Public Service Company of Colorado ("Public Service" or the “Company”) provides the following update regarding product status including energy and demand savings achieved, product expenditures, implementation changes, and measurement and verification ("M&V") modifications.

Product Implementation Status
Please refer to the attached table for the preliminary second quarter 2016 (cumulative Jan. 1 – June 30, 2016) product energy and demand savings achieved, product expenditures, and CO2 and SO2 emissions avoided. In total, Demand-Side Management (DSM) electric products have achieved savings of approximately 194 GWh and gas savings of 213,868 Dth in the 2016 calendar year. This represents roughly 48% of the 2016 electric DSM plan’s energy savings target of 407.3 GWh and 35% of the gas target of 615,040 Dth.

The following section provides product status activities for the second quarter of 2016 in the Business, Residential, Low-Income, and Demand Response Programs, as well as Indirect Products & Services and other related activities.

Business Program

- **Commercial Refrigeration Efficiency** – The product achieved over 3 GWh of energy savings by the end of the second quarter, Marketing efforts continue to focus on education of both trade and customers. The product continues to build the project pipeline for the remainder of 2016.

- **Compressed Air Efficiency** – The product achieved slightly over 1.1 GWh of electric energy savings through the second quarter of 2016. The completion of custom and prescriptive projects is off to a slow start, but due to eight preapproved studies in the quarter, the pipeline is expected to get stronger.

- **Computer Efficiency** – The Computer Efficiency product achieved 22% of the filed product savings target by the end of the second quarter. The Company continues to promote the benefits of Virtual Desktop Infrastructure, Personal Computer Power Management to customers, and Servers.

- **Cooling** The product achieved 3.4 GWh of energy savings through the second quarter. Midstream products are continuing to see strong growth, particularly with water source heat pumps and air cooled chillers. The midstream product is also offering an additional incentive for selling to high load facilities.

- **Custom Efficiency** – The product achieved over 0.35 GWh of electric energy savings and 4,384 Dth of natural gas savings through the second quarter. Several large projects are currently in the implementation state.

- **Data Center Efficiency** – The product brought in one project during the second quarter, bringing the savings to 2.6 GWh. The Company will host a second Data Center Efficiency Trade Advisory Board meeting in the third quarter to continue focus on process improvements.

- **Energy Management Systems (EMS)** – Through the second quarter, the product achieved nearly 7 GWh of electric savings and nearly 2,000 Dth of natural gas savings. The product is
expected to surpass the end-year electric and gas savings goals. A second round RFQ to assess pre-qualifying more software solutions for the Energy Information Systems product was released.

- **Heating Efficiency** – The product has achieved a total of 5,656 Dth in the first two quarters of the year, or about a third of its year-end natural gas savings target. The Company will continue the strong customer and trade outreach tactics and offer incentives and message customers that summer is an ideal time when heating systems can be replaced, upgraded and tuned-up. The Company continues marketing efforts and customer direct outreach on rebate bonuses and trade partner incentives as well as collaborate with the Colorado Office of Public Safety/State Boiler Inspectors group.

- **LED Street Lights** – The LED Street Lights product closed the second quarter with 59 communities signed up to participate in the program. Of the participating communities, 58 of 59 chose Option A, which is where the Company pays for the retrofit and completes the retrofit through the the Company’s street lighting team. Option B is where the customer pays the upfront retrofit cost and schedules the retrofit through their own vendor. The program is forecasting to achieve an estimated 7.3 GWh in 2016 which equates to 15,000 fixture retrofits.

- **Lighting Efficiency** – The product achieved 41% of its year-end savings goal through the second quarter. The Lighting Efficiency program filed a 60-Day Notice in May to include new fluorescent T12 to LED rebate offerings, along with adding LED Pin-based lamps and LED UL Type B Linear Replacement lamps. These new offerings are scheduled to take effect August 1, 2016. The LED Instant Rebate program, which is referred to as midstream, is forecasting 43 gross GWh to close in 2016. The 2016 midstream forecasted achievement has increased as the program is now successfully partnering with local distributors.

- **Lighting – Small Business** – The product achieved 73% of its year-end electric savings goal through the second quarter. The Business LED Instant Rebate program is gaining traction in the Colorado market and accounted for approximately 42% of the product’s savings at the end of the second quarter. A 60-Day notice was posted in late May adding T12 to LED rebates, pin-based LED Lamps, and Direct Install lamps to the product. Marketing efforts will focus on continued education of customers and trade as well as promotion of the T12 rebate offering which is expected to run through December 31, 2018.

- **Motor & Drive Efficiency** – The product achieved 5.2 GWh, or 53% of its year-end target, while spending 46% of its budget. Offices and hospitals drove achievement within the second quarter. Small and medium sized customers contributed nearly one-fifth of the total savings compared to only 3% at the time of the last program evaluation. The Company will continue its focus on offices and small business for the remainder of the year, and we are forecasting that the product will meet its full-year target.

- **New Construction** – The product achieved over 13 GWh of energy savings and over 27,494 Dth through the second quarter. The Company anticipates achieving both its electric and natural gas savings targets for this product in 2016. Continued success of this product is due to pipeline building in previous years, a stronger economy, and opening the Energy Design Assistance offering to additional qualified energy consultants. The Company continues to work on building a solid pipeline of projects for future years.

- **Process Efficiency** – The product has completed six projects totaling 5.3 GWh and 19% of its full year goal. The product continues to receive very positive feedback from large industrial enrollees. However, several of the largest projects have been cancelled or postponed, coinciding with depressed oil and steel prices. Marketing efforts to increase direct contact with potential customers will continue. We expect much higher impacts in the fourth quarter, but are still forecasting a shortfall to the full year goal.
• **Recommissioning** – The Recommissioning product achieved 6% of its electric energy savings goal and 60% of its gas savings goal at the end of the second quarter. Close dates for the majority of Recommissioning measure implementation opportunities are forecasted for the third and fourth quarters. Marketing efforts for the third quarter include a 25% bonus rebate for recommissioning measure implementation by customers, a trade-partner measure implementation incentive of up to $1,000 per project, as well as continuing to focus on education of both trade partners and customers. With a large number of recommissioning studies currently in progress, the product continues to build a robust project pipeline for the remainder of 2016 and beyond.

• **Self Direct** – This product had two unique customer participants in the second quarter of 2016 which achieved nearly 2 GWh, comprising 23% of the program goal for 2016.

**Residential Program**

• **Energy Efficiency Showerheads** – The campaign to market this product in 2016 launched in mid May. Customer requests for showerheads have been received and achievements are being recorded in third quarter.

• **Energy Feedback Residential** – As mentioned last quarter, approximately 100,000 new participants were added to the product starting in late March but measureable energy savings are not typically realized until recipients have received several reports. However, the Company is tracking monthly energy savings from this group and expects the savings results to increase over time. The program also developed a “Summer Coach” email campaign designed to raise awareness of the potential for increased energy use on very hot days. Emails are sent out to selected home energy report recipients a day in advance and contain tips on how to minimize energy usage and also directing them to the My Energy portal for additional information. The first email is expected to be sent out in the early part of the third quarter.

• **ENERGY STAR® New Homes (ESNH)** – Product participation continued at a high rate during the second quarter. Over 2,100 homes have qualified and earned a rebate in 2016 and for the first time since the program inception, we experienced 5 out of 6 months with monthly participation in excess of 400 homes. We also experienced our first home that qualified under the 2015 IECC and we expect more homes will do so in the third quarter. All of this activity is making a greater than planned impact on the product budget; however, we expect to keep the product open for the full year.

• **Evaporative Cooling** – The product increased targeted marketing efforts – customer mailings, mass emails, social media – advertising and promotions, contractor and retail training in the second quarter as part of the product’s busy season. Contractors and retailers reported higher evaporative cooling unit sales compared to the same period in 2015, and improved whole-year sales projections. In June of 2015, the Company increased Evaporative Cooling rebates for the first time since 2012 to encourage higher customer and contractor participation, and the results are positive – especially in the Standard Unit rebate tier, commonly window-mounted units. Despite several improving trends, the Company is forecasting the product will not achieve its year-end participation and electric energy savings targets.

• **High Efficiency Air Conditioning** – The product continued to see strong participation during the second quarter, achieving 33% of the energy savings target during the first half of the year. Participation numbers greatly increased during the second quarter with the start of the cooling and commissioning season.
• **Home Energy Squad** – The product had a stable second quarter achieving roughly 300 visits, and average energy savings per home continues to be higher than anticipated. The total savings remain short of goal due to a slow rate of participation. During the second quarter, the Company issued a 60 Day Notice adding Value LEDs, TV Timers, and Water Heater Setback measures into the core service offering to continue adding choices for customers. The Company will continue to heavily market the program through the second half of the year utilizing current tactics as well as new, more experimental marketing tactics.

• **Home Lighting & Recycling** – The transition to LED bulbs continues to grow this year and many retailers are planning to phase-out CFLs at the end of the year. As a result, the Company placed a strong emphasis on CFL products during the first six months of the year to maximize sales of this low cost efficiency option prior to the phase-out. The Home Lighting & Recycling product saw record sales during first and second quarter and is expecting strong sales to continue throughout the rest of the year. The Company implemented several community events during the second quarter, and held the annual sweepstakes and LED giveaway with the Colorado Rockies.

• **Home Performance with ENERGY STAR® (HPwES)** – The HPwES product is ahead of the 2015 second quarter savings achievements in both kW and Dth; kWh is still slightly behind last year’s mark. The Company will continue assessing ways to generate participation to achieve 2016 savings goals. In third quarter, the company will launch two bonuses – high efficiency furnaces and attic or wall insulation. Additionally, plans are in place for two co-marketing campaigns with local community programs.

• **Insulation & Air Sealing** – The program achieved an average of over 75% of the annual filed electric energy goal and 70% of the annual natural gas goal by the end of June. The lowest tier of air sealing is the most popular measure, followed by attic insulation. To encourage customers and trade partners to achieve deeper energy savings through air sealing improvements, a $200 bonus rebate will be offered this fall. The program is expected to exceed energy savings projections for the year.

• **Refrigerator & Freezer Recycling** – The product has achieved more than 1.5 GWh through the end of the second quarter by recycling 2,695 units. The achievement year-to-date is on pace with the same time period last year. The Company will launch fall promotional tactics to encourage participation before year end.

• **Residential Heating** – Second quarter participation is more than 10% higher than the mid-year point of 2015. Fewer customers are getting rebates for both furnace and ECM improvements as many new, non-rebate-qualifying furnaces are being installed in the market. This is producing a gap in furnace achievement that is being addressed with a bonus furnace rebate, which raises the furnace rebate from $120 to $300 during the bonus period of June 15 – November 15. Advertising and outreach campaigns will launch mid-September for the fall season.

• **School Education Kits** – During second quarter the Company continued to deliver the School Education Kits requested for the spring semester and also began enrolling for the fall semester. At the end of the second quarter, 20,891 kits were delivered which is 54% of the participation target. Additionally, 8,495 students are already enrolled for the fall semester, which will put the product at 76% of the participation target. Fall semester promotional efforts will begin in the third quarter to enroll the remaining students.

• **Water Heating** – Through the second quarter of 2016, the electric savings was 73% of goal, staying on track to achieve more electric savings in 2016 than 2015. In the second quarter, the program’s gas savings hit the targeted filed goal of 1,766 Dth, and is forecasted to achieve more than double the year-end filed amount. Focusing on enhancing cost-effectiveness, the Company will only allow low to no-cost promotional communications in 2016 for this product.


Low-Income Program

- **Energy Savings Kits** – Final details to market the product offering for 2016 were completed during the second quarter, with the first direct mail offer mailing to customers in early July. An email offer will be sent to customers during the third quarter.

- **Multifamily Weatherization** – The Company continues to partner with Energy Outreach Colorado (EOC) to help fund equipment retrofits and process improvements for electric and natural gas energy efficiency measures in low-income, multi-family buildings. Energy savings were realized, and rebates paid, for six facilities in the second quarter. EOC identified, and the Company analyzed, 30 more multi-family projects by the end of the quarter. The Company expects the product will meet or exceed its electric and natural gas savings goals in 2016.

- **Non-Profit** – By the end of the second quarter, EOC identified gas and electric savings among 34 low-income non-profit facilities. Savings were realized and rebates were paid to two facilities. The Company expects the product will meet or exceed its electric and natural gas savings goals in 2016.

- **Single-Family Weatherization** – During the second quarter, energy savings continued to come in from multiple agencies. Gas and electric energy savings surpassed the program savings through the same period in 2015; however, electric demand reductions continue to trail slightly behind. The Company will continue to support EOC’s outreach and develop contingency plans to continue working towards the electric savings goals.

Indirect Program

- **Business Education** – In the second quarter of 2016, the Business Education program achieved approximately 31% of the year-end participation target and generated 126 customer leads. Participation and outreach through key community and trade association events continue to create a meaningful conversation with customers. By the end of the second quarter, the Company provided outreach through nine community-based events. In addition, the program has been supported through energy efficiency messaging via the Energy Solutions newsletter, as well as a mass marketing print campaign. The combination of these initiatives continues to support DSM achievements.

- **Business Energy Analysis** – The Company offers three different types of audits: online energy assessments, on-site energy audits, and engineering assistance studies. The Company achieved 16% of its electricity participation goal and 33% of its natural gas participation goal at the end of the second quarter. Marketing efforts for the third quarter include bill onsert, social media, radio advertising, direct mail, and e-mail campaigns, as well as an on-site energy audit promotion if needed. Additional efforts continue to focus on education of both trade partners and customers. With a significant number of on-site energy audits currently in progress, the Company continues to build a robust project pipeline for the remainder of 2016 and beyond.

- **Consumer Education** – In the second quarter of 2016, Consumer Education achieved approximately 67% of the year-end participation target and generated 6,124 customer leads. Participation and outreach through key community events continues to create a meaningful opportunity to address energy efficiency with customers. By the end of second quarter, the Company provided outreach through 75 community-based events. In addition, the program has been supported through conservation messaging in residential newsletters and web-based channels. The combination of these initiatives continues to drive participation in DSM products.

- **Energy Efficiency Financing** – The Company is closer to establishing two territory-wide residential finance offerings. Elevations Credit Union’s residential energy efficiency (unsecured)
loan is still being used by residential customers in Denver and Boulder counties, although the participation is significantly under the filed estimate. A $100 trade incentive bonus has been in place since 2015 to encourage additional participation. Commercial energy efficiency loan options are being restructured to give customers and trade partners multiple financing proposals, and advisory services, in choosing the lender that best suits the customers’ needs. Also, a joint offering with the Colorado Commercial Property Assessed Clean Energy (C-PACE) Program, which is being launched county by county throughout the state, should be finalized soon.

- **Home Energy Audit** – Through the second quarter, the product continues to stay on target to achieve its participation goals in both gas and electric for 2016. It is likely the program will remain under budget since minimal advertising and promotions are being implemented keeping costs low. Rebate spend is slightly higher than 2015, however, due to an increase in the number of infrared audits, over standard or standard with blower-door offering, but this is not a threat to the rebate budget at this point.

- **DSM Planning & Administration** – During the second quarter of 2016, the Company posted three 60-Day Notices, filed Public Service’s 2017/2018 DSM Plan, and supported the continued development of the 2016 DSM Potential Study.

- **Program Evaluations** – DSM program evaluation phone surveys are now in the field, collecting information about customer and trade partner participation in the Computer Efficiency, Small Business – Lighting, and Non-Profit Energy Efficiency programs. In addition, Water Heating Rebates participant web-based surveys are now complete. Evaluations are on track for completion by the end of the calendar year.

- **Measurement & Verification** – The Company’s third-party verification contractor, Nexant, completed random field inspections for prescriptive products for the 2016 M&V year, with no significant variances. The resulting data will be utilized for the 2016 DSM Annual Status Report.

- **Market Research** – In the second quarter, the Company prepared to launch a number of new DSM messages as part of a broader ad campaign. Though the Customer Insights Ad Tracking studies are conducted multiple times per year, the upcoming round of business and residential tracking (in the third quarter) will be especially important for understanding whether the new campaign is increasing awareness of DSM products. In mid to late August, the Company will also be fielding the 2016 DSM Business Attitudes, Awareness, and Usage (AAU) Study. This year’s AAU study will include a new section of questions related to product development. The Company will also receive the results for the 2016 Home Use study in mid to late August.

- **Product Development** – Current development efforts include:
  - Partnering with the Department of Energy and Lawrence Berkeley National Laboratory on a research project to study Integrated Building Management Systems. The project tests how networked lighting controls, daylight redirecting window film, deep daylight dimming, and HVAC controls can be managed together to save energy.
  - Partnering with the University of California – Davis and the Western Cooling Efficiency Center to study efficient process/commercial dehumidification for indoor farming using a high efficiency heat exchanger to condense excess moisture.
  - Net zero new construction explores what additional assistance beyond Energy Design Assistance is required for customers interested in using multiple DER technologies to minimize net energy consumption.
  - Advanced roof top unit controllers that operate a VFD using advanced economizer and demand controlled ventilation.

- **Business Energy Feedback Pilot** – Business Energy Reports continued to be delivered to approximately 10,000 small business customers. The Company worked with the third-party
implementer to improve customer engagement, and customer engagement with the reports has been strong. However, energy savings measurements continue to show negligible savings. The pilot ends at the end of 2016 and the Company is actively exploring options for the future.

- Multifamily Buildings Pilot – During the second quarter of 2016, the Company along with the third-party implementer, continued implementation of the pilot. Since the launch of the pilot in September 2015 through the end of June 2016, 39 building assessments were completed with more than 1000 units receiving direct installation of energy-efficient equipment. The projected annual savings is more than 300,000 kWh and 20,000 Dth from direct installs alone.

- Smart Thermostat Pilot – EE – The Smart Thermostat Pilot enrolled over 1,100 new participants in the second quarter. Total enrollments to-date for the pilot are approximately 5,000, meeting the pilot’s participation target. The Company decreased recruiting efforts during the first and second quarters and the continued enrollment of participants continues to demonstrate encouraging customer interest. The Company’s online Storefront continues to be pilot participants’ preferred method for enrollment, accounting for over 60% of participant enrollments.

Demand Response Program

- Saver’s Switch® – Marketing activities are ongoing in Colorado with the participant recruiting environment being quite challenging in the face of ongoing promotions for the past 6 years. To date the company has received about 8,500 signup requests and deployed about 2,200 Saver’s Switches. The program was activated once in the second quarter.

- Smart Thermostat Pilot – DR – Colorado Demand Response enrollments are well-subscribed – total enrollment is over 750 thermostats. The M&V contractor completed installation of data logging equipment on the Colorado DR participants. The Company began to conduct DR events in Colorado in late June and will continue to test DR events as hot weather persists.

- Small Business Smart Thermostat Pilot – The Small Business pilot recruitment opened mid-April and approached full subscription by the end of June. Thermostat installations began in July to support the goal of summer 2016 program-wide DR events.

- Building Optimization DR Pilot – The Company and the third-party implementer continued activities to recruit customers to the pilot, install the software, and start baseline (a.k.a. learning mode) the HVAC usage in the customers’ buildings. As of second quarter 2016, the pilot is at 72% subscribed with 7 customers (16 buildings) signed up and two buildings in optimization mode. Negotiations are underway that would fully subscribe the pilot at 2.5 million square feet and more than 9 MW of peak demand. During the coming quarter, it is expected that all buildings will be in optimization mode. The process has been put in place to conduct demand response events. The first event was successfully conducted in July. DR events will continue through 2017.