



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

October 30, 2002
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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 Focused Cultural Assessment

References: 1. Letter, A. A. Thadani to W. T. Cottle, "Confirmatory Order Modifying License (Effective Immediately) and Exercise of Discretion," (EA 97-341), June 9, 1998

On September 16, 2002, we received the final report from Management Insight Technologies for the 2002 Focused Cultural Assessment for the South Texas Project (STP). As required by the confirmatory order dated June 9, 1998 (Reference 1), the executive summary of the report is attached. The complete report is considered proprietary and is available at the station for your review.

You previously granted our request to modify our methodology for this interim cultural assessment in order to get more immediate feedback and to have the ability to ask in-depth follow-up questions should the need for clarification or more information arise. The individuals who conducted these interviews have significant experience in these techniques and had specific instructions to ask follow-up questions on any interview answers that had any implication of affecting nuclear safety. As discussed in the attached executive summary, the investigators conducting the interviews found no indication of any compromise of nuclear safety occurring in the targeted organizations.

The results of this assessment, documented in the executive summary, indicate a high level of job satisfaction in the Maintenance (i.e., I&C Maintenance, Mechanical Maintenance, Electrical Maintenance and Support Services) and the Plant Protection (i.e., Wackenhut) organizations. There are, however, as indicated in the report, a number of issues that need to be addressed, especially

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concerning the relationship between workers and management. These issues are similar to those identified in other assessments, independent of this effort, and the recommendations from this assessment are enveloped by the ongoing improvement plans in these organizations.

STP plans to conduct its next full Comprehensive Cultural Assessment to survey the entire site organization in January 2003 and will apprise you of the results of that survey when they are received.

If you have any questions, please contact Robyn Piggott at 361-972-7438 or me at 361-972-8757.



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Vice President & Assistant to the
President & Chief Executive Officer

RDP

Attachment: South Texas Project Focused Cultural Assessment Executive
Summary

cc:

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SOUTH TEXAS PROJECT
FOCUSED CULTURE ASSESSMENT
EXECUTIVE SUMMARY

- prepared for -

South Texas Project Nuclear Operating Company

- by -

Management Insight Technologies

October 2002
Revision 0

Principal Investigators

Eric V. Fries
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STPNOC Proprietary Information

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INSIGHT 
TECHNOLOGIES

South Texas Project Nuclear Operating Company
FOCUSED CULTURE ASSESSMENT
EXECUTIVE SUMMARY

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South Texas Project Nuclear Operating Company
Focused Culture Assessment
Executive Summary

Background

In 1998, the US Nuclear Regulatory Commission (NRC) issued a confirmatory order that required, among other actions, that STP conduct a series of Comprehensive Cultural Assessments (CCAs) at the station. The purpose of the CCA is to measure the values, behaviors and practices that shaped the culture and performance at STP. These assessments work in concert with other activities undertaken by STP as a result of the confirmatory order to enhance the culture and safety conscious work environment at STP. These other activities focused on enhancing leadership skills and practices, and strengthening strategic focus and teamwork at all levels of the organization. Three full CCAs and one 'mini' CCA have been performed to date at STP. The last full CCA was conducted in December 2001.

The results of the December 2001 (12/01) CCA indicated satisfactory progress continues to be made at STP in achieving and sustaining the desired culture. However, variation exists among organizations. Specifically, based on the results of the 12/01 CCA, groups within the STP Maintenance organization (i.e., I&C Maintenance, Mechanical Maintenance, Electrical Maintenance and Support Services) and the Plant Protection organization (i.e., Wackenhut) were designated as Priority 1 targeted groups based on their CCA scores being lowest relative to the rest of the STP organization. Based on this designation, STP leadership sought to understand the basis for the lower CCA results in the Maintenance and Plant Protection organizations and to understand the actions that will have the greatest positive impact on the values, beliefs and behaviors in these two organizations.

To that end, STP chose to conduct a focused assessment of the culture of the Maintenance and Plant Protection organizations using structured interviews, in lieu of conducting a mid-term 'mini' paper survey, as had been done previously. Following NRC approval of this revised approach, STP contracted Management Insight Technologies of Framingham, MA to conduct the structured interviews.

Assessment Objective and Scope

The objective of the focused culture assessment for the Maintenance and Wackenhut organizations was to provide the information and insights needed by STP Leadership to:

- achieve a current picture of selected elements of the culture in the Maintenance and Wackenhut organizations
- understand the key factors driving the values, beliefs and behaviors in these organizations
- identify specific actions likely to positively influence these factors

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The assessment concentrated on three key areas related to living the STP Core Values (i.e., consistent translation into behaviors):

- maintaining an inclusive work environment where the opinions, ideas and views of knowledgeable team members are valued and/or sought out by management
- effectiveness of communications: including the effectiveness of vertical (e.g., within the chain of command from executives to individuals) communications and the receptivity of management to communication that occurs outside the chain of command
- management effectiveness in addressing performance problems of subordinates

Assessment Approach

To assure a comprehensive approach to the assessment, Management Insight designed a customized study to meet STP's specific information needs. This began with conducting 11 study design interviews with key STP leaders and stakeholders to focus study goals and content. The results of these interviews were combined design interviews with research from background documents to prepare the structured interviewing guide. The structured interviewing guide was reviewed and approved by STP. Individuals to be interviewed were selected by Management Insight from potential candidate lists prepared by STP. In addition, Management Insight added a small number of interviewees through a random/focused selection process.

The structured interviewing guide consisted of primarily open-ended questions, included a section where individuals were asked to rate 18 attributes (e.g., trust, management credibility, communications, worker involvement, vision of the future) on a one to seven scale, with one being the lowest and seven being the highest. Interviewers then focused on finding the basis for low rated attributes and then asked each individual to pick three of the attributes that should be improved the most and what changes they sought.

Management Insight personnel conducted 44 structured interviews during the course of the data collection phase of the assessment. Thirty-nine of the interviews were conducted face to face and five were conducted over the telephone. Average duration of each interview was about an hour, with a few lasting over two hours.

Overall, 29 individuals from Maintenance (19 individual contributors, 7 first line supervisors and 3 division managers) and 15 individuals from Wackenhut (7 security officers, 4 lieutenants and 4 shift force supervisors) were interviewed.

While sample size did not provide rigorous statistical validity, it was considered sufficient to accurately represent opinions in these two organizations.

Assessment Results - Maintenance

Summary of Assessment Insights and Recommendations (note: recommendations are shown in italics)

- Management Insight personnel perceived genuine concern and commitment to the success of STP on the part of the majority of Maintenance individuals interviewed
 - Perceptions of the overall STP work environment were strong with 60% of respondents saying it is Among the Best or the Best
 - Job Satisfaction ratings were very strong overall with 93% of respondents reporting Satisfied to Extremely Satisfied
- Striking differences exist between management and non-management perceptions of specific attributes of the STP work environment and improvement priorities:
 - Decreased trust was the common theme of most interviews
 - *Raise awareness among Maintenance management (managers and first line supervisors) that improving trust is the top improvement priority and is key to:*
 - *acceptance of change - including the raising of standards*
 - *meeting the challenges of deregulation*
 - *gaining support for organizational structure changes*
 - Leadership practices and style appear to be the basis for decreased trust, amplified by the uncertainty of the [then] unresolved contract and deregulation
 - *Incorporate and consistently practice the elements of leadership style that will likely contribute to increased trust and management credibility:*
 - *establish a credible presence in the field and genuine rapport with workers*
 - *demonstrate interest in employee input and take time to listen*
 - *follow through - explain the basis for decisions and changes in decisions*
 - *develop a no-nonsense style - be a problem solver*
 - *increase the use of '2C's'-type meetings*
 - *Provide a consistent means of coaching all levels of management to develop these attributes, as well as facilitative and situational leadership*
 - Resolving individual performance problems was viewed as ineffective
 - *Establish clear and consistent expectations - 'reset' the standards*
 - *Align the Maintenance management team on the issue of resolving individual performance problems and commit to solving performance issues*
 - *Align Maintenance management and Human Resources on the resolution of individual performance problems*

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- Allow use of 'Supervisor Files' to informally document worker performance
- Revisit facilitative and situational leadership - provide mentoring to assist management individuals
- Consider forming a cross-functional body to review proposed actions prior to implementation

- Employee recognition and valuing the individual are problematic
 - Establish an effective senior management presence in the field interfacing with workers, taking and giving feedback and appreciation
 - Evaluate existing incentive programs for improvement opportunities
 - Ensure consistency in applicability and implementation of employee recognition across the organizations
 - Supervisors need to give craft workers regular performance feedback by way of an Employee Contact Log

- Change management efforts vary in effectiveness and impact
 - Establish a means to actively involve employees in the planning and implementation processes
 - This is especially true for the currently on-going Maintenance Improvement Team
 - Carefully consider reasons for change - be sure you know what you're fixing
 - Assess readiness for change and the potential scope of the resistance
 - Communicate and dialog the basis for changes and the alternatives considered
 - The new STP vision again needs to be communicated and then dialoged at the local level with the goal to increase worker ownership and internalization

- Increasing first line supervisor (FLS) effectiveness was the top management improvement priority
 - From the interviews, top improvement actions are to increase their time in the field (e.g., give them the time to be facilitative leaders), increase their authority, increase consistency between FLS's, and enrich their leadership skills
 - Continue with efforts to align Maintenance management
 - Consider developing alternate means of assessing FLS
 - Be prepared to remediate or replace FLS's that demonstrate inadequate performance

- Challenges exist for current and future worker satisfaction and engagement
 - Leadership needs to consider means to add to career enrichment and diversity (e.g., place time limits on craft worker participation in the back-shift maintenance crew so more workers can rotate through)

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- *The detail provided in procedures needs to be carefully balanced against worker qualifications to avoid excessive detail that, in the context of mature, experienced workers, that may cause challenges to human performance*
- *Workers may be receptive to large scale Maintenance department reorganization if the goals are well explained, workers are actively involved in planning and implementation, and it provides new opportunities for development and career enrichment*
- The Work Management process has opportunities for improvement
 - *The existing multi-disciplined group designing changes to the work control process needs to consider inclusion of changes that address key issues raised by respondents:*
 - *reducing FLS admin burden and increasing FLS authority*
 - *enhanced coordination between groups*
 - *strengthen work order quality and schedule accuracy*
 - *invigorate craft worker responsibility and authority*
 - *focus on making work production and documentation easier*

Assessment Results - Wackenhut

Summary of Assessment Insights and Recommendations (note: recommendations are shown in italics)

- Respondents generally see positive changes in STP Security and Wackenhut
 - Overall perceptions of the work environment are strong with 60% of respondents saying it is Among the Best or the Best
 - Overall Job Satisfaction ratings are positive with 73% reporting Satisfied, Very Satisfied or Extremely Satisfied
 - *Stay the course with the actions taken over the past year and consider supplementing them with the following actions*
- Many officers were withholding judgment of Wackenhut until the union contract was resolved (a new three year contract was ratified September 4, 2002 and is retroactively effective from February 3, 2002)
 - *Expediently work to get past the organizational tension caused by the union contract issue*
 - *Address the amount of overtime worked by security officers, which will likely improve worker perceptions of Wackenhut and contribute to higher morale*
- Increased overtime is a significant driver of respondent perceptions
 - *Consider measures that can be taken to reduce the amount of overtime to minimize potentially negative individual and organizational effects*

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- *Consider reevaluating the officer patrol/firewatch approach; assess how these jobs can be accomplished in a less physically demanding manner*
- Leadership practices are seen as inconsistent and sometimes problematic
 - *Wackenhut leadership; with the support of STP Security management, needs to continue their actions to improve leadership skills of Shift Force Supervisors (SFS's) and lieutenants*
 - *Individual needs assessments could be conducted for each SFS and Lt, and a specific program developed for each - assessments must minimize the possibility of opinions and 'popularity' influencing results*
 - *Consistency in leadership style and practice needs to be increased between and within shifts*
 - *Wackenhut and STP Security management presence in the field needs to include specific observation of conformance to management standards of behavior*
- Wackenhut respondents want to be an integral part of STP's future
 - *Wackenhut and STP Security management need to continue efforts to make Wackenhut personnel feel an integral part of the station*
 - *STP senior leadership needs to increase interface with Wackenhut staff*
 - *STP management needs to ensure deficiencies with plant equipment that impact security personnel are prioritized properly and resolved in a timely manner*
 - *Include images of Wackenhut personnel in future vision pictures, posters and photo montages*

Concluding Remarks

- STP leadership has a solid base upon which to build a future in a deregulated environment
 - no indication workers felt that nuclear safety was being compromised or that 'corners' were being cut
- STP has set a high standard for itself through the STP Core Values, the We Team, and the concept of facilitative leadership
- The culture appears strong - comments made during the interviews reflect apparent gaps of varying degree between these standards and actual practice
- The top improvement actions revolve around consistent demonstration of behaviors that close these perceived gaps
- Workers seek an adult-adult relationship with their leaders, but feel they are sometimes limited to an parent-child relationship by the actions of leadership

About Management Insight Technologies

Management Insight Technologies is a research firm dedicated to helping our clients better understand their market environment and the effectiveness of their organization. We apply advanced, best-in-breed analytical methods to give leaders the information and insights they need to make successful business decisions. We have performed significant studies for the following clients:

- Intel
- Microsoft
- Hewlett-Packard
- EMC
- Tivoli Systems
- Supply Chain Consultants
- Macromedia
- IBM
- Foxboro/Invensys
- Allaire
- Oracle
- IDC Consulting
- Northeast Nuclear Energy Company

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