and having offset lightening holes, are installed; certificated in any category.

Note 1: Drag braces having Jetstream part numbers (P/N) AIR84352–0 through AIR84352–4 inclusive, can have either offset or centralized lightening holes. This AD applies only to those airplanes equipped with those drag braces that have the offset lightening holes.

Note 2: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise 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 (c) 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 fatigue cracking of the drag brace of the left and right MLG which, if not corrected, could cause the MLG to fail and consequent reduced controllability of the airplane during takeoff, landing, and taxiing, accomplish the following:

(a) Within 50 hours time-in-service after the effective date of this AD, perform a detailed visual inspection to detect cracking at the offset lightening hole on the drag brace of the left and right MLG, in accordance with Part 1 of Jetstream Service Bulletin J41–32–049, Revision 1, dated January 15, 1996.

Note 3: Accomplishment of the visual inspection in accordance with Part 1 of Jetstream Service Bulletin J41–32–049, dated November 21, 1995, is considered acceptable for compliance with this paragraph.

(1) If no cracking is detected, repeat this inspection thereafter at intervals not to exceed 50 hours time-in-service until the requirements of paragraph (b) of this AD have been accomplished.

(2) If any cracking is detected, prior to further flight, replace the drag brace with a drag brace that has Jetstream part number (P/N) AIR84352–4 and a centralized lightening hole, in accordance with Part 2 of Jetstream Service Bulletin J41–32–049, Revision 1, dated January 15, 1996. This replacement constitutes terminating action for the repetitive inspections and replacement of that brace required by paragraphs (a) and (b), respectively, of this AD.

Note 4: Accomplishment of the replacement in accordance with Part 2 of Jetstream Service Bulletin J41–32–049, dated November 21, 1995, is considered acceptable for compliance with paragraphs (a)(2) and (b) of this AD.

(b) Within two years after the effective date of this AD, replace any MLG drag brace that has P/N AIR84352–0 through AIR84352–4, inclusive, and an offset lightening hole, with a drag brace that has Jetstream P/N AIR84352–4 and a centralized lightening hole, in accordance with Part 2 of Jetstream Service Bulletin J41–32–049, Revision 1, dated January 15, 1996. This replacement constitutes terminating action for the repetitive inspections required by paragraph (a) of this AD.

(c) 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, Standardization Branch, ANM–113, FAA, Transport Airplane Directorate. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Standardization Branch, ANM–113.

Note 5: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Standardization Branch, ANM–113.

(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 where the requirements of this AD can be accomplished. Issued in Renton, Washington, on November 5, 1996.

Darrell M. Pederson,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 96–28868 Filed 11–8–96; 8:45 am]

BILLING CODE 4910–13–P

TENNESSEE VALLEY AUTHORITY

18 CFR Part 1301

Privacy Act Regulations; Implementation

AGENCY: Tennessee Valley Authority.

ACTION: Proposed rule.

SUMMARY: The Tennessee Valley Authority (TVA) proposes to amend its regulations implementing the Privacy Act of 1974 (the Act), 5 U.S.C. 552a. These amendments are needed to modify existing TVA regulations (18 CFR 1301.24) to exempt a system of records known as TVA Police Records (TVA–37) from certain provisions of the Act and corresponding agency regulations.

DATES: Comments must be received on or before December 12, 1996.

ADDRESSES: All comments concerning these proposed regulations should be addressed to Wilma H. McCauley, TVA 1101 Market Street, (WR 4Q–C), Chattanooga, Tennessee 37402–2801. As a convenience to commenters, TVA will accept public comments transmitted by facsimile (''FAX'') machine. The telephone number of the FAX receiver is (423) 751–3400. Receipt of FAX transmittals will not be acknowledged.

FOR FURTHER INFORMATION CONTACT: Wilma H. McCauley, (423) 751–2523.

SUPPLEMENTARY INFORMATION: The proposed amendments would allow exemptions authorized by the Act, 5 U.S.C. 552a (j)(2) and (k)(2), for the TVA Police Records—TVA system of records under 5 U.S.C. 552a(k)(2). Under subsections (j)(2) and (k)(2) of the Act, TVA, through rulemaking, may exempt those systems of records maintained by a component of TVA that performs as its principal function any activity pertaining to the enforcement of criminal laws from certain provisions of the Act, if the system of records is used for certain law enforcement purposes.

The TVA Police is a component of TVA that performs as one of its principal functions investigations into violations of criminal law in connection with TVA's programs and operations, pursuant to the Violent Crime Control and Law Enforcement Act of 1994, as amended, the TVA Police Records system of records falls within the scope of subsections (j)(2); i.e., information compiled for the purpose of criminal investigation, reports relating to any stage of the enforcement process, and information compiled for the identification of individual criminals, and (k)(2); i.e., investigatory material compiled for law enforcement purposes, other than material within the scope of (k)(2) above.

The proposed (j)(2) and (k)(2) exemptions for criminal law enforcement records would remove restrictions on the manner in which information may be collected and the type of information that may be collected by the TVA Police in the course of a criminal investigation, would limit certain notice requirements, and would exempt the system of records from civil remedies for violations of the Act. These additional exemptions are necessary primarily to avoid premature disclosure of sensitive information, including, but not limited to, the existence of a criminal investigation, that may compromise or impede the investigation.

A more complete explanation of each proposed exemption follows, as required by the Act.

TVA proposes the following changes to the current exemptions contained in 18 CFR 1301.24.

Exemptions Pursuant to (j)(2) and (k)(2)

TVA has determined that the TVA Police Records should be exempt from the following provisions of the Privacy Act and corresponding agency regulations. These exemptions are necessary and appropriate to maintain the integrity and confidentiality of criminal investigations.

TVA proposes use of the (j)(2) and (k)(2) exemptions for the following reasons: (a) 5 U.S.C. 552a(c)(3) requires an agency to make the accounting of each disclosure of records available to the individual named in the record at his/her request. This accounting must state the date, nature and purpose of each disclosure of a record and the name and address of the recipient. Accounting for each disclosure could alert the subject of an investigation to the existence and nature of the investigation and reveal investigative or prosecutive interest by other agencies, particularly in a joint-investigation situation. This could seriously impede or compromise the investigation and case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate with the investigators; lead to suppression, alteration, fabrication, or destruction of evidence; and endanger the physical safety of confidential sources, witnesses, law enforcement personnel and their families.

(b) 5 U.S.C. 552a(c)(4) requires an agency to inform outside parties of correction of and notation of disputes about information in a system in accordance with subsection (d) of the Privacy Act. Since this system of records is already exempted from the access provisions of subsection (d) of the Privacy Act, this section is not properly applicable.

(c) 5 U.S.C. 552a (d) and (f) require an agency to provide access to records, make corrections and amendments to records, and notify individuals of the existence of records upon their request. Providing individuals with access to records of an investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing the access normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate with investigators; lead to suppression, alteration, fabrication, or destruction of evidence; endanger the physical safety of confidential sources, witnesses, law enforcement personnel and their families; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach to satisfy any Government claims growing out of the investigation.

(d) 5 U.S.C. 552a(e)(1) requires an agency to maintain in agency records only ''relevant and necessary'' information about an individual. This provision is inappropriate for investigations, because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear. In other cases, what may appear to be a relevant and necessary piece of information may become irrelevant in light of further investigation.

In addition, during the course of an investigation, the investigator may obtain information that relates primarily to matters under the investigative jurisdiction of another agency (e.g., the fraudulent use of Social Security numbers), and that information may not be reasonably segregated. In the interest of effective law enforcement, TVA Police should retain this information, since it can aid in establishing patterns of criminal activity and can provide valuable leads for Federal and other law enforcement agencies.

(e) 5 U.S.C. 552a(e)(2) requires an agency to collect information to the greatest extent practicable directly from the subject individual, when the information may result in adverse determinations about an individual's rights, benefits and privileges under Federal programs. The general rule that information be collected ''to the greatest extent practicable'' from the target individual is not appropriate in investigations. TVA Police should be authorized to use their professional judgment as to the appropriate sources and timing of an investigation. Often it is necessary to conduct an investigation so that the target does not suspect that he or she is being investigated. The requirement to obtain the information from the targeted individual may put the suspect on notice of the investigation and thereby thwart the investigation by enabling the suspect to destroy evidence and take other action that would impede the investigation. This requirement may also in some cases preclude TVA Police from gathering information and evidence before interviewing an investigative target in order to maximize the value of the interview by confronting the target with the evidence or information. Moreover, in certain circumstances the subject of an investigation cannot be required to provide information to investigators and information must be collected from other sources. Furthermore, it is often necessary to collect information from sources other than the subject of the investigation to verify the accuracy of the evidence collected.

In addition, the statutory term ''to the greatest extent practicable'' is a subjective standard, and it is impossible adequately to define the term so that individual TVA Police investigators can consistently apply it to the many fact patterns presented in TVA Police investigations.

(f) 5 U.S.C. 552a(e)(3) requires an agency to inform each person whom it asks to supply information, on a form that can be retained by the person, of the authority under which the information is sought and whether disclosure is mandatory or voluntary; of the principal purpose for which the information is intended to be used; of the routine uses which may be made of the information; and of the effects on the person, if any, of not providing all or any part of the requested information. The application of this provision could provide the subject of an investigation with substantial information about the nature of that investigation that could interfere with the investigation. Moreover, providing such a notice to the subject of an investigation could seriously impede or compromise an undercover investigation by revealing its existence and could endanger the physical safety of confidential sources, witnesses, and investigators by revealing their identities.

(g) 5 U.S.C. 552a(e)(4) (G) and (H) require an agency to publish a Federal Register notice concerning its procedures for notifying an individual at his/her request, if the system of records contains a record pertaining to him/her, how to gain access to such a record and how to contest its content. Since these systems of records are being exempted from subsection (f) of the Act, concerning agency rules, and subsection (d) of the Act, concerning access to records, these requirements are inapplicable to the extent that these systems of records will be exempted from these subsections. Although the system would be exempt from these requirements, TVA Police has published information concerning its notification, access, and contest procedures because, under certain circumstances, TVA Police could decide it is appropriate for an individual to have access to all or a portion of his/her records in these systems of records.

(h) 5 U.S.C. 552a(e)(4)(I) requires an agency to publish notice of the categories of sources or records in the system of records. To the extent that this provision is construed to require more detailed disclosure than the broad,

generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information, to protect privacy and physical safety of witnesses and informants, and to avoid the disclosure of investigative techniques and procedures. TVA Police will, nevertheless, publish such a notice in broad generic terms.

(i) 5 U.S.C. 552a(e)(5) requires an agency to maintain its records with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in making any determination about the individual. Much the same rationale is applicable to this proposed exemption as that set out previously in item (d) (duty to maintain in agency records only ''relevant and necessary'' information about an individual). While the TVA Police make every effort to maintain records that are accurate, relevant, timely, and complete, it is not always possible in an investigation to determine with certainty that all the information collected is accurate, relevant, timely, and complete. During a thorough investigation, a trained investigator would be expected to collect allegations, conflicting information, and information that may not be based upon the personal knowledge of the provider. At the point of determination to refer the matter to a prosecutive agency, for example, that information would be in the system of records, and it may not be possible until further investigation is conducted, or indeed in many cases until after a trial (if at all), to determine the accuracy, relevance, and completeness of some information. This requirement would inhibit the ability of trained investigators to exercise professional judgment in conducting a thorough investigation. Moreover, fairness to affected individuals is assured by the due process they are accorded in any trial or other proceeding resulting from the TVA Police investigation.

(j) 5 U.S.C. 552a(e)(8) requires an agency to make reasonable efforts to serve notice on an individual when any record on such individual is made available under compulsory legal process when such process becomes a matter of public record. Compliance with this provision could prematurely reveal and compromise an ongoing criminal investigation to the target of the investigation and reveal techniques, procedures, or evidence.

(k) 5 U.S.C. 552a(g) provides for civil remedies if an agency fails to comply with the requirements concerning access to records under subsections (d)(1) and (3) of the Act; maintenance of records under subsection (e)(5) of the Act; and any other provision of the Act, or any rule promulgated thereunder, in such a way as to have an adverse effect on an individual. Allowing civil lawsuits for alleged Privacy Act violations by TVA Police would compromise TVA Police investigations by subjecting the sensitive and confidential information in the TVA Police Records to the possibility of inappropriate disclosure under the liberal civil discovery rules. That discovery may reveal confidential sources, the identity of informants, and investigative procedures and techniques, to the detriment of the particular criminal investigation as well as other investigations conducted by the TVA Police.

The pendency of such a suit would have a chilling effect on investigations, given the possibility of discovery of the contents of the investigative case file, and a Privacy Act lawsuit could therefore become a ready strategic weapon used to impede TVA Police investigations. Furthermore, since, under the current and proposed regulations, the system would be exempt from many of the Act's requirements, it is unnecessary and contradictory to provide for civil remedies from violations of those provisions in particular.

This proposed rule has been reviewed under Executive Order No. 12291 and has been determined not to be a ''major rule'' since it will not have an annual effect on the economy of $100 million or more.

In addition, it has been determined that this proposed rule will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 18 CFR Part 31

Administrative practice and procedure, Freedom of Information, Privacy Act, Sunshine Act.

For the reasons set forth in the preamble, it is proposed to amend 18 CFR chapter XIII, part 1301, as follows:

PART 1301—PROCEDURES

1. The authority citation for part 1301 continues to read as follows:

Authority: 16 U.S.C. 831–831dd, 5 U.S.C. 552.

§ 1301.24 [Amended]

2. Section 1301.24(e) is added to read as follows:

* * * * *

(e) The TVA system TVA Police Records is exempt from subsections (c)(3), (d), (e)(1), (e)(4), (G), (H), and (I) and (f) of 5 U.S.C. 552a (section 3 of the Privacy Act) and corresponding sections of these rules pursuant to 5 U.S.C. 552a(k)(2). The TVA system Police Records is exempt from subsections (c)(3), (d), (e)(1), (e)(2), (e)(3), (e)(4)(G), (H), and (I), (e)(5), (e)(8), and (g) pursuant to 5 U.S.C. 552a(j)(2). This system is exempt because application of these provisions might alert investigation subjects to the existence or scope of investigations, lead to suppression, alteration, fabrication, or destruction of evidence, disclose investigative techniques or procedures, reduce the cooperativeness or safety of witnesses, or otherwise impair investigations.

William S. Moore,

Senior Manager, Administrative Services.

[FR Doc. 96–28905 Filed 11–8–96; 8:45 am]

BILLING CODE 8120–08–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[IA–42–95]

RIN 1545–AU38

Definition of Reasonable Basis

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: This document contains proposed regulations relating to the accuracy-related penalty regulations under chapter 1 of the Internal Revenue Code. These amendments are necessary to define reasonable basis and provide corrections to final regulations relating to the accuracy-related penalty under chapter 1 of the Internal Revenue Code. The proposed regulations would affect all taxpayers who file tax returns. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronically generated comments must be received by February 10, 1997. Outlines of topics to be discussed at the public hearing scheduled for February 25, 1997, must be received by February 4, 1997.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (IA–42–95), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (IA–42–95), Courier's Desk, Internal Revenue