

corresponding wage variation among different regions of the country. The costs presented in the assessment are national averages, and we fully expect different regions of the country to pay different wage rates. However, we do believe that the \$40,000 per year estimated per security guard may be

lower than what could be expected. Consequently, we have revised our estimate from \$40,000 per year to \$50,000 per year per security guard. Finally, we included the cost of making Declaration of Security (DoS) annual. The net effect of these changes was to

increase initial and annual costs for facilities.

A detailed summary of the changes made from the December 2002 meeting notice and the Cost Assessment for the interim rules for security is presented in Table 6.

TABLE 6.—SUMMARY OF CHANGES MADE TO COST ASSESSMENT

Item	December 2002 meeting notice	Cost assessment for IR	Comment
Population of fishing vessels	39 vessels	1 vessel	Revised based on new information from commenter.
Population of domestic MODUs	159 vessels	0 vessels	IR will not be applicable to domestic MODUs.
Population of domestic freight barges.	262 vessels	0 vessels	IR will not be applicable to domestic freight barges regulated under Subchapter I.
Population of foreign non-SOLAS vessels.	0 vessels	70 vessels	IR will be applicable to these vessels regulated under Subchapter I.
Hand-held radio (vessels)	\$200 per item	\$500 per item	Revised based on comment.
Portable vapor detector (vessels) ..	\$8,000 per item	\$15,000 per item	Revised based on comment.
O&M costs for equipment (vessels)	5% of purchase cost	10% of purchase cost	Revised based on comment.
Annual incremental costs to amend VSAs and VSPs.	\$0.02 per vessel per year	\$25 per vessel per year	Revised based on comment.
Vessel Security Officers	\$5,000 per vessel per year, non-towing vessels only.	\$8,500 per non-towing vessel per year; \$4,250 per towing vessel per year.	Revised based on comment.
Fleeting areas	0 areas	600 areas	Population added to IR.
Communications system (group A facilities).	\$300,000 per facility	\$400,000 per facility	Revised based on comment.
Gates (group A facilities)	\$100,000 per facility	\$200,000 per facility	Revised based on comment.
CCTVs (group A facilities)	\$130,000 per facility	\$260,000 per facility	Revised based on comment.
Lights (group A facilities)	\$200,000 per facility	\$400,000 per facility	Revised based on comment.
Fencing (group A facilities)	\$500,000 per facility	\$750,000 per facility	Revised based on comment.
Hand-held radio (group A and B facilities).	\$200 per item	\$500 per item	Revised based on comment.
O&M costs for equipment (facilities).	5% of purchase cost	10% of purchase cost	Revised based on comment.
Security guard	\$40,000 per year	\$50,000 per year	Revised based on comment.
Declaration of Security	No cost estimated	Cost estimated	Added requirement to IR.

Cost Assessment Summary

The following summary presents the estimated costs of complying with the interim rules on Vessel Security, Facility Security, OCS Facility Security, Area Maritime Security, and AIS, which are published elsewhere in today's **Federal Register**.

For the purposes of good business practice, or to comply with regulations promulgated by other Federal and State agencies, many companies already have spent a substantial amount of money and resources to upgrade and improve security. The costs shown in this summary do not include the security measures these companies have already taken to enhance security.

We realize that every company engaged in maritime commerce would not implement the interim rules exactly as presented in this assessment. Depending on each company's choices, some companies could spend much less than what is estimated herein, while

others could spend significantly more. In general, we assume that each company would implement the interim rules based on the type of vessels or facilities it owns or operates, whether it engages in international or domestic trade, and the ports where it operates.

This assessment presents the estimated cost if vessels, facilities, OCS facilities, and ports are operating at MARSEC Level 1, the current level of operations since the events of September 11, 2001. We also estimate the costs for operating for a brief period at MARSEC Level 2, an elevated level of security. We also discuss the potential effects of operating at MARSEC Level 3, the highest level of maritime security.

We do not anticipate that implementing the interim rules will require additional manning aboard vessels or OCS facilities; existing personnel can assume the duties envisioned. For facilities, we anticipate additional personnel in the form of

security guards that can be hired through contracting with a private firm specializing in security.

Based on our assessment, the first-year cost of implementing the interim rules is approximately \$1.507 billion. Following initial implementation, the annual cost is approximately \$884 million, with costs of present value (PV) \$7.348 billion over the next 10 years (2003–2012, 7 percent discount rate). Estimated costs are as follows.

Vessel Security

Implementing the interim rule will affect about 10,300 U.S. flag SOLAS, domestic (non-SOLAS), and foreign non-SOLAS vessels. The first-year cost of purchasing and installing equipment, hiring security officers, and preparing paperwork is approximately \$218 million. Following initial implementation, the annual cost is approximately \$176 million. Over the