nationalgrid

Marcy L. Reed
President Massachusetts and
EVP Policy & Social Impact

July 11, 2018

Dear Representative:

I'm writing to update you on the status of our negotiations with United Steelworkers Locals 12003 and 12012-04.

National Grid is committed to maintaining a long-term, competitive compensation and benefits package that reflects the needs and demands of operating in a 21st century environment. Ultimately, it is our customers who pay the cost of our employees' wages and benefits, and we must be mindful of the direct impact that employee compensation has on the rates charged to our customers.

We're proud of what we've offered these locals, who represent 1,250 of our gas employees.

To that end, we wanted to provide you some details and context surrounding our 5-year contract offer:

- 13.75% wage increase, which, after the compounding effect, will raise an employee's wages by 14.53% over the contract's term
- Roughly a 10% pension increase by 2021 for existing employees
- A defined contribution 401(k) program for new hires only, funded by company contributions of 3 percent to 9 percent of an employee's eligible earnings (including overtime pay), as well as a company matching contribution on an employee's contributions.
- Job security – employees with 5 years of service are job protected and can't be laid off for lack of work
- Improvements on shift differential, off-hour coverage, meal and clothing allowances
- No proposals that would increase utilization of outside contractors
- Three health insurance options:
    - PPO plan with low annual deductibles ($250/single, $500/family) and coinsurance of only 5 percent, and monthly premiums that would continue to be 80 percent company-paid
    - Consumer Directed Health Plan (CDHP) with higher deductibles but lower premiums
    - Another option with no deductibles or coinsurance, but higher monthly premiums

In the last five years in Massachusetts, 10 unions, representing roughly 2,100 of our gas and electric employees, agreed to healthcare plans and new hire retirement plans comparable to what we have offered the USW locals.

In total, 16 unions, representing 84 percent of our U.S. union population (8,400 employees), have agreed to comparable healthcare plans and new hire retirement plans.

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Unfortunately, these two USW unions rejected our final offer on June 25, and we made the difficult decision to implement our work continuation plan. In the last round of bargaining with these two locals in 2016, the company agreed to extend the existing contracts for months in an earnest effort to reach five-year contracts. Ultimately, the company in large part withdrew its health insurance proposals and completely dropped its new-hire pension proposal in 2016 to secure two-year contracts and avoid a work stoppage.

In the current round of bargaining, the unions did not change their position from 2016 regarding retirement plans for new hires. Nevertheless, the unions proposed to extend the current two-year contract indefinitely while bargaining continued. With no progress being made on this issue and due to the need to come to a resolution, the company did not feel it would be productive to continue to extend the contracts indefinitely. While these employees are not providing service to our customers, we are not providing them compensation and company-paid benefits. They may, however, continue on the company's health insurance at their own expense.

Since June 25, we have communicated to the unions and a federal mediator that we have been available to meet with the unions seven days a week. To date, through the federal mediator, we have been provided two dates, including our next session, which is scheduled for July 17th. We remain committed to reaching a fair agreement as soon as possible so these employees may return to work.

In advance of next week's negotiation session, I thought it was important to provide you with this update and make you aware of these important points. I welcome the opportunity to answer any questions you may have.

Sincerely,

Marcy L Reed

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