

XCEL ENERGY RATE INCREASE

First Increase since 1992; Becomes Effective January 18, 2010

On June 30, 2009, Northern States Power Company, a Minnesota corporation doing business in South Dakota as Xcel Energy (Xcel Energy), asked the South Dakota Public Utilities Commission (SDPUC) for permission to increase its electricity rates, its first such request in more than 17 years. Xcel Energy requested an increase of approximately \$18.6 million or 12.67 percent. The primary reason a rate increase is necessary at this time is to maintain safe and reliable service. Since its last rate case filed in 1992, Xcel Energy has made significant investments in its generation, transmission and distribution systems to reliably meet the electricity needs of its South Dakota customers. The Company has been authorized by the SDPUC to increase overall electric rates by approximately 7.4 percent or \$10.95 million, effective January 18, 2010.

The actual impact of the requested rate increase on an individual customer's bills will vary depending on the customer's rate class and amount of energy use. As a result of the change in rates, a typical residential customer using an average of 775 kilowatt-hours (kWh) of energy each month will see an increase of \$5.55 per month (from \$65.80 to \$71.35) based on winter rates.

One of the changes in rates will be how the costs of fuel used to generate electricity and the costs of purchased wholesale power will be displayed on the bill. In the past, these costs were partially in the basic rate and partially in the fuel clause adjustment. Now all of these costs will be eliminated from the basic rate and included entirely in the fuel clause charge in order to segregate these costs and make them more transparent. The fuel clause is a net dollar-for-dollar pass-through of what Xcel Energy pays for fuel to generate electricity and for power purchased to supply customer needs.

A sample of some of the new rates which became effective with service rendered on and after January 18, 2010 is shown below. The first bill you receive may be prorated, depending on your meter reading date. This means that any service provided prior to January 18, 2010 will be billed at the old rates, and any service provided on and after January 18, 2010 will be billed at the new rates.

Residential Service:

	Prior Rates	New Rates
Customer Charge	\$6.55	\$7.50
Energy Charge – Summer	7.250 ¢/kWh	6.939 ¢/kWh
Energy Charge – Winter 1-1000 kWh	6.260 ¢/kWh	5.739 ¢/kWh
Energy Charge – Winter Over 1000 kWh	5.750 ¢/kWh	5.232 ¢/kWh
Energy Charge – Winter Space Heat 0-1000 kWh	6.260 ¢/kWh	5.739 ¢/kWh
Energy Charge – Winter Space Heat Over 1000 kWh	4.280 ¢/kWh	3.759 ¢/kWh
Fuel Clause Rate with 2.500 ¢/kWh Fuel Cost*	1.385 ¢/kWh	2.500 ¢/kWh

* Fuel Cost is an example representative of recent costs. Prior Rate energy charges include a portion of fuel costs. New Rate energy charges include no fuel cost.

Residential Service – Winter Month Bill Example

Usage (kWh)	Prior Rates	New Rates	Amount of Increase	Percent Increase
400	\$37.13	\$40.46	\$3.33	8.97%
500	\$44.78	\$48.70	\$3.92	8.75%
600	\$52.42	\$56.93	\$4.51	8.60%
775	\$65.80	\$71.35	\$5.55	8.43%
1000	\$83.00	\$89.89	\$6.89	8.30%
2000	\$154.35	\$167.21	\$12.86	8.33%

Assumes Overhead Service. Does not include sales tax.

For More Information

You may examine new rate schedules by visiting our website at www.xcelenergy.com and clicking on “About Energy & Rates” under the “Company” tab. If you have further questions, please contact Xcel Energy at 1-800-895-4999.