*NRC Staff Assessment of Compatibility Designation*

At the time the compatibility designations were originally selected for Part 61 (1983), the NRC directly regulated SNM at LLW disposal facilities. Becuase the NRC is responsible for SNM in greater than critical mass quantities and regulated SNM at LLW disposal facilities, there was no need for Agreement States to adopt these requirements. These requirements were designated ''Not Required for Compatibility.'' As noted above, LLW disposal facilities reduced their SNM possession limits to those provided in 10 CFR 150.11 (350 grams or less). This authority was assumed by the respective Agreement State; thus, the NRC no longer directly regulates SNM at LLW disposal facilities, including the authority to administer waste emplacement criticality controls. Therefore, the NRC is considering changing the compatibility designation of § 61.16(b)(2) to ensure these safety measures are applied in the disposal of SNM.

NRC staff used the procedures outlined in Management Directive 5.9, ''Adequacy and Compatibility of Agreement State Programs,'' and concluded that the compatibility designation for § 61.16(b)(2) should be revised from category ''Not Required for Compatibility'', to category ''Health and Safety''. ''Health and Safety'' applies to activities that could result directly in an exposure to an individual in excess of basic radiation protection standards, if the essential objectives of the provision were not adopted by an Agreement State. If an inadvertent criticality were to occur at a LLW disposal facility, workers could receive doses in excess of the 10 CFR Part 20 limits. Under the ''Health and Safety'' category, Agreement States that have currently operating LLW disposal facilities and those States which will be establishing LLW disposal facilities in the future, would need to adopt legally binding requirements that encompass the essential objectives of 10 CFR 61.16(b)(2) within three years of the change of designation in compatibility. This requirement would continue to be designated as ''Not Required for Compatibility,'' for other Agreement States.

*Summary of Draft Emplacement Criticality Guidance*

The draft guidance provides a general approach to emplacement criticality safety. Five different SNM isotopic compositions were studied: uranium-235 at 10 and 100 percent enrichment; uranium-233; plutonium-239; and a mixture of plutonium-239, -240, and -241. Three different graded approaches are presented. The first graded approach is the most conservative, and can be used easily for facilities that dispose of very low levels of SNM, or dispose of material with a low average enrichment. This approach relies on the calculation of average areal density, or grams of SNM per square foot, or on the average enrichment of SNM. The area over which averaging may be performed also is specified, but the emplacement depth and concentration are not limited.

The second graded approach relies on limiting the average concentration by weight of SNM in the waste, and on limiting the depth of the emplacement. This method may be useful for facilities that emplace somewhat higher areal densities of SNM, but which do not use vaults or segmentation in the disposal emplacement.

The third graded approach relies on limiting the average concentration by weight of SNM in the waste, and on the presence of segmenting barriers, such as vaults, that will prevent movement of SNM waste from one side of the barrier to the other. This method may be useful for facilities that use concrete vaults in their disposal areas.

*Envisioned Implementation of Guidance and Change in Compatibility*

If the compatibility designation of 10 CFR 61.16(b)(2) were changed from ''Not Required for Compatibility'' to ''Health and Safety'', Agreement States would have three years to implement regulations or other legally binding requirements compatible with § 61.16(b)(2). As noted earlier, the States of Washington and South Carolina currently have emplacement criticality controls. The compatibility change will assure that future LLW disposal facilities in Agreement States will have criticality safety controls for emplaced SNM waste.

After these legally binding requirements have been implemented, the Agreement State regulatory program would require their licensees (disposal facility operators) to prepare and submit information demonstrating compliance with their equivalent of 10 CFR 61.16(b)(2).

To assist the States and licensees, NRC has prepared emplacement criticality safety guidance. Licensees would review the types of waste and disposal operations and determine which of the graded approaches in the guidance were appropriate for its facility. For each of the graded approaches, the NRC draft guidance includes criticality safety limits and a description of how to calculate the limits based on readily available information. The draft guidance also indicates the type of procedures that would need to be developed for each of the graded approaches. This guidance would serve as a technical basis for preparing the license amendment requests submitted to the Agreement States.

The Agreement State regulator would then review this amendment request and modify the license as appropriate. Again, the guidance would serve as the technical basis for the State regulator.

*NRC Staff Assessment of Potential Resource Impact on Agreement States*

NRC staff has estimated the potential resource impacts on Agreement States to implement a change in the compatibility of 10 CFR 61.16(b)(2). As indicated above, the first step would be to modify its regulations or other legally binding requirements to be compatible with § 61.16(b)(2). We consider that only a minor modification would be necessary to the existing Agreement State Part 61 equivalent regulations, or that the compatibility change could be administered through other legally binding requirements. We estimate that this will take four to six-State staff weeks. The next step of an Agreement State would be to review the licensee's amendment request and/or procedure changes. We estimate that this will take two-State staff weeks. Some additional effort would be required for inspection of the facility; however, this effort is not estimated to be significant.

Dated at Rockville, Maryland this 9th day of September, 1999.

For the Nuclear Regulatory Commission.

**Daniel M. Gillen,**

*Acting Chief, Uranium Recovery and Low-Level Waste Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards.*

[FR Doc. 99–24254 Filed 9–17–99; 8:45 am]

BILLING CODE 7590–01–P

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## DEPARTMENT OF TRANSPORTATION

## Federal Aviation Administration

## 14 CFR Part 39

**[Docket No. 99–NE–21–AD]**

**RIN 2120–AA64**

## Airworthiness Directives; Hartzell Propeller Inc. ()HC–()()Y()–() Series Propellers

**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 Hartzell Propeller Inc. ()HC–()()Y()–() series propellers, identified by hub serial numbers, that were returned to service by Brothers Aero Services Company, Inc. (BASCO). This proposal would require maintenance actions amounting to an overhaul of affected propellers. This proposal is prompted by reports of propellers returned to service by BASCO as overhauled that had numerous unsafe conditions after being returned to service by BASCO. The actions specified by the proposed AD are intended to prevent propeller failure from the conditions present after being returned to service by BASCO, and possible airplane loss of control.

**DATES:** Comments must be received by November 19, 1999.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 99–NE–21–AD, 12 New England Executive Park, Burlington, MA 01803–5299. Comments may also be sent via the Internet using the following address: ''9-ane-adcomment@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 Hartzell Propeller Inc., Technical Publications Department, One Propeller Place, Piqua, OH 45356; telephone (937) 778–4200, fax (937) 778–4365.

**FOR FURTHER INFORMATION CONTACT:** Tomaso DiPaolo, Aerospace Engineer, Chicago Aircraft Certification Office, FAA, Small Airplane Directorate, 2300 East Devon Avenue, Des Plaines, IL 60018; telephone (847) 294–7031, fax (847) 294–7834.

**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 99–NE–21–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. 99–NE–21–AD, 12 New England Executive Park, Burlington, MA 01803–5299.

## Discussion

The Federal Aviation Administration (FAA) has examined the results of teardown inspections of six Hartzell Propeller Inc ()HC–()()Y()–() series propellers returned to service as overhauled by Brothers Aero Services Company, Inc. (BASCO) that contained numerous unsafe conditions. BASCO, formerly Air Agency Certificate Number B4TR903J, had their certificate revoked by Amended Order of Revocation, dated May 12, 1999. The investigation further revealed that an additional 71 specific propellers had been returned to service by BASCO from November 1996 through October 1998 that potentially have the same conditions present. In total, 77 specific propellers have been identified by hub serial number (S/N). The following unsafe conditions have been found with propellers returned to service by BASCO:

1. BASCO either introduced or failed to remove potential failure sites (nicks and scratches) in the shank area of the blades,
2. BASCO failed to perform a cold rolling operation on propeller blade shanks,
3. Scratches were found in the blade internal bearing bore radius,
4. Blades were found to be below minimum dimensions,
5. Alodine and paint were applied over corrosion on hubs and blades,
6. Low pitch blade angles were out of specification,
7. The blade surface, beneath the de-ice boots, was not painted nor treated with a chemical conversion coating (Alodine),
8. Bolts were incorrectly torqued,
9. Wrong parts were used or parts were incorrectly installed,
10. Parts intended for removal from service at overhaul and to be replaced with new, unused parts, were reused.

These conditions, if not corrected, could result in propeller failure from the conditions present after being returned to serve by BASCO, and possible airplane loss of control.

## Proposed Actions

Since unsafe conditions have been identified that are likely to exist or develop on other products of this same type design, the proposed AD would require maintenance actions that amount to an overhaul of the affected propellers, identified by hub S/N. One of the required actions is a cold rolling operation on the blade shanks, which is part of the manufacturer's recommended overhaul. Not all propeller repair facilities have the equipment to properly perform this operation. Additionally, repair facilities must first be qualified by the manufacturer to perform the process and then repetitively requalify and recalibrate the machine used in the process.

## Economic Analysis

The FAA estimates that 77 propellers installed on aircraft of U.S. registry would be affected by this proposed AD and that it would cost on average approximately $1,300 to overhaul each propeller. Based on these figures, the total cost impact of the proposed AD on U.S. operators is estimated to be $100,100.

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:

**Hartzell Propeller Inc.:** Docket No. 99–NE–21–AD.

*Applicability:* Hartzell Propeller Inc. ( )HC–( )( )Y( )–( ) series propellers, identified by hub serial numbers (S/Ns) listed in Table 1 of this airworthiness directive (AD).

**Table 1.—Hub Serial Numbers**

121, 251, 715, 1111, 1387, 1661, 2383, 2479, 2883, 3059, 3343, 3479, 3717, 3890, 3990, 4690, and 5523
AM911
AN1309, AN2773, AN2826, AN2828, and AN3883
AU42, AU696, AU814, AU992, AU1226, AU1290, AU1416, AU2641, AU2643, AU2658, AU2699, AU2847, AU7186E, AU8364A, AU8418A and AU12997
BP344, BP715, BP1276, BP1772, BP2121, BP3811, BP3763, BP3978, BP5674, BP6126, BP6194, BP7141, BP7297, BP7513, BP8199, BP8708, and BP9586
CH6190 & CH19251
CJ52, CJ54, CJ419, and CJ649
DA1404 and DA1418
DG101
DJ4431, DJ4449, DJ9521A, DJ10407A, DJ11249A, DJ11880A, and DJ11881A
DN3775
DV11 and DV12
FH307
P560

**Note 1:** This AD applies to each propeller 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 propellers 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.

**Note 2:** This AD is limited to propellers returned to service from November 1996 to October 1998 by Brothers Aero Service Company, Inc. (BASCO), Air Agency Certificate Number B4TR903J, revoked by Amended Order of Revocation, dated May 12, 1999.

*Compliance:* Required as indicated, unless accomplished previously.

To prevent propeller failure from the conditions present after being returned to service by BASCO, and possible airplane loss of control, accomplish the following:

(a) Within 10 hours time-in-service after the effective date of this AD, accomplish the following:

(1) Disassemble,

(2) Clean,

(3) Inspect for the following:

(i) Nicks,

(ii) Scratches,

(iii) Failure of blades to meet minimum dimensions,

(iv) Alodine and/or paint applied over corrosion,

(v) Lack of chemical conversion coating applied beneath the de-ice boots,

(vi) Bolts incorrectly torqued,

(vii) Incorrect parts,

(viii) Incorrect installation of parts, and

(ix) Reinstallation of parts intended for one-time use.

(4) Repair and replace with serviceable parts, as necessary.

(5) Perform a cold roll operation on the blade shanks,

(6) Reassemble and test.

**Note 3:** Information on performing an overhaul of the affected propellers may be found in the applicable Hartzell Propeller Inc. Overhaul Manual.

**Note 4:** For a current list of propeller overhaul facilities approved to perform the blade shank cold rolling procedure contact Hartzell Product Support, telephone (937) 778–4379. Not all propeller repair facilities have the equipment to properly perform a cold roll of the blade shanks.

(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, Chicago 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, Chicago Aircraft Certification Office.

**Note 5:** Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the Chicago Aircraft Certification Office.

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

Issued in Burlington, Massachusetts, on September 13, 1999.

**Jay J. Pardee,**

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

[FR Doc. 99–24461 Filed 9–17–99; 8:45 am]

BILLING CODE 4910–13–M

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## DEPARTMENT OF THE TREASURY

## Internal Revenue Service

## 26 CFR Part 1

**[REG–106010–98]**

**RIN 1545–AW16**

## Qualified Lessee Construction Allowances for Short-Term Leases

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

**ACTION:** Notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains proposed regulations concerning an exclusion from gross income for qualified lessee construction allowances provided by a lessor to a lessee for the purpose of constructing long-lived property to be used by the lessee pursuant to a short-term lease. The proposed regulations affect a lessor and a lessee paying and receiving, respectively, qualified lessee construction allowances that are depreciated by a lessor as nonresidential real property and excluded from the lessee's gross income. The proposed regulations provide guidance on the exclusion, the information required to be furnished by the lessor and the lessee, and the time and manner for providing that information to the IRS. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written and electronic comments must be received by December 20, 1999. Outlines of topics to be discussed at the public hearing scheduled for January 19, 2000, must be received by December 29, 1999.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:R (REG–106010–98), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through