

**OCCUPATIONAL SAFETY
AND HEALTH STANDARDS BOARD**

2520 Venture Oaks, Suite 350
Sacramento, CA 95833
(916) 274-5721
FAX (916) 274-5743
www.dir.ca.gov/oshsb



Attachment No. 2

INITIAL STATEMENT OF REASONS**CALIFORNIA CODE OF REGULATIONS**

Title 8: Chapter 4, Subchapter 14, Articles 2, 9, and 15, Sections 6505, 6533, 6551, and New Section 6552 of the Petroleum Safety Orders—Drilling & Production; and Subchapter 15, Articles 2, 16, and 18, Sections 6755, 6845, 6857, and New Section 6858 of the Petroleum Safety Orders—Refining, Transportation and Handling.

SUMMARY

On August 16, 1999, the Occupational Safety and Health Standards Board (Board) received a petition from Mr. Michael D. Wang (Petitioner), Manager, Operations and Environmental Issues, Western States Petroleum Association (WSPA), requesting that the state's Petroleum Safety Orders be updated to reflect recent changes in the national standards referenced in the Orders. WSPA is a trade group representing approximately 30 companies that explore, develop, refine, market, and transport petroleum and petroleum products in the Western United States. Many WSPA member companies own and operate facilities in California and requested that the national standard references be updated to the latest editions in order to provide consistency throughout their national facilities. These national standards include those published by the American Petroleum Institute (API), the American National Standards Institute (ANSI), the National Board Inspection Code (NBIC) and the American Society of Mechanical Engineers (ASME).

On January 20, 2000, the Board granted the petition to the extent that the Division of Occupational Safety and Health (Division) convene a representative advisory committee to review the national consensus standards recommended for adoption and, if appropriate, develop rulemaking based on consensus achieved at the advisory committee for consideration by the Board at a future public hearing. This rulemaking proposal is the result of five (5) advisory committee meetings convened by the Division between August 2003, and March 2004. Individuals from the petroleum, insurance inspection, and repair industries, representing both union and management, along with Division personnel, were involved in the advisory committee process, along with a representative of the Petitioner.

The proposal updates existing references to API 510, Pressure Vessel Inspection Code, and the ANSI/NB-23, from their 1992 editions to their most current versions. These codes provide the owners/users of pressure vessels in the petroleum industry with the direction needed to ensure the safe operation of their pressure vessels. The latest edition of API 510 references two new

recommended practices: risk-based inspections, and fitness-for-service assessments. A risk-based inspection program, as described and outlined in API 580, Risk-based Inspection, Recommended Practice, First Edition, May 2002, addresses ways to manage risks on an equipment level, and assists owners/users in determining how frequently a pressure vessel should be inspected. A fitness-for-service program, as described and outlined in API 579, Fitness-for-Service, Recommended Practice, First Edition, January 2000, provides guidance for conducting an assessment of a damaged/flawed vessel or component using quantitative engineering evaluations in order to demonstrate its structural integrity so that it can continue to operate safely. Both the risk-based inspection and fitness-for-service program are intended to extend the intervals by which pressure vessels and boilers are to be inspected, thus minimizing the number of plant shutdowns required for these inspections. Each plant shutdown carries inherent risks, and most industry accidents occur when machinery and equipment must be stopped and then restarted. Moreover, each shutdown costs approximately \$1,000,000 for each day of lost production. Since both of these programs are intended to assist the industry in operating at a more safe and cost-effective level, and are referenced in the current edition of API 510, they have been included in the proposal. Although these programs would not be made mandatory, the Division would continue to provide oversight via review and acceptance of an owner/user's risk-based inspection or fitness-for-service program.

The ANSI/NB-23 referenced document would be updated to the 2004 edition, providing additional inspection criteria for specific types of pressure vessels, new welding techniques that may be used in lieu of post-weld heat treatment of the steel, clarified requirements for hydrotesting, and other technical requirements. ANSI/NB-23 is a national consensus standard that was developed from the input of pressure vessel and boiler manufacturers, repair firms, governmental jurisdictions, insurance companies, and other related entities.

In addition, new API and ASME codes and standards pertaining to pipe lines, fittings, and valves have been introduced or revised since the last update of the Petroleum Safety Orders, and would be proposed for incorporation in the proposal. They include: API 570-2003, Piping Inspection Code; ASME B31.3-2002, Chemical Plant and Petroleum Refinery Piping; ASME B31.4-2002, Pipeline Transportation of Liquid Hydrocarbons; ASME B31.8-2003, Gas Transmission and Distribution Piping Systems; and API 1104-1999, Welding of Pipelines and Related Facilities, with Errata dated October 31, 2001.

The amendments are necessary to provide the regulated public with the specifications for the design, fabrication, assembly, testing, inspection and repair of piping systems that meet current industry standards. These new national codes and standards contain the latest techniques utilized by the petroleum industry to provide employees with a safe working environment. Newly installed piping would be required to comply with all the various standards, as applicable, while existing piping would have to comply with the inspection and repair requirements. The current Petroleum Safety Orders require pipe lines, fittings, and valves be installed, supported, and maintained to withstand the stresses imposed by the internal and external loads, and by contraction, expansion and vibration. The proposed amendments would maintain this level of safety through the explicit use, instead of the implicit use, of the standards referenced.

This proposed rulemaking action also contains numerous nonsubstantive, editorial, reformatting of subsections, and grammatical revisions. These nonsubstantive revisions are not all discussed in this Informative Digest. However, these proposed revisions are clearly indicated in the regulatory text in underline and strikeout format. In addition to these nonsubstantive revisions, the following actions are proposed:

SPECIFIC PURPOSE AND FACTUAL BASIS OF PROPOSED ACTION

Section 6505, Definitions.

Section 6505 contains definitions that are applicable to the Petroleum Safety Orders—Drilling and Production. It is proposed to revise the definition of an owner-user inspection agency as an owner or user of pressure vessels who maintains a regularly established inspection department whose organization and inspection procedures have been accepted by the Division. The nonsubstantive amendment is necessary to provide grammatical clarity to the standard and would have no effect on the regulated public.

Section 6533, Pipe Lines, Fitting, and Valves.

Section 6533 specifies the requirements applicable to pipe lines, fittings and valves. It is proposed to reformat Section 6533 by grouping its contents into related subjects, i.e., subsection (a) would be entitled “General,” subsection (b), “Inspections,” and subsection (c), “Pressure relief devices and valves.” This proposed amendment is necessary to clarify the section and make it easier for the regulated public to find the subject-related standards.

Existing subsection (a) provides the general requirement that pipe lines, piping, fittings, and valves be installed, supported and maintained to withstand the stresses imposed by internal and external loads, and by contraction, expansion and vibration. It is proposed to renumber this requirement as subparagraph (1) under subsection (a) and specify that this standard applies to those pipe lines, piping, fitting and valves installed prior to the effective date of the proposal. This amendment is necessary since new standards are proposed for piping systems installed on or after the effective date of the proposal, and would have the effect of clarifying that those standards apply to existing installations.

New subparagraph (2) of subsection (a) specifies that the design, fabrication, and assembly of piping systems installed on or after the effective date of the proposal, and the testing, inspection, and repair of all piping systems shall comply with Article 146 of the General Industry Safety Orders, and ASME B31.3-2002, Process Piping, ASME B31.4-2002, Pipeline Transportation Systems for Liquid Hydrocarbons and Other Liquids, ASME B31.8-2003, Gas Transmission and Distribution Piping Systems, or API 1104, Welding of Pipelines and Related Facilities, Nineteenth Edition, September 1999 (including the October 31, 2001 Errata), as applicable, which are hereby incorporated by reference. The proposed amendment is necessary to provide the industry with technical information necessary to ensure that piping systems meet up-to-date design, fabrication, assembly, testing, inspection and repair specifications in order to ensure the safe operation of these systems.

New subparagraph (3) of subsection (a) would apply to all piping system installations and would require that each owner or user of piping establish an inspection and maintenance program that will ensure that all piping has sufficient integrity for the intended service. The proposed amendments are necessary to ensure that piping systems are safe and reliable.

Existing subsections (b), (c), (d), and (e) are proposed to be consolidated as new subsection (c) entitled, "Pressure relief devices and valves," in order to group the requirements pertaining to pressure relief devices and valves for clarity purposes.

New subsection (b) is proposed, entitled "Inspections," in order to address inspection requirements for piping systems. Subparagraph (1) requires that the inspector be an authorized piping inspector as defined in Section 4 of API 570, Piping Inspection Code, Second Edition, October 1998, Addendum 3, August 2003, proposed for incorporation by reference. This requirement is necessary to ensure that those who inspect piping systems are in fact qualified to do so.

New subparagraph (2) of new subsection (b) is proposed which permits piping inspectors or engineers to utilize the principles of API 570-2003 when developing inspection strategies and methodologies. While API 570-2003 applies to petroleum refining and chemical process activities, it may also be used when developing inspection strategies and methodologies for drilling and production piping systems. The proposed new subparagraph is necessary to provide guidance to the regulated public when developing inspection strategies and methodologies in meeting the requirements proposed under subsection (a).

New subparagraph (3) of new subsection (b) is proposed which requires that the piping owner or user establish piping inspection risk classifications based on the potential for piping failure; the history, location, design basis, operating conditions and previous inspections of the piping system; and the consequences of piping failure relative to its location. These risk classes are to be specified as either Class 1, Class 2, Class 3 or Class 4, and examples of each are provided in the proposal. These requirements are necessary when determining inspection intervals and strategy as required in proposed new subparagraph (4) of new subsection (b), and would ensure that piping systems are classified based on specified criteria.

New subparagraph (4) of new subsection (b) requires that inspection intervals and inspection strategy be determined by the piping risk classification and the remaining life and corrosion rate calculations. The remaining life and corrosion rate calculations shall be performed in accordance with Section 7 of API 570-2003. When establishing maximum allowable pressure and temperature ratings, the material allowable stress and appropriate non-destructive examination factors from the original code of construction shall be used. Subparagraph (4) goes on to require that any signs of leakage or deterioration detected in the interval between inspections shall require inspection of that piping and re-evaluation by the piping inspector, the piping engineer, or a corrosion specialist of the inspection interval for that piping class. This re-evaluation may necessitate a decrease in the inspection interval or an increase in the number of inspection locations. If service conditions change the risk classification, the interval between inspections shall be re-evaluated. The proposal also specifies how the piping inspection intervals for each risk classification are to be set, and requires that individuals experienced in

pipng corrosion and inspection are to establish these intervals. The proposed new requirements are necessary to clarify how the inspection intervals are to be established and by whom.

New subparagraph (5) of new subsection (b) states that when the inspection of a piping system shows measured losses, the inspector or the piping engineer shall evaluate those losses, and that this evaluation shall include: establishing maximum allowable working pressure, performing remaining life calculations, retirement thickness determination and assessment of wall losses from general, local or pitting corrosion. This requirement is necessary to ensure that piping systems are evaluated if measured losses are shown, and to specify what the evaluation must include.

New subparagraph (6) of new subsection (b) requires that the inspector or piping engineer to review all repairs to Class 1 piping systems. Repairs to other piping classes shall be reviewed by the inspector or piping engineer, or the inspector may give prior authorization for specific repair procedures, provided the inspector has reviewed and approved the competency of the repair organization. The proposed requirements are necessary to ensure that repairs to piping systems which pose the greatest risk are reviewed by an inspector or piping engineer, and would allow the repairs to other piping system classifications be made by an inspector, piping engineer, or repair organizations when authorized by the inspector.

New subparagraph (7) of new subsection (b) requires each owner or user to maintain records of piping inspections, and these records shall include classification, inspection type, inspection interval, inspector, inspection results, and corrective actions taken for all piping systems covered. The proposed new standard is necessary to ensure that owners or users of piping systems maintain records of the piping inspections. These records would provide a history of the inspections performed on a piping system and a means to track the integrity of the piping system and the quality of the inspections.

New subsection (c) is comprised of existing subsections (b), (c), (d), and (e), which pertain to pressure relief devices and valves, and is entitled "Pressure relief devices and valves." The proposed amendment is necessary to make it easier for the regulated public to find the standards pertaining to pressure relief devices and valves for piping systems.

Section 6551, Vessels, Boilers and Pressure Relief Devices.

Section 6551 specifies requirements that pertain to the operation, repair and alteration of pressure vessels, boilers and pressure relief devices. Due to the volume of existing Section 6551 and the amendments proposed for this section in this rulemaking action, it is proposed to reformat Section 6551 by consolidating requirements that pertain to maximum allowable working pressure, and maintenance, inspection, repair and alteration procedures into specific subsections. Requirements pertaining to pressure relief devices are proposed for consolidation and relocation to the now vacant Section 6552, Pressure-Relieving Safety Devices. The proposed reformatting and relocation of existing requirements are nonsubstantive changes that are necessary to provide clarity to the standards.

Subsection (b)

Existing subsection (b) specifies that no pressure vessel shall be operated above its maximum allowable working pressure at coincident design temperature(s). It is proposed to consolidate all requirements pertaining to “maximum allowable working pressure” contained throughout Section 6551 into subsection (b), now entitled “Maximum allowable working pressure.” The aforementioned requirement contained in existing subsection (b) is proposed for relocation as subparagraph (2) under subsection (b).

Existing subsection (c), which requires the employer to establish, or cause to be established, the maximum allowable working pressure of each boiler or pressure vessel in accordance with the rules of recognized pressure vessel codes applicable to the pressure vessel service involved, remains unchanged, but is renumbered as subparagraph (1) under subsection (b).

Existing subsection (i) of Section 6551, which requires that the maximum allowable working pressure for each vessel be evaluated at intervals sufficiently frequent to give due consideration to corrosion and other factors causing deterioration, is proposed for relocation to subsection (b) as subparagraph (3). It is also proposed to add the requirement that the original code of construction be used to establish the allowable stresses and joint efficiencies when re-rating, de-rating or calculating the pressure boundary minimum thickness of a vessel. This amendment is necessary to provide the industry with the guidance necessary to perform these calculations.

New Subsection (c)

New subsection (c) is proposed, taken from existing Section 6551(d)(1), which requires that maintenance, inspection and repair procedures of unfired pressure vessels comply with API 510, Pressure Vessel Inspection Code, Eighth Edition, June 1997, Addendum 4, August 2003, or ANSI/NB-23, American National Standard Institute/National Board Inspection Code, 2004 Edition, herein incorporated by reference. The proposal updates the existing document references to these current editions.

New subparagraphs (1) and (2) to subsection (c) are proposed that will allow for improvements in industry practices. New Section 6551(c)(1) would permit the use of a risk-based inspection program (as referenced in API 510), under specified conditions, to increase the internal inspection limits required by Section 6.4 of API 510 or the external inspection interval described in Section 6.3 of API 510. If used, the risk-based inspection program must comply with API 580, Risk-based Inspection, Recommended Practice, First Edition, May 2002, proposed for incorporation by reference. New Section 6551(c)(2) would permit the use of fitness-for-service assessments (as referenced in API 510), under specified conditions, to evaluate pressure vessels for continued service when found to have degradation that could affect their load carrying capability. If used, the fitness-for-service program must comply with API 579, Fitness-for-Service, Recommended Practice, First Edition, January 2000, proposed for incorporation by reference.

While not mandatory, both programs would be available to enable companies to operate their equipment in a more cost-effective manner while maintaining a safe work environment. The Division would provide oversight of these programs by reviewing and accepting a company’s

risk-based inspection and/or fitness-for-service program before it is implemented and every three years thereafter.

Subsection (d)

Existing subsection (d) states that repair and alterations of boilers and pressure vessels shall meet all applicable requirements of the Unfired Pressure Vessel Safety Orders and the Boiler and Fired Pressure Vessel Safety Orders. It is proposed to title subsection (d), “Repairs and Alterations,” renumber the existing requirement as (d)(1), and add the phrase, “and shall comply with API 510, Pressure Vessel Inspection Code, Eighth Edition, June 1997, Addendum 4, August 2003; or the ANSI/NB-23, American National Standard/National Board Inspection Code, 2004 Edition, which are hereby incorporated by reference.” The proposed reformatting of subsection (d) is necessary to consolidate the requirements specific to repairs and alterations for clarity purposes. The new language is also added for clarity purposes, and has no new regulatory effect as it is already required under the existing section format. Existing subsection (d)(1), as stated earlier, is proposed for relocation to new subsection (c).

New subsection (d)(2) is proposed which requires that repairs and alterations of pressure vessels performed in a state other than California shall be done by a company with a valid National Board ‘R’ stamp and inspected by an inspector holding a valid National Board Commission and Certificate of Competency (or equivalent) for the state in which the work is being performed. The repair or alteration shall conform to all the requirements of this section and be stamped in accordance with the American National Standard/National Board Inspection Code, ANSI/NB-23-2004. The proposed new subsection is necessary for consistency with the existing requirement involving repairs and alterations performed within the State of California, and to ensure that repairs/alterations performed outside the state meet current industry standards and safety requirements.

New subsection (d)(3) entitled “Repairs” is proposed which would consolidate the requirements specific to repairs. Subparagraph (A) is taken from a portion of existing Section 6551(d)(1), which requires that repairs be performed by either an organization possessing a valid ASME Certificate of Authorization, or an organization in possession of a valid National Board Certificate of Authorization. An organization formerly allowed to perform repairs, one having welding procedures and operators qualified in accordance with Section IX of the ASME Code, has been repealed as these types of organizations currently do not perform this type of work for the petroleum industry, and lack the appropriate certification necessary to ensure that repairs to boilers and pressure vessels are in accordance with industry standards.

Existing subsections (e), (f) and (g) have been renumbered as subparagraphs (B), (C) and (D) of subsection (d), as they specifically pertain to repairs. The provision that allowed an authorized inspector, as defined in the Pressure Vessel Inspection Code-API 510, to authorize repairs has been repealed in existing Section 6551(f) since these types of inspectors are not qualified to obtain a certificate of competency as a Certified Inspector or Qualified Safety Engineer as stipulated in California Labor Code Sections 7560 and 7651. The proposed amendment is for clarity purposes, and is necessary to rectify a discrepancy between the Title 8 standard and the Labor Code. The reformatting of these existing subsections is also for clarity purposes, and would have no effect on the regulated public.

New subsection (d)(4) is proposed entitled “Alterations.” Existing subsection (h) is proposed for relettering as (d)(4)(A) and requires that alterations to pressure vessels be performed in compliance with the American National Standard/National Board Inspection Code, ANSI/NB-23, 2004 Edition, which is hereby incorporated by reference, unless the material design and construction are accepted by the Division as equivalent to the ASME Code. The national code reference has been updated to the 2004 edition, and the remaining contents of existing subsection (h) has been renumbered in accordance with the proposed new format.

Existing subsection (h)(A), now proposed as (d)(4)(A)2.a., permits an organization in possession of a valid ASME Certificate of Authorization to perform alterations to a pressure vessel, provided that the alteration is within the scope of such authorization. An amendment is proposed to include the additional condition that the organization’s alteration program has been reviewed and accepted by the Division. The amendment is necessary in order to ensure that the organization is qualified to perform alterations to pressure vessels and boilers that have been in service.

An amendment is also proposed to repeal existing subsection (h)(2)(C), which permitted an organization having welding procedures and operators qualified in accordance with Section IX of the ASME Code to conduct alterations. The amendment is consistent with the proposed repeal of existing subsection (d)(1)(C) with regard to repairs, and is necessary since these types of organizations currently do not perform this type of work for the petroleum industry, and lack the appropriate certification necessary to ensure that alterations to boilers and pressure vessels are in accordance with industry standards.

Existing subsection (i) to Section 6551 is proposed for relocation to subsection (b), where provisions pertaining to maximum allowable working pressure would be consolidated. Existing subsections (j) thru (q), regarding pressure-relieving devices, are proposed for relocation back to their original location in Section 6552 for clarity purposes.

Section 6552, Pressure-Relieving Safety Devices.

Prior to 1994, standards pertaining to pressure-relief devices were located in Section 6552. A rulemaking action in 1994 transferred these requirements to Section 6551 for no other reason than the requirements pertaining to pressure-relief devices were being addressed in the then proposed amendments to Section 6551. Due to the amendments and reformatting proposed for Section 6551 in this rulemaking action, however, it is proposed relocate the requirements pertaining to pressure-relief devices back to Section 6552, and rename the Section, “Pressure-Relieving Devices.” The nonsubstantive amendment is necessary to reduce the volume of Section 6551 and make it easier for the regulated public to find the standards pertaining to pressure-relief devices.

Section 6755, Definitions.

Section 6755 contains definitions that are applicable to the Petroleum Safety Orders—Refining, Transportation and Handling. Nonsubstantive amendments are proposed for the definition of an “Owner-User” as an owner or user of pressure vessels who maintains a regularly established inspection department whose organization and inspection procedures have been accepted by the Division. The proposed amendments are necessary to provide grammatical clarity to the standard.

Section 6845, Piping and Fittings.

Section 6845 specifies the requirements for the design, fabrication, assembly, test, and inspection of piping systems. Section 6846 specifies the requirements for valves. An amendment is proposed to rename Section 6845 to read, “Piping, Fittings, and Valves,” and relocate the requirements from Section 6846 (Valves) to Section 6845 for both consistency with the format of Section 6533, and because the standards incorporated by reference in Section 6845 are applicable to valves as well.

Existing Section 6845 requires that the design, fabrication, assembly, test, and inspection of piping systems comply with General Industry Safety Orders, Article 146 and ASME B31.3-1990, Chemical Plant and Petroleum Refinery Piping herein incorporated by reference. It is proposed to reletter this provision as subsection (a), and require that the design, fabrication, and assembly of piping systems installed prior to the effective date of the standard comply with the existing referenced standards, while the design, fabrication, and assembly of piping systems installed after the effective date of the standard are to comply with Article 146 of the General Industry Safety Orders (GISO); API 570, Piping Inspection Code, Second Edition, October 1998, Addendum 3, August 2003, and ASME B31.1-2002, Process Piping, herein incorporated by reference. The testing, inspection, and repair of all piping systems are also required to comply with GISO Article 146; API 570, Piping Inspection Code, Second Edition, October 1998, Addendum 3, August 2003, and ASME B31.1-2002.

Additionally, new subsection (a)(1) is proposed which states that excluded and optional piping systems specified in Section 1.2.2 of API 570-2003 are subject to inspection and testing by the employer in accordance with good engineering practices. This requirement is necessary to ensure that the safety of all piping systems are addressed, including those specified as excluded and optional in API 570-2003.

The proposed amendments would improve the safety of piping systems installed at petroleum refineries. The ASME B31.3 standard covers the construction of new piping systems and does not provide instructions for piping systems once they have been placed in service. The new standard, API 570 Piping Inspection Code, was developed by the petroleum industry to provide a unified methodology for the inspection and testing of piping systems that are in refinery service. The adoption of this standard was requested in the petition from the petroleum industry to the Standards Board that initiated this rulemaking action. This amendment is necessary to allow the refinery industry the ability to implement their piping inspection programs nationally and not create a separate program strictly for California.

Section 6857, Vessels, Boilers and Pressure Relief Devices.

Section 6857 specifies requirements that pertain to the operation, repair and alteration of pressure vessels, boilers and pressure relief devices. Due to the volume of existing Section 6857, it is proposed to reformat the section by consolidating requirements that pertain to maximum allowable working pressure, and maintenance, inspection, repair and alteration procedures into specific subsections. Requirements pertaining to pressure-relief devices are proposed for consolidation and relocation to proposed new Section 6858, entitled "Pressure-Relieving Devices." Both the substantive and nonsubstantive amendments proposed for this section are identical to those proposed in this rulemaking action for Section 6551, Petroleum Safety Orders – Refining, Transportation and Handling. The proposed reformatting and relocation of existing requirements are nonsubstantive changes that would provide clarity to the standards. A description of the substantive amendments and their necessity can be found under the proposed amendments to Section 6551 contained in this Initial Statement of Reasons.

DOCUMENTS RELIED UPON

1. Petition to amend the Petroleum Safety Orders dated August 12, 1999, filed by Michel D. Wang (Petitioner), Manager, Operations and Environmental Issues, Western States Petroleum Association (WSPA).
2. Occupational Safety and Health Standards Board Petition Decision adopted January 20, 2000, OSHSB Petition File No. 400, Mr. Michel D. Wang, Petitioner, representing WSPA.

DOCUMENTS INCORPORATED BY REFERENCE

1. ASME B31.3-2002, Process Piping.
2. ASME B31.4-2002, Pipeline Transportation Systems for Liquid Hydrocarbons and Other Liquids.
3. ASME B31.8-2003, Gas Transmission and Distribution Piping Systems.
4. API 1104, Welding of Pipelines and Related Facilities, Nineteenth Edition, September 1999, with Errata dated October 31, 2001.
5. API 510, Pressure Vessel Inspection Code, Eighth Edition, June 1997, Addendum 4, August 2003.
6. API 570, Piping Inspection Code, Second Edition, October 1998, Addendum 3, August 2003.
7. API 579, Fitness-for-Service, Recommended Practice, First Edition, January 2000.
8. API 580, Risk-based Inspection, Recommended Practice, First Edition, May 2002.
9. ANSI/NB-23, American National Standard/National Board Inspection Code, 2004 Edition.

These documents are too cumbersome or impractical to publish in Title 8. Therefore, it is proposed to incorporate the documents by reference. Copies of these documents are available for review Monday through Friday from 8:00 a.m. to 4:30 p.m. at the Standards Board Office located at 2520 Venture Oaks Way, Suite 350, Sacramento, California.

REASONABLE ALTERNATIVES THAT WOULD LESSEN ADVERSE ECONOMIC
IMPACT ON SMALL BUSINESSES

No reasonable alternatives were identified by the Board and no reasonable alternatives identified by the Board or otherwise brought to its attention would lessen the impact on small businesses.

SPECIFIC TECHNOLOGY OR EQUIPMENT

This proposal will not mandate the use of specific technologies or equipment.

COST ESTIMATES OF PROPOSED ACTION

Cost or Savings to State Agencies

No costs or savings to state agencies will result as a consequence of the proposed actions.

Impact on Housing Costs

The Board has made an initial determination that this proposal will not significantly affect housing costs.

Impact on Businesses

The Board has made an initial determination that this proposal will not result in a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Companies regulated by the proposed standards could experience significant operating cost savings while maintaining a safe working environment for employees. Advances in engineering, maintenance, inspection, and operations are included in the new editions of previously adopted standards and the new standards proposed for incorporation by reference. These advances provide the technical guidance petroleum production and refining companies need to safely maintain and operate their boilers, pressure vessels, and associated piping. The potential cost savings and employee safety benefits provided by these new standards would more than offset the negligible cost of the tri-annual reviews performed by the Division.

Cost Impact on Private Persons or Businesses

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. See also "Impact on Businesses."

Cost or Savings in Federal Funding to the State

The proposal will not result in costs or savings in federal funding to the state.

Costs or Savings to Local Agencies or School District Required to be Reimbursed

No costs to local agencies or school districts are required to be reimbursed. See explanation under “Determination of Mandate.”

Other Nondiscretionary Costs or Savings Imposed on Local Agencies

This proposal does not impose nondiscretionary costs or savings on local agencies.

DETERMINATION OF MANDATE

The Occupational Safety and Health Standards Board has determined that the proposed standards do not impose a mandate requiring reimbursement by the state pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code because the proposed amendment will not require local agencies or school district to incur additional costs in complying with the proposal. Furthermore, the standards do not constitute a “new program or higher level of service of an existing program with the meaning of Section 6 of Article XIII B of the California Constitution.”

The California Supreme Court has established that a “program” within the meaning of Section 6 of Article XIII B of the California Constitution is one which carries out the governmental function of providing services to the public, or which, to implement a state policy, imposes unique requirements on local governments and does not apply generally to all residents and entities in the state. (*County of Los Angeles v. State of California* (1987) 43 Cal.3d 46.)

The proposed standards do not require local agencies to carry out the governmental function of providing services to the public. Rather, the standards require local agencies to take certain steps to ensure the safety and health of their own employees only. Moreover, the proposed standards do not in any way require local agencies to administer the California Occupational Safety and Health program. (See *City of Anaheim v. State of California* (1987) 189Cal.App.3d 1478.)

The proposed standards do not impose unique requirements on local government. All employers-state, local and private-will be required to comply with the prescribed standards.

EFFECT ON SMALL BUSINESSES

The board has determined that the proposed amendments will not affect small businesses. Those businesses effected by the proposal own and operate petroleum production and refinery facilities throughout the United States and are involved in exploring, developing, refining, marketing, and transporting petroleum and petroleum products.

ASSESSMENT

The adoption of the proposed amendments to these standards will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

ALTERNATIVES THAT WOULD AFFECT PRIVATE PERSONS

No reasonable alternatives have been identified by the Board or have otherwise been identified and brought to its attention that would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed actions.