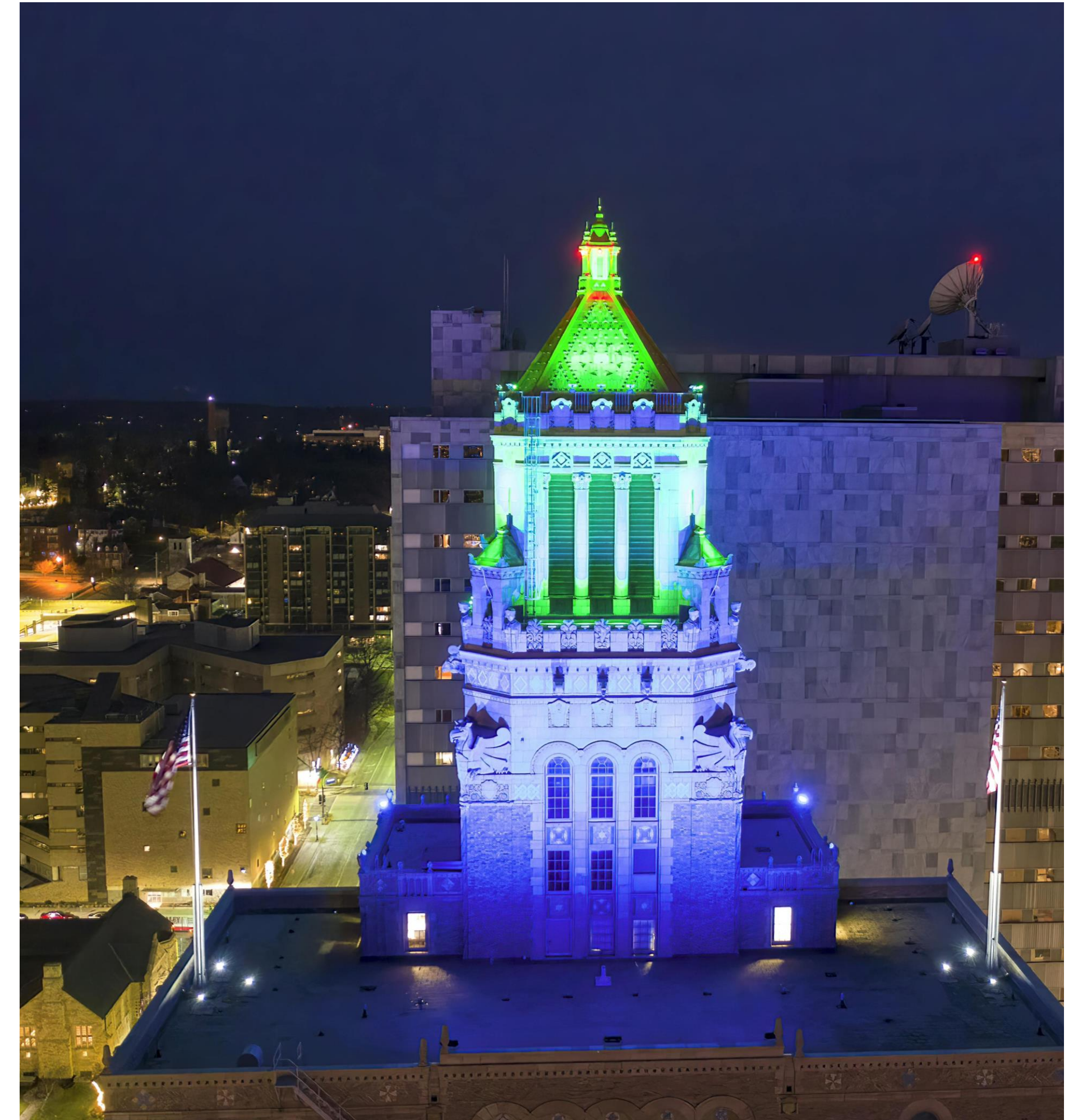


5.B. 2025 Customer Research Study



Table of Contents

- Project Overview
- Executive Summary
- Key Study Findings
- Final Observations and Implications
- Respondent Profile(s)





Project Overview



Project Overview | Research Objectives

- GreatBlue Research was commissioned by Rochester Public Utilities (hereinafter “RPU”) to conduct a market research study among residential and commercial customers to measure satisfaction with RPU services and evaluate perspectives on rates and renewable energy goals.
- The primary goals of this research study were to assess customer satisfaction with RPU’s organizational performance, evaluate perceptions of rate reasonableness and understanding, and measure awareness and support for renewable energy targets. In addition, the study explored customer preferences between maintaining RPU’s original goal of 100% net renewable electricity by 2030 or aligning with the State of Minnesota’s 2040 Carbon-Free Standard.
- The outcome of this research will enable RPU leadership and board members to: a) better understand customer expectations and values, b) balance rate impacts with renewable energy commitments, and c) guide strategic planning to strengthen trust, reliability, and community alignment.





Project Overview | Areas of Investigation

- This study leveraged a quantitative digital survey methodology to address the following areas of investigation:
 - Customer ratings of RPU's organizational characteristics (communication, responsiveness, reliability, service value, environmental responsibility, staff helpfulness, and overall satisfaction)
 - Relative importance of RPU's Five R's: Reliability, Rates, Responsibility, Relationships, and Reputation
 - Customer trust in RPU's financial decisions and awareness of opportunities for community input
 - Awareness and support for RPU's 100% net renewable electricity goal by 2030 and Minnesota's Carbon-Free Standard by 2040
 - Customer preferences between the accelerated 2030 pathway or the gradual 2040 pathway, including associated rate impacts
 - Interest in participating in RPU's voluntary Carbon Offset Program through Renewable Energy Certificates (RECs)
 - Perceptions of RPU's current rates, fairness, and comparability to other Minnesota utilities
 - Demographic (residential) and firmographic (commercial) profiles of respondents to contextualize results





Executive Summary



Executive Summary

- **Customer Satisfaction:** About **7 in 10 customers (69.1%)** are satisfied with RPU, with strong marks for their **staff's helpfulness** and **responsiveness**. Commercial customers rated RPU slightly higher than residential.
- **Strategic Priorities:** Customers emphasized **Rates** and **Reliability** as RPU's most important priorities, well ahead of other focus areas.
- **Renewable Energy Goals:** While **70.6% support** the current goal of 100% net renewable electricity by 2030, most customers prefer the **more gradual 2040 timeline** once rate impacts are considered (59.4%).
- **Carbon Offset Program:** Roughly **1 in 3 customers** are interested in participating, with limited interest in paying more voluntarily for RECs.
- **Rates & Understanding:** Just over half view RPU's rates as reasonable, but only **one-third understand how rates are set**, signaling a need for greater transparency and education.





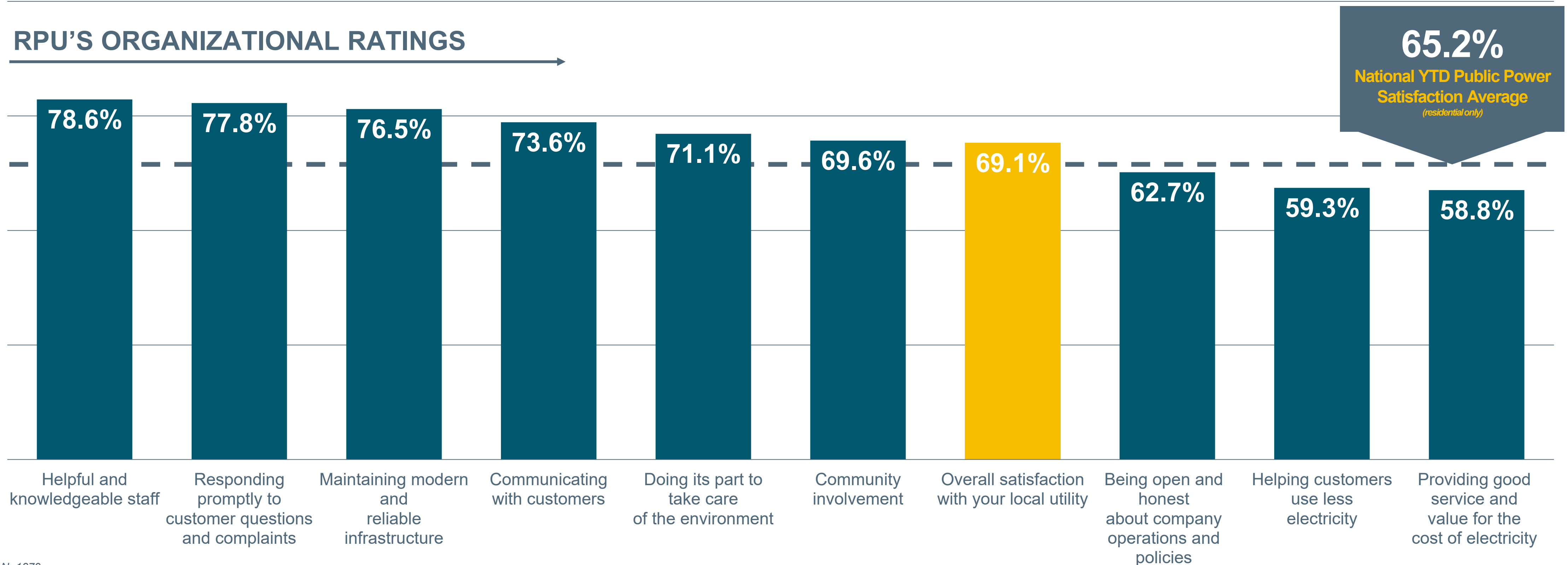
Key Study Findings



General Perceptions & Satisfaction | Organizational Characteristics

- Overall, 69.1% of surveyed customers reported being satisfied with Rochester Public Utilities (RPU) at the time of the survey. Perceptions of the utility were driven by strong ratings for the staff with the metrics for RPU’s “helpful and knowledgeable staff,” and “responding promptly to customers questions and complaints” each receiving positive ratings from more than three-quarters of customers.
 - **Residential:** Overall satisfaction among residential customers came in right at 69.1%, on par with the overall results.
 - **Commercial:** Overall satisfaction was slightly higher among commercial customers at 71.7%.

RPU’S ORGANIZATIONAL RATINGS



N=1879

Q: BELOW IS A LIST OF DIFFERENT ORGANIZATIONAL CHARACTERISTICS. FOR EACH ONE, PLEASE RATE THE ROCHESTER PUBLIC UTILITIES ON A SCALE OF ONE (1) TO TEN (10) WHERE ONE IS VERY POOR AND TEN IS VERY GOOD.

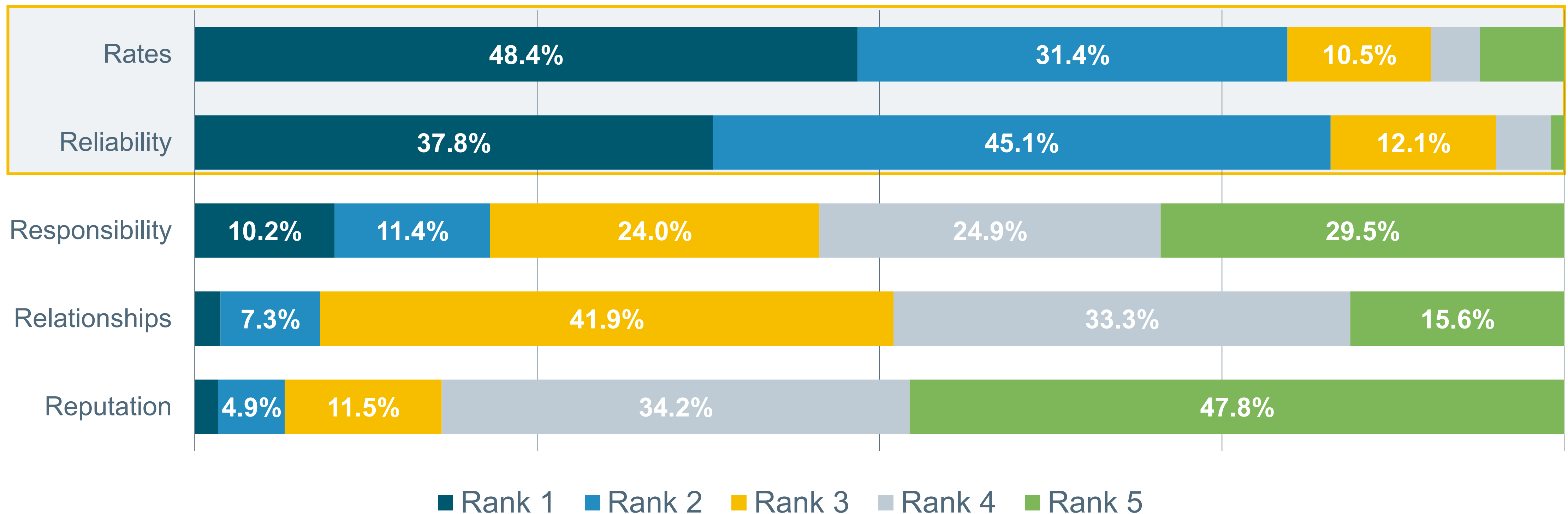




General Perceptions & Satisfaction | RPU's Strategic Priorities

- Customers strongly prioritized “Rates” and “Reliability” over the other aspects of RPU’s Strategic Plan with 48.4% and 37.8%, respectively, ranking these two items as their top priorities. This resulted in an average rank of 1.88 for “Rates” and 1.85 for “Reliability.”
 - Further, **commercial** customers placed even more emphasis on “Reliability” providing an average rank of 1.50 compared to 1.86 among **residential** customers. Both groups still viewed “Rates” and “Reliability” as the top priorities over Responsibility, Relationships, and Reputation.

THE FIVE (5) R'S OF RPU'S STRATEGIC PRIORITIES



N=1879
Q: RPU'S STRATEGIC PLAN IS BUILT AROUND FIVE KEY PRIORITIES CALLED THE FIVE R'S: RELIABILITY, RATES, RESPONSIBILITY, RELATIONSHIPS, AND REPUTATION. PLEASE RANK THESE FROM MOST IMPORTANT TO LEAST IMPORTANT WHEN IT COMES TO YOUR LOCAL UTILITY SERVICES.





Renewable Energy Standards | RPU and MN Carbon Free Standard

- Awareness of both the State of Minnesota's Carbon Free Standard (CFS) and RPU's independent net renewable goal for 2030 was relatively low with just over one-third of customers being aware of either initiative (34.0% and 34.7%, respectively). Over half of customers surveyed were not aware of either RPU's goal or the MN CFS.
 - **Commercial:** Commercial customers were slightly more aware of RPU's net renewable goal for 2030 at 41.7% and over half were aware of the MN CFS (53.3%).
 - **Residential:** 34.4% of residential customers were aware of RPU's net renewable goal compared to 33.3% that were aware of the MN CFS.

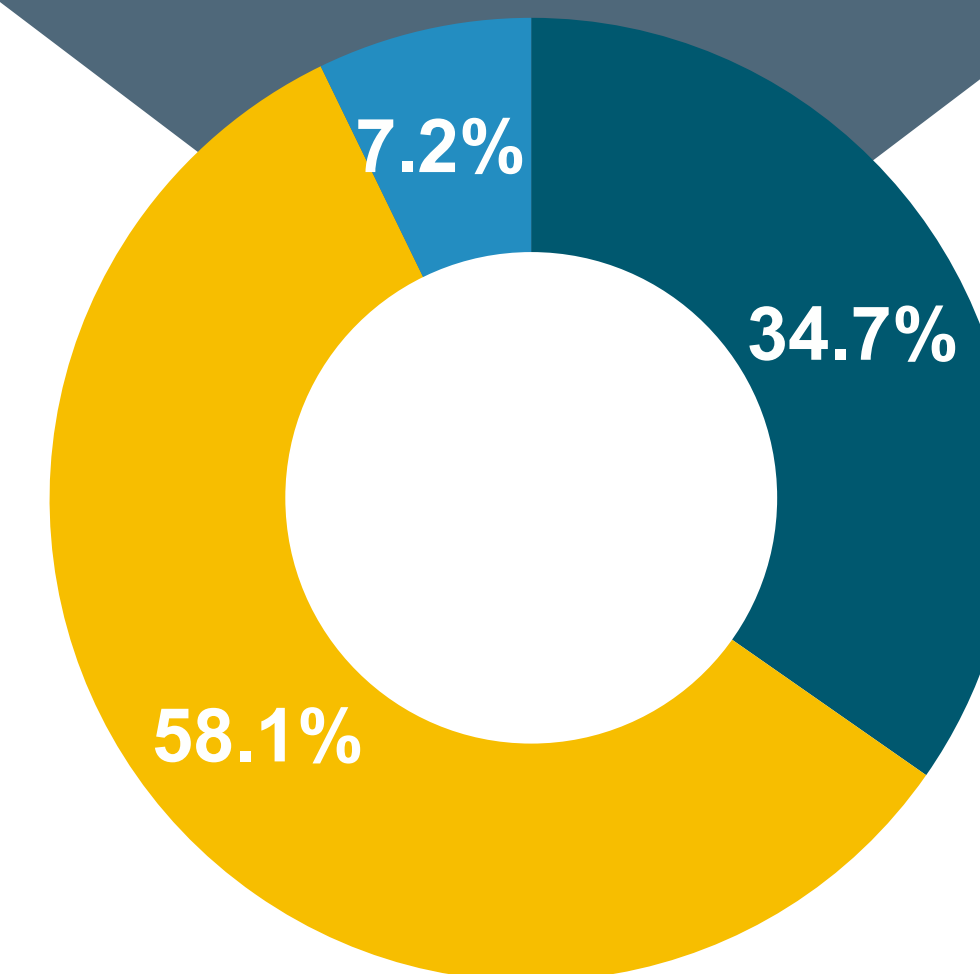
DEEPER DIVE

Age: 18-34-year-olds (28.0%) and 35-44-year-olds (24.1%) were less likely to be aware of RPU's net renewable goal compared to those ages 45 or older.

Education: 35.1% of customers with a college degree were aware of RPU's net renewable goal.

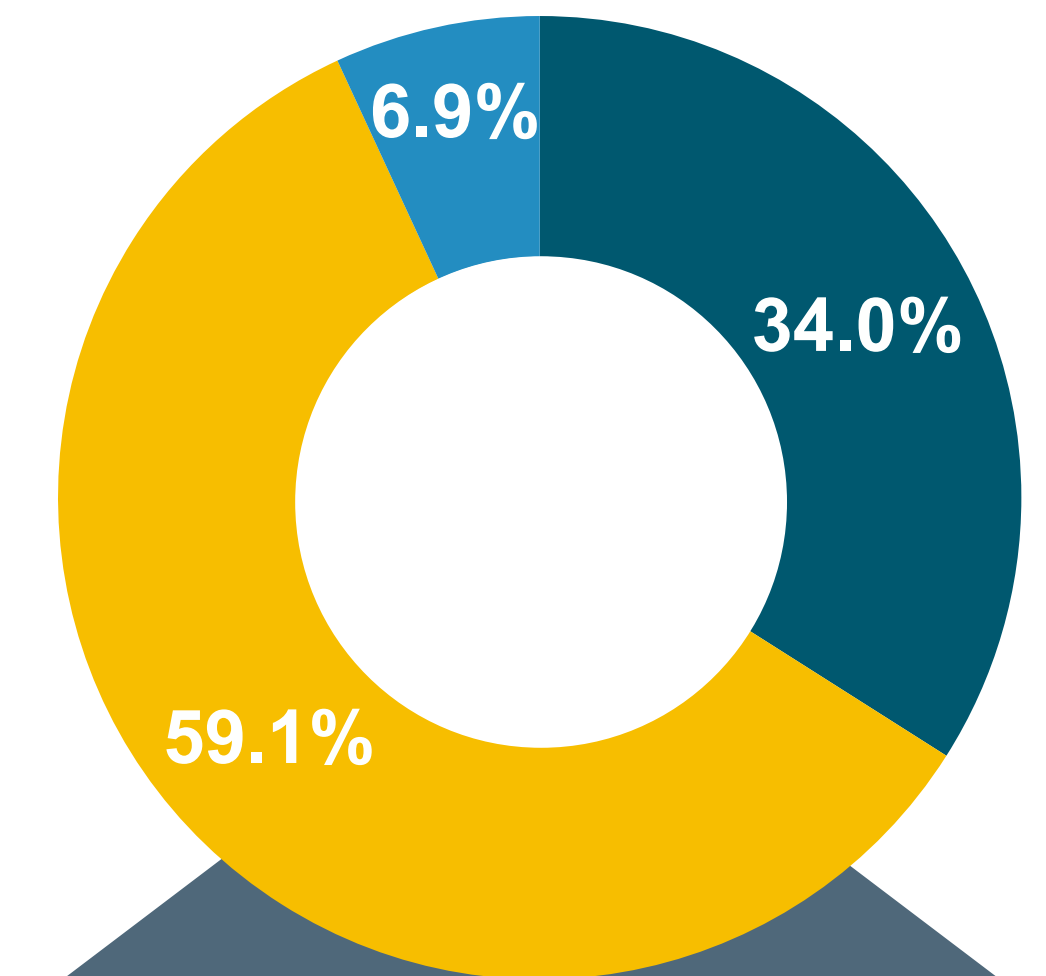
Income: More customers earning \$100,000 or more were aware of RPU's goal compared to those earning less than \$100,000 per year (38.2% vs. 28.3%).

Overall awareness that RPU set a goal in 2019 to deliver 100% net renewable electricity by the year 2030...



■ Yes ■ No ■ Don't know

■ Yes ■ No ■ Don't know



Overall awareness of the established Minnesota Carbon Free Standard (100% net renewable by 2040)...

N=1879

Q: PRIOR TO THIS SURVEY, WERE YOU AWARE THAT RPU SET A GOAL IN 2019 TO DELIVER 100% NET RENEWABLE ELECTRICITY BY THE YEAR 2030?

Q: BEFORE THIS SURVEY, WERE YOU AWARE THAT MINNESOTA ESTABLISHED THE CARBON FREE STANDARD?



Renewable Energy Standards | RPU and MN Carbon Free Standard

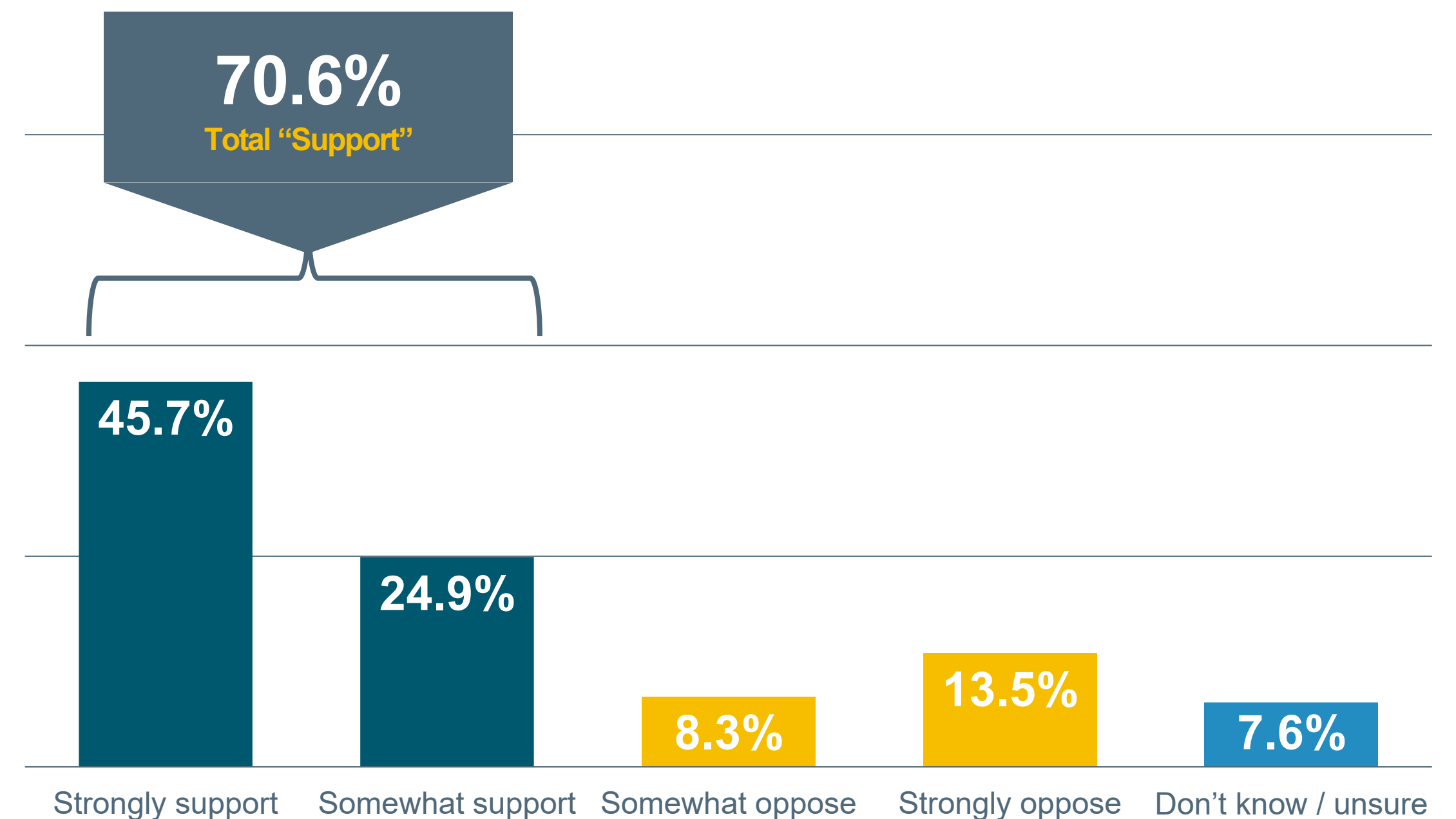
- Overall, seven-in-ten customers surveyed supported RPU's current 100% net renewable goal for 2030 (70.6%), with nearly half "strongly supporting" this initiative.
 - Residential:** Sentiment was stronger among residential customers with 46.2% "strongly supporting" RPU's 2030 net renewable goal, with 70.7% total support for the effort ("strongly" + "somewhat support").
 - Commercial:** Conversely, only 28.3% of commercial customers "strongly supported" RPU's 2030 net renewable goal compared to 40.0% that only "somewhat supported" this initiative.

DEEPER DIVE

Age: Interestingly, 18-34-year-olds (83.2%) and customers ages 65 or older (77.4%) were the most supportive of RPU's new renewable goal for 2030.

Education: Customers with a college degree were more supportive of RPU's goal by a 10-point margin compared to those without a college degree (74.6% vs. 64.8%)

SUPPORT FOR RPU'S CURRENT NET RENEWABLE GOAL



N=1879
Q: HOW MUCH DO YOU SUPPORT OR OPPOSE RPU'S GOAL OF PROVIDING 100% NET RENEWABLE ELECTRICITY BY 2030?

Future Pathways | Preferred Renewable Energy Timeline

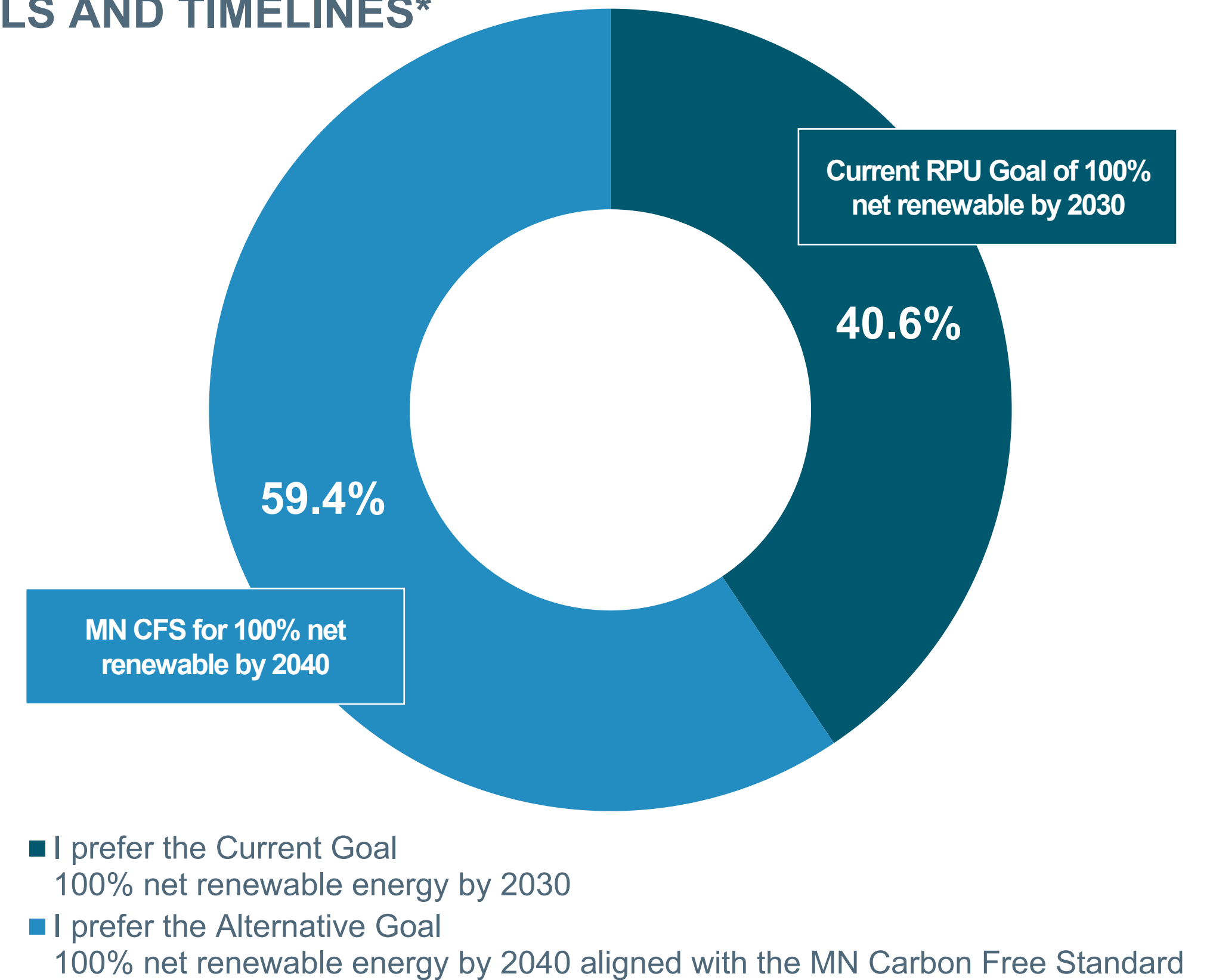
- While overall support for RPU's 100% net renewable goal for 2030 was high at 70.6%, when provided the option to maintain that current goal or extend the timeline to 2040 to align with the Minnesota Carbon Free Standard - customers preferred that later option by a 59.4% to 40.6% margin. This option was chosen after customers were asked to consider the potential rate increases under each plan; specifically, a 6% year-over-year rate increase to achieve the 2030 goal vs. a 4% annual increase to meet the 2040 MN CFS*.
- Commercial:** 76.7% of commercial customers preferred that alternative 2040 goal compared to only 23.3% that wanted RPU to maintain it's goal of 100% net renewable energy by 2030.
- Residential:** In addition, 58.8% of residential customers preferred that alternative 2040 goal as well; much aligned with the overall results.

DEEPER DIVE

Age: There was consensus across most age cohorts towards preference for the alternative 2040 MN CFS. The only outlier was among 18–34-year-olds that preferred the current 2030 goal by a 60.0% to 40.0% margin.

Income: Interestingly, customers earning less than \$50,000 a year were most likely to support the current 2030 goal (48.9%). However, it should be noted that 72.0% of those that refused to provide their income preferred the alternative 2040 goal.

PREFERRED NET RENEWABLE GOALS AND TIMELINES*



N=1879

Q: SINCE RPU'S GOAL WAS ORIGINALLY ESTABLISHED, RISING ENERGY COSTS AND CHANGES TO FEDERAL TAX LAWS HAVE SIGNIFICANTLY INCREASED THE COSTS OF BOTH RENEWABLE AND NON-RENEWABLE POWER GENERATION. AS A RESULT, RPU IS EVALUATING WHETHER TO STAY THE COURSE TOWARD THE ORIGINAL 2030 GOAL OR TO ADJUST THE TIMELINE BY ALIGNING WITH THE STATE OF MINNESOTA'S CARBON-FREE STANDARD, WHICH REQUIRES 100% CARBON-FREE ELECTRICITY BY 2040. WE'D LIKE YOUR INPUT. WHICH RENEWABLE ENERGY GOAL DO YOU PREFER RPU TO PURSUE?

*SEE NEXT SLIDE FOR FULL DETAILS ON THE PLANS PROPOSED IN THE SURVEY



Future Pathways | Current Goal vs. Alternative Goal Proposals

CURRENT GOAL – 100% NET RENEWABLE BY 2030	ALTERNATIVE GOAL – 100% NET RENEWABLE BY 2040
This option aims to achieve 100% net renewable electricity by 2030 through a more accelerated transition. It would result in an estimated annual customer rate increase of about 6% through 2030, totaling approximately a 34% increase by that year. This pathway would reduce greenhouse gas emissions from rpu’s power supply by roughly 90% by 2030, delivering earlier climate benefits and supporting stronger environmental leadership. Both renewable energy goals are anticipated to maintain the same high level of reliable service.	This option follows a more gradual transition aligned with minnesota’s carbon-free standard. It would achieve 60% net renewable electricity by 2030, 90% by 2035, and 100% by 2040. Customer rates would increase by an estimated 4% annually through 2030, totaling around a 22% increase by that year. This pathway would reduce greenhouse gas emissions by about 70% by 2030, offering a balance of steady progress with lower near-term cost increases. Both renewable energy goals are anticipated to maintain the same high level of reliable service.

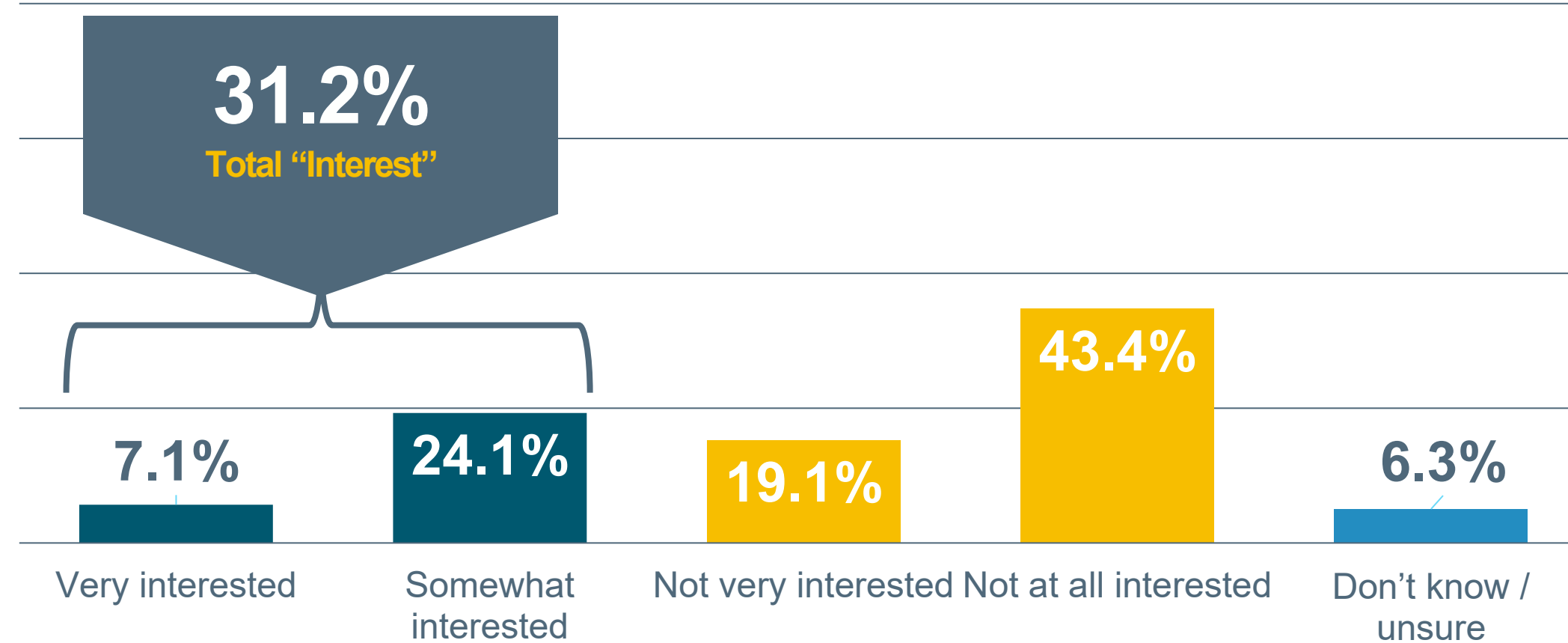




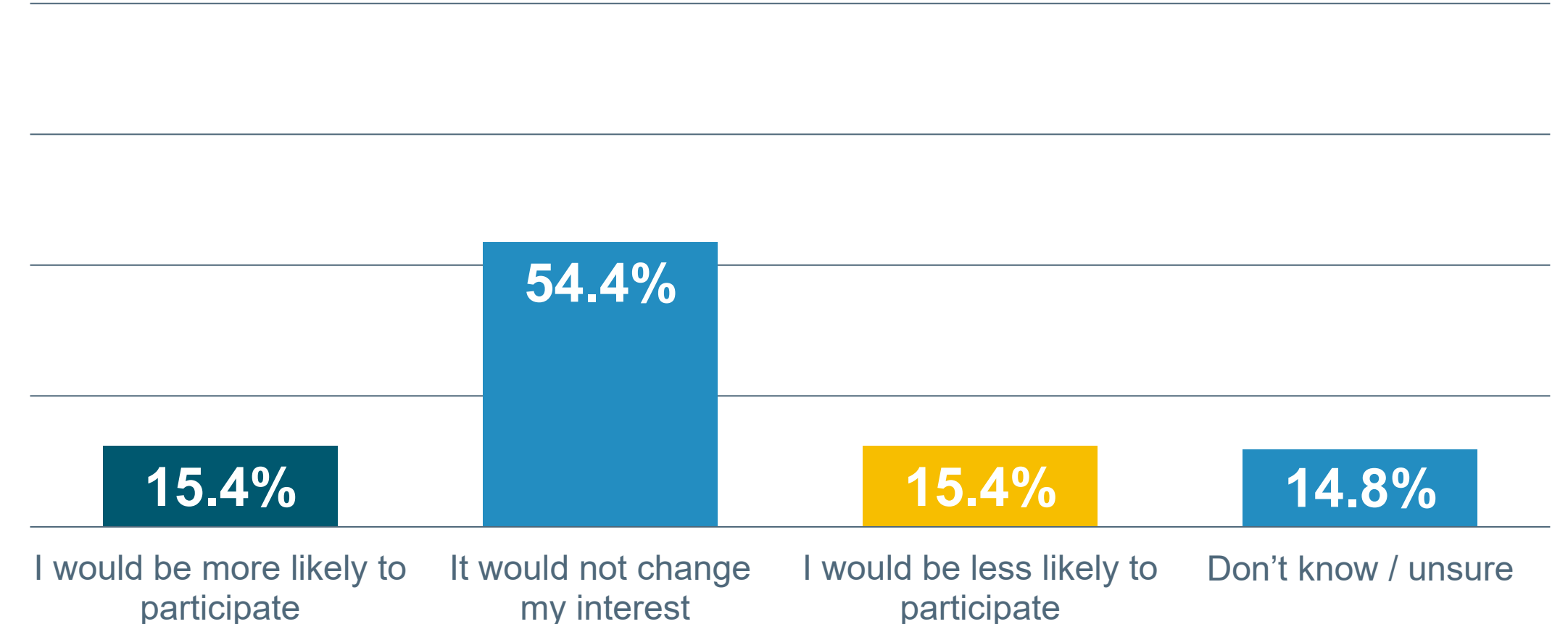
Future Pathways | Interest in RPU's Carbon Offset Program (RECs)

- Currently, almost one-third of customers (31.2%) expressed “interest” in RPU's Carbon Offset Program (RECs), with less than one-in-ten being “very interested” in the program (7.1%). In addition, if RPU elected to delay their net renewable goal to 2040, 15.4% would be more likely to participate in the Carbon Offset Program, compared to more than half that said there would be no change in their interest (54.4%).
- Further, **commercial** customers were less likely to be interested in RPU's RECs (20.0%) compared to **residential** customers (31.5%).

CURRENT INTEREST IN RPU'S CARBON OFFSET PROGRAM (RECs)



CHANGE IN INTEREST IF NET RENEWABLE GOAL WAS DELAYED



DEEPER DIVE

Age: Interestingly, 18-34-year-olds (41.1%) and customers ages 65 and older (42.4%) were the most interested in RPU's Carbon Offset Program (RECs).

Income: 41.6% of customers earning \$150,000 or more were interested in RPU's Carbon Offset Program compared to only 27.8% earning less than \$50,000.

N=1879

Q: BEFORE RPU ACHIEVES ITS 100% GOAL, HOW INTERESTED WOULD YOU BE IN VOLUNTARILY PAYING A LITTLE MORE ON YOUR MONTHLY BILL TO PROVIDE EVEN MORE RENEWABLE ENERGY THROUGH THE CARBON OFFSET PROGRAM?

Q: IF RPU WERE TO DELAY ITS 100% NET RENEWABLE ELECTRICITY GOAL TO 2040, HOW WOULD THAT AFFECT YOUR INTEREST IN VOLUNTARILY SUPPORTING ADDITIONAL RENEWABLE ENERGY THROUGH THE CARBON OFFSET PROGRAM (RECS)?





Rates | General Perceptions and Understanding

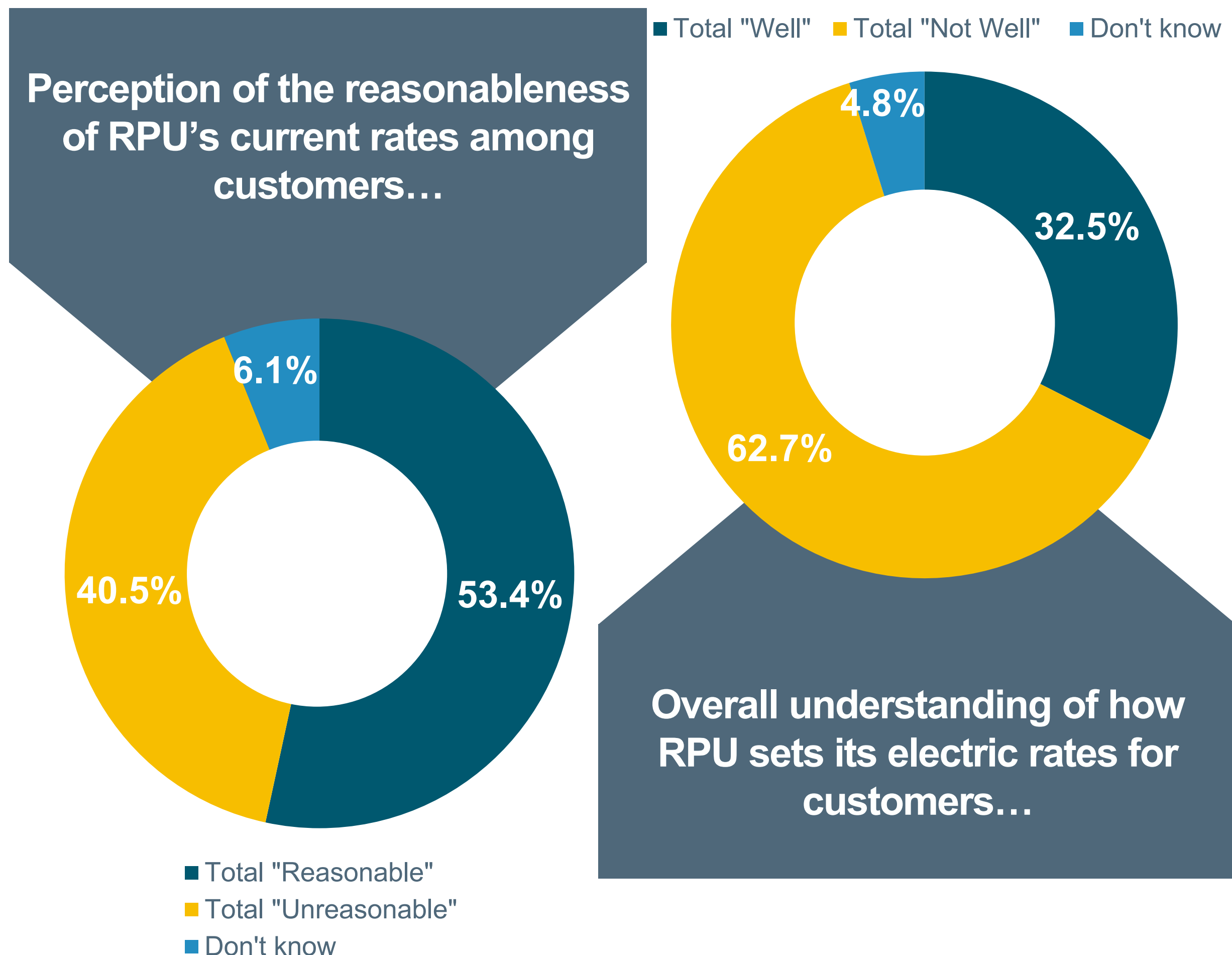
- While over half of all customers surveyed perceived RPU's current rates to be "reasonable" (53.4%), only one-third had an understanding of how these rates are ultimately set by the utility (32.5%).
 - Commercial:** More commercial customers understood how rates were set (45.0%) and more found these rates to be "reasonable" (61.7%).
 - Residential:** Conversely, 32.0% of residential customers understood how RPU's rates were set and 53.1% found these rates to be "reasonable" - on par with the overall results.

DEEPER DIVE

Age: 35-44-year-olds (39.4%) and 45-54-year-olds (49.3%) were less likely to find RPU's rates to be "reasonable" compared to the other age cohorts.

Education: Only 30.8% of customers with a college degree understood how RPU sets its electric rates.

Income: 64.3% of customers earning \$150,000 or more found RPU's rates to be reasonable compared to just 48.5% of those earning between \$50,000 and \$100,000.



N=1879

Q: HOW WELL DO YOU FEEL YOU UNDERSTAND HOW RPU SETS ELECTRIC RATES?

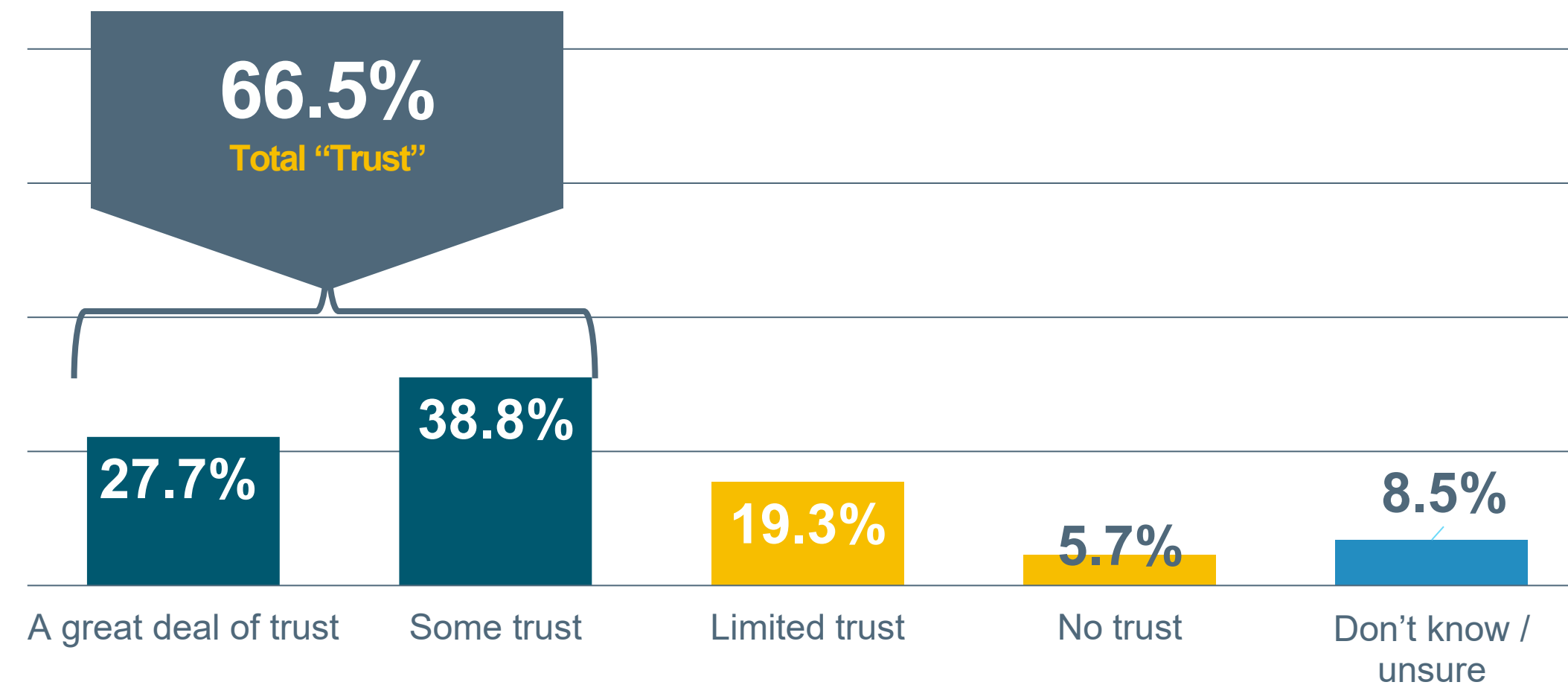
Q: HOW REASONABLE DO YOU FIND THE RATES YOU PAY TO RPU?



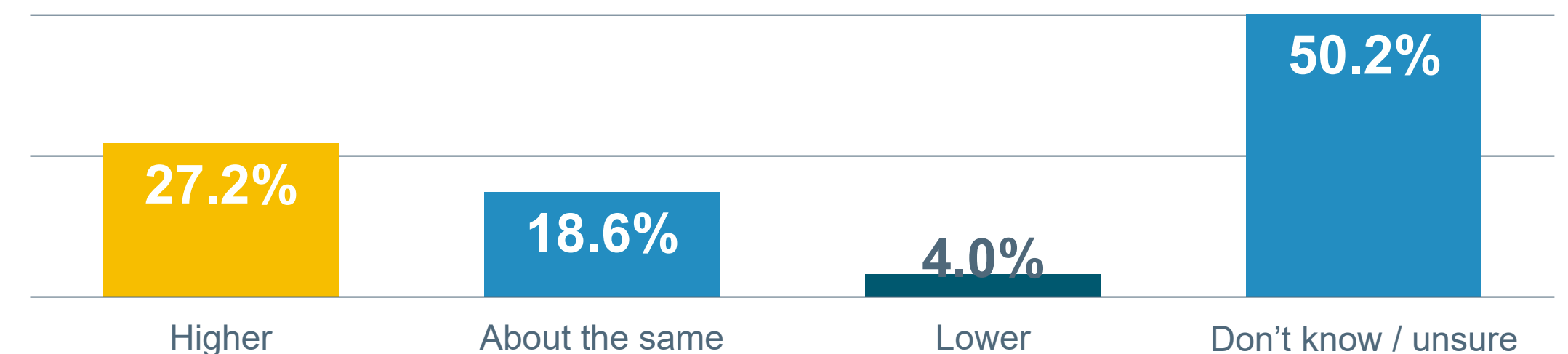
Rates | Fiscal Responsibility & Customers' Best Interests

- Although half of all customers surveyed (50.2%) were “unsure” how RPU’s rates compared to other utilities in Minnesota, two-thirds “trusted” the utility to act in their customers’ best interest. More customers did feel RPU’s rates were high rather than low, by a margin of 27.2% to 4.0% (+23.2 percentage points).
- In addition, 40.0% of **commercial** customers feel RPU’s rates are higher than other utilities in the area compared to just 26.8% of **residential** customers.

TRUST IN RPU TO ACT IN CUSTOMER’S BEST INTEREST



PRICES COMPARED TO OTHER MN UTILITIES



DEEPER DIVE

Age: Over three-quarters of customers ages 65 or older (76.1%) “trust” RPU to act in the best interest of customers; higher than any other age cohort.

Income: Those earning more than \$100,000 a year are only slightly more likely to “trust” RPU compared to those earning \$100,000 or less (70.1% vs 65.0%).

N=1879

Q: HOW WOULD YOU DESCRIBE THE LEVEL OF TRUST YOU HAVE IN ROCHESTER PUBLIC UTILITIES TO OPERATE IN YOUR BEST INTEREST?

Q: COMPARED TO OTHER UTILITIES IN MINNESOTA, WOULD YOU SAY THE PRICES YOU PAY ARE HIGHER THAN SURROUNDING AGENCIES, LOWER THAN SURROUNDING AGENCIES, OR ABOUT THE SAME?



Final Observations and Implications



Final Observations and Implications

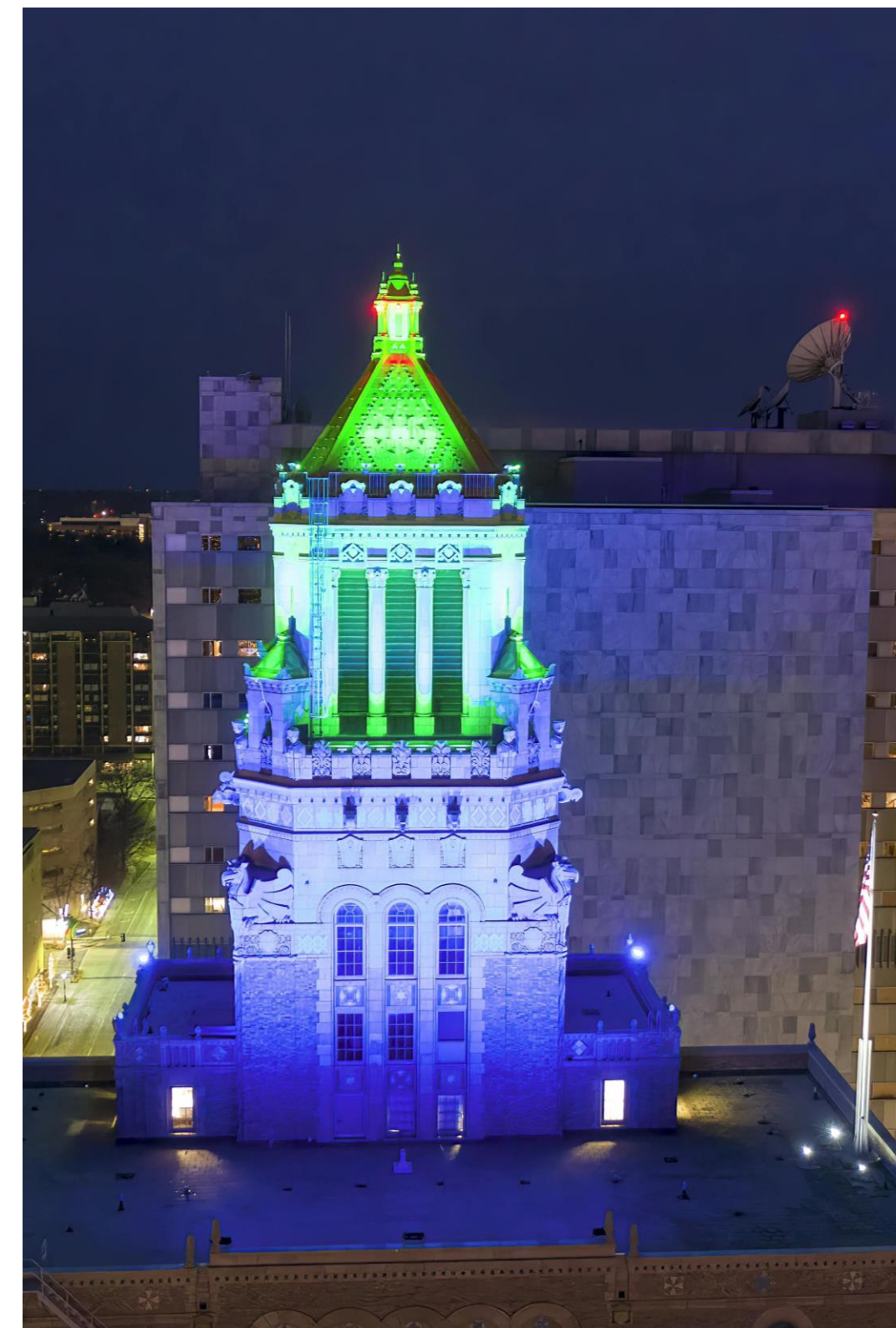
Customer satisfaction is solid (approx. 70%), driven by strong staff performance: Continue investing in customer-facing service quality.

Rates and reliability dominate priorities: Communications and planning should directly link decisions to affordability and dependable service.

Support for renewables is strong, but cost-sensitive: Customers lean toward the 2040 timeline when trade-offs are clear; balancing ambition with affordability is critical.

Carbon Offset Program interest is limited: Position as a niche option, not a broad engagement driver.

Rate understanding lags: Greater transparency and education on rate-setting could strengthen trust and credibility.



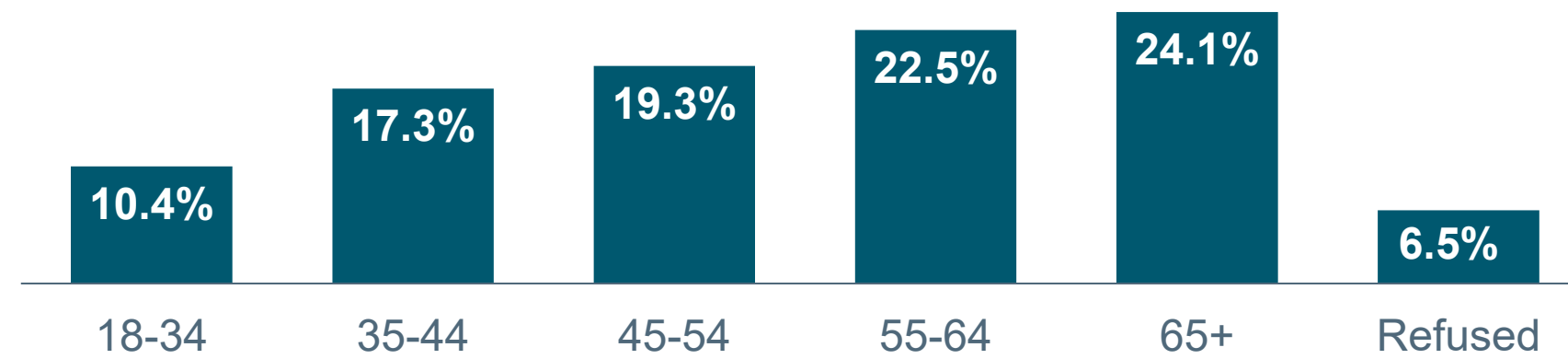


Respondent Profile(s)

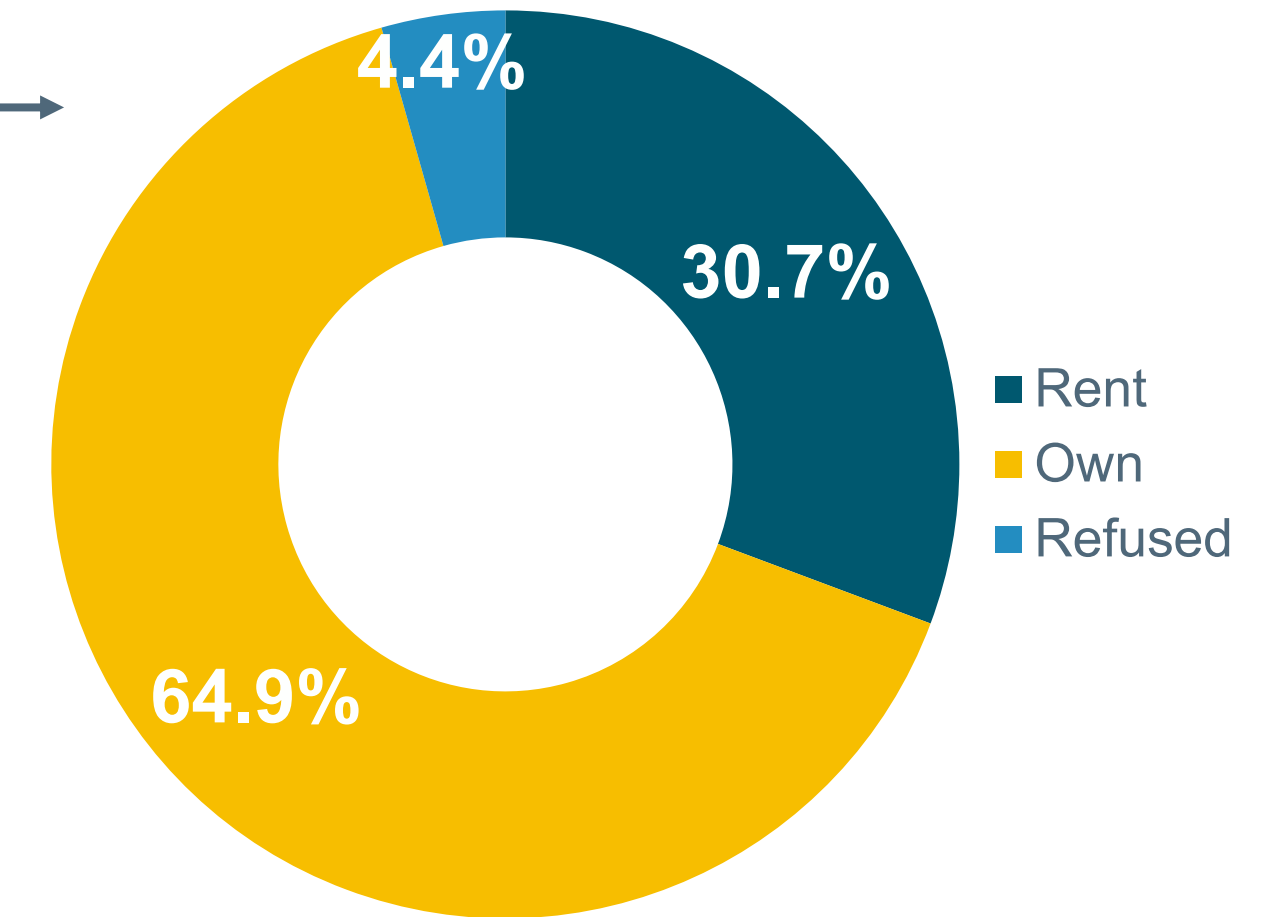


Respondent Profile | Residential

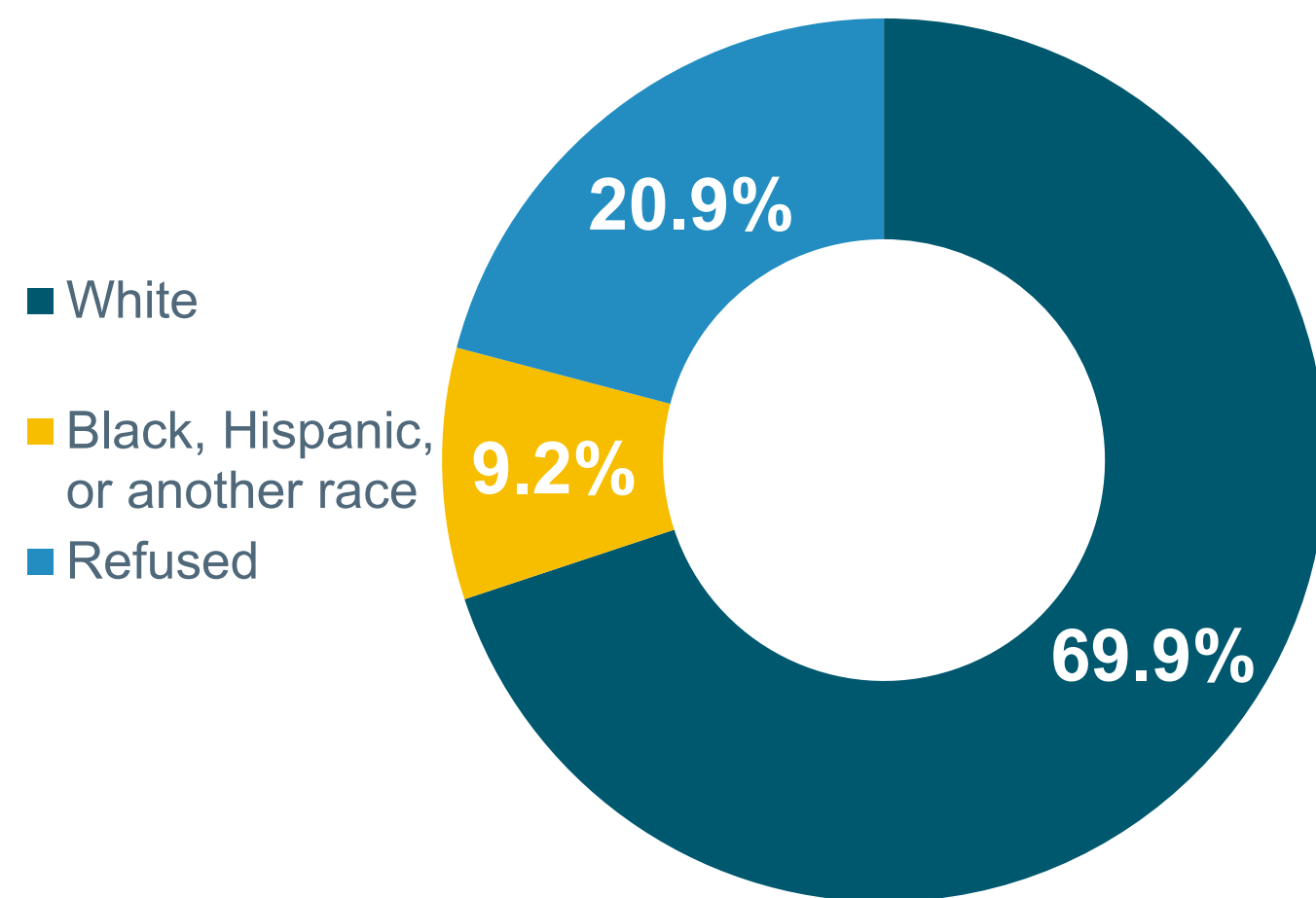
AGE



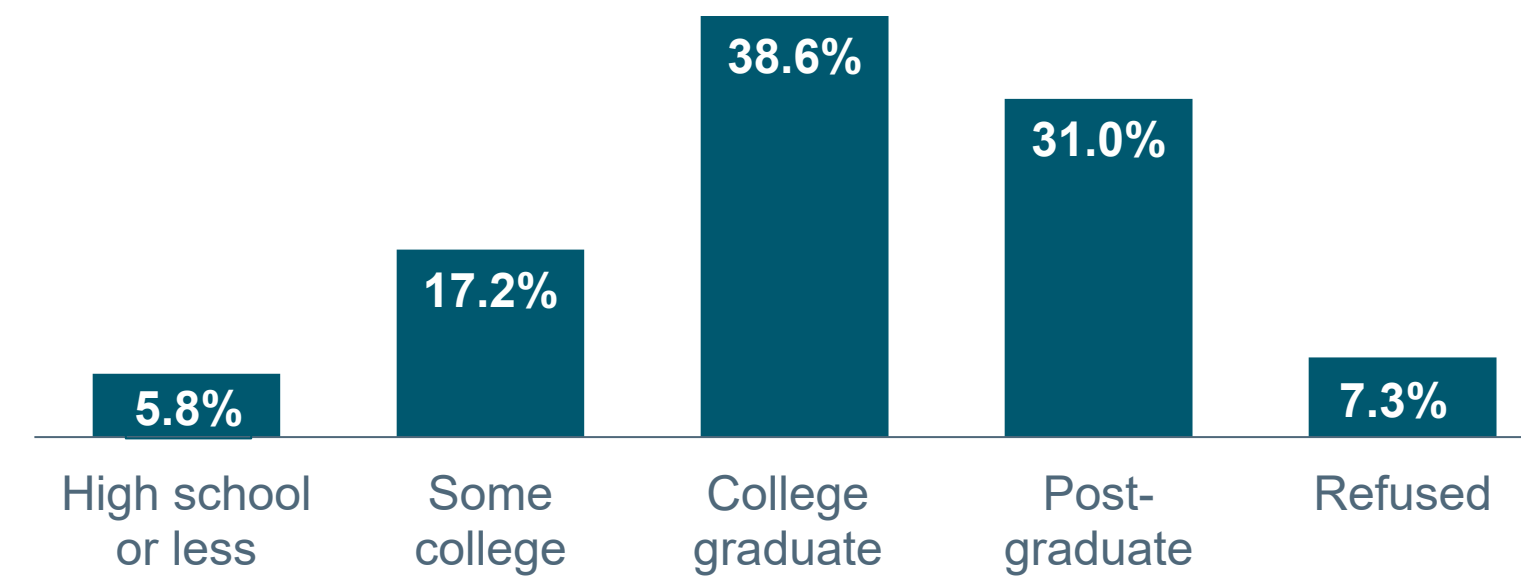
HOME OWNERSHIP



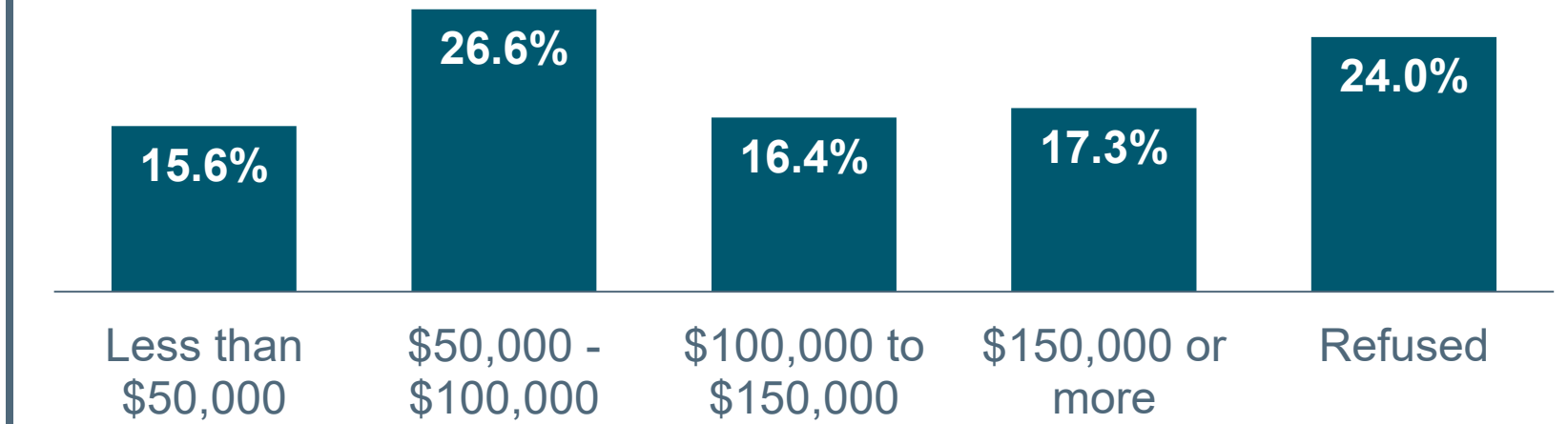
RACE/ETHNICITY



EDUCATION



INCOME



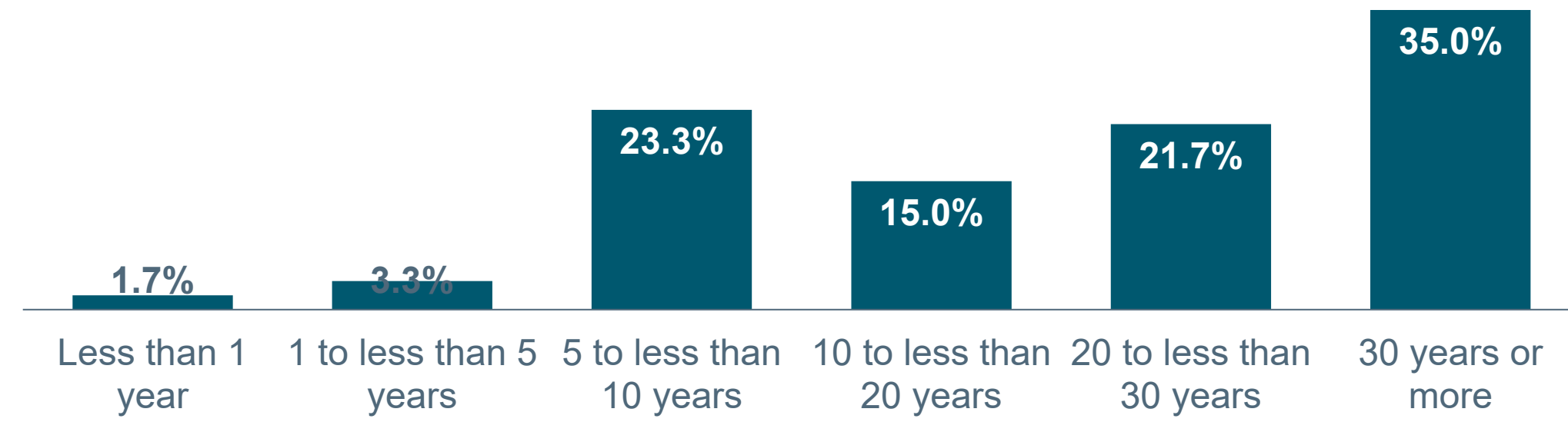
N=1819 (RESIDENTIAL ONLY)

FINAL RESIDENTIAL SAMPLE WAS WEIGHTED ACCORDING TO AGE, RACE/ETHNICITY, AND HOMEOWNERSHIP. DEMOGRAPHIC WEIGHTING TARGETS WERE ORIGINALLY DERIVED FROM AND BASED ON THE U.S. CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY

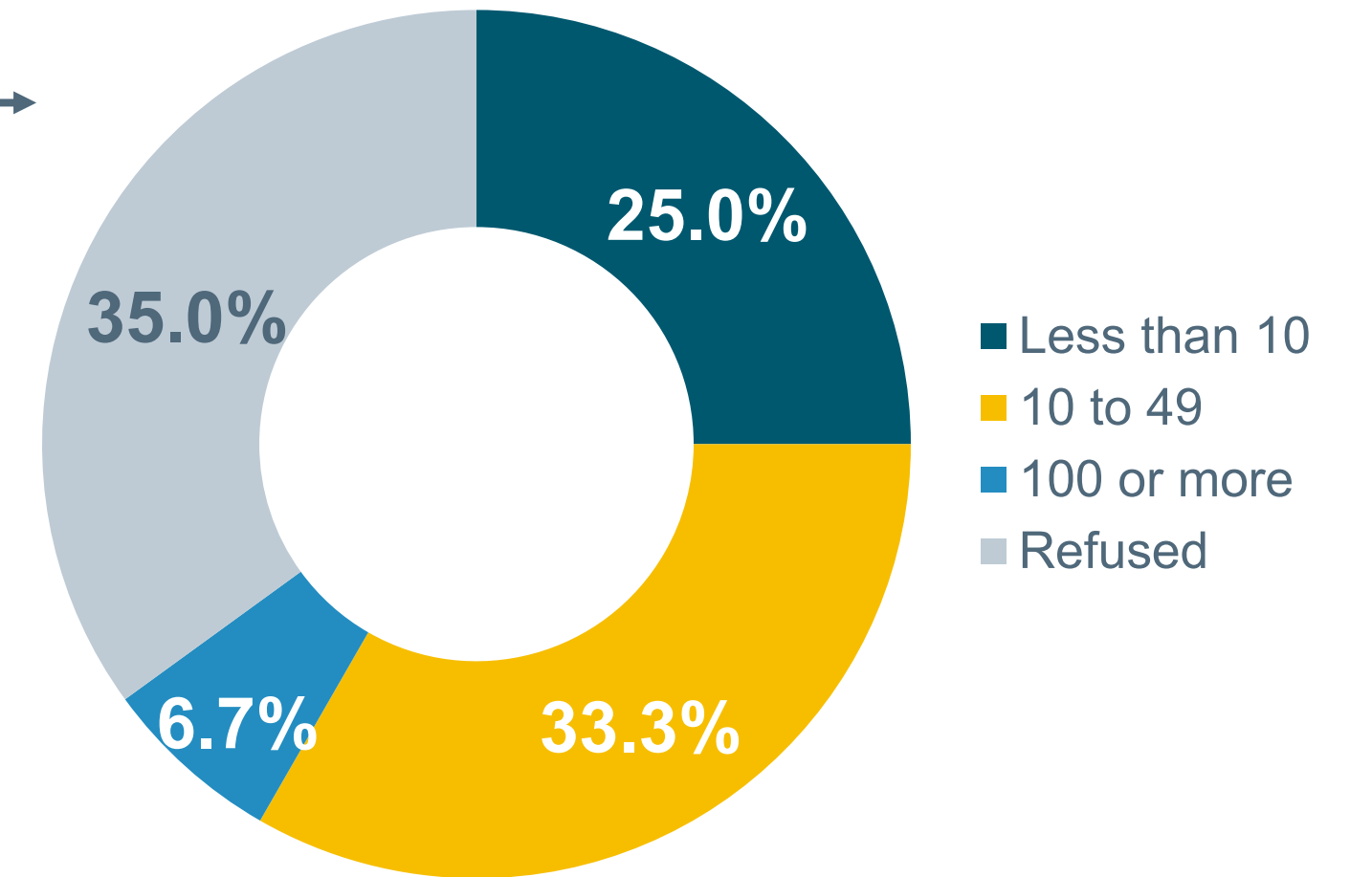


Respondent Profile | Commercial

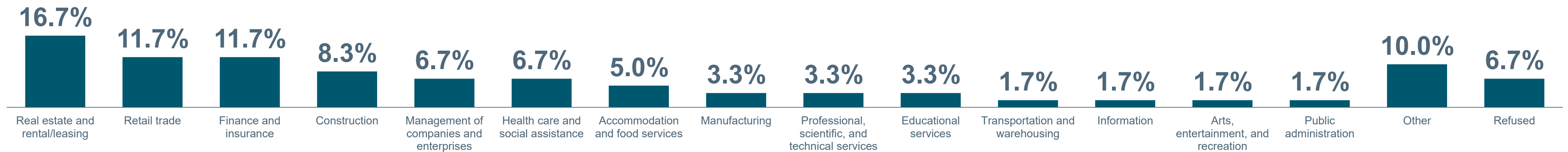
CUSTOMER TENURE



OF EMPLOYEES



INDUSTRY



N=60 (COMMERCIAL ONLY)



Questions