

➤ **Summary of 60-Day Notice: Home Performance with ENERGY STAR**

Public Service Company of Colorado (PSCo) is providing a 60-Day Notice to change the Home Performance with ENERGY STAR® (HPwES) product by updating technical assumptions and deemed savings clarifications. These changes will align product savings methodologies and product offerings for HPwES with rebates for associated measures in the Company's Water Heating, Evaporative Cooling, High Efficiency Air Conditioning (HEAC), Heating System Rebate, and Home Lighting & Recycling products. PSCo anticipates these changes will lead to an additional 78,594 generator kWh and a decrease of 114 dekatherms in HPwES net energy savings during 2014. We are also forecasting that these changes will decrease the 2014 natural gas expenditures by \$2,608 and increase the 2014 electric expenditures by \$2,296 above approved budgets, which will be accommodated through budget flexibility.

The Company proposes that the changes take effect, retroactively, on May 1, 2014 (2014 DSM Plan implementation date). Proposed changes have been redlined in the attached Deemed Savings Technical Assumption sheets.

PSCo has made the following changes to measure savings calculations:

1. CFL Measure – PSCo revisions include both the baseline watts and proposed watts, based on the U.S. Environmental Protection Agency's Next Generation Lighting Program reporting. HPwES will use a 51.72-Watt average for the product's CFL measure to align with the Home Lighting & Recycling product's use of this weighted average. Additionally, the efficient lamp Watts were updated from 19-Watts to 15-Watts based on the weighted average.
2. Furnace Measure – PSCo modified the Heating System Rebate (residential) product's 96% AFUE furnace measure to a 95% AFUE. HPwES will also adopt this change.
3. Furnace Measure – PSCo has eliminated the 92% AFUE and 94% AFUE furnace measure to align with the Heating System Rebate product.
4. Attic Insulation, Wall Insulation and Air Sealing Measures – HPwES Technical Forecast Assumptions have been revised to include heating savings associated with homes that have electric resistance, air-source heat pumps (ASHPs), or ground-source heat pumps (GSHPs). The coincidence factor and Energy O&M were also corrected for these measures.
5. Heat Pump Water Heater – The measure's Energy and Non-Energy O&M savings were modified specifically for a gas-heated home.

PSCo has made the following changes that have no savings impacts but provide clarification on product measures:

1. Air Conditioning Measure – PSCo has modified No Loss QI and Loss QI percentage values for air conditioning to use the HEAC product values. These values were originally omitted from the Deemed Savings sheet in the 2014 DSM Plan (Docket No. 13A-0773EG) as filed, but were included in the Forecast Technical Assumption sheets.
2. Evaporative Cooling Measure – PSCo has modified the measure to update the deemed sheet (Table 4) to include O&M and Incremental costs for all equipment tiers when calculating savings for standard, premium, and whole-house units, to align with the Company’s Evaporative Cooling product. These updated values were originally omitted from the Deemed Savings sheet in the 2014 DSM Plan (Docket No. 13A-0773EG) as filed, but were included in the Forecast Technical Assumption sheets.
3. Water Heating Measures – PSCo has modified incremental costs for the 67% AFUE Water Heater and 90% AFUE Tankless Water Heater. These updated values were originally omitted from the Deemed Savings Sheet in the 2014 DSM Plan (Docket No. 13A-0773EG) as filed, but were included in the Forecast Technical Assumption sheets.

These proposed changes result in the following updated energy savings and expenditure forecasts for the 2014 performance of the HPwES product.

60-Day Notice Impacts: Anticipated 2014 Achievements and Expenditures

	Electric Budget	Net Gen. kWh Savings	Electric MTRC	Gas Budget	Net Dth Savings Target	Gas MTRC
2014 Targets and Budgets (as filed)	\$230,400	295,245	1.14	\$181,506	8,349	1.06
2014 Anticipated Savings and Expenditures (per 60-Day Notice)	\$232,696	373,839	1.29	\$178,898	8,235	1.06
Net Change	\$2,296	78,594	0.15	-\$2,608	-114	-
Percent Change	1%	21%	12%	-1%	-1%	-

Included with this Notice, are the following documents:

- Updated (redlined) Product Description;
- Updated Deemed Savings Sheets; and
- Updated Electric and Gas Forecast Assumptions.

➤ **Home Performance with ENERGY STAR Product**

A. Description

The Home Performance with ENERGY STAR (Home Performance) Product is targeted at existing single-family homes that are in need of multiple energy efficiency improvements. By providing these customers with rebate incentives, Public Service is able to incorporate a whole house approach to energy efficiency. In order to participate in the product, all qualified Public Service customers must receive either natural gas and electric service, or have electric service only with electric heat.

Public Service's Home Performance Product was developed using principles from the nationally recognized ENERGY STAR "Home Performance with ENERGY STAR" Product. The concept of the product is to provide the customer with one-stop for all of their home efficiency needs. In this comprehensive approach, the customer receives an energy audit; the audit is then used to generate a scope of work. The contractor, who may also be the auditor, reviews the recommended improvements, completes the work, and receives an independent verification of the improvements after completion.

This product complements the Home Energy Audit Product by requiring an advanced in-home blower door audit as the first step in the process for product participation. After the customer completes the audit and meets the product eligibility requirements, the customer may sign up to participate in the Home Performance Product. Customers must achieve at least a 20% energy reduction in their home energy consumption using a list of energy savings improvements that qualify for the product in order to earn rebates.

Trade contractors interested in performing installations within the product are required to hold current certifications in one of the following: BPI Building Analyst, BPI Envelope, BPI Heating, BPI Residential Building Envelope Whole House Air Leakage Control Installer or Crew Chief, and/or NATE certification with the exception of evaporative cooling and water heaters, which don't require a certified contractor. Trade contractors must also complete the Home Performance Contractor training. This training will take approximately five hours to complete. The primary focus of the training is to provide contractors with information on the product components, how the process works, and the diagnostic testing required as part of the efficient measure installations. Once contractors have completed this training, they will be included on the approved contractor list, which is included in the customer packets and on the Xcel Energy website. All participating contractors must complete the training and sign the contractor agreement before they may provide installs for participants in the product.

B. Goals, Participants & Budgets

Goals and Participants

The Home Performance Product goals were developed based on the Colorado 2013 year-to-date product results and knowledge of similar products in Xcel Energy's other jurisdictions. The product experienced significant challenges in 2009 through 2011 due to the poor economy, high

costs to participate, and program complexity. In 2012, the product was redesigned to remove market barriers and simplify the process for customers to participate and experienced rapid product growth. The Company has increased its participation and savings goals for 2014 to account for this growth.

Budgets

The budgets for this product are based on the 2012 and 2013 participant, third-party implementer, and software costs, including measurement and verification inspections, as well as the costs to promote the product through printed advertising and collateral. The electric budget was increased for 2014 to accommodate the forecasted increase in participation. The Company anticipates higher participation specifically in the cooling measure which will only increase the electric rebate budget. The rebate models for the air sealing and attic insulation gas measures have changed from a dollar per installation to a calculation based on 20% of the incremental cost of the measure, capped at certain level. In turn, the gas rebate budget decreased to adjust for the lower percent of incremental cost rebated.

C. Application Process

Customers interested in participating in the Home Performance product must begin by requesting a Home Energy Audit with blower door test. The auditor will provide information on the Home Performance Product as part of their in-home audit, tying specific product requirement information and recommendations into the audit. The customer may then sign up for the product the day of the audit or sign the product form and mail it in directly to Public Service for processing and product follow up.

Once a customer has submitted the sign up form to Public Service for processing and tracking, the customer has one year to complete the required and optional installs. The customer then completes the recommended improvements and works with their contractor to submit the rebate form. Participating contractors will be required to have their first five jobs inspected and verified by a third-party. Beyond the first five jobs, a random sample of 10% of the contractor's jobs will be inspected and verified.

The Home Performance Product information, product forms, and approved contractor list are available on Xcel Energy's website, as well as through the audit provider. Customers may also contact the customer call center to request product information.

D. Marketing Objectives, Goals, & Strategy

Public Service will implement a variety of marketing strategies to provide product information through the website, advertising, and local "green" community events. We will also provide incentives to the auditors in an effort to identify additional participants who are interested in energy efficiency, but may not be aware of this whole house option.

The Home Performance Product will be marketed through the Home Energy Audit Product promotions directly to customers, and approved Home Performance participating contractors.

Public Service will monitor product participation on a monthly basis and implement additional marketing tactics if necessary to achieve the year-end goal.

In addition, Public Service will attempt to fully utilize the trade partners who have been trained and contracted to deliver this product to customers. This is viewed as the most important channel to work with to build awareness and participation in the product. As a result, Public Service is offering incentives to participating installation contractors that are designed to increase the number of projects performed. These incentives are designed provide contractors additional motivation to promote the Home Performance Product.

E. Product-Specific Policies

The Home Performance product requires that customers have either a Standard Home Energy Audit with blower door test, or an Infrared Audit performed in order to qualify for participation. The audit is required prior to starting the improvements. Customers are eligible for a Home Energy Audit every two years. Public Service will provide the customer a list of contractors participating in the product; however, the Company does not guarantee the contractor's expertise or warrant any of the products or services, nor is one contractor promoted over another. Public Service shall have no liability for contractor work or negligence.

To complete the product and be eligible for the rebates, customers must agree to achieve a 20% reduction in their home's energy consumption. The customer must complete air sealing, attic insulation, wall insulation, and CFL/LEDs as part of their improvements if they have not made these upgrades previously. The customer will receive rebates for improvements completed and verified by the auditor within one year of signing up under the Home Performance Product. The Company will not rebate pre-existing efficient equipment.

F. Stakeholder Involvement

Public Service has met with the Cities of Boulder, Fort Collins, Greeley, and Colorado Springs, the Center for Resource Conservation, the Platte River Valley Authority, the Colorado Energy Office, Environmental Protection Agency, Department of Energy, Electric & Gas Industries Association, and Energy Efficient Business Coalition for product feedback. The Company will continue to meet with these and other stakeholders for feedback to improve the product over time.

G. Rebate Levels

The Home Performance Product rebates are prescriptive and based on the specific measures installed. Rebate levels are enhanced when compared to rebates offered in the individual end-use programs to encourage customers in whole-house improvements instead of individual upgrades. The rebate levels are provided in the following table.

Home Performance Measures Rebate Amounts

Improvements	Prescriptive Rebate 2014
Attic Insulation*	20% of incremental costs, fixed cap at \$350
Air Sealing, Bypass Sealing & Weather-stripping*	25% air leakage reduction- Up to \$100 33% air leakage reduction- Up to \$160
High Efficiency Compact Fluorescent Lights or LED's*	\$2/per bulb up to \$40
Wall Insulation (above grade)	\$800
Evaporative Cooling- Standard System (1 st)	\$275
Evaporative Cooling- Standard System (Replace)	\$125
Evaporative Cooling- Premium System (1 st)	\$625
Evaporative Cooling- Premium System (Replace)	\$525
Evaporative Cooling- Whole House System	\$1,000
Central AC 14.5 SEER, EER 12	\$300
Central AC 15 SEER, EER 12.5	\$400
Central AC 16 SEER, EER 13	\$550
Central AC Trade-in, 12 SEER or lower	\$550
Ground Source Heat Pump	\$300 per ton up to \$1500
Electric Heat Pump	\$550
Programmable Set Back Thermostat	\$25
95% AFUE or higher High Efficiency Furnace	\$200
Electrically Commuted Motor	\$200
Tankless Water Heater .90 EF or higher	\$200
Water Heater .67 EF or higher	\$100
ENERGY STAR Refrigerator/Primary	\$15
ENERGY STAR Dishwasher	\$15
ENERGY STAR Clothes Washer	\$70

*If any of these three measures are a recommended improvement from the energy audit, they must be completed in order to successfully complete the program.