

Facility Security Plan submitted for approval, and that the facility may continue to operate so long as the facility remains in compliance with the submitted Facility Security Plan.

If the COTP finds that the Facility Security Plan does not meet the security requirements, the plans would be returned to the facility with a disapproval letter with an explanation of why the plan does not meet the part 105 requirements.

Security plans must be reviewed by the Coast Guard every time:

- The Facility Security Assessment is altered;
- Failures are identified during an exercise of the Facility Security Plan; and
- There is a change in ownership or operational control of the facility or there are amendments to the Facility Security Plan.

### Regulatory Assessment

This interim rule is a “significant regulatory action” under section 3(f) of Executive Order 12866, Regulatory Planning and Review, and has been reviewed by the Office of Management and Budget under that Order. It requires an assessment of potential costs and benefits under section 6(a)(3) of that Order. It is significant under the regulatory policies and procedures of the Department of Homeland Security. A Cost Assessment is available in the docket as indicated under **ADDRESSES**. A summary of the Assessment follows:

### Cost Assessment

For the purposes of good business practice or 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 assessment do not include the security measures these companies have already taken to enhance security.

We realize that every company engaged in maritime commerce will not implement this interim rule exactly as presented in the 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

will implement this interim rule differently based on the type of facilities it owns or operates and whether it engages in international or domestic trade.

The population affected by this interim rule is approximately 5,000 facilities, and the estimated Present Value (PV) cost to these facilities is approximately PV \$5.399 billion (2003 to 2012, 7 percent discount rate). Approximately PV \$2.718 billion of this total is attributed to facilities engaged in the transfer of hazardous bulk liquids (petroleum, edible oils, and liquefied gases). The remaining PV \$2.681 billion is attributable to facilities that receive vessels on international voyages or carry more than 150 passengers, or fleet barges carrying certain dangerous cargoes. During the initial year of compliance, the cost is attributable to purchasing and installing equipment, hiring security officers, and preparing paperwork. The initial cost is an estimated \$1.125 billion (non-discounted, \$498 million for the facilities with hazardous bulk liquids, \$627 million for the other facilities). Following initial implementation, the annual cost is an estimated \$656 million (non-discounted, \$341 million for the facilities with hazardous bulk liquids, \$315 million for the other facilities).

Approximately 51 percent of the initial cost is for installing or upgrading equipment, 30 percent for hiring and training Facility Security Officers, 14 percent for hiring additional security guards, and 5 percent for paperwork (Facility Security Assessments and Facility Security Plans). Following the first year, approximately 52 percent of the annual cost is for Facility Security Officers (cost and training), 24 percent for security guards, 9 percent for paperwork (updating Facility Security Assessments and Facility Security Plans), 9 percent for operations and maintenance for equipment, and approximately 6 percent for drills. The cost of facility security consists primarily of installing or upgrading equipment and designating Facility Security Officers.

### Benefit Assessment

This rule is one of six interim rules that implement national maritime

security initiatives concerning general provisions, Area Maritime Security (ports), vessels, facilities, Outer Continental Shelf facilities, and AIS. The Coast Guard used the National Risk Assessment Tool (N-RAT) to assess benefits that would result from increased security for vessels, facilities, Outer Continental Shelf facilities, and ports. The N-RAT considers threat, vulnerability, and consequences for several maritime entities in various security-related scenarios. For a more detailed discussion on the N-RAT and how we employed this tool, refer to “Applicability of National Maritime Security Initiatives” in the interim rule titled “Implementation of National Maritime Security Initiatives” (USGC–2003–14792) published elsewhere in today’s **Federal Register**. For this benefit assessment, the Coast Guard used a team of experts to calculate a risk score for each entity and scenario before and after the implementation of required security measures. The difference in before and after scores indicates the benefit of the proposed action.

We recognized that the interim rules are a “family” of rules that will reinforce and support one another in their implementation. We must ensure, however, that risk reduction that is credited in one rulemaking is not also credited in another. For a more detailed discussion on the benefit assessment and how we addressed the potential to double-count the risk reduced, refer to “Benefit Assessment” in the interim rule titled “Implementation of National Maritime Security Initiatives” (USGC–2003–14792) published elsewhere in today’s **Federal Register**.

We determined annual risk points reduced for each of the six interim rules using the N-RAT. The benefits are apportioned among the Vessel, Facility, OCS Facility, AMS, and AIS requirements. As shown in Table 1, the implementation of Facility Security Plans for the affected population reduces 473,659 risk points annually through 2012. The benefits attributable for part 101—General Provisions—were not considered separately since it is an overarching section for all the parts.

TABLE 1.—ANNUAL RISK POINTS REDUCED BY THE INTERIM RULES

Maritime entity	Annual risk points reduced by rulemaking				
	Vessel security plans	Facility security plans	OCS facility security plans	AMS plans	AIS
Vessels .....	778,633	3,385	3,385	3,385	1,448
Facilities .....	2,025	469,686	.....	2,025	.....