

| 2002 LOW INCOME CUSTOMER CHARGE SETTLEMENT METHODOLOGY |          |                     |  |                                    |  |                        |                       |  |
|--|----------|---------------------|--|------------------------------------|--|------------------------|-----------------------|--|
| CUSTOMER CLASS   | SCHEDULE | FORECAST ANNUAL KWH | FORECAST ANNUAL REVENUE Excluding Low Income Rider | EQUAL % Low Income Rider ¢ per kWh | FORECAST ANNUAL REVENUE Including Low Income Rider | INCREASE (DECREASE) \$ | INCREASE (DECREASE) % |  |
| Residential  | 7        | 9,701,173,000       | \$ 711,684,000                                     | 0.0336 ¢                           | \$ 714,939,181                                     | \$ 3,255,181           | 0.457%                |  |
| Sec Gen Svc - Small                                    | 24       | 2,542,829,000       | \$ 170,582,000                                     | 0.0307 ¢                           | \$ 171,362,227                                     | \$ 780,227             | 0.457%                |  |
| Sec Gen Svc - Medium                                   | 25       | 2,903,380,000       | \$ 192,523,000                                     | 0.0303 ¢                           | \$ 193,403,584                                     | \$ 880,584             | 0.457%                |  |
| Sec Irrigation Svc                                     | 29       | 12,444,000          | \$ 757,000   | 0.0278 ¢                           | \$ 760,462   | \$ 3,462               | 0.457%                |  |
| Secondary Service Total                                |          | 5,458,653,000       | \$ 363,862,000                                     | 0.0305 ¢                           | \$ 365,526,273                                     | \$ 1,664,273           | 0.457%                |  |
| Sec Gen Svc - Large                                    | 26       | 1,714,101,000       | \$ 104,974,000                                     | 0.0262 ¢                           | \$ 105,423,833                                     | \$ 449,833             | 0.429%                |  |
| Pri Gen Svc  | 31       | 1,452,178,000       | \$ 76,693,000                                      | 0.0262 ¢                           | \$ 77,074,096                                      | \$ 381,096             | 0.497%                |  |
| Schedules 26 and 31                                    |          | 3,166,279,000       | \$ 181,667,000                                     | 0.0262 ¢                           | \$ 182,497,929                                     | \$ 830,929             | 0.457%                |  |
| Pri Irrigation Svc                                     | 35       | 5,149,000           | \$ 204,000   | 0.0181 ¢                           | \$ 204,933   | \$ 933                 | 0.457%                |  |
| Pri Interruptible Svc                                  | 43       | 230,563,000         | \$ 13,230,000                                      | 0.0262 ¢                           | \$ 13,290,513                                      | \$ 60,513              | 0.457%                |  |
| Pri Special Contract                                   |          | 55,903,000          | \$ 2,759,000                                       | 0.0226 ¢                           | \$ 2,771,619                                       | \$ 12,619              | 0.457%                |  |
| Pri Schedule 449 / 459                                 |          | 52,833,000          | \$ 1,382,000                                       | 0.0120 ¢                           | \$ 1,388,321                                       | \$ 6,321               | 0.457%                |  |
| Primary Service Total                                  |          | 344,448,000         | \$ 17,575,000                                      | 0.0233 ¢                           | \$ 17,655,387                                      | \$ 80,387              | 0.457%                |  |
| HV Interruptible Svc                                   | 46       | 32,932,000          | \$ 2,247,000                                       | 0.0077 ¢                           | \$ 2,249,535                                       | \$ 2,535               | 0.113%                |  |
| HV Gen Svc   | 49       | 402,089,000         | \$ 18,262,000                                      | 0.0077 ¢                           | \$ 18,292,955                                      | \$ 30,955              | 0.170%                |  |
| HV Special Contract                                    |          | 194,212,000         | \$ 6,662,000                                       | 0.0077 ¢                           | \$ 6,676,952                                       | \$ 14,952              | 0.224%                |  |
| HV Sched 449 / 459                                     |          | 1,716,997,000       | \$ 12,320,000                                      | 0.0077 ¢                           | \$ 12,452,186                                      | \$ 132,186             | 1.073%                |  |
| High Voltage Service Total                             |          | 2,346,230,000       | \$ 39,491,000                                      | 0.0077 ¢                           | \$ 39,671,628                                      | \$ 180,628             | 0.457%                |  |
| Lights   |          | 82,477,000          | \$ 12,384,000                                      | 0.0687 ¢                           | \$ 12,440,643                                      | \$ 56,643              | 0.457%                |  |
| Total  |          | 21,099,260,000      | \$ 1,326,663,000                                   | 0.0288 ¢                           | \$ 1,332,731,042                                   | \$ 6,068,042           | 0.457%                |  |

Cost recovery for the LIP will be based upon the specific rates set forth in this spreadsheet. These rates have been derived using an equal percent of revenue methodology with modification to reflect normalized group allocations. This methodology is agreed to be binding for settlement purposes only and for the annual compliance filing set forth in paragraph 9 of the Settlement Terms for Low Income, but is not intended to establish any precedent for PSE or any other investor-owned utility, low-income programs.