



Memorandum from the Office of the Inspector General

September 26, 2016

Brian S. Fowler, BR 4A-C

REQUEST FOR FINAL ACTION – EVALUATION 2016-15383 – ENVIRONMENTAL OPERATIONS' ORGANIZATIONAL EFFECTIVENESS

Attached is the subject final report for your review and final action. Your written comments, which addressed your management decision and actions planned or taken, have been included in the report. Please notify us when final action is complete. In accordance with the Inspector General Act of 1978, as amended, the Office of the Inspector General is required to report to Congress semiannually regarding evaluations that remain unresolved after 6 months from the date of report issuance.

Information contained in this report may be subject to public disclosure. Please advise us of any sensitive information in this report that you recommend be withheld.

If you have any questions or wish to discuss our findings, please contact Jessica L. Monroe, Senior Auditor, at (865) 633-7338 or Lisa H. Hammer, Director, Evaluations – Organizational Effectiveness, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during this evaluation.

David P. Wheeler
Assistant Inspector General
(Audits and Evaluations)
ET 3C-K

JLM:BSC
Attachment
cc (Attachment):

TVA Board of Directors
Susan E. Collins, LP 6A-C
Robertson D. Dickens, WT 4D-K
Megan T. Flynn, LP 3A-C
William D. Johnson, WT 7B-K
Dwain K. Lanier, MR 6D-C
Justin C. Maierhofer, WT 7B-K

John J. McCormick, Jr., BR 4D-C
Richard W. Moore, ET 4C-K
Charles G. Pardee, WT 7B-K
Michael D. Skaggs, EQB 1B-WBN
Jacinda B. Woodward, MR 3H-C
OIG File No. 2016-15383



Office of the Inspector General

Evaluation Report

To the General Manager,
Environmental Operations

ENVIRONMENTAL OPERATIONS' ORGANIZATIONAL EFFECTIVENESS

Evaluation Team
Jessica L. Monroe
J. Lauren Pionke

Evaluation 2016-15383
September 26, 2016

ABBREVIATIONS

BU	Business Unit
EO	Environmental Operations
FY	Fiscal Year
NOV	Notice of Violation
REE	Reportable Environmental Event
ROW	Right of Way
SRME	Safety, River Management, and Environment
TVA	Tennessee Valley Authority

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Evaluation 2016-15383 – Environmental Operations’ Organizational Effectiveness

EXECUTIVE SUMMARY

Why the OIG Did This Evaluation

Organizational effectiveness, as defined in this evaluation, is the ability of an organization to achieve its mission and goals. To achieve and sustain organizational effectiveness, there should be alignment between strategy, operational performance, and team engagement. Specifically, values and behaviors that drive good performance should be embedded throughout the organization’s business processes and exemplified by the individuals that manage and work in the organization.

In recent years, the Tennessee Valley Authority (TVA) has faced internal and external economic pressures and implemented cost-cutting measures in an attempt to keep rates low and reliability high while continuing to fulfill its broader mission of environmental stewardship and economic development. TVA’s 2015 3-year Strategic Risk Profile recognized that ongoing organizational refinement and optimization might negatively affect the performance environment. Therefore, employee engagement is critical.

Due to the importance of alignment between strategy, operational performance, and team engagement, the Office of the Inspector General is conducting organizational effectiveness evaluations of business units across TVA. This evaluation focuses on Environmental Operations (EO), which is a business unit under the Safety, River Management, and Environmentⁱ organization.

EO is responsible for the environmental site and field support for all operations, including inspections, environmental sampling, regulatory reporting, and oversight. As of February 16, 2016, EO had 68 employees, including management. This evaluation assesses strengths and risks that could affect EO’s organizational effectiveness.

What the OIG Found

EO has identified several performance metrics to determine whether it is meeting its responsibility for environmental site and field support for operations. These metrics include Reportable Environmental Events (REE)ⁱⁱ and Notices of Violations (NOV),ⁱⁱⁱ which are aimed at

ⁱ Safety, River Management, and Environment includes EO and Environmental Permitting and Compliance.

ⁱⁱ An REE is an environmental event or incident at a TVA facility or elsewhere caused by TVA or TVA contractors that (1) should have been subject to an environmental permit or regulatory notification, but TVA failed to obtain the appropriate permit or make required notification; (2) violates permit conditions or other regulatory requirements and triggers regulatory required oral or written notification to a regulatory agency; or (3) triggers enforcement action by a regulatory agency.

ⁱⁱⁱ A NOV is a notice from a federal, state, or local regulatory authority stating that environmental laws/regulations have been violated. NOVs may result in fines, corrective action, or both.



Evaluation 2016-15383 – Environmental Operations’ Organizational Effectiveness

EXECUTIVE SUMMARY

reducing TVA's overall impact on the Valley region and improving TVA’s reputation with stakeholders. Other metrics include external environmental inspections without regulatory deficiencies^{iv} and environmental condition reports open more than 6 months.^v EO met its targets for environmental condition reports open more than 6 months and external environmental inspections without regulatory inspections for fiscal year (FY) 2015. However, EO did not meet targets for REEs and NOVs for FY2015. EO is on target to meet all metrics for FY2016 as of June 2016.

We identified strengths related to (1) organizational alignment, (2) positive working relationships with other organizations, (3) management support of employees, and (4) employee teamwork. However, we also identified issues that, if left unresolved, could increase the risk that EO will be unable to meet its future responsibilities effectively. Specifically, we found role clarity and relationship issues with Nuclear, staffing concerns and environmental audit coverage, and concerns related to one manager’s behaviors.

Based on our findings and using TVA’s Business Operating Model, we assessed EO’s level of risk in the areas of alignment, execution, and engagement. As shown in Table 1, we determined alignment risk to be low. EO personnel described oversight and support as a positive attribute for EO, and goals aligned with business needs. Execution risk is rated low, in part, because EO met its metrics for FY2016 (through June 2016), and most customers felt positive about the services provided by EO. However, the risks related to role clarity and relationship issues with Nuclear, staffing concerns, and environmental audit coverage could adversely impact execution, if not addressed. Finally, we rated engagement as low risk, because most employees^{vi} expressed collaboration occurred within their teams and felt supported by management.

	Low Risk	Medium Risk	High Risk
Alignment	X		
Execution	X		
Engagement	X		

Table 1

^{iv} External environmental inspections are conducted by state and federal agencies.

^v Condition reports document how a problem was found, how the problem was analyzed, and how the problem was fixed. A lower number is desirable indicating closure of environmental condition reports.

^{vi} For the purposes of this report, when discussing employees, please note that seven contractors are included.



Evaluation 2016-15383 – Environmental Operations’ Organizational Effectiveness

EXECUTIVE SUMMARY

What the OIG Recommends

We made recommendations to the General Manager, EO, related to (1) improving role clarity and relationships with Nuclear; (2) periodically assessing workload based on customer needs, environmental risks, and regulations; (3) continuing external audits beyond FY2016; and (4) improving employees’ engagement by addressing management behaviors. Our detailed recommendations are provided in the body of this report.

TVA Management’s Comments

TVA management agreed with our recommendations and described actions planned, in process, and completed. See Appendix B for TVA management’s complete response.

BACKGROUND

Organizational effectiveness, as defined in this evaluation, is the ability of an organization to achieve its mission and goals. To achieve and sustain organizational effectiveness, there should be alignment between strategy, operational performance, and team engagement. Specifically, values and behaviors that drive good performance should be embedded throughout the organization's business processes and exemplified by the individuals that manage and work in the organization.

In recent years, the Tennessee Valley Authority (TVA) has faced internal and external economic pressures and implemented cost-cutting measures in an attempt to keep rates low and reliability high while continuing to fulfill its broader mission of environmental stewardship and economic development. TVA's 2015 3-year Strategic Risk Profile recognized that ongoing organizational refinement and optimization might negatively affect the performance environment. Therefore, employee engagement is critical.

Due to the importance of alignment between strategy, operational performance, and team engagement, the Office of the Inspector General is conducting organizational effectiveness evaluations of business units (BU) across TVA. This evaluation focuses on Environmental Operations (EO), which is a BU under the Safety, River Management, and Environment (SRME)¹ organization.

TVA's threefold mission includes energy, environment, and economic development. TVA's overarching environmental objective, according to its 2008 Environmental Policy, is to provide clean, reliable, and affordable energy; support sustainable economic growth in the Tennessee Valley region; and engage in proactive environmental stewardship in a balanced and ecologically sound manner. EO is tasked with supporting the environmental stewardship mission.

Prior to March 2014, EO reported to Environmental Permits and Compliance and was organized by site type (e.g., gas, coal or nuclear plants, hydro facility). In March 2014, EO moved to a regional model with sites divided into four regions (i.e., Northwest, Southwest, Northeast, and Southeast). Regional managers became responsible for supporting all TVA generating and nongenerating facilities within their respective regions.

EO is responsible for environmental support, including inspections, environmental sampling, regulatory reporting, and oversight for all TVA operations. EO is primarily made up of environmental scientists and technicians. Environmental scientists' responsibilities include: (1) serving as the technical environmental expert to monitor all environmental programs; (2) serving as a site resource responsible for compliance with the environmental requirements and conducting oversight/regulatory inspections; (3) preparing, reviewing, and submitting

¹ SRME includes EO and Environmental Permitting and Compliance.

environmental reports/permits; (4) developing and facilitating site-specific environmental training; (5) identifying risks and implementing corrective actions to mitigate risks; and (6) improving programs by identifying cost savings for environment and operations. Environmental scientists also conduct walkdowns on their own or with site personnel to train them on what to look for as far as environmental issues or risks. Technicians' responsibilities include field monitoring, sampling, using instruments, performing standard laboratory and test analyses, assembling field data, and writing reports on data. In addition, EO reviews and provides input on environmental risks at sites (e.g., transmission, coal). In fiscal year (FY) 2015, EO utilized a work management system for BUs to formally track environmental tasks, accountabilities, and environmental scorecards to monitor monthly environmental performance.²

EO key metrics include the following:

- Reportable Environmental Events (REE)³ – An environmental event or incident at a TVA facility or elsewhere caused by TVA or TVA contractors that violates permit conditions or other regulatory requirements and triggers regulatory required oral or written notification to, or enforcement action by, a regulatory agency. REEs include events or incidents that should have been subject to an environmental permit or regulatory notification, but TVA failed to obtain the appropriate permit or make required notification. Reducing REEs reflects a focus on environmental stewardship and TVA's reputation with stakeholders. REEs are also included as a metric for TVA Winning Performance at the corporate level.
- Notice of Violation (NOV) – A notice from a federal, state, or local regulatory authority stating that environmental laws/regulations have been violated. NOVs may result in fines, corrective action, or both. Decreasing the number of NOVs affects TVA's overall environmental impact on the Valley region and reputation with stakeholders.
- External environmental inspections without regulatory deficiencies conducted by state and federal agencies.
- Environmental condition reports open more than 6 months – Condition reports document how a problem was found, how the problem was analyzed, and how the problem was fixed. A lower number is desirable indicating closure of environmental condition reports.

As of February 16, 2016, EO had 68 employees, including management and 11 contractors. EO's management structure includes 1 general manager, 4 regional managers, 1 environmental field services manager, and 1 environmental performance analysis program manager.

² Environmental scorecards include the following performance categories: NOV, REE, environmental problem evaluation reports open more than 6 months, external environmental inspections without regulatory deficiencies, good catches, and near misses.

³ EO has accountability and authority for REEs caused by their employees but may have accountability for and limited authority over REEs caused by other organizations.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this evaluation was to identify strengths and risks that could affect EO's organizational effectiveness. We assessed EO's operations from October 2014 to May 2016 and culture as of the interview dates, March 2016 to May 2016. To complete the evaluation, we:

- Reviewed SRME's FY2016 through FY2018 business plan to gain an understanding of EO's goals and how EO's responsibilities align with SRME's mission.
- Reviewed TVA values and competencies (see Appendix A) to gain an understanding of cultural factors deemed as important to TVA.
- Interviewed EO's general manager and six direct reports to obtain their perspectives related to strengths and risks that could affect organizational effectiveness.
- Conducted interviews with 60⁴ of the 61 EO employees and 7 nonstatistically selected contractors⁵ and analyzed the results to identify themes related to strengths and risks that could affect organizational effectiveness.
- Conducted interviews of 23 nonstatistically selected employees from TVA organizations supported by EO or who work closely with EO to identify EO's strengths and risks from a customer service standpoint.
- Reviewed EO operational and cultural data, such as the site frequency plan and individual performance documents, to utilize in our assessment of identified strengths and risks.
- Reviewed results of TVA's 2015 Employee Engagement Survey to gain additional understanding of the EO work environment.
- Assessed EO's overall effectiveness in the following areas, as included in TVA's Business Operating Model:
 - Alignment – How well the organization coordinates the activities of its many components for the purpose of achieving its long-term objectives—this is grounded in an understanding of what the organization wants to achieve, and why.
 - Execution – How well the organization achieves its objectives and mission.
 - Engagement – How the organization achieves the highest level of performance from its employees.

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

⁴ We were unable to interview 1 employee due to scheduling conflicts.

⁵ For the purposes of this report, when discussing employees, please note 7 contractors are included.

OBSERVATIONS

EO met its targets for environmental condition reports open more than 6 months and external environmental inspections without regulatory deficiencies for FY2015. However, EO did not meet targets for REEs and NOV's for FY2015 because of EO human performance events and an increase in work at TVA sites. According to EO monthly performance reporting as of June 2016, EO is on target to meet all metrics for FY2016.

In addition to the positive outcome of its key metrics, we identified other strengths related to (1) organizational alignment, (2) positive working relationships with other organizations, (3) management support of employees, and (4) employee teamwork. However, we also identified issues that, if left unresolved, could increase the risk that EO will be unable to effectively meet its responsibilities in the future. These issues included:

- Role clarity and relationship issues with Nuclear;
- Staffing concerns and environmental audit coverage; and
- One manager's behaviors.

STRENGTHS

During the course of our interviews and data analyses, we identified strengths that positively affected the day-to-day activities of EO employees and performance. These strengths included: (1) organizational alignment, (2) positive working relationships with other organizations, (3) management support of employees, and (4) employee teamwork.

Organizational Alignment

Review of performance management documentation for a selection of EO personnel revealed that individuals' performance goals aligned with the business needs and job requirements. Performance management goals cascaded throughout the organization from the general manager and regional manager positions down to the environmental scientist and technician roles. In addition, goals were specific and measurable.

Furthermore, most personnel interviewed indicated oversight and support of operations, including inspections, walkdowns, and environmental knowledge are positive attributes for the group. These attributes comprise a large portion of EO's responsibilities in supporting the TVA mission. In our opinion, the similarities in employee viewpoints pertaining to EO responsibilities indicate organizational alignment.

Positive Working Relationships With Other Organizations

We interviewed several representatives from other TVA organizations that work with EO to obtain their views on the quality of customer service provided by EO.

Most individuals we interviewed held positive views of the organization, indicating that EO, in general, was responsive to their needs. However, we did identify areas for improvement in the support of two nuclear sites, which are discussed in the risk section of this report.

Management Support of Employees

Most employees we interviewed shared positive views of EO management. In particular, these employees stated that EO management communicated well, understood their work, and provided the support, tools, and resources to do their job. Most employees also felt they had an opportunity to provide input into the process, indicated that management was receptive to receiving employee feedback, and indicated management was trustworthy. The majority of employees also felt comfortable raising a differing opinion without fear of retaliation and said managers held employees accountable.

Employee Teamwork

The majority of employees provided positive comments pertaining to teamwork within their department, which is a component of TVA's "Collaboration" value. Specifically, several employees described their ability to reach out to one another to ask questions and share knowledge. This is supported by TVA's 2015 Employee Engagement Survey where employees responded favorably when asked about receiving support from other employees to be successful in their jobs.

RISKS

Our interviews of EO personnel and review of operational information disclosed issues that could pose risks to EO's effectiveness and its continued ability to meet its responsibilities. These issues related to (1) role clarity and relationship issues with Nuclear, (2) staffing concerns and environmental audit coverage, and (3) concerns with one manager's behaviors.

EO Role Clarity and Relationship Issues With Nuclear

EO employees working at two of TVA's three nuclear sites stated Nuclear does not understand EO's role of environmental oversight and support of the environmental program. EO expressed concerns related to ownership of environmental work and responsibility for completing environmental tasks, as well as budgeting for environmental projects, specifically pertaining to whether EO or the site is accountable. Clarification of roles and responsibilities is a continuing conversation between EO and site management at all three nuclear sites. EO employees at two nuclear sites also mentioned a lack of Nuclear labor support from the plant to accomplish environmental tasks. Some EO Nuclear customers indicated environmental responsibilities are not always the first priority.

EO's Nuclear customers stated environmental awareness could be increased at their site, and EO could help in this area. Specifically, some EO Nuclear

customers expressed concern about a lack of site engagement and ownership from EO scientists. These customers indicated they would like EO to provide more support by being proactive in identifying problems, providing solutions, and helping work towards mitigation. According to EO management, they are implementing a Target Zero environmental awareness communication aimed at decreasing environmental events at sites (a goal of zero).

EO employees indicated the nuclear site reporting structure seems to be compounding these relationship issues. EO scientists and technicians located at nuclear sites report through the Nuclear chemistry/environmental manager, some of whom have limited environmental knowledge. However, the chemistry/environmental manager is sometimes the first point of contact for the nuclear plant manager on environmental issues. In addition, EO scientists and technicians assigned to nuclear plants do not attend plant meetings, so they do not have face-to-face interaction with the nuclear plant manager. Some EO employees stated Nuclear management prefers to discuss environmental issues with EO management centrally located in Chattanooga, Tennessee, as opposed to discussing with the scientists and technicians located at the nuclear site. While EO management attends peer team meetings with chemistry/environmental management, some Nuclear customers expressed interest in having environmental scientists and technicians attend plant meetings.

When an environmental event occurs, an efficient reporting structure is important for immediate response to address environmental incidents. Environmental scientists and technicians located at the sites have firsthand experience with the issues, which positions them to quickly respond to concerns. Furthermore, clarifying the roles of both the nuclear plant and environmental site personnel can define accountabilities to create efficiencies and mitigate environmental risks.

Staffing Concerns and Environmental Audit Coverage

EO employees expressed concerns around staffing and environmental audit coverage that could increase the risk of noncompliance with state and federal environmental regulations. The specific concerns related to workload equality, staffing at Transmission's Right of Way (ROW) locations, and reduced environmental audit coverage.

- Workload Equality Concerns – Some EO personnel expressed concerns about the workload and number of technicians in the Northeast region. Further, personnel in the Southwest region stated they have several sites to cover with multiple new hires, which increases the level of oversight required. We evaluated the data for each region and found workload levels vary. The Northeast region had the highest number of sites assigned to each technician at 3.7 per person, followed by the Southwest region at 3.08 per person. In contrast, the Northwest region has only 1.2 sites per technician. Technicians in the Northeast region were responsible for 44 sites with one person having responsibility for 23 sites while others in the region had responsibility for between 1 to 5 sites. Having a balanced workload and ensuring adequate coverage can help to lower environmental risk at the sites.

- Staffing at ROW Locations – Another area of concern was the Transmission ROW environmental scientists staffing. Some EO employees, as well as Transmission ROW personnel, believe there are not enough environmental scientists to provide adequate oversight of ROW projects. Over time, customer environmental needs may evolve, which can increase risk. ROW management stated there is more ROW work going on now than in the past, and environmental risk has increased. They also stated that while EO is very willing to assist, they believe there are not enough EO field personnel to support work in the field. Revising EO staffing plans can help to ensure adequate coverage and minimize risk.
- Environmental Audit Coverage – TVA has decreased the number of internal environmental audits performed. In March 2014, TVA moved from having an Environmental and Operations Compliance Assurance⁶ group to having a Performance Assurance group within the newly formed Operational and Regulatory Assurance BU. Environmental and Operations Compliance Assurance group reviewed specific sites and specific programs (e.g., hazardous waste program, groundwater monitoring). While Operational Regulatory Assurance does conduct some broader environmental reviews, overall, the number of environmental reviews has declined from 24 environmental assessments in FY2013 to five environmental reviews in FY2015.

Some EO employees indicated there is a risk of noncompliance⁷ with fewer internal audits. This, coupled with EO staffing concerns, might necessitate the need for increased environmental reviews. Reviews of specific sites are the most beneficial to EO, because their responsibilities include environmental support and oversight for all TVA operations. According to the EO general manager, there are plans for three comprehensive external audits at TVA sites in FY2016; however, there is no current plan for continuing these audits past FY2016. In FY2017, EO plans for targeted program assessments, which will differ from external audits in that they will be smaller reviews focused on changing regulations. These smaller reviews, which EO plans to conduct when staffing and time constraints allow, are more limited in scope than a comprehensive audit; therefore, they may not identify and mitigate as many risks.

The decrease in internal environmental reviews, coupled with the staffing and workload equality concerns, increase the risk of noncompliance with state and federal environmental regulations. Having the appropriate staffing levels or

⁶ The group evaluated compliance with applicable laws and regulations and TVA programs, processes, policies, and procedures. Its role included conducting assessments of compliance with environmental regulations, policies, and procedures TVA-wide; evaluating outside vendors for placement on TVA's Environmental Restricted Awards List for recycling or disposal of used oil, hazardous waste, and polychlorinated biphenyls waste; and providing advisory assistance in implementation, adequacy, and compliance.

⁷ Environmental Protection Agency enforcement actions can include imprisonment, monetary penalties or fines, injunctive relief, restitution, and additional actions taken to improve the environment.

workload equality at each location is important to maintain environmental compliance and support environmental oversight across the Valley.

Concerns With One Manager's Behaviors

Interviews with employees indicated risks related to behaviors displayed by a manager. These concerns affect employees' engagement level within the organization that, if left unaddressed, could affect EO's ability to meet its responsibilities. Engagement boosts productivity for a company but also promotes employee innovation to come up with creative solutions to solve new problems and/or to identify efficiencies.

While most employees indicated managers in EO are trusted and respected, our interviews identified a manager who displayed behaviors not in alignment with TVA's expectations, which are affecting teamwork and trust. We discussed the specifics of these behaviors with the appropriate TVA executive managers.

CONCLUSION

Environmental stewardship is part of the threefold mission of TVA. According to the 2015 Integrated Resource Plan,⁸ "TVA manages its power system to provide clean energy and minimize environmental impacts from its operations." EO staff plays a large role in accomplishing this mission. REEs, NOVs, and inspections occur at TVA sites where EO and site personnel are the first response, either in dealing with a regulator or an event. In this role, EO impacts TVA's reputation, regulator relationships, and the Tennessee Valley.

In our opinion, EO's role in helping TVA to meet its mission of environmental stewardship underscores the importance of EO being effective. Based on TVA's Business Operating Model, we evaluated the risk of three critical areas that could affect EO's effectiveness, including: (1) alignment, (2) execution, and (3) engagement.

- Alignment risk is low due to the aligned goals of EO management and personnel and because oversight and support, attributes comprising a large portion of EO's responsibilities in supporting the TVA mission, were positive for EO.
- Execution risk is low, in part, because EO met its metrics for FY2016 (through June 2016), and most customers felt positive about the services provided by EO. However, the risks related to role clarity and relationships with Nuclear, as well as environmental coverage and staffing, could adversely impact execution, if not addressed.
- Engagement risk is low, because most employees expressed collaboration within their teams and felt supported by management.

⁸ The Integrated Resource Plan provides direction for how TVA will meet the long-term energy needs of the Tennessee Valley region.

Relationships with Nuclear, environmental coverage and staffing concerns, and management behavior concerns, if not adequately addressed, could increase alignment, execution, and engagement risks, as well as negatively affect EO's ability to meet its responsibilities in the future.

RECOMMENDATIONS

We recommend the General Manager, EO:

1. Work with Nuclear to (a) continue to clarify the environmental roles and responsibilities at nuclear sites and (b) assimilate environmental scientists and technicians into plant meetings as appropriate.
2. Periodically assess workload, taking into account changes in environmental risks, customer needs, and regulations.
3. Consider continuing external environmental audits past FY2016 at TVA sites and communicate results to employees.
4. Identify and implement methods for addressing the applicable manager's behavior.

TVA MANAGEMENT'S COMMENTS

In response to our draft report, TVA management stated they agreed with our recommendations. To address these recommendations, TVA management provided the following:

1. EO will update the Nuclear "Conduct of Environmental" process, which establishes environmental roles and responsibilities at nuclear sites. In addition, EO will seek opportunities for environmental scientists to meet with Nuclear management on a defined cadence as appropriate.
2. Workload will be considered in the annual business planning process. Impacts of new regulations or other significant changes will be considered in the Environmental change management process.
3. An internal assessment process was implemented in 2016 (to be used in FY2017 and beyond) to annually identify sites and/or programs that should be assessed for that FY. EO will consider using external audits if they are advantageous in costs or abilities. Lessons learned from internal assessments will be communicated to appropriate EO employees.
4. Discussion has taken place with the applicable manager. The importance of maintaining a respectful workplace and its effect on employee engagement is understood by that manager. A "Trust and Teamwork" action plan for the entire team will be finalized to promote engagement throughout FY2017.

TVA Values	
Safety	We share a professional and personal commitment to protect the safety of our employees, our contractors, our customers, and those in the communities that we serve.
Service	We are privileged to be able to make life better for the people of the Valley by creating value for our customers, employees, and other stakeholders. We do this by being a good steward of the resources that have been entrusted to us and a good neighbor in the communities in which we operate.
Integrity	We conduct our business according to the highest ethical standards and seek to earn the trust of others through words and actions that are open, honest, and respectful.
Accountability	We take personal responsibility for our actions, our decisions, and the effectiveness of our results, which must be achieved in alignment with our company values.
Collaboration	We are committed to fostering teamwork, developing effective partnerships, and valuing diversity as we work together to achieve results.

TVA Leadership Competencies

Accountability and Driving for Results
Continuous Improvement
Leveraging Diversity
Adaptability
Effective Communication
Leadership Courage
Vision, Innovation, and Strategic Execution
Business Acumen
Building Organizational Talent
Inspiring Trust and Engagement

September 21, 2016

David P. Wheeler, ET 3C-K

REQUEST FOR COMMENTS - DRAFT EVALUATION 2016-15383 – ENVIRONMENTAL OPERATIONS' ORGNIZATIONAL EFFECTVENESS

Thank you for the opportunity to review and comment on the draft evaluation report. We agree with recommendations 1-3 provided in the report and their associated facts and conclusions. On recommendation 4, we believe focusing our corrective actions on improving trust and teamwork of the entire team would provide the maximum benefit to the individuals and that specific group. We feel this approach would deliver a more appropriate response to the concerns of our employees.

Recommendations to General Manager, Environmental Operations:

- Work with Nuclear to (a) continue to clarify the environmental roles and responsibilities at nuclear sites and (b) assimilate environmental scientists into plant meetings as appropriate.

Action: Environmental Operations will update Nuclear "Conduct of Environmental" process, which establishes environmental Roles & Responsibilities at Nuclear Sites. Deployment of the process will reinforce changes which were communicated as part of detailed design. This process had not been updated following 2014 organizational changes from detailed design. We will update this process by 2/24/2017. We will also seek opportunities for our environmental scientists to meet with nuclear plant management on a defined cadence as appropriate by 11/25/2016.

- Periodically assess workload, taking into account changes in environmental risks, customer needs, and regulations.

Action: Workload will be considered in annual business planning process. Impacts (including workload) of new regulations or other significant changes will be considered in Environmental change management process which was implemented in 2016.

- Consider continuing external environmental audits past FY2016 at TVA sites and communicate results to employees.

Action: Environmental Operations implemented an Internal Assessment process in 2016 (to be utilized in FY2017 and beyond). The process assists annually in identifying what sites and/or programs should be assessed for that fiscal year. We reserve the ability to consider using external audits if they are advantageous in costs or abilities. Lessons learned from our internal assessments will be communicated to appropriate Environmental Operations' employees.

David P. Wheeler
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- Identify and implement methods for addressing the applicable manager's behavior.

Action: A summary of the employees' comments have been discussed with the manager. The importance of Maintaining a Respectful, Professional Workplace and its effect on employee engagement is understood by the manager. A "Trust and Teamwork" action plan for the entire team will be finalized by 9/30/2016 to promote engagement throughout FY2017. The manager and team will be focused on the following: Engagement and Involvement, Be Honest and Supportive, Communicate Openly and Ask for Feedback, Be Consistent, Focus on Shared Goals and Not just Personal Goals, and Ensure All Feel Included and Valued.

Basis for Team Approach to Action Plan: Following organizational changes from Detailed Design in 2014, there have been noted inclusion, teamwork, and accountability concerns from some employees in the specific group. While corrective actions have been attempted over the last couple of years, some of the employee concerns were not addressed adequately. We believe those concerns contributed to the expressed teamwork and trust issues between the manager and staff employees.

If you have any questions or need additional information, please do not hesitate to contact me.



Brian S. Fowler
General Manager
Environmental Operations
BRC 4

cc

Susan E. Collins, LP 6A-C
Robertson D. Dickens, WT 4D-K
Flynn, Megan T., LP 3A-C
Johnson, William D., WT 7B-K

Lanier, Dwain K., MR 6D-C
McCormick, John J., BR 4D-C
Pardee, Charles G., WT 7B-K
EDMS, WT CA-K