

➤ **Tariffed On-bill Financing**

The tariffed on-bill financing (“TOBF”) product is designed to finance eligible energy efficiency projects for PSCo (“Company”) residential customers.

A major focus of TOBF will be addressing upfront cost burdens associated with energy efficiency upgrades for Company residential customers. Financing associated with these energy efficiency projects will be tied to the meter (“premise”) and transferable upon tenant/ownership change.

Product-Specific Policies

Source of Capital

TOBF will be funded as a Demand Side Management (“DSM”) product and funding will be recovered through the Demand Side Management Cost Adjustment (“DSMCA”). As loan balances are paid, the principal payments will be added back into the product fund as a revolving account to finance future projects.

Loan terms

- No money down: finance up to 100% of project cost
- Loans from \$500 - \$40,000
- 5-year, 10-year, and 15-year terms
- No prepayment penalties: customers may choose to pay off the remaining balance associated with the financed project prior to the tenant/ownership change at the premise without prepayment penalty.

Company analysis will set interest rates equal to WACC; currently 6.53% for electric and 6.41% for natural gas. Additional interest rate considerations will be developed as TOBF design evolves. Considerations will include, but is not limited to, options for buying down rates through external partnerships.

Qualification Criteria

TOBF will be structured as an all-inclusive product for Company residential customers residing in individually metered single-family, duplex, triplex, or quadplex homes who own or rent with gas and/or electric service from Xcel Energy. Financing and rebate eligibility will be further defined by existing DSM product eligibility requirements.

TOBF underwriting criteria will be based on 12 months of current consecutive Company bill payment history. Additional qualification consideration will be given for addressing customers who have less than 12 months of bill payment history.

Customers qualifying for Income Qualified Single-Family Weatherization will be eligible for TOBF. Company will work in partnership with Energy Outreach Colorado (“EOC”) on recommendations for serving the Income Qualified (“IQ”) customer segment.

Eligible Measures

Qualifying measures will be energy efficiency equipment selected from Commission-approved residential DSM/BE products which meet defined eligibility rules. Equipment which is not considered structural or permanent will not be eligible under the TOBF product. Company will provide documentation of qualifying energy efficiency projects.

TOBF will be designed to fund full project costs associated with eligible measures; equipment, labor, and direct/indirect costs such as duct work, wiring, and panel upgrades. Company will further define qualifying direct/indirect costs as product design progresses.

Rebate levels

Predetermined residential rebate eligibility requirements will be maintained within the framework of TOBF. Rebates will be applied to the project cost to bring down the principal.

Marketing Strategy

Company will cross promote the Home Energy Audit product; however, customers will not be required to complete a Home Energy Audit prior to applying and completing the installation of a qualifying TOBF project. Company will also promote the Home Energy Squad product within TOBF through a free standard Home Energy Squad visit for customers completing a TOBF project.

Consumer Protections

Upon completion and enrollment, TOBF projects will be reported to the applicable County making the information discoverable during a title search.

TOBF does not include pre-payment penalties allowing customers the option of paying off the balance prior to sale or tenant change of the premise or transfer the balance to the new owner/tenant.

Customers completing TOBF projects will be required to use a registered contractor who has completed Company training programs and has been approved to participate in the product. Additionally, registered contractors must meet any existing training and/or certification qualifications within residential DSM/BE products to offer equipment rebates. Company will maintain a list of registered contractors on Company website.