



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

January 31, 2017

Mr. Ron Kaplan
President of Operations
Joseph Oat Corporation
2500 Broadway Drawer 10
Camden, NJ 08104

SUBJECT: JOSEPH OAT CORPORATION DECEMBER 6, 2016, LETTER REGARDING
NRC INSPECTION REPORTS 05200025/2016001 AND 05200026/2016002

Dear Mr. Kaplan:

This is in response to your letter dated December 6, 2016, in which you expressed concerns that an NRC finding in Inspection Reports 0500025/2016001 and 0500026/2016001 implied that Joseph Oat Corporation was at fault for failing to perform NDE per AISC N690-94 on 218 embedments produced by your company. You further requested a correction to the public record.

In your letter you asserted that the purchase order with Shaw/CB&I made no reference that these welds required any NDE examination. Our inspections did not review these purchase orders and there was no implication in our report that you had failed to meet your purchase order.

The violation Description on page 25 of the report states:

N&D report SV3-CE01-GNR-000121 identifies a nonconformance in which the NDE required by AISC N690-94 was not performed on fabricated structural components supplied by Joseph Oat Corporation. Specifically, the magnetic particle testing (MT) or liquid penetrant testing (PT) required by AISC N690-94 Section Q1.26.2.2, "Partial Penetration Welds" was not performed on Seismic Category I embedments fabricated by Joseph Oat Corporation.

The passive voice in the first sentence was deliberately chosen because the reason for not performing the NDE and the ensuing failure to meet the AISC specification were not germane to the violation. The violation given to the licensee was against 10 CFR Part 50, Appendix B, Criterion XV for their subsequent failure to adequately review and accept nonconforming items. This violation could have been written without reference to Joseph Oat Corporation. However, this became necessary since there were additional embedments procured through another company with the same nonconformance. The diverse circumstances behind the licensee's failure to review both sets of nonconforming embedments compelled us to give separate detailed accounts for each company's products.

We regret that the wording has caused you to perceive an implication of a failure to meet your purchase order, however, we do not feel that this report requires any clarification or correction.

Any disagreements between you and the licensee are a contractual matter which are not under the NRC's purview.

Thank you for your feedback on this matter.

Sincerely,

/RA/

Michael Ernstes, Chief
Construction Inspection Branch 3
Division of Construction Oversight

Enclosure: Letter from Ron Kaplan, December 6, 2016

Any disagreements between you and the licensee are a contractual matter which are not under the NRC's purview.

Thank you for your feedback on this matter.

Sincerely,

/RA/

Michael Ernstes, Chief
Construction Inspection Branch 3
Division of Construction Oversight

Enclosure: Letter from Ron Kaplan, December 6, 2016

☒ PUBLICLY AVAILABLE ☐ NON-PUBLICLY AVAILABLE ☐ SENSITIVE ☒ NON-SENSITIVE
ADAMS: ☒ Yes ACCESSION NUMBER: ML17038A325 ☒ SUNSI REVIEW COMPLETE ☒ FORM 665 ATTACHED

OFFICE	RII: DCO	RII: ORA	RII: DCO				
SIGNATURE	/RA/	/RA/	/RA/				
NAME	J. Heisserer	S. Price	M. Ernstes				
DATE	01/25/2017	01/31/2017	01/31/2017				
E-MAIL COPY?	YES NO	YES NO	YES NO				

OFFICIAL RECORD COPY



Established 1788

Joseph Oat Corporation

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December 6, 2016

Mr. Michael Ernestes
Chief of Construction Projects, Branch 4
U.S. Nuclear Regulatory Commission, Region II
Atlanta Federal Center
61 Forsyth Street, SW, Suite 23T85
Atlanta, GA, 30303-3415

Reference: Integrated Inspection Reports 05200025/2016001 and 05200026/2016001
Embedments Manufactured by Joseph Oat
Oat E-mail to Mr. Ernestes dated August 31, 2016

Dear Mr. Ernestes,

Pursuant to our email to you dated August 31, 2016, Joseph Oat has been unable to obtain N&D report SV3-CE01-GNR-000121 from either the NRC, Southern Nuclear or from WECTEC. This specific document is the document which was relied upon by the NRC to produce a finding generated in Integrated Inspection Reports 05200025/2016001 and 05200026/2016001. This finding, appearing on page 25 through 28 of the Inspection Reports, implies that Joseph Oat Corporation was at fault for failing to perform NDE per AISC N690-94 on 218 embedments produced by Joseph Oat Corporation. The intent of this letter is to refute the root cause of this finding and to request correction of the public record.

Joseph Oat asserts that our purchase order with Shaw / CB&I made no reference that these welds, which are Lenton coupler to embedment base plate partial penetration welds, required any NDE examination other than a visual examination. No requirements for any other NDE were flowed down to Joseph Oat from its customer. Although the specification lists AISC N690-94 among 44 general referenced documents in Westinghouse Specification, AISC N690 did not apply to the specific parts ordered from Joseph Oat, which is true of most other general referenced documents. This is because the specification was intended to be utilized to procure many other parts from other vendors unrelated to parts ordered from Joseph Oat. Requirements for our products are included in paragraph 4.3.3.4 of the specification, for "inspection, tests, and repair of welds," and makes particular reference to embedments. It is attached herein for your reference. In summary, this paragraph states that "embedments for piping supports and restraints and for equipment supports, which are designed for dynamic or vibratory loads and other embedments if specified by the Engineers, shall be examined by nondestructive methods.... *Weld examination for all other items of embedment and miscellaneous embedded steel shall be limited to visual examination.*" There is no reference or indication on any other drawing or document relating to these parts, including the embedment drawings themselves which were furnished by

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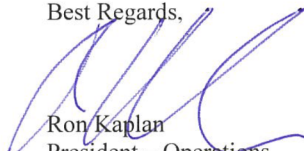


the customer, which required additional NDE on the specific embedments supplied by Joseph Oat Corporation. There is no reference or indication that the parts we furnished were subject to dynamic or vibratory loads, nor were any additional NDE requirements specified by customer engineers. Therefore, these parts were fabricated and inspected in full accordance with the purchase order and the specifications provided to Joseph Oat by its customer Shaw / CB&I. If, in fact, the 10% PT examination requirement stipulated by AISC-N690-94 was required by the owner, this requirement was not properly flowed down to Joseph Oat. Clearly the Shaw / CB&I inspection team who inspected these parts in our shop and in the field to the same criteria to which they were manufactured concurred.

Our concern in this matter can be well understood. One very important customer to Joseph Oat advised us that the finding, heretofore never shared with Joseph Oat, existed in the public record and we believe the finding was considered by the QA team who was auditing Joseph Oat for a large contract we subsequently did not receive. It also is noteworthy that the same customer, Shaw / CB&I, produced a questionable 10CFR21 report regarding rebar supplied by Joseph Oat which was effectively refuted in Joseph Oat's letter to the NRC dated June 13, 2012 (ref. Kaplan to U.S. NRC Part 21 Group). We cannot afford to let inaccurate reports which unfairly reflect negatively upon our company and which deflect responsibility for quality issues created by others to stand unchallenged. It is also of concern that Oat has not been entitled to even review the document which was relied upon by the NRC to produce a finding against our company. If the finding the NRC produced is not considered to be proprietary and is made a public record, we do not see how the document that the NRC relied upon to make the finding could be considered as such. The author of the N&D report needs to be as accountable as any other party in this matter.

Joseph Oat would appreciate your reply and a correction of the public record in this matter.

Best Regards,



Ron Kaplan
President – Operations

Enclosure