

**(j) Credit for Previous Actions**

This paragraph provides credit for the corresponding actions specified in paragraphs (g) and (h) of this AD, if those actions were performed before the effective date of this AD using the applicable service information specified in paragraphs (j)(1), (j)(2), and (j)(3) of this AD. This service information is not incorporated by reference in this AD.

(1) Boeing Alert Service Bulletin B787–81205–SB380009–00, Issue 001, dated March 26, 2015.

(2) Boeing Alert Service Bulletin B787–81205–SB530029–00, Issue 001, dated March 26, 2015.

(3) Boeing Alert Service Bulletin B787–81205–SB530031–00, Issue 001, dated March 26, 2015.

**(k) Alternative Methods of Compliance (AMOCs)**

(1) The Manager, Seattle Aircraft Certification Office (ACO), FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the ACO, send it to the attention of the person identified in paragraph (l)(1) of this AD. Information may be emailed to: *9-ANM-Seattle-ACO-AMOC-Requests@faa.gov*.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

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

(4) For service information that contains steps that are labeled as Required for Compliance (RC), the provisions of paragraphs (k)(4)(i) and (k)(4)(ii) apply.

(i) The steps labeled as RC, including substeps under an RC step and any figures identified in an RC step, must be done to comply with the AD. An AMOC is required for any deviations to RC steps, including substeps and identified figures.

(ii) Steps not labeled as RC may be deviated from using accepted methods in accordance with the operator's maintenance or inspection program without obtaining approval of an AMOC, provided the RC steps, including substeps and identified figures, can still be done as specified, and the airplane can be put back in an airworthy condition.

**(l) Related Information**

(1) For more information about this AD, contact Susan L. Monroe, Aerospace Engineer, Cabin Safety and Environmental

Systems Branch, ANM–150S, FAA, Seattle Aircraft Certification Office (ACO), 1601 Lind Avenue SW., Renton, WA 98057–3356; phone: 425–917–6457; fax: 425–917–6590; email: *susan.l.monroe@faa.gov*.

(2) Service information identified in this AD that is not incorporated by reference is available at the addresses specified in paragraphs (m)(3) and (m)(4) of this AD.

**(m) Material Incorporated by Reference**

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

(2) You must use this service information as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) Boeing Alert Service Bulletin B787–81205–SB380009–00, Issue 002, dated December 9, 2015.

(ii) Boeing Alert Service Bulletin B787–81205–SB530029–00, Issue 002, dated January 26, 2016.

(iii) Boeing Alert Service Bulletin B787–81205–SB530031–00, Issue 002, dated March 16, 2016.

(3) For Boeing service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, WA 98124–2207; telephone 206–544–5000, extension 1; fax 206–766–5680; Internet <https://www.myboeingfleet.com>.

(4) You may view this service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425–227–1221.

(5) You may view this service information that is incorporated by reference 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 Renton, Washington, on June 23, 2016.

**Dorr M. Anderson,**

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

[FR Doc. 2016–15911 Filed 7–7–16; 8:45 am]

**BILLING CODE 4910–13–P**

**DEPARTMENT OF TRANSPORTATION****Federal Aviation Administration****14 CFR Part 39**

**[Docket No. FAA–2015–6541; Directorate Identifier 2015–NM–135–AD; Amendment 39–18581; AD 2016–13–16]**

**RIN 2120–AA64**

**Airworthiness Directives; The Boeing Company Airplanes**

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

**ACTION:** Final rule.

**SUMMARY:** We are adopting a new airworthiness directive (AD) for all The Boeing Company Model 737–600, –700, –700C, –800, –900, and –900ER series airplanes. This AD was prompted by reports of a manufacturing oversight, in which a supplier omitted the required protective finish on certain bushings installed in the rear spar upper chord on horizontal stabilizers, which could lead to galvanic corrosion and consequent cracking of the rear spar upper chord. This AD requires an inspection or records check to determine if affected horizontal stabilizers are installed, related investigative actions, and for affected horizontal stabilizers, repetitive inspections for any crack of the horizontal stabilizer rear spar upper chord, and corrective action if necessary. We are issuing this AD to detect and correct cracking of the rear spar upper chord, which can result in the failure of the upper chord and consequent departure of the horizontal stabilizer from the airplane, which can lead to loss of control of the airplane.

**DATES:** This AD is effective August 12, 2016.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of August 12, 2016.

**ADDRESSES:** For service information identified in this final rule, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, WA 98124–2207; telephone 206–544–5000, extension 1; fax 206–766–5680; Internet <https://www.myboeingfleet.com>. You may view this referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425–227–1221. It is also available on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2015–6541.

**Examining the AD Docket**

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2015–6541; 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 address for the Docket Office (phone: 800–647–5527) is Docket Management Facility, U.S. Department of Transportation, Docket

Operations, M-30, West Building  
Ground Floor, Room W12-140, 1200  
New Jersey Avenue SE., Washington,  
DC 20590.

**FOR FURTHER INFORMATION CONTACT:**

Gaetano Settineri, Aerospace Engineer,  
Airframe Branch, ANM-120S, FAA,  
Seattle Aircraft Certification Office  
(ACO), 1601 Lind Avenue SW., Renton,  
WA 98057-3356; phone: 425-917-6577;  
fax: 425-917-6590; email:  
[gaetano.settineri@faa.gov](mailto:gaetano.settineri@faa.gov).

**SUPPLEMENTARY INFORMATION:**

**Discussion**

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to all The Boeing Company Model 737-600, -700, -700C, -800, -900, and -900ER series airplanes. The NPRM published in the *Federal Register* on November 30, 2015 (80 FR 74726) (“the NPRM”). The NPRM was prompted by reports of a manufacturing oversight, in which a supplier omitted the required protective finish on certain bushings installed in the rear spar upper chord on horizontal stabilizers, which could lead to galvanic corrosion and consequent cracking of the rear spar upper chord. The NPRM proposed to require an inspection or records check to determine if affected horizontal stabilizers are installed, related investigative actions, and for affected horizontal stabilizers, repetitive inspections for any crack of the horizontal stabilizer rear spar upper chord, and corrective action if necessary. We are issuing this AD to detect and correct cracking of the rear spar upper chord, which can result in the failure of the upper chord and consequent departure of the horizontal stabilizer from the airplane, which can lead to loss of control of the airplane.

**Comments**

We gave the public the opportunity to participate in developing this AD. The following presents the comments received on the NPRM and the FAA’s response to each comment.

**Support for the NPRM**

Air Line Pilots Association International (ALPA) stated that it supports the NPRM. Boeing stated that it concurs with the NPRM.

**Effect of Winglets on Accomplishment of the Proposed Actions**

Aviation Partners Boeing stated that installation of winglets per Supplemental Type Certificate (STC) ST00830SE ([http://rgl.faa.gov/Regulatory\\_and\\_Guidance\\_Library/rgstc.nsf/0/](http://rgl.faa.gov/Regulatory_and_Guidance_Library/rgstc.nsf/0/184de9a71ec3fa5586257eae00707da6/$FILE/ST00830SE.pdf)

[184de9a71ec3fa5586257eae00707da6/\\$FILE/ST00830SE.pdf](http://rgl.faa.gov/Regulatory_and_Guidance_Library/rgstc.nsf/0/184de9a71ec3fa5586257eae00707da6/$FILE/ST00830SE.pdf)) does not affect the ability to accomplish the actions specified in the NPRM.

We concur with the commenter. We have redesignated paragraph (c) of the proposed AD as paragraph (c)(1) and added new paragraph (c)(2) to this AD to state that installation of STC ST00830SE ([http://rgl.faa.gov/Regulatory\\_and\\_Guidance\\_Library/rgstc.nsf/0/](http://rgl.faa.gov/Regulatory_and_Guidance_Library/rgstc.nsf/0/184de9a71ec3fa5586257eae00707da6/$FILE/ST00830SE.pdf)

**Request To Revise the Proposed Applicability**

Airlines for America (A4A) requested that we revise the applicability of the proposed AD to state “This AD applies to all horizontal stabilizers with serial numbers identified in Boeing SB 737-55A1097.” A4A explained that the proposed AD is applicable to all Boeing Model 737-600, -700, -700C, -800, -900, and -900ER series airplanes; however, Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, provides a list of affected horizontal stabilizers by serial number. A4A expressed that the physical plate inspections required by paragraph (g)(1)(ii) of the proposed AD are excessive and unneeded, as operators normally track serialized components without the need to physically inspect the airframe. A4A further reasoned that when paragraph (c) of the proposed AD is written against all Model 737 Next Generation airframes, the complexity of compliance reporting becomes more burdensome. The net result, stated A4A, is indefinite record keeping of AD compliance for airplanes that are not equipped with horizontal stabilizers affected by the manufacturing oversight.

We do not agree to revise the applicability of this AD as requested by the commenter. Paragraph (g)(1) of this AD gives operators the option of performing either a records check or an inspection. If the operator’s records are sufficient to determine the serial number of the horizontal stabilizers on the affected airplane, then a physical inspection is not required. Furthermore, the affected horizontal stabilizers are rotatable parts, so it is possible that an affected horizontal stabilizer could be installed on numerous airplanes during its service life, even on a new

production airplane once it enters service. As specified in paragraph 2.B.(2) of Chapter 6 of the AD Manual, FAA-IR-M-8040.1C ([http://rgl.faa.gov/Regulatory\\_and\\_Guidance\\_Library/rgOrders.nsf/0/66ddd8e1d2e95db3862577270062aabd/\\$FILE/FAA-IR-M-8040\\_1C.pdf](http://rgl.faa.gov/Regulatory_and_Guidance_Library/rgOrders.nsf/0/66ddd8e1d2e95db3862577270062aabd/$FILE/FAA-IR-M-8040_1C.pdf)), when the unsafe condition results from the installation of the appliance or part on an aircraft, the AD action is issued against the aircraft, not the appliance or part. Therefore, we have determined that it is appropriate for this AD to apply to all airplanes of the specified model types. We have made no changes to the applicability of this AD.

**Request To Allow Removal and Replacement of Affected Horizontal Stabilizers**

A4A requested that we revise paragraph (h)(2) of the proposed AD to allow removal of an affected horizontal stabilizer, and replacement with an unaffected or an affected horizontal stabilizer that is within the parameters of paragraph 1.E. “Compliance,” of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015. A4A explained that paragraph (g)(2) of the proposed AD requires that the inspection specified in Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, be accomplished on any horizontal stabilizer found to be within the effectivity of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, and the compliance times found in paragraph 1.E., “Compliance.” A4A expressed that if cracking is found, operators must repair in accordance with paragraph (h)(2) of the proposed AD; paragraph (h)(2) of the proposed AD requires repair in accordance with paragraph (j) of the proposed AD before further flight.

We agree. We have determined that removing a damaged horizontal stabilizer and replacing it with a serviceable horizontal stabilizer, as provided in paragraph (i) of this AD, addresses the identified unsafe condition. We have revised paragraph (h)(2) of this AD accordingly.

**Request for Review of Other Inspection Methods**

A4A requested that the FAA and Boeing review other non-destructive test (NDT) inspection options such as an ultrasound process to satisfy the proposed inspection requirements. A4A pointed out that paragraph (g)(2) of the proposed AD specifies a high frequency eddy current (HFEC) method for inspection of the rear spar upper chord. A4A explained that the FAA should be aware that other methods, specifically

ultrasound inspection, may be better NDT diagnostic techniques, and that an ultrasound inspection, compared to the proposed HFEC process, may detect early crack development from the fitting holes versus cracking that has propagated up to and near the surface of the rear spar upper chord.

We partially agree. We agree with the commenter that other inspection methods may be better NDT diagnostic techniques and note that alternative methods of compliance (AMOCs) have been granted to ADs when updated service information containing improved procedures to address an unsafe condition becomes available.

We disagree to include other inspection options in this final rule, because the inspection technique required in this AD adequately addresses the unsafe condition and is accompanied by service information, which includes detectable crack lengths and inspection intervals. If additional service information that provides alternative NDT inspection methods becomes available, under the provisions of paragraph (j) of this AD, we will consider requests for approval of an AMOC if sufficient data are submitted to substantiate that the inspection method would provide an acceptable level of safety. We have made no changes to this AD in this regard.

#### **Requests for Clarification of Parts Installation Requirements**

A4A requested that we reword paragraphs (g) and (i) of the proposed AD to allow operators to maintain or install any affected horizontal stabilizer on any airplane, provided that the horizontal stabilizer is, or will be, inspected as specified in paragraph 1.E., "Compliance," of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015. A4A explained that paragraphs (i)(1) and (i)(2) of the proposed AD preclude installation of an affected horizontal stabilizer without accomplishing the required inspection. A4A explained further that other maintenance activity could cause a horizontal stabilizer to be removed and reinstalled prior to reaching the compliance times specified in Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015. With the potential interpretation of paragraph (g)(2) of the proposed AD being to inspect immediately, the initial inspection would be significantly accelerated, and the inspection schedule would be altered for the remaining life of the component.

All Nippon Airways (ANA) requested that we clarify the parts installation restrictions specified in paragraph (i) of

the proposed AD to reduce the burden for operators. ANA explained that parts installation is restricted based on its serial number, and that paragraph (i)(2)(i) of the proposed AD requires initial inspection specified in paragraph (g)(2) of the proposed AD before further flight. ANA expressed that this requirement is applicable if the flight cycles and/or the date of issuance the original certificate of airworthiness, or the original export certificate of airworthiness for the horizontal stabilizer are unknown or have already exceeded the proposed compliance time specified in paragraph (g)(2) of the proposed AD. ANA reasoned that, if the flight cycles and the date of issuance of the original certificate of airworthiness or the original export certificate of airworthiness of the horizontal stabilizer are known, and the flight cycles and years on the horizontal stabilizer are less than the compliance times specified in paragraph 1.E., "Compliance," of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, operators may conduct the inspection specified in paragraph (g)(2) of this AD at the time specified in paragraph (g)(2) of this AD.

We agree to clarify. An affected horizontal stabilizer that has not reached the inspection threshold or the next repeat interval is still in compliance with this AD at the time it is installed on the airplane. We have revised paragraph (i)(2)(i) of this AD to read "Initial and repetitive HFEC inspections specified in paragraph (g)(2) of this AD are completed within the compliance times specified in paragraph (g)(2) of this AD." We also agree to clarify that the 10-year compliance time specified in paragraph 1.E., "Compliance," of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, is measured using the airplane the affected horizontal stabilizer was delivered on.

#### **Request for Specific Repair Instructions and Terminating Action**

A4A requested that repair instructions be provided either in a revision to the service information, or via the structural repair manual (SRM). A4A also requested that the proposed AD be revised to include a preventive, terminating action including the option to remove and replace the subject bushings in the upper chord fitting during a heavy check schedule. A4A expressed that the NPRM and Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015, provide neither specific repair methods nor a means to terminate the inspections. A4A reasoned that the NPRM requires corrective action for any crack that is

discovered, and that such action is to be performed in accordance with paragraph (j) of the proposed AD, which is the AMOC section. A4A said that, although no known inspections have revealed cracking, we (the FAA) must believe that findings will occur, and that operators would benefit by having guidance from Boeing without the need for an AMOC request. Similarly, A4A expressed, without a repair plan, there should also be a means of terminating the inspections entirely. A4A pointed to a recent experience concerning seat track cracking that exposed the difficulties of embarking upon a required inspection plan without a defined recovery path. A4A referred to AD 2013-23-04, Amendment 39-17659 (78 FR 68693, November 15, 2013) ("AD 2013-23-04"), and stated that AD also directed operators to the AMOC process.

We do not agree. An AD is issued to address an identified unsafe condition, as required by 14 CFR part 39. The determination of the unsafe condition, mitigating action, and compliance times in this AD has all been coordinated with Boeing. This AD is being issued to address the lack of corrosion protection on a critical structural element. As a result, dissimilar metal corrosion may cause cracking of the horizontal stabilizer rear spar upper chord. With no service history of cracking yet reported, it is expected that any cracking will be limited and not result in a significant disruption to affected operators. The inspections required by this AD provide an acceptable level of safety for the affected airplanes. We have reviewed with Boeing the implementation issues associated with AD 2013-23-04 and expect that Boeing will provide us with approvable data for repair and terminating actions in a timely manner to address any cracking found.

For these reasons, we do not consider that delaying this action until after the possible release of revised service information is warranted, since sufficient technology and service information currently exist to accomplish the required actions within the compliance time. However, under the provisions of paragraph (j) of this AD, we will consider requests for approval of AMOCs for revised service information, repairs, or terminating actions if sufficient data are submitted to substantiate they would provide an acceptable level of safety. For these reasons, we have made no changes to this AD in this regard.

**Request To Clarify Specific Parts of the Service Information**

ANA stated that paragraph (g)(1)(i) of the proposed AD should refer to Part 1, and paragraph (g)(1)(ii) of the proposed AD should refer to Part 2 of the Accomplishment Instructions of Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015. ANA did not provide a reason for this request.

From these statements, we infer that ANA is requesting that we revise paragraphs (g)(1)(i) and (g)(1)(ii) of the proposed AD. We agree that the changes requested by ANA provide additional clarity. We have added ‘Part 1 of’ to paragraph (g)(1)(i) and ‘Part 2 of’ to paragraph (g)(1)(ii) of this AD.

**Request for Assurance of Parts Availability**

A4A also requested that, prior to release of the AD, we assure that Boeing has sections of the rear spar available for the horizontal stabilizer including a typical splice repair plan for each affected 737-NG fleet. A4A also requested that Boeing also provide or have available, horizontal stabilizers that are service ready prior to the release of the AD.

We do not agree. We do not consider that delaying this action until Boeing has assured that replacement parts will be available is warranted. This AD is issued to address an identified unsafe condition, as required by 14 CFR part 39. The determination of the unsafe

condition, mitigating action, and compliance times in this AD has all been coordinated with Boeing. This AD is being issued to address the lack of corrosion protection on a critical structural element. As a result, dissimilar metal corrosion may cause cracking of the horizontal stabilizer rear spar upper chord. With no service history of cracking yet reported, it is expected that any cracking will be limited and not be a significant disruption to affected operators. We understand that Boeing will make horizontal stabilizer parts and assemblies available as necessary for operators to address possible on-condition actions. However, since it is unknown how many repairs or replacements may be necessary and what parts would be necessary for each repair, we cannot estimate the type and number of parts needed. If parts availability becomes an issue, under the provisions of paragraph (j) of this AD, we may approve requests for adjustments to the compliance time for doing a repair or replacement if data are submitted to substantiate that such an adjustment would provide an acceptable level of safety. We have made no changes to this AD in this regard.

**Conclusion**

We reviewed the relevant data, considered the comments received, and determined that air safety and the public interest require adopting this AD

with the changes described previously and minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM.

We also determined that these changes will not increase the economic burden on any operator or increase the scope of this AD.

**Related Service Information Under 1 CFR Part 51**

We reviewed Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015. The service information describes procedures for an inspection or records check to determine if affected horizontal stabilizers are installed, related investigative actions, HFEC inspections for any crack of the horizontal stabilizer rear spar upper chord, and corrective action if necessary. This service information is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the ADDRESSES section.

**Costs of Compliance**

We estimate that this AD affects 1,397 airplanes of U.S. registry.

We estimate the following costs to comply with this AD:

**ESTIMATED COSTS**

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspection or records check .....	1 work-hour × \$85 per hour = \$85 .....	\$0	\$85	\$118,745

We estimate the following costs to do any necessary inspections that would be required based on the results of the

inspection or records check. We have no way of determining the number of

aircraft that might need these inspections:

**ON-CONDITION COSTS**

Action	Labor cost	Parts cost	Cost per product
Inspections .....	4 work-hours × \$85 per hour = \$340 .....	\$0	\$340

According to the manufacturer, some of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected individuals. We do not control warranty coverage for affected individuals. As a result, we have included all costs in our cost estimate.

We have received no definitive data that would enable us to provide cost

estimates for the on-condition repairs specified in 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

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 that this AD:

- (1) Is not a “significant regulatory action” under Executive Order 12866,
- (2) Is not a “significant rule” under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979),
- (3) Will not affect intrastate aviation in Alaska, and
- (4) 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.

### 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 airworthiness directive (AD):

#### 2016–13–16 The Boeing Company:

Amendment 39–18581; Docket No. FAA–2015–6541; Directorate Identifier 2015–NM–135–AD.

#### (a) Effective Date

This AD is effective August 12, 2016.

#### (b) Affected ADs

None.

#### (c) Applicability

(1) This AD applies to all The Boeing Company Model 737–600, –700, –700C, –800, –900, and 900ER series airplanes, certificated in any category.

(2) Installation of Supplemental Type Certificate (STC) ST00830SE ([http://rgl.faa.gov/Regulatory\\_and\\_Guidance\\_Library/rgstc.nsf/0/184de9a71ec3fa5586257eae00707da6/\\$FILE/ST00830SE.pdf](http://rgl.faa.gov/Regulatory_and_Guidance_Library/rgstc.nsf/0/184de9a71ec3fa5586257eae00707da6/$FILE/ST00830SE.pdf)) does not affect the ability to accomplish the actions required by this AD. Therefore, for airplanes on which STC ST00830SE is installed, a “change in product” alternative method of compliance (AMOC) approval request is not necessary to comply with the requirements of 14 CFR 39.17.

#### (d) Subject

Air Transport Association (ATA) of America Code 55, Stabilizers.

#### (e) Unsafe Condition

This AD was prompted by reports of a manufacturing oversight, in which a supplier omitted the required protective finish on certain bushings installed in the rear spar upper chord on horizontal stabilizers, which could lead to galvanic corrosion and consequent cracking of the rear spar upper chord. We are issuing this AD to detect and correct cracking of the rear spar upper chord, which can result in the failure of the upper chord and consequent departure of the horizontal stabilizer from the airplane, which can lead to loss of control of the airplane.

#### (f) Compliance

Comply with this AD within the compliance times specified, unless already done.

#### (g) Serial Number Check or Inspection To Determine if Certain Horizontal Stabilizers Are Installed, Related Investigative Actions, Repetitive Inspections for Cracks, and Corrective Action

(1) Except as specified in paragraph (h)(1) of this AD, within the compliance time identified in paragraph 1.E., “Compliance,” of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, do the actions specified in paragraph (g)(1)(i) or (g)(1)(ii) of this AD.

(i) Do a records check to determine if an affected horizontal stabilizer is installed and if any horizontal stabilizer has been exchanged, and do all applicable related investigative actions, in accordance with Part 1 of the Accomplishment Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015. Affected horizontal stabilizers are identified in the Accomplishment Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015.

(ii) Do an inspection of the horizontal stabilizer identification plate to determine if any affected horizontal stabilizer is installed, in accordance with Part 2 of the Accomplishment Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015. Affected horizontal stabilizers are identified in the Accomplishment Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015.

(2) If, during any action required by paragraph (g)(1)(i) or (g)(1)(ii) of this AD, any affected horizontal stabilizer is found: Except as specified in paragraph (h)(1) of this AD, within the compliance time identified in

paragraph 1.E., “Compliance,” of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, do a high frequency eddy current (HFEC) inspection for any crack of the horizontal stabilizer rear spar upper chord and do all applicable corrective actions, in accordance with the Accomplishment Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, except as required by paragraph (h)(2) of this AD. Repeat the inspection thereafter at intervals identified in paragraph 1.E., “Compliance,” of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015.

#### (h) Exceptions to the Service Information Specifications

(1) Where Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, specifies a compliance time “after the original issue date of this service bulletin,” this AD requires compliance within the specified compliance time after the effective date of this AD.

(2) If any cracking is found during any inspection required by this AD, and Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, specifies to contact Boeing for appropriate action: Before further flight, repair using a method approved in accordance with the procedures specified in paragraph (j) of this AD, or replace with a serviceable horizontal stabilizer as specified in paragraph (i) of this AD.

#### (i) Parts Installation Restrictions

As of the effective date of this AD, no person may install a horizontal stabilizer on any airplane, except as specified in paragraphs (i)(1) and (i)(2) of this AD.

(1) A horizontal stabilizer may be installed if the part is inspected in accordance with “Part 2: Horizontal Stabilizer Identification Plate Inspection” of the Accomplishments Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, and no affected serial number is found.

(2) A horizontal stabilizer may be installed if the part is inspected in accordance with “Part 2: Horizontal Stabilizer Identification Plate Inspection” of the Accomplishments Instructions of Boeing Alert Service Bulletin 737–55A1097, dated July 1, 2015, and an affected serial number is found, provided that the actions specified in paragraphs (i)(2)(i) and (i)(2)(ii) of this AD are done, as applicable.

(i) Initial and repetitive HFEC inspections specified in paragraph (g)(2) of this AD are completed within the compliance times specified in paragraph (g)(2) of this AD.

(ii) All applicable corrective actions are done before further flight as required by paragraph (h)(2) of this AD.

#### (j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle Aircraft Certification Office (ACO), FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the ACO, send it to the attention of the person identified in paragraph (k) of this AD. Information may be

emailed to: 9-ANM-Seattle-ACO-AMOC-Requests@faa.gov.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(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 the Boeing Commercial Airplanes Organization Designation Authorization (ODA) that 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.

(4) For service information that contains steps that are labeled as Required for Compliance (RC), the provisions of paragraphs (j)(4)(i) and (j)(4)(ii) of this AD apply.

(i) The steps labeled as RC, including substeps under an RC step and any figures identified in an RC step, must be done to comply with the AD. An AMOC is required for any deviations to RC steps, including substeps and identified figures.

(ii) Steps not labeled as RC may be deviated from using accepted methods in accordance with the operator's maintenance or inspection program without obtaining approval of an AMOC, provided the RC steps, including substeps and identified figures, can still be done as specified, and the airplane can be put back in an airworthy condition.

#### (k) Related Information

For more information about this AD, contact Gaetano Settineri, Aerospace Engineer, Airframe Branch, ANM 120S, FAA, Seattle Aircraft Certification Office (ACO), 1601 Lind Avenue SW., Renton, WA 98057-3356; phone: 425-917-6577; fax: 425-917-6590; email: [gaetano.settineri@faa.gov](mailto:gaetano.settineri@faa.gov).

#### (l) Material Incorporated by Reference

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

(2) You must use this service information as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) Boeing Alert Service Bulletin 737-55A1097, dated July 1, 2015.

(ii) Reserved.

(3) For Boeing service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H-65, Seattle, WA 98124-2207; telephone 206-544-5000, extension 1; fax 206-766-5680; Internet <https://www.myboeingfleet.com>.

(4) You may view this service information at the FAA, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425-227-1221.

(5) You may view this service information that is incorporated by reference 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](http://www.archives.gov/federal-register/cfr/ibr-locations.html).

Issued in Renton, Washington, on June 23, 2016.

**Dorr M. Anderson,**

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

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9774]

RIN 1545-BM04

#### Method of Accounting for Gains and Losses on Shares in Money Market Funds; Broker Returns With Respect to Sales of Shares in Money Market Funds

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

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations that provide a simplified method of accounting for gains and losses on shares in money market funds (MMFs). The final regulations also provide guidance regarding information reporting requirements for shares in MMFs. The final regulations respond to Securities and Exchange Commission (SEC) rules that change the amount for which certain MMF shares are distributed, redeemed, and repurchased. The final regulations affect MMFs and their shareholders.

**DATES:** *Effective date:* These regulations are effective on July 8, 2016.

*Applicability dates:* For the dates of applicability, see §§ 1.446-7(e) and 1.6045-1(c)(3)(vi)(B).

**FOR FURTHER INFORMATION CONTACT:** Grace Cho at (202) 317-6895 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

This document contains amendments to 26 CFR part 1 (Income Tax Regulations) under sections 446 and 6045 of the Internal Revenue Code (Code). The regulations provide a method of accounting for gain or loss on shares in MMFs and are intended to simplify tax compliance for holders of shares in MMFs affected by SEC regulations that impose liquidity fees or change how certain MMF shares are priced. See Money Market Fund Reform; Amendments to Form PF, Securities Act

Release No. 33-9616, Investment Advisers Act Release No. IA-3879, Investment Company Act Release No. IC-31166, Financial Reporting Codification No. FR-84 (August 14, 2014) (SEC MMF Reform Rules). The regulations also provide guidance regarding information reporting requirements for shares in MMFs.

An MMF is a type of investment company registered under the Investment Company Act of 1940 (1940 Act) and regulated as an MMF under Rule 2a-7 under the 1940 Act (17 CFR 270.2a-7). MMFs have historically sought to keep stable the prices at which their shares are distributed, redeemed, and repurchased. The securities that Rule 2a-7 permits an MMF to hold generally result in no more than minimal fluctuations in the MMF's net asset value per share (NAV).<sup>1</sup>

MMFs meeting the requirements of Rule 2a-7 have been permitted to value their assets based on the assets' cost, with certain adjustments (amortized cost method), and to price their shares by rounding the resulting NAV to the nearest 1 percent (penny rounding). These methods have enabled MMFs to maintain constant share prices in almost all circumstances. Because most MMFs target a \$1.00 share price, an MMF that fails to maintain a constant share price is said to "break the buck."

The SEC MMF Reform Rules generally bar the use of the amortized cost method and penny rounding for certain MMFs (floating-NAV MMFs) and require a floating-NAV MMF to value its assets using market factors and to round its price per share to the nearest basis point (the fourth decimal place, in the case of a fund with a \$1.0000 share price). Certain government-security-focused MMFs (government MMFs) and certain MMFs the beneficial owners of which are limited to natural persons (retail MMFs) may continue to use the amortized cost method and penny rounding. (A government MMF or retail MMF that continues to use the amortized cost method and penny rounding is called a stable-NAV MMF.)

The SEC MMF Reform Rules also establish circumstances under which an MMF is permitted or required to impose a liquidity fee or is permitted to impose a redemption gate. When an MMF has a liquidity fee in effect, the liquidity fee reduces the proceeds received by all redeeming shareholders. A redemption gate is the temporary suspension of redemptions of shares in the MMF. Liquidity fees and redemption gates

<sup>1</sup>Note that the term "NAV" is used throughout this document to indicate the per-share amount that may be described elsewhere as "NAV per share."