Proposed Customer Bill Onsert Language

DSM Cost Adjustment Factor Decrease Effective January 1, 2017

Xcel Energy offers a variety of load management and demand side management (DSM) programs to our South Dakota customers to help them reduce their home's usage. The South Dakota Public Utilities Commission has approved a new Demand Side Management (DSM) Cost Adjustment Factor as a separate line item on your monthly electric bill to recover the cost of our load management and DSM programs. Beginning January 1, 2017, the rate factor will increase from \$0.000448 per kWh to \$0.000504 per kWh.

Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior DSM rate vs. the new DSM rate.

| | Prior Rates | | | | New Rates | | | | Amount | |
|-------|-------------|-----------|--------|----------|-----------|----------|--------|----------|----------|----------|
| Usage | Other | Prior DSM | Prior | Prior | Other | New DSM | New | New | of Bill | Percent |
| (kWh) | Rates | Factor | DSM | Bill | Rates | Factor | DSM | Bill | Increase | Increase |
| 400 | \$49.81 | 0.000448 | \$0.18 | \$49.99 | \$49.81 | 0.000504 | \$0.20 | \$50.01 | \$0.02 | 0.04% |
| 500 | \$60.20 | 0.000448 | \$0.22 | \$60.42 | \$60.20 | 0.000504 | \$0.25 | \$60.45 | \$0.03 | 0.05% |
| 600 | \$70.58 | 0.000448 | \$0.27 | \$70.85 | \$70.58 | 0.000504 | \$0.30 | \$70.88 | \$0.03 | 0.05% |
| 750 | \$86.17 | 0.000448 | \$0.34 | \$86.51 | \$86.17 | 0.000504 | \$0.38 | \$86.55 | \$0.04 | 0.05% |
| 1000 | \$112.14 | 0.000448 | \$0.45 | \$112.59 | \$112.14 | 0.000504 | \$0.50 | \$112.64 | \$0.06 | 0.05% |
| 2000 | \$214.35 | 0.000448 | \$0.90 | \$215.25 | \$214.35 | 0.000504 | \$1.01 | \$215.36 | \$0.11 | 0.05% |

For more information

You may examine the new rate rider by visiting our website at xcelenergy.com. If you have further questions, please contact Xcel Energy at **1-800-895-4999**.