

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

815 KAR 15:026

Contact Person: Jonathon M. Fuller

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the requirements for safe maintenance of boilers and pressure vessels.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the requirements for existing boilers and pressure vessels and the inspection process that ensures the safety of the boilers and pressure vessels.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 236.030 requires the commissioner to promulgate administrative regulations that establish standards for the safe construction, installation, inspection, and repair of boilers, pressure vessels, and associated pressure piping. KRS 236.040 requires all boiler and pressure vessels to conform to the rules and regulations formulated by the commissioner, and establishes the standards for pressure piping and pressure vessels for human occupancy. KRS 236.110 establishes the inspection requirements for boilers, pressure vessels, and pressure piping.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the standards for boilers and pressure vessels, the requirements for the maintenance of existing boilers and existing pressure vessels, and the administrative regulation establishes when and how existing boilers and existing pressure vessels must be inspected.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment changes inspection frequencies as follows:

Amendments were made to clarify what valves must be inspected and the inspector's duty to witness operation of the valves. Amendments were also made to clarify the frequency of testing of emergency shutdowns and that the inspector must witness the testing. Additionally, typographical/numbering errors were corrected. Chimney inspection requirements were clarified to address frequency and document retention. Boiler external piping was added to the list of items that must be repaired or altered in accordance with NBIC Part 3.

(b) The necessity of the amendment to this administrative regulation: The amendment was necessary to clarify inspection requirements for valves and chimneys in response to comments received and to correct typographical/numbering errors.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment establishes the standards of existing boilers and existing pressure vessels and establishes the inspection requirements for boilers and pressure vessels.

(d) How the amendment will assist in the effective administration of the statutes: This amendment updates the standards for boilers and pressure vessels and reorganizes and edits the administrative regulation.

(3) Does this administrative regulation or amendment implement legislation from the previous

five years? No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All individuals engaged in the boiler and pressure vessel industry, building owners, and Department of Housing, Buildings and Construction personnel.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

- (a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: Power boiler operators must have a chimney inspection every two years. Operators of heating boilers must have a chimney inspection every four years. The purpose of this inspection is to attempt to prevent conditions that can lead to carbon monoxide build-up. There are recurring inspections for some classes of pressure vessels that previously were never inspected after installation. Therefore, the owners of these vessels shall submit to more inspections.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): Chimney inspections cost approximately \$300. Therefore, each of the entities identified in Question 3 may incur an approximately \$300 charge per every two to four years, depending on whether they operate a power boiler or a heating boiler, respectively.
- (c) As a result of compliance, what benefits will accrue to the entities identified in question (4): Primarily, building occupants and those who maintain and operate boilers will benefit from increased safety, particularly as it relates to the health hazard of carbon monoxide exposure.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

- (a) Initially: There are no anticipated initial costs to administer this regulatory amendment.
- (b) On a continuing basis: There are no anticipated continuing costs to administer this regulatory amendment.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Any department costs of implementation will be met with existing department funds.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This amendment will not necessitate an increase in fees or require funding from the department for implementation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: There are no fees increased by this amendment.

(10) TIERING: Is tiering applied? Tiering is not applied as all individuals in the boiler and

pressure vessel industry and department personnel are affected by this amendment.

FISCAL IMPACT STATEMENT

815 KAR 15:026

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(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. This regulation is authorized and required by KRS 236.030, 236.040, 236.110, 236.120, and 236.240.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: This regulation is required by KRS 236.030, 236.040, and 236.110

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The Department of Housing, Buildings and Construction, Division of Plumbing, Boiler Inspection Section.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year: None

For subsequent years: None

2. Revenues:

For the first year: None

For subsequent years: None

3. Cost Savings:

For the first year: None

For subsequent years: None

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no anticipated local entities that will be affected by this regulatory amendment.

(b) Estimate the following for each affected state unit, part, or division identified in (4)(a):

1. Expenditures:

For the first year: None

For subsequent years: None

2. Revenues:

For the first year: None

For subsequent years: None

3. Cost Savings:

For the first year: None

For subsequent years: None

(5)(a) Identify any affected regulated entities not listed in questions (3)(a) or (4)(a): Individuals engaged in the boiler and pressure vessel industry, building owners.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year: Owners of power boilers and heating boilers will incur the cost of a chimney inspection every two or four years, estimated at around \$300 for an inspection. Owners of certain pressure vessels will incur the cost of more frequent recurring inspections (every four years instead of five for vessels over 200 psi MAWP; every six years instead of ten for deareators, every three years instead of five for liquid CO2 vessels, every ten years for pressure vessels 200 psi MAWP or less). These inspections cost \$25.

For subsequent years: Same as first year.

2. Revenues:

For the first year: Boiler contractors may see increased revenues for performing chimney/flue inspections if they are contracted to do so.

For subsequent years: Same as first year.

3. Cost Savings:

For the first year: Owners/operators of pressure vessels for human occupancy will save on the cost of less frequent recurring inspections (every four years instead of two). The cost of insuring the buildings and units may decrease as inspection frequency increases for some units.

For subsequent years: Same as first year.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: For the owners of power boilers and heating boilers, the anticipated fiscal impact will be an approximately \$300 charge every two years (power boiler) to four years (heating boiler). Owners of certain pressure vessels will incur the cost of more frequent recurring inspections (every four years instead of five for vessels over 200 psi MAWP; every six years instead of ten for deareators, every three years instead of five for liquid CO2 vessels, every ten years for pressure vessels 200 psi MAWP or less). These inspections cost \$25. These costs may be offset by reductions in insurance premiums for the buildings/units.

(b) Methodology and resources used to reach this conclusion: The department ascertained the average cost of a chimney inspection via surveying providers of same, the cost of pressure vessel recurring inspections is established by 815 KAR 15:027.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact" as defined by KRS 13A.010(14): This regulation will not have a major economic impact as defined by KRS 13A.010(14).

(b) The methodology and resources used to reach this conclusion: The combined implementation and compliance costs of the administrative regulation are less than \$500,000 over any two-year period.

STATEMENT OF CONSIDERATION

Relating to 815 KAR 15:026

Public Protection Cabinet, Department of Housing, Buildings and Construction, Division of
Plumbing, Boiler Inspection Section
(Amended After Comments)

I. The public hearing on 815 15:026 scheduled for June 23, 2026 at 9 a.m. at 500 Mero Street, Frankfort, KY 40601 was canceled; however, written comments were received during the public comment period.

II. The following people submitted written comments:

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
Mike Klobucher	Zurich Resilience Solutions
Eric Perry	Factory Mutual Insurance

III. The following people from the promulgating administrative body responded to the written comments:

<u>Name and Title</u>
Jonathon M. Fuller, Commissioner

IV. Summary of Comments and Response

(1) Subject Matter: Section 2: valve testing, replacement; emergency shutdown switch testing

(a) Comment: Mike Klobucher – seeks clarification on the scope of the valves that are required to be operable and exercised and witnessed by the inspector. Suggests limiting the scope of valve inspection to boiler external/power piping and first valve of external piping on pressure vessels. Asks for clarification on frequency of emergency shutdown testing, who can perform it and if the inspector must witness.

(b) The agency will amend 815 KAR 15:026 Section 2(3)(f) to clarify which valves must be inspected and the inspector's duty to witness operation of the valves. The agency will also

amend Section 2(6)(e) to reflect the frequency of the testing of emergency shutdowns and that the inspector must witness the testing.

(2) Subject Matter: Valve testing, chimney inspection, NBIC Part 3, inspection frequency fiscal impact

(a) Comment: Eric Perry - typographical errors related to inspection preparation (water plugs) should be corrected; valve inspection language presents practical difficulties when units are often locked out and tagged out for inspection; typographical/numbering errors related to chimney inspections and hydrostatic pressure tests should be corrected; seeks clarification on the application of chimney inspections for buildings with large smokestacks and flues that are inspected to their own specific industry standards, what mechanism will an inspector utilize to provide a copy of the chimney inspection letter. Recommends adding boiler external piping to the list of items that must be repaired or altered in accordance with NBIC Part 3. Does not believe that the agency adequately addressed the fiscal impact of the modification of inspection intervals because fees may be paid by the insurance companies and the insurance company may be required to pay the certificate fee for the owner or user. States that they are not opposed to the changes to the intervals, but doesn't believe the fiscal impact is adequately stated.

(b) The agency will amend Section 2(3)(b) to correct typographical errors. The agency will amend Section 2(3)(F) to clarify the requirements for inspection of valves. The agency will amend to correct typographical/numbering errors and clarify chimney inspection requirements, which will also clarify which party will be required to retain documentation. The agency will amend and add "external piping" to the items that must be repaired or altered in accordance with NBIC Part 3. The agency thanks Mr. Perry for bringing additional fiscal impact concerns to its attention.

V. Summary of Statement of Consideration and Action Taken by Promulgating Administrative Body

The public hearing on 815 KAR 15:026 was canceled; however, written comments were received. The Boiler Inspection Section responded to the comments and will amend the administrative regulation accordingly.