



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF WATER

**DECISION MEMORANDUM**

**SUBJECT:** One-Year Extension of the Short-Term National Product Waiver for Stainless Steel Nuts and Bolts used in Pipe Couplings, Restraints, Joints, Flanges and Saddles for State Revolving Fund Projects

**FROM:** David P. Ross  
Assistant Administrator

The U.S. Environmental Protection Agency hereby grants a one-year extension of the Short-Term National Product Waiver for Stainless Steel Nuts and Bolts used in Pipe Couplings, Restraints, Joints, Flanges and Saddles for State Revolving Fund (SRF) Projects, pursuant to the "American Iron and Steel" requirements of the Clean Water Act Section 608 and Public Law 115-31, the "Consolidated Appropriations Act, 2017," which has been continued through several continuing resolutions. The original waiver was signed on February 18, 2015 and was granted a one-year extension on February 22, 2016. A second extension was granted to extend the waiver until February 18, 2018. With this third one-year extension, the waiver will expire February 18, 2019. This waiver permits the use of non-domestically produced stainless steel nuts and bolts in bolting-type pipe couplings, restraints, joints and repair saddles in iron and steel products for projects funded by a Clean Water or Drinking Water State Revolving Fund that may otherwise be prohibited absent this waiver.

The original, approved waiver provides details regarding the specific types of products covered by this waiver as well as the rationale for issuance of the short-term waiver (see: <https://www.epa.gov/sites/production/files/2015-09/documents/short-term-natl-waiver-for-ss-nuts-bolts-021815.pdf>). This national product waiver extension is short-term, applying to the covered products if those products are purchased up until February 18, 2019.

**Rationale:** In 2017, EPA updated and expanded its market research on fasteners of interest including stainless steel nuts and bolts used in pipe couplings, pipe restraints, expansion joints, dismantling joints, pipe flanges, flange adaptors, and pipe repair or service saddles. EPA contacted all known domestic fastener manufacturers and raw material suppliers of domestic stainless steel wire/bar stock. Through the extensive research effort, the Agency found that the existing domestic supply of stainless steel nuts and bolts for the subject products was similar to the previous year's assessment, yet showed potential for production increases. EPA received anecdotal evidence from two manufacturers (which EPA then visited for confirmation) that there

is potential capacity to expand production of stainless steel fasteners by two-fold within 6 months to one year. The Agency's research could not confirm whether the manufacturers could produce sufficient quantities to support the national demand subsequent to the potential expansion. EPA was able to confirm that adequate raw material supply of stainless steel wire and bar would be available for a potential domestic fastener expansion. Because of the uncertainty about market demand and supply of stainless steel fasteners, the Agency solicited informal public input on its research findings during a 15-day public input period. The Agency posed questions to the public (soliciting the attention of all known product manufacturers, industry suppliers, interested third parties, and potential users), attempting to obtain further information on the following subjects:

- The time frame required for fastener manufacturers to scale up to meet potential demand
- The time frame for specific specialty fasteners to be produced should the waiver expire
- Whether EPA had identified all fastener manufacturers capable of, and interested in, producing the size and quantity of orders for water and wastewater project purposes
- Whether a targeted waiver for only a portion of the supply would be viable
- Whether EPA had identified and correctly assessed the domestic raw material sources of stainless-steel wire and bar stock

EPA received twenty comments from suppliers and distributors of products containing stainless steel nuts and bolts and downstream users of those products. All of the commenters expressed support for extending the waiver. EPA received no comments opposing an extension of the waiver. The attachment provides a detailed summary of the comments received.

Based on EPA's research and the consensus of public comments, EPA cannot confirm an adequate supply of domestic nuts and bolts for project and market demand. Should the Agency not extend the waiver, the comments and EPA's research indicate that fastener manufacturers would have insufficient time to commit to and plan for expanding the production capacity to meet the current and projected demands of stainless steel nuts and bolts. EPA's research and the public comments confirm that without extension of the waiver, AIS compliant product availability would be limited and associated projects would be delayed. Further opportunity for research is needed to determine the timeframe and viability of potential domestic market supply expansion.

Lacking evidence that manufacturers of stainless steel nuts and bolts used in the subject products can meet current demands within a reasonable timeframe, the Agency is extending the national waiver for another year. Prior to the expiration of the waiver extension, the Agency will again research the market for and supply of stainless steel nuts and bolts and will reassess the waiver.

Legal Authority: Legal authority for the AIS requirements for CWSRF projects is included under Sec. 608(c)(2) of the Clean Water Act and previously under P.L. 113-76, the "Consolidated Appropriations Act, 2014," under the authority of Section 436(b)(2). Legal authority for the AIS requirements for DWSRF projects is included under P.L. 115-31, the "Consolidated Appropriations Act, 2017", which has been continued through several continuing resolutions, and also previously under P.L. 113-76, P.L. 113- 235 and P.L. 114-113. This waiver will continue in force for DWSRF projects under any continuing resolutions or statutes that use similar language as in Section 425 of the "Consolidated Appropriations Act, 2017."

**ATTACHMENT:** Summary of Comments Received During 15-Day Informal Public Input Period on Short-Term Waiver Extension for Stainless-Steel Nuts and Bolts used in Pipe Couplings, Restraints, Joints, Flanges and Saddles for State Revolving Fund (SRF) Projects

EPA received seventeen (17) comments from product suppliers and distributors that asserted the following arguments:

- Commenters stated that EPA’s research showed that there is not sufficient supply to satisfy the current demand for domestic stainless steel nuts and bolts and that the current window of 6 months to 1 year to potentially increase this production and supply would impact project timelines if the waiver is not extended. Commenters provided examples of Tee bolts, Victaulic Trackhead nuts and bolts, and standard bolts (less than 1-inch in size) of materials that are extremely limited in supply domestically. Suppliers argued that EPA should allow domestic manufacturers sufficient time to develop production capacity to reliably meet the current demand for stainless steel nuts and bolts; however, no specific timeframe was provided.
- Commenters stated that even with the potential increase in raw material supply, there are a limited number of domestic stainless steel nut and bolt manufacturers who will be tasked with supplying a diverse range of nuts and bolts, including specialty metals, non-standard sizes and project-specific product specifications. Suppliers noted that it was not evident in EPA’s findings whether the nut and bolt manufacturers had the capacity to customize small batch productions within a reasonable timeframe.
- Some suppliers were concerned with the notion of relying on a few domestic manufacturers with exclusive control over the pricing and supply of domestic nuts and bolts for time critical DWSRF-funded and CWSRF-funded projects.
- Commenters expressed concern regarding the documentation and traceability of domestic stainless steel nuts and bolts becoming an unwieldy process if the waiver extension is not granted. Suppliers indicated that material test reports are not typically generated for nuts and bolts; however, without an extension, manufacturers asserted that they would incur a significant increase in burden to establish a reporting process for these materials to comply with the AIS requirements and consequently, longer lead times to procure the materials.
- Several commenters suggested providing a permanent, non-expiring waiver.
- One commenter noted that the increased burden for identifying and documenting AIS-compliant nuts and bolts without the waiver in place will discourage overall participation in the SRF program.
- One commenter suggested further clarification in the definition of nuts and bolts to include names and size ranges. The commenter proposed including pipe nipples and threaded couplings as specific products to include as part of the waiver (if they are to be considered “nuts and bolts” by the Agency).

EPA received three (3) comments from downstream users of products containing stainless steel nuts and bolts covered under the waiver. The commenters noted concern that a lapse in the waiver will result in a shortage of supply, leading to project schedule impacts and increased project costs. One commenter urged EPA to allow sufficient time for nut and bolt manufacturers to commit to ramping up production/supply before terminating the waiver.