

Notice of Benefit Changes

Dear Participant:

We are pleased to inform you of changes the Trustees made to benefits under the Alaska Electrical Pension Plan (the "Plan") during their 2002 and February 2003 meetings. This *Notice* summarizes these changes. In addition, we have included other updates to your summary plan description booklet that are required by federal regulations.

There are three changes adopted by the Trustees we would like to highlight:

- ***Change in Claim and Appeal Procedures***

The claim and appeal procedures were amended to reflect new requirements under federal law. Disability benefit claims made on and after January 1, 2002, are to be processed on an accelerated basis, as further described below. In addition, all claims for benefits made on and after November 1, 2002, are no longer submitted to arbitration following an adverse determination on appeal.

- ***Broader Distribution Options***

An additional form of payment is available to participants retiring on and after April 1, 2003. This new form of payment allows you to elect a Social Security Supplement Option (formerly called the "Social Security Adjustment Option") along with any of the Spouse Option forms of payment. (The Social Security Adjustment Option was formerly available only in conjunction with the Modified Life Annuity form of payment.) When considered along with your Social Security benefits, the new Social Security Supplement Option allows you to have a more level income during your retirement years without forfeiting income protection for a surviving spouse.

- ***New Rules Regarding Default Beneficiaries***

If you die without having designated a beneficiary, the Plan contains certain rules to determine who is eligible to receive any death benefit that may be available. However, in some cases there may not be a beneficiary designation under this Plan, but there is one under the Alaska Electrical Workers Money Purchase Pension Plan or the Welfare Trust. In such a situation, the Trustees determined that it would be useful under this Plan to honor a beneficiary designation made under one of Alaska Electrical's other benefit plans. The change approved by the Trustees at the February 2003 meeting recognizes these other beneficiary designations when determining the payment of any death benefit.

Updates to the Text of Your Summary Plan Description

This *Notice of Benefit Changes* is your summary of material modifications to the Alaska Electrical Pension Plan (Plan number 001), and updates your summary plan description booklet. The *Notice* is for your information and is being provided to you as required by federal law. No action on your part is required. If there is any discrepancy between this *Notice* and the document for the Plan, the Plan document will control.

These changes are generally effective January 1, 2002, except as otherwise noted. The section headings below correspond to section headings in the summary plan description booklet.

Years of Service (Page 5 of your summary plan description)

Generally, you lose any credited past service (and any past service benefit) you may have earned if your employer terminates participation in the Plan within a stated timeframe. However, in certain situations the Plan may retain the credited past service you lost if you later resume active participation in the Plan. Your credited past service will be counted as years of service for vesting purposes only if all of the following apply to you:

- You were a member of a collective bargaining unit,
- You ended your employment with your employer 30 or more days before your employer terminated participation in the Plan, and
- You were not eligible for any election made by the employees of your former employer to determine whether they should be represented by a union.

Future Service Benefit (Page 10 of your summary plan description)

If you retire on or after October 1, 2001, your future service benefit (based on credited future service earned after December 31, 1985) shall be determined as follows:

<u>Period of Credited Future Service</u>	<u>Percent of Employer Contributions</u>
January 1, 1986, through December 31, 2000	4.0%
On and after January 1, 2001	2.0%

Social Security Supplement Option (Page 17 of your summary plan description)

Effective April 1, 2003, the Plan's "Social Security Adjustment Option" is renamed the "Social Security Supplement Option." The terms of the current section entitled "Social Security Adjustment Option" have not been changed. However, additional options have been added to combine this feature with spouse option forms of payment. For participants whose annuity starting dates are on or after April 1, 2003, the Social Security Supplement Option is as follows:

The Social Security Supplement Option may be selected in conjunction with one of the Plan's other payment options. Under this option, you receive an increased benefit prior to your 65th birthday. When you turn 65, your benefit is reduced. This option is for participants who would like to receive a more level retirement income before and after they begin to receive their Social Security benefit. However, this form of payment is not determined with reference to your personal Social Security benefit. The amount of the benefit is determined by factors stated in the Plan. It is not available to a participant on disability retirement.

If you select the Social Security Supplement Option and later die while receiving payments, the death benefit (if any) payable to your spouse or designated beneficiary will depend on the underlying form of payment you select:

- **If you select a Modified Life Annuity** as your underlying form of payment, your spouse or designated beneficiary will receive a monthly death benefit if you die

before the total of all the payments you have received equals 60 times the monthly amount you would have received under the Modified Life Annuity Option. Payment to the surviving spouse beneficiary(ies) shall continue in an amount equal to the monthly benefit that would have been payable had you selected the Modified Life Annuity Option. The death benefit will be paid until the total of all payments to you and your survivors equals 60 times the monthly amount you would have received under the Modified Life Annuity Option. If you die after the total of all payments you have received equals 60 times the monthly amount you would have received under the Modified Life Annuity Option, or if you die with no survivor, payments will stop.

- **If you select a 50%, 75%, or 100% Spouse Option** as your underlying form of payment, and die while your spouse is still living, the death benefit payable to your spouse will first be adjusted to reflect the amount that would have been payable to your spouse if you had elected 50%, 75%, or 100% spouse options (without the Social Security option feature). This amount will then be increased for payments (if any) made before the date you would have attained age 65, and decreased for payments made after the date you would have attained age 65 under the terms of the Social Security Supplement option. No further payments will be made from the Plan following the later of your death or the death of your spouse.

If you select the Social Security Supplement Option and your spouse dies before you do, or if you become divorced after you commence benefits and he or she forfeits the right to a Plan benefit under the terms of a qualified domestic relations order, your monthly benefit amount will first be increased to the amount you would have received had you originally retired with the Modified Life Annuity Option. This increased amount will then be adjusted according to the terms of the Social Security Supplement Option (increased before age 65 decreased for payments on or after age 65), and will be payable to you for the remainder of your lifetime. No further payments will be made from the Plan following your death.

EXAMPLE: Suppose that a participant who is eligible for normal retirement decided to retire at age 58 after having accrued a benefit of \$2,000 per month. Further suppose that this participant’s spouse is age 55. The following table shows how much this participant would receive under the various payment options and the amount the spouse would receive after the participant died.

<u>Payment Option</u>	<u>Employee’s Monthly Benefit</u>	<u>Spouse’s Death Benefit</u>
Modified Life Annuity Option	\$2,000.00	\$2,000.00 ¹
50% Spouse Option	\$1,838.00 ²	\$919.00
75% Spouse Option	\$1,758.00 ²	\$1,318.50
100% Spouse Option	\$1,684.00 ²	\$1,684.00
<i>Modified Life Annuity combined with Social Security Supplement Option</i>		
▪ Before Age 65	\$2,231.00 ⁴	\$2,000.00 ³
▪ On and After Age 65	\$1,771.00 ⁴	\$2,000.00 ³

Spouse Option combined with Social Security Supplement Option

50% Spouse Option

▪ Before Age 65	\$2,099.17 ⁴	\$1,180.17
▪ On and After Age 65	\$1,639.17 ⁴	\$720.17

75% Spouse Option

▪ Before Age 65	\$2,019.17 ⁴	\$1,579.67
▪ On and After Age 65	\$1,559.17 ⁴	\$1,119.67

100% Spouse Option

▪ Before Age 65	\$1,945.17 ⁴	\$1,945.17
▪ On and After Age 65	\$1,485.17 ⁴	\$1,485.17

¹ Payments under this option would continue to the retiree's surviving spouse or designated beneficiary only if the retiree died before receiving the 60 guaranteed payments, and only until a total of 60 payments was made.

² If the retiree's spouse dies before the retiree, the monthly benefit payable to the retiree will be increased to the amount the retiree would have received under the Modified Life Annuity Option.

³ Payments under this option would continue to the retiree's surviving spouse or designated beneficiary only if the retiree died before receiving a total amount equaling 60 times the monthly amount payable under the Modified Life Annuity and only until this total amount is paid.

⁴ If the retiree's spouse or designated beneficiary dies before the retiree, the monthly benefit will be increased by the difference between the Modified Life Annuity Option benefit and the Spouse option benefit (assuming each had been elected without the Social Security Supplement Option).

Suspension of Payments (Page 20 of your summary plan description)

Generally, if you retire, are later reemployed and perform "post-retirement service" (as defined in the Plan), and work 40 or more hours during any calendar month (or any four or five week pay period ending in a calendar month), your payments under the Plan will be suspended until you retire again. However, this suspension of payments will not apply:

- For reemployment between January 1, 2000, and December 31, 2003, as an estimator or inspector for up to six months during the Plan year, or
- For reemployment between January 1, 2001, and December 31, 2003, as an instructor at the Alaska Joint Electrical Apprenticeship and Training Trust for up to six months during the Plan year.

Direct Rollovers (Page 28 of your summary plan description)

Your surviving spouse may roll over a death benefit received from the Plan to an individual retirement account or to another qualified retirement plan if the distribution is made in the form of an eligible rollover distribution.

Designating a Beneficiary (Page 29 of your summary plan description)

You may designate a beneficiary to receive any applicable death benefits from the plan by submitting a beneficiary designation form to the Trustees. This form is available from the administrative office. If you are married, your spouse is automatically your beneficiary. If you die on or after January 1, 2003, without designating a beneficiary, your survivors — in the following priority order — are deemed your beneficiaries:

- Your surviving spouse
- The person(s) designated in writing as your beneficiary under the Alaska Electrical Workers Money Purchase Pension Plan
- The person(s) designated in writing as your beneficiary under the Alaska Electrical Health and Welfare Trust Fund
- Your children
- Your parents
- The beneficiaries named in your Last Will and Testament, if the will has been admitted into probate within 90 days.

No benefits will be payable if you die without designating a beneficiary and have none of the deemed beneficiaries listed above.

You should update your beneficiary designation form whenever you have a change in circumstances.

If Your Claim is Denied (Page 39 of your summary plan description)

Effective for claims filed on and after November 1, 2002, the procedures for making claims under the Plan have changed. Arbitration is no longer required as part of the claims review process. The following paragraphs describe the Plan's new procedures, and should replace the claims procedures printed on beginning on page 39 of your current summary plan description:

If your (or your beneficiary's) claim to retirement benefits is denied or partially denied, the Trustees will notify you in writing and will give you an opportunity to appeal the decision. The Plan has slightly different procedures when appealing a denial (or partial denial) of your benefit claim, depending on the type of retirement you elect. These differences generally relate to the deadlines for participants to file an appeal and for the Trustees to respond to such appeals. If your claim for benefits is based on a permanent and total disability, your procedures are described below under "Appealing Your Disability Claim." All other types of appeals are described under "Appealing Your Claim."

The time periods for responding to any type of claim may be extended during periods when you have been requested to supply the Trustees with additional information. If the Trustees request additional information from you (or your beneficiary), you will have at least 45 days to respond to the request. The time period for the Trustees to respond to the appeal does not continue to run during this time.

Appealing Your Claim

If the Trustees deny your claim for benefits, you will receive written notification of this denial (or partial denial) within 90 days after your claim is filed, unless specific circumstances require an extension. You will be notified if the Trustees require an extension to review your claim. However, under no circumstance will this additional time extend beyond 180 days after your claim was originally filed.

If you wish to appeal this decision, you should request a hearing before the Trustees concerning your denied or partially denied claim. You or a person appointed by you must submit the request for a hearing within 60 days after you have received written notice that your claim has been denied. Your request for a hearing must be submitted in writing to the Administrative Office. Within 30 days of receiving your request for a hearing, the Trustees will notify you of the date, time and location of the hearing.

If you wish, you or a person appointed by you may examine pertinent documents relating to the denial prior to the hearing. You, or a person appointed by you, may also write to the Trustees requesting a description of the information used by the Trustees to deny your claim.

The hearing will be conducted by the Trustees or a committee appointed by the Trustees, composed of an equal number of employer and union trustees. You, or a person appointed by you, will have a right to attend the hearing to present your position and supporting evidence, either orally or in writing. After the hearing, the Trustees (or subcommittee of Trustees) will issue a decision regarding your claim. The decision will be in writing and will include the specific reasons for the decision and references to any Plan provisions on which the decision is based. You will receive this notification to reaffirm, modify, or set aside your denied claim within 60 days after your appeal is filed, unless specific circumstances require an extension. Under no circumstances will this additional time extend beyond 120 days after your appeal was originally filed.

The Trustees have final authority to interpret the Plan and to decide benefit claims.

Appealing Your Disability Claim

Effective January 1, 2002, if the Trustees deny your claim for a disability benefit, you will receive written notification of this denial (or partial denial) within 45 days after your claim is filed, unless specific circumstances require an extension. You will be notified if the Trustees require an extension to review your claim within the original 45-day period. This extension will not last more than 75 days after your disability claim was filed, unless the Trustees notify you of an additional 30-day extension. Under no circumstance will additional time extend beyond 105 days after your disability claim was originally filed.

If you wish to appeal this decision, you should request a hearing before the Trustees concerning your denied or partially denied claim. You or a person appointed by you must submit the request for a hearing within 180 days after you have received written notice that your disability claim has been denied. Your

request for a hearing must be submitted in writing to the Administrative Office. Within 30 days of receiving your request for a hearing, the Trustees will notify you of the date, time and location of the hearing.

If you wish, you or a person appointed by you may examine pertinent documents relating to the denial prior to the hearing. You, or a person appointed by you, may also write to the Trustees requesting a description of the information used by the Trustees to deny your claim.

The hearing will be conducted by the Trustees or by a committee appointed by the Trustees, composed of an equal number of employer and union trustees. You, or a person appointed by you, will have a right to attend the hearing to present your position and supporting evidence, either orally or in writing. After the hearing, the Trustees (or subcommittee of Trustees) will issue a decision regarding your disability claim. The decision will be in writing and will include the specific reasons for the decision and references to any Plan provisions on which the decision is based. You will receive this notification to reaffirm, modify, or set aside your denied claim within 45 days after your appeal is filed, unless specific circumstances require an extension. Under no circumstances will this additional time extend beyond 90 days after your appeal was originally filed.

The Trustees have final authority to interpret the Plan and to decide disability benefit claims.

Future of the Plan (Page 43 of your summary plan description)

The section of the summary plan description describing the insurance protection provided by the Pension Benefit Guaranty Corporation (PBGC), a federal agency, has been updated to reflect new model language. The following paragraphs replace the information found beginning on page 43 of your current summary plan description:

The Plan is intended to be permanent. However, the Trustees reserve the right to change, modify, amend, or terminate the Plan at any time. The Board of Trustees is authorized to amend the Plan in certain respects; for instance, changes may be required to comply with federal law. However, the Plan cannot be changed or amended in a way that would reduce the benefits you have earned under the Plan before the change or amendment. Any amendment that materially changes the costs under the Plan must be approved by the Board of Trustees and signed by two authorized officers. Continuation of the Plan is subject to the terms of the collective bargaining agreement.

Your pension benefits under this multiemployer plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's years of service multiplied by (1) 100% of the first \$5 of the monthly benefit accrual rate and (2) 75% of the next \$15. The PBGC's maximum guarantee limit is \$16.25 per month times a participant's years of service. For example, the maximum annual guarantee for a retiree with 30 years of service would be \$5,850.

The PBGC guarantee generally covers:

- Normal and early retirement benefits.
- Disability benefits if you become disabled before the Plan becomes insolvent.
- Certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law.
- Benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the earlier of (1) the date the Plan terminates, or (2) the date the Plan becomes insolvent.
- Benefits that are not vested because you have not worked long enough.
- Benefits for which you have not met all of the requirements at the time the Plan becomes insolvent.
- Nonpension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, ask the Plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street NW, Suite 930, Washington, DC 20005-4026 or call 202-326-4000 (not a toll-free number). If you are hearing impaired, you may call 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC pension insurance program is available through the PBGC web site (<http://www.pbgc.gov/>).

Your Rights Under ERISA (Page 50 of your summary plan description)

The section of the summary plan description describing your rights under the Employee Retirement Income Security Act of 1974 (ERISA), as amended, has been updated to reflect new model language. The following paragraphs replace the information found beginning on page 50 of your current summary plan description:

As a participant in the Alaska Electrical Pension Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Plan participants will be entitled to:

Receive Information About Your Plan and Benefits

- You may examine, without charge, at the Plan administrator's office and at other specified locations, such as work sites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, if any, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You may obtain, upon written request to the Plan administrator, copies of documents governing operation of the Plan, including insurance contracts and collective bargaining agreements, if any, copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan administrator may make a reasonable charge for the copies.
- You may receive a summary of the Plan's financial report. The Plan administrator is required by law to furnish each participant with a copy of this summary annual report.
- You may obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 58) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get the right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide this statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties on the people who operate the Plan. The people responsible for exercising discretion in the administration or operation of the Plan are called fiduciaries. These individuals or entities have an obligation to administer the Plan prudently and to act in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person may fire you or otherwise discriminate against you in any way to prevent you from receiving benefits or exercising your rights under ERISA.

Enforce Your Rights

If you believe your ERISA rights have been violated, you may file suit for:

- Improper denial of benefits – If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules. If your claim is denied, you will receive a written explanation of the reasons for the denial. After you exhaust the Plan's claim appeal procedure, you may file suit in state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

- Failure to provide materials – If you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.
- Misuse of Plan funds – If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court.

The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the Plan, contact the Plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publication hotline of the Employee Benefits Security Administration at 1-800-998-7542.

/s/
Chairman

/s/
Secretary/Treasurer