reasonable delivery requirements for presentments by Reserve Banks. None of the commenters suggested eliminating the reasonable delivery requirements for private-sector presentments. Only four commenters noted that the current rules provide a material competitive advantage for the Reserve Banks and suggested that collecting banks be given the same legal rights for presentment location as Reserve Banks.

The settlement obligation of a paying bank that closes voluntarily on a business day differs based on whether the presenting bank is a Reserve Bank or a private-sector bank. Under Regulation J, the paying bank's obligation to settle with a Reserve Bank is triggered if the Reserve Bank ''makes a cash item available to the paying bank on that day.'' (12 CFR 210.9(b)(3)) Under the same-day settlement rule, the paying bank's obligation to settle with a private-sector collecting bank is triggered only if the paying bank ''receives presentment of a check'' on a business day on which it is open. (12 CFR 229.36(f)(3)). Of the seventeen commenters that commented on this issue, none of the commenters believed that the difference between the rules for private-sector banks and Federal Reserve Banks had a material competitive effect.

Nine commenters raised as another legal disparity the way paying banks and private-sector presenting banks resolve discrepancies in the settlement amount for presentments. The Reserve Banks' Operating Circular 3, Collection of Cash Items and Returned Checks (paragraphs 12, 18, and 19), sets forth the terms under which Reserve Banks handle corrections, adjustments, and warranty claims. Although paying banks and private-sector presenting banks can establish bilateral or multilateral agreements addressing adjustment standards, the same-day settlement rule does not provide standards for private-sector banks lacking such agreements. Several commenters noted that the lack of detailed adjustment standards had occasionally made it difficult to resolve differences between collecting and paying banks in a timely manner. While a few commenters asked the Board to incorporate detailed standards in Regulation CC, several others recommended that industry groups continue to set these standards.

E. Analysis and Conclusions

The Board recognizes that certain legal disparities between Reserve Banks and private-sector collecting banks may affect the competitive position of participants in the check collection system. In evaluating potential reductions in the legal disparities between Reserve Banks and private-sector collecting banks, the Board recognizes that even removing the disparities discussed in its advance notice of proposed rulemaking would not result in a completely level playing field in the interbank check collection market. For example, the Reserve Banks enjoy an unsurpassable credit rating that makes them an attractive service provider in times of financial stress.[6]

Based on the comments received, the Board believes that regulatory changes to reduce legal disparities between Reserve Banks and private-sector collecting banks would yield only marginal benefits in terms of directly expediting the collection and return of checks. While the removal of these disparities may foster competition between Reserve Banks and private-sector collecting banks in the check collection market, neither the direct nor indirect benefits appear to be sufficient to offset the significant additional costs that such regulatory changes would impose on paying banks and their customers. Specifically, the Board has concluded that moving the presentment deadline later in the day for private-sector banks would impose significant costs on paying bank operations and those businesses that use controlled disbursement services. In addition, moving the Reserve Banks' presentment deadline earlier in the day would delay the collection of some checks, which would be inconsistent with one purpose of EFAA: to expedite the check collection and return system.

Further, the Board believes that eliminating the disparities between the Reserve Banks and private-sector banks as to the control and timing of settlement would also likely increase costs and reduce the efficiency in the check system. The Board notes that private-sector initiatives, such as the expansion of clearinghouse settlement services, have been able to mitigate the settlement disparities to some extent.

With respect to the control of settlement, the Board believes that the autocharge system used by the Reserve Banks provides an efficient settlement mechanism that has not created problems for paying banks and therefore should be retained. The Board recognizes that while banks generally are not concerned with the ability of Reserve Banks to charge paying banks' Federal Reserve accounts, banks are very concerned about the risks associated with extending this capability to private-sector banks.

With respect to the timing of settlement, providing for a later settlement of Reserve Bank presentments would similarly delay the ability of Reserve Banks to post credits for check deposits, thereby making intraday account management more difficult for many banks and potentially increasing their daylight overdraft charges. In addition, providing for an earlier settlement deadline for presentments by private-sector banks could materially increase the costs and risks to paying banks by reducing the time that they have to process and reconcile presentments before settling.

The Board has also concluded that the legal disparities in control of presentment location, delivery requirements, and settlement on a non-banking day do not materially affect the efficiency of or competition in the check collection system.

The implementation of the same-day settlement rule in 1994 has significantly reduced the legal disparities between private-sector collecting banks and Reserve Banks, thereby improving the competitive position of private-sector collecting banks. While some legal disparities related to the presentment and settlement of checks still exist, they are not as significant as those that existed prior to 1994. The Board believes that the costs associated with reducing the remaining legal disparities would outweigh any payments system efficiency gains. Therefore, based on its analysis of the comments received, the Board believes that changes to further reduce the legal disparities should not be made at this time.

By order of the Board of Governors of the Federal Reserve System, December 8, 1998.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 98–33049 Filed 12–11–98; 8:45 am]

BILLING CODE 6210–01–P

[6] Reserve Banks also labor, however, under constraints not imposed on their private-sector competitors, such as central bank concerns regarding the adequacy of payment services in the markets and cost recovery by major service category, as well as a level of public scrutiny of price and service level determinations not shared by the private sector.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98–ANE–37–AD]

RIN 2120–AA64

Airworthiness Directives; Breeze Eastern Aerospace Rescue Hoists

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to certain Breeze Eastern Aerospace rescue hoists. This proposal would require a one-time inspection of the mounting brackets for cracks, and, if necessary, replacement with serviceable parts. This proposal is prompted by reports of cracked mounting brackets. The actions specified by the proposed AD are intended to prevent mounting bracket cracks, which could result in mounting bracket failure and separation of the rescue hoist from the aircraft.

DATES: Comments must be received by February 12, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98–ANE–37–AD, 12 New England Executive Park, Burlington, MA 01803–5299. Comments may also be sent via the Internet using the following address: ''9-ad-engineprop@faa.dot.gov''. Comments sent via the Internet must contain the docket number in the subject line. Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Breeze Eastern Aerospace, 700 Liberty Avenue, Union, NJ 07083; telephone (908) 686–4000, fax (908) 686–9292. This information may be examined at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Serge Napoleon, Aerospace Engineer, New York Aircraft Certification Office, FAA, Engine and Propeller Directorate, 10 Fifth Street, Third Floor, Valley Stream, NY 11581; telephone (516) 256–7512, fax (516) 568–2716.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket Number 98–ANE–37–AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98–ANE–37–AD, 12 New England Executive Park, Burlington, MA 01803–5299.

Discussion

The Federal Aviation Administration (FAA) has received reports of mounting bracket cracks on certain Breeze Eastern Aerospace rescue hoists series BL–16600, excluding BL–16600–160. The investigation revealed that the cracks were found on the outside radius of these brackets, not along the length of the angle bracket, but in the radial direction, i.e., transverse to the length, compromising their structural integrity. Those cracks resulted from the bending/forming of the brackets during the manufacturing process. The manufacturing process has since been changed. No loss of the rescue hoist nor of rescues have occurred to date. Since the rescue hoist is tied to the airframe through those two support brackets only, their failure could result in the loss of the rescue hoist. This condition, if not corrected, could result in mounting bracket failure and separation of the rescue hoist from the aircraft.

The FAA has reviewed and approved the technical contents of Breeze Eastern Customer Advisory Bulletin CAB–100–56, dated November 11, 1997, that describes procedures for inspection of the mounting brackets for cracks.

Since an unsafe condition has been identified that is likely to exist or develop on other products of this same type design, the proposed AD would require a one-time inspection of the mounting brackets for cracks, and, if necessary, replacement with serviceable parts. The actions would be required to be accomplished in accordance with the SB described previously.

There are approximately 300 hoists of the affected design in the worldwide fleet. The FAA estimates that 100 hoists installed on aircraft of U.S. registry would be affected by this proposed AD, that it would take approximately 2 work hours per hoist to accomplish the proposed actions, and that the average labor rate is $60 per work hour. Required parts would cost approximately $35 per hoist. Based on these figures, the total cost impact of the proposed AD on U.S. operators is estimated to be $15,500.

The regulations proposed herein would not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that 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) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

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

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

Breeze Eastern Aerospace: Docket No. 98–ANE–37–AD.

Applicability: Breeze Eastern Aerospace rescue hoists series BL–16600, excluding BL–16600–160. These hoists are installed on but not limited to Bell 206, Bell 407, Bell 222, Agusta A109, Eurocopter France AS332, McDonnell Douglas MD–500, and Sikorsky S–61 rotorcraft.

Note 1: This airworthiness directive (AD) applies to each hoist identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For hoists that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (b) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent mounting bracket cracks, which could result in mounting bracket failure and separation of the rescue hoist from the aircraft, accomplish the following:

(a) Prior to the next usage of the rescue hoist after the effective date of this AD, perform a one-time inspection for mounting bracket cracks, and, if necessary, replace with serviceable parts, in accordance with Breeze Eastern Aerospace Advisory Bulletin CAB–100–56, dated November 11, 1997.

(b) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, New York Aircraft Certification Office. Operators shall submit their request through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, New York Aircraft Certification Office.

Note 2: Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the New York Aircraft Certification Office.

(c) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the aircraft to a location where the requirements of this AD can be accomplished.

Issued in Burlington, Massachusetts, on December 7, 1998.

David A. Downey,

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

[FR Doc. 98–33025 Filed 12–11–98; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98–ANE–69–AD]

RIN 2120–AA64

Airworthiness Directives; CFE Company Model CFE738–1–1B Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to CFE Company model CFE738–1–1B turbofan engines. This proposal would require a one-time dimensional inspection of the curvic coupling tooth profile of certain high pressure compressor (HPC) rotor components to check for machining mismatches in the curvic coupling, and, if necessary, replacement with serviceable parts. The actions specified by the proposed AD are intended to prevent failure of certain HPC rotor components, which could result in an uncontained engine failure and damage to the aircraft.

DATES: Comments must be received by February 12, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-ANE–69-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may also be sent via the Internet using the following address: ''9-ad-engineprop@faa.gov''. Comments sent via the Internet must contain the docket number in the subject line. Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from CFE Company, Data Distribution, M/S 64-03/2101–201, P. O. Box 52170, Phoenix, AZ 85072–2170; telephone (602) 365–2493, fax (602) 365–5577. This information may be examined at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Keith Mead, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803–5299; telephone (781) 238–7744, fax (781) 238–7199.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket Number 98-ANE–69-AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-ANE–69-AD, 12 New England Executive Park, Burlington, MA 01803–5299.

Discussion

The Federal Aviation Administration (FAA) has determined that certain stage 4 and 5 high pressure compressor (HPC) blisks, the impeller aft shafts, and the impellers, installed on CFE Company model CFE738–1–1B turbofan engines, have machining mismatches in the curvic coupling tooth profiles, including under-minimum root fillet radii, tooth profile mismatch and gable mismatch. These machining mismatches, if present, may decrease the service life of these HPC parts. This condition, if not corrected, could result in failure of certain HPC rotor components, which could result in an uncontained engine failure and damage to the aircraft.