

Notice of Critical Status for the San Diego Electrical Pension Plan

This is to inform you that on December 28, 2015, the Plan Actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the Plan is in neither Critical nor Endangered Status for the Plan Year, but projected to be in Critical Status within the succeeding five Plan Years for the Plan Year beginning October 1, 2015. On January 14, 2016, the Board of Trustees elected that the Plan be in Critical Status for the Plan Year beginning October 1, 2015. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in Critical Status because it has funding or liquidity problems, or both.

Rehabilitation Plan

Federal law requires pension plans in Critical Status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. As part of this mailing package you have been notified that the Plan reduced or eliminated adjustable benefits. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 1, 2016. In an effort to improve the Plan's funding situation, the trustees adopted the Rehabilitation Plan described in this package on January 14, 2016. The terms of the Rehabilitation Plan will continue as long as required to improve the Plan's funding situation.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial Critical Year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the

Plan is in Critical Status. The surcharge is eliminated once the Rehabilitation Plan is adopted by the bargaining parties. The bargaining parties have previously adopted the Rehabilitation Plan, so the surcharge is eliminated.

Where to Get More Information

For more information about this notice, you may contact the Trust Office (x-310).