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 third quarter 2018 (cumulative Jan. 1 – September 30, 2018) 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 395 GWh and gas savings of 417,184 Dth in the 2018 calendar year. This represents approximately 92% of the 2018 electric DSM plan's energy savings target of 429 GWh and 73% of the gas target of 573,139 Dth.

The following section provides product status activities for the third quarter of 2018 in the Business, Residential, Low-Income, and Demand Response Products, as well as Indirect Products & Services and other related activities.

Business Product

- Commercial Refrigeration Efficiency – The product is not currently on pace to achieve the 2018 electric or gas savings targets. However, the product has shown improvement in participation in comparison to previous years. The focus of fourth quarter will be to build pipeline for the year; identifying ways to attain more engagement in the product, as well as potentially promoting and running campaigns more aggressively for specific measures. Focus in the third quarter has primarily been the RFP, which is usually quite common after a few years of one implementer representing the product to reassess and insure the product is being implemented in the best manner.

- Compressed Air Efficiency – The product isn’t on track to achieve its savings target. This is in part to pipeline as well as Colorado having a small trade base for the product. In the third quarter, the product manager, trade relations manager and engineering team visited several trade at their offices for updates and feedback. In fourth quarter, the compressed air team will be hosting fundamentals of compressed air challenge, an educational training event, for the trade. We are hoping that this acts a refresher for trade that need a refresher, and provides insight and knowledge to those that have never taken such a course. In hosting this event, we anticipate more trade participation, in turn more customer participation. These results are more likely to be seen in the first quarter of 2019.

- Computer Efficiency – The product is not on track to meet the year-end forecast. Upstream participation has been steady in the third quarter. Since the announcement of the Company posting a 90-Day Notice to terminate the product effective December 31, 2018, product management has been managing transitioning the cost-effective measures to the Data Center Efficiency Product, as well as, necessary communications to customers and stakeholders.

- Cooling – The product is not on track to achieve its year end savings target. The midstream product continues to see significant growth in water source heat pumps and air-cooled chillers. Mini-split heat pumps and AC-only units have been transitioned to a midstream measure and the Company expects significant growth in participation.
- **Custom Efficiency** – The product is not on track to achieve its year end savings target. Product management is working with account managers to identify and promote custom projects. The product does have a large gas project that is expected to close in the 2018. The custom process efficiency evaluation is expected to be closed in the fourth quarter.

- **Data Center Efficiency** – The product is not expected to achieve its year-end savings target. Participation did pick up during the third quarter, with additional projects planned for completion during the second half of the year. The new construction national advertising campaign has been extended through the end of the year.

- **Energy Management Systems (“EMS”)** – The product forecasts to meet its year-end target and exceed 2017 savings achievements. However, escalating installation costs continue to hinder the pipeline of future projects. Trade Partner feedback also suggests that their focus is on new construction. The focus in the balance of the year is the continued investment in EIS consulting and on EIS enhancements for next year.

- **Heating Efficiency** – The product is not expected to achieve its year-end targets. The product will be marketed heavily early in the fourth quarter to try to increase participation and savings. Campaigns targeting heating equipment and heating equipment upgrades will be one strategy used to increase participation.

- **LED Street Lights** – The rate of installations has slowed significantly relative to the last two years as interest from customers is decreasing. No units were retrofitted in the third quarter. The product is not on track to meets its electric savings target.

- **Lighting Efficiency** –The product has exceeded its electric savings target. The achievement year-to-date was the highest in LED tubes, LED area lighting, and LED troffer categories.

- **Lighting – Small Business** – The product surpassed its forecast for electric energy savings in the third quarter. The achievement year-to-date was highest for the LED Troffer, LED area lighting, and LED tube measures. The product is not on track to meet the gas target.

- **Motor & Drive Efficiency** – The product is on track to meet and potentially exceed its annual savings target. The focus for the fourth quarter will be to continue to build pipeline and engage both customers and trade. Most of the savings committed and completed thus far are from participation and installation of variable frequency drives.

- **Multifamily Buildings** – The product is currently forecasting to achieve the gas target and over-achieve its electric target which is being supported by strong participation in “stage two” direct install measures. The Company is carefully monitoring the amount of participation coming in and changed the focus to “stage one” assessments to ensure the best customer experience possible while balancing the product budget, savings targets, and pipeline for 2019.

- **New Construction** – The product has performed well throughout the 2018 year and is currently exceeding its 2018 electric savings targets. Gas achievement is not on track to meet its year-end target due to delays with larger-scale projects. While delays on the construction activity side have impacted the final steps of individual projects, project enrollment and pipeline remains strong within the overall product.

- **Process Efficiency** – Through the third quarter, the product is on-track to achieve its full year target. Several customers have large projects pending. Currently, the Company is working with the implementer on two priorities: cultivating projects from prior participants; and developing enhancements to leverage energy information systems as part of our planned Strategic Energy Management offer.
• **Recommissioning** – The product is not expected to achieve its year-end electric or natural gas savings targets. The product did achieve significant savings from a project that has been working through the pipeline for quite some time. The summer promotion for the Small Building Tune-Up offering, launched in partnership with the Business Energy Analysis product, was very successful. The Small Building Tune-Up sign ups tripled as a result of the promotion.

• **Self-Direct** – The product is not on track to meet its year-end savings target in 2018. The pipeline remains minimal for the end of the year. Most of the projects in the pipeline are scheduled for completion in the coming years. The Company will continue to support customers as they work towards completion of their Self-Direct projects.

**Residential Product**

• **Energy Efficiency Showerheads** – The product has had lower rates of participation from its marketing campaigns than in previous years and will underachieve this year.

• **Energy Feedback Residential** – The product is on track to exceed year-end savings targets. The Company continues to leverage the printed and digital Home Energy Reports to promote other DSM products. Reports promoting Home Energy Squad started in November.

• **ENERGY STAR® New Homes (“ESNH”)** – The ENERGY STAR® New Homes product is forecasting to over-achieve both gas and electric targets in 2018. Over half of the qualifying homes were either on the 2012 or 2015 IECC codes. The Company expects to see this number continue to increase as more areas adopt these higher energy codes. Builder and rater trainings are in development to maintain or increase product participation in these areas.

• **Evaporative Cooling** – Projections for a flat sales year appear to have been accurate. Year to date participation is trailing 2017 by 5 percent, and is forecasted to end the year in that position as well. The product evaluation is underway.

• **High Efficiency Air Conditioning** – The product is on track to meet year end forecasts. The Company is reviewing the mini-split heat pump measure first introduced in March 2017 to determine if updates to assumptions and tactics are needed.

• **Home Energy Squad** – Participation began to pick up in September, which mirrors trends seen in recent years. A marketing push began with a customer email in the first week of September, which received a very strong customer response. The schedule for Squad visits was nearly full in the month of September, and is filling up quickly for October. Marketing campaigns will continue through the end of the year to take advantage of the busy period which has been typical of the fourth quarter. Close involvement with Partners in Energy communities and the Energy Resources team continue to be pursued, in addition to Spanish-language outreach and cross-marketing with the Refrigerator Recycling and School Education Kits products.

• **Home Lighting & Recycling** – The product has achieved 76 percent of its forecast in the first three-quarters of 2018. Fourth quarter efforts include increased customer education at multiple community events to promote the benefits of LEDs and increased product awareness through our fall advertising campaign.

• **Home Performance with ENERGY STAR® (“HPwES”)** – The Home Performance with ENERGY STAR product is not forecasting to achieve its savings targets for 2018. Trade partner trainings and adding Home Energy Squad visits as a qualifying upgrade are intended to increase participation in 2019.
• **Insulation & Air Sealing** – The product is currently forecasting to achieve its electric and gas targets. The Company will market the product through a bundled winter campaign in order to maintain participation in 2019.

• **Refrigerator & Freezer Recycling** – Participation remained strong in the third quarter, driven by a marketing campaign centered on a sweepstakes for participating customers. Close involvement with Partners in Energy communities will continue, as will cross-marketing with the Home Energy Squad and School Education Kits products. The product is not expected to achieve its energy savings targets, but it is on-track to stay under its budget for the year. Additionally, the Company filed a 60-Day Notice to add tandem pick-up of room air conditioners as a new measure. The new measure is expected to launch on December 1, 2018.

• **Residential Heating** – The product is on track to meet all year end targets.

• **School Education Kits** – Total participation for the spring semester was over 19,000. The product began enrollments for the fall semester and is on-pace to achieve its annual participation forecast and will likely exceed its electric and gas savings targets again this year.

• **Water Heating** – The product is on track to meet the natural gas targets. The natural gas tankless measure continues to see an increase in participation relative to the tank measure. Participation for electric heat pump water heaters continues to see a decline and has not met expectations year-to-date

**Low-Income Product**

• **Energy Savings Kits** – The product is on track to meet year end savings targets. Response rates from 2018 campaigns are lower than previous years; however, install rates are trending upward compared to previous years. The final 2018 direct mail campaign launched in September and kits will ship in November.

• **Multifamily Weatherization** – The product is forecasted to meet its electric and natural gas savings targets. Partnership 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 continues and has resulted in 36 completed projects and 52 projects in the pipeline

• **Non-Profit** – The product is forecasted to meet or exceed its electric and natural gas savings goals. In 2018, the partnership with EOC has resulted in 37 completed projects and 33 additional projects identified.

• **Single-Family Weatherization ("SFWx")** – The product continues to move toward its year-end savings targets through the Weatherization Assistance Product and the Colorado Affordable Residential Energy Product ("CARE"). Additional funding to the CARE product at the beginning of the year has supported increased weatherization upgrades through the third quarter.

**Indirect Product**

• **Business Education** – In the third quarter of 2018, the Business Education product achieved approximately 67 percent of the year-end participation target and generated 315 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 third quarter, the Company provided outreach through 15 community-based event days. In addition, the product 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** – Marketing efforts in the fourth quarter of 2018 will continue to include social media, direct mail, and e-mail campaigns. Although the product is forecasting to be slightly under target, it saw consistent engagement in the third quarter with an uptick of assessments influenced by a summer promotion that ran through the beginning of June to the end of August. The product is currently booked out until the end of November with several assessments in the process of being scheduled that are expected to keep the product busy through the end of the year.

• **Consumer Education** – In the third quarter of 2018, Consumer Education achieved approximately 92 percent of the year-end participation target and generated 3,873 customer leads and 365 signups. Participation and outreach through key community events continues to create a meaningful opportunity to address energy efficiency with customers. By the end of third quarter, the Company provided outreach through 90 community-based event days. In addition, the product 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 continues to develop its partnerships with the Colorado Energy Office’s RENU loan product and Elevations Credit Union. Over 60 trade partners have signed up to offer these products to customers across the state. The Company is working to promote awareness by including financing messaging in marketing efforts for all relevant products and trade partner trainings, and by including a Financing section in the Heating, Ventilation, Air Conditioning, and Refrigeration web portal, where customers can easily find which trade partners can offer them the rebate and financing option they want. The Commercial Financing Web Portal was completely redesigned to allow for a more streamlined approach when it comes to entering energy efficiency project information. It will typically take about three minutes now to fill out the form and within one business day we will provide a detailed proposal with financing information from our preapproved lenders. We have scheduled 3 webinars to announce and review the new improved portal:

  - Friday November 2 at 10:00 am
  - Wednesday November 7 at 3:00 pm
  - Thursday November 8 at 11:00 am

  We will also incorporate the portal update in all product presentations to the trade going forward and include the update in the quarterly Energy Exchange newsletter.

• **Home Energy Audit** - The Home Energy Audit product is seeing slightly lower participation than where it was at the end of the third quarter of 2017. The launch of the co-marketed, discounted visit with the Home Energy Squad has been pushed back to the fourth quarter, and the name has been established as “Home Energy Squad Plus.” By promoting these combined visits, the Company hopes to simplify the customer experience and to eliminate customer confusion regarding the difference between a Squad visit and an Audit.

• **Energy Benchmarking** - The Company supports municipalities within its service territory to reach their benchmarking goals. During the third quarter, 163 new participant buildings were added. This brings the total Colorado building count to 3,356.

• **DSM Planning & Administration** – During the third quarter the Company has responded to over 10 sets of discovery requests. The Commission also issued its final decision in the 2017 Strategic Issues proceeding.

• **Product Evaluations** – 2018 evaluations, customer research, and trade/vendor research were completed in the quarter, with final reports expected by year end.
• **Measurement & Verification** – The Company’s third-party verification contractor, Nexant, completed random field inspections for prescriptive products for the 2018 M&V year, with no significant variances.

• **Market Research** – The Home Use study is complete. Reports from the vendor are under review to identify significant highlights. The most notable change from 2016 is the rapid growth of LED lighting in all home types. Salesforce internal business classification data is now updated with the most recent purchase information from Dunn & Bradstreet matching to Xcel Energy active customers.

• **Product Development** – Current development efforts include:

  • Posting of a 60-Day notice for ozone laundry technology which is an add-on retrofit generator for improving the energy and water efficiency of multi-load washers in commercial laundry applications. The principal value of ozone laundry equipment is in the potential gas savings because the need to heat water is significantly reduced or eliminated;
  
  • Research and development into advanced energy communities which are district-scale development projects that have aggressive energy goals and include multiple energy systems (energy efficiency, demand response, advanced grid, renewable energy, storage, and electric vehicles.) The Company is looking into product designs that can help meet the needs of these projects;
  
  • Development of advanced roof top unit controllers that operate a variable frequency drive using advanced economizer and demand-controlled ventilation;
  
  • Development of a residential measure for ENERGY STAR® radon mitigation fans;
  
  • Development of a pilot that tests the use of residential batteries to provide demand response;
  
  • Development of a pilot that deploys energy efficiency and demand response into a specific location in the distribution system in order to defer or avoid traditional distribution investments to meet a need for additional distribution capacity;
  
  • Development of a pilot that manages when electric vehicles charge to reduce their impact on system peak load and provide other possible system benefits; and
  
  • Adding a measure to the refrigerated recycling product for tandem pick-up of room air conditioners.

• **Thermostat Optimization Pilot** – Nest Peak Aware Seasonal Savings summer optimization product successfully recruited about 11,000 participants, with initial cooling savings results of over 35 kWh per unit. This pilot also included a deployment of Tendril’s Orchestrated Energy optimization to ecobee customers as well as an employee-only pilot with Nest devices; initial savings estimates are consistent with 2017 results.

• **ENERGY STAR® Retail Products Platform Pilot** – The pilot is on track to meet the forecast for electric savings; but, is not likely to meet the forecast for gas. M&V work with the third-party contractor is on schedule, with results expected by year-end.

**Demand Response Product**

• **Residential Demand Response** – As of the end of the third quarter the Company has installed about 1,600 Saver’s Switches and enrolled about 1,1,600 thermostats. As of the end of the quarter, the Company had about 2,000 Saver’s Switch enrollment pending installation; although, a sizeable percentage of those do not materialize into completed installations.
• **Critical Peak Pricing Pilot** – As of the end of third quarter, there were eight participants enrolled in the Critical Peak Pricing pilot product with the potential of 4.09 MW of controllable load. The pilot dispatched three events for all participants during the third quarter.

• **Peak Partner Rewards** – As of the end of third quarter, the product has 16 participants and 14 MW of load. The product dispatched three events for all participants during the third quarter. Efforts in the third quarter continued to focus on meeting with potential customers and enrolling new customers.