

August 30, 2016

John Smith
CFO of Company
100 Main St.
Colorado Springs CO 80903

Re: Energy Efficiency Upgrade Recommendation & Analysis

Dear Mr. Customer

Front Range LED Lighting has performed a preliminary financial analysis of energy performance improvements for *Sample Customer* using the US EPA's Building Upgrade Value Calculator, and would like to present the following information regarding capital investments that will improve the overall performance of this property:

- LED Lighting upgrade

The estimated cost of the investment would be \$2,544 or \$0.17 per square foot, after applicable rebates. Based upon our calculations, we estimate that these investments would result in the following projected financial outcomes:

- Annual energy savings of \$1,653
- Annual labor and supplies savings of \$600
- Total annual savings of \$2,253 or annual operating expense savings of \$0.15 per square foot
- Simple payback period of 1.13 years
- Return on Investment of 89%
- Net Present Value of \$12,574
- Internal Rate of Return of 88%

If all of these savings were to flow to the bottom line, they would represent a potential increase in Net Operating Income of \$2,253. Using the income approach to value, this translates into the potential addition of \$37,550 to *Sample's* asset value, at a capitalization rate of 6%.

We also estimate that the improvements would result in increasing the *Sample Customer's* national energy performance rating from 50 to 57, which represents a 7 point improvement. This rating provides a comparison, against the national average, of a building's energy performance, and can serve as the foundation for a strategic approach to energy management that will optimize investments in energy efficiency. The rating system accounts for the impacts of year-to-year weather variations, as well as building size, location, and several operating characteristics to make a more objective and comparable assessment of energy performance.

Therefore, we recommend and request approval for these energy efficiency measures to improve *Sample Customer's* overall performance. Please contact Joe Weisenbach of Front Range LED Lighting to discuss this analysis and these proposed improvements. We look forward to speaking with you.

Sincerely,