

April 2026 Non-Solar Customer Focus Group Summary

1. Executive Summary

The purpose of this focus group was to gain insight into non-solar customers' perceptions of cost shift, the need for rate modernization, consideration of solar adoption and battery storage. This summary is intended to represent themes and perceptions observed during the focus group.

Overall Impressions:

- Because of the perception of increased reliability, non-solar customers expressed willingness to absorb the incremental costs currently embedded in rates, though they indicated they might respond differently to an increased charge.
- Non-solar customers were generally less familiar with solar concepts.
- These customers were not opposed to solar; rather, for many customers, it is simply not a suitable option given their individual circumstances.

2. Introduction

It is important that the future of residential solar generation is sustainable through responsible cost management and aligned with the needs and priorities of the community. Changes to net metering affect both solar and non-solar customers. Customer Insights & Programs (CIP) conducted in-person focus groups to provide additional customer input into the project evaluating our solar rate program.

3. Methodology and Participant Profile

3.1 Instrument Development

CIP and core members of the project team generated questions and exercises about the concepts of cost shift and rate modernization, rate structure solutions and implementation strategies and battery storage.

3.2 Site

Focus groups were conducted at the Colorado Springs Utilities Conservation & Environmental Center.

3.3 Participant Selection

Invitations to participate in the focus group were sent to customers who completed the Non-Solar Survey in January of this year. Nine non-solar customers agreed to participate, and eight attended.

An attempt was made to obtain representation in the group on the following characteristics:

- Gender
- Home ownership
- Generation
- Education
- Income
- Length of time as a Colorado Springs Utilities customer
- Solar consideration

3.4 Focus Group

The solar focus group was conducted on April 2, 2026. The session was scheduled from 9:00 to 10:30 am. An electronic code redeemable for \$50 at a choice of retailers was sent to participants following completion of the focus groups.

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4. Demographics And Participant Profiles

Participant demographics skewed toward more highly educated customers.

Gender	Home Ownership	Generation	Education	Income	Length of Time as a Customer	Solar Consideration
Female	Renter	1997 or later	College degree	\$50,000 to \$74,999 per year	Less than one year	Considering it now
Male	Homeowner	1982 to 1996	Master's degree or greater	\$100,000 to \$149,999 per year	One to less than five years	Considering it now
Male	Homeowner	1982 to 1996	College degree	More than \$150,000 per year	More than 15 years	Considered and decided against
Female	Homeowner	1966 to 1981	College degree	\$100,000 to \$149,999 per year	More than 15 years	Considering it now
Male	Homeowner	1966 to 1981	Master's degree or greater	Less than \$24,000 per year	10 to less than 15 years	Have not considered
Male	Homeowner	1966 to 1981	College degree	More than \$150,000 per year	More than 15 years	Considered and decided against
Female	Homeowner	1947 to 1965	College degree	\$24,000 to \$49,999 per year	One to less than five years	Considered and decided against
Female	Homeowner	1947 to 1965	College degree	\$75,000 to \$99,999 per year	More than 15 years	Have not considered

5. Discussion Results

5.1 Understanding Cost Shift

The facilitators led a discussion to clarify the concept of “cost shift” and its implications for rate modernization, explaining cost shift refers to non-solar customers paying a portion of the costs associated with solar customers due to changes in grid usage and rate structures as solar adoption increases.

Participants were divided into groups to evaluate three definitions of cost shift for clarity and emotional impact:

Statement A: Cost shift refers to a limitation of existing rate structures that treat all kilowatt-hours as equal, even though the cost of producing electricity varies by time of day, season, and system conditions.

Statement B: Cost shift occurs when some customers pay less than the cost required to serve them because of how rates are structured, and the remaining revenue needed to operate the system is collected from other customers.

Statement C: Cost shift describes a mismatch between when solar customers generate electricity and when they consume it. Under current rates, electricity produced during lower-cost daytime hours is credited at the same value as electricity used during higher-cost evening hours, requiring the utility to recover the cost difference elsewhere in the rate structure.

The group favored Statement B, describing it as clear and easy to understand. They emphasized that solar and non-solar customers use electricity differently during the day but the same at night. The group felt the word “limitation” in Statement A was negative and felt the statement in its entirety was “pointless.” They felt Statement C was wordy, with one participant describing it as “word salad.”

During this discussion, non-solar customers voiced uncertainty about how solar customers have different technology requirements to support residential rooftop solar generation.

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5.2 Exploration of Rate Structure Solutions

There was discussion of the current rate structure, that with approximately 10,000 solar customers out of 230,000 residential customers, the cost shift is small but growing; as more customers adopt solar, the gap in expenses absorbed by non-solar customers increases, prompting the need for rate modernization.

Changes in rate structures affect the return on investment for solar customers, as their initial calculations may shift if they are required to pay more for their electric service due to infrastructure costs associated with bi-directional energy flow.

Participants stressed the importance of transparency in communicating the current \$2 per month cost shift to non-solar customers, noting that most were unaware of this incremental amount and that ongoing education is needed as the rate structure evolves and solar adoption increases. The group discussed the need for upgrades to distribution centers, transformers, and transmission lines to accommodate the flow of electricity from homes back to the grid, with clarification provided that these costs are currently absorbed by non-solar customers but may need to be shifted as solar adoption grows.

5.3 Consideration of Solar Adoption

Participants shared their personal experiences and considerations regarding solar adoption, discussing factors such as cost, age, homeownership, aesthetics, and return on investment, as well as the growing interest among renters and younger customers. Customers described their evaluation process for solar, including cost analysis, lifespan of panels, weather risks (such as hail), and aesthetics. Participants discussed the long payback period for solar investments, with some noting that the decreasing cost of panels and potential for future incentives could make solar more attractive over time.

5.4 Battery Storage and Grid Resiliency

The group explored the role of battery storage and how it fits with solar expansion, discussing manufacturing challenges, safety concerns, recycling, and potential incentives, as well as the impact of emerging technologies on grid management and solar adoption.

Battery Manufacturing and Sourcing: Participants raised concerns about the environmental impact of battery manufacturing, sourcing of metals, and degradation over time, emphasizing the need for local sourcing and cradle-to-grave recycling processes.

Safety and Reliability: Safety issues related to battery storage, such as fire risks and placement in homes were discussed, with some noting that advancements in battery chemistry are improving safety and reliability.

Utility Incentives and Support: The group considered whether Colorado Springs Utilities should provide battery storage incentives or technology to customers, with an explanation given that the utility is researching battery options but faces limitations in current technology and cost.

Grid Management and Backup Systems: Participants discussed the potential for battery storage not attached to solar, such as backup systems for homes and data centers, and the importance of integrating storage solutions to enhance grid reliability and support peak demand.

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5.5 Final Thoughts and Recommendations

The group was asked their opinion of the focus group and what they learned. Several mentioned enjoying participating and hearing others' opinions and perspectives and found it heartening to know so many customers care.

6. Conclusion And Recommendations

When considering the rollout of new solar rates:

- Develop and implement a communication plan to inform non-solar customers about the current \$2 per month cost shift and its implications for future rate changes.
- As solar adoption grows, participants noted ongoing education will be necessary to help customers understand the reasons behind changes and the benefits of perceived improved reliability.
- Create clear explanations for customers detailing the specific infrastructure costs associated with integrating solar customers into the grid, including equipment and distribution upgrades.
- Review and revise messaging to ensure transparency and avoid overly complex or confusing statements when communicating with customers.

7. Appendix

The following information was used in the focus group to describe Cost to Serve.

"Cost To Serve" rate model inputs:

- Maintenance of utility systems
- Electric grid upgrades
- Consumption/usage
- Electric generation
- Electric service line and meters
- Labor cost
- Market cost adjustments for electric
- Inflation
- Power lines
- Government regulations
- Transformers
- Construction of new developments
- Substations
- Billing systems
- Days in billing cycle