

Summary of 60-Day Notice: Energy Feedback – Residential

Public Service Company of Colorado (“PSCo” or “the Company”) proposes to begin efforts in preparation for the launch of the Energy Feedback – Residential product expansion, as proposed within the 2015/2016 DSM Plan, on January 1, 2015, or shortly thereafter. The Commission approved participation expansion in Decision No. C14-0731 issued on July 1, 2014, stating in paragraph 81 on page 28, “We therefore approve expansion of the residential program into a full-scale program as proposed by the Company.”

In order to meet the product’s forecast savings target in 2015 (14.4 GWh), it is advantageous to begin selection and communications to the expansion group of customers as early as possible in the year—energy savings increase gradually over time as behavior is impacted by treatment. Initial ramp-up efforts in the interim prior to the 2015/2016 DSM Plan approval will focus on participation expansion to approximately 400,000 additional customers.

The product third- party implementer needs to engage in several implementation steps in order to prepare for this expansion, which includes:

1. Selecting customers that are eligible to receive treatment based on their energy usage profile and segmenting participants into distinct customer groups.
2. Randomly assigning customers to Treatment and Control Groups.
3. Configuring cadence of paper and email reports for each customer group to reflect program design.
4. Conducting QA testing to confirm eligibility of each randomly selected participant. Eligibility is determined by the number of sequential meter reads.

Energy savings for the expansion group will not be claimed until after 2015/2016 DSM Plan approval. The energy savings for the expansion group realized after Plan approval will apply the “Behavioral Adjustment,” which effectively divides the gross energy savings by three to determine energy savings claimed on an annual basis—the 14.4 GWh forecast within the Plan has already included the “one-third adjustment.” The Commission approved the behavioral savings methodology in Decision No. C14-0731 issued on July 1, 2014, stating in paragraph 81 on page 29, “We also agree with Public Service’s proposal to include one third of the total net dollar savings from behavioral programs each year during a three-year program period.”

The Energy Feedback Pilot will continue until its conclusion, upon approval of the 2015/2016 DSM Plan at which point the pilot participants will be seamlessly converted to the Energy Feedback – Residential program and methodology. The Company acknowledges that the content of the 2015/2016 DSM Plan, when approved, will supersede any changes implemented through this Notice.

Included with this Notice, is the 2015 Product Write-Up.

These documents can be found on our website at the following link:

<http://www.xcelenergy.com/About Us/Rates & Regulations/Regulatory Filings/CO DSM>

➤ Energy Feedback – Residential

A. Description

The Energy Feedback – Residential product is based on the successful conclusion of the Energy Feedback pilot, which has run in PSCo since 2011. The product provides targeted communication of energy-use comparisons and information called the Home Energy Report to PSCo's Colorado residential customers, providing specific recommendations and feedback to motivate and to teach customers how to reduce their energy consumption. Customers receive new information with each Home Energy Report that is delivered by mail or email, or a combination of both formats. An online version of this information along with supplemental energy-awareness and savings tools also is available for all PSCo residential customers to support product objectives. Savings are quantified by comparing the energy consumption of the participating group to a non-participating control group. The third-party implementer will provide an analysis of the impact of the product each year.

The product's main offerings include the following two components:

Personalized Home Energy Reports – A targeted direct mailing and/or email that provides specific recommendations and incentives to motivate customers to reduce their energy consumption. The individualized reports provide:

- Customers' energy use compared to the average of 100 neighbors in similar-sized homes with similar characteristics;
- Targeted efficiency recommendations based on an analysis of the household's energy usage, demographics, and home characteristics;
- Advice on how report recipients can easily implement efficiency measures based on their individual circumstances.

The group of randomly assigned customers receiving the reports is referred to as the Treatment Group.

- A portion of customers receive a mailed print version of the report, a portion of customers receive an emailed report, and a portion of customers receive both print and email reports.

The group of randomly assigned customers who do not receive the reports is referred to as the Control Group.

- Energy savings of the Treatment Group is compared against this portion of customers.

My Energy Tools – An online suite of tools that gives customers greater insight into their energy consumption and actions they can take to become more energy efficient. These tools are available to all Xcel Energy residential customers in Colorado, and provide the same information as customers receive in their Home Energy Reports, with a more robust set of customization options and energy-savings tools that can make future Home Energy Reports even more personalized and useful for customers. The online suite includes:

- Customer-specific electricity and natural gas consumption data;

- An efficiency recommendation database with community ratings and reviews, which provides customer feedback collected and analyzed regionally on which tips work best for customers in Colorado;
- Encouragement to set an energy goal and track ongoing progress toward that goal, and
- A Home Energy Assessment tool with progressive, simple, and straightforward questions that provide immediate value and feedback.

Similar to the Home Energy Reports, Public Service will compare Treatment and Control Groups to determine energy savings from use of My Energy tools. Savings from customers who are part of the Home Energy Report Treatment Group who also use My Energy tools will have all savings measured as part of their Home Energy Report savings calculation. Only savings from customers who are not part of the Home Energy Report Treatment Groups will be counted as attributable to My Energy savings.

Participants will be given the opportunity to opt out of outbound communications at any time.

B. Targets, Participants & Budgets

Targets and Participants

The Company has developed specific participation and energy savings targets for each product component:

Home Energy Report: Participants in the 2014 pilot will remain in the print and email groups for 2015 and 2016, with the exception of 10,000 customers whose treatment will cease as a part of a study to see if energy savings persist over time after treatment stops. New participants will be selected to expand the product in 2015-2016, and after selection will be randomly divided into Treatment and Control Groups. We expect to see ongoing savings averaging approximately 1.4% for electricity use and 0.5% for natural gas consumption from the Home Energy Reports. Through our pilot experience, we have learned that savings ramp up over time as customers receive multiple reports, so while some existing groups are forecasted to save higher amounts, newer groups will save less initially. While the average savings are reported above, they represent a wide range of savings levels among different Treatment Groups. Actual savings will be measured and reported using the approach outlined in the M&V section of this Plan.

My Energy: Customers will be randomly divided into appropriately-sized Treatment and Control Groups. Those customers are selected from all PSCo residential customers, excluding Home Energy Report email or print Treatment and Control Group participants. We expect customers to realize ongoing savings of approximately 0.8% of electricity use and 0.4% for natural gas consumption as a result of using the tools available in My Energy. Actual savings will be measured and reported using the most appropriate methodology as determined by a third-party evaluator and outlined in the M&V section of this Plan.

My Energy follows an opt-in model where randomly selected customers will receive targeted marketing messages encouraging them to access My Energy and actively participate. This varies

from the Home Energy Reports, where customers are selected to receive reports unless they opt-out. Some My Energy participants may be single fuel service customers while others may receive both natural gas and electricity service from Public Service. Therefore, each fuel service counts as a “participant,” meaning a multi-fuel customer will count as a gas participant and also as an electric participant.

Budgets

The budgets were developed based on third-party implementer input and internal administrative cost estimates for 2015/16.¹ The majority of the product’s budget is allocated to third-party implementation, which includes preparing and mailing the Home Energy Reports, data analytics, marketing and conducting an ongoing regression analysis of participants and the Control Group to determine the electric and natural gas savings, and continually improving data analytics models to drive participants to behave in ways that deliver deeper energy savings. Administrative costs for customer data extraction and product administration to be completed by Xcel Energy are based on costs derived from the pilot.

The budget for My Energy is largely fixed due to the information technology and delivery method, and does not change as more customers use the tools and services. A share of the multi-state My Energy online portal license fees are apportioned to this product’s budget based on customer counts for each state and fuel type. M&V costs have also been budgeted for My Energy due to the complexity and unique challenges of measuring behavior savings from this service.

C. Application Process

There is no customer application. Participants for the print and email Treatment Groups are secured using a random selection process administered by the third-party implementer. New participants will be informed of their selection at the beginning of treatment and will be given the opportunity to opt-out from receiving the Treatment Group communications at any time. Appropriately-sized Control Groups are identified by the third-party implementer and enable isolation of effects attributable to each Treatment Group. The Control Group customers have not and will not be directly contacted or influenced by the Company or the third-party implementer regarding this product.

D. Marketing Objectives & Strategies

Home Energy Report participants will continue from the original pilot, and thus, no additional marketing is needed to attract those customers. New participants will be selected and randomized by the third-party implementer who will not require any specific marketing tactics. The results from 2013 show that customers who receive the reports are more likely to take advantage of other DSM products, resulting in an average 4.92 percent lift in participation across all DSM products. The effects are even more pronounced when a program is cross-promoted on the Home Energy Report itself. Xcel Energy plans to continue to utilize this effective tool for targeted promotion of other energy-saving products.

¹ The third-party implementer contract pricing will negotiated at the end of 2014, upon contract renewal.

My Energy will be available to all Colorado residential customers who engage in the My Account portal. Active engagement of those customers will be initiated through:

- Customer visits to the My Account portion of Xcel Energy's website, which features customized energy feedback results and a prominent button for customers to select to see more details and use the portal tools. My Account customers receive periodic reminders to visit My Account to view their bill, make payments, or track energy use (i.e. using My Energy).
- General marketing and promotion of My Energy tools and services as part of Xcel Energy's Company communications.
- Outbound marketing efforts to targeted customers within the My Energy Treatment Group may include email, on-bill messaging and promotion, social marketing, outreach event demos, special offers, and direct mail.

We will implement various marketing channels, methods and strategies within the [My Energy](#) Treatment Group only. However, the Control Group also will have access to the My Energy information and tools due to its prominence within the My Account page.

E. Product-Specific Policies

Customer confidentiality and data privacy practices will be stringently applied in accordance with Xcel Energy's Privacy Policy, available on the Company's website, here: <https://www.xcelenergy.com/staticfiles/xcel/StaticFiles/xe/Admin/Xcel%20Online%20Privacy%20Policy.pdf>.

Customer assistance will be provided to participants and non-participants in the same manner.

Other policies will be determined as needed.

F. Stakeholder Involvement

The Energy Feedback pilot, under which Public Service initiated study of energy behavior products, was based on recommendations from the DSM Roundtable in 2010. Public Service proposes to offer Energy Feedback as a product in 2015-2016, based on Commission approval received in Decision C14-0731.²

G. Rebates & Incentives

Rebates are not offered as part of the product.

² Decision C14-0731, Paragraph 81, pgs. 28-29 (Proceeding No. 13A-0686EG).