade through high school.

SRP engineers assisted science-minded high schoolers by serving as advisers for the SRP-sponsored Tempe Scout Explorer Post.

Adults attained a broader understanding of subjects ranging from reclamation history to electricity made from coal-fired power plants through 628 presentations by SRP Speakers' Bureau members. Management's vigorous support has helped the 125-member, all-volunteer

bureau develop into the largest and most active corporate speakers' bureau in Arizona.

More than 65,000 kindergarten students through senior citizens visited the History Center, Silva House Museum, dams and other SRP facilities in 423 tours.

We developed our potential through training

SRP's ability to meet the water and energy needs of its customers depends largely on a well-trained, highly motivated workforce.

To help assure this workforce in the future, SRP offered a variety of educational programs to help employees prepare to advance in their careers, increase job satisfaction and improve job performance.

Enthusiasm for training was high as measured by participation in Project-offered classes, which ranged from managerial skill development to self-image improvement. These and other classes, such as computer programming, trade skill development and apprenticeship programs attracted 5,600 participants during the year. Some of SRP's 5,434 employees took more than one course.

More than 450 management and supervisory employees gained a better grasp of SRP's style of participative management and improved their job-related skills in three management development programs: the Executive Management Institute, Advanced Management Institute and the New Supervisors Institute.

Eight high potential female employees concluded their first year in a two-year Rotational Management Development Program. The program, and others planned, represent SRP's concern for affirmative action.

Teaching Navajo and non-Navajo workers at the Navajo Generating Station to understand their cultural differences in an effort to improve productivity was the aim of a Cross Cultural Communications Program. Each of the generating station's 800 employees is scheduled to participate in the three-day seminar developed by SRP's cross cultural specialist.

Off the job, employees found opportunities to enhance their knowledge through SRP's Cultural Program. Those who participated received free admission to programs and exhibits sponsored by such entities as the Phoenix Art Museum, Desert Botanical Gardens and the Phoenix Historical Society.

Research is the key to our energy future

In the decade since the catastrophic OPEC oil embargo in 1973 thrust energy conservation to the top of electric utility concerns, SRP has broadened its efforts to reduce the costs and environmental impacts of providing for customers' energy needs. Most of these efforts have been expressed in national and local research and development projects.

In 1983, SRP contributed $1.9 million to fund Electric Power Research Institute (EPRI) efforts to improve production, transmission, distribution and utilization of electric power. EPRI is the research and development arm of the electric utility industry.

Through EPRI, SRP maximizes its return on every research and development dollar by pooling its resources with 497 other utilities nationwide to fund projects beyond the financial capability of a single utility.

SRP maintains active participation at all levels of EPRI's advisory committee structure, beginning with SRP General Manager A.J. Pfister's chairmanship of the organization.

Projects supported by SRP include research into the causes and effects of acid precipitation; developing methods of cleaning coal before burning; ice storage cooling; and test development to measure PCB (polychorinated biphenyls) content in transformer oil.

On the local level, SRP is supporting energy research endeavors at Arizona State University in Tempe by contributing $100,000 per year under a five-year agreement.

In March 1984, SRP began an 18-month photovoltaic research project that involves testing up to six power conditioning units for compatability with SRP's electric system. Power conditioners convert direct current produced by a photovoltaic array into alternating electric current.

The research project is part of an ongoing U.S. Department of Energy study and is administered by Sandia National Laboratories in Albuquerque, N.M.

SRP's testing of the four-to-six kilowatt units could accelerate the development of residential photovoltaic units that can be integrated into a utility's system.

SRP has used a house it owns in Chandler to test solar Rankine air conditioning, solar space heating, alternating current generation and solar water heating.

In the summer of 1984, the house will be used to test a high efficiency two-speed air conditioner in conjunction with cold water storage and an experimental SRP time-of-day rate. Testing will determine the feasibility of cooling water during off-peak hours when energy demand is low for use during on-peak hours when demand is high.

Testing of a cold storage air conditioning concept continues in both residential and commercial applications. The use of this concept with time-of-day rates is promising. SRP is working with potential manufacturers of ice-making and storage equipment and with EPRI to assess the potential national market for mass-produced equipment.

The Project also is testing a two-stage type of evaporative cooler that may perform better than conventional coolers when humidity is high. During the first stage, air is pre-cooled through heat exchange. Second stage operation of the unit is the same as a conventional system.

Water heating efficiency continues to be a prime target for developmental efforts. Programs nearing conclusion measure the efficiencies of heating water with different types of solar energy equipment and mechanic means, such as the heat pump water heater.

SRP is testing a "thermal mass house" concept with several home builders, using the time-of-day rate as an incentive to shift heating and cooling to off-peak hours. A thermal mass house has exterior walls on the inside of the insulation. Heat and cold are stored in the mass of walls and floors, similar to the effects of adobe.

Meanwhile, SRP continued to manage seven solar monitoring stations in Arizona in a cooperative program with Arizona Public Service Co. and Tucson Electric Power Co. The stations deploy a total of 13 instruments that measure insolation—the amount of sunshine that reaches the earth.

Finances continue favorable trend

Six-year-old Julian Perkins receives sound financial advice during a brief visit with his grandpa, SRP Treasurer Dr. C.M. Perkins.

Despite a steep decline in sales for resale, Salt River Project ended the fiscal year in a favorable financial position.

A dramatic increase in the number of electric customers and added revenues from a 5.5 percent electric rate increase which took effect in April 1983, pushed up gross revenues by 4.9 percent.

An extraordinary item—the defeasance of $170.4 million in general obligation bonds—resulted in a gain of $47.5 million. This gain was reduced to $27.6 million by unamortized refinancing expenses of $19.9 million, which were related to issues defeased in 1977 and 1978. The net defeasance gain and growth, combined with continual cost-cutting, accounted for a 17.6 percent increase in net revenues. SRP posted record net revenues of $188.1 million, compared to $159.9 million recorded in fiscal 1982-83.

Unlike investor-owned utilities, SRP is a not-for-profit organization. SRP does not issue stock or pay dividends. Net revenues are reinvested in the Project to replace equipment and to finance construction of new facilities.

Kilowatt-hour (kWh) sales for resale declined 31.7 percent primarily because heavy runoff in the Pacific Northwest allowed other utilities to meet most of their energy needs with abundant and widespread supplies of low-cost hydroelectricity.

However, substantial increases in sales to residential, commercial and industrial customers offset most of the impact of reduced sales for resale and total kWh sales declined only 3.7 percent.

SRP's debt service coverage at year-end was a sound 1.85, slightly below last year's unusually good 1.92 ratio.

The debt service coverage ratio measures the number of times debt service (the sum of principal plus interest due on outstanding debt during the year) is covered by revenues available after payment of operating expenses.

SRP's debt-to-total capitalization ratio continued its improvement, begun in 1977. The ratio now stands at 72.7 percent, compared to 76.0 percent at the end of fiscal 1982-83.

Outstanding ratings assigned Project bonds by leading credit rating agencies further reflected SRP's financial stability.

Revenue bonds again received ratings of AA by Standard & Poor's and Aa by Moody's Investor Services, Inc. General obligation bonds continued to be rated AAA and Aal, respectively, by these agencies. General obligation bonds were issued prior to 1973. Revenue bonds have been sold since then.

The municipal market received SRP's bond offerings well, as evidenced by the successful sale of $275 million in revenue bonds during the year.

In October 1983, SRP sold $125 million in 1983 Series C revenue bonds at an effective interest rate of 9.65 percent. Maturities range from 1989 to 2023.

Another $150 million—1984 Series A bonds—was sold in January. The bonds carried an effective interest rate of 9.86 percent with maturities ranging from 1995 to 2023.

Arizona residents purchased another $14.2 million in $500 denomination "minibonds" in SRP's fifth minibond sale, held in November 1983. These minibonds bear an interest rate of 9 percent and mature in 1998.

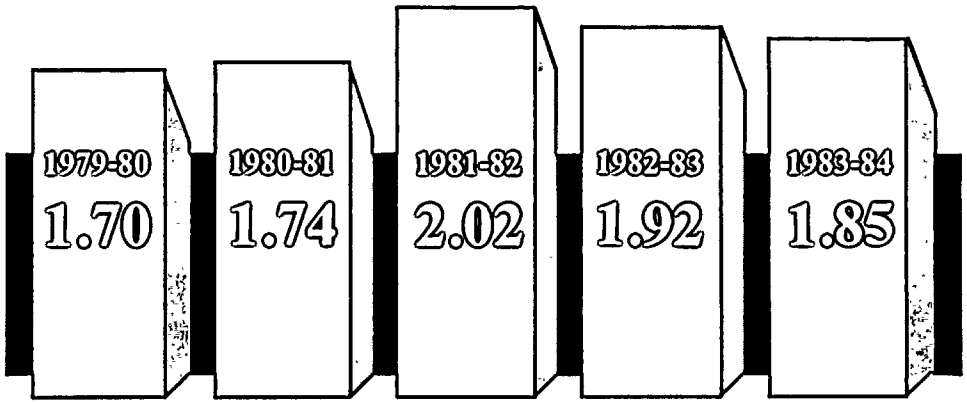
In August 1983, the SRP board of directors authorized an increase from $250 million to $275 million in the maximum combined amount of tax-exempt commercial paper and credit line borrowings. This short-term financing method provides SRP with low-interest funds for construction work in progress and for fuel reserves.

Electric rates remain stable; Water rates rise

No electric rate increase was needed during the fiscal year. And none may be needed until 1985. The last SRP increase was in April 1983, one month before the start of this fiscal period.

While electric rates remained fixed, the SRP board of governors raised water charges for different categories of customers from 6 to 11 percent, reflecting inflation-related increases in water operations.

Record customer growth and the $170 million bond defeasance allowed SRP management to postpone its request to the board to raise electric rates by 5 to 6 percent. The proposed rate increase, originally planned for September 1984, has not been rescheduled. However, current estimates show a rate increase may be needed by next spring.



DEBT SERVICE COVERAGE RATIO

Through actions such as the bond defeasance, cost-cutting and sound financial management, SRP consistently has reached its goal of keeping electric rates at or below the rate of inflation.

Meanwhile, electric customers will benefit from a $7.6 million settlement in April with Peabody Coal Co. for alleged non-delivery of coal. Funds from the out-of-court settlement will allow SRP to stabilize the fuel cost adjustment factor at 2.886 mills per kWh for the remainder of calendar 1984. The fuel cost adjustment factor is used to reflect changes in fuel costs as they vary from the base amount included in electric rates. The factor allows SRP to recover the actual price it pays for fuel.

Operating revenues, expenses increase

Rapid customer growth, new economic vitality and last year's rate increase produced a moderate rise in total operating revenues.

Overall operating revenues increased 4.9 percent to $683.9 million from $652.1 million in fiscal 1982-83.

Electric operating revenues, which represent 99.2 percent of total revenues, rose by 5.2 percent, from $645.1 million to $678.6 million.

Most of the increase was due to residential sales which totaled $302.7 million in 1983-84, compared to $257.5 million last year and to commercial and industrial which was $253.4 million compared to $212.4 million the previous period.

In comparison, revenues from sales for resale declined from $144.0 million in fiscal 1982-83 to $89.2 million last year.

During the year, SRP added 25,281 new customers and reclassified 6,300 existing customers under a new program. Customers at year-end totaled 391,142 compared to 359,561 in fiscal 1982-83.

Average electric use per residential customer increased from 12,277 kWh in the previous fiscal year to 12,535 kWh.

The average cost of electricity rose moderately as a result of an April 1983 rate increase. For residential customers, the average cost per kWh in fiscal 1983-84 was 7.06 cents, compared to 6.47 cents in fiscal 1982-83.

Revenues from water deliveries declined by 24.1 percent to $5.2 million. The decline resulted from additional deliveries of water not charged against a user's allotment. SRP does not charge for water when exceptionally high runoff forces water releases from storage dams.

Total operating expenses increased from $457.9 million to $484.7 million since the previous fiscal period. The $26.8 million increase in expenses was due to several factors, with no one factor dominant.

Expenses for fuel and purchased power increased slightly from $184.7 million in 1982-83 to $185.4 million.

Other operating expenses totaled $107.3 million, compared to $93.3 million in fiscal 1982-83. The increase reflected the rising costs of materials, supplies and labor.

Maintenance expenses grew by $1.8 million to $56.0 million for the year. Additional facilities caused a $2.8 million rise in depreciation expense totaling $68.0. Taxes and tax equivalents increased by $7.3 million to $67.7 million in fiscal 1983-84.

The sum total of these statistics is a $28.2 million increase in net revenues for fiscal 1983-84.

Salt River Project Agricultural Improvement and Power District
and its agent, Salt River Valley Water Users' Association

Combined Balance Sheets

As of April 30, 1984 and 1983

Assets

	($000) 1984	1983
UTILITY PLANT, at original cost *(Notes 1, 2 and 3)*:		
Plant in service		
Electric	$1,975,073	$1,925,943
Irrigation	79,061	77,810
General	92,704	78,983
Total plant in service	2,146,838	2,082,736
Less - Accumulated depreciation on plant in service	550,725	483,253
	1,596,113	1,599,483
Construction work in progress	1,631,055	1,304,247
	3,227,168	2,903,730
SEGREGATED FUNDS, consisting of cash and U.S. Government obligations set aside in accordance with resolutions of bond issues: Debt service funds, excluding $59,563,000 in 1984 and $49,621,000 in 1983 for payment of accrued interest *(Note 5)*	96,556	160,665
CURRENT ASSETS:		
Cash	6,571	1,707
Temporary investments, at cost, held primarily for construction	199,441	115,472
Deposit in debt service fund for payment of accrued interest on bonds	59,563	49,621
Trade and other accounts receivable, less reserves of $1,363,000 in 1984 and $1,928,000 in 1983 for doubtful accounts	40,086	42,132
Fuel stocks, at last-in, first-out cost	65,092	62,254
Materials and supplies, at average cost	38,375	34,417
Prepayments, interest receivable and other	8,243	8,076
	417,371	313,679
DEFERRED CHARGES AND OTHER ASSETS *(Note 1)*	59,092	57,800
	$3,800,187	$3,435,874

The accompanying notes are an integral part of these combined balance sheets.

Capitalization and Liabilities

	($000) 1984	1983
LONG-TERM DEBT *(Note 5)*:		
Electric system revenue bonds	$2,324,108	$2,051,324
General obligation bonds and other	285,918	444,590
	2,610,026	2,495,914
ACCUMULATED NET REVENUES, invested principally in utility plant:		
Balance, beginning of year	789,735	629,780
Net revenues for the year	188,176	159,955
Balance, end of year	977,911	789,735
Total capitalization	3,587,937	3,285,649
CURRENT LIABILITIES, excluding $12,861,000 in 1984 and $25,689,000 in 1983, representing current portion of long-term debt which is to be paid from segregated funds:		
Accounts payable	65,743	44,400
Accrued taxes and tax equivalents	36,131	20,004
Accrued interest	61,445	50,519
Customers' deposits	13,324	11,510
Other current and accrued liabilities	18,094	14,980
	194,737	141,413
DEFERRED CREDITS AND RESERVES	17,513	8,812
COMMITMENTS AND CONTINGENCIES *(Notes 3 and 6)*		
	$3,800,187	$3,435,874

Salt River Project Agricultural Improvement and Power District
and its agent, Salt River Valley Water Users' Association

Combined Statements of Net Revenues

For the Years Ended April 30, 1984 and 1983

	($000) 1984	1983
OPERATING REVENUES:		
Electric	$678,698	$645,171
Water and irrigation	5,295	6,968
Total operating revenues	683,993	652,139
OPERATING EXPENSES:		
Power purchased	26,456	22,572
Fuel used in electric generation	159,025	162,134
Other operation expenses	107,370	93,300
Maintenance	56,086	54,222
Depreciation and amortization *(Note 1)*	68,046	65,251
Taxes and tax equivalents	67,745	60,426
Total operating expenses	484,728	457,905
Net operating revenues	199,265	194,234
FINANCING COSTS:		
Interest on bonds at coupon rates	159,129	148,113
Amortization of bond discount, issue and refinancing expenses	2,765	2,912
Interest on other obligations	15,833	19,306
Interest earned on investments and deposits	(35,101)	(38,541)
Net financing costs	142,626	131,790
Less - Allowance for funds used during construction (AFUDC) *(Note 1)*	(113,665)	(96,721)
Financing costs less allowance for funds used during construction	28,961	35,069
OTHER INCOME (DEDUCTIONS):		
Other deductions, net	(9,764)	(1,231)
Gain on sale of electric generating facility *(Note 3)*	-	9,527
Total other	(9,764)	8,296
NET REVENUES BEFORE EXTRAORDINARY ITEM	160,540	167,461
EXTRAORDINARY ITEM:		
Gain (loss) on defeasance of bonds *(Note 5)*	27,636	(7,506)
NET REVENUES	$188,176	$159,955

The accompanying notes are an integral part of these combined statements.

Salt River Project Agricultural Improvement and Power District
and its agent, Salt River Valley Water Users' Association

Combined Statements of Changes in Financial Position

For the Years Ended April 30, 1984 and 1983

	($000) 1984	1983
SOURCES OF FUNDS:		
Funds generated from operations before debt service-		
Net operating revenues	$199,265	$194,234
Add-Depreciation and other charges not requiring current funds	74,139	70,743
Total funds generated from operations before debt service	273,404	264,977
Funds obtained from financing-		
Proceeds of bond issues	282,226	113,797
Other long-term borrowings, net of repayment	25,307	24,717
Total funds obtained from financing	307,533	138,514
Other items providing funds-		
Proceeds from sale of plant	-	266,205
Contributions in aid of construction	14,757	14,949
Interest earned on investments and deposits	35,101	38,541
Decrease (increase) in fuel stocks and material and supplies	(6,796)	16,540
Changes in other liabilities, net	13,629	7,660
Miscellaneous revenues	1,772	1,820
Total funds obtained from other items	58,463	345,715
Total net funds available before debt service	639,400	749,206
APPLICATION OF FUNDS:		
Debt service-		
Defeasance of General Obligation Bonds	121,752	-
Repayment of principal and interest on bonds and U.S. debt	185,207	230,243
Repayment of principal and interest on short-term borrowings	15,833	219,306
Decrease (increase) in accrued interest	(10,926)	2,055
Total application of funds for debt service	311,866	451,604
Other items requiring funds-		
Gross additions to utility plant, net of AFUDC	298,669	299,502
Gross additions to non-utility plant	23,414	-
Decrease (increase) in accounts payable	(21,343)	31,923
Decrease (increase) in accrued taxes	(16,127)	18,356
Other expenses	11,536	3,051
Increase in other assets, net	6,661	1,204
Total application of funds for other items	302,810	354,036
Total net application of funds	614,676	805,640
INCREASE (DECREASE) IN CASH, TEMPORARY INVESTMENTS AND SEGREGATED FUNDS	24,724	(56,434)
BALANCE AT BEGINNING OF YEAR IN CASH, TEMPORARY INVESTMENTS AND SEGREGATED FUNDS	277,844	334,278
BALANCE AT END OF YEAR IN CASH, TEMPORARY INVESTMENTS AND SEGREGATED FUNDS	$302,568	$277,844

The accompanying notes are an integral part of these combined statements.

Salt River Project Agricultural Improvement and Power District
and its agent, Salt River Valley Water Users' Association

Notes to Combined Financial Statements

For the Years Ended April 30, 1984 and 1983

(1) Summary of Significant Accounting Policies:

(a) Principles of Combination

The combined financial statements include the accounts of the Salt River Project Agricultural Improvement and Power District (the District) and the accounts of its agent, the Salt River Valley Water Users' Association, together referred to as the Salt River Project (the Project), and a wholly-owned subsidiary, Salt River Generating Company. All significant intercompany transactions have been eliminated.

(b) The District's Board of Directors serves as its regulatory agent.

(c) Utility Plant, Depreciation and Maintenance

The accounting records of the Project are maintained substantially in accordance with the Uniform System of Accounts prescribed for electric utilities by the Federal Energy Regulatory Commission. Utility plant is stated at the historical cost of construction. Construction costs include labor, materials, services purchased under contract, and allocations of indirect charges for engineering, supervision, transportation, and administrative expenses.

An allowance for funds used to finance construction work in progress is capitalized as a part of the electric and general plant. This allowance is deducted from net financing costs in the combined statements of net revenues and added to utility plant. Capitalization rates of 10.3% and 9.62% were used for the years ended April 30, 1984 and April 30, 1983, respectively.

Depreciation expense is computed on the straight-line basis over estimated useful lives of the various classes of plant. Rates in effect resulted in provisions approximating 3.44% for 1984 and 1983 on the average cost of depreciable electric plant, and 1.99% for 1984 and 1983 for depreciable irrigation plant. When property representing a retirement unit is replaced, removed, or abandoned, the cost of such property is credited to the appropriate utility plant account, and such cost together with removal costs less salvage, is charged to accumulated depreciation.

The Project charges to maintenance expense the cost of labor, materials, and other expenses incurred in the repair, restoration of condition and replacement of minor items of property.

(d) Bond Expense

Bond discount, premium and bond issue expenses are being amortized over the terms of the related bond issues.

(e) Employees' Retirement Plan

The Project has a retirement plan covering substantially all employees. The Plan is funded entirely from employers' contributions and the earnings of the invested assets. Contributions to this plan and the related expense totaled $10,927,225 for fiscal year 1984 and $11,350,707 for fiscal year 1983, and include amortization of past service costs over the period ending in 2012. A comparison of accumulated plan benefits and plan net assets is presented below:

	January 1, 1984	January 1, 1983
Actuarial present value of accumulated plan benefits:		
Vested	$78,058,944	$68,150,333
Nonvested	14,339,446	13,085,312
	$92,398,390	$81,235,645
Net assets available for benefits	$129,462,565	$102,333,751

The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8% for the plan years ended December 31, 1983 and 1982.

(f) Revenues

Meters for residential, commercial and small industrial customers are read cyclically and sales recorded only when billed. This system of billing results in earned but unbilled revenues which amounted to $16,200,000 at April 30, 1984 and $13,500,000 at April 30, 1983. For large industrial customers, meters are read near month-end and billings recorded on the accrual basis. Electric revenue billings are adjusted periodically for changes in costs of fuel and purchased power. Revenues from water and irrigation operations are recorded when earned.

(g) Electric Rates

Under Arizona law, the District Board of Directors has the exclusive authority to establish electric rates. The District is required to follow certain procedures, including certain public notice requirements and holding a special Board meeting, before implementing any changes in the standard electric rate schedules. On February 28, 1983, the District Board approved an increase of 5.5% for all standard electric rate schedules to be effective April 1, 1983. This is the most recent general rate increase.

(2) Possession and use of utility plant:

The United States of America retains a paramount right or claim in the Project which arises from the original construction and operation of the Project's facilities as a Federal Reclamation Project. The Project's right to the possession and use of, and to all revenues produced by, these facilities is evidenced by contractual arrangements with the United States.

(3) Construction program:

(a) Balances shown for construction work in progress represent expenditures for new facilities required to service anticipated customer needs, and consist of:

	($000) April 30 1984	($000) April 30 1983
Electric generating facilities	$1,536,823	$1,236,761
Transmission and distribution	48,324	41,334
Irrigation plant	9,128	6,788
Other construction	36,780	19,364
Total	$1,631,055	$1,304,247

Construction expenditures planned for fiscal years 1985 through 1989 approximate:

	(In Millions) Construction	Allowance for Funds Used During Construction	Total
1985	$387.0	$137.1	$524.1
1986	261.8	152.7	414.5
1987	185.7	51.2	236.9
1988	329.0	35.0	364.0
1989	452.2	32.2	484.4

These expenditures will be financed in part from the sale of certain of the District's properties, from funds currently on hand and from future net revenues. The balance of required funds will be provided by the sale of revenue bonds.

At April 30, 1984, necessary commitments had been entered into for delivery of materials and services on construction projects. In addition, various firm commitments exist under coal and fuel oil supply contracts.

(b) The District has a 23.19% interest in Palo Verde Nuclear Generating Station (PVNGS), after the sale on September 10, 1982, of a 5.91% interest to Southern California Public Power

Authority (SCPPA) for $266,205,280. The District recognized a gain on the sale of $9,526,847. Additionally, the District has entered into an arrangement with the Department of Water and Power of the City of Los Angeles (LADWP) which provides for the transfer of a 5.70% interest in PVNGS to LADWP when Unit 1 goes into commercial operation.

The estimated in-service date for Unit 1 is April, 1986.

The Nuclear Regulatory Commission (NRC) issued construction permits for all three PVNGS units in May 1976. An application for operating licenses was docketed by the NRC and the NRC staff issued a satisfactory safety evaluation report, subject to certain conditions, and a favorable final environmental statement on such applications. Hearings on an intervenor's petition which raised, primarily, an issue relating to the adequacy of the cooling water supply for PVNGS, have been concluded, and the Atomic Safety and Licensing Board (ASLB) has issued a favorable decision, which was affirmed by the Atomic Safety and Licensing Appeal Board, rejecting the intervenor's contentions. The intervenor and a third party have notified the NRC of their intention to file a motion to reopen the record concerning Unit 1 as a result of the damage to the reactor cooling system which was sustained during preliminary testing. An entity representing parties who farm in the vicinity of PVNGS petitioned the ASLB to reopen the hearings to consider an environmental issue related to salt deposition from the plant's cooling towers. The ASLB denied the petition as to Unit 1, but granted the petition as to Units 2 and 3. Hearings on the environmental impact of salt emissions associated with the operation of the cooling systems for Units 2 and 3 have been scheduled for later this year. The effects, if any, that these actions will have on the projected licensing schedule and construction costs cannot be predicted at this time. Arizona Public Service (APS), project manager and operating agent for PVNGS, believes such matters will be resolved by the time Unit 1 is otherwise ready for operation.

On June 6, 1983, the U.S. Supreme Court upheld the current approach of the NRC to the consideration of the environmental implications of the disposition or long-term storage of nuclear waste relative to pending licensing applications. By its decision, the Supreme Court reversed an April 1982 lower court decision finding the NRC's approach to be inadequate.

Projected construction expenditures include contingency allowances to reflect potential cost increases.

(4) Interests in jointly owned electric utility plants:

The District has entered into various agreements with other electric utilities for the joint ownership of electric generating and transmission facilities. Each participating owner in these facilities must provide for and furnish the financing for its ownership share. The following schedule reflects the District's ownership interest (at cost) in jointly owned electric utility plants at April 30, 1984:

Plant Name	Ownership Share Percent	(In Millions) Plant In Service	Accumulated Depreciation	Construction Work In Progress
Four Corners (New Mexico)	10.0	$39.7	$10.5	$31.1
Mohave (Nevada)	10.0	36.2	12.6	1.4
Navajo (Arizona)	21.7	207.5	56.4	5.3
Hayden (Colorado)	50.0	65.0	17.4	1.0
Coronado (Arizona)	70.0	664.3	87.7	18.7
Craig (Colorado)	29.0	223.1	28.7	2.4
Palo Verde (Arizona) *(Note 3)*	23.19	18.0	.9	1,339.3
		$1,253.8	$214.2	$1,399.2

The District acts as the operating agent for the participants in the Navajo and Coronado Projects, and, as operating agent, pays the costs of operations for each project and bills each participant including itself for its share of such costs.

The District's share of direct expenses of the jointly owned plants is included in the corresponding operating expenses in the attached combined statements of net revenues.

(5) Long-term debt:

Electric System Revenue Bonds (a): Series	Interest Rate	($000) 1984	1983	Future Maturities
1973 A & B	5 to 6.5	$133,625	$135,935	1985-2011
1974 A & B	5.7 to 7.6	137,850	138,850	1985-2012
1976 A,B,C & D	4.85 to 7.2	399,220	400,680	1985-2016
1977 A, B Refunding & C	4.4 to 6.125	386,215	388,365	1985-2017
1978 A,B & C	4.8 to 7	311,335	313,155	1985-2018
1979 A,B & C	4.75 to 7.25	277,119	279,002	1985-2019
1980 A,B & C	6.25 to 9.25	227,003	227,059	1985-2020
1981 A, B and C (b)	9 to 14	86,366	86,427	1986-2021
1983 A, B, C and D	6 to 9.625	255,115	116,004	1989-2023
1984 A	8.6 to 9.625	150,000	-	1995-2023
		2,363,848	2,085,477	
Unamortized bond discount		(39,740)	(34,153)	
Total electric system revenue bonds outstanding		2,324,108	2,051,324	
United States Government debt, 0%, and General Obligation Bonds in 1983, net of discount (c)		10,266	194,245	1984-2004
Commercial paper classified as long-term debt, 4.875% to 5.8% *(Note 7)*		274,979	249,907	1984
Other, 9.75% to 10.5%		673	438	1984-1986
		$2,610,026	$2,495,914	

(a) Electric system revenue bonds are secured by a pledge of, and a lien on, the revenues of the electric system after deducting "operating expenses," as defined in the bond resolutions, subject to amounts due the United States of $10,265,892. In all years to date electric revenues, after deducting "operating expenses" as defined in the bond resolutions, have been more than sufficient to meet all debt service requirements.

(b) $52,000,000 of 1981 Series B Revenue Bonds maturing January 1, 2021, bearing interest of 14%, were defeased on December 8, 1982 by using General Funds of the District. A loss of $7,506,354 was recognized on the defeasance of the bonds.

(c) On January 19, 1984, the District sold, and on Feburary 9, 1984, closed the sale of, $150,000,000 of 1984 Series A Electric System Revenue Bonds. The proceeds were used to (1) provide part of the monies necessary to refund all of the District's outstanding General Obligation Bonds, (2) provide monies to fund the costs of construction pursuant to the District's Improvement Program and (3) pay financing expenses.

The refunding of the District's then outstanding General Obligation Bonds constituted a legal defeasance of the prior lien on revenues which secured said bonds. The defeasance made available monies previously held in trust as security for said bonds (the Debt Service Reserve, the Bond Fund, and the Operating Reserve). Said monies, in part, were combined with a portion of the proceeds of the 1984 Series A issue of Revenue Bonds and provided funds to implement the defeasance through the purchase, and placement in escrow, of direct obligations of the United States, the principal of and interest on which, when due, is sufficient to pay principal and interest, when due, on the General Obligation Bonds. Although the lien of the General Obligation Bonds on revenues has been defeased, the General Obligation Bonds continue to be general obligations of the District, secured by a lien upon the real property included in the District, a guarantee by the Salt River Valley Water Users' Association, and by the District's taxing authority.

The defeasance of $170,405,000 of General Obligation Bonds resulted in a gain of $47,565,000. The District has chosen to recognize all gains and losses that result from defeasances of debt in the period incurred. In accordance with this policy, the gain on defeasance is shown net of unamortized refinancing expenses of $19,929,000 relating to the defeasance of certain Electric System Revenue Bond issues which were defeased in 1977 and 1978.

A portion of the 1984 Series A proceeds, $4,098,000, and $3,302,000 from the Debt Service Reserve which had previously secured the General Obligation Bonds were deposited in the Debt Reserve Account securing Electric System Revenue Bonds, bringing the total therein to $83,400,000.

The annual maturities of bonds and other long-term debt outstanding (excluding commercial paper) as of April 30, 1984

due in each of the fiscal years ending April 30, 1985, through 1989 are $14,872,000, $19,311,000, $16,877,000, $24,654,000 and $24,531,000, respectively.

Interest and amortization of discount on the various issues outstanding during the year resulted in an effective rate of 6.97% for 1984 and 6.82% for 1983. This rate approximates 7.18% over the remaining terms of the bonds.

The debt service portion of segregated funds includes $5,000,000 at April 30, 1984 and $42,899,601 at April 30, 1983, restricted for operating reserve requirements under bond resolutions.

Electric system revenue bonds totaling $217,140,260 principal amount are authorized, but unissued. Electric system refunding revenue bonds not to exceed $747,331,260 principal amount are also authorized, but unissued.

(6) Litigation and other contingencies:

Environmental:

Various pending litigation or administrative proceedings involving environmental matters could affect interests of the Project in present and proposed generating facilities. In general, these lawsuits seek to impose higher air quality standards for generating plants. If ultimately decided adversely to the interest of the Project, the outcome of the lawsuits could result in increased construction costs, increased future operating costs, and a possible loss in the operational reliability of certain generating plants. All of these effects would increase the costs to be passed on to customers through increased electric rates.

Navajo Tax:

In 1977 and 1978, the Navajo Tribe promulgated three tax resolutions affecting electric generating stations in which the District has an interest, located on the Navajo Reservation. The District and other participants in the affected generating stations filed lawsuits challenging the resolutions in Federal District Courts for Arizona and New Mexico. As a result of action by the Tribe to honor its covenants not to tax the participants in the electric generating stations on the reservation, the Arizona lawsuit was dismissed as moot.

No taxes are currently being imposed on the District. The District continues to challenge in the New Mexico lawsuit the potential pass-through of taxes by on-reservation fuel suppliers.

Hopi Tax:

The Hopi Tribal Council has proposed a Coal Severance License Ordinance. The intent of this ordinance is to tax the mining activities of the coal supplier for generating stations in which the District owns an interest.

While the contracts with the coal supplier may permit such taxes to be passed through in whole or in part to the owners of the generating stations, the ultimate effect of such taxes cannot be determined at this time. All such taxes, if passed on to the District, would then be passed on to customers as increased fuel costs.

Flood Damage:

Principally as a result of certain water flooding in March and December 1978, and February 1980, various lawsuits have been filed against the Project alleging that the Project has a responsibility in regard to flood control and a liability in regard to flood damage.

The ultimate liability, if any, is not determinable, but management expects that a significant portion of any liabilities which might result from flood damage claims will be covered by insurance.

Other Litigation:

In the normal course of business, the Project is a defendant in various matters involving litigation. In management's opinion, the ultimate resolution will not have a significant adverse effect on the Project's financial position or results of operations.

Payments to Association Shareholders Served Electric Power by Others:

The Articles of Incorporation of the Association provide that certain shareholders served electric power by others will be compensated if they are required to pay substantially more for power used for domestic or ordinary farm purposes than would be paid by them if they were furnished electric power by the Association. This provision in the Articles has previously been adjudicated by the Courts of the State of Arizona and found to be valid. During the current financial year the Project made payments to certain customers for the calendar year 1982 in accordance with legal interpretations. Provisions for additional payments for the period January 1, 1969, through December 31, 1981, are being made, and at April 30, 1984, a reserve for these payments has been provided. In the opinion of management, this reserve adequately covers the Project's liability as of that date.

(7) Revolving credit agreement/ commercial paper program:

The District has a revolving credit agreement (the Agreement) with a group of twenty-two banks led by First Interstate Bank of Arizona, N.A. Under the terms of the Agreement, the District may borrow up to $275,000,000, until August 15, 1985. If the Agreement is not renewed prior to August 15, 1984, the District may continue to borrow but must reduce its outstanding borrowings to not more than $200,000,000 by August 14, 1985 and to $125,000,000 by August 14, 1986. Following August 14, 1986, the District may not make additional borrowings and must repay all outstanding borrowings by August 15, 1987. Borrowings under the Agreement initially bear interest at a rate equal to 65% of the lead bank's prime rate as established and announced from time to time. No compensating balances are required under the Agreement. A commitment fee of 3/8 of 1% per annum is payable on the unborrowed portion of the $275,000,000 principal amount.

The District's Board has authorized the issuance of up to $275,000,000 in short-term promissory notes (the Notes). The Notes are being sold in the tax-exempt commercial paper market. The Notes will mature in no more than 270 days from the date of issuance and in no event after August 15, 1987. The Notes are issued in minimum denominations of $50,000 in bearer or registered form without coupons, and bear interest from their date at an annual interest rate not to be in excess of 15%.

The indebtedness of the District evidenced either by the Notes or borrowings under the Agreement is an unsecured obligation of the District payable from the general funds of the District lawfully available therefor, subject in all respects to the prior lien of Revenue Bonds and other indebtedness of the District secured by revenues or assets of the District. No specific revenues or assets of the District are pledged to the payment of the Notes or borrowings under the Agreement and the Notes and such borrowings are not payable from taxes.

Proceeds from the sale of the Notes are used for construction expenditures and to finance the District's fuel inventories. As of April 30, 1984 the District had no borrowings outstanding under the Agreement. As of April 30, 1984, the District had $274,979,000 of the Notes outstanding at an average interest rate of 5.43%. Borrowings under both the Agreement and Notes are being accounted for by the District as long-term debt.

The District's Board has limited the total amount of indebtedness which may be outstanding at any one time under the Agreement and in the tax-exempt commercial paper market to an aggregate of $275,000,000.

(8) Irrigation and water operations:

Irrigation and water operations expenses, including depreciation, exceeded the assessments, delivery fees, and other revenues therefrom by approximately $12,094,000 for 1984 and $8,337,000 for 1983. These amounts do not include expenditures for additions and improvements to irrigation plant and for repayment of long-term debt.

(9) Statement of changes in financial position:

Certain amounts in the statement of changes in financial position from 1983 have been reclassified to conform to the 1984 presentation.

Auditors' report

To the Board of Directors,
Salt River Project Agricultural Improvement and Power District, and
Board of Governors,
Salt River Valley Water Users' Association:

We have examined the combined balance sheets of SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT (a political subdivision of the State of Arizona) and its agent, SALT RIVER VALLEY WATER USERS' ASSOCIATION, together referred to as the SALT RIVER PROJECT, as of April 30, 1984 and 1983, and the related combined statements of net revenues and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Salt River Project as of April 30, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Phoenix, Arizona,
June 22, 1984.

Officers

Elected Officers

John R. Lassen
President

Marcel J. Boulais
Vice President

Principal Officers and Other Executives

A. J. Pfister
General Manager

Robert F. Amos
Deputy General Manager

Paul G. Ahler
Director, Human Resources

John D. Jacobs
Director, Information Systems

James L. Swartz
Director, Operations Services

John R. McNamara
Associate General Manager, Power

Trent O. Meacham
Assistant General Manager, Power Construction & Maintenance

John O. Rich
Assistant General Manager, Power Operations

Stephen M. Chalmers
Director, Engineering Services

John M. Evans
Manager, Electric System

R. D. Johnson
Manager, Generation

Reid W. Teeples
Associate General Manager, Water

Don L. Weesner
Assistant General Manager, Water

R. W. Mason
Director, Water Group Management Staff

Stanley E. Hancock
Assistant General Manager, Communications & Public Affairs

Leroy Michael Jr.
Assistant General Manager, Planning & Resources

William G. Beyer
Director, Project Planning

Don G. Parlett
Assistant General Manager, Customer Services

Carroll M. Perkins
Assistant General Manager, Financial Services and Treasurer

D. Michael Rappoport
Director, Government Affairs

Richard H. Silverman
Director, Law & Land

Paul D. Rice
Corporate Secretary

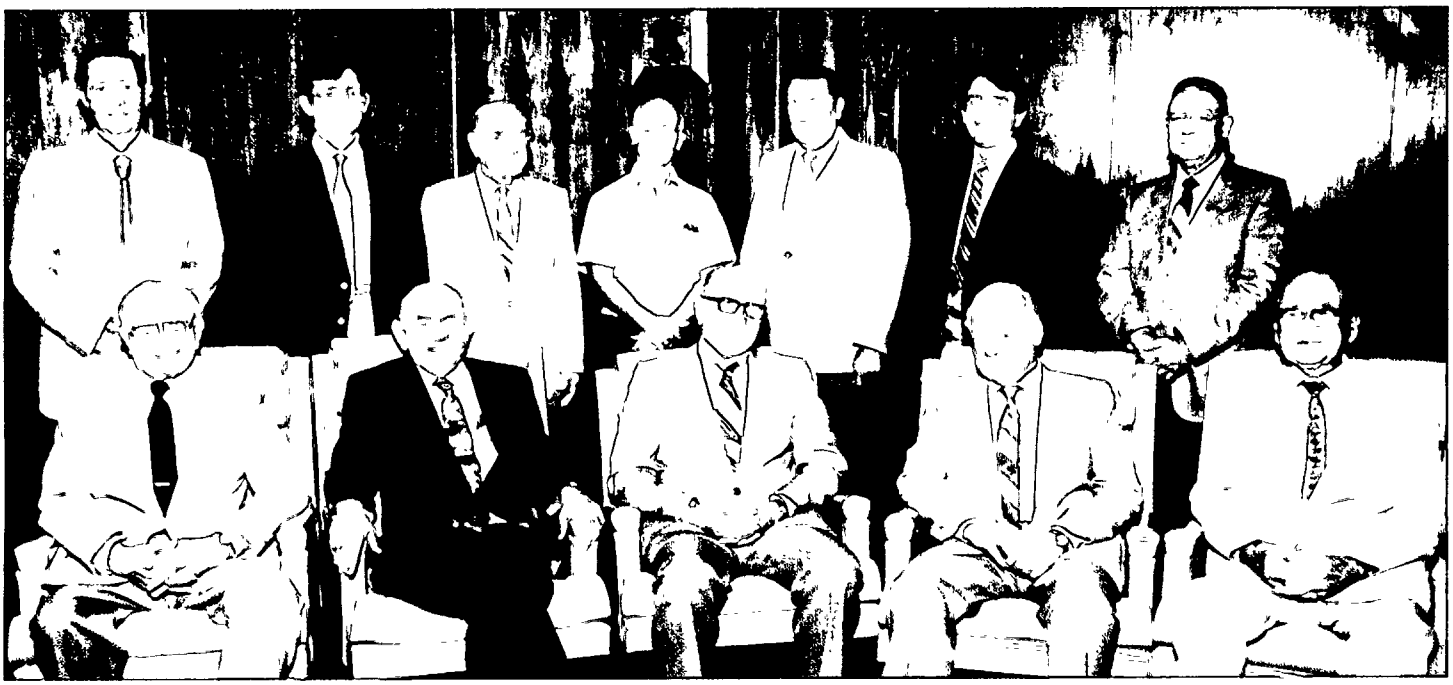
Consultants

Legal Advisers
Jennings, Strouss & Salmon

Auditors
Arthur Andersen & Co.

Bond Counsel
Mudge Rose Guthrie & Alexander

Financial Consultant
Lazard Freres & Co.



(bottom left to right) Alex Conovaloff; John L. Burton Jr.; Gilbert R. Rogers; Rudolph Johnson; Otto B. Neely
(top left to right) William P. Schrader; William W. Arnett; W. Larkin Fitch; Thomas P. Hurley; Joe Bob Neely; Fred J. Ash; John M. Williams Jr.
Not pictured: Stanford F. Hartman; Bruce B. Brooks

Board Members

The 10 members of the Board of Governors of the Salt River Valley Water Users' Association are elected every two years by the shareholders (property owners) of the Association.

The Board of Directors of the Salt River Project Agricultural Improvement and Power District consists of 14 members. One District board member is elected from each of the 10 SRP geographical areas, and four members are elected at-large. District board members serve four-year terms.

Board members establish the policies for the management and conduct of Salt River Project's business affairs.

District 1
Rudolph Johnson

District 2
Alex M. Conovaloff

District 3
Bruce B. Brooks

District 4
Gilbert R. Rogers

District 5
John M. Williams Jr.

District 6
Thomas P. Hurley

District 7
William P. Schrader

District 8
Joe Bob Neely

District 9
W. Larkin Fitch

District 10
Otto B. Neely

At-large
Dr. Stanford F. Hartman
William W. Arnett
Fred J. Ash
John L. Burton Jr.

(bottom left to right) Olen Sharp; James R. Marshall; W. Curtis Dana; Thomas M. Owens Jr.; Edmund Navarro; L. Max Pace; Levi H. Reed; Lester Mowry; Wayne A. Marietta; Howard W. Lydic; Elvin E. Fleming; Clarence C. Pendergast; Martin Kempton; James L. Diller
(top left to right) Ivy Wilson; C. Dale Willis; Roy W. Cheatham; Dwayne E. Dobson; Robert W. Birchett; Emil M. Rovey; Tim Conovaloff; Wayne A. Hart; Orland R. Hatch; John E. Anderson; Dean W. Lewis; James M. Accomazzo; George B. Willmoth
Not pictured: Carl E. Weiler; Robert L. Cook; Wiley R. Baker

Council Members

Three council members are elected by SRP shareholders to two-year terms in each of the 10 districts of the Salt River Valley Water Users' Association. Three council members are elected to staggered four-year terms in each of the 10 divisions of the Salt River Project Agricultural Improvement and Power District.

The councils enact and amend bylaws relating to the management and conduct of SRP's business affairs.

District 1
Robert L. Cook
Howard W. Lydic
Emil M. Rovey

District 2
Tim A. Conovaloff
Wayne A. Hart
C. C. Pendergast Jr.

District 3
James Accomazzo
John E. Anderson
Elvin E. Fleming

District 4
Wiley R. Baker
Levi H. Reed
Ivy Wilson Jr.

District 5
Roy W. Cheatham
Edmund Navarro
Carl E. Weiler

District 6
James L. Diller
James R. Marshall
Dean W. Lewis

District 7
Lester Mowry
Wayne A. Marietta
George B. Willmoth

District 8
Dwayne E. Dobson
Thomas M. Owens Jr.
Martin Kempton

District 9
Robert W. Birchett
W. Curtis Dana
Olen Sharp

District 10
Orland R. Hatch
L. Max Pace
C. Dale Willis

Statistical Review

Project General

	($000) 12 Months Ended April 30 1984	1983	12 Months Ended December 31 1978	1973
Operating revenues	$ 683,993	$ 652,139	$ 337,764	$129,914
Electric	$ 678,698	$ 645,171	$ 333,329	$128,335
Water and irrigation	$ 5,295	$ 6,968	$ 4,435	$ 1,579
Operating expenses	$ 484,728	$ 457,905	$ 246,897	$105,487
Net financing costs less capitalized interest	$ 28,961	$ 35,069	$ 24,745	$ 7,258
Other deductions (revenues), net	$ (17,872)	$ (790)	$ 329	$ (290)
Net revenues	$ 188,176	$ 159,955	$ 65,793	$ 17,459
Gross additions to plant, excluding allowances for funds used during construction	$ 298,669	$ 299,502	$ 406,124	$164,177
Utility plant, gross	$3,777,893	$3,386,983	$1,912,139	$688,078
Contributions of electric revenues to support water operations	$ 12,094	$ 8,337	$ 7,507	$ 7,187
Taxes and tax equivalents	$ 67,745	$ 60,426	$ 38,339	$ 12,691
Employees at year-end	5,434	5,179	4,226	3,021

Water*

	1983	1982	1978	1973
Total storage and pumping capacity (acre-feet)	2,838,906	2,827,428	2,811,600	2,840,943
Storage capacity (six reservoirs)	2,019,102	2,019,102	2,063,948	2,072,050
Installed pumping capacity	819,804	808,326	747,652	768,893
Water in storage January 1 (acre-feet)	1,630,000	1,116,338	511,093	1,434,947
Project storage only	1,345,252	895,118	288,660	1,051,824
Runoff (acre-feet)	2,829,617	1,667,257**	3,389,051*	2,514,341*
Water in storage December 31 (acre-feet)	1,717,407	1,631,411	1,839,399	1,498,629
Project storage only	1,455,375	1,345,252	1,548,742	1,201,943
Sources of water for deliveries (acre-feet)	1,171,097	1,054,163	1,050,647	1,471,580
Gravity supply	1,124,554	936,680**	977,988*	1,392,150*
Groundwater supply (pumping by SRP)	43,248	104,019	66,747	76,537
Groundwater supply (pumping by others)	3,295	13,464	5,912	2,893
Use of water (acre-feet)	1,118,166	955,389	1,050,647	1,471,580
Agricultural	454,516	379,903	400,707	642,134
Urban	364,435	355,278	291,549	253,753
City domestic	251,110	247,216	198,228	152,626
Subdivision irrigation	58,988	61,460	49,615	51,761
Other nonagricultural irrigation (schools, parks, churches, etc.)	54,338	46,603	43,706	49,366
Decreed deliveries	52,298	58,400	43,052	72,727
Contract deliveries	6,177	103,686	127,195	198,669
Seepage and evapotranspiration	156,325	156,896	188,144	355,651
Canals, total (miles)	132	131	131	131
Lined	71	71	62	54
Laterals, total (miles)	887	886	880	876
Lined or piped	766	764	738	653
Drainage and waste ditches (miles)	244	243	251	267
Lined or piped	70	68	58	49
Assessed area (acres)	238,172	238,172	238,220	238,264
Number of assessed accounts	180,455	179,532	171,875	157,578
Number of times water delivered to water users	479,996	491,242	429,276	512,964

*Water statistics are computed on a calendar year basis.

**Based on U.S.G.S. provisional records and subject to adjustment.

Power

	12 Months Ended April 30		12 Months Ended December 31	
	1984	1983	1978	1973
Energy sources (kWh)				
Net steam generation*	10,655,441,000	11,399,943,000	7,221,663,000	4,360,347,000
Net combustion turbine generation	19,399,000	16,206,000	59,793,000	332,325,000
Net combined cycle generation	190,299,000	287,629,000	385,269,000	0
Net run of river generation	521,180,000	613,694,000	367,924,000	610,571,000
Pumped storage generation	206,036,000	199,069,000	105,960,000	21,133,000
Total net generation*	11,592,355,000	12,516,541,000	8,140,609,000	5,324,376,000
Purchased	2,262,454,908	1,735,645,332	1,808,603,941	1,940,568,367
Interchange received	69,424,000	87,348,000	249,074,000	277,927,048
Wheeling received	18,970,092	8,154,668	7,725,059	40,667,485
Total energy sources*	13,943,204,000	14,347,689,000	10,206,012,000	7,583,538,900
Energy disposition (kWh)				
Residential	4,290,081,354	3,982,669,563	3,278,867,939	2,640,917,384
Commercial & industrial	4,880,684,473	4,386,224,953	3,945,048,976	2,894,899,907
Irrigation pumping	260,180,664	192,420,700	206,269,684	218,566,804
Street & highway lighting	85,698,006	46,948,183	39,400,289	38,974,096
Public authorities	232,660,889	338,755,364	289,204,179	201,267,802
Interdepartmental	73,212,740	61,423,824	66,240,885	62,477,382
Sales for resale	2,789,722,423	4,079,623,799	1,340,060,575	855,118,667
Total sales	12,612,240,549	13,088,066,386	9,165,092,527	6,912,222,042
Interchange delivered	54,666,000	74,340,000	124,787,000	112,973,600
Wheeling delivered	15,450,467	7,433,303	7,307,903	37,536,087
Energy losses	966,513,984	895,845,311	759,125,570	489,467,171
Energy for pumped storage operation	294,333,000	282,004,000	149,699,000	31,340,000
Total disposition of energy	13,943,204,000	14,347,689,000	10,206,012,000	7,583,538,900
Peak overall power system (kW)	2,605,000	2,619,000	2,196,000	1,759,000
Date and time (MST)	September 2, 6 p.m.	August 2, 6 p.m.	July 14, 3 p.m.	July 2, 6 p.m.
Peak Project customers (kW)	2,260,000	2,172,000	1,854,000	1,448,000
Date and time (MST)	August 31, 5 p.m.	August 20, 5 p.m.	July 20, 6 p.m.	June 28, 6 p.m.
Generating capability (kW)**				
Steam*	2,211,250	2,283,250	1,548,250	850,400
Combustion turbines	393,000	393,000	378,000	238,800
Combined cycle	288,000	288,000	288,000	0
Hydroelectric conventional	96,400	95,000	94,000	94,400
Hydroelectric pumped storage	137,000	137,000	140,000	147,200
Total operating capability*	3,125,650	3,196,250	2,448,250	1,330,800
Contract purchase at time of peak	329,547	329,547	461,813	582,145
Total resources*	3,455,197	3,525,797	2,910,063	1,912,945
Electric customers - year end				
Residential	353,115	332,790	268,107	209,334
Commercial & industrial	29,924	25,092	19,274	15,443
Other	8,103	1,679	1,521	1,144
Total	391,142	359,561	288,902	225,921
Average annual kWh use -				
Residential	12,535	12,277	12,799	13,182
Average annual kWh revenue -				
Residential (cents/kWh)	7.06	6.47	4.72	2.23

*Includes SRP participation in jointly owned projects.

**Unit capabilities during summer peak.

SALT RIVER PROJECT
P.O. BOX 52025, Phoenix, AZ 85072-2025
Return requested

BULK RATE
U.S. POSTAGE
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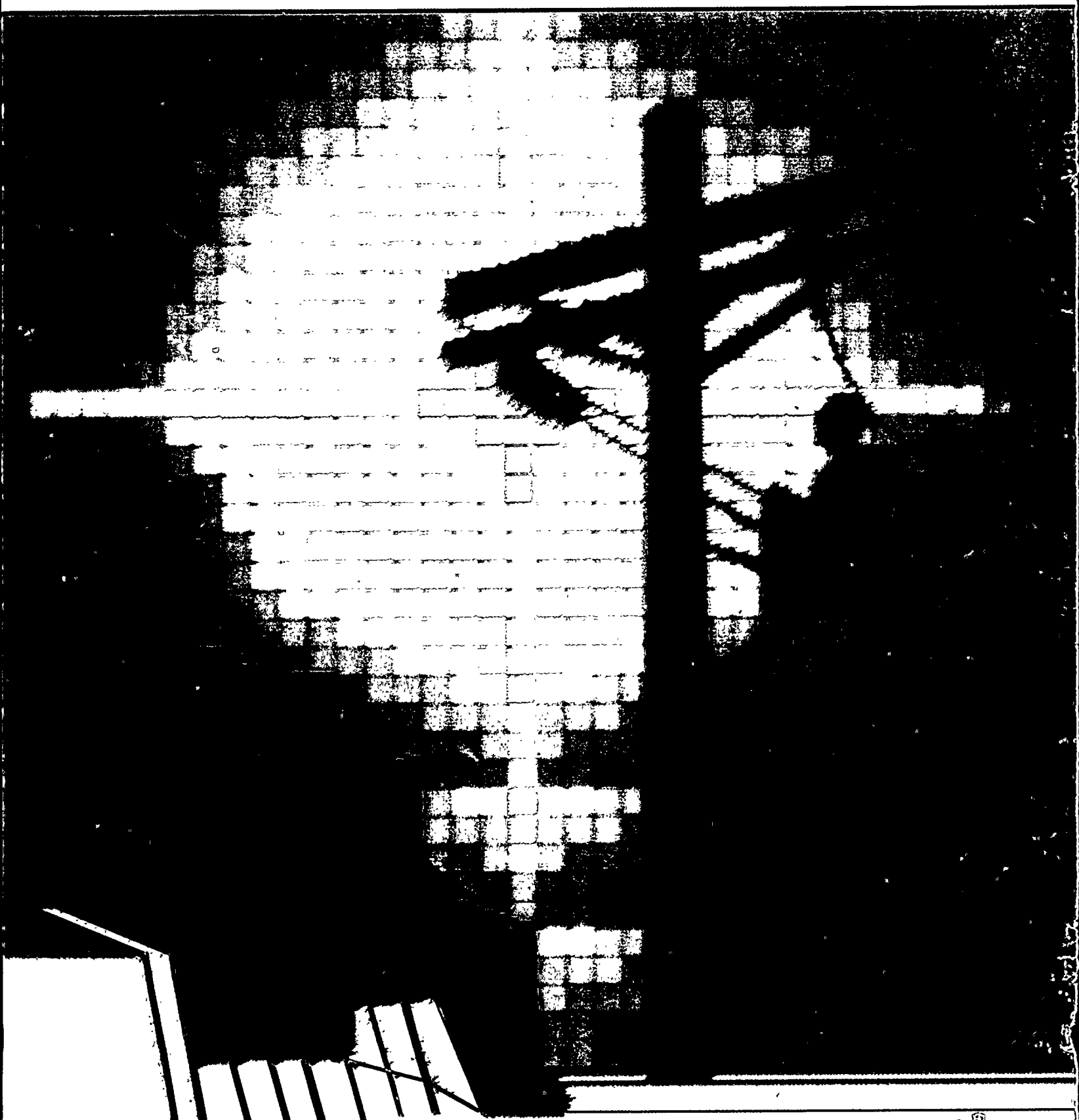

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