

(3) An AMOC that provides an acceptable level of safety may be used for any repair required by this AD, if it is approved by an Authorized Representative for the Boeing Commercial Airplanes Delegation Option Authorization Organization who has been authorized by the Manager, Seattle ACO, to make those findings. For a repair method to be approved, the repair must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

Issued in Renton, Washington, on June 18, 2007.

**Ali Bahrami,**

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

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**BILLING CODE 4910-13-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2007-28377; Directorate Identifier 2007-NM-063-AD]

RIN 2120-AA64

#### **Airworthiness Directives; Empresa Brasileira de Aeronautica S.A. (EMBRAER) Model ERJ 170 and ERJ 190 Airplanes**

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

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to adopt a new airworthiness directive (AD) for the products listed above. This proposed AD results from mandatory continuing airworthiness information (MCAI) originated 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:

Periodic operational check of the firewall hydraulic shutoff valves, made during routine maintenance, has revealed that the failure rate of that component is significantly higher than expected. Such a dormant failure, when combined with further possible failures, such as engine fire, may lead to an unacceptable reduction of safety margins.

The unsafe condition is failure of the firewall hydraulic shutoff valve, which, in combination with an engine fire, could result in loss of hydraulic pressure or spread of an engine fire beyond the firewall. The proposed AD would require actions that are intended to address the unsafe condition described in the MCAI.

**DATES:** We must receive comments on this proposed AD by July 25, 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:** U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue, SE., Washington, DC 20590.

- **Hand Delivery:** Room W12-140 on the ground floor of the West Building, 1200 New Jersey Avenue, SE., 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 Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

#### **FOR FURTHER INFORMATION CONTACT:**

Todd Thompson, Aerospace Engineer, International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98057-3356; telephone (425) 227-1175; fax (425) 227-1149.

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

#### **Comments Invited**

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA-2007-28377; Directorate Identifier 2007-NM-063-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD based on 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 proposed AD.

#### **Discussion**

The Agência Nacional de Aviação Civil (ANAC), which is the aviation authority for Brazil, has issued Brazilian Airworthiness Directives 2007-02-01 and 2007-02-02, both effective February 27, 2007 (referred to after this as "the MCAI"), to correct an unsafe condition for the specified products. The MCAI state:

Periodic operational check of the firewall hydraulic shutoff valves, made during routine maintenance, has revealed that the failure rate of that component is significantly higher than expected. Such a dormant failure, when combined with further possible failures, such as engine fire, may lead to an unacceptable reduction of safety margins.

The unsafe condition is failure of the firewall hydraulic shutoff valve, which, in combination with an engine fire, could result in loss of hydraulic pressure or spread of an engine fire beyond the firewall. The MCAI requires repetitive operational checks of the firewall hydraulic shutoff valve, and if necessary, replacement of the valve. You may obtain further information by examining the MCAI in the AD docket.

#### **Relevant Service Information**

EMBRAER has issued Service Bulletins 170-29-0013 and 190-29-0008, both dated December 13, 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 Proposed 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 the State of

Design Authority, we have been notified of the unsafe condition described in the MCAI and service information referenced above. We are proposing this AD because we evaluated all pertinent information and determined an unsafe condition exists and is likely to exist or develop on other products of the same type design.

#### Differences Between This 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 proposed different actions in this AD from those in the MCAI in order to follow FAA policies. Any such differences are highlighted in a NOTE within the proposed AD.

#### Costs of Compliance

Based on the service information, we estimate that this proposed AD would affect about 126 products of U.S. registry. We also estimate that it would take about 1 work-hour per product to comply with the basic requirements of this proposed AD. The average labor rate is \$80 per work-hour. Based on these figures, we estimate the cost of the proposed AD on U.S. operators to be \$10,080, or \$80 per product, per inspection cycle.

#### 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 proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would 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 proposed regulation:

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 proposed AD and placed it in the AD docket.

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

Air transportation, Aircraft, Aviation safety, Safety.

#### The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 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:

**Empresa Brasileira de Aeronautica S.A. (EMBRAER):** Docket No. FAA-2007-28377; Directorate Identifier 2007-NM-063-AD.

#### Comments Due Date

- (a) We must receive comments by July 25, 2007.

#### Affected ADs

- (b) None.

#### Applicability

- (c) This AD applies to EMBRAER Model ERJ 170-100 LR, -100 STD, -100 SE, -100 SU, -200 LR, -200 STD, and -200 SU airplanes; and Model ERJ 190-100 STD, -100 LR, and -100 IGW airplanes; equipped with firewall hydraulic shutoff valves part number (P/N) 975287-3.

#### Subject

- (d) Hydraulic power.

#### Reason

(e) The mandatory continuing airworthiness information (MCAI) states:

Periodic operational check of the firewall hydraulic shutoff valves, made during routine maintenance, has revealed that the failure rate of that component is significantly higher than expected. Such a dormant failure, when combined with further possible failures, such as engine fire, may lead to an unacceptable reduction of safety margins.

The unsafe condition is failure of the firewall hydraulic shutoff valve, which, in combination with an engine fire, could result in loss of hydraulic pressure or spread of an engine fire beyond the firewall. The MCAI requires repetitive operational checks of the firewall hydraulic shutoff valve, and if necessary, replacement of the valve.

#### Actions and Compliance

- (f) Unless already done, do the following actions.

(1) Within the next 600 flight hours after the effective date of this AD, and thereafter at intervals that do not exceed 600 flight hours, perform an operational check in accordance with EMBRAER Service Bulletin 170-29-0013, dated December 13, 2006; or EMBRAER Service Bulletin 190-29-0008, dated December 13, 2006; as applicable; for proper operation of the firewall hydraulic shutoff valves P/N 975287-3. If the valve does not operate properly, before further flight, replace the faulty hydraulic shutoff valve with another one bearing the same P/N.

**Note 1:** For the purpose of this AD, an operational check is: "A task to determine that an item is fulfilling its intended purpose. The check does not require quantitative tolerances. This is a failure finding task."

#### FAA AD Differences

**Note 2:** This AD differs from the MCAI and/or service information as follows: No Differences.

#### Other FAA AD Provisions

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

(1) Alternative Methods of Compliance (AMOCs): The Manager, ANM-116, International Branch, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. Send information to ATTN: Todd Thompson, Aerospace Engineer, International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, Washington 98057-3356; telephone (425) 227-1175; fax (425) 227-1149. Before using any approved AMOC on any airplane to which the AMOC applies, notify your appropriate principal inspector (PI) in the FAA Flight Standards District Office (FSDO), or lacking a PI, your local FSDO.

(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) Refer to MCAI Brazilian Airworthiness Directives 2007-02-01 and 2007-02-02, both effective February 27, 2007; and EMBRAER Service Bulletins 170-29-0013 and 190-29-0008, both dated December 13, 2006; for related information.

Issued in Renton, Washington, on June 18, 2007.

Ali Bahrami,

Manager, Transport Airplane Directorate,  
Aircraft Certification Service.

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

[REG-138707-06]

#### 26 CFR Part 1

RIN 1545-BF90

### Exclusions from Gross Income of Foreign Corporations

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

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that modify final regulations issued under section 883(a) and (c) of the Internal Revenue Code (Code), relating to income derived by foreign corporations from the international operation of ships or aircraft. Those regulations revise § 1.883-3 of the final regulations, relating to the treatment of controlled foreign corporations, following the repeal of section 954(a)(4) and (f) (foreign base company shipping provisions) by section 415 of the American Jobs Creation Act of 2004. In addition, those regulations provide guidance for foreign corporations organized in countries that provide an exemption from taxation solely through an income tax convention, and amend certain provisions in the current section 883 regulations. The text of those regulations serves as the text of these proposed regulations. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written or electronic comments and requests for a public hearing must be received by September 24, 2007.

Outlines of topics to be discussed at the public hearing scheduled for Wednesday, October 24, 2007, at 10 a.m. must be received by Monday, September 24, 2007.

**ADDRESSES:** Send submissions to CC:PA:LPD:PR (REG-138707-06), room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-138707-06), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC, or sent electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-138707-06).

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Patricia A. Bray, at (202) 622-3880; concerning submissions of comments and/or requests for a hearing, Kelly Banks, at (202) 622-0392 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Paperwork Reduction Act

The collections of information contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), and pending receipt and evaluation of public comments, approved by the Office of Management and Budget under control number 1545-1667.

Comments on the collections of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP Washington, DC 20224. Comments on the collection of information should be received by August 24, 2007.

Comments are specifically requested concerning:

Whether the proposed collection of information is necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information (see below);

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collections of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of start-up costs and costs of operation, maintenance, and purchase of service to provide information.

The collections of information in this proposed regulation are in §§ 1.883-2(f), 1.883-3(c) and (d), and 1.883-4(e). This information is required to enable a foreign corporation to determine if it is eligible to exclude its income from the international operation of ships or aircraft from gross income on its U.S. Federal income tax return. This information will also enable the IRS to monitor compliance with the provisions of the proposed regulations with respect to the stock ownership requirements of § 1.883-1(c)(2), and to make a preliminary determination of whether the foreign corporation is eligible to claim such an exemption and is accurately reporting income.

The collections of information are mandatory. The likely respondents are foreign corporations engaged in the international operation of ships or aircraft that wish to claim an exemption from U.S. tax under section 883, and certain of their shareholders owning (directly or indirectly) a majority of the value of the shares of such corporations.

*Estimated total annual reporting/recordkeeping burden on foreign corporations:* 1200 hours.

The estimated annual burden per respondent varies from 0 minutes to 3 hours, depending on the circumstances of the foreign corporation, with an estimated average of one hour.

*Estimated number of respondents:* 1,200.

*Estimated annual frequency of responses:* Once.

*Estimated total annual reporting burden on shareholders:* 925 hours.

The estimated annual burden per respondent varies from 1 minute to one hour, depending on the circumstances of the shareholder or intermediary, with an estimated average of 30 minutes.

*Estimated number of respondents:* 1850.

*Estimated annual frequency of shareholder or intermediary responses:* Once every three years if no information changes and once a year if a change in ownership information occurs.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.