



# The Update Report

The Airline Suppliers Association

Volume 7, Issue 6

June 1999

## YOUR ASSOCIATION IN ACTION

### ASA 1999 Conference Around the Corner

There is less than a month left to register for the Annual Conference!

There is so much happening in the aviation industry today that it is hard to know what the rules are. Watching the steady stream of new rules and guidance flow out of Washington, DC is like watching a ticker tape that never repeats: FQA, AC 21-38A, AIR-200 MEMO 99-02, FAR 145 NPRM, SUPs 97-205, FSCAP AC, PAAT III. The list goes on and on.

This year's conference, **Strategies for Success in Aviation**, will feature all of the information you need to know to lead your aviation parts business confidently into the year 2000. The conference will address international transactions, commercial business and FAA issues. The agenda includes the latest changes to a variety of familiar issues, like unapproved parts, the sale of parts, and documentation issues like 8130-3 forms.

ASA will also address some issues that have not received as much attention in the past, like electrostatic discharge, FAA designees, and hazardous materials management. Understanding these issues is vital to success in today's quickly-changing environment; every QA, purchasing and sales executive needs to attend these presentations. Past attendees complained that there was not enough content aimed at the

business owners, so this year's agenda includes workshops on aviation business management issues like strategies for business success, opening up new markets in South America, and all-hazards risk management.

As usual, the 1999 Conference will feature a members'-only session at which ASA Members may pose questions to the Staff and Board of Directors. This year's members'-only session will feature several important votes so it is vital that every member attend the meeting.

Another important tradition, the ASA golf tournament, is sponsored this year by the AGES Group. AGES Group Vice President and ASA Board member Bill Cote has given this project his personal attention to make sure that this year's golf tournament is the best ever.

This year's conference will be held July 18-20 at the Marco Island Marriott in Marco Island, Florida. Information and the full agenda is available on ASA's website. If you do not have access to the internet and would like ASA to mail you information about the Conference, please call Charles Cunningham at (202) 216-9140.

### Inside this Issue:

Repair Station NPRM Released ....	63
International Affairs .....	64
Fastener Quality Act Revised .....	65
Draft Scrap Parts AC Available ....	69
FAA Issues SUPs Notices .....	70
Around the Industry .....	70

### A special "Thank You" to the ASA 1999 Annual Conference Sponsors:

Access Software, AGES Group, ATA Spec 2000, Aviation Sales Distribution Co., The Boeing Co., Inventory Locator Service, M & M Aerospace Hardware, Pratt & Whitney SML, Scandinavian Airlines, Source One Spares, and Unical Aviation.

### Congratulations to:

**Asia America Aviation Systems, Inc.**  
City of Industry, CA

for their accreditation to the  
Airline Suppliers Association's  
Accreditation Program.

Keep monitoring,  
<http://www.airlinesuppliers.com>  
for a growing list of  
FAA accredited distributors.



**AIRLINE SUPPLIERS  
ASSOCIATION**

## A Message from ASA's President

Washington, DC is really heating up!

After years of talking about the *soon to be released* NPRM for FAR 145, it has finally been released. This month's newsletter addresses some of the proposed changes. Jason will be addressing the quality system aspects of the NPRM next month. ASA will submit comments to the FAA; members are also encouraged to submit their comments to the FAA.

Another one of those *soon to be implemented* documents, the Fastener Quality Act (FQA), has finally been modified by the Congress and signed by the President. Partial implementation begins in December 1999. The final version of the FQA differs greatly from its original form. The Commerce Department will have to issue implementing regulations. As more details about these regulations are released, ASA will publish guidance for the membership concerning any quality system changes that may be necessary to comply with the law.

The FAA has released for comment a revision to AC 21-38, *Disposition of Scrap or Salvageable Aircraft Parts*

### **NOTICE**

The Airline Suppliers Association, Inc., a Delaware not-for-profit corporation, will hold its annual membership meeting on July 19, 1999, 5:15 p.m. at the Marco Island Marriott in Marco Island, FL.

The agenda will include a vote on adoption of Bylaws for the Airline Suppliers Association, as well as an opportunity for members to communicate with the Board of Directors.

*and Materials.* This month's newsletter briefly addresses the proposed changes. ASA will be submitting comments and encourages members to also submit comments.

These three documents will be discussed in more detail at the annual conference, July 18-20<sup>th</sup>. We will also be discussing proposed harmonization of the 8130-3 form and its European and Canadian counterparts. Frank Paskiewicz, Manager of AIR-200 will speak about the proposal at the Annual Conference.

We are keeping busy here in Washington; hope your company is busy too. Look forward to seeing you in July.

Best Regards,

Michele Schweitzer

### **Board Of Directors:**

<b>Karen Borgnes</b>	253-395-9535
Pacific Aero Tech, Inc.	
<b>John Butler</b>	818-768-7000
Time Aviation Services, Inc.	
<b>Amy Cochis</b>	860-565-2712
Pratt & Whitney SML	
<b>Bill Cote</b>	561-998-9330
The AGES Group	
<b>Fred Gaunt</b>	310-829-4345
Pacific Air Industries	
<b>Paula Sparks</b>	954-431-2359
AVTEAM	
<b>Mike Molli</b>	847-836-3100
Scandinavian Airlines System	

### **Officers:**

<b>Karen Borgnes</b>	425-395-9535
Corporate Treasurer	
<b>Jason Dickstein</b>	202-216-9140
Corporate Secretary	
<b>Michele Schweitzer</b>	202-216-9140
President	

The Update Report is a monthly newsletter of the Airline Suppliers Association. Questions/comments should be addressed to the Editor:

Jason Dickstein, Vice President  
Airline Suppliers Association  
636 Eye Street, NW, Suite 301  
Washington, DC 20001

voice: 202-216-9142

fax: 202-216-9227

email:jason@airlinesuppliers.com

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 is just one of the many benefits that the Airline Suppliers Association offers members. For information on ASA-100, the ASA Accreditation Program, Conferences, Workshops, FAA guidance like Advisory Circulars, Industry Memos, or services and benefits, contact the Association.

The Update Report For information on special package rates for advertising, contact the Association at 202-216-9140. Subscription cost is \$120.00 US per year.

Copyright © 1993 - 1999, The Airline Suppliers Association. All rights reserved.

## FAA Issues Repair Station Rule Proposal

We all work with repair stations. They are our customers; they are our business partners. They overhaul our surplus parts. About 25% of ASA's member companies hold repair station certificates themselves. It is therefore a significant event for our industry when the FAA decides to rewrite the repair station regulations. On June 21, the FAA issued a notice of proposed rulemaking (NPRM) making significant changes to the regulations affecting Part 145 repair stations.

The complete rewrite of the Part 145 repair station regulations is not a surprise; the project has been in the works for almost 25 years. The process began with a 1975 report that called for substantial revision to the repair station rules. Although some subsequent minor revisions were made, and a significant change to the process for issuing certificates to foreign repair stations occurred in 1988, the substantial changes envisioned were never undertaken.

In 1989, the FAA was ready to finally undertake those substantial changes. The FAA published an advance notice of proposed rulemaking that asked for public input into this important topic.

And nothing more happened.

It seems that every summer for the past several years, a rumor has arisen that the Part 145 proposed rule would be published in August. This gave rise to a recurring joke where someone would say that the Part 145 proposal is being published in August and someone else would ask "What year?"

When Ava Mims was promoted from Manager of the Continuous Airworthiness Maintenance Division to Deputy Director of Flight Standards in the Spring, she prophesied that the Part

145 proposal would be issued this Summer. It took every ounce of self-control to refrain from saying, "What year?"

Ava Mims is not the first FAA official to say that the Part 145 proposal would be issued soon. She's just the first one to be right. It really should come as no shock that she was right. One of her strengths as a manager has been her ability to get projects completed, even when it meant sitting down in another FAA manager's office and refusing to leave until the other manager was willing to commit to a project completion timeline.

There are a number of changes in the Part 145 proposal that could significantly change the way that we do business with our repair station business partners. Some of the proposals appear to be improvements, like better recordkeeping and increased training requirements for repair station personnel. A greater focus on the quality system implemented within the repair station follows the modern trend of relying on quality systems to help make our business practices fall within established parameters.

At the same time, there are some problems with the NPRM. Some of the good ideas are not well-written, so they are subject to misinterpretation. Some of the new ideas are reaching beyond safety concerns and may adversely affect business relationships without improving safety. The NPRM takes up over thirty pages of small type in the Federal Register, which makes it a lot to read. As with any regulation of this magnitude, there are a small number of just-plain-ol' bad ideas mixed in with the rest of the changes.

There has always been a recognition

that proposed rules will contain good and bad elements, but that offering the public an opportunity to comment on a rule will help to weed out the bad elements. The rule is available on the internet and the FAA is accepting comments until October 19 (There is a petition currently before the FAA to extend this expiration date). Everyone who interacts with a repair station should read this rule and determine how it will affect their business.

There is not enough space in this newsletter to fully comment on the repair station rule, but there is space to comment on a few choice provisions that could affect distributors.

### *FAA Devalues the Repair Station Certificate*

Under today's rules, if the repair station sells its assets, then one of those assets may be the repair station certificate itself. The new owner of the assets is required to apply for a change in the certificate to reflect the new ownership of the certificate; however the new owner of the repair station certificate does not have to apply for a whole new repair station certificate.

The proposed rule changes this so that the repair station certificate is no longer an asset that may be sold. Further, if the entire business is sold as an entity, then the repair station certificate does not appear to transfer to the new owner of the business under this new rule - instead, the new owner of the repair station must apply for a new certificate.

Interestingly enough, there is no indication of what percentage of ownership must be sold in order to trigger the 'new certificate requirement.' It seems clear that it is triggered when 100% of the ownership is transferred

*(Continued on page 68)*

## Kazakhs Seek Aircraft

On June 18, 1999 Air Kazakhstan announced that it is seeking proposals from anyone interested in selling them six 100-seat, medium-haul airplanes. The airplanes would be used for regional and domestic flights with a flight range of 3,000 kilometers (1865 miles). This is a short time-line bid, which is supposed to be common for Kazakhstan (according to the United States government). The deadline for bid submission is July 15, 1999.

Detailed information is available from:

Yerbol Yetekbay, President

or

Yuriy Ponomarev, Vice President

Air Kazakhstan

14 Ogareva Street

Almaty, 480079, Kazakhstan

Tel: 7 (3272) 57-31-84

Fax: 7 (3272) 57-25-03, 57-13-57

E-mail: [gpd@airkaz.com](mailto:gpd@airkaz.com)

The Department of Commerce warns that financing could be an unresolved issue, so companies should carefully explore the technical and financing dimensions of the tender.

## New Russian Aviation Company

Looking for a company that will need helicopter parts? Look no further than the Chistoye Nebo ("clear sky") Public Fund in Russia. Chistoye Nebo was founded in August 1998 to employ retiring military pilots and aviation workers. The company has decided to focus its attentions on developing what Russia is calling "small aviation."

The first stage of this project is to establish an aviation center in Krasnoznamensk, about 40 kilometers west of Moscow. This center will be used to train crews for and maintain the 30-50 American-made helicopters the company plans to buy. The helicopters will be used by local administrations, businesses, security firms, and environmental agencies.

Chistoye Nebo's business plan anticipates revenues in their first year of about US\$1.5 - US\$3.5 million, with the sales for the next five years estimated at US\$40 - US\$82 million. If the company is to make good on its business plan, then someone will need to sell them the spare parts to keep their helicopters in the air.

For more information on Chistoye Nebo, contact:

Vladimir Ryabov, Director

38, Vavilova Str.

Moscow, 117333, Russia

or

8/5 Merzlyakovsky Per., GSP-2

Moscow, 121814, Russia

Tel: 7 (095) 29-11-183

Fax: 7 (095) 29-11-183

*advertisement*

### When You Have Critical Needs In Overhaul & Repair, Aero Technology Has All The Solutions.

The professional care Aero Technology offers you in service and technology is unmatched in the avionics industry. Our rapid response rate to your critical needs from a highly experienced staff makes us tops in the repair and maintenance field.

Call us now for more details.

- Convenient SITA/SPEC 2000 Order & Repair Administration (LGBGHXD)
- Airworthiness approvals from JAA, CAAC, DGAC, DGCA, FAA
- Sales and Service Center for: Bendix/King, British Aerospace, Canadian Marconi, Collins/Rockwell Int., Gables, Lockheed Martin, Loral/Fairchild, Sperry/Honeywell, Sundstrand, Teledyne.



**aero technology**

FAA Repair Station DQ3R458L

Phone (562) 595-6055 Fax (562) 595-8416

3333 East Spring Street, Long Beach, CA 90806 USA

## Fastener Quality Act Revised; Implementation Date Set!

We've been hearing about it for years. The Fastener Quality Act. Nightmares filled with dancing washers and pirouetting bolts. Although well-intentioned, the Fastener Quality Act (FQA) quickly became an unworkable example of Washington's bureaucratic bent at its finest. Almost since its inception, Americans have been trying to change the FQA to make it a reasonable law that still meets its intended purpose of targeting counterfeit and poor-quality fasteners.

President Clinton signed a significant revision to the Fastener Quality Act on June 8th. The revision was meant to relieve the bureaucratic bent that made the FQA unwieldy. The result was a modified law that still has its problems, but is much better than when it first hit the streets.

Under the newest revision, most of the FQA will be implemented on Friday, December 5 of this year (180 days after the date the President signed it into law), while the testing requirements will be implemented on June 8, 2001 (two years after enactment).

### *FQA History*

Congress originally passed the FQA in 1990.

In its original form, the Act applied to a broad range of threaded fasteners. It required that manufacturers send samples from each lot of fasteners to an accredited laboratory for testing. The laboratories would issue certificates of conformance, and the manufacturer would be required to make the certificates available to their customers. Distributors of fasteners would be required to make the certificate of conformance available to their customers; so there would be a *de facto* requirement for distributors to obtain the cer-

tificates.

Subsequent amendments exempted fasteners that were produced under a FAA approval, but did not exempt standard fasteners (like AN or MS bolts). This was known as the aviation exemption. It provided a benefit to FAA-approved fastener manufacturers (a BAC fastener bought through Boeing would be one example of a FAA-approved fastener), but it created a problem for distributors, who would have had to correctly distinguish FQA fasteners from non-FQA fasteners by using a very complicated patchwork of rules.

Implementation of the FQA took a very long time. Part of the reason for

*Impatient? Turn to Page 66 for a Description of How the Fastener Quality Act will Affect Distributors*

this was because there was no existing infrastructure of accredited laboratories. The National Institutes of Science and Technology (NIST) had to establish a program for accrediting laboratories from scratch. NIST authorized several organizations to undertake this accreditation and these organizations began to slowly entice laboratories to become accredited. Implementation was delayed several times during this process because there were not yet enough accredited laboratories to handle the expected load of fastener quality testing.

As the FQA grew increasingly complex, and the number of accredited laboratories grew, more and more people began to question the need for this law. Finally, Congress ordered NIST

to halt implementation pending a study by the Department of Commerce on whether the FQA still met the needs of the United States.

The Department of Commerce contacted a variety of organizations, including ASA, to discuss the issues surrounding the FQA; finally, the report was transmitted to Congress on February 26, 1999.

The study's results led the government to conclude that there are fewer problems with fasteners today than there were ten years ago. The study identified a number of reasons for this quality improvement including advances in fastener manufacturing technology and better procedures for procurement of fasteners.

In light of the Commerce Report, Congress decided to significantly curtail the effect of the FQA. The most recent FQA amendments were meant to make the legislation more focused and less burdensome. With these amendments, the Law establishes protections against the sale of mismarked, misrepresented and counterfeit fasteners while eliminating unnecessary requirements.

"Congress and the Administration recognized that the fastener industry has made major improvements in its manufacturing and quality control systems since the Fastener Quality Act was passed in 1990," Commerce Secretary William Daley said. "The changes which we recommended recently after assessing the state of the industry were largely addressed by Congress."

### *The New FQA*

The new FQA may be thought of as doing three things that are important to

*(Continued on page 66)*

## Revision Removes Distributor Documentation Responsibilities ...

*(Continued from page 65)*

the aviation aftermarket. It prohibits fraud; it requires manufacturers to have their fasteners tested; and it requires manufacturers to mark their fasteners. To make these tasks easier, the new FQA clearly defines the term "fastener," and only fasteners falling under this definition are subject to the requirements of the Act.

The Act forbids anyone who offers a fastener for sale from misrepresenting the fastener. This section creates a federal crime of fastener fraud to supplement existing state fraud laws. The misrepresentation section does not criminalize anything that is not already against the law in most jurisdictions.

While the original FQA required fastener manufacturers to submit their fasteners for comprehensive testing, the revised FQA limits the fasteners that must be tested and specifies the scope of testing. Under this new revision, only fasteners manufactured to a government or consensus standard need to be tested. The Act requires that the normal end-of-line verification that is required by a standard must be performed by an accredited laboratory. This accredited-laboratory-testing requirement does not become effective until two years after the Act was signed, or June 8, 2001.

A company may have its own in-house testing facilities accredited by NIST so that it can perform its own testing when the requirement goes into effect. The manufacturer is responsible for retaining the record of conformance for a lot of fasteners for at least five years.

Fastener manufacturers will also have to mark their fasteners according to the requirements of the standard. Where the standard requires that the

fastener be marked with an insignia identifying the manufacturer, the manufacturer must not only place this mark on the fastener; the manufacturer must also register the identifying mark with the Department of Commerce (the registration procedures are still forthcoming).

### *How Does This Affect A Distributor?*

The legal affects of the FQA on a distributor are minimal but the commercial affects may be significant.

### DOCUMENTATION CHANGES

Perhaps the most important change to the FQA is the rescission of the rules that required distributors to obtain and maintain additional records for the fasteners they purchase. Distributors are no longer generally required to provide a record of conformance to the customer. Nonetheless, because the manufacturer is required to produce it, customers may begin to demand the record of conformance. This could make it difficult to sell older fasteners for which there is no record of conformance from an accredited laboratory if customers begin to ask for these records as a common practice (a manufacturer's own certificate of conformance will not meet the FQA requirements unless the manufacturer's testing facilities are accredited by NIST).

To protect against these commercial requests for documents (and as a matter of good recordkeeping practice), distributors should ask for copies of the record of conformance whenever they obtain a shipment of fasteners that fall within the scope of the Act. Remember, that the new Act requires a manufacturer to keep these records for five years and to make them available to a distributor who requests them, even if the distributor purchased

the fasteners from an intermediary and did not purchase the fasteners directly from the manufacturer. Remember also that a company can obtain records of conformance today, but the law requiring them does not go into affect until June 8, 2001.

### SPECIAL RULES FOR IMPORTERS

A distributor who is the initial purchaser of fasteners manufactured outside the United States is considered to be the importer of the fasteners. In an anomalous change to the regulations, the requirements for importers to obtain the record of conformity for fasteners that are imported was rescinded, but the requirement to retain the record of conformity for five years is still in the law. It is therefore a good idea for importers of standard fasteners that fall within the scope of the FQA to insist on a record of conformity.

### IMPROPERLY MARKED STANDARD FASTENERS

There is one aspect of the FQA that has an insidious potential to trap innocent distributors. The law that requires manufacturers to mark their standard fasteners relies on the language of the particular standard as the guideline for the correct marking. Failure to precisely comply with the marking requirements of the standard is not just the manufacturer's problem. Anyone who offers a mismarked fastener for sale can also be guilty of a violation. Even an inadvertent violation could lead to a two-year prison sentence if a prosecutor can prove that the distributor was negligent in selling the mismarked fastener.

This could be a problem for a distributor that does not hold a copy of the

*(Continued on page 67)*

## ... But Some Commercial and Regulatory Responsibilities Remain

*(Continued from page 66)*

standard, and therefore does not know the precise marking requirements of the standard. The Department of Commerce still needs to establish rules to implement this requirement, so it is likely that some of the problems will be ironed out in the implementing regulations.

### *Scope of Coverage*

The newest revisions to the FQA will apply to fasteners manufactured on or after Friday, December 5, 1999. With the newest revisions in place, the FQA will cover the following fasteners:

- 1) bolts, nuts, screws and studs that have internal or external threads and a nominal diameter of 6 millimeters (0.25 inch) or greater; and
- 2) load-indicating washers that are through-hardened and marked with a grade identification indicating that the fastener conforms to a specific standard (this includes fasteners that are alleged to meet these elements but fail to, such as a washer that should have been through-hardened but the manufacturer failed to through-harden the particular fastener before releasing it).

Many fasteners are exempted from coverage, including those that are:

- part of an assembly;
- ordered for use as a spare, substitute, service or replacement part unless that part is in a package containing more than 75 of any such part at the time of sale or that part is contained in an assembly kit;
- produced and marked as ASTM A 307 Grade A;
- produced in accordance with the

ASTM F 432 standard;

- specifically manufactured for an aircraft if the quality and suitability for installation is approved by the Federal Aviation Administration or by a foreign airworthiness authority;
- manufactured to a proprietary standard; or
- manufactured in accordance with International Organization for Standardization (ISO) 9000, 9001, 9002 or TS16949; Quality System (QS) 9000; or other acceptable fastener quality assurance system (this is going to exempt many fasteners).

To encourage the use of quality management systems such as QS 9000, fasteners are exempt from the FQA if they are manufactured in a facility using an appropriate quality system. This is likely to become the most popular 'safe harbor' for manufacturers to exempt themselves from the FQA.

### *Conclusion*

The Fastener Quality Act has been through many revisions. With all of these patchwork modifications, it is no longer a "clean" law. Any company that manufactures, imports, or distributes fasteners on a regular basis needs to obtain a copy of this law and review it with respect to the company's operations (check ASA's website for a copy). Some changes may have to be made to the way that the company operates in order to protect the company against potential issues arising under the Fastener Quality Act.

Although there is an aviation exemption for fasteners specifically manufactured for use on an aircraft, many standard fasteners are manufactured for a variety of purposes, so they may fall outside of the protection of the

aviation exemption.

In interpreting this law, it is also important to remember that the law 'belongs' to the Department of Commerce, and it is Commerce, and not the FAA, that will set the standards for how the law will be enforced. It will be important to watch the rulemaking procedure for the implementing regulations, and to participate in that procedure. Watch your mailbox for future issues of the Update Report and future news about the implementation of this law.

*Despite the fact that the Fastener Quality Act has significantly limited the documentation responsibilities of a distributor with respect to fasteners received, there are still some new provisions that should be reflected in your receiving inspection system. ASA will publish interim fastener guidance before the partial implementation date in December, 1999 and general receiving inspection guidance for fasteners before the June 2001 implementation date.*

## FAA Plans Include Endorsing Electronic Signatures

*(Continued from page 63)*

to a second party; but what if the ownership transfer merely changes the majority shareholder? Can a buyer and seller avoid the requirement for a new certificate merely by structuring a deal that transfers a portion of ownership now and the remainder at a later date? What about publicly traded repair station companies? If a less than 100% transfer triggers the need to apply for a new certificate, then will there be a certain threshold at which a publicly traded company could lose its certificate and be required to obtain a new one?

This is a proposal that appears to provide no real safety benefit while diminishing the value of the asset that the repair station certificate represents. There appears to be a trend for distributors, particularly those handling surplus parts, to acquire repair stations to perform overhauls. These transactions could be adversely impacted if repair station certificates become invalid when the repair station is sold.

### *FAA Permits the Use of New Technology*

Frequently, companies find ways to work that represent improvements over the current system. Sometimes, the regulations are not written in such a way as to permit the new improvement. There are several rule changes proposed in this NPRM that reflect this problem, and represent FAA's efforts to permit the new paradigms to be implemented.

One good example is the need for a signature on records. In the past, the regulatory need for a signature meant that a physical signature needed to be written on a paper record. In recent years, though, many other industries have turned to electronic records using electronic signatures. The FAA's

'signature' regulations prevented the aviation industry from doing this.

The electronic signature was such a good idea that many companies applied for exemptions from the regulations to permit them to implement an electronic recordkeeping program that featured electronic signature. The FAA has made a regular practice of granting such exemptions where proper procedures are put into place to protect the integrity of the system.

The FAA granted so many exemptions in this area that it became clear that a regulatory basis for doing this through normal mechanisms was necessary. The NPRM features language that explains that a signature may be written or electronic.

This is an important feature to watch, because it will affect the sort of documentation that repair stations will be able to issue for approval for return to service.

### *FAA Removes its Actions from Public Scrutiny*

Although some of what the FAA does is visible to the public, much of it is not. The exemption process is one aspect of the FAA's activities that is open to the public. The Part 145 NPRM would remove this process from the public view.

A petition for exemption is a formal process by which the FAA accepts a proposal to deviate from the rules. It is considered to be a rulemaking process in and of itself. Because it represents a rulemaking process, a part of that process involves publishing a summary of the petition in the Federal Register, and making the entire petition available to the public for comment.

This is a useful process because it provides an opportunity for the public to comment in the event that there is important information that might not be known to the FAA about the exemption application; however, the publication process is even more useful because it permits the rest of the industry to gauge the FAA's willingness to grant exemptions.

By studying exemptions (both grants and denials), the industry can determine what will be considered acceptable, and can also gauge when rule-making might be appropriate to reflect a pattern and practice of exemption activity.

The Part 145 NRPM would replace this public process with a hidden process whereby the FAA would issue deviation authority. The process would be known as deviation authority, and it would require an application to the FAA that essentially contains the same information currently required for a petition for exemption. Deviation authority would not be subject to public scrutiny, so there would be no way to determine if the FAA was issuing deviation authority in a uniform manner, or if certain denials were being made in an unfair manner. There would be no formal process for processing a deviation authority in the event of an unfair denial. Most importantly, deviation authority could be rescinded at any time at the discretion of the FAA, with no due process, and the repair station that loses its deviation authority would have no right to appeal that rescission.

Finally, the public exemption process permits distributors to determine, as a matter of public record, whether their business partners have special exemp-

*(Continued on page 69)*

## But the Proposed Repair Station Rule Still has a Few Problems

*(Continued from page 68)*

tions that permit them to engage in unusual practices. It permits a distributor to easily determine (for example) whether a repair station holds a special privilege to do business in an unusual fashion. Otherwise, the distributor must take the repair station owner's word for the notion that it is permitted to do business in a manner that appears to violate the regulations.

Why is it important for a distributor to know whether the repair station with which it does business complies with the regulations? Because if the repair station is not qualified to do the work it is performing, then all of the parts that are overhauled by the repair station are "unapproved." Huge inventories of saleable parts can become "unapproved" overnight by the realization that the repair station was performing work under circumstances

that were inappropriate.

This is not the way that anyone should do business. The FAA supports its deviation authority proposal by noting that it already provides deviation authority to air carriers and manufacturers. The fact that the government has already implemented a bad practice is no justification for expanding that bad practice. A capability to issue privileges that may be issued to one repair station and not to another without any standards, and that may be rescinded at the whim of the FAA, does not do any favors for the industry.

### *Conclusion*

These are just a few of the new features of the Part 145 repair station NPRM. This article has purposefully concentrated on some of the aspects of the new rule that could have an ad-

verse impact on the industry because these are the aspects that should be changed. There are many aspects of the proposal, like the electronic signature rule, that will be good for the industry.

In next month's issue, ASA will analyze the new repair station quality systems described in the NPRM, and discuss their interaction with the quality systems described in the accreditation program, AC 00-56.

## AT 800 INDEPENDENCE AVENUE

### Scrap Parts Proposal Issued for Comment

The FAA plans to issue new guidance on scrap parts and they are asking for our help.

AC 21-38 is the current 'scrap parts' advisory circular. The FAA has released a proposed revision to the public for comment. This represents our opportunity, as an industry, to help craft FAA guidance that protects the industry from bad parts.

The new proposal needs work. It insinuates that all parts without traceability back to a production approval holder need to be scrapped. It fails to account for the fact that a part that is beyond economic repair for one company may not be beyond economic

repair for another. It suggests that certain common practices permitted by other advisory circulars are not appropriate.

But the fact that the FAA released it for comment before issuing it is a good sign, indicating that they recognize the shortcomings of the document, and are willing to consider alternative language offered by the industry that may improve the document as a whole.

Despite its shortcomings, the scrap parts AC represents a FAA effort designed to protect everyone on the industry from the problems of misrepresented parts.

Copies of the proposed AC 21-38A can be obtained from, and comments on it may be returned to: Federal Aviation Administration, Production and Airworthiness Certification Division, AIR-200, Room 815, 800 Independence Avenue, SW, Washington, DC 20591.

Loyal Woodworth is coordinating this project for the FAA and he appears eager to accept constructive comments from the industry. Comments on this proposal are due August 9. ASA will post their AC 21-38A comments on the internet as soon as they are submitted to the FAA, and will maintain a close watch on the development of this advisory circular.

## New Suspected Unapproved Parts Notices

The FAA has released seven new Suspected Unapproved Parts Notices (SUPs Notices). This is far too many to republish in full in The Update Report, so instead you will only find summaries in this month's issue. As with all documents referenced in this newsletter, full copies (which often include affected part numbers and serial numbers) are available on the internet.

ASA republishes this information based upon the FAA Unapproved Part Notices, and is not responsible for the content of said notices. If you recognize that parts described in one of these FAA SUPs notices may be in your inventory, then you should read the entire notice carefully. Because of the brevity of these summaries, it is important to read the entire notice and not rely only on these summaries!

These FAA SUPs notices are advisory only, and do not represent final orders of the FAA.

\* \* \*

### *Unapproved Parts Notice 97-205*

SUMMARY: Claims that Englehard Surface Technologies of 1225 52nd Street, Mangonia Park, Florida, improperly overhauled and returned to service 13 disks for Pratt & Whitney engines.

### *Unapproved Parts Notice 97-021*

SUMMARY: DODS, Inc., formerly an FAA approved repair station located at 1400 Mills Highway, Breaux Bridge, LA 70517, produced flight control surfaces, panels and other parts for helicopters. It did not have a PMA.

### *Unapproved Parts Notice 96-291*

SUMMARY: Pratt and Whitney Model JT8D C-2 disk, P/N 745902,

Serial Number H62755 appears to have been misplaced following rejection.

### *Unapproved Parts Notice 96-269*

SUMMARY: Duraflex Fuel Cells Corporation and Fuel Cells Maintenance, Inc., located in Little Rock, Arkansas, sold certain bladder fuel cells which were not FAA approved.

### *Unapproved Parts Notice 96-263*

SUMMARY: Advises that Pratt & Whitney PT6A-112 Engine, Serial Number 12362 was involved in an accident.

### *Unapproved Parts Notice 96-260*

SUMMARY: Titanium flange P/N: 4638-205-007 (Serial No. 1261); and bevel gear P/N 4638-303-001 (Serial No. 1712) were removed from an accident related transmission.

### *Unapproved Parts Notice 96-102*

SUMMARY: This document claims Luminator Aircraft Products of fabricating electrical component parts from August 1994 through May 1996 without holding a PMA. Since that time, Luminator has acquired PMA. Luminator is located at 1200 E. Plano Parkway, Suite 300, Plano, Texas, 75074-0030.

Please bear in mind that the fact that a SUPs Notice has been issued does not necessarily mean that the FAA has found that the company named violated the law. It only means that the FAA believes that there is a situation that bears investigation, and that distributors and other industry participants who obtain the identified parts should carefully examine them to be sure that they are not unairworthy nor otherwise inappropriate for installation in type certificated aircraft.

## Around the Industry

Rumors that AAR would buy Aviall for \$423 million caused Aviall shares to climb this month.

The **Hamilton Standard - Sunstrand** merger received antitrust approval from the Justice Department.

**HEICO** bought jet engine replacement part manufacturers **Turbine Kinetics, Inc.** and **AeroKinetics, Inc.** and GSE manufacturer **R.H. Phillips and Sons Engineers, LTD.**

The **House of Representatives** passed the **FAA Authorization Bill**, known as "AIR-21" because it is reshaping the FAA in preparation for the 21st century. Formally known as H.R. 1000, the bill is now before the Senate for consideration.

ASA participated as an industry representative in the **FAA/JAA Harmonization Meeting** earlier this month. The participants established a schedule and an agreement in principle for harmonizing the various airworthiness approval and release forms into a single form recognized throughout North America and Europe.

ASA Vice President **Jason Dickstein** participated in the the first Board meeting of **MARPA**, a new trade association representing PMA/TSOA manufacturers. Mr. Dickstein was invited to join MARPA as an initial Board member. MARPA has already discussed ways that it work in concert with other associations like ASA

Watch your GPS! The GPS 'turn-over' date is on August 22. Although GPS equipment is expected to survive this red-letter date with no problems, anyone using GPS on this date should be extra careful.

# AIRPAX

# Software Solutions

For Aviation Parts Sales & F.A.A. Repair Stations

Using AIRPAX is like using a *reliable* tool. Below are some satisfied clients who can tell you what AIRPAX means to them.

Avteam, Inc.	Danbee Aerospace, Inc.
Avatar Alliance, L.P.	Flight Director, Inc.
Aeronautical Support, Inc.	World Air Lease, Inc.
Certified Aircraft Parts, Inc.	Kellstrom Industries
M & M Aircraft Services, Inc.	PTS Aviation, Inc.
Lockheed Martin Aeronautical Support	Windward Air
Professional Aircraft Accessories	Tradewinds Engine Services
Corporate Rotable & Supply, Inc.	Source One Spares, Inc.
Flight Turbine Services, Inc.	Aero Support, Inc.
Corporate Jet Support, Inc.	Spectrum Aerospace, Inc.
Falcon Aero, Inc.	S. R. Aerospace, Inc.
Int'l Airline Support Group	Jet Support Corporation
Intertrade, Ltd.	Mitchell Aircraft Spares

**ACCESS**  
S · O · F · T · W · A · R · E

For information on how **AIRPAX** can help your business, please call:

**Access Software, Inc.** (561) 747-1217

880 Jupiter Park Drive · Suite 15 · Jupiter, FL 33458  
Web Page: <http://www.airpax.com> · E-mail: [sales@airpax.com](mailto:sales@airpax.com)

# Find Source Documents on the Internet

Interested in one of the subjects addressed in this issue? Want to find out more? The source documents underlying many of the articles in this issue are available on the internet. Just set your browser for <http://www.airlinesuppliers.com/7tur.html#6>. This address features an index to the articles which will bring you to the original documents on the world wide web just by clicking on the description.

## UPCOMING EVENTS

\* = ASA will be speaking there

- July 18-20** \* **ASA Annual Conference**, Marco Island, FL. More details on page 61!
- July 28-Aug. 3** **EAA Air Venture Oshkosh '99**, Wittman Regional Airport, Oshkosh, WI. Call (920) 426-4800.
- Aug. 14-17** **Air Carrier Purchasing Conference**, San Antonio, TX. Call (561) 434-1512 for details.
- Sept. 7-9** **MRO Europe**, University of Limerick, Shannon, Ireland. Fax for details (212) 904-3334.
- Sept. 12-14** **Aircraft Valuation and Asset Management**, Washington, DC. Contact Carol Everest in the United Kingdom at 44 1892 65 5006 for more details.
- Sept. 19-22** \* **CQCA/Int'l Maintenance Symposium**, Dallas, TX. Contact information available soon.
- Sept. 22-24** \* **Airline Inventory, Component Management & Overhaul Conference**, Crowne Plaza Union Square Hotel, San Francisco, CA. Send a fax to (44) 171 931 7186 for more details.
- Oct. 12-14** **NBAA 52nd Annual Meeting & Convention**, Atlanta, GA. Fax for details: (202) 862-5552.
- Oct. 24-26** **Speednews Regional & Corporate Suppliers Conference**, Rancho Mirage, CA. Call (310) 203-9603.
- Dec. 7-9** **Aircraft Heavy Maintenance Conference**, The Forum Hotel, UK. Send a fax to (44) 171 931 7186 for more details.

### *Coming up in the year 2000:*

- Jan. 24-26** **HELI EXPO 2000**, Las Vegas Convention Center, NV. Send a fax to (703) 683-0341 for more details.
- Mar. 21-22** **Speednews Aviation Industry Suppliers Conference**, Los Angeles, CA. Call (310) 203-9603.
- April 17-19** **MRO 2000**, Opryland Hotel Convention Center, Nashville, TN. Fax for details: (212) 904-3334.

Make your reservations now for the ASA Annual Conference in Marco Island, FL, July 18-20, 1999 (details available on our website)

**Airline Suppliers Association**  
636 Eye Street, NW, Suite 301  
Washington, DC 20001-3736  
Telephone: (202) 216-9140  
Facsimile: (202) 216-9227

June 1999