



Memorandum from the Office of the Inspector General

September 28, 2016

Kevin R. Shore, CUF 1A-CCT

**FINAL REPORT – EVALUATION 2016-15420 – ORGANIZATIONAL EFFECTIVENESS
FOLLOW-UP – CUMBERLAND FOSSIL PLANT**

The Office of the Inspector General (OIG) previously conducted an evaluation of Cumberland Fossil Plant¹ (CUF) to identify operational and cultural strengths and areas for improvement that could impact CUF's organizational effectiveness. Our final report identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. We subsequently received CUF's management decision on December 23, 2015. The objective of this follow-up evaluation was to assess management's actions in response to areas for improvement and recommendations included in our initial organizational effectiveness evaluation.

In summary, we determined the actions taken or planned by CUF appear to address the areas for improvement identified during our initial organizational effectiveness evaluation. In addition, employees and management reported seeing positive changes at CUF.

BACKGROUND

CUF is a two-unit fossil facility located in Cumberland City, Tennessee. Both units at CUF are identical, each rated at 1,300 megawatts, making it the Tennessee Valley Authority's (TVA) largest steam plant. During our previous organizational effectiveness evaluation of CUF, we identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. Specifically, we recommended the Plant Manager, CUF:

1. Leverage the existing trust and credibility he has with CUF employees and take actions to address and resolve the lingering issues that are capable of resolution at the CUF level.
2. Continue to utilize existing methods for obtaining employee feedback and develop an ongoing effective resolution process with employee and management involvement that includes (a) methods to resolve issues, (b) transparency in tracking and reporting on feedback and resolutions, and (c) transparency to employees of rationales for selecting a particular solution.

¹ Evaluation 2015-15296, Cumberland Fossil Plant Organizational Effectiveness, November 4, 2015.

In response to Recommendation 2(b) in our draft report, TVA management stated:

TVA employees already have a wide variety of formal and transparent methods for resolving issues . . . so our emphasis will be on improving the informal methods of communication by establishing and reinforcing communication channels through organization-wide scheduled meetings.

Therefore, we did not assess any actions associated with this particular recommendation.

On December 23, 2015, CUF provided its management decision, which stated (in summary) that:

- An Employee Engagement Team, made up of trades and labor employees and leadership, had been created to foster open dialogue and understand drivers for perceived conflicts between management and employees so that clear actions could be put in place to close these gaps.
- The Health and Safety (H&S) Committee was being utilized to demonstrate CUF's commitment to safety.
- Weekly crew meetings were being conducted to increase face time and communications between management and employees.
- Installation of monitors in each crew breakroom was being considered to increase communications.

Since our initial evaluation, CUF has had several management changes. During April/May 2016, the previous CUF Plant Manager was temporarily assigned to the position of General Manager, Western Regional Coal, and the former CUF Maintenance Manager² began temporarily filling the position of CUF Plant Manager. There have been additional changes in CUF management, primarily within the Maintenance and Operations departments. In addition, in June 2016, TVA announced that a Voluntary Reduction in Force in Power Operations would be taking place in October 2016.

This report covers our evaluation of CUF's actions taken to address areas for improvement from our initial organizational effectiveness evaluation. Please see the Observations section on the following page for a detailed discussion of the areas for improvement previously identified and management's actions.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to assess management's actions in response to areas for improvement and recommendations included in our initial organizational effectiveness evaluation. To achieve our objective, we:

- Reviewed Evaluation 2015-15296 to determine the issues previously identified.
- Obtained and reviewed CUF's management decision to identify planned actions.

² At the time we performed our initial evaluation, this individual was the CUF Operations Manager.

- Conducted 55 interviews and one focus group to obtain perspectives on CUF's completed and planned actions. These individuals included CUF's Acting Plant Manager, 12 other management/supervisory-level employees, and other employees, some of which were members of the H&S Committee and Employee Engagement Teams.³ We nonstatistically selected individuals to obtain adequate coverage within these groups.

This evaluation was performed in accordance with the Council of the Inspectors General for Integrity and Efficiency's Quality Standards for Inspection and Evaluation.

OBSERVATIONS

We noted that all of management's planned actions have taken place or are in the process of taking place. In general, employees and management reported seeing positive changes at CUF. These changes included better communication between management and employees, an improved safety culture with management exhibiting good safety behaviors, and a general acknowledgement by employees of management's efforts to improve relationships between management and employees. However, as previously discussed, there have been several recent management changes and staffing uncertainties that could impact trust in the future if not handled properly by management.

CUF, as demonstrated through its planned actions, continues its efforts to make positive changes that could increase employees' trust in management. We noted that some of management's planned actions could address more than one finding. However, for purposes of Figure 1 on the following page, we linked our findings to management's planned actions that, in our opinion, primarily addressed that finding. See Figure 1 on the following page for our observations regarding management's actions.

³ As of June 23, 2016, CUF had 318 employees.

FIGURE 1: MANAGEMENT’S ACTIONS AND OUR OBSERVATIONS

Opportunities for Improvement	Management’s Actions	OIG’s Observations
<p>Employees expressed frustrations related to a number of management decisions and actions.</p>	<p>Management stated an Employee Engagement Team had been created to foster open dialogue and understand drivers for perceived conflicts between management and employees so clear actions could be put in place to close these gaps.</p> <p>Management also stated weekly crew meetings were being conducted through May 2016 to increase face time and communications between management and employees.</p> <p>Management stated installation of monitors in each crew breakroom was being considered to increase communications.</p>	<p>Employee Engagement Teams are created on an ad hoc basis to address specific issues. CUF management’s intent was to comprise teams made up of individuals who possessed the knowledge and experience of the issue being addressed and the ability to influence their peers.</p> <p>The majority of employees⁴ believed either that the Employee Engagement Teams were effective in the resolution of issues or were unsure about their effectiveness on the resolution of issues. Those who were uncertain about its effectiveness stated they were either unaware of existence of the teams or did not know about the issues that were being addressed through these teams.</p> <p>The majority of employees we interviewed stated the weekly crew meetings have had a positive impact on employees, which included improvements in communications.⁵</p> <p>According to management and employees, some monitors (electronic flat panel screens) had been installed and were operational, while other monitors had been installed but were not yet operational. We observed one of the operational monitors and noted the information being displayed included plant and fossil fleet related information.</p> <p>Most individuals we interviewed stated the monitors were helpful or would be helpful (once operational) to increase communications.</p>

⁴ For purposes of Figure 1, “employees” includes supervisory-level employees and all other employees falling under that level.

⁵ These meetings were suspended temporarily until plant management received information about staffing reductions from TVA Corporate.

Opportunities for Improvement	Management's Actions	OIG's Observations
<p>Employees believed some management actions around safety were not consistent with the message that safety was important.⁶</p> <p>Craft personnel stated employees did not always report safety incidents for various reasons, which included not wanting to be responsible for loss of bonuses and not wanting to be blamed or disciplined for getting injured.</p>	<p>Management stated CUF's H&S Committee was being utilized to demonstrate CUF's commitment to safety.</p>	<p>Most employees we interviewed stated the H&S Committee had a positive impact on the resolution of safety issues. In addition, most employees expressed their beliefs that the safety culture had improved in the last 6 months, and safety at CUF is given the appropriate level of priority. Some employees also mentioned work is being performed to address ductwork issues. Finally, we noted the majority of employees we interviewed believed management exhibited good safety behaviors.</p> <p>Most employees we interviewed continued to express their belief that employees did not always report safety incidents because they did not want to be blamed or disciplined for getting injured. However, the aforementioned improvements in the safety culture and the continuation of the Employee Engagement Team and weekly crew meeting forums could, over time, help to increase trust with management and result in an increased willingness to report safety injuries.</p>
<p>Employees expressed distrust of some midlevel management.</p>	<p>Management stated recent changes in leadership are improving employee trust and communication.</p> <p>Management also stated weekly crew meetings were being conducted to increase face time and communications between management and employees.</p>	<p>Interviews with employees did not indicate a major change in trust. However, as previously discussed, there have been several recent management changes and staffing uncertainties that could impact trust in the future if not handled well by management. In our opinion, the resumption of the weekly crew meetings (in conjunction with other actions described in this report) could help build trust with management.</p> <p>As previously mentioned, the majority of employees we interviewed stated the weekly crew meetings have had a positive impact on employees. In addition, some employees stated the meetings helped to improve communications.</p>

⁶ During our initial evaluation, craft employees informed OIG personnel of their belief that some managers do not really want safety issues reported or are not interested in safety issues unless they affect megawatts. Specifically, personnel mentioned CUF ductwork issues had not been addressed, and some plant management did not always lead by example.

We determined the actions provided by CUF management in their response to our initial evaluation appear to address the areas for improvement identified during our initial organizational effectiveness evaluation. There have been several recent management changes and staffing uncertainties that could lengthen the time needed to rebuild trust. In our opinion, CUF's management is continuing to address employee concerns as they arise. During our focus group, some employees stated they are not included in Employee Engagement Team and H&S Committee discussions. We discussed this with CUF's Acting Plant Manager, who stated CUF management has been implementing several actions to address their concerns. Specifically, a Lead Shift Operations Supervisor has been meeting with these employees to discuss safety information, plant status, and equipment issues and has also been involved in the employees' shift briefings and assisting with the overall turnover information from one shift to the next. In addition, there are plans for the Safety Consultant at CUF, who serves as an advisory member on CUF's H&S Committee, to meet with this group of employees to discuss safety concerns.

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This report is for your review and information. No response to this report is necessary. Information contained in this report may be subject to public disclosure. Please advise us of any sensitive information that you recommend be withheld.

If you have any questions or need additional information, please contact Noel K. Kawado, Senior Auditor, at (865) 633-7348 or Lisa H. Hammer, Director, Evaluations – Organizational Effectiveness, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during the evaluation.



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