

drilling, 22 percent is for VSOs, and less than 1 percent is associated with paperwork. As with SOLAS vessels, Company Security Officers are the primary cost driver for the domestic fleet.

We estimated approximately 135,000 burden hours for paperwork during the first year of compliance (33,000 hours for U.S. flag SOLAS, 101,000 hours for the domestic fleet, 1,000 hours for the foreign non-SOLAS fleet). We estimated approximately 12,000 burden hours annually following full implementation of the final rule (2,000 hours for U.S. flag SOLAS, 10,000 hours for the domestic fleet, less than 1,000 hours for the foreign non-SOLAS fleet).

We also estimated the annual cost for going to an elevated security level, MARSEC Level 2, in response to increased threats. The duration of the increased threat level will be entirely dependent on intelligence received. For this assessment, we estimated costs for MARSEC Level 2 using the following assumptions: All ports will go to MARSEC Level 2 at once, each elevation will last 21 days, and the elevation will occur twice a year. The estimated cost

associated with these conditions is \$235 million annually.

Benefit Assessment

This final rule is one of six final rules that implement national maritime security initiatives concerning general provisions, Area Maritime Security, vessels, facilities, Outer Continental Shelf (OCS) 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, OCS facilities, and areas. 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 temporary interim rule titled "Implementation of National Maritime Security Initiatives" (68 FR 39243) (part 101). For this benefit assessment, the Coast Guard used a team 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 indicated the benefit of the proposed action.

We recognized that the final rules are a "family" of rules that will reinforce and support one another in their implementation. We have ensured, however, that risk reduction that is credited in one rule 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 temporary interim rule titled "Implementation of National Maritime Security Initiatives" (68 FR 39274) (part 101).

We determined annual risk points reduced for each of the six final 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 vessel security for the affected population reduces 781,285 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 FINAL RULES

Maritime entity	Annual risk points reduced by final rule				
	Vessel security	Facility security	OCS Facility security	AMS	AIS
Vessels	778,633	3,385	3,385	3,385	1,317
Facilities	2,025	469,686	.....	2,025	.....
OCS Facilities	41	.....	9,903	.....	.....
Port Areas	587	587	.....	129,792	105
Total	781,285	473,659	13,288	135,202	1,422

Once we determined the annual risk points reduced, we discounted these estimates to their present value (7 percent discount rate, 2003–2012) so that they could be compared to the costs. We presented the cost

effectiveness, or dollars per risk point reduced, in two ways: First, we compared the first-year cost and first-year benefit because first-year cost is the highest in our assessment as companies develop security plans and purchase

equipment. Second, we compared the 10-year present value cost and the 10-year present value benefit. The results of our assessment are presented in Table 2.

TABLE 2.—FIRST-YEAR AND 10-YEAR PRESENT VALUE COST AND BENEFIT OF THE FINAL RULES

Item	Final rule				
	Vessel security	Facility security	OCS facility security	AMS	AIS*
First-Year Cost (millions)	\$218	\$1,125	\$3	\$120	\$30
First-Year Benefit	781,285	473,659	13,288	135,202	1,422
First-Year Cost Effectiveness (\$/Risk Point Reduced)	279	2,375	205	890	21,224
10-Year Present Value Cost (millions)	1,368	5,399	37	477	26
10-Year Present Value Benefit	5,871,540	3,559,655	99,863	1,016,074	10,687
10-Year Present Value Cost Effectiveness (\$/Risk Point Reduced)	233	1,517	368	469	2,427

*Cost less monetized safety benefit.