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This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies of AlliedSignal Alert Service Bulletin No. TPE331-A72-0861, Revision 2, dated April 23, 1997, may be obtained from AlliedSignal Aerospace, Attn: Data Distribution, M/S 64-3/2101-201, P.O. Box 29003, Phoenix, AZ 85038-9003; telephone (602) 365-2493, fax (602) 365-5577. Copies of National Flight Services ASB No. NF-TPE331-A72-10961, dated April 28, 1997, may be obtained from either National Flight Services, Inc. 10971 E. Airport Services Road, Toledo Express Airport, Swanton, OH 43558; telephone (419) 865-2311, fax (419) 867-4224, or <http://www.natfs.com>, or National Flight Services of Arizona, Inc., 5170 W. Bethany Home Road, Glendale, AZ 85301; telephone (602) 931-1143, fax (602) 931-7264. Copies may be inspected at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street NW., suite 700, Washington, DC.

(i) This amendment becomes effective on April 27, 1998.

Issued in Burlington, Massachusetts, on February 6, 1998.

**James C. Jones,**

*Assistant Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 98-3798 Filed 2-25-98; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 97-CE-131-AD; Amendment 39-10342; AD 98-04-30]

RIN 2120-AA64

#### **Airworthiness Directives; Glaser-Dirks Flugzeugbau GmbH Model DG-500M Gliders**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Direct final rule; request for comments.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to all Glaser-Dirks Flugzeugbau GmbH (DG Flugzeugbau) Model DG-500M gliders. This AD requires repetitively inspecting the propeller mounting plate for cracks, replacing any

cracked propeller mounting plate, and modifying the bolt connections of the propeller mounting plate. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany. The actions specified in this AD are intended to prevent the propeller mounting plate from separating from the glider, which could result in propeller separation and possible loss of control of the glider.

**DATES:** Effective May 15, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of May 15, 1998.

Comments for inclusion in the Rules Docket must be received on or before March 19, 1998.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 97-CE-131-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

Service information that applies to this AD may be obtained from DG Flugzeugbau GmbH, P.O. Box 4120, 76625 Bruchsal, Germany; telephone: +49 7257-89-0; facsimile: +49 7257-8922. This information may also be examined at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 97-CE-131-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Mr. Mike Kiesov, Aerospace Engineer, Small Airplane Directorate, Aircraft Certification Service, FAA, 1201 Walnut, suite 900, Kansas City, Missouri 64106; telephone: (816) 426-6934; facsimile: (816) 426-2169.

#### **SUPPLEMENTARY INFORMATION:**

#### **Events Leading to the Issuance of This AD**

The Luftfahrt-Bundesamt (LBA), which is the airworthiness authority for Germany, recently notified the FAA that an unsafe condition may exist on all DG Flugzeugbau Model DG-500M

airplanes. The LBA reports that, during an inspection, cracks were found on the lower end of the propeller mounting plate near the bolt connections on one of the affected gliders.

This condition, if not corrected in a timely manner, could result in separation of the propeller mounting plate from the glider, which could result in propeller separation and possible loss of control of the glider.

#### **Relevant Service Information**

DG Flugzeugbau has issued Technical Note TN 843/8, dated April 10, 1997, which specifies procedures for inspecting the propeller mounting plate for cracks, replacing any cracked propeller mounting plate, and modifying the bolt connections of the propeller mounting plate.

The LBA classified this technical note as mandatory and issued German AD 97-224, dated July 31, 1997, in order to assure the continued airworthiness of these airplanes in Germany.

#### **The FAA's Determination**

This glider model is manufactured in Germany and is type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the LBA has kept the FAA informed of the situation described above.

The FAA has examined the findings of the LBA; reviewed all available information, including the service information referenced above; and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

#### **Explanation of the Provisions of This AD**

Since an unsafe condition has been identified that is likely to exist or develop in other DG Flugzeugbau Model DG-500M gliders of the same type design registered in the United States, the FAA is issuing an AD. This AD requires inspecting the propeller mounting plate for cracks, replacing any cracked propeller mounting plate, and modifying the bolt connections of the propeller mounting plate.

Accomplishment of the actions of this AD would be required in accordance with the previously referenced technical note.

#### Cost Impact

The FAA estimates that 5 gliders in the U.S. registry will be affected by this AD, that it will take approximately 5 workhours per glider to accomplish the initial inspection required by this AD, and that the average labor rate is approximately \$60 per work hour. Parts cost approximately \$120 per glider. Based on these figures, the cost impact of this AD on U.S. operators is estimated to be \$2,100, or \$420 per airplane. These figures are only based on the cost of the initial inspection and do not take into account the cost of repetitive inspections. The FAA has no way of determining the number of repetitive inspections each owner/operator of the affected gliders will incur.

#### The Direct Final Rule Procedure

The FAA anticipates that this regulation will not result in adverse or negative comment and therefore is issuing it as a direct final rule. The requirements of this direct final rule address an unsafe condition identified by a foreign civil airworthiness authority and do not impose a significant burden on affected operators. In accordance with section 11.17 of the Federal Aviation Regulations (14 CFR 11.17), unless a written adverse or negative comment, or a written notice of intent to submit an adverse or negative comment, is received within the comment period, the regulation will become effective on the date specified above. After the close of the comment period, the FAA will publish a document in the **Federal Register** indicating that no adverse or negative comments were received and confirming the date on which the final rule will become effective. If the FAA does receive, within the comment period, a written adverse or negative comment, or written notice of intent to submit such a comment, a document withdrawing the direct final rule will be published in the **Federal Register**, and a notice of proposed rulemaking may be published with a new comment period.

#### Comments Invited

Although this action is in the form of a final rule and was not preceded by notice and an opportunity for public comment, comments are invited on this rule. Interested persons are invited to comment on this 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 under the caption **ADDRESSES**. All communications received on or before the closing date for comments will be considered, and this rule may be amended in light of the comments received. Factual information that supports the commenter's ideas and suggestions is extremely helpful in evaluating the effectiveness of the AD action and determining whether additional rulemaking action would be needed.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the rule that might suggest a need to modify the 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 that summarizes each FAA-public contact concerned with the substance of this AD will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this rule must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. 97-CE-131-AD." The postcard will be date stamped and returned to the commenter.

#### Regulatory Impact

The regulations adopted herein will 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 final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

The FAA has determined that this regulation is noncontroversial and unlikely to result in adverse or negative comments. For reasons discussed in the preamble, I certify that this regulation (1) Is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) 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 final evaluation has been prepared for this action and is contained in the Rules Docket. A copy of it may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES**.

#### List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

#### Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends 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 a new airworthiness directive (AD) to read as follows:

**98-04-30 Glaser-Dirks Flugzeugbau GmbH:**  
Amendment 39-10342; Docket No. 97-CE-131-AD.

**Applicability:** Model DG-500M gliders, all serial numbers, certificated in any category.

**Note 1:** This AD applies to each glider 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 gliders 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 in the body of this AD, unless already accomplished.

To prevent the propeller mounting plate from separating from the glider, which could result in propeller separation and possible loss of control of the glider, accomplish the following:

(a) Within the next 5 hours time-in-service (TIS) after the effective date of this AD, and thereafter at intervals not to exceed 25 hours TIS, inspect the propeller mounting plate for cracks in accordance with the Instructions section of DG Flugzeugbau Technical Note TN 843/8, dated April 10, 1997.

(b) If any cracked propeller mounting plate is found during any inspection required by paragraph (a) of this AD, prior to further flight, replace any cracked propeller mounting plate with a new propeller mounting plate or FAA-approved propeller mounting plate in accordance with the above-referenced technical note.

(c) Within the next 5 hours TIS after the effective date of this AD, modify the bolt connections of the propeller mounting plate by inserting an aluminum plate between the

propeller mounting plate and the washers of the bolt connections. Accomplish this modification in accordance with DG Flugzeugbau Technical Note TN 843/8, dated April 10, 1997.

(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 glider to a location where the requirements of this AD can be accomplished.

(e) An alternative method of compliance or adjustment of the compliance time that provides an equivalent level of safety may be used if approved by the Manager, Small Airplane Directorate, FAA, 1201 Walnut, suite 900, Kansas City, Missouri 64106. The request shall be forwarded through an appropriate FAA Maintenance Inspector, who may add comments and then send it to the Manager, Small Airplane Directorate.

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Small Airplane Directorate.

(f) Questions or technical information related to DG Flugzeugbau Technical Note TN 843/8 dated April 10, 1997, should be directed to DG Flugzeugbau GmbH, P.O. Box 4120, 76625 Bruchsal, Germany; telephone: +49 7257-89-0; facsimile: +49 7257-8922. This service information may be examined at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City.

(g) The inspections and replacements required by this AD shall be done in accordance with DG Flugzeugbau Technical Note TN 843/8 dated April 10, 1997. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from DG Flugzeugbau GmbH, P.O. Box 4120, 76625 Bruchsal, Germany. Copies may be inspected at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri, or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

**Note 3:** The subject of this AD is addressed in German AD 97-224, dated July 31, 1997.

(h) This amendment (39-10342) becomes effective on May 15, 1998.

Issued in Kansas City, Missouri, on February 6, 1998.

**Michael Gallagher,**

*Manager, Small Airplane Directorate, Aircraft Certification Service.*

[FR Doc. 98-3795 Filed 2-25-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Part 250

[Release No. 35-26826, File No. S7-11-95]

RIN 3235-AG45

### Exemption of Issuance and Sale of Securities by Public Utility and Nonutility Subsidiary Companies of Registered Public Utility Holding Companies; Rescission of Statements of Policy

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** The Commission is amending rule 52 under the Public Utility Holding Company Act of 1935 ("Act") to exempt from the requirement of prior Commission approval under the Act the issue and sale of any security by a subsidiary company in a registered holding company system, where the conditions of the rule are otherwise met. The Commission is also amending rule 45 under the Act to conform the exemption from section 12(b) of the Act, which is provided by rule 45, to the exemption from section 6(a), which is provided by rule 52. These amendments are intended to eliminate unnecessary regulatory and paperwork burdens associated with seeking Commission approval for routine financings by companies in registered holding company systems.

**EFFECTIVE DATE:** February 26, 1998.

#### FOR FURTHER INFORMATION CONTACT:

Catherine A. Fisher, Assistant Director, or Martha Cathey Baker, Senior Special Counsel, at (202) 942-0545, Office of Public Utility Regulation, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

**SUPPLEMENTARY INFORMATION:** Subject to stated terms and conditions, rule 52 (17 CFR 250.52) under the Act exempts from the requirement of prior Commission approval under section 6(a) of the Act the issuance and sale of certain specified types of securities by a subsidiary of a registered holding company. Rule 52 also exempts from the requirement of prior Commission authorization under section 9(a) of the Act the acquisition by a company in a registered holding company system of the securities issued by an associate company under the rule. The Commission is amending rule 52 to exempt all types of securities issued and sold by subsidiary companies, subject to the satisfaction of the other conditions of the rule. Additionally, the

Commission is adopting a conforming change to rule 45 to exempt from the requirement of prior Commission approval under section 12(b) any guaranty by a subsidiary company of debt securities issued by any other subsidiary company, so long as the issuance of the guaranty and the underlying obligation are exempt under rule 52. The Commission is also rescinding the statements of policy with respect to first mortgage bonds and preferred stock ("Statements of Policy").<sup>1</sup> The Commission proposed these amendments and rescission of the Statements of Policy by release issued on June 20, 1995.<sup>2</sup>

### Discussion

Rule 52 exempts from the requirement of prior Commission authorization under section 6(a) the issue and sale of certain types of securities by subsidiary companies of registered holding companies.<sup>3</sup> The rule also exempts from the requirement of prior Commission authorization under section 9(a)(1) the acquisition by a company in a registered system of any securities issued by an associate company under the rule.<sup>4</sup>

<sup>1</sup> The Statements of Policy were adopted by the Commission on February 16, 1956 (Holding Co. Act Release Nos. 13105 and 13106) and amended on May 8, 1969 and June 22, 1970 (Holding Co. Act Release Nos. 16369 and 16758, respectively).

<sup>2</sup> Holding Co. Act Release No. 26312 (June 20, 1995), 60 FR 33640 (June 28, 1995) ("Proposing Release").

<sup>3</sup> Section 6(a) requires Commission approval under the standards of section 7 for the issue and sale of any security of a registered holding company or its subsidiary company. Section 6(b) authorizes the Commission to exempt from the requirements of section 6(a):

The issue or sale of any security by any subsidiary company of a registered holding company, if the issue and sale of such security are solely for the purpose of financing the business of such subsidiary company and have been expressly authorized by the State commission of the State in which such subsidiary company is organized and doing business, or if the issue and sale of such security are solely for the purpose of financing the business of such subsidiary company when such subsidiary company is not a holding company, a public utility company, an investment company or a fiscal or financing agency of a holding company, a public utility company or an investment company.

Congress intended "to exempt the issue of securities by subsidiary companies in cases where holding company abuses are unlikely to exist." H.R. Conf. Rep. No. 1903, 74th Cong., 1st Sess. 66-67 (1935). See generally Holding Co. Act Release No. 25058 (Mar. 19, 1990), 55 FR 11362 (Mar. 28, 1990) (adopting rule 52); Holding Co. Act Release No. 25573 (July 7, 1992), 57 FR 31120 (July 14, 1992) (amending rule 52); and Holding Co. Act Release No. 26311 (June 20, 1995), 60 FR 33634 (June 28, 1995) (further amending rule 52).

<sup>4</sup> Section 9(a)(1) in pertinent part requires prior Commission approval under the standards of section 10 of the Act for an acquisition of securities by a registered holding company or its subsidiary company. Section 9(c)(3) provides a limited exception from this requirement for the acquisition of: