

Docket No. 20210001-EI
Cross-Examination
Hearing Exhibit

Exhibit No.: 5C

Proffered by: Public Counsel

Short title: DEF's Confidential Response to OPC's POD 5, Q21

Witness(s): Gary P. Dean
Joseph Simpson

Duke Supplier Service Delivery Audit**Supplier Name****Location****Supplier Contact****Contact email****Contact phone number****Are the primary facilities leased, or owned?**

- ☐ Company owned
- ☐ Most facilities owned, except for project related sites
- ☐ Most leased, including primary operating sites
- ☐ All leased, including primary operating sites
- ☐ Recent sale/leaseback put in place

If leased, how long are the lease terms on the existing facilities?**What is the overall corporate or parent financial stability?**

- ☐ Meeting or exceeding financial goal
- ☐ Close to goals
- ☐ Missing goals
- ☐ Refuses to divulge
- ☐ In bankruptcy

<div>Does the supplier have a documented Business Continuity Plan? Does it extend to the local or sub entity?</div><div>Does the supplier have any recovery management team initiated for implementation of the recovery / response plan in the event of a business interruption?</div>

- ☐ Yes, and Complete
- ☐ Yes, with gaps
- ☐ In process, expect within a year
- ☐ Plan to put one in place
- ☐ None and no plans

Are there any financial lawsuits?

- ☐ Yes
- ☐ No

**4a) Does the supplier have a written plan for on-going yearly cost reductions or efficiency gains?
4b) Has the supplier met those goals?
4c) Does the supplier use Six Sigma or**

similar processes to achieve these goals?
4d) Does the supplier have any customer cost reduction sharing agreements in place?

- ☐ Yes, documented and published, and meeting goals
- ☐ Yes, documented and published, and meeting most goals
- ☐ Some plans, by department basis
- ☐ No. Use other methods
- ☐ No plans, costs out of control

What types of or services does the supplier subcontract?

- ☐ Standard services are provided by FTE's, some project services may be contracted
- ☐ Standard services are provided by FTE's, some corporate services are outsourced
- ☐ Some services are subcontracted, such as specialty skills
- ☐ Many services are outsourced, including specialty skills and support
- ☐ Provision of all services are outsourced

Is there a list of said critical service subcontractors and equipment vendors?

- ☐ Yes, and it is current with rankings
- ☐ Yes. And it is recent and has some ranking
- ☐ Partial list
- ☐ Small list of only critical components or services.
- ☐ No such list exists.

Does the supplier require their subcontractors and vendors to adhere to some level of quality management system?

- ☐ Yes for all suppliers, and it is based on recognized standards (e.g. ISO 9001).
- ☐ Yes for key suppliers, and it is based on recognized standards (e.g. ISO 9001).
- ☐ Yes, for some suppliers. Incomplete
- ☐ Only some suppliers, and not based on industry standards.
- ☐ No supplier screening or criteria, other than low price.

Does the supplier regularly perform audits on their subcontractors and vendors?

- ☐ Yes, regularly.
- ☐ Yes, for key suppliers.
- ☐ Yes, irregularly.
- ☐ No. Planning to begin.
- ☐ No. Never.

Does the supplier rate their sub-subcontractors regularly?

- ☐ Yes, using a standardized process and chart that includes multiple focus areas that is updated regularly.
- ☐ Yes, using a standard process and a smaller range of focus areas.
- ☐ Limited range of focus areas.
- ☐ Occasionally, on a limited range.
- ☐ Price only

What is the normal lead time (in days) for scheduling services by supplier?

- ☐ Known for all services. All less than 10 days.
- ☐ Known for all services. Some more than 10 days.
- ☐ Known for key services, most under 10 days, but some key services greater.
- ☐ Can cite most recent weeks only.
- ☐ Unknown

Please provide a list of any backup/alternative subcontractors for critical services.

- ☐ All key components have backup suppliers, or proprietary component designs exist in escrow with safety stock.
- ☐ Most key components have backup suppliers, or proprietary components exist in escrow with safety stock.
- ☐ Backup suppliers for key components.
- ☐ Spotty or inconsistent backup supplier list.
- ☐ Unknown or none.

What percentage of staff time can be scheduled on an immediate (one week or less) basis?

- ☐ Sufficient to support a 25% unforecasted increase in operations on a short term basis. (Judgmental)
- ☐ Sufficient to cover key services in a 25% unforecasted increase in operations
- ☐ Sufficient to support emergency gaps only.
- ☐ Spotty, with gaps.
- ☐ None or less than 5%

Does the supplier maintain long-term business relationships with their critical subcontractors and vendors?

- ☐ Yes, for key services. But includes a program that also turns over some subcontractors in search of new sources
- ☐ Yes, for key services.
- ☐ Yes, for some key services.
- ☐ Few subcontractors, but large turnover recently
- ☐ No. All subcontractors under one year.

Are any of supplier's subcontractors or vendor from politically/economically unstable geographic regions?

- ☐ All sources are in stable regional areas.
- ☐ All sources in stable or reasonable reliable areas.
- ☐ Some sources in areas that may be perceived as less than desirable, but those have backup suppliers in place.
- ☐ Some services in less than desirable areas (e.g. Russia).
- ☐ Key services are sourced in active war zones or unreliable areas.

How far ahead does the supplier schedule its staff?

- ☐ All services are planned and sourced according to a Master Schedule that is 99% accurate.
- ☐ All services are planned and sourced according to a Master Schedule.
- ☐ Key services Master Scheduled. 90% accurate
- ☐ No. Occasional shortages affect delivery
- ☐ No. Active shortages exist continually during delivery

Does the supplier currently possess the capabilities to measure/quantify, in real-time, their staff assignments, productivity and projected task completions?

- ☐ Yes. ISO 14001 and ISO 26000, or equivalent compliant. And audit suppliers for compliance.
- ☐ Yes. Follow industry guidelines.
- ☐ Key suppliers are surveyed for compliance.
- ☐ Spotty or incomplete records.
- ☐ No.

Does the supplier have a list of available storage and shipping providers?

- ☐ Yes, with regional or product specifications for which suppliers to use.
- ☐ Yes, with a primary supplier that manages the process.
- ☐ Partial list.
- ☐ Limited list for some areas and products.
- ☐ No.

Are all materials supplied to supplier controlled according to procedures?

- ☐ Yes. Current and available to all staff. And tied to specific services and products
- ☐ Yes. Available to staff.
- ☐ Key or hazardous materials only.
- ☐ Incomplete or outdated list.
- ☐ No procedures in place for any materials.

Are material handling requirements specified and ensured to prevent materials from being damaged?

- ☐ Yes. Current and available to all staff.
- ☐ Yes. Available to staff.
- ☐ Key or hazardous materials only.
- ☐ Incomplete or outdated list.
- ☐ No handling specifications exist.

Are appropriate environmental requirements identified and addressed in the receipt, handling, storage, and use of all material?

- ☐ Yes. Current and available to all staff.
- ☐ Yes. Available to staff.
- ☐ Key or hazardous materials only.
- ☐ Incomplete or outdated list.
- ☐ None exist.

Is there a formal method to document and establish material management?

- ☐ Yes, using a standardized, recognized, integrated, current ERP/MRP/Inventory management system.
- ☐ Yes, using multiple standardized, recognized, current ERP/MRP/Inventory management system.
- ☐ Inventory management system in place, some gaps in coverage or manual transfer of data.
- ☐ System requires multiple manual transfers of data.
- ☐ No records exist. Or records are highly inaccurate.

Is there a formal method to ensure that all nonconforming or damaged materials are clearly identified, segregated and disposed off or returned as defined?

- ☐ Yes, using a standardized, recognized, integrated, current management system.
- ☐ Yes, using multiple standardized, recognized, current management system.
- ☐ Yes, system in place that operates outside of ERP/MRP system
- ☐ Yes, manual system in place that operates outside of ERP/MRP system
- ☐ Nothing in place.

Are there any instances in the past 12 months when nonconforming material has been used?

- ☐ No. Full notifications system in place that can pinpoint occurrence to range or specific service dates and staff.
- ☐ No. Notifications system in place but it cannot pinpoint occurrence to specific service date or employee.
- ☐ Single occurrence, and supplier discovered first and immediately notified Duke, of all affected service dates and employees.
- ☐ More than one occurrence.
- ☐ Yes, multiple occurrences and supplier only found out from Duke and was unable to trace source.

Is there a formal method to document material traceability to end use?

- ☐ Yes, including full component traceability by serial number or service day/employee.
- ☐ Yes, including full component traceability by service day or employee only, but not both.
- ☐ Yes, for service week only.
- ☐ Incomplete or partial list.
- ☐ No traceability for any products

Is supplier certified to ISO 9001?

- ☐ Yes
- ☐ In process
- ☐ Equivalent
- ☐ Previous, did not renew.
- ☐ None. Does not consider it important

Is current version of QMS manual in place?

- ☐ Yes, current this year.
- ☐ Yes, being updated
- ☐ Processes in place, not compiled in QMS manual
- ☐ Partial processes in place.
- ☐ Have no QMS processes or manual

Are all procedures and instructions in place?

- ☐ Yes. And assembled in integrated system, available to staff.
- ☐ Yes. In multiple systems.
- ☐ Most in place, not all integrated.
- ☐ Partial processes in place.
- ☐ No procedures in place

Does the supplier regularly perform internal audits?
Present last two audit reports for review.
Are auditors properly trained?

- ☐ Yes. Documented and performed on a regular basis for all processes.
- ☐ Yes. For key processes
- ☐ Yes, not all current.
- ☐ Intermittently.
- ☐ No audits or reviews performed

Are corrective/preventive actions identified and documented? Are follow-up activities tracked?

- ☐ Yes. Tracked on integrated system that is available to staff.
- ☐ Yes. Tracked on independent system.
- ☐ Yes. Manually tracked.
- ☐ Incomplete records.
- ☐ None performed or recorded.

Are there any recently identified process breakdowns or failures that have required senior management and customer rectification?

- ☐ None.
- ☐ None recently. Previous failures recorded and solved.
- ☐ Known and being investigated currently.
- ☐ Yes, causes not currently determined.
- ☐ Unknown and cannot tell.

Has there been any litigation with any suppliers or customers with regard to their service delivery in the last 12 months?

- ☐ None for past five years.
- ☐ None for past twelve months.
- ☐ Currently under arbitration.
- ☐ Yes, under appeal
- ☐ Yes, and judgment against supplier.

Are testing/inspection tools calibrated as per calibration procedure?

- ☐ Yes. Per a regular schedule, documented and performed by certified services.
- ☐ Yes. Per a regular schedule, documented and performed by certified staff.
- ☐ Yes. Records incomplete.
- ☐ Not current.
- ☐ No calibrations performed.

What is supplier's choice and justification for calibration/testing/skill certification standards?
Are correct version of standards used?

- ☐ Using nationally recognized standards, current and third party documented.
- ☐ Using nationally recognized standards, current and documented.
- ☐ Yes. Records incomplete as to sources.
- ☐ Not current.
- ☐ None exist

Are skill requirements or acceptance criteria in place for new service staff brought on to projects in place?

- ☐ Yes. Documented, current, tied into central system and available to staff. Includes certified supplier system.
- ☐ Yes. Documented, current, tied into central system and available to staff.
- ☐ Yes. Documented, current and available to staff.
- ☐ Incomplete or not current.
- ☐ None exist

Does the supplier use review/inspection stamps on completed work orders?

- ☐ Yes. Either physical stamps or electronic recorded on system.
- ☐ Yes. Paper only.
- ☐ Key tasks only
- ☐ Incomplete or not current.
- ☐ No system in place.

How long are records of new staff training/testing kept?
Are they readily available when requested by customers?
How secure are those storage data?

- ☐ Yes. Documented, current, tied into central system and available to staff. Kept for service life of product or facility.
- ☐ Yes. Documented, current, paper and available to staff. Kept for service life of product or facility.
- ☐ Less than service life of products or facilities
- ☐ Less than half service life of product or facility
- ☐ None kept.

Is there a formal method to establish required skill certification/process accuracy/safety/efficiency quality goals / targets?

- ☐ Yes. Tied into central system, documented, reviewed and meeting targets.
- ☐ Yes. Documented, reviewed and meeting targets.
- ☐ Yes, not always meeting targets.
- ☐ Partial system.
- ☐ None exist

Are continuous improvement actions established for processes and task instructions that are based on data analysis?

- ☐ Yes. Tied into central system, documented, reviewed and meeting targets.
- ☐ Yes. Documented, reviewed and meeting targets.
- ☐ Yes, not always meeting targets.
- ☐ Partial system. Missing targets.
- ☐ None exist

Is there a closed loop system established to deploy lessons learnt to other projects, regions or skill areas?

- ☐ Yes, on a scheduled basis and performed on all services purchased by customer.
- ☐ Yes, on a scheduled basis and performed on all services under consideration by customer.
- ☐ Only on request.
- ☐ Only for key customers and services, and only on request.
- ☐ Never

Is the status of quality goals / targets reviewed with the customer on a regular basis?

- ☐ Yes, on a scheduled basis and performed on all services purchased by customer.
- ☐ Yes, on a scheduled basis and performed on all services under consideration by customer.
- ☐ Only on request.
- ☐ Only for key customers and services, and only on request.
- ☐ Never

Please describe the formal methods deployed to identify potential project risks and develop appropriate mitigation plans.

- ☐ Yes. Tied into central project management system, reported to senior management, reviewed and meeting targets.
- ☐ Yes, independent system.
- ☐ Yes. Incomplete.
- ☐ Occasionally performed. Limited to project risks only.
- ☐ Not performed.

Please describe the skills testing or process effectiveness measurement tools used to determine confidence levels to validate planned project or process improvement milestones.

- ☐ Yes. Tied into central project management system, reported to senior management, reviewed and meeting targets.
- ☐ Yes, independent system.
- ☐ Yes. Incomplete.
- ☐ Occasionally performed. Limited to major project milestones only.
- ☐ Not performed.

Are organizational charts in place? Supplier to provide.

- ☐ Yes, includes independent Q/A, and services. Tied to performance and corporate mission
- ☐ Yes. Tied to performance and corporate mission
- ☐ Obsolete, not current.
- ☐ Incomplete, gaps.
- ☐ None exist.

Does the supplier plan ahead for recruitment needs?

- ☐ Scheduled staffing tied to services and project plans, with skill sets and sources identified.
- ☐ Scheduled staffing tied to services plans, with skill sets and sources identified.
- ☐ Plant to projects only.
- ☐ Intermittently planned.
- ☐ None in place

What is supplier's training policy (priorities, objectives, budget, etc.)? 56b) Supplier to provide training plans and training records for review.

- ☐ Scheduled training tied to services and project plans, with skill sets and sources identified.
- ☐ Scheduled training tied to services plans, with skill sets and sources identified.
- ☐ Plant to projects only.
- ☐ Intermittently planned.
- ☐ None in place

What is the choice of staff assigned to the program (internal, sub-contracting, temporary staff)?

- ☐ All Full Time Employees (FTE's)
- ☐ FTE's, augmented by recruiting for project and production plans and scarce/occasionally used
- ☐ FTE's augmented by contract staff.
- ☐ Mostly contract staff, managed by FTE's
- ☐ 100% contracted staff.

What form of succession planning is in place?

- ☐ Full plan documented and in place, current and includes all staff.
- ☐ Full plan documented and in place, current and includes key staff.
- ☐ Partial plan.
- ☐ Plan not current.
- ☐ No plans in place or key staff "irreplaceable".

Supplier to provide a breakdown of each service or business area's contribution to total revenue for all services purchased by Duke Energy.

- ☐ Full documentation in place. No service line contributed more than 15% to revenue. (Judgmental)
- ☐ Full documentation in place. No service line contributed more than 30% to revenue.
- ☐ No service line contributed more than 50% to revenue.
- ☐ No service line contributed more than 70% to revenue.
- ☐ Cannot determine service breakdown.

What percentage of delivered services or sales are accomplished using supplier's in-house (sales) staff (as opposed to subcontracted fro others)?

- ☐ All in house full time employees (FTE's)
- ☐ More than 75% FTE's
- ☐ More than 50% FTE's
- ☐ All sales through third-party resellers. Supplier sales constitute less than 50% of their margin.
- ☐ All sales through third-party resellers. Supplier sales constitute less than 20% of their margin.

What is supplier's geographic sales footprint? Provide a list.

- ☐ Worldwide sales, including North America footprint, staffed in NA.
- ☐ North America footprint, with some world sales, staffed in NA.
- ☐ North America footprint, with some world sales, more than 75% outside NA.
- ☐ North America footprint, with some world sales, more than 90% outside NA.
- ☐ Local market only. Less than 20% US.

How many customers account for over 5% of supplier's total revenue? 64b) Who are supplier's largest three customers which account for over 8% of total revenue?

- ☐ No customer more than 5% of sales.
- ☐ No customer more than 10% of sales.
- ☐ No customer more than 20% of sales.
- ☐ No customer more than 50% of sales.
- ☐ Single customer more than 50% of sales.

How many years of experience in the utility market does the supplier have?

- ☐ 30 years or more.
- ☐ 20 years or more
- ☐ 10 years or more
- ☐ Less than 10 years
- ☐ This is first product in utility sector

How long has supplier sold to Duke Energy?

- ☐ 30 years or more.
- ☐ 20 years or more
- ☐ 10 years or more
- ☐ Less than 10 years
- ☐ This is first product in Duke

Does the supplier provide 24-hour support or contact services to clients? How does supplier handle customer complaints?

- ☐ Staffed 24/7 contact line, with automated tracking system that can provide immediate reports and pass through to Duke
- ☐ Staffed 24/7 contact line, with automated tracking system
- ☐ Staffed contact line
- ☐ Personal phone numbers of supplier staff.
- ☐ No system.

Explain supplier's service delivery validation procedures including review of contracts/purchase orders.

- ☐ Inspection included in process flows in integrated system. All records available by service line.
- ☐ Inspection included in process flows in separate system. All records available by service line.
- ☐ Separate process and system.
- ☐ Incomplete system or records.
- ☐ None performed

Is there a formal customer and supplier/subcontractor order management process?

- ☐ Yes, fully integrated into ERP system. Tracked and reported on a regular basis.
- ☐ Yes, on multiple systems. Tracked and reported on a regular basis.
- ☐ Yes, on multiple systems
- ☐ No process in place
- ☐ Vendor does not know

Are internal project delivery team goals / targets aligned with customer's expectations / targets?

- ☐ Yes. Tied into central project management system, reported to senior management, reviewed and meeting targets.
- ☐ Yes, independent system.
- ☐ Yes. Incomplete.
- ☐ Occasionally performed.
- ☐ Not performed.

Are all subcontractors required to meet the same standards as employee staff (appearance, training, qualifications)?

- ☐ Yes. 100%. Tracked and reported on supplier systems.
- ☐ Yes. 100%. Tracked and reported on subcontractor systems.
- ☐ Yes for key skills
- ☐ Leads only
- ☐ No

How frequently does staff receive customer management training?

- ☐ Annually. Tracked and reported.
- ☐ Initial, plus regular refreshers.
- ☐ Initial only.
- ☐ Key staff only.
- ☐ Never

Does the supplier have any open employee disputes or lawsuits? If so, how many?

- ☐ None in past 5 years.
- ☐ None in past 2 years.
- ☐ None in past year
- ☐ Cases pending.
- ☐ Yes. Judgements made against vendor.

Does the service staff have correct qualifications and training to manage the activities?

- ☐ Yes. For all full time employee (FTE) and contract staff.
- ☐ Yes, for FTE staff.
- ☐ Yes, for key staff.
- ☐ Some gaps.
- ☐ No documentation

Are customer management procedures in place?

- ☐ Yes. Tracked on integrated system that is available to staff.
- ☐ Yes. Tracked on independent system.
- ☐ Yes. Manually tracked.
- ☐ Incomplete records.
- ☐ none performed or recorded.

Is public management and customer support software sufficient for services delivered?
(complaint management, notifications, ...)

- ☐ Yes. Integrated into full operating systems.
- ☐ Yes. Integrated into partial operating systems.
- ☐ Yes. Integrated manual
- ☐ Partial systems, no integration.
- ☐ None in place.

What are the conditions and procedures for managing modifications to processes and services?

- ☐ Defined criteria, integrated into automated tracking system with approval and version control.
- ☐ Defined criteria, integrated into tracking system with approval control.
- ☐ Manual system
- ☐ Case by case basis
- ☐ No system in place

How does the supplier keep documentation?

- ☐ Full automated system, with version control and integrated into operating system
- ☐ Full automated system, with version control.
- ☐ Multiple systems.
- ☐ All paper system.
- ☐ No system in place

Does the supplier have security policies?
How is sensitive information provided by Duke Energy stored?
How often are periodic security audits conducted to ensure this information remains secured?

- ☐ Full security system, reviewed independently and verified.
- ☐ Full security system, reviewed and verified.
- ☐ Systems in place, incomplete verification.
- ☐ Physical site security only.
- ☐ None in place

Are current code books / National and International standards and addenda available?

- ☐ Yes, complete and verified independently.
- ☐ Yes, complete and verified
- ☐ Yes, complete but not recently verified.
- ☐ Gaps exist
- ☐ none

Does the supplier participate in industry development and standards groups? If so, please provide the names of these groups.

- ☐ Yes. Multiple recognized groups, including leadership
- ☐ Yes. Multiple recognized groups
- ☐ Yes. Partial
- ☐ One.
- ☐ No participation

Does the supplier have requirements of testing new procedures prior to field deployment?
Are testing facilities kept orderly?
Are all data from tests stored and analyzed?
What pass/fail standards (including statistical metrics) are applied for these tests?
Collect individual testing standards for all Duke Energy Purchased services.
Does simulation/testing comply with Duke Energy's documented standards?

- ☐ Full, integrated into automated systems.
- ☐ Full systems, partial integrated into systems.
- ☐ Multiple, independent systems
- ☐ Partial systems.
- ☐ No testing

How many new services/customers supplier delivered in the past five years?
Provide breakdown by product line.

- ☐ A continual stream of service lines and improvements has been in development or released over the past 5 years.
- ☐ A moderate stream of service lines and improvements has been in development or released over the past 5 years.
- ☐ Product enhancements only
- ☐ Very limited development or enhancement performed.
- ☐ No development (in Duke line) preformed by the company.

From initiation to deployment, what is the average time for new service delivery?

- ☐ 1 to 5 months. Documented and reports available.
- ☐ Varies, statistics on some service lines and not others.
- ☐ Unknown
- ☐ Very limited service line development or enhancement performed.
- ☐ No service line development (in Duke line) preformed by the company.

Does supplier directly inform end use customers of issues discovered during provision of service? What methods are used?

- ☐ Yes. Customers are fully and automatically integrated into the vendors change management system.
- ☐ Yes. Customers are noted in change management system.
- ☐ Manual notification
- ☐ Very limited service line development or enhancement performed.
- ☐ No service line development (in Duke line) preformed by the company.

Are existing test lab facilities available to simulate field conditions?
 What kind of customer situations are simulated?

- ☐ Full lab and test capabilities, both internal and contract for specialized tests. Testing integrated in all service line development and upgrades. All labs certified
- ☐ Full lab and test capabilities, both internal and contract for specialized tests. Testing integrated in all service line development. All labs certified
- ☐ Limited internal testing. Most or all testing using contract labs. All labs certified
- ☐ Labs are not certified
- ☐ No labs, internal or contract.

Have applicable regulatory and permits been obtained?

- ☐ Yes for all applicable service lines. Included in all project plans and budgeted
- ☐ Yes for all applicable service lines. Included in all project plans
- ☐ Yes for all applicable service lines
- ☐ As requested by customer
- ☐ Unknown

What training and simulation tools or methods are used to maintain and improve end customer interactions and management?

- ☐ Tools fully integrated into systems and included as part of all service lines. Customer is "at the table".
- ☐ Tools fully integrated into systems and included as part of all service lines.
- ☐ Manual step as part of service lines.
- ☐ Manual step after service line in place.
- ☐ No tools exist or are used.

Do employees have access to correct versions of processes and policies for end customer interaction?

- ☐ Yes. Fully integrated into all service lines, with automated updates.
- ☐ Yes. Fully integrated into all service lines, with partial automated updates.
- ☐ Yes. Included in service lines, with manual updates.
- ☐ Printed copies only, some not current.
- ☐ None available to appropriate staff.

Are potential risks identified and mitigation actions established?

- ☐ Yes. Reviewed, updated and approved as part of all project efforts and designs.
- ☐ Yes. Reviewed, and approved as part of all project efforts and designs.
- ☐ Produced by Project Manager and included in plans.
- ☐ Post project exercise
- ☐ None exist

Are all processes and support available directly to delivery staff in the field?

- ☐ Yes, directly linked to real-time, online system.
- ☐ Yes, linked to online system.
- ☐ Yes, printed copies or pdf copies loaded to local devices.
- ☐ Printed copies only.
- ☐ No.

What are general infrastructure or vehicle or training/work area conditions (temperature, lighting, noise, emissions, etc.)?

- ☐ Clean, quiet, within operating parameters, regularly cleaned and maintained. ISO 14001 certified
- ☐ Clean, quiet, within operating parameters, regularly cleaned and maintained.
- ☐ Generally clean, quiet, within operating parameters, regularly cleaned and maintained.
- ☐ Some cleanliness, noise or environmental issues. Being addressed.
- ☐ Dirty, noisy and hazardous.

Does the supplier routinely handle any materials/production that require permits (i.e. HAZMAT) or are regulated by a governing body/council? Does the supplier have the capability to handle such materials?

- ☐ Yes. All properly labeled and handled by certified staff or contractors.
- ☐ Yes. All properly labeled and handled.
- ☐ Yes. All properly labeled and handled. Some issues, but being addressed.
- ☐ Yes, but not all properly labeled.
- ☐ Vendor does not know

Is there a strategy for the integration customer product and process security policies, procedures and practices into all phase of the suppliers own procedures?

- ☐ Yes, fully integrated into all project and staff training plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans.
- ☐ No policies or procedures in place.
- ☐ Vendor does not know

Are there formal training programs available which address the issue of customer process/product security?

- ☐ Yes, fully integrated into all project and staff training plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans.
- ☐ No policies or procedures in place.
- ☐ No staff training performed.

Are organizational responsibilities clearly defined for the management of reported security related incidents?

- ☐ Yes, fully integrated into all project and staff training plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans.
- ☐ Incomplete processes in place
- ☐ None or refuse to divulge.

Assess impact – Are security impacts of risks to the customer identified and characterized?
Impacts may be tangible, such as loss of revenue or financial penalties, or intangible, such as loss of reputation or goodwill.

- ☐ Yes, fully integrated into all project and staff training plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans. Tracked and reported on a regular basis.
- ☐ Yes, fully integrated into all project plans.
- ☐ No policies or procedures in place.
- ☐ Vendor does not know

Has the organization developed, and is it maintaining, a stable Social Responsibility Management System (SR MS)?

- ☐ All sites ISO 26000 (or equivalent) certified.
- ☐ Compliant with all local and national laws.
- ☐ Compliant with all local and national laws. Any violations more than two years old.
- ☐ Some issues have been surfaced, company denies issues or addressed them.
- ☐ Serious Human rights violations documented. (cause for dismissal as vendor).

Were indicators set in any of the following categories:
 Child labor, - e.g. age requirement of employment, verifying of age of employees.
 Freedom of association and right to collective bargaining, - e.g. efforts of unionizing, number of employees in such organizations.
 Working hours, - e.g. overtime hours.
 Remuneration - e.g. wages and benefits of all workers.
 Forced and compulsory labor.
 Discrimination
 Disciplinary practices.

- ☐ All sites ISO 26000 (or equivalent) certified.
- ☐ Compliant with all local and national laws.
- ☐ Compliant with all local and national laws. Any violations more than two years old.
- ☐ Some issues have been surfaced, company denies issues or addressed them.
- ☐ Serious HR or other violations documented. (cause for dismissal as vendor).

How are outsourced or subcontracted organizations included or evaluated from a Social Responsibility viewpoint?

- ☐ All sites ISO 26000 (or equivalent) certified.
- ☐ Compliant with all local and national laws.
- ☐ Compliant with all local and national laws. Any violations more than two years old.
- ☐ Unknown
- ☐ Serious HR or other violations documented. (cause for dismissal as vendor).

What is the history of occupational health and safety at the site for the last three years?

- ☐ Clean record. No injuries or violations.
- ☐ Clean record on OSHA recordable (or equivalent) events
- ☐ Past injuries or fatalities. All issues and conditions corrected.
- ☐ Past injuries or fatalities, with violations. All issues and conditions corrected.
- ☐ Serious injuries or fatalities within past two years. Firm cited for violations, uncorrected. (cause for dismissal of vendor).

Have resource requests been rejected in the past three years? Please describe.

- ☐ All resource requests have been documented and approved by corporate parent.
- ☐ Substantially all resource requests have been documented and approved by corporate parent.
- ☐ Some adjustments to plans. All strategic projects funded adequately.
- ☐ Serious cuts to planned projects or initiatives
- ☐ Serious cuts to existing projects and programs taking place.

Are tools and equipment regularly maintained? Records?

- ☐ Recognized ERP system, current and all applicable modules used and integrated.
- ☐ Recognized ERP system, current and most applicable modules used and integrated. Some external systems
- ☐ Multiple systems, integration automated generally.
- ☐ Multiple systems, some manual. Integration spotty.
- ☐ All manual or on paper.

What Automated system (ERP) does the supplier use to manage their operations?
 How long has the supplier used it?

- ☐ Recognized ERP system, current and all applicable modules used and integrated.
- ☐ Recognized ERP system, current and most applicable modules used and integrated. Some external systems
- ☐ Multiple systems, integration automated generally.
- ☐ Multiple systems, some manual. Integration spotty.
- ☐ All manual or on paper.

How clean/organized/secured are facilities?

- ☐ Clean, staffed and management integrated into all other operating systems.
- ☐ Clean, staffed and managed.
- ☐ Some inventory accuracy issues.
- ☐ Storage exists, poorly organized
- ☐ None exist, inventory stored where space available.

How does the supplier manage staff down time? What is supplier's delivery staff utilization?

- ☐ Automated tracking and integrated into management systems for planning.
- ☐ Integrated into management systems for operation and planning.
- ☐ Scheduled independently of planning system.
- ☐ Little tracking, reactive.
- ☐ No management. All reactive

Are tools and equipment clearly labeled and identified (description, part number (if any), assigned employee, etc.)? What methods are used to indicate different inventory tool sets?

Does labeling distinguish between categories of operations (if applicable)?

- ☐ All parts clearly labeled, immediately searchable (preferably barcoded), visually cues clear. All automated.
- ☐ All parts clearly labeled, immediately searchable (preferably barcoded), visually cues clear.
- ☐ Labeled by activity category. Some ambiguity possible.
- ☐ Most labeled, some errors or possibility for mis-reading.
- ☐ Unlabeled, unable to determine tools visually, missing and switched tools

Is there a backup/duplicate operation site available? If so, is this facility in house or is it with a partner organization?

- ☐ Yes. Fully documented and capable of assuming full operations (even if at lower rate). All tested at site.
- ☐ Yes. Fully documented and capable of assuming full operations (even if at lower rate). All tested at site. Multiple sites
- ☐ Yes. Key work activities tested only.
- ☐ Yes. Untested.
- ☐ None exist. Loss of facility would close company.

What services are currently and planned to be provided by supplier?

- ☐ Full spectrum across all service lines. Scheduled, budgeted and working.
- ☐ Full spectrum across key service lines. Scheduled, budgeted and working.
- ☐ Products across key service lines. Scheduled.
- ☐ Some service lines scheduled. Unwilling to discuss.
- ☐ None exist or are planned.

What is the current On Schedule Delivery (OSD) rate? What is the OSD rate exclusively for Duke Energy products?

- ☐ 100% on time, on promise
- ☐ 99% on time, on promise
- ☐ 95% on time, on promise
- ☐ Less than 95%.
- ☐ Serious delays that have delayed Duke projects.

What are the bottlenecks (critical skills) in the operation stream? How does the supplier plan to reduce them?

- ☐ All identified, with plans for addressing or working around in place. None have caused delivery delays. Single key work skill identifiable.
- ☐ All identified. None have caused delivery delays. Single key work skill identifiable.
- ☐ Single key work skill identified. None other analyzed.
- ☐ Single key work skill not identifiable.
- ☐ Unknown

Has supplier already faced a significant increase in operating levels? How did they manage it?

- ☐ Yes. Factor of three. Managed to meet in full
- ☐ Yes. Factor of two. Managed to meet in full
- ☐ Yes. Factor of 1.5. Managed to meet in full
- ☐ No experience. Might be able to handle.
- ☐ No experience. Could not likely handle.

Has there been any notice of violation from any regulatory agency within the past three years and were there any repeat violations?

- ☐ None.
- ☐ Minor, cleared, no repetition.
- ☐ Yes. Cleared.
- ☐ Yes.
- ☐ Yes. Under prosecution. (cause for possible dismissal)

Are chemicals and waste stored in a clean area?

- ☐ ISO 14001 certified
- ☐ Yes. Clearly labeled and clean.
- ☐ Yes. Some cleanliness issues
- ☐ Generally.
- ☐ Visible spills, odors and hazards.

Upload image of calibration stamp

Upload image of shop floor

Upload image of flammable materials storage

Upload screen shot of controlled document application

Upload screen shot of employee training tracking tool (if permissible)

Upload image of inventory management program (if permissible)

Duke Energy Turbine Generator Services Supplier Audit Process

1. Purpose

To define the process for ensuring that purchased materials are bought from qualified suppliers and meet all requirements.

2. Scope

This procedure applies to all off site repair purchasing activities conducted for Duke Energy Turbine Generator Services.

3. Definitions

- 3.1. **Supplier** – Provider of goods or services. This may include outsourced services, contract employees, and vendors.
- 3.2. **Critical Supplier** - Provider of goods or services. This may include outsourced services, contract employees, and vendors. Trailing 12 month spend by TGS is equal or greater than 3 million USD.
- 3.3. **Virtual Audit** – A web hosted questionnaire requiring photographic evidence pertaining to standard audit criteria.
- 3.4. **In shop Audit** – An in person audit with impromptu spot inspections, personnel interviews, Quality Management System review, and Non-conformance reviews. All questions shall mirror those of the Virtual Audit. Reference the TGS supplier assessment Questionnaire.

4. Responsibilities

- 4.1. **TGS Quality Engineer**- Responsible for implementing and maintaining the TGS Supplier Audit Process.
- 4.2. **Supply Chain Supplier Performance Manager**- Responsible for providing financial data for trailing 12 months (once annually). Responsible for audit requests based on future bid opportunities.
- 4.3. **TGS Parts and Quality Manager**- Responsible for audit requests based on future bid opportunities and known supplier deficiencies.
- 4.4. **TGS Program Manager**- Responsible for audit requests based on future bid opportunities, as a corrective action based on root cause analysis (RCA), or known supplier deficiencies.

5. Procedure

5.1. General Guidelines

- 5.1.1. Prior to purchasing any products or services, suppliers must be evaluated by the TGS Quality Program and TGS Subject Matter Experts to determine the supplier's ability to meet requirements both technical and quality based.
- 5.1.2. In addition to the Audit Flow Chart (Appendix A) TGS front line leaders retain the discretion to identify critical suppliers.
- 5.1.3. The TGS Quality Program records all suppliers on Approved Supplier List.

5.2. Supplier Selection/Evaluation/Re-evaluation

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5.2.1. The organization evaluates and selects suppliers based on their ability to supply product in accordance with the organization's requirements. Criteria for selection, evaluation and re-evaluation are established according to the table below:

Criteria	Selection	Evaluation/ Re-evaluation
General Information (Business financials and history)	x	x
Supply Chain management	x	x
Quality Assurance and Quality Control	x	x
Human resources	x	
Sales and Marketing	x	x
Engineering	x	x
Environment, Health & Safety	x	x
Production (On time delivery)	x	x

5.3. Supplier Qualification

5.3.1. New suppliers designated as Critical Suppliers must complete the Supplier Qualification Process. All other suppliers will be selected based solely based on their ability to meet requirements and the results of the Virtual Audit Process.

5.3.2. Critical Suppliers must provide a copy of a completed Supplier Qualification Form and their ISO 9001 certificate (or equivalent, if available). A supplier audit may be required as determined by TGS Quality Audit Flow Chart found in Appendix A.

5.3.3. All other suppliers are approved upon receipt of first shipment if the shipment passes incoming inspection. Service providers are approved upon acceptance of the contract and completion of the Virtual Audit Process.

5.3.4. Suppliers who have supplied materials/services previously to Duke Energy Turbine Generator Services may be classified as Approved based on prior performance.

5.3.5. Qualified suppliers are added to the Approved Supplier List.

5.3.6. Supplier quality and delivery performance is continually monitored The TGS Quality Program based on delivered product quality and on-time delivery performance. Corrective Actions are initiated as needed in accordance with the **Supplier Corrective Action Request Procedure**. Significant performance issues may result in request for In Shop Audit or removal from the Approved Supplier List.

5.3.7. Supplier performance and the Approved Supplier List are reviewed as part of Management Review and suppliers who fail to meet one or both of these performance measures or fail to implement effective corrective actions may be removed from the Approved Supplier List. Additionally, at any time the TGS Front Line Leaders may deem a supplier to be disqualified based on performance problems and may remove the supplier from the Approved Supplier List.

