

arrangements may have to be made with selected suppliers of especially critical components to provide and maintain sufficient capability and capacity to meet defense needs.

APPENDIX 3

[Enclosure]

CHRONOLOGY

PROCUREMENT OF MAIN PROPULSION EQUIPMENT FOR THE [CLASSIFIED MATTER DELETED] SUBMARINE

July 17, 1964.—The Chief of Naval Operations (CNO), in a letter signed by Rear Adm. F. V. H. Hilles, Chairman, Ship Characteristics Board, requests the Chief of the Bureau of Ships (BUSHIPS) to undertake a study of SSN similar to [classified matter deleted] except that [classified matter deleted]. The letter notes the excellent experience the Navy has had with [classified matter deleted] is of interest to CNO.

October 20, 1964.—BUSHIPS contracts with the Electric Boat Division of the General Dynamics Corporation (Electric Boat) for preliminary studies of a nuclear propulsion plant suitable for use in [classified matter deleted] submarine.

November 4, 1965.—Electric Boat requests proposals from General Electric and Westinghouse to conduct feasibility studies of the main propulsion equipment for [classified matter deleted] SSN.

December 1, 1965.—General Electric, in a letter from Mr. R. J. Walsh, area sales manager, General Electric Marine and Defense Facilities, advises Electric Boat that General Electric is unable to quote on the November 4, 1965 request to conduct feasibility studies of the main propulsion equipment for [classified matter deleted] SSN. The letter states that General Electric could not start preliminary design work on such equipment until after December 1, 1966 because of prior technical commitments. With regard to the ships' service turbine generators, General Electric, in another letter from Mr. Walsh dated December 10, 1965, advises Electric Boat that General Electric would not have available engineering manpower to start work on the necessary redesign until 1967. Further, this letter states that General Electric would be willing to undertake this work *only* if they were the only logical manufacturer and *only* if there were some material urgency for this equipment. The letter states that if an early decision were made along these lines, General Electric would schedule engineering effort to start in 1967.

June 6, 1966.—Electric Boat awards a subcontract to Westinghouse for feasibility studies of the main propulsion equipment for [classified matter deleted] SSN.

November 17, 1966.—DOD approves \$20 million from fiscal year 1967 funds to procure design and long leadtime material for [classified matter deleted] SSN now planned for the fiscal year 1968 shipbuilding program.

February 4, 1967.—Westinghouse completes and submits the final results of all major portions of the feasibility studies for the [classified material deleted] SSN main propulsion equipment.

February 9, 1967.—Electric Boat requests bids from General Electric and Westinghouse for the design and manufacture of the main propulsion equipment for [classified material deleted] SSN.

March 1, 1967.—The Navy, in a letter from Vice Adm. I. J. Galantin, Chief of Naval Material, to Mr. D. C. Burnham, president, Westinghouse Electric Corp., advises Westinghouse that the Defense Contract Administration Office, Sunnyvale, Calif., had recommended that due to continuing contract delinquency Westinghouse's Sunnyvale complex be placed on the Navy contract experience list (NCEL); however, this action had been deferred pending a further and continuing evaluation of action by Westinghouse to correct the unsatisfactory situation.

March 3, 1967.—Mr. Walsh (GE sales manager) calls Mr. J. D. Pierce, vice president, Electric Boat, nuclear engineering, and states that General Electric would not be submitting a proposal in answer to the February 9, 1967 Electric Boat request for bid because of a lack of technical manpower.

March 6, 1967.—Mr. A. L. Bethel, general manager, Westinghouse Marine Division, calls Mr. Pierce (EB vice president) and states that due to lack of