

RATE INCREASE NOTICE

On June 23, 2014, Northern States Power Company, an Xcel Energy company operating in South Dakota, asked the South Dakota Public Utilities Commission (SDPUC) for permission to increase its incremental overall electricity rates by \$15.6 million or approximately 8.0 percent. If approved, the increase would be effective no earlier than Jan. 1, 2015.

Xcel Energy's last request for a rate increase was in 2012. Since that time, Xcel Energy has made significant investments in its plants and infrastructure. In addition, general economic trends have increased the costs of operating our business. Also, the cost of meeting new and increasing federal safety and reliability requirements has grown. A rate increase is necessary at this time in order to support our need to continue to make investments in our system and provide safe, reliable, efficient energy in the future.

The actual impact of the requested rate increase on individual customer bills will vary depending on the customer's rate class and amount of energy used. Based on this request, a typical residential electric customer using 750 kWh per month would see an increment increase of 9.71 percent, or \$8.49 per month. The increases experienced by commercial and industrial customers will vary depending on rate class, load factor, and amount and nature of use. The actual amount of any rate adjustments will be determined by the SDPUC and such amounts could be greater or less than initially requested.

Under South Dakota law, SDCL 49-34A-12, a customer has a right to join with 24 other customers in Xcel Energy's service area [25 in total] to file a written objection to this proposed increase. Customers may request the SDPUC to suspend the rate increase and hold a public hearing to determine whether such a rate increase should be allowed.

For More Information

You may visit Xcel Energy's Sioux Falls office at 500 West Russell Street during normal business hours to examine the current and proposed rate schedules.

You may also examine current and proposed rate schedules and filing documents by visiting our website at www.xcelenergy.com and clicking on "Rates, Rights and Service Rules" under the "About Us" tab.

Or, you may search the 2014 Electric Dockets on the SDPUC's website:
<http://puc.sd.gov/Dockets/Electric/2014/default.aspx>