blocks are removed. This will allow easier realignment of the splice block holes and the holes in the spar cap for bolt insertion.

(2) Ultrasonic or eddy current inspection procedures must be approved by the FAA. To obtain FAA approval, send your proposed procedure to the Manager, Atlanta Aircraft Certification (ACO), One Crown Center, 1895 Phoenix Boulevard, Suite 450, Atlanta, Georgia 30349. Removal of the splice block is not required for either the ultrasonic or eddy current inspections, unless corrosion is visible.

(3) All inspections required by this AD shall be accomplished by a Level 2 or Level 3 inspector certified for that inspection method using the guidelines established by the American Society for Nondestructive Testing or MIL–STD–410.

(b) If any cracking is found during any inspection required by this AD and if the crack is too large to be removed by the reaming used in the cold work process of Ayres SB No. SB–AG–39, dated September 17, 1996, or by using the method specified in Part I of Ayres Custom Kit No. CK–AG–29, dated December 23, 1997, prior to further flight, replace the affected lower spar cap in accordance with the applicable maintenance manual. Upon replacement of a spar cap, total hours TIS starts over for that particular lower spar cap. Use the compliance time specified in the *Repetitive* Inspection chart in the Compliance section of this AD to determine when the inspection is required.

(c) If any cracking is found during the inspections required by this AD, submit a report of inspection findings to the Manager, Atlanta ACO, One Crown Center, 1895 Phoenix Boulevard, Suite 450, Atlanta, Georgia 30349; facsimile: (770) 703–6097; at the applicable time specified in paragraph (c)(1) or (c)(2) of this AD. The report must include a description of any cracking found; the airplane serial number and engine model number; the total number of flight hours on the lower spar cap that is found cracked; time since last inspection, if applicable; and the time on the spar cap when the bolt holes were cold worked or when the butterfly plate was installed, if applicable. Information collection requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) under the provisions of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*) and have been assigned OMB Control Number 2120–0056.

(1) For airplanes on which the inspection is accomplished after the effective date of this AD, submit the report within 10 days after performing the inspection required by paragraph (a) of this AD.

(2) For airplanes on which the inspection has been accomplished in accordance with AD 97–17–03, which is superseded by this AD; or by AD 97–13–11, which was superseded by AD 97–17–03, submit the report within 10 days after the effective date of this AD, unless already accomplished.

(d) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location to accomplish the modification requirements of this AD provided the following is followed:

(1) The hopper is empty.

(2) Vne is reduced to 126 miles per hour (109 knots).

(3) Flight into known turbulence is prohibited.

(e) An alternative method of compliance or adjustment of the initial or repetitive compliance times that provides an equivalent level of safety may be approved by the Manager, Atlanta ACO, One Crown Center, 1895 Phoenix Boulevard, Suite 450, Atlanta, Georgia 30349.

(1) The request shall be forwarded through an appropriate FAA Maintenance Inspector, who may add comments and then send it to the Manager, Atlanta ACO.

(2) Alternative methods of compliance approved in accordance with AD 97–17–03, which is superseded by this AD; or in accordance with AD 97–13–11, which was superseded by AD 97–17–03, are approved as alternative methods of compliance with this AD unless otherwise noted by this AD.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Atlanta ACO.

(f) All persons affected by this directive may obtain copies of the documents referred to herein upon request to Ayres Corporation, P.O. Box 3090, One Rockwell Avenue, Albany, Georgia 31706–3090; or may examine these documents at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

(g) This amendment supersedes AD 97–17–03, Amendment 39–10105.

Issued in Kansas City, Missouri, on January 6, 1999.

Michael K. Dahl,

Acting Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 99–684 Filed 1–12–99; 8:45 am]

BILLING CODE 4910–13–U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98–NM–383–AD]

RIN 2120–AA64

Airworthiness Directives; Boeing Model 737 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to all Boeing Model 737 series airplanes. This proposal would require repetitive displacement tests of the secondary slide in the dual concentric servo valve of the power control unit (PCU) for the rudder, and replacement of the valve assembly with a modified valve assembly, if necessary. This proposal is prompted by reports of cracking found in PCU secondary servo valve slides. The actions specified by the proposed AD are intended to prevent failure of the secondary slide and consequent rudder hardover and reduced controllability of the airplane.

DATES: Comments must be received by February 12, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM–114, Attention: Rules Docket No. 98–NM–383–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124–2207. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington.

FOR FURTHER INFORMATION CONTACT: R.C. Jones, Aerospace Engineer, Systems and Equipment Branch, ANM–130S, FAA, Transport Airplane Directorate, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (425) 227–1118; fax (425) 227–1181.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications shall identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket Number 98–NM–383–AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM–114, Attention: Rules Docket No. 98–NM–383–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

Discussion

The FAA has received reports of cracking found on Boeing Model 737 series airplanes on one of the two legs of the clevis of the secondary slide, which is a component of the dual servo valve in the power control unit (PCU) of the rudder. Most of the cracks were found during the manufacturing process by the PCU supplier. However, some of the cracks were found on servo valve assemblies by operators; those assemblies had not yet been installed in PCU's. Test results have indicated that a crack in one leg of the secondary slide is not in itself an unsafe condition. However, a crack in the other leg of that same slide could cause the slide to break apart and allow a loose part to jam both the primary and secondary slides within the valve assembly. This condition, if not corrected, could result in rudder hardover and reduced controllability of the airplane.

Other Relevant Rulemaking

Related AD 97–14–04, amendment 39–10061 (62 FR 35068, June 30, 1997), applicable to all Boeing Model 737–100, –200, –300, –400, and –500 series airplanes, requires the following actions:

- Tests of the main rudder PCU to detect excessive internal leakage of hydraulic fluid, stalling, or reversal, and to verify proper operation of the PCU;
- Replacement of the PCU with a unit having a different part number, if necessary (the new PCU incorporates a redesigned valve assembly);
- Replacement of the PCU and the vernier control rod bolts with newly designed units; and
- Leak tests of the PCU, and replacement of the PCU with a serviceable or newly designed unit, if necessary.

Explanation of Relevant Service Information

The FAA has reviewed and approved a draft of Boeing Alert Service Bulletin 737–27A1221, dated January 14, 1999 (for Boeing Model 737–100, –200, –300, –400, and –500 series airplanes); and a draft of Boeing Alert Service Bulletin 737–27A1222, dated January 14, 1999 (for Boeing Model 737–600, –700, and –800 series airplanes). [Although these alert service bulletins will not be published until after this proposed AD has been issued, they are not expected to be substantively different from the drafts that have been approved. Copies of these drafts have been placed in the rulemaking docket.] These draft alert service bulletins describe procedures for a displacement test of the secondary slide in the dual concentric servo valve of the rudder PCU, criteria for passing the test, and procedures for replacement of any discrepant valve assembly with one having a slide that passes the displacement test. Accomplishment of the actions specified in the draft alert service bulletins is intended to adequately address the identified unsafe condition.

Boeing Alert Service Bulletin 737–27A1222 refers to Parker Service Bulletin 381500–27–01, dated December 22, 1998, as an additional source of service information for accomplishment of the displacement test for Model 737–600, –700, –800, and –900 series airplanes.

Explanation of Requirements of Proposed Rule

Since an unsafe condition has been identified that is likely to exist or develop on other products of this same type design, the proposed AD would require accomplishment of the actions specified in the draft alert service bulletins described previously, except as discussed in the ''Differences Between Proposed Rule and Draft Alert Service Bulletins'' section of this proposed AD. The proposed AD also would require that operators report results of inspection findings to the FAA and submit failed valve assemblies to Parker Hannifin Corporation (the PCU manufacturer).

Interim Action

This is considered to be interim action until final action is identified, at which time the FAA may consider further rulemaking.

Differences Between Proposed Rule and Draft Alert Service Bulletins

Operators should note that, while the draft alert service bulletins do not recommend that the displacement test be repeated, the FAA has determined that the proposed AD should be considered interim action until the root cause of the cracking can be determined or a final action identified. As a result, the proposed AD would require accomplishment of the displacement test at regular intervals.

In addition, while this proposed AD is applicable to all Boeing Model 737 series airplanes, the effectivity of the alert service bulletins is limited to airplanes with certain line numbers. Because this proposed AD is interim action and a final action has not yet been identified to adequately address the identified unsafe condition, it will be necessary to repeat the displacement test on all Model 737 series airplanes, including airplanes that are produced subsequent to those with line numbers specified in the draft alert service bulletins.

Further, although draft Boeing Alert Service Bulletin 737–27A1221 specifies that the manufacturer may be contacted for disposition of certain corrective actions, this proposal would require those corrective actions to be accomplished in accordance with a method approved by the FAA.

Cost Impact

There are approximately 3,059 airplanes of the affected design in the worldwide fleet. The FAA estimates that 1,334 airplanes of U.S. registry would be affected by this proposed AD, that it would take approximately 1 work hour per airplane to accomplish the proposed displacement test, and that the average labor rate is $60 per work hour. Based on these figures, the cost impact of the proposed AD on U.S. operators is estimated to be $80,040, or $60 per airplane, per test cycle.

The cost impact figure discussed above is based on assumptions that no operator has yet accomplished any of the proposed requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted.

The proposed test requires that the PCU be removed from the airplane. It would take approximately 9 work hours to remove and reinstall or replace the PCU. For Model 737–100, –200, –300, –400, and –500 series airplanes, concurrent accomplishment of this proposed AD and AD 97–14–04 would preclude the necessity to accomplish this replacement action twice, thereby offsetting the cost impact on operators.

Regulatory Impact

The regulations proposed herein would not have substantial direct effects on the States, on the relationship

between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES.**

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

Boeing: Docket 98–NM–383–AD.

Applicability: All Model 737 series airplanes, certificated in any category.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (e) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent failure of the secondary servo valve slide in the rudder power control unit (PCU) due to cracking of the slide, and consequent rudder hardover and reduced controllability of the airplane, accomplish the following:

(a) Perform a displacement test of the secondary slide in the dual servo valve in the rudder PCU, in accordance with Boeing Alert Service Bulletin 737–27A1221, dated January 14, 1999 (for Model 737–100, –200, –300, –400, and –500 series airplanes); or 737–27A1222, dated January 14, 1999 (for Model 737–600, –700, –800, and –900 series airplanes); at the applicable time specified by paragraph (a)(1), (a)(2), (a)(3), (a)(4), or (a)(5) of this AD. Repeat the displacement test on that PCU thereafter at intervals not to exceed 12,000 flight hours.

(1) For Model 737–100, –200, –300, –400, and –500 series airplanes on which the PCU replacement required by paragraph (d)(1) of AD 97–14–04, amendment 39–10061 (62 FR 35068, June 30, 1997), has been accomplished prior to the effective date of this AD: Conduct the displacement test within 4 months after the effective date of this AD.

(2) For Model 737–100, –200, –300, –400, and –500 series airplanes on which the PCU installation required by paragraph (d)(1) of AD 97–14–04 has not been accomplished prior to the effective date of this AD: Prior to installing the PCU required by AD 97–14–04, conduct the displacement test on that PCU as required by this paragraph of this AD.

(3) For airplanes equipped with a PCU having part number 65–44861–12 and having serial number (S/N) 3509A or lower: Conduct the displacement test within 4 months after the effective date of this AD.

(4) For Model 737–600, –700, and –800 series airplanes having line numbers 1 through 222 inclusive: Conduct the displacement test within 4 months after the effective date of this AD.

(5) For all other airplanes: Conduct the displacement test prior to the accumulation of 12,000 flight hours on the PCU, or within 30 days after the effective date of this AD, whichever occurs later.

(b) If the results of the displacement test required by paragraph (a) of this AD are outside the limits specified by Boeing Alert Service Bulletin 737–27A1221, dated January 14, 1999 (for Model 737–100, –200, –300, –400, and –500 series airplanes), or 737–27A1222, dated January 14, 1999 (for Model 737–600, –700, –800, and –900 series airplanes): Prior to further flight, accomplish the actions specified in paragraphs (b)(1) and (b)(2) of this AD.

(1) Replace the valve assembly, in accordance with the applicable alert service bulletin, with a serviceable valve assembly. And

(2) Following installation of the replacement valve assembly in accordance with paragraph (b)(1) of this AD, perform the displacement test required by paragraph (a) of this AD on that assembly, in accordance with the applicable alert service bulletin. If the test results are outside the limits specified by the applicable alert service bulletin, prior to further flight, perform corrective action in accordance with a method approved by the Manager, Seattle Aircraft Certification Office, FAA, Transport Airplane Directorate.

Note 2: Boeing Alert Service Bulletin 737–27A1222 refers to Parker Service Bulletin 381500–27–01, dated December 22, 1998, as an additional source of service information for accomplishment of the displacement test for Model 737–600, –700, –800, and –900 series airplanes.

(c) As of the effective date of this AD, no person shall install on any airplane a main rudder PCU having serial number (S/N) 3509A or lower (for Model 737–100, –200, –300, –400, and –500 series airplanes) or S/N 0299 or lower (for Model 737–600, –700, –800, and –900 series airplanes) unless that PCU's nameplate has been vibro-engraved with the letter ''C'' following the serial number.

(d)(1) Within 10 days after accomplishing the displacement test required by paragraph (a) of this AD: Submit a report of inspection findings to the Manager, Seattle Aircraft Certification Office (ACO), FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; fax (425) 227–1181. The report must include the inspection results (both positive and negative findings), test data for any failed actuators, a description of any discrepancies found, the part number and serial number of each actuator tested, and the airplane serial number.

(2) Within 10 days after accomplishing the displacement test required by paragraph (a) of this AD: Submit failed valve assemblies for analysis to Parker Hannifin Corporation, Chief Engineer, Customer Support Operations, 16666 Von Karman Avenue, Irvine, California 92606.

(3) Information collection requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) under the provisions of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*) and have been assigned OMB Control Number 2120–0056.

(e) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Seattle ACO. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Seattle ACO.

Note 3: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Seattle ACO.

(f) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Issued in Renton, Washington, on January 6, 1999.

John J. Hickey,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 99–682 Filed 1–12–99; 8:45 am]

BILLING CODE 4910–13–U

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–209103–89]

RIN 1545–AN54

Group-Term Insurance; Uniform Premiums

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations that revise the uniform premium table used to calculate the cost of group-term life insurance coverage provided to an employee by an employer. These proposed regulations provide guidance to employers who must use the uniform premium table to calculate the cost of group-term insurance includible in the gross income of their employees. This document also provides notice of a public hearing on these proposed regulations.

DATES: Comments must be received by April 13, 1999. Requests to speak and outlines of topics to be discussed at the public hearing scheduled for May 6, 1999, must be received by April 15, 1999. The IRS requests comments on the clarity of the proposed rule and how it may be made easier to read.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG–209103–89), room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to CC:DOM:CORP:R (REG–209103–89), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the ''Tax Regs'' option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/prod/tax_regs/comments.html. The public hearing will be held in Room 2615, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Betty J. Clary, (202) 622–6070; concerning submissions and the hearing, Michael Slaughter, (202) 622–7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

This document contains proposed amendments to the Income Tax Regulations under section 79 of the Internal Revenue Code. These proposed regulations revise the uniform premium rates used to calculate the cost of group-term life insurance provided to employees. Section 79 generally permits an employee to exclude from gross income the cost of $50,000 of group-term life insurance coverage. The remaining cost of the group-term life insurance is included in the employee's gross income to the extent it exceeds the amount, if any, paid by the employee for the coverage. The cost of the group-term insurance is determined on the basis of five-year age brackets prescribed by regulations.

The uniform premiums are set forth in the regulations in Table I entitled ''Uniform Premiums for $1,000 of Group-term Life Insurance Protection.'' Section 1.79–3(d)(2). A table was initially published on July 6, 1966 (31 FR 9199), and the table was revised on December 6, 1983 (48 F R 54595). The December 6, 1983 revision was made to reflect changes in mortality since 1966, using 1975–1979 mortality experience reported by the Society of Actuaries. The December 6, 1983 revision extrapolated the reported mortality experience to 1982, and reflected a revised gender mix and load factor. For years after 1988, new factors were added to the table for ages above 64, pursuant to section 5013 of the Technical and Miscellaneous Revenue Act of 1988. See 57 F R 33635 (July 30, 1992).

The IRS and Treasury have concluded that the section 79 table should be revised because there has been a significant improvement in mortality since the 1975–1979 period (even after taking into account the projection to 1982). This conclusion is based on information on the group-term life mortality experience of 13 issuers covering the 1985–1989 period, as compiled by the Society of Actuaries, as well as other data on mortality trends. The IRS and Treasury contemplate continuing to monitor future changes in mortality experience and would expect to update the section 79 table when a significant change in the cost of group-term life insurance is evidenced.

Summary of Regulations

These proposed regulations revise the uniform premium table used to calculate the cost of group-term life insurance coverage provided to an employee by an employer. The proposed new table has been developed based on mortality experience for individuals covered by group-term life insurance during the 1985–1989 period, as reflected in a Society of Actuaries report. The mortality rates were adjusted for improvements in mortality from 1988 (the weighted midpoint for the data used in the1985–89 study) through 2000, based on the same rates of mortality improvement that were adopted by the Society of Actuaries Group Annuity Valuation Table Task Force for the period 1988–1994. Separate mortality rates were derived for males and females, and the section 79 table reflects a 50/50 blend of the male and female mortality rates. The resulting mortality projections have been adjusted to reflect a 10 percent load factor. The uniform premium rates under the proposed revision would be lower in all age groups than the rates under the current section 79 regulations.

Comments are requested regarding the proposed premium rates.

Proposed Effective Date

These regulations are proposed to be effective July 1, 1999. A special effective date rule applies to any policy of life insurance issued under a plan in existence before the proposed general July 1, 1999 effective date if the policy would not be treated as carried directly or indirectly by an employer under section 1.79–0 of the Income Tax Regulations using the current section 79 table. In this case, if the special rule applies, the policy would continue to be treated as not carried directly or indirectly by an employer until the first plan year that begins after July 1, 1999.

Because income imputed under section 79 is generally subject to FICA tax which is withheld from the employee's pay, and because the withholding often is applied periodically from payrolls during the year, many employers will need to modify their payroll-based withholding systems and related information collection procedures before the effective date. The proposed July 1, 1999 effective date is intended to provide the benefits of having the lower income inclusions take effect as early as possible while avoiding the additional costs that would arise if employers did not have adequate time to implement