

PSE Power Cost Adjustment (PCA) Mechanism Forecast

Dollars are in millions

Month	Prior to PCORC Order				After PCORC Order							
	A Monthly Cost Imbalance	B Cumulative PCA Period Imbalance	C PCA Cumulative Imbalance	D Allocated to Customer Cust > \$20	E Cust > \$40	F Cumulative	G Monthly Commission Adjustment	H Cumulative PCA Period Imbalance	I PCA Cumulative Imbalance	J Allocated to Customer Cust > \$20	K Cust > \$40	L Cumulative
PCA Period 1	Jul-02	(3.60)	(3.60)	(3.60)	-	-	(25.60)	(3.60)	(3.60)	-	-	-
	Aug-02	(1.40)	(5.00)	(5.00)	-	-	(1.01)	(5.00)	(5.00)	-	-	-
	Sep-02	6.80	1.80	1.80	-	-	(1.01)	1.80	1.80	-	-	-
	Oct-02	3.50	5.30	5.30	-	-	(1.01)	5.30	5.30	-	-	-
	Nov-02	(2.30)	3.00	3.00	-	-	(1.01)	3.00	3.00	-	-	-
	Dec-02	2.30	5.30	5.30	-	-	(1.01)	5.30	5.30	-	-	-
PCA Period 2	Jan-03	(1.30)	4.00	4.00	-	-	(1.01)	4.00	4.00	-	-	-
	Feb-03	7.40	16.90	16.90	-	-	(1.01)	16.90	16.90	-	-	-
	Mar-03	(1.60)	15.30	15.30	-	-	(1.01)	15.30	15.30	-	-	-
	Apr-03	(2.30)	13.00	13.00	-	-	(1.01)	13.00	13.00	-	-	-
	May-03	12.30	25.30	25.30	2.65	-	(0.94)	25.30	25.30	2.65	-	-
	Jun-03	0.40	26.70	26.70	2.65	-	(0.94)	26.70	26.70	2.65	-	-
PCA Period 3	Jul-03	1.40	6.00	6.00	2.65	-	(1.01)	6.00	6.00	2.65	-	-
	Aug-03	4.20	12.00	12.00	2.65	-	(1.01)	12.00	12.00	2.65	-	-
	Sep-03	6.00	18.00	18.00	2.65	-	(1.01)	18.00	18.00	2.65	-	-
	Oct-03	2.80	20.80	20.80	2.65	-	(1.01)	20.80	20.80	2.65	-	-
	Nov-03	3.40	24.20	24.20	2.65	0.81	(1.01)	24.20	24.20	2.65	0.81	-
	Dec-03	1.50	25.70	25.70	2.65	2.30	(1.01)	25.70	25.70	2.65	2.30	-
	Jan-04	7.50	33.20	33.20	6.25	6.12	(1.01)	33.20	33.20	6.25	6.12	-
	Feb-04	5.00	38.20	38.20	8.75	8.57	(1.01)	38.20	38.20	8.75	8.57	-
	Mar-04	3.82	42.02	42.02	10.66	10.45	(1.01)	42.02	42.02	10.66	10.45	-
	Apr-04	(4.60)	37.42	37.42	8.36	8.19	(1.01)	37.42	37.42	8.36	8.19	-
	May-04	8.30	45.72	45.72	12.51	12.26	(1.01)	45.72	45.72	12.51	12.26	-
	Jun-04	1.40	47.12	47.12	12.51	13.65	(0.94)	47.12	47.12	12.51	13.65	-
Jul-04	1.90	49.02	49.02	12.51	15.53	(0.94)	49.02	49.02	12.51	15.53	-	
Aug-04	4.90	53.92	53.92	12.51	20.38	(0.94)	53.92	53.92	12.51	20.38	-	
Sep-04	5.70	59.62	59.62	12.51	26.02	(0.94)	59.62	59.62	12.51	26.02	-	
Oct-04	6.80	66.42	66.42	12.86	32.40	(0.94)	66.42	66.42	12.86	32.40	-	
Nov-04	15.70	82.12	82.12	20.71	40.10	(0.94)	82.12	82.12	20.71	40.10	-	
Dec-04												
Impact on revenues (Column L - F)										8.69	17.86	(42.94)

Assumptions for this presentation:

- o \$25.6 million one-time disallowance in June 03.
- o 50% return on reg asset disallowance July 03 - December 04. Annual amounts: PCA 2 = \$12.1m, PCA 3 = \$11.3m.
- o Fixed Costs and Schedule E contract rates updated to PCORC rates at April 7, 2004
- o PCORC Baseline Rate begins June 1, 2004 (actual true up will be effective date of new rates).

Column Notes

Column	Notes
A	Prior to PCORC Order
B	Cumulative PCA Period Imbalance = Accumulated Sum of Column A for the PCA Period (July - June years).
C	PCA Cumulative Imbalance = Accumulated Sum of Column A.
D	Allocated to Customer/Cust > \$20 = 50/50 Sharing of Column B amounts greater than \$20m. Note balance from prior PCA period carries forward.
E	Allocated to Customer/Cust > \$40 = 99% of Column C greater than \$40m less Column D.
F	Allocated to Customer/Cumulative = Columns D + E.
G	Monthly Commission Adjustment = Estimated Disallowance for 50% of Return on Regulatory Asset + One Time Disallowance of \$25.6 million.
H	Cumulative PCA Period Imbalance = Accumulated Sum of Columns A + G for the PCA Period (July - June years).
I	PCA Cumulative Imbalance = Accumulated Sum of Columns A + G.
J	Allocated to Customer/Cust > \$20 = 50/50 Sharing of Column H amounts greater than \$20m. Note balance from prior PCA period carries forward.
K	Allocated to Customer/Cust > \$40 = 99% of Column I greater than \$40m less Column J + K.
L	Allocated to Customer/Cumulative = Columns J + K.
M	Represents 99% of Column G, Monthly Commission Adjustment.