



In This Issue...

This issue of the Supplier Information Bulletin focuses on the importance of schedule during this critical time in the shipbuilding industry. We emphasize the important role our suppliers play in ensuring we meet schedule milestones to adequately support the needs of the United States Navy. We'll also share some important information regarding welding procedures, source inspection, DPAS requirements, and cybersecurity.

Updates

Supplier Quality at Electric Boat has a new mail stop! Please update your records and address all mail to:

Electric Boat Corporation
(Contact Name) Dept. 323 Sta. J813
75 Eastern Point Rd.
Groton, CT. 06340-4905

Feedback

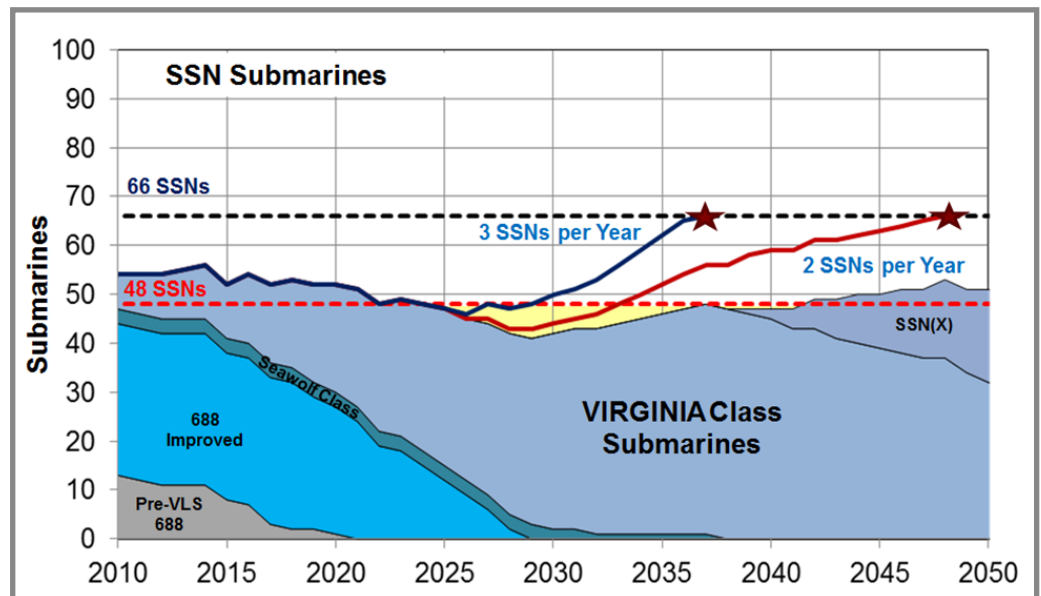


Please let us know what you think about this bulletin!

Send content suggestions and comments to Kayla Monahan (860.433.9814) at EBSIB@gdeb.com

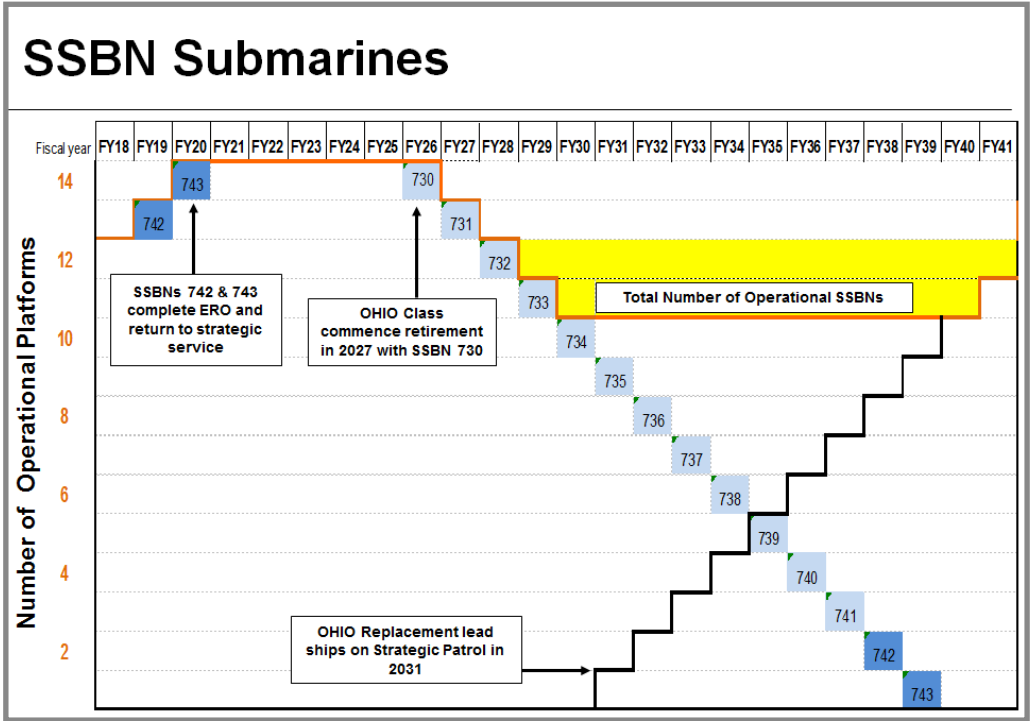
Letter to the Suppliers

Today, the United States submarine fleet consists of a total of 67 nuclear submarines (14 OHIO Class ballistic missile submarines (SSBNs), 4 OHIO Class cruise missile submarines (SSGNs), 49 fast attack nuclear powered submarines (SSNs)). The Navy's 2016 force structure assessment identified that the nation needs a ship force consisting of 355 ships by the early 2050s—an increase of 15% over the 2014 assessment. The most notable change was the increased need for SSNs—from 48 to 66. To support a force of 66 SSNs, the Navy plans to maintain a VIRGINIA class SSN build rate of two-per-year through 2033 which will achieve a force level of 66 SSNs by the late 2040s. The Navy is evaluating increasing the build rate to three VIRGINIA class SSNs per year in certain years to achieve this target. The OHIO class SSBNs will begin decommissioning in 2027, and will decommission at a rate of one-per-year going forward into the 2040s. The first COLUMBIA class SSBN will join the fleet in 2031 and proceed with a delivery cadence of one-per-year for ships 3 through 12. With the simultaneous yearly delivery of COLUMBIA and decommissioning of OHIO, it is essential that all COLUMBIA ships are delivered on-time to ensure the required number of SSBN submarines are in the Navy's fleet at all times to support our nation's strategic nuclear deterrence.

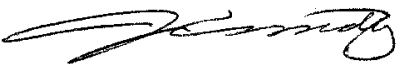


Letter to the Suppliers (continued)

Continued from Page 1



With this growing submarine production cadence, it becomes even more important that we work together as a shipbuilding industry to consistently meet our delivery commitments to support the long term needs of the nation. Now more than ever, we will be relying on our suppliers to consistently perform to schedule, as the compounding effect of schedule slips could affect our ability to meet the current shipbuilding plan. Needless to say, this will be a challenging task given the increased rate of production, decreased production span times and less experienced workforce. We will need full support from our supply base to face these challenges and deliver each and every boat to the Navy on time. A strong submarine industrial base and resilient supply chains are critical to our national security. We are calling on you, our suppliers, to support the submarine industrial base as we continue to build the best and most advanced nuclear powered submarines.



Jim Cassidy, Director of Subcontracts and Material Performance



NEWS FROM THE SHIPYARD

On the Waterfront...

- VIRGINIA Class SSN790 SOUTH DAKOTA was delivered to the U.S. Navy in late September 2018.
- VIRGINIA Class SSN788 COLORADO completed its Post Shakedown Availability (PSA) on October 22, 2018.
- LOS ANGELES Class SSN765 MONTPELIER is expected to complete its Interim Dry-Docking (IDD) maintenance period in January 2019.
- VIRGINIA Class SSN792 VERMONT christened at the Electric Boat shipyard on October 20, 2018. The christening of the VIRGINIA Class SSN 791 DELAWARE occurred at Newport News Shipbuilding on the same day.
- All remaining hulls in Block IV are under construction!

Our Future is Bright with Changes

VIRGINIA Class SSN790 Post Shakedown Availability (PSA) will be extended to support new technology insertions, Scheduled to start February 2019. South Dakota Insertion consists of 3 major changes (Large Vertical Array, Coatings & Machinery) to be inserted onto SSN790 PSA starting February 2019.

The Block V planned contract award from the Navy is expected late 2018 / early 2019, with construction to begin in the first quarter of 2019. Block V ships will benefit from lessons learned during SSN790 PSA technology insertion installations.

The Shipbuilders identified a need for additional funding to support supply base development. The Government team was able to recently execute \$225M Block V plus-up funding, providing 10 ship Economic Order Quantity (EOQ) authority, well in advance of prior history, that enables supply base development and supplier readiness initiatives across all market spaces. The Shipbuilders have been identifying and executing multi-program material procurements, with primary objectives to de-risk execution of COLUMBIA Class, VIRGINIA Class, and CVN aircraft carrier Programs with careful planning to avoid conflicts, as well as generate savings based on the volume of the 3 programs. The \$225M plus up supported multiple supplier development activities, including alleviating capacity concerns with first and second tier suppliers, preventing schedule conflicts between nuclear shipbuilding programs, level loading facilities, supporting supplier facility investments, enabling new supplier qualification and qualifying existing suppliers for additional product lines.

The Need for Schedule Adherence

Proposed Block V construction spans are being challenged by the Navy, with expectations for continuous improvement. Block IV has been impacted by material quality issues. Added Block V scope, including the additional hull section supporting the VIRGINIA Payload Module (VPM) will add to the challenge. It is necessary to re-establish margin between target and contract delivery dates. The VPM design is not complete, and work remains to solidify detailed schedules. **Supply Based adherence to Contract Delivery Dates (CDD) is critical in supporting on time ship delivery to the Navy!**

LESSONS LEARNED FROM THE SHIPYARD

Welding Procedure Changes

Electric Boat is pleased to announce two new variations with regard to the Vendor Procedure Approval Request (VPAR) process. In 2017 we asked the Navy for permission to transfer EB approved welding procedures to vendors to provide schedule relief for vendors. The intent would be to provide the suppliers approved PQRs (Procedure Qualification Records) and WPSs (Welding Procedure Specifications) and would enable the supplier to successfully fabricate contracted components without the schedule impact of qualifying and writing a procedure. This concept has been tested with some limited applications and found to provide a significant schedule improvement.

The Navy responded and granted permission to transfer EB WPSs and/or EB PQRs for some well characterized materials and processes to vendors. EB is currently working through the logistics of the transfer process and the next step will be a letter from EB containing more information about restrictions and the process. The process would start with a VIR (Vendor Information Request) in which the vendor would provide information as to what type of procedure is needed. Once that information is reviewed EB will provide an approved WPS/PQR that supports that application. If the vendor chooses to use the WPS as is, the procedure can only be used for the specific application. If the vendor chooses to write their own WPS from the approved PQR then the new WPS would follow the normal VPAR process. Once that is approved it would be granted approval within the scope of the WPS and not limited to the specific application. As part of the approval process it will be necessary to weld a test assembly. There would be documentation required in addition to an audit from the EB Supplier Quality Group.

The other option involves the use of AWS Standard Welding Procedures (SWPS-Ns). The Navy is currently working on a revision to TP248 which we expect to see in the Fall of 2018. This revision will implement the use of AWS Standard Welding Procedures for ship construction and repair. While the actual implementation date of this new revision is not known we have been given permission to utilize the AWS-NAVSEA SWPS-Ns in advance. AWS and NAVSEA are working on adding procedures to the library but a full list of published AWS-NAVSEA SWPS-Ns can be found by searching "AWS-NAVSEA" at the AWS Online Bookstore <http://pubs.aws.org>. There are several "AWS-NAVSEA" procedures in the works so this website should be checked often for new procedures. These will be approved through a VIR and will require welding and NDT to be performed on a test assembly. Once approved the AWS-NAVSEA SWPS-Ns can be used within the limitations of the NAVSEA letter and of the WPS.

These are two tools to assist in cases when delivery is of concern. Both of these tools still require welders to be qualified in accordance with Section 5 of NAVSEA Technical Publication S9074-AQ-GIB-010/248. They will not solve every problem or be applicable in every case but are a positive sign that both EB and the Navy are committed to enabling our suppliers to be successful. In the very near future EB Materials Management will be sending out a letter with more information about these two new improvements.





BEST PRACTICES

Supplier Expectations for Reporting Material Ready for Source Inspection

By JoAnne Russo, Manager of Supplier Quality

As you are aware, Electric Boat's business is growing and includes procurement of a substantial amount of material that requires Source Inspection by Electric Boat. To facilitate that activity, Suppliers and Contractors of Electric Boat will soon be receiving a letter providing clear expectations as to the certification package readiness, prior to notification and performance of Electric Boat Source Inspection (EBSI), where required. That letter will include a general checklist for Suppliers to utilize as a guide to assuring that the hardware and certification required by the contract is complete, collected and organized for EBSI to perform their quality assurance verifications in the most efficient and effective manner.

The certification package acts as Objective Quality Evidence (OQE) for deliverables required by the contract. Any Vendor Information Requests (VIRs) that require conditions to be met must have that OQE provided in the certification package for that same purpose.

For material requiring EBSI prior to shipment, in accordance with Standard Clause 37-3, it is the responsibility of the Supplier to assure all requirements of the contract have been met prior to requesting final EBSI by the Buyer. The certification package, at the time it is presented to EBSI, will be considered complete and final. Any missing or non-conforming OQE will be documented on a Supplier Corrective Action Report (SCAR). The associated material will be rejected and will not be authorized to ship if the missing or non-conforming OQE is not resolved within the time the inspection is scheduled.

Electric Boat appreciates and respects our business relationships. This is an effort to improve those relationships on a mutual and beneficial basis.

Calling On Our Suppliers For Support

Shipbuilding is a 24/7 operation. If urgent support is required, Electric Boat may reach out to your organizations' points of contact to support emergent needs in our shipyard. We appreciate your absolute commitment to our efforts, your devotion to the work you do every day, and the relationships we have built.

Should your organization be contacted for emergent needs, Electric Boat expects every effort to be made to accommodate our shipyard needs, and we commit to providing our best explanation of the scope of work being requested and the schedule for which we require assistance. Submarine building is a complex business, with multiple critical paths and ship condition constraints that can impact concurrent work. Wait time is sometimes unavoidable, but having your resources on-site, ready to perform, can mean the difference between schedule hold ups and ship deployment readiness.

Our Expectations for Supporting One Another:

Be Available - Shipyard needs 24/7 support, answer your phone, be responsive.

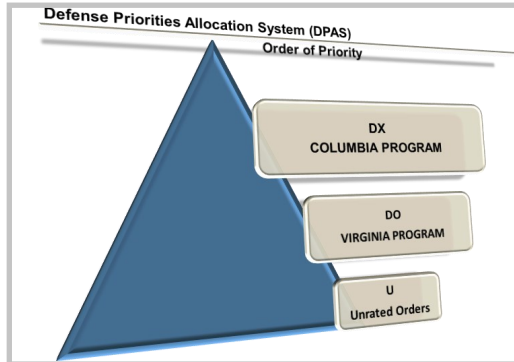
Clear Communication – We must be clear in understanding scope of work, the level of service required, requirements to access the shipyard, and expected period of performance.

Updating Your Emergency Contact Information:

Electric Boat stores emergency contact numbers for all suppliers. It is important that this information is kept up to date in our system to ensure you can be contacted if the need arises. To update your contact information, please reach out to your buyer.

BEST PRACTICES

DPAS: An Overview for Suppliers



As an Electric Boat (EB) trusted supplier and valued member of the shipbuilding industry, you may be familiar with the *Defense Priorities and Allocations System* (DPAS) set forth at 15 CFR 700 and FAR 52.211-15, *Defense Priority and Allocation Requirements*. DPAS is administered by the Bureau of Industry and Security (BIS), which is an agency of the United States Department of Commerce (DOC) to ensure timely availability of industrial resources to meet national defense requirements.

Purchase orders placed in support of a program approved for DPAS are referred to as "rated orders" and are identified by a priority rating and a program identification symbol, e.g., DX-A3. Among rated orders, DX-rated orders take precedence over DO-rated orders. Unrated orders are assigned the lowest priority. EB contracts that have no DPAS rating are unrated orders.

The DPAS priority rating establishes precedence as necessary to meet required delivery dates. Modifying production or delivery schedules is necessary only when required delivery dates for rated orders cannot otherwise be met. It is the supplier's responsibility to reliably schedule, propose and execute work in a manner that meets the delivery dates for all programs.

Basic Provisions

- **Mandatory Acceptance**

A contractor, subcontractor, or supplier shall accept a rated order when:

- They make the item
- Normal terms of sale apply
- When they can meet delivery dates required the contract

A rated order shall be accepted or rejected, in writing, within 15 working days for DO rated orders and 10 days for DX rated orders. Special requirements apply for emergency preparedness rated orders (See 700.13 (d) (3). Exceptions are found in 15 CFR 700.13(b)

- **Mandatory Extension**

Contractors are responsible for flowing down the received rating to their suppliers to obtain items needed to fill rated orders or to obtain replacements of inventoried items.

- **Priority Scheduling**

Operations, including the acquisition of all needed production items, shall be scheduled to satisfy the delivery requirements of each rated order.

- **Customer Notification Requirements**

If a person has accepted a rated order and subsequently finds that shipment or performance will be delayed, the person must notify the customer immediately, give the reasons for the delay, and advise the customer of a new shipment or performance date. If notification is given verbally, written (hard copy) or electronic confirmation must be provided within one working day of the verbal notice.

Source: <http://www.dcms.mil/DPAS/>

The critical importance of the work being performed by EB and its supply chain has earned the COLUMBIA program a DPAS rating of DX-A3 and the VIRGINIA program a DO-A3 rating.

This means that a contract awarded as a result of an EB solicitation may be a DX rated order or DO rated order certified for national defense use under the Defense Priorities and Allocations System and the sub-contractor will be required to follow all of the requirements of this regulation.

Suppliers who receive rated orders must in turn place rated orders with their sub-contractors for the items they need to fill the orders. This provision ensures that suppliers will give priority treatment to rated orders from contractor to subcontractor to suppliers throughout the procurement chain.

Please read 15 CFR 700 and FAR 52.211-15. Contact your EB buyer if you have questions.

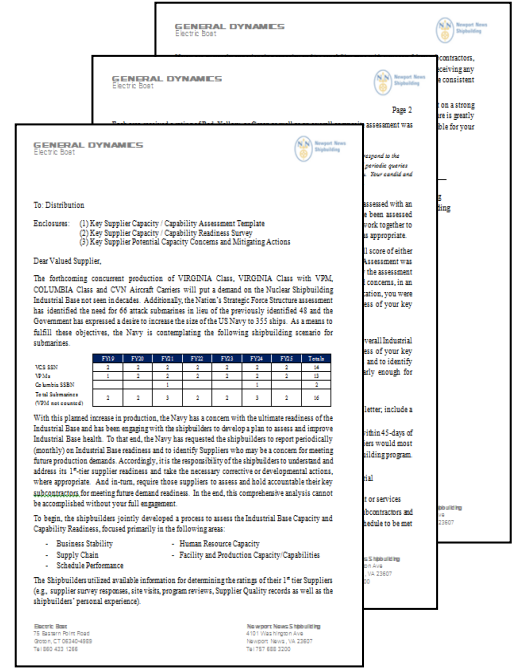
BEST PRACTICES

Sub-Tier Supply Chain Readiness

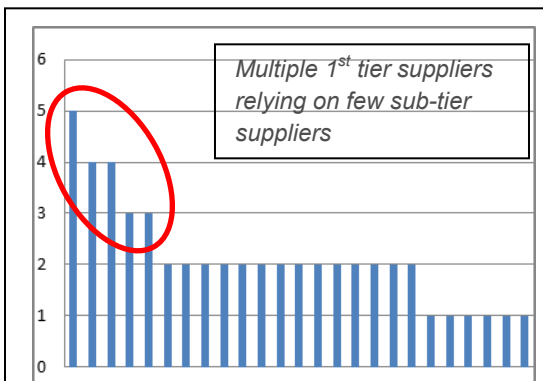
By Brad Heil and Terry Munster, Materials Management Program Office

In the first quarter of 2018, many of our 1st tier suppliers received a letter requesting information of their key sub-tier suppliers capacity and/or capability. As described, this information is sought in the next phase of Industrial Base assessment for meeting the Navy's future shipbuilding requirements. As you may recall, US Navy has instructed the shipbuilders and their supply chain to prepare for production of the COLUMBIA Class submarines while sustaining the build rates of VIRGINIA Class submarines and FORD Class aircraft carriers as part of the nuclear shipbuilding integrated enterprise plan.

To this end, the Shipbuilders and critical suppliers have been developing readiness plans, where necessary, to improve capability and/or capacity readiness. These Plan of Actions and Milestones summarize areas where developmental or mitigating measures are required. With your help, this phase looks to 'put-eyes' on the next level of the supply chain.



The Shipbuilders acknowledge that your key sub-tier suppliers are critical to production – and, in some cases even proprietary within your competitive market space. This readiness assessment is intended to aid you to better understand capacity pinch points and quality risk early enough for actions to be taken and ensure your continued success.



The Shipbuilders will undertake a variety of analysis with data in hand. For example, exploring the impact over time of various suppliers exiting the industry leaving only a few remaining to support many 1st tier suppliers. These companies could be sub-assembly fabricators, service providers or specialty manufacturers. In fact, this phenomenon is being seen already based on limited data received thus far. If any supplier has not submitted their response, please do so as soon as possible. In the end, sufficient capacity and capability must be available to meet the continued

delivery of your equipment to the shipbuilding program.

Your continued support as we embark on the future is greatly appreciated. Remember, the Shipbuilders are uniquely positioned to address potential areas of concern across the Industrial Base and develop mitigating measures ahead of the increased demand. If you are currently experiencing capacity and/or capability gaps with your supply chain, please identify those areas of concern with your Purchasing points of contact.

As expressed, the Shipbuilders and the Navy recognize that building the fleet is reliant on a strong partnership with the Industrial Base.



SUPPLIER NEWS

Supplier Development Funding Opportunity: Industrial Base Analysis and Sustainment (IBAS) Program

IBAS is a program of the DoD Manufacturing and Industrial Base Policy (MIBP) Office of Manufacturing Resiliency and Assurance (MRA). IBAS is one of a number of programs put in place to support MRA's mission to "Strengthen the force posture of the US Defense Industrial Base (DIB)" by coordinating action to advance the defense industrial base to fortify traditional sectors and forge emerging sectors.

IBAS QUICK FACTS FROM ELECTRIC BOAT

- What:** A funding vehicle to support the DIB in addressing readiness-related deficiencies and opportunities in capacity, capabilities, facilitization, workforce training, critical equipment, and other operational areas.
- Why:** To support the DoD in achieving its strategic goal of strengthening the industrial base by funding projects that address critical issues relating to urgent operational needs.
- Who:** Any defense contractor may coordinate with the MRA to submit a funding request package for projects that support the MRA's mission. For shipbuilding concerns, Electric Boat personnel are able to assist the DIB in package preparation and endorsement of projects to the MRA.
- How:** IBAS mechanisms include Cornerstone OTA, DefenseWorX PIA, SOCOM OTA, and NASA SAA/NCAM. Contact the individuals listed below to discuss your company's proposed project and to begin the process to submit the required funding request documentation package.
- When:** FY17-19 are investment strategy bridge years for the IBAS program. The timeframes for funding authorization will vary depending on priority, funding signature authority, and other factors. Specific timeframes for adjudication may be discussed with MRA personnel following submittal of a complete funding request package.

Examples of IBAS-Funded Investments:

- ◇ Address concerns in implementation of cybersecurity measures for DFARS 252.204-7012 compliance.
- ◇ Equipment modernization to preserve critical capabilities and to mitigate sole source vulnerability.
- ◇ Develop domestic sources for critical procurements to mitigate foreign sourcing risks.
- ◇ Investment in opportunities to drive commonalities in design and cost across programs (CLB, VCS, CVN, etc.).
- ◇ Establish alternative manufacturing processes to mitigate throughput and yield rate risks.

Points of Contact:

Your Electric Boat Buyer

SCM IEP Rep-
J. Key (jkey@gdeb.com)

MRA IBAS Director –
A. Ratcliff (a.a.ratcliff.civ@mail.mil)



SUPPLIER NEWS

Cybersecurity and Compliance on Your Business Networks

DFARS 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting

By Bill Sullivan, Manager of Security

The last cybersecurity article focused on how to handle Covered Defense Information (CDI) from Electric Boat (EB). As a reminder, information you receive from EB marked either For Official Use Only (FOUO) or NOFORN is Covered Defense Information. When processed electronically, it is in scope for this DFARS requirement. Be sure to check your Purchase Order's Terms and Conditions for applicability of this DFARS to your work for EB.

In this article, we will discuss reporting a cyber incident. This essential statement can be found in DFARS 252.204-7012, Para C.1.ii - "Rapidly report cyber incidents to DoD at <http://dibnet.dod.mil>."

Rapidly Report

Within the first 72 hours, the DoD requires a report of a cyber incident. It is not expected to be a complete, final report but rather a report of the information that has been determined thus far to the best of your company's abilities. The intent of rapid reporting is to get the word out to help protect the defense industrial base and our customers in the DoD.

Cyber Incident

Generally, you should consider any form of loss of control of Covered Defense Information or any impact to computer systems that adversely affects completion of the contract to be a possible cyber incident. In the initial response to an incident, you should consider the scope of the incident, what systems are affected, whether data was actually lost or compromised, and if contract deliverables will be delayed. Asking these questions will help you determine if you have a reportable incident.

How do I report?

The Defense Industrial Base Network (DIBNet) found at <http://dibnet.dod.mil> is where reports are made. As a government site, it requires a multifactor authentication. Therefore, you must obtain a certificate to access this database for reporting. Instructions to obtain the required DoD-approved medium assurance certificate can be found at <http://iase.disa.mil/pki/eca/Pages/index.aspx>. As an additional note, you can use your home State's Procurement Technical Assistance Center (PTAC) to provide some assistance. PTAC assistance can be found at <http://www.ptac-us.org/>. A key takeaway is to obtain your certificate now, do not wait until you need to make a report.

What information should be included in the report?

The basic company information listed below should be included in the initial report. Pre-recording this information in an incident response plan can save time when writing the initial report, as the initial reporting window is 72 hours.

- Company name and point of contact information
- Data Universal Numbering System (DUNS) Number
- Contract number(s) or other type of agreement affected or potentially affected
- Contact or other type of agreement clearance level

- Contracting Officer or other agreement contact
- USG Program Manager point of contact (address, position, telephone, email)
- Facility Clearance Level (Unclassified, Confidential, Secret, Top Secret, Not applicable)
- Facility CAGE code
- Incident location CAGE code
- Location(s) of compromise
- Date incident discovered
- Incident/Compromise narrative
- Type of compromise (unauthorized access, unauthorized release, unknown, not applicable)
- Description of technique or method used in cyber incident
- Incident outcome (successful compromise, failed attempt, unknown)
- Impact to Covered Defense Information
- Impact on ability to provide operationally critical support
- DoD programs, platforms or systems involved
- Any additional information relevant to incident

So I made a report, now what?

You will receive a report number from DIBNet, which you are required to report to EB through your buyer. Depending on the circumstances, there may be follow up requests from EB.

Will there be consequences if I make a report?

The DFARS intent is not to punish the ones making reports but to collect the information and alert others so that protections can be put in place. A supporting regulation, under DFARS 204.7302 para (d) states;

"A cyber incident that is reported by a contractor or subcontractor shall not, by itself, be interpreted as evidence that the contractor or subcontractor has failed to provide adequate security on their covered contractor information systems, or has otherwise failed to meet the requirements of the clause at 252.204-7012, ..."

Other important advisements:

1. A notarized letter is required to register with SAM.gov. For more information, visit <https://www.gsa.gov/about-us/organization/federal-acquisition-service/office-of-systems-management/integrated-award-environment-iae/sam-update>.
2. EB has noted some JCP Certifications requests have been returned because of inadequate justification. For your JCP renewal, be sure to read the new instructions and provide more detailed justification for JCP Certification.
3. Defense Security Service (DSS) has been designated by the Under Secretary of Defense to support oversight on compliance with the DFARS 252.204-7012 for DoD contractors.