Schedule 2 Average Incremental Cost

Estimated Marginal Energy Costs

Season	Peak Type	2026	2027	2028	2029	2030
Summer	On Peak	46.53	44.62	46.31	47.48	48.61
Summer	Off Peak	26.87	23.82	24.69	27.71	29.06
Summer	All Hours	35.91	33.39	34.64	36.8	38.06
Winter	On Peak	45.74	46.59	46.23	44.41	45.34
Winter	Off Peak	33.63	36.71	37.63	37.6	39.36
Winter	All Hours	39.2	41.26	41.59	40.73	42.11
Annual	On Peak	46.14	45.61	46.27	45.94	46.98
Annual	Off Peak	30.25	30.27	31.16	32.65	34.21
Annual	All Hours	37.56	37.32	38.11	38.76	40.08

Annual number of On-Peak hours:

- 2026: 4,176
- 2027: 4,176
- 2028: 4,160
- 2029: 4,176
- 2030: 4,176

Description of Season and On-Peak and Off-Peak Periods

- Summer is considered April through September
- Winter is considered October through March
- On-Peak period is considered 6:00 am to 10:00 pm Monday through Friday except holidays (New Years, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day)
- Off-Peak periods include all other hours

Estimated Marginal Energy Costs

The estimated system average incremental energy costs are calculated by seasonal peak and off- peak periods for each of the next five years. For each seasonal period, system incremental energy costs are averaged during system daily peak hours, system daily off-peak hours, and all hours in the season. The energy costs are increased by a factor equal to 50 percent of the line losses.

The energy needs of Rochester Public Utilities are served through its membership in Southern Minnesota Municipal Power Agency (SMMPA). SMMPA, in turn, is a member

of the Midcontinent ISO (MISO). As a result, the municipal's incremental energy cost is equivalent to the MISO hourly Locational Marginal Price (LMP). Actual hourly LMP will vary significantly based on several parameters such as weather, energy demand, and generation availability. The table above represents a forecast of the MISO hourly LMP values averaged over each specific time period at the MISO Minnesota Hub.

Capacity Payment for Firm Power (Net annual avoided capacity cost)

A capacity payment will be made for energy delivered by the qualifying facility to the utility with at least a 65 percent on-peak capacity factor in the month. The capacity factor is based upon the qualifying facility's maximum on-peak metered capacity delivered to the utility during the month. The capacity component applies only to deliveries during on-peak hours.

2026 Capacity Payment (dollars per kilowatt-hour)

- Capacity Value per kilowatt-hour for On Peak hours is $0.049
- Capacity Value per kilowatt-hour for all hours is $0.033