

noise certification requirements of 14 CFR part 36.  
 The FAA issues special conditions, as defined in § 11.19, under § 11.38, and they become part of the type certification basis under the provisions of § 21.101.

**Novel or Unusual Design Features**

As noted earlier, the Boeing Model 757-200 series airplanes modified by ABX Air, Inc. will incorporate an integrated flat panel display system manufactured by IS&S that will perform critical functions. This system may be vulnerable to high-intensity radiated fields external to the airplane. Current airworthiness standards of part 25 do not contain adequate or appropriate safety standards for protecting this equipment from adverse effects of HIRF. So this system is considered to be a novel or unusual design feature.

**Discussion**

As previously stated, there is no specific regulation that addresses protection for electrical and electronic systems from HIRF. Increased power levels from radio frequency transmitters and the growing use of sensitive avionics/electronics and electrical systems to command and control airplanes have made it necessary to provide adequate protection.

To ensure that a level of safety is achieved equivalent to that intended by the regulations incorporated by reference, special conditions are needed for the Boeing Model 757-200 series airplanes modified by ABX Air, Inc. These special conditions require that new avionics/electronics and electrical systems that perform critical functions be designed and installed to preclude component damage and interruption of function because of HIRF.

**High-Intensity Radiated Fields (HIRF)**

High-power radio frequency transmitters for radio, radar, television, and satellite communications can adversely affect operation of airplane electric and electronic systems. Therefore, the immunity of critical avionics/electronics and electrical systems to HIRF must be established.

Based on surveys and an analysis of existing HIRF emitters, an adequate level of protection exists if airplane system immunity is demonstrated when exposed to the HIRF environments in either paragraph 1 or 2 below:

1. A minimum environment of 100 volts rms (root-mean-square) per meter electric field strength from 10 KHz to 18 GHz.
  - a. System elements and their associated wiring harnesses must be

exposed to the environment without benefit of airframe shielding.  
 b. Demonstration of this level of protection is established through system tests and analysis.  
 2. An environment external to the airframe of the field strengths shown in the table below for the frequency ranges indicated. Immunity to both peak and average field strength components from the table must be demonstrated.

Frequency	Field strength (volts per meter)	
	Peak	Average
10 kHz-100 kHz .....	50	50
100 kHz-500 kHz .....	50	50
500 kHz-2 MHz .....	50	50
2 MHz-30 MHz .....	100	100
30 MHz-70 MHz .....	50	50
70 MHz-100 MHz .....	50	50
100 MHz-200 MHz .....	100	100
200 MHz-400 MHz .....	100	100
400 MHz-700 MHz .....	700	50
700 MHz-1 GHz .....	700	100
1 GHz-2 GHz .....	2000	200
2 GHz-4 GHz .....	3000	200
4 GHz-6 GHz .....	3000	200
6 GHz-8 GHz .....	1000	200
8 GHz-12 GHz .....	3000	300
12 GHz-18 GHz .....	2000	200
18 GHz-40 GHz .....	600	200

The field strengths are expressed in terms of peak of the root-mean-square (rms) over the complete modulation period.

The environment levels identified above are the result of an FAA review of existing studies on the subject of HIRF and of the work of the Electromagnetic Effects Harmonization Working Group of the Aviation Rulemaking Advisory Committee.

**Applicability**

These special conditions are applicable to Boeing Model 757-200 series airplanes modified by ABX Air, Inc. Should ABX Air, Inc. apply at a later date for a supplemental type certificate to modify any other model included on Type Certificate No. A2NM to incorporate the same or similar novel or unusual design feature, these special conditions would apply to that model as well under provisions of § 21.101.

**Conclusion**

This action affects only certain novel or unusual design features on Boeing Model 757-200 series airplanes modified by ABX Air, Inc. It is not a rule of general applicability and affects only the applicant who applied to the FAA for approval of these features on the airplane.

**List of Subjects in 14 CFR Part 25**

Aircraft, Aviation safety, Reporting and recordkeeping requirements.

The authority citation for these special conditions is as follows:

**Authority:** 49 U.S.C. 106(g), 40113, 44701, 44702, 44704.

**The Special Conditions**

Therefore, under the authority delegated to me by the Administrator, the following special conditions are issued as part of the supplemental type certification basis for the Boeing Model 757-200 series airplanes modified by ABX Air, Inc.

1. *Protection from Unwanted Effects of High-Intensity Radiated Fields (HIRF).* Each electrical and electronic system that performs critical functions must be designed and installed to ensure that the operation and operational capability of these systems to perform critical functions are not adversely affected when the airplane is exposed to high-intensity radiated fields.

2. For the purpose of these special conditions, the following definition applies:

*Critical Functions:* Functions whose failure would contribute to or cause a failure condition that would prevent continued safe flight and landing of the airplane.

Issued in Renton, Washington, on December 20, 2006.

**Ali Bahrami,**

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

[FR Doc. E6-22436 Filed 12-29-06; 8:45 am]

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

**[Docket No. FAA-2006-26138; Directorate Identifier 2006-NE-38-AD; Amendment 39-14865; AD 2006-26-07]**

**RIN 2120-AA64**

**Airworthiness Directives; Turbomeca Model Arrius 2B1, 2B1A, and 2B2 Turboshaft Engines**

**AGENCY:** Federal Aviation Administration (FAA), Department of Transportation (DOT).

**ACTION:** Final rule; request for comments.

**SUMMARY:** We are adopting a new airworthiness directive (AD) for the products listed above. This AD results from mandatory continuing airworthiness information (MCAI) issued by an aviation authority of another country to identify and correct

an unsafe condition on an aviation product. The MCAI describes the unsafe condition as:

A simultaneous interruption of the lubrication on both engines may lead to a double non-commanded in-flight shutdown.

The condition described in the MCAI can lead to a forced autorotation landing or an accident. This AD requires actions that are intended to address the unsafe condition described in the MCAI.

**DATES:** This AD becomes effective January 18, 2007. The Director of the Federal Register approved the incorporation by reference of certain service bulletins, listed in the AD as of January 18, 2007. We must receive comments on this AD by February 2, 2007.

**ADDRESSES:** You may send comments by any of the following methods:

- *DOT Docket Web Site:* Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically.

- *Fax:* (202) 493-2251.

- *Mail:* Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL-401, Washington, DC 20590-0001.

- *Hand Delivery:* Room PL-401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

#### Examining the AD Docket

You may examine the AD docket on the Internet at <http://dms.dot.gov>; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (telephone (800) 647-5227) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

#### FOR FURTHER INFORMATION CONTACT:

Christopher Spinney, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803; telephone (781) 238-7175; fax (781) 238-7199.

#### SUPPLEMENTARY INFORMATION:

##### Streamlined Issuance of AD

The FAA is implementing a new process for streamlining the issuance of ADs related to MCAI. This streamlined

process will allow us to adopt MCAI safety requirements in a more efficient manner and will reduce safety risks to the public. This process continues to follow all FAA AD issuance processes to meet legal, economic, Administrative Procedure Act, and **Federal Register** requirements. We also continue to meet our technical decision-making responsibilities to identify and correct unsafe conditions on U.S.-certificated products.

This AD references the MCAI and related service information that we considered in forming the engineering basis to correct the unsafe condition. The AD contains text copied from the MCAI and for this reason might not follow our plain language principles.

#### Discussion

The European Aviation Safety Agency (EASA), which is the aviation authority for European Union, has issued EASA Airworthiness Directive 2006-0142, dated May 29, 2006 (referred to after this as "the MCAI"), to correct an unsafe condition for the specified products. The MCAI states:

Investigations of incidents which occurred on ARRIUS 2 turboshaft engines have revealed the interruption of engine lubrication further [due] to oil passage blockage within the lubrication unit check valve. This blockage comes from the excessive swelling of the check valve piston o-ring. The level of swelling of the o-ring depends on the class of the oil used (Standard (STD) or High-Thermal Stability (HTS)) and the engine operating time. This phenomenon only affects ARRIUS 2 engines which do not embody modification Tu122 (*i.e.*: *check-valve piston without o-ring*). A simultaneous interruption of the lubrication on both engines may lead to a double non-commanded in-flight shutdown. The oil usually being the same on both engines, available data put into evidence that this risk has to be considered and that measures to restore the level of safety have to be imposed on ARRIUS 2 engines without modification Tu122 embodied.

The condition described in the MCAI can lead to a forced autorotation landing or an accident. You may obtain further information by examining the MCAI in the AD docket.

#### Relevant Service Information

Turbomeca has issued Mandatory Service Bulletin A319 79 2832, Update 1, dated April 3, 2006. The actions described in this service information are intended to correct the unsafe condition identified in the MCAI.

#### FAA's Determination and Requirements of This AD

This product has been approved by the aviation authority of another

country, and is approved for operation in the United States. Pursuant to our bilateral agreement with this State of Design Authority, they have notified us of the unsafe condition described in the MCAI and service information referenced above. We are issuing this AD because we evaluated all the information provided by the State of Design Authority and determined the unsafe condition exists and is likely to exist or develop on other products of the same type design.

#### Differences Between the AD and the MCAI or Service Information

We have reviewed the MCAI and related service information and, in general, agree with their substance. But we might have found it necessary to use different words from those in the MCAI to ensure the AD is clear for U.S. operators and is enforceable. In making these changes, we do not intend to differ substantively from the information provided in the MCAI and related service information.

We might also have required different actions in this AD from those in the MCAI in order to follow FAA policies. Any such differences are described in a separate paragraph of the AD. These requirements take precedence over the actions copied from the MCAI.

#### FAA's Determination of the Effective Date

An unsafe condition exists that requires the immediate adoption of this AD. The FAA has found that the risk to the flying public justifies waiving notice and comment prior to adoption of this rule because the compliance time required to correct the unsafe condition, as low as 50 hours in service, is shorter than the time required to collect and respond to comments. Therefore, we determined that notice and opportunity for public comment before issuing this AD are impracticable and that good cause exists for making this amendment effective in fewer than 30 days.

#### Comments Invited

This AD is a final rule that involves requirements affecting flight safety, and we did not precede it by notice and opportunity for public comment. We invite you to send any written relevant data, views, or arguments about this AD. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA-2006-26138; Directorate Identifier 2006-NE-38-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this AD. We will consider all comments

received by the closing date and may amend this AD because of those comments.

We will post all comments we receive, without change, to <http://dms.dot.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this AD.

#### Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. "Subtitle VII: Aviation Programs," describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in "Subtitle VII, Part A, Subpart III, Section 44701: General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

#### Regulatory Findings

We determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect 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.

For the reasons discussed above, I certify this AD:

1. Is not a "significant regulatory action" under Executive Order 12866;
2. Is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and
3. 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.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

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

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

#### Adoption of the Amendment

■ Accordingly, under the authority delegated to me by the Administrator, the FAA amends 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. The FAA amends § 39.13 by adding the following new AD:

**2006-26-07 Turbomeca:** Amendment 39-14865; Docket No. FAA-2006-26138; Director Identifier 2006-NE-38-AD.

##### Effective Date

(a) This airworthiness directive (AD) becomes effective January 18, 2007.

##### Affected ADs

(b) None.

##### Applicability

(c) This AD applies to Turbomeca Model Arrius 2B1, 2B1A, and 2B2 turboshaft engines that do not embody modification TU122. These engines are used on, but not limited to Eurocopter EC135 T1 and T2 helicopters.

##### Reason

(d) European Aviation Safety Agency (EASA) AD, 2006-0142, dated May 29, 2006 states:

Investigations of incidents which occurred on ARRIUS 2 turboshaft engines have revealed the interruption of engine lubrication further [due] to oil passage blockage within the lubrication unit check valve. This blockage comes from the excessive swelling of the check valve piston o-ring. The level of swelling of the o-ring depends on the class of the oil used (Standard (STD) or High-Thermal Stability (HTS)) and the engine operating time. This phenomenon only affects ARRIUS 2 engines which do not embody modification Tu122 (*i.e.*: *check-valve piston without o-ring*). A simultaneous interruption of the lubrication on both engines may lead to a double non-commanded in-flight shutdown. The oil usually being the same on both engines, available data put into evidence that this risk has to be considered and that measures to restore the level of safety have to be imposed on ARRIUS 2 engines without modification Tu122 embodied.

The condition described in the EASA AD can lead to a forced autorotation landing or an accident.

##### Actions and Compliance

(e) Unless already done, do the following actions.

(1) Replace the check-valve piston o-ring according to paragraph 2 of Turbomeca Alert Service Bulletin No A319 79 2832, Update 1, dated April 3, 2006, within the next 50

operating hours when the number of operating hours is greater than:

(i) 300 hours for engines operating with HTS-class oil and engines for which the history of the oils used is not available or engines which used to operate with HTS-class oil and which no longer do so.

(ii) 450 hours for engines operating with STD class-oil since their introduction into service.

(2) Repeat operation of paragraph (1):

(i) Every 300 hours for engines operating with HTS-class oil and engines for which the history of the oils used is not available or engines which used to operate with HTS-class oil and which no longer do so.

(ii) Every 500 hours for engines operating with STD class-oil since their introduction into service.

##### FAA AD Differences

(f) None.

##### Other FAA AD Provisions

(g) The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs)*: The Manager, Engine Certification Office, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19.

(2) *Airworthy Product*: For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(3) *Reporting Requirements*: For any reporting requirement in this AD, under the provisions of the Paperwork Reduction Act, the Office of Management and Budget (OMB) has approved the information collection requirements and has assigned OMB Control Number 2120-0056.

##### Related Information

(h) Contact Christopher Spinney, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803; telephone (781) 238-7175; fax (781) 238-7199 for more information about this AD.

(i) Refer to the EASA Mandatory Continuing Airworthiness Information (MCAI) Airworthiness Directive 2006-0142, dated May 29, 2006, and Turbomeca Service Bulletin A319 79 2122, dated March 14, 2006, for related information.

##### Material Incorporated by Reference

(j) You must use Turbomeca Alert Service Bulletin A319 79 2832, Update 1, dated April 3, 2006, to do the actions required by this AD, unless the AD specifies otherwise.

(1) The Director of the Federal Register approved the incorporation by reference of this service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) For service information identified in this AD, contact Turbomeca, 40220 Tarnos, France; Telephone (33) 05 59 74 40 00; fax (33) 05 59 74 45 15.

(3) You may review copies at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call (202) 741-6030, or go to: <http://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued in Burlington, Massachusetts, on December 21, 2006.

**Peter A. White,**

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

[FR Doc. E6-22272 Filed 12-29-06; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9263]

RIN 1545-BE33

#### Income Attributable to Domestic Production Activities; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correcting amendment.

**SUMMARY:** This document contains corrections to final regulations which were published in the **Federal Register** on Thursday, June 1, 2006, (71 FR 31268), relating to the deduction for income attributable to domestic production activities under section 199 of the Internal Revenue Code (Code).

**DATES:** This correction is effective June 1, 2006.

**FOR FURTHER INFORMATION CONTACT:** Paul Handleman or Lauren Ross Taylor at (202) 622-3040 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

The final regulations (TD 9263) that are subject to this correction are under section 199 of the Internal Revenue Code.

##### Need for Correction

On June 1, 2006, final regulations (TD 9263) were published in the **Federal Register** at 71 FR 31268. These regulations contain errors that may prove to be misleading and are in need of clarification.

##### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

##### Correction of Publication

Accordingly, 26 CFR Part 1 is corrected by making the following correcting amendments:

## PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 continues to read, in part, as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

### § 1.199-1 [Corrected]

■ **Par. 2.** Section 1.199-1(b)(1) is amended by revising the first sentence of the paragraph to read as follows:

#### § 1.199-1 Income attributable to domestic production activities.

\* \* \* \* \*

(b) \* \* \*

(1) *In general.* For purposes of paragraph (a) of this section, the definition of taxable income under section 63 applies, except that taxable income (or alternative minimum taxable income, if applicable) is determined without regard to section 199 and without regard to any amount excluded from gross income pursuant to section 114 or pursuant to section 101(d) of the American Jobs Creation Act of 2004, Public Law 108-357 (118 Stat. 1418) (Act). \* \* \*

\* \* \* \* \*

### § 1.199-2 [Corrected]

■ **Par. 3.** Section 1.199-2 is amended by revising the first sentence of paragraph (a)(3)(ii) and the last sentence of paragraph (e)(3) to read as follows:

#### § 1.199-2 Wage limitation.

(a) \* \* \*

(3) \* \* \*

(ii) *Corrected return filed to correct a return that was filed within 60 days of the due date.* If a corrected information return (Return B) is filed with SSA on or before the 60th day after the due date (including extensions) of Return B to correct an information return (Return A) that was filed with SSA on or before the 60th day after the due date (including extensions) of the information return (Return A) and paragraph (a)(3)(iii) of this section does not apply, then the wage information on Return B must be included in determining W-2 wages. \* \* \*

\* \* \* \* \*

(e) \* \* \*

(3) \* \* \* For example, see Rev. Proc. 2006-22 (2006-23 I.R.B. 1033). (see § 601.601(d)(2) of this chapter).

### § 1.199-3 [Corrected]

■ **Par. 4.** Section 1.199-3(l)(4)(iv)(A) is amended by revising the first sentence of the paragraph to read as follows:

#### § 1.199-3 Domestic production gross receipts.

\* \* \* \* \*

(l) \* \* \*

(4) \* \* \*

(iv) \* \* \*

(A) \* \* \* *DPGR.* Notwithstanding paragraphs (l)(4)(i), (ii), and (iii) of this section, if less than 5 percent of a taxpayer's gross receipts derived from a sale, exchange, or other disposition of utilities are attributable to the transmission or distribution of the utilities and the storage of potable water after completion of treatment of the potable water, then the gross receipts derived from the lease, rental, license, sale, exchange, or other disposition of the utilities that are attributable to the transmission and distribution of the utilities and the storage of potable water after completion of treatment of the potable water may be treated as being DPGR (assuming all other requirements of this section are met). \* \* \*

\* \* \* \* \*

### § 1.199-4 [Corrected]

■ **Par. 5.** Section 1.199-4(d)(6) is amended by revising paragraph (i) of *Examples 1* and *2* to read as follows:

#### § 1.199-4 Costs allocable to domestic production gross receipts.

\* \* \* \* \*

(d) \* \* \*

(6) \* \* \*

*Example 1.* \* \* \*

(i) *Facts.* X, a United States corporation that is not a member of an expanded affiliated group (EAG) (as defined in § 1.199-7), engages in activities that generate both DPGR and non-DPGR. All of X's production activities that generate DPGR are within Standard Industrial Classification (SIC) Industry Group AAA (SIC AAA). All of X's production activities that generate non-DPGR are within SIC Industry Group BBB (SIC BBB). X is able to specifically identify CGS allocable to DPGR and to non-DPGR. X incurs \$900 of research and experimentation expenses (R&E) that are deductible under section 174, \$300 of which are performed with respect to SIC AAA and \$600 of which are performed with respect to SIC BBB. None of the R&E is legally mandated R&E as described in § 1.861-17(a)(4) and none of the R&E is included in CGS. X incurs section 162 selling expenses that are not includible in CGS and are definitely related to all of X's gross income. For 2010, the adjusted basis of X's assets is \$5,000, \$4,000 of which generates gross income attributable to DPGR and \$1,000 of which generates gross income attributable to non-DPGR. For 2010, X's taxable income is \$1,380 based on the following Federal income tax items: \* \* \*

\* \* \* \* \*

*Example 2.* \* \* \*

(i) *Facts.* The facts are the same as in *Example 1* except that X owns stock in Y, a United States corporation, equal to 75% of the total voting power of stock of Y and 80% of the total value of stock in Y. X and Y are