



Memorandum from the Office of the Inspector General

May 12, 2017

Brian D. Keeling, OSA 1D-M

**FINAL REPORT – EVALUATION 2017-15482 – ORGANIZATIONAL EFFECTIVENESS
FOLLOW-UP – KINGSTON FOSSIL PLANT**

The Office of the Inspector General previously conducted an evaluation of Kingston Fossil Plant¹ (KIF) to identify operational and cultural strengths and areas for improvement that could impact KIF's organizational effectiveness. Our final report identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. We subsequently received KIF's management decision on June 20, 2016. The objective of this follow-up evaluation was to assess management's actions to address areas for improvement from our initial organizational effectiveness evaluation.

In summary, we determined the actions taken by KIF appear to address most areas for improvement identified during our initial organizational effectiveness evaluation. Some concerns remain related to the administration of discipline and unresolved conflict in one group. However, in general, individuals reported seeing positive changes at KIF.

BACKGROUND

KIF's mission, in support of the Tennessee Valley Authority's (TVA) overarching mission, is "to provide low cost, reliable generation and ancillary services while keeping our people safe and ensuring compliance with environmental regulations." In our previous organizational effectiveness evaluation of KIF, we identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. Specifically, we recommended the Vice President, East Region Coal and Gas:

1. Evaluate and make necessary improvements to (a) work management processes, (b) ammonia operations staffing, (c) training, (d) inventory, (e) administration of discipline, and (f) resolve existing conflicts.
2. Identify ways to effectively communicate information to employees including rationale for decisions made regarding staffing and vacant positions and Unit Operator upgrade training plans. Seek opportunities to solicit feedback and ideas from employees and collaborate, where possible, on solutions to issues.
3. Continue with plans for improving trust between plant management and employees. Modify these plans as necessary to include (a) ongoing methods for obtaining feedback, (b) an ongoing effective resolution process, and (c) key indicators to gauge the effectiveness of the actions.

¹ Evaluation Report 2015-15329, Kingston Fossil Plant Organizational Effectiveness, March 10, 2016.

In response, KIF provided its management decision and action plan on June 20, 2016. This report covers our review of KIF's actions taken to address areas for improvement from our initial organizational effectiveness evaluation. Please see the Observations section below 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 2015-15329 to determine the issues previously identified.
- Reviewed KIF's management decision dated June 20, 2016, to identify planned and completed actions.
- Developed questions for management and employees designed to obtain information and perspectives on KIF's completed actions.
- Conducted 65 interviews to obtain perspectives on KIF's actions. These individuals included plant management (KIF's Plant Manager and his direct reports), supervisory-level KIF employees,² other KIF employees,³ and 5 individuals⁴ from the Chief Human Resources Office.
- Reviewed data and documentation associated with KIF's actions.

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

OBSERVATIONS

In general, individuals reported seeing positive changes at KIF. These changes included effective communication, higher employee engagement, improved trust between plant management and employees, enhanced focus on the work management process, and more employee recognition. See Figure 1 on the following page for our observations regarding management's actions.

² We judgmentally selected 7 supervisors to interview based on observations, previous interview responses, and/or their departments. KIF's Plant Manager added 2 supervisors.

³ We judgmentally selected 13 employees to interview based on observations, previous interview responses, and/or their departments. During our visit to KIF, additional employees requested interviews, including: (1) 17 from departments that were part of our selection and (2) 12 from departments that were not part of our selection. In addition, KIF's Plant Manager added 3 employees. As of March 20, 2017, KIF had 235 employees.

⁴ These individuals were selected based on their association with KIF's completed and planned actions.

FIGURE 1: MANAGEMENT’S ACTIONS AND OUR OBSERVATIONS

Opportunities for Improvement ⁵	Management’s Actions	Office of the Inspector General’s Observations
Work Management Processes	Management said they implemented a program with Reliability Management Group and Power Operations’ Programs and Performance group to address work management process challenges. Management said they would continue to train and educate employees on the process.	Although some individuals said the program with Reliability Management Group was a waste of TVA funds, the majority stated they saw work management process improvements. Work management focus areas included schedule compliance, sponsored/emergent break in work, and cleaning/scrubbing the backlog. In addition, several individuals said they received associated training; however, a few commented it was minimal. Training related to closing work orders is planned to be added to the Work Week Annual Refresher Training in 2018.
Ammonia Operations Staffing	Management said training and operational staffing for ammonia operations was completed for all current Assistant Unit Operators (AUO) assigned to that area. In addition, management said there is a programmatic training plan in place to address any new individuals assigned to the responsible work area.	According to TVA, all required training for ammonia operations was completed by those assigned to the work area. Some individuals still had concerns about safety or split responsibilities, but management has taken steps to ensure KIF is in compliance with the training requirements.
Inventory	According to management, Sarbanes-Oxley compliance is required for on-site inventory; therefore, the TVA Accounting and Supply Chain procedures and guidelines are followed. Management said they have moved material to the storeroom inventory to efficiently address gaps. In addition, management said they would continue to meet monthly to review inventory levels in order to maximize material efficiency.	Several individuals stated unused materials around the plant have been put back into inventory. Management stated they continue to meet monthly to discuss inventory levels via Site Inventory Review Committee meetings.
Administration of Discipline	Management said administration of discipline would continue to comply with the guidelines and processes outlined in the TVA procedures. In addition, management said they would continue to follow the Power Operations Consensus Review protocol to ensure consistency.	A few individuals said they saw improvements with the disciplinary process. In addition, several individuals noted there were fewer disciplinary actions. However, some concerns remained related to discipline, specifically in how it is applied and if it is administered equally to all levels.
Resolve Existing Conflicts	Management said efforts would be made to resolve existing conflicts identified through scheduled team-building sessions, Complements and Concerns (2 C’s) meetings, all employee-wide meetings, and key leadership meetings with the supervisors.	The majority of individuals participated in team building sessions and/or leadership meetings which many felt were beneficial in resolving conflicts.

⁵ One opportunity for improvement identified in our previous evaluation was training, which TVA management addressed throughout other areas, including work management processes, ammonia operations staffing, and effective communication.

Opportunities for Improvement ⁵	Management's Actions	Office of the Inspector General's Observations
Effective Communication	<p>Management said AUO to Unit Operator (UO) upgrade training plans would continue as planned and implemented since the beginning of 2015.</p> <p>Management said a plant-wide feedback and idea generation session (Plant Manager for the Day) was held to identify solutions to issues. Over 40 initiatives were identified that would be tracked and communicated back to employees for increased engagement. In addition, management said they held 2 C's, Job Stewards meetings, Lunch and Learns with leadership, and all-hands meetings.</p>	<p>AUO to UO upgrade training was conducted. A class was underway at the time of our visit with plans for another class to follow.</p> <p>Individuals who attended the Plant Manager for the Day session stated it was a good outlet to express concerns and offer solutions. Furthermore, several individuals informed us the initiatives that stemmed from the session were communicated and followed up on. In addition, many individuals felt employee engagement had improved and communication was effective.</p>
Trust Between Plant Management and Employees	<p>Management said they went through extensive evaluations, training, and development to strengthen trust, feedback, and effective resolution. Management completed assessments with the support of Leadership and Organizational Development.⁶ The management team read "Leading with Authenticity in Times of Transition" and developed actions to facilitate better trust and communication through changing business challenges.</p> <p>Management said they would implement a strategy to develop teamwork, trust, and communication in one specific group.</p> <p>Management said they sat down with the International Brotherhood of Electrical Workers to discuss all open grievances. From that meeting, several were agreed to move to mediation discussions, others to close officially in the system, and a few to consider holding or moving to arbitration.</p> <p>Management said they would continue to recognize and reward employees for outstanding work and behaviors. Appreciation rewards would continue to be documented and tracked.</p>	<p>Several individuals felt trust with plant management had improved. Management said the assessments they completed helped improve the leadership team cohesion.</p> <p>Although sessions in the specific group were conducted and a few individuals said communication improved, it appears there is still some unresolved conflict. According to plant management, it is a work in progress.</p> <p>Several individuals noted fewer grievances, and some stated those filed were mostly related to overtime.</p> <p>The majority of individuals stated employee recognition had improved.</p>

⁶ Leadership and Organizational Development is a department in the Learning, Growth, and Management organization which is part of the Chief Human Resources Office.

The actions taken by KIF management appear to address most areas for improvement identified during our initial organizational effectiveness evaluation. Some concerns remain related to the administration of discipline and unresolved conflict in one group. Continued management focus on existing and new employee concerns as they arise may help maximize the organizational effectiveness of KIF.

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This report is for your review and information. No response to this report is necessary. Information contained in this report will 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 J. Lauren Pionke, Senior Auditor, at (856) 633-7381 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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