



FEDERAL MARITIME COMMISSION

Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation - Cap Adjustment

AGENCY: Federal Maritime Commission.

ACTION: Notice.

DATES: The Adjusted Cap amount will be effective [INSERT DATE 60 AFTER THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Sandra L. Kusumoto, Director, Bureau of Certification and Licensing, 202-523-5787, skusumoto@fmc.gov.

SUPPLEMENTARY INFORMATION: In accordance with the Final Rule published in the *Federal Register* (FR) of February 27, 2013 (78 FR 13268), the Director, Bureau of Certification and Licensing is required to calculate the Adjusted Cap amount for Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation and transmit that information to the Commission's Office of the Secretary for publication on the Commission's website and in the *Federal Register*. The cap will automatically adjust every two years after the cap on required financial responsibility reaches \$30 million, which it did on April 2, 2015, and will be rounded to the nearest \$1 million based on changes in the U.S. Bureau of Labor Statistics's (BLS) Consumer Price Index for all Urban Consumers (CPI-U).

The formula used to determine the percent change is as follows:

$$\text{Percent Change in the Annual CPI-U} = \frac{(\text{Annual CPI-U for 2016} - \text{Annual CPI-U for 2015})}{\text{Annual CPI-U for 2015}} \times 100$$

Based on the percent change calculated, the Escalation Formula for the cap adjustment is calculated. The formula uses a Base Cap of \$30 million set from April 2, 2015, as the cap upon which all subsequent cap adjustment calculations will be determined. The calculation for the Adjusted Cap is then rounded to the nearest \$1 million. The following is the Escalation Formula used to determine the Adjusted Cap:

$$\text{Adjusted Cap} = \frac{(\text{Base Cap} \times \text{Change in the Annual CPI} - \text{U})}{100} + \text{Base Cap}$$

The index percent change for use in 2017 was calculated to be 1.26 and the Adjusted Cap was calculated to be \$30.4 million. The Adjusted Cap rounded to the nearest \$1 million is \$30 million. For 2017 and 2018, the cap for Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation shall remain at \$30 million. The next adjustment will be conducted in 2019 and will continue to use \$30 million as the Base Cap for adjustment.

Rachel E. Dickon,
Assistant Secretary.

Billing Code: 6731-AA

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