



## Third Quarter Letter to Members

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**Thomas (Tom) Kent**  
NPPD President and Chief  
Executive Officer, Board Chair



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### From the MRO Board Chair

Dear Members and Stakeholders:

The Midwest Reliability Organization (MRO) Board of Directors held its third quarter Board of Directors meeting virtually on September 17, 2020. Even though we have become more proficient at conducting these meetings virtually, I miss seeing everyone and hope to be in person again soon.

I have been reading the book *Managing the Unexpected: Sustained Performance in a Complex World* (Weick & Sutcliffe, 2015). In it, the authors focus on five principles (failure, simplification, operations, resilience, and expertise (FSORE)) that [High Reliability Organizations](#) (HRO) perform remarkably well day after day. I focused my remarks at the board meeting on the fifth principle: deference to expertise.

There are several examples in the book of where “deference to expertise” failed organizations dealing with unexpected situations, often with catastrophic outcomes. Deference to expertise can be a trap when not properly employed. For example, expertise can be ignored by an acquiring firm, dismissed because of its presumed logic, or rendered secondary by prevailing routine, especially when dealing with the unexpected. The authors offer several thoughts to help avoid these traps, like simply asking for help, creating flexible decision-making structures, encouraging creativity and imagination, not assuming experts are all knowing, and listening with humility.

HROs have built “protection” into their cultures and business processes to identify, counter, and mitigate these traps. As a nuclear operating utility, Nebraska Public Power District (NPPD) builds extensively on the work that has been done by the Institute of Nuclear Power Operations to identify and reinforce the cultural and work behavior traits that are common across the HROs of the nuclear industry. At NPPD, we make a point of reviewing and reinforcing these time tested principles and traits at every board and management team meeting.

Some examples of these cultural traits include:

- Personal Accountability. Ensuring roles and responsibilities are clearly defined and understood. Taking personal responsibility for safety.
- Questing Attitude. Creating an environment where individuals strive to avoid complacency and are comfortable challenging existing conditions, assumptions, and the “status quo.”
- Effective Communications. Ensuring a free flow of information up, down, and across the organization.
- Decision Making. Decision processes are systematic and thorough with a conservative bias, and are vested in the appropriate level of the organization where the expertise resides.
- Respectful Work Environment. Differing opinions are encouraged, and trust and respect permeate the organization.

I am encouraged by the MRO’s and ERO’s focus on the HRO principles, including “deference to expertise.” The independence principles developed by NERC and the regions recognize the importance of industry expertise in a well-functioning ERO, while ensuring that an independent view and independent judgement is maintained to ensure reliability.

At last week’s board meeting, we heard from experts both within the MRO team and from our industry peers. Their expertise is important to our collective success. However, I hope we keep in mind the advice from Weick and Sutcliff and others to ensure that we don’t fall into any traps.

Stay healthy and stay safe!

## From the President and CEO

We were very fortunate last week to welcome John Moura, NERC Director, Reliability Assessment and Technical Committees, to our board meeting. John reviewed NERC’s 2020 State of Reliability Report, and it was helpful to hear his perspectives on important issues facing industry and the ERO Enterprise. In my opening remarks, I shared that MRO has not had a “normal year” in at least three years. With a change in leadership and expansion of the regional footprint in 2018, restructuring of the board membership and committees and implementation of the advisory councils in 2019, and now the COVID-19 pandemic in 2020, it seems we have been gearing up for what we used to call the “new normal” for the past few years.

At the June board meeting, we learned to leave “new normal” behind as we work toward what Caitlin Durkovich of Toffler Associates shared as “novel normal.” Caitlin communicated that Toffler Associates has identified four phases of the pandemic, each driven by specific uncertainties, constraints, and opportunities. The **Acute Response** lasts from the onset of infections to the relaxation of health policies and partial reopenings and is characterized by stringent health policies – partial closure of economies and travel restrictions. Next, and where we are currently, is **The Great Wait** for effective health solutions that bring the virus under control and allow for unconstrained economic activity. (Toffler anticipates this phase will last 12-18 months.) With the health risk minimized, society will then **Reunite and Revitalize** and focus on rebuilding the economy. This period ends when the pandemic-induced recession ends. Finally, we experience the **Novel Normal** with a return to stable economic growth. Lasting change in the Novel Normal will likely depend upon the duration and depth of pandemic effects and response, increased awareness of personal and societal vulnerabilities, and the prolonged impact of new behaviors from physical distancing, including the deployment of new technologies to support a more virtualized life.

In reflecting on MRO's pandemic response, I am struck by how well we have countered this crisis. Shortly after my appointment as CEO, I introduced what I see as the four keys to sustainable success for MRO: **Connection, Curiosity, Commitment, and Competency**. Over the course of the pandemic, these four keys have contributed to our successful response.

Connection between the important work we do and our mission and values motivates and inspires people. With all staff working remotely, connection becomes even more important to ensuring our collective success. In addition to staying connected via email, instant messaging, video conferencing and phone calls, MRO has encouraged informal interactions to foster the unexpected cross-pollination of ideas. Sharing information is essential to healthy, innovative organizations, and these types of interactions provide a starting point for the connections in which people collaborate on areas of shared interest—bridging organizational silos and strengthening social networks and shared trust.

Curiosity is at the root of high-performing teams—there is less conflict when we are curious because we are interested in another's perspective and share information more readily. Curiosity leads us to question the status quo and fully consider alternative and creative solutions. With restrictions on travel, we continue to conduct robust and innovative off-site work that accomplishes our reliability objectives. For example, we've begun using video technology to supplement our usual off-site work, which has not only made our oversight processes more engaging, but also allowed us to conduct work virtually that would normally require a physical presence. There will be some onsite activities that are delayed given the current circumstances, but we are confident in our ability to maintain our critical role as technical regulators and meet our responsibilities during this crisis.

Employees who exhibit a strong sense of commitment are personally invested in their work. They take the initiative to do what needs to be done to accomplish results and add value. They understand that success is a group effort, and that it requires everyone contributing his/her own strengths as well as seeking and giving support to address one another's weaknesses. Committed individuals are willing to struggle and persevere through rough patches because they are committed to our vision and purpose.

Competency takes intelligence, experience, and expertise, and produces a successful outcome. For us, a reliable and secure bulk power system. Competence is the foundation of all of our initiatives – whether it's building trust, identifying risk and a language to better articulate risk and residual risk, or simply becoming more effective and efficient. This key, perhaps more than any other, continues to resonate throughout the pandemic. Because of the competence of the MRO staff, we were able to quickly and effectively respond and adapt.

MRO's Emergency Response Plan includes a Pandemic Policy that served us well as we moved into and through the Acute Response (Toffler's first phase). Late in 2019, we worked with the ERO Enterprise to implement an enterprise-wide WebEx solution. Little did we know how well this joint purchase would serve us in 2020. Additionally, MRO began piloting a routine work from home program in January 2020 that in hindsight, allowed us to work through some issues well in advance of the transition to all staff working remotely. These activities not only laid the foundation for us to seamlessly transition to fully remote work during this crisis, they are reflective of the Connection, Curiosity, Commitment, and Competency of MRO staff.

While I never envisioned leading MRO through a situation such as this, I am grateful for the strong and dedicated team of competent, committed, curious individuals I get to work with each day. The

connections we have with one another, our members, registered entities and other industry partners are invaluable and provide the requisite support for our collective vision of a highly reliable and secure North American bulk power system.

***Our future is bright!***

### **Future Meeting Dates**

The Annual Member and Board Meeting will be held by WebEx on December 2-3, 2020, at 10:30 a.m. These meetings are open to the public and the board encourages you to attend. Registration will be open soon on [MRO's website](#).