

National Grid (LON: NG | NYSE: NGG)

National Grid

National Grid plc is an electricity and gas utility company headquartered in the United Kingdom. Its operations are located in the United Kingdom and North-eastern United States. Its primary listing is on the London Stock Exchange and it is cross-listed on the NY Stock Exchange. It is a constituent of the FTSE 100 Index.

What is the issue?

National Grid locked out over 1,200 United Steelworkers (USW) workers in Massachusetts, USA on June 25, 2018 after their contracts expired and an agreement on issues such as pensions, healthcare and contracted work was not reached. The company is using outside contractors who have been tasked, along with managers, with responsibilities that are not part of their ordinary duties, raising significant **safety issues**. Issues include:

- [Federal Pipeline Safety Regulation violations](#): The Massachusetts Department of Public Utilities (DPU) concluded that supervisors and replacement workers may have violated federal pipeline safety regulation 29 times and noted that further investigations into other incidents may be required.
- [Safety record of a contractor hired to provide replacement workers](#): Feeney Brothers, which is routinely contracted by National Grid, was working on the Columbia Gas system in the Boston area when multiple gas explosions sparked over 60 fires, killing one person.

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- [Service interruptions](#): Over two dozen cities and towns have put moratorium resolutions in place for non-emergency gas work during the lockout period due to safety concerns. On October 8, a gas pressurization incident in National Grid's system led the DPU to impose a [moratorium](#) on non-emergency and non-compliance gas work state-wide and the [Governor has stated](#) that this will continue until the lockout ends.

The Attorney General has [requested](#) that the DPU open a public investigation into National Grid's plan for (1) ensuring safety compliance during the lockout and (2) the public costs or savings related to the delivery of services or reduction of services during the lockout period.

Why does this matter to investors?

Extensive media coverage (see below) of the safety risks posed by the lockout present operational and legal risks for National Grid. The company's stock has fallen by almost 12% since July 2018.

What can trustees do?

Trustees whose pension funds are invested in National Grid are kindly requested to send a letter to the company **outlining concerns about the company's reputation and community safety**. See USW [shareholder letter here](#).

Media

- **The Boston Globe**: [National Grid defends use of replacement workers during lock out](#)
- **The Boston Herald**: [State agency slams National Grid over safety, compliance](#)
- **MassLive**: [National Grid ordered to stop all work, except in emergencies, after gas incident in Woburn](#)