

**Alaska Electrical Pension Plan
Notice of Election of Special Funding Rules
Under the Pension Relief Act of 2010**

April 2011

The purpose of this notice is to provide you with information about a decision by the Board of Trustees of the Alaska Electrical Pension Plan (Plan) at its meetings on February 18, 2011 to take advantage of certain special funding rules provided in the Preservation to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Pension Relief Act of 2010). These rules were put in place by the Federal government in response to the historic investment losses suffered by many multiemployer pension plans in 2008 and 2009.

Explanation of special funding rules elected by the Trustees

Each year the Plan's actuary prepares a valuation that compares the Plan's liabilities (essentially benefit promises to current and future retirees and beneficiaries) to the actuarial value of the Plan's investments. The market value of investments fluctuates from day to day. For funding purposes, Federal pension law allows plans to use actuarial values of plan investments that are designed to smooth out those fluctuations.

The Trustees have made elections permitted under Federal law related to the investment losses incurred during the plan year that began January 1, 2008 and ended December 31, 2008.

Elections Made

Extended amortization of investment losses. Federal law generally requires that investment losses be taken into account for funding purposes over a 15-year period. By electing to use this rule, the Plan's net investment losses incurred in the 2008 plan year will be taken into account for funding purposes over a 29-year period beginning after the end of the plan year in which the loss was incurred.

Expanded asset smoothing. Federal law allows the Plan to "smooth" out variations in the market value of investments by spreading the difference between the expected return on Plan assets and actual return over a five-year period. The resulting asset value must be within 80% –120% of the fair market value of assets. The special funding rule changes the value of assets for funding purposes in two ways:

- The difference between actual investment returns and expected investment returns for the plan year ending December 31, 2008 will be spread over 10 years.

- The actuarial value of assets used for funding purposes can be up to 130% of the fair market value of assets for of the 2009 and 2010 plan years.

Effect of the application of the special funding rules

In general, applying the special funding rules allows the Plan more time to recover from the investment losses in 2008 while maintaining the current level of benefits provided under the Plan. The special funding rules will reduce the level of annual contributions needed to meet minimum contribution requirements under the law. The special funding rules are also expected to improve the Plan's zone status for future plan years. You will continue to receive annual funding notices that give you information about the Plan's funding status.

Future benefit improvements limited as a result of special funding rules

During the period that the special funding rules apply and for the two-plan year period thereafter (Restriction Period), the Plan is prohibited from improving benefits except in certain limited circumstances. A benefit improvement is only permissible during the Restriction Period if the amendment is required as a condition of continued qualification under the Internal Revenue Code, or the Plan's actuary certifies that (i) the increase is paid for by additional contributions and (ii) the benefit (and associated contribution) increase is not reasonably expected to reduce the plan's funded percentages and credit balances during the Restricted Period.

Note: the current rate at which future benefits accrue is not changing at this time.

For more information

For more information about this notice, you may contact the Administrative Office at:

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For identification purposes, the Plan's official plan number or "PN" is 001 and the Plan sponsor's Employer Identification Number or "EIN" is 92-6005171.