



# The Update Report

The Airline Suppliers Association

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## REGULATORY UPDATE

### FAA Forms ARAC for 145s

Repair stations are currently in the midst of implementing a significant change in the repair station regulations. The FAA is making sure that this is not the last significant change with which repair stations will have to contend. A new group is being formed to discuss *additional* significant proposed changes to the repair station rules. The *additional* changes in the repair station rules could affect your business whether you are a repair station, distributor or air carrier.

Major changes in repair station rules affect us all. While repair stations are affected directly through the need to update business practices to reflect the new regulatory requirements, their customers all must find ways to support the repair stations' new compliance requirements. New rules can change a repair station's authority to perform work, making that repair station no longer a viable source for certain repairs, and rule changes can alter the way a repair station does business with the public, e.g. by making changes in its inspection procedures or quality systems. This in turn, can have an effect on costs as well as turn-time. Any change in repair station rules threatens to affect the distributors and air carriers who rely on repair stations as important business partners.

When the FAA proposed to undertake a major overhaul of the repair station

regulations two years ago, the proposed rule associated with this overhaul addressed ratings and quality assurance systems. The two proposals were so controversial that the FAA chose to postpone rulemaking on these two subjects and to go forward with the remaining new rules affecting other aspects of repair station conduct. The final rule that closed out the repair station rulemaking process (and made the other substantial changes to the repair station rules) explained that the two postponed subjects would be addressed at a later date by the FAA.

With the Part 145 presses barely cool from the last round of changes to the rule, the FAA has asked the Aviation Rulemaking Advisory Committee (ARAC) to investigate two subjects concerning repair stations: ratings and quality assurance systems. These are new subjects for regulation, in addition to the changes made during the recent regulatory overhaul.

#### Ratings

Each repair station has a certificate that indicates the ratings it has been given by the FAA. These ratings specify the sorts of products and components on which a repair station is permitted to work. For example, a repair station might have a class three powerplant rating – this means that

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## A Message from ASA's President

A lot has changed since the last newsletter. While the aircraft parts market is still slow, members have said that their numbers have increased since the weeks following September 11. Of course as some have said, the numbers could not have gotten any worse.

The government is doing its part to increase safety in the skies. The new laws regarding airport security should help to ease the minds of the traveling public. Even though it is hard to comprehend the security incidents in Atlanta and Seattle, the airport's reaction to close down activities does give you the feeling that they are taking their responsibilities seriously.

Since the SBA loan program was announced I have received phone calls from several members regarding how to apply. The application process for the loans is not overly burdensome, however the process may be confusing. The first step in getting started is to call your regions disaster area and get the paperwork sent to you. If you have any questions regarding the loan program or need assistance with the application, please feel free to call me. The deadline for filing is January 22, 2002.

ASA had to reschedule the hazmat training class for Chicago, Illinois

scheduled for September 12-13, 2001. The class has been rescheduled for December 6-7, 2001. The class will be held at AirLiance Materials. This will be the last hazmat training class for 2001. If you are interested in attending, please contact Jeanne Pearsall at (202) 730-0271.

ASA is working on the training schedule for 2002. This past year, ASA was fortunate to have Pratt & Whitney – Dallas Aerospace and AirLiance Materials host training workshops. The Association tries to keep the tuition fee for the training programs as low as possible. When a member hosts the workshops it help to allow ASA to hold the workshop in an areas in which we expect to draw a smaller attendance, because we do not have to pay the room rental fee from a hotel. If your company would like to host one of the training programs in 2002, please contact me at (202) 730-0270.

Best regards,

Michele Dickstein

### The Update Report

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### The Update Report

provides timely information to help Association members and readers keep abreast of the changes within the aviation supply industry.

### The Update Report

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### The Update Report

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## FAA Issues Final Rule on Use of Airline Safety Data

The FAA has issued a new final rule designed to encourage airlines to report safety-related data without fear of inviting regulatory enforcement actions. The rule protects data collected under FAA-approved Flight Operational Quality Assurance, or FOQA, programs from enforcement actions except in cases of criminal or deliberate misconduct.

The rule is an important step toward achieving the Safer Skies goal of an 80 percent reduction in the commercial aviation accident rate by 2007.

FOQA programs help prevent accidents by identifying the root causes of potential safety problems. Participating carriers use sophisticated flight data recorders to collect and analyze data on routine flights. The information provided can enhance line operational safety, training effectiveness, operational, maintenance, and engi-

neering procedures, air traffic control procedures, and airport surface safety.

An FAA-sponsored FOQA demonstration study instituted in 1995 yielded data that has been used to improve the safety of approaches at more than a dozen airports worldwide. The study documented unusual autopilot disconnects, Ground Proximity Warning System warnings, excessive take-off angles, unstable landing approaches, hard landings, and non-compliance with standard operating procedures. FOQA data has also been used to monitor fuel efficiency, enhancing engine condition monitoring, noise abatement compliance, rough runway surfaces, and aircraft structural fatigue.

Previously, information of this nature was used primarily to identify the causes of accidents after they occurred. Carriers reporting certain

types of data in other circumstances risked triggering enforcement actions. Congress mandated the new rule protecting such data from use in ordinary enforcement actions in an effort to improve the sharing and analysis of important safety-related data throughout the industry.

Participation in FOQA programs is voluntary. Ten airlines currently have such programs in operation, one more is pending approval, and five other carriers plan to initiate programs in the future. The existing programs gather data from over 1500 aircraft, comprising 13 aircraft types. Only FAA-approved programs enjoy protection under the new rule.

The full text of the rule can be found on the FAA web site at [www.faa.gov/avr/arm/nprm.htm](http://www.faa.gov/avr/arm/nprm.htm).

## HAZARDOUS MATERIALS UPDATE

### Watch Out For Residual Fuel or Oil in Your Parts

On November 2, the FAA proposed a \$59,500 civil penalty against the Exxon Mobil Corporation. The charge? A situation that parts distributors see disturbingly often.

FAA alleges that Exxon Mobil improperly offered a fiberboard box containing a component containing a residual amount of crude oil, a flammable liquid. The component was tendered to UPS for transportation by air. Ground handling employees at the UPS sort facility in Louisville, KY discovered the shipment leaking.

The component was an oilfield meter used in the transfer of petroleum. As

a piece of used equipment containing residual oil, it fits into the same category as many parts that are transferred among aircraft parts distributors and their business partners.

Shipping a part with residual fuel or oil is not just one violation. It is often charged as fifteen to twenty violations, because each failure in the packaging, marking and labeling scheme is a separate offense.

Multiple violations mean potentially astronomical fines. In the recent Exxon Mobil case, the proposed fine is \$59,500. For that sort of money, Exxon Mobil could have hired a la w-

yer to look up the regulations, and to hand carry the part, and they still would have come out ahead!

The most economical way to protect your business from fines like these is through training for all of your employees who may potentially make decisions affecting hazardous materials transportation. ASA's last hazmat training session of 2001 is on December 6-7 in Chicago. ASA is still drafting the 2002 schedule for hazmat classes; please call us if you would like to influence the timing of the 2002 course in your area! Ask to speak with Jeanne Pearsall at (202) 730-0271.

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## FAA to Negotiate Repair Station Rating and QA System Rules

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the repair station may work on any sort of turbine engine. A repair station with only a class three power-plant rating, though, would be unable to work on anything that was not part of a turbine engine – for example, it could not perform an alteration to an airframe.

The basic structure of the current ratings system has been in place since the early days of the aviation regulations. Although there have been amendments that added new ratings and classes, the basic foundation has remained unchanged.

There are some who believe that the existing ratings structure needs to be updated. They claim that it limits the sort of work that a company can do because it fails to reflect the needs of modern aircraft. For example, airframe ratings are split into all-metal and composite, but frequently airframes may be made of both metal and composite materials.

The upcoming debate on modifications to the ratings structure will no doubt draw upon proposals put forward as part of the recent overhaul of the repair station regulations. Some of the improvements to the ratings structure that were suggested in the proposed rule included separate ratings for computers and a separate accessory class for auxiliary power units. The proposal also would have split the current set of four airframe ratings into seven aircraft ratings.

Changes to the ratings system must be undertaken carefully. A mistake in the rating system may make it impossible to repair certain components if the change in the system establishes no rating appropriate to handle the components.

### *Quality Assurance Systems*

Under the current regulations, each repair station is required to establish an inspection procedures manual that governs the way in which the repair station conducts inspections in the facility. The regulations as well as the manufacturer's manuals (which are considered FAA-acceptable procedures) require that inspections be performed at certain times; for example a final inspection may be necessary as an element of an approval for return to service. A repair station's quality system is therefore based on an inspection theory, which is commonly known as quality control.

***The danger in a quality system rule is that if it is too rigid, then it will impede business and safety practices; but if it is too flexible, then it is susceptible to inconsistent interpretation by the regulators***

For many years, the trend in quality circles has been to implement quality assurance systems. A quality assurance system uses techniques like process control to assure that the processes used will yield the desired results. Quality assurance systems are often marked by internal audit programs that are designed to assure that the quality assurance system is functioning properly, as well as additional monitoring and training elements.

Many repair stations have implemented quality assurance programs of their own; no FAA regulation requires a repair station to implement a quality assurance system.

One of the advantages to a properly implemented quality assurance system is that it can be used to more effectively identify the root cause of a problem. A system that relies only on final inspection is much less likely to identify the root cause of errors detected during such inspections. Root cause analysis serves a commercial purpose in helping to eliminate inspection rejections, as well as a safety purpose in eliminating potential flawed work that might slip out unnoticed in the event of a quality control escape.

Unfortunately, a well designed quality assurance system must be tailored to the needs of the company. ISO 9000 is one example of a popular quality assurance system; ASA-100 is another. While "ISO 9000-in-a-box" is a popular marketing concept, the advantage of ISO 9000 is that it helps a company identify and track its own processes, not those of a mythical generic corporation. ISO 9000 has been successful because it is sufficiently flexible to fit a wide variety of business models. ASA-100, on the other hand, has been successful for a small niche because it is specifically designed for distributors, but it would be unusable for an automobile dealership. When the quality assurance system is designed to be inflexible, or does not match the business practices of the company, it can cause constraints that harm a company's efficiency, and even harm its ability to maintain the highest levels of safety.

The problem in designing a regulation that requires a repair station to implement a quality assurance system is that regulations are inflexible by their very nature. Thus, it is quite easy to develop a regulation that requires a quality assurance system that is perfect for one repair station but is un-

*(Continued on page 129)*

## What Constitutes “Knowledge” of a Hazmat Violation?

Federal hazardous material transportation laws allow the Department of Transportation (DOT) to assess a civil penalty against any person who “knowingly violates” those laws or the Hazardous Material Regulations (HMR). The law considers a person to act “knowingly” when (1) the person has actual knowledge of the facts giving rise to the violation; or (2) a reasonable person acting in the circumstances and exercising reasonable care would have that knowledge. Although the first part of this definition is clear enough, the second part, describing so-called “constructive knowledge,” often results in uncertainty and can lead to potential trouble when an investigator’s idea of what is “reasonable” differs from that of the person under investigation.

In response to requests from the shipping industry, the DOT has announced that the DOT’s Intermodal Hazardous Materials Program (IHMP) will examine the issue of “constructive knowledge” to determine whether additional guidance is needed to clarify what carriers should look for when accepting items for shipment in order to detect hidden or undeclared hazardous materials. The DOT held a public meeting in Washington, D.C. on November 14, 2001, and is accepting written comments from the public through December 14, 2001. Specifically, the DOT is soliciting public comment on the question of what constitutes the indicia or readily apparent facts that would indicate the potential presence of hazardous materials to a reasonable person and the actions that a reasonable person should take in response to those indicia or readily apparent facts.

The DOT has offered guidance on this issue in the past. In 1996, the Research and Special Programs Administration (RSPA) issued *Advisory*

*Guidance; Offering, Accepting, and Transporting Hazardous Materials*. In it, RSPA urged persons “who engage in day-to-day transportation activities [to] make a concerted effort to ensure their own compliance, as well as that of others from whom they receive shipments” and reminded them to:

- (1) “Know Your Customer,”
- (2) “Know the Packaging,”
- (3) “Know/Verify the Proper Hazardous Material Description,”
- (4) “Visually Inspect Shipments,”
- (5) “Advise Your Customer of Possible Discrepancies,” and
- (6) “Report Violations.”

**Carriers lack “essential criteria” that would allow them to design and implement a viable system for identifying hazmat discrepancies**

Later, in response to continued requests for clarification from industry, RSPA’s Chief Counsel published a formal interpretation of the HMR in the Federal Register on June 4, 1998 that addressed the specific issue of constructive knowledge. That interpretation stated that a carrier “may not ignore readily apparent facts that indicate that either (1) a shipment declared to contain a hazardous material is not properly packaged, marked, labeled, placarded, or described on a shipping paper, or (2) a shipment actually contains a hazardous material governed by the HMR despite the fact that it is not marked, labeled, placarded, or described on a shipping paper as containing a hazardous mate-

rial.”

Despite these attempts at clarification, questions remain. The DOT has long resisted calls from some in the industry to publish a list of specific criteria that would be used to determine whether or not a carrier has sufficient constructive knowledge of the presence of hazardous materials within an undeclared or hidden shipment to find a knowing violation of the HMR. The DOT points out that there are simply too many possibilities to develop a list of criteria that would be sufficiently comprehensive to be useful, hence, only a case-by-case determination based on all the relevant facts can be both fair and practical. The key to minimizing the potential for violations, the DOT advised, is to ensure that employees who accept packages for transportation are trained to recognize a “suspicious package” as part of their function-specific training mandated in the regulations at 49 C.F.R. section 172.704(a)(2).

The latest round in the ongoing quest for clarity began with a recent letter to Secretary of Transportation Norman Minetta from the Federal Express Corporation. In it, Federal Express asked DOT to develop further guidance on what constitutes constructive knowledge of the presence of hazardous materials when the carrier accepts a shipment for transportation. Federal Express stated that carriers lack “essential criteria defining constructive knowledge of undeclared hazardous materials, that would allow the carriers to design and implement a viable system for training their employees, and for identifying and reporting discrepancies, without being subjected to second-guessing after a shipment has been transported.” The company acknowledged the guidance and interpretations provided by the

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## DOT Seeks Public Comment on Hazmat “Knowledge”

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DOT and RSPA but noted that, “as it has been applied [in enforcement proceedings, RSPA’s interpretation] fails to provide fair warning to carriers as to when they will be charged with constructive knowledge of having accepted undeclared hazardous materials shipments.”

In light of this renewed request from one of the largest players in the industry, the DOT has agreed to examine the issue again. The IHMP invites written comments from the industry. They also offer several suggestions as to topics for discussion:

1. The responsibilities of an offeror of a hazardous material to properly classify the material, package the material, mark and label packagings, outside containers, and overpacks, describe the material on a shipping paper, and provide placards to a carrier.
2. The responsibilities of a carrier when it accepts any shipment to review documentation that accompanies the shipment and inspect the packagings, outside containers, or overpacks to determine (a) whether a hazardous material is present, and (b) when a hazardous material is present, whether it is properly packaged, marked, labeled, placarded, and described on a shipping paper.
3. When a reasonable person should have constructive knowledge of the potential presence of a hazardous material based on information that is readily apparent from: (a) Documentation that accompanies a shipment, (b) markings, labels, or placards on packagings, outside containers, or overpacks, and (c) the condition of the packagings, outside containers, or overpacks themselves.
4. Methods used to train personnel

who prepare materials for shipment or accept shipments for transportation to recognize the potential presence of a hazardous material based on information that is readily apparent, including the use of checklists such as those required by Section 7:1.3 of the Technical Instructions for the Transport of Dangerous Goods of the International Civil Aviation Organization.

Parties interested in submitting written comments can e-mail them to the DOT between now and December 14, 2001 by accessing the DOT’s Docket Management System website at <http://dms.dot.gov>. Be sure to include the Docket Number, “OST-01-10380.” Persons interested in attending the public meeting should contact Mr. Thomas Sherman at the DOT at (202) 366-5864.

## ARAC to Meet to Discuss Repair Station Ratings and QA

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workable for another.

The obvious answer is to develop vague, flexible regulations. Unfortunately, because regulations serve as enforcement tools, not just guidelines, vague, flexible regulations are likely to lead to inequitable enforcement as different FAA employees interpret the regulations differently. This is already a problem for the FAA. There is no need to increase the problem.

Clearly, the ARAC group does not have an easy task ahead of it.

### *The Process*

The FAA plans to hold an ARAC meeting concerning repair station ratings and quality assurance systems. This will be the first step in developing a negotiated rule addressing these subjects through the ARAC process.

The meeting will be held on December 12, 2001. It will be held at the FAA Headquarters, 800 Independence Avenue, SW in Washington, DC, in Room 1010, which is the MacCracken Room on the tenth floor. If you cannot make the meeting but wish to participate by teleconference, you may do so by making prior arrangements

(see below concerning arrangements).

The meeting is open to the public (limited to room capacity, of course); however only ARAC members have the privilege of the floor unless prior arrangements have been made. Anyone from the public who wishes to make a statement on the record may do so by making prior arrangements.

Persons wishing to make statements, or arrange teleconference participation, should contact Vanessa R. Wilkins of the FAA Office of Rulemaking at: telephone: (202) 267-8029 or fax: (202) 267-5075.

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#### *REGULATORY UPDATE*

### **New Market Opportunity: TCAS for Cargo Aircraft**

On October 31, the FAA proposed that cargo airlines install electronic collision avoidance systems designed to reduce the risk of mid-air collisions.

Under existing rules, only certain scheduled passenger aircraft are required to have a collision avoidance system. In the Notice of Proposed Rulemaking (NPRM) the FAA proposed to use aircraft weight and performance, rather than passenger-seating configuration, to determine which aircraft must have a collision avoidance system.

The FAA feels that this proposal would standardize the collision avoidance system requirements for airplanes of similar size and capability, regardless of whether they carry pas-

sengers or freight. Such systems would have to be operational on all affected aircraft after Oct. 31, 2003.

"Today, cargo air carriers operate more than 1,100 airplanes and the demand for air cargo services continues to grow," said FAA Administrator Jane F. Garvey. "This rule extends the well-proven benefits of collision avoidance systems to this vital segment of aviation."

Under current law, all passenger aircraft with more than 10 seats must have Traffic Alert and Collision Avoidance System (TCAS) equipment. The system works by interacting with transponders (electronic identification devices) in other aircraft to determine whether they could become a potential collision threat.

The NPRM responds to a section of the Wendell H. Ford Aviation Investment and Reform Act (AIR-21) that became law on April 5, 2000. AIR-21 directs the FAA to require that all-cargo airplanes with a maximum certified takeoff weight of more than 15,000 kilograms (33,000 pounds) be equipped with collision avoidance equipment by December 31, 2002. The law allows a two-year extension (which is why the implementation date is not until 2003).

This proposed rule also addresses a September 1999 recommendation from the National Transportation Safety Board (NTSB), although the FAA's rule is broader in scope than the actions recommended by the NTSB.

*(Continued on page 131)*

The language of the proposed rule allows for systems equivalent to TCAS that the FAA may approve in the future.

#### *The Specifics*

Under the proposed rule, turbine-powered airplanes weighing more than 33,000 pounds maximum certificated takeoff weight operated under part 121, 125, or 129 of the Federal Aviation Regulations would be required to have TCAS II, or equivalent, and an appropriate Mode S transponder.

Turbine-powered airplanes weighing 33,000 pounds or less operating under part 121, 125, or 129 would be required to be equipped with at least TCAS I, or equivalent. All piston-powered airplanes, regardless of weight, conducting operations under part 121 or 125 would be required to be equipped with TCAS I, or equivalent.

#### *TCAS Details*

TCAS I gives pilots a traffic advisory that displays a transponder-equipped plane's position relative to the TCAS-equipped airplane. Traffic advisories generally include the range, altitude, and bearing of the other airplane. Current rules require at least TCAS I on passenger or combination passenger-cargo aircraft with 10-30 passenger seats operated under part 121, as well as turbine-powered airplanes with 10-30 passenger seats operated under part 129 or 135.

TCAS II provides a traffic advisory and recommends vertical escape maneuvers, known as resolution advisories. Resolution advisories give pilots information to change their flight path or prevent a maneuver that could make airplanes come too close to each other.

## Sabatini Takes Top Regulation Post

On October 15, FAA Administrator Jane Garvey appointed Nicholas Sabatini as the new Associate Administrator for Regulation and Certification. Garvey praised Sabatini as "a respected and proven leader." Sabatini is replacing Thomas McSweeney, who retired from government service in October to take on new challenges at Boeing.

Sabatini arrived in Washington in May of this year to take the position of Director of the Flight Standards Service. At that time, many in the industry felt he was being groomed for the Associate Administrator slot.

As Associate Administrator, Sabatini will be responsible for the certification, production approval, and continued airworthiness of aircraft; certification of pilots, mechanics, and others in safety-related positions; certification of all operational and maintenance enterprises in domestic civil aviation; development of regulations; and the certification and safety oversight of some 7,300 U.S. commercial airlines and air operators. He will oversee a workforce of nearly 6,000 employees in the FAA's Washington Headquarters, nine regional offices, and more than 125 field offices throughout the world. The FAA's annual certification and regulation budget is over \$700 million.

Sabatini chaired the task force that developed the Suspected "Unapproved Parts" Program Plan in 1995. The Program Plan was submitted to Congress in response to concerns over suspected unapproved parts [SUPs], and it has served as the blue print for addressing the SUPs issues facing the FAA and the industry ever since. In fact, it is the document that Congress uses to judge FAA's progress in addressing unapproved parts issues.

Sabatini's SUPs Program Plan helped bring to fruition a variety of the FAA changes that the industry has witnessed over the past few years. Some of the recommendations included the formation of a SUPs Program office (accomplished), upgrading FAA procedures and guidance to emphasize the importance of thorough SUPs investigations (accomplished), and developing policies and procedures to minimize the threat posed by undocumented military surplus parts (accomplished). For many distributors, the most important recommendation from the SUPs Program Plan was for the establishment of a voluntary accreditation program for distributors. This recommendation supported the work that ASA was already performing in developing the accreditation program, and it helped motivate the FAA to follow-through on the publication of the accreditation advisory circular, AC 00-56.

The promotion to Associate Administrator is the latest step in a distinguished career. Prior to coming to Washington, Sabatini served since 1979 in a variety of aviation operations and management positions in the FAA's Eastern Region, to include postings as a principal operations inspector, aviation safety inspector, and as operations manager and later, assistant manager of the Flight Standards Division. He headed the Flight Standards Division in the Eastern Region from 1990 to May 2001. Before joining the FAA, he served from 1958-1979 as a New York City police officer, an NYPD helicopter pilot, and as a pilot for the U.S. Customs Service in New York. He holds a multi-engine transport pilot certificate with commercial privileges and a number of aircraft ratings. He also holds flight and ground instructor certificates.

## Larger Repair Stations and Others Under OSHA Scrutiny

OSHA inspectors may soon be paying a call on businesses that reported high rates of injury and illness in 1999.

Based on the results of a survey last year of 80,000 businesses, OSHA has identified some 14,000 businesses that experienced higher-than-average rates of injury and illness resulting in lost workdays. The businesses in question are receiving written notification from OSHA that encourages them to find ways to reduce lost workdays by seeking advice from their insurance carriers or state workers compensation agency. Companies are also encouraged to consider hiring outside health & safety consultants. OSHA lists the affected businesses on its web site at [http://www.osha-slc.gov/as/opa/foia/hot\\_7.html](http://www.osha-slc.gov/as/opa/foia/hot_7.html). Approxi-

mately 1,000 business with the highest reported injury and illness rates will be inspected in the coming months.

In addition, as part of its regular annual targeted inspection program, one of the categories of businesses OSHA plans to focus on this year are those in Standard Industrial Classification (SIC) code 4581, "Airports, flying fields, and services". This category includes most repair stations, as well as other service providers in the industry.

Ordinarily, businesses in a targeted category are only subject to inspection if they have 40 or more employees. Smaller businesses, however, may still be inspected if they have

more than ten workers and either (1) the establishment has experienced more than eight injuries or illnesses resulting in lost workdays for every 100 workers in the previous year or (2) the establishment does not have adequate records available.

Repair stations and other businesses that have experienced high injury and illness rates should ensure that all of their records are in order in case inspectors make an appearance in the coming months. Those companies that have experienced lower injury and illness rates should still strive to maintain appropriate employee records in order to protect themselves in the event of potential future injuries and illnesses.

### AT 800 INDEPENDENCE AVENUE

## The Rumor Mill: Who's Going Where?

Warning: Nothing you read in this column is official!

With Nick Sabatini's promotion to Associate Administrator for Regulation and Certification (*see* p. 131), rumors abound about who will end up where in the FAA.

None of the rumors are official, but here they are, for good or for ill.

During his short tenure as Director of Flight Standards, Sabatini's deputy was Ava Mims. Many ASA members remember that Mims had served in both Flight Standards Service [FSS] and Aircraft Certification Service [ACS] management positions before being promoted to the FSS Deputy Director Position. She has a rich background in a variety of FAA of-

fices. She also was the keynote speaker at the ASA Conference in 1998.

Mims is alleged to be moving to the Office of International Aviation as their new Director. This Office works with FAA's counterpart organizations in over 187 countries and works closely with the International Civil Aviation Organization.

In this position Mims will have to understand how the entire FAA works in order to help interface with foreign regulatory authorities. Her broad experience will certainly be an asset to the United States.

When Sabatini came to Washington, he brought with him the man who had served as his Deputy from East-

ern Region, Jim Ballough. Ballough served only a short time as the Manager of the Maintenance Division at headquarters but he quickly earned the respect and admiration of this employees.

Ballough is very likely to be named as Sabatini's replacement as Director of the Flight Standards Service. There is a contrary rumor claiming that he will be sent back New York to head up the Flight Standards Division in the Eastern Region - this was the position that Sabatini left behind when he came to Washington, DC.

Any way you look at it, Mims and Ballough are both likely to be serving the FAA and the public in capacities that make good use of their management skills.

## FAA Extends Compliance Deadline for Changed Products Rule

Any ASA member who supplies parts for STC installations should be following the implementation of the changed products rule. Industry concerns over the potential for uneven implementation of the FAA's recently released final rule on type certification procedures for changed products have prompted the FAA to *postpone* the compliance date for this new rule until June 10, 2003.

The rule, which became effective in June 2000, requires, among other things, that an applicant for a change to a type certificate must show the changed product complies with the certification requirements in effect on the date of the application. Alternatively, the applicant may show that the changed product complies with an earlier amendment of the regulation if the Administrator determines the change is "not significant". The determination of whether a change is

"significant" is based largely on criteria outlined in the rule, but is ultimately subject to the discretion of the Administrator.

The FAA originally established a mandatory compliance date of December 10, 2001 for transport category airplanes and restricted category airplanes that have been certified using transport category standards, and a compliance date of December 9, 2002 for all other category aircraft, engines, and propellers.

Since the publication of the rule, the FAA, Transport Canada, the European Joint Aviation Authorities, and representatives from the industry have developed a variety of guidance materials to facilitate implementation of the rule. In recent months, however, industry representatives have raised concerns that the administrative procedures associated with the rule were

not adequately standardized between the domestic and international manufacturing communities. The likely result is that the rule would not be implemented uniformly in different jurisdictions.

In an effort to ensure that the implementation procedures for the rule provide for an equal and balanced application for all manufacturers, both in the United States and abroad, especially with regard to the determination of "significant" versus "not significant" changes, the FAA has decided to postpone the mandatory compliance date for all categories of aircraft, engines, and propellers by approximately 18 months, until June 10, 2003. This will allow sufficient time to revise current training materials and advisory circulars, and to harmonize policies and procedures between the FAA and foreign civil aviation authorities.

## Government Crackdown on Parts-Related Offenses

Despite the recent emphasis on airport security, the Department of Transportation Office of the Inspector General (OIG) has not relaxed its vigilance with regard to aircraft parts and maintenance. The month of October saw two new cases involving improper work on aircraft parts and/or falsifying documentation, and a significant FAA civil penalty proposed against an airline.

A federal court in Connecticut has ordered Ozone Industries, Inc., of East Lyme, Connecticut, to pay a \$200,000 fine and imposed a \$100,000 fine on its former plant manager after Ozone pleaded guilty to a charge of refusing to produce re-

quired paperwork confirming that mandatory equipment tests had been done. The OIG investigated Ozone Industries for returning aircraft parts to service without performing required testing and for overhauling and repairing aircraft parts without having the proper FAA ratings. The FAA provided technical assistance to the investigation.

In California, Stephen M. Walker, an employee of Aerocrafters, Inc., an FAA-certificated repair station in Santa Rosa, pleaded guilty to fraud in U.S. District Court for falsifying the airworthiness certificates of avionics components and illegally selling the parts over the Internet. The OIG in-

vestigated the case in cooperation with the FBI. [Editors Note: This is a different company from the ASA distributor member, Aircrafters, Inc. of Wilmington, Delaware, and the two should NOT be confused].

The FAA has proposed two civil penalties totaling \$667,050 against America West Airlines for alleged maintenance violations and allegedly flying numerous aircraft in violation of the regulations. America West is accused of using improper bolts in maintaining the elevator systems of 13 aircraft, improper repair of a fuel line, and failure to implement 11 airworthiness directives.

# Issues of the Update Report Are Now Online!

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Back issues of the Update Report are now on-line! Missing a prior issue? Issues of the Update Report are being added to the ASA web site about one month after they are published. Complete sets of volumes six through eight, and the first ten issues of volume nine, are now on-line!

## UPCOMING EVENTS

\* = *Look for ASA personnel on the speaking program*

- Dec. 4** \* **ASA Continuing Education Workshop**, Ft. Lauderdale, FL. Contact ASA at (202) 730-0270.  
**Dec 6-7** \* **ASA Hazmat Workshop**, Chicago, IL. Call (202) 730-0270 for details. Hosted by Airliance!  
**Dec. 12-14** **NBAA Annual Meeting** (*rescheduled!*), New Orleans, LA. Contact NBAA at (202) 783-9000.

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- Feb. 14-16** **Heli-Expo**, Orlando, FL. Register on-line at <http://www.heliexpo.com>.  
**Mar. 12-13** **FAA Forecast Conference "Planning for the Future in an Uncertain Environment"**, Washington, DC. Call Helen Kish at (202) 267-9943.  
**Mar. 16-18** **PMAs & Spare Parts for Aircraft & Aircraft Engines**, Miami, FL. Call (207) 892-5445  
**Mar. 18-20** **Commercial Aviation Industry Suppliers Conference**, Los Angeles, CA. Call (310) 203-9603.  
**Apr. 9-11** **MRO Conference & Exhibition**, Phoenix, AZ. Call (800) 240-7645.  
**Apr. 25-27** \* **Aircraft Electronics Association**, Palm Springs, CA. Call (816) 373-6565.  
**June 23-25** \* **ASA 2002 Annual Conference**, Four Seasons Hotel, Las Vegas, NV. Call (202) 730-0271 for details.

*Happy holidays from everyone at ASA!*

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