



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

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Mr. Ellis W. Merschoff
Regional Administrator, Region IV
U. S. Nuclear Regulatory Commission
611 Ryan Plaza Drive, Suite 400
Arlington, Texas 76011-8064

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, 50-499
South Texas Project Comprehensive Cultural Assessment

Dear Mr. Merschoff:

On October 11, 2000, we received the final report from SYNERGY Consulting Services for the Comprehensive Cultural Assessment for the South Texas Project (STP) June 2000 assessment. As required by the confirmatory order dated June 9, 1998, the executive summary of the report is attached. The appendices to the report are considered proprietary to SYNERGY and are available at the station for your review.

Eighty-nine percent of the STP workforce responded to the assessment survey. Items considered notable with respect to the report include:

1. The organizational culture at STP was found to be healthy and improving,
2. Scores with respect to Nuclear Safety Culture, Safety Conscious Work Environment, General Culture and Work Environment, and Leadership/Management/Supervisory Skills all rank at the top of nuclear facilities surveyed by SYNERGY, and
3. Ninety-nine percent of the respondents indicated that if they had a Nuclear Safety concern, they would inform their supervisor or initiate a Condition Report.

Nevertheless, the survey did identify areas where additional improvement is needed or desirable. Also, two organizations are identified as Priority 1 organizations and as such, will have formal plans of action prepared to address the survey results.

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We are in the process of sharing and disseminating the results of the survey with our site organizations.

If you have any questions on the attached summary, please contact me at 361-972-8434 or Mark McBurnett at 361-972-7206.

A handwritten signature in cursive script, appearing to read "W. T. Cottle".

W. T. Cottle
President and
Chief Executive Officer

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Attachment: South Texas Project Comprehensive Cultural Assessment Executive Summary (without appendices)

cc:

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U. S. Nuclear Regulatory Commission
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Attachment
South Texas Project Comprehensive Cultural Assessment Executive
Summary
(Without appendices)



I. EXECUTIVE SUMMARY

Background

In June 2000, SYNERGY was commissioned by the South Texas Project Nuclear Operating Company (STPNOC) to independently characterize the organizational culture at the South Texas Project (STP) nuclear generating station. This report documents the methodology, results, recommendations and conclusions applicable to the 2000 Comprehensive Cultural Assessment (CCA). The 2000 CCA is part of an ongoing series of assessments designed to monitor the culture and to provide inputs that are beneficial for continuous improvement.

The initial CCA was conducted in 1998¹. SYNERGY concluded that the Nuclear Safety Culture (NSC) at STP was 'very good' and that STP ranked at the top of the nuclear facilities surveyed by SYNERGY². SYNERGY found that STPNOC had entered a challenging period of transition that included an increased focus on cost control and competitive business performance, while sustaining strong nuclear safety performance. This transition was creating varying degrees of stress within the workforce, a phenomenon that is typical of that being experienced throughout the electric power industry at this time. Key leadership and management challenges included opportunities for addressing slightly declining job satisfaction and morale through increased attention to communications, workload-resource management, quality of supervision, recognition/reward practices and more visible management involvement in the workplace.

Notwithstanding the generally strong overall culture at STP, SYNERGY identified priorities for additional management attention to promote continuous improvement within eight specific organizations classified by SYNERGY as "Priority 1" and "Priority 2." These 'targeted' organizations undertook internal improvement initiatives as a result of the 1998 CCA suggestions for improvement and other inputs. In December 1999, SYNERGY conducted an Interim Cultural Survey (ICS) to determine the extent of progress / effectiveness of these eight organization's initiatives in enhancing their cultures. With the exception of one organization (Nuclear Plant Protection), all 'targeted' organizations showed improvement over the 1998 CCA results. These results were judged to be particularly notable given the challenges STP faced in 1999⁴.

¹ SYNERGY had previously conducted more limited scope NSC and Employee Concerns Program (ECP) assessments in 1993, 1994 and 1995.

² SYNERGY's experience includes having performed over seventy similar assessments covering a significant segment of the commercial nuclear power plants in the United States (41 units, 27 sites, 6 corporate locations).

³ For the 1998 CCA, Priority Levels for targeted organizations were assigned based upon consideration of "relative results" (i.e., as compared to STPNOC's high standards of performance).

⁴ Two major planned plant outages, preparation for a steam generator replacement outage, changes in senior management assignments, organizational structure changes, and workforce downsizing.



Purpose & Approach

The 2000 CCA has been designed to characterize the current organizational culture with emphasis on areas of relative weakness and organizations that depart from the STP norms. In particular, the 2000 CCA measures trends associated with the culture, the work environment and critical business processes that are or could be important to performance. The CCA included coverage of:

- ♦ Cultural values, behaviors and practices that have shaped and reinforced the STP organization's capabilities, infrastructure and environment for both nuclear safety and general business performance,
- ♦ Areas of prior weakness identified through the 1998 CCA assessment,
- ♦ Organizations where there have been improvement initiatives - to measure the degree of progress and to determine if there is a need for adjustments in action plans, and
- ♦ Other "special" topics identified during CCA background reviews.

In addition to internal status and trending, outputs are provided in formats useful for benchmarking with commercial nuclear power facilities.

SYNERGY's approach relies heavily upon obtaining employee input as a measure of the values, behaviors and practices that have shaped the culture and performance. A comprehensive questionnaire was used to confidentially survey the workforce's opinions and to solicit ideas for continuous improvement. All STP employees were afforded the opportunity to respond to the Survey. The Survey allowed representation of STP-wide norms and differentiation of employee demographics and organization / sub-organization trends. The Survey was followed with employee interviews to develop additional insights into cause-effect relationships beyond what were apparent through the Survey multiple-choice and write-in responses.

SYNERGY's CCA statistical methodology and cultural models provided the bases for an integrated evaluation of employee attitudes and perceptions. This framework allowed SYNERGY to assess progress, identify areas of strength and to develop suggestions for continuous improvement. The outputs are also designed to support future interactions between management and employees to jointly develop solutions for any identified needs.



2000 Comprehensive Cultural Assessment South Texas Project

Scope & Focus Areas

The primary focus areas for this assessment were:

- ♦ The Nuclear Safety Culture (NSC)
- ♦ The Safety Conscious Work Environment (SCWE)
- ♦ The General Culture and Work Environment (GCWE)
- ♦ Leadership, Management and Supervisory skills and practices (LMS)

The inquiries into the GCWE and LMS were designed to explore potential barriers to quality and productivity that may have an inter-relationship with the NSC or SCWE and STP's overall performance.

Two 'special' topics were also assessed to a more limited degree - Management Responsiveness to the 1998 CCA and Industrial Safety and Health.

Summary of Results and Conclusions

The organizational culture at the South Texas Project (STP) was found to be healthy and improving in several notable areas. In particular, the:

- ♦ Nuclear Safety Culture (NSC) was found to be 'Very Good,' with a 'steady' trend,
- ♦ Safety Conscious Work Environment (SCWE) was found to be 'Very Good to Excellent,' with a notable improving trend,
- ♦ General Culture & Work Environment (GCWE) was found to be 'Good,' with a 'steady' trend, and
- ♦ Leadership, Management and Supervisory (LMS) skills and practices were found to be 'Good,' with a notable improving trend.

In this regard, the NSC, SCWE, GCWE and LMS at STP all rank at the top of the nuclear facilities surveyed by SYNERGY.

In the 1998 Comprehensive Cultural Assessment (CCA), SYNERGY provided general suggestions for improvement and identified eight 'targeted' organizations having opportunities for cultural improvement. The 2000 CCA results indicate that STP has demonstrated its ability to successfully address the majority of these issues and organizational opportunities, and to continue to improve. In particular, STP:

- ♦ Accomplished notable improvements in the SCWE and the general work environment,
- ♦ Showed progress in the areas of senior management establishing a clear strategy for success, the 'quality' of management and supervision, placing importance on personnel safety, teamwork, employee involvement, trust & respect and performance appraisal,
- ♦ Successfully undertook initiatives that resulted in notable improvements by most of the 'targeted' organizations (with one exception, the Nuclear Plant Protection organization).



When taken in context, these strong results are particularly significant given the challenges that STP has faced over the last several years. STP has been preparing for success within a more competitive business environment while taking care of normal business. Notably, there have been several challenging refueling and major modification outages, reductions in force, leadership changes and organizational realignments.

It is important to note that the only significant decline to a specific question in the CCA survey had to do with supervisors and managers holding people accountable for performance and results. SYNERGY views this as partly a management issue and partly a positive indication that employees desire everyone to 'carry their own weight,' particularly in an environment where resources are being reduced and STP needs to work more efficiently to compete. This situation has the potential to threaten the teamwork that STP has worked so hard in creating.

Collectively, the critical portion of the employees' feedback suggests that, in order to assure continued success, it is desirable for STP to focus management attention on the following:

- ♦ **Nuclear Safety Culture:** Improving employee confidence in the Employee Concerns Program and continue to reinforce 'standards' related to nuclear safety performance expectations (e.g. how STP will continue to balance priorities and continue to improve in an environment of rapid change),
- ♦ **General Culture & Work Environment / Leadership, Management & Supervision:** Continuing to focus on effective communications, senior management visibility and involvement, employee recognition and individual accountability.
- ♦ **Organizational Initiatives:** Protection Technology, Inc. (a contractor to the Nuclear Plant Protection organization) and the I & C Maintenance organization have been 'targeted' by this CCA as in need of across-the-board improvement based upon having failed to meet acceptable industry norms as interpreted by SYNERGY. Actions for these two organizations should include near-term improvement initiatives. Six other organizations were identified as having opportunities for continued improvement in the areas of the GCWE and LMS. One of these six was targeted based upon having failed to meet acceptable industry norms; the remaining five were targeted based upon failing to meet STP's general performance norms. Actions for these six organizations should be considered as part of continuous improvement initiatives.

In summary, over the past few years the Nuclear Safety Culture at STP has maintained its strong standing at the top of the industry. This has been made possible through effective leadership and development of a supportive general culture and work environment. STP remains in a difficult period of transition of transforming itself into a more efficient enterprise, while at the same time, sustaining strong nuclear safety performance. While this transition is creating and will continue to create potential challenges to STP's ability to maintain or improve its Nuclear Safety Culture, STP has demonstrated its ability to effectively address these challenges.