

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 71****[Airspace Docket No. 02-AAL-4]****Proposed Revision of Class E Airspace; Kodiak, AK****AGENCY:** Federal Aviation Administration (FAA), DOT.**ACTION:** Notice of proposed rulemaking.

SUMMARY: This action proposes to revise Class E airspace at Kodiak, AK. The FAA is establishing four new standard instrument approach procedures (SIAP) at the Kodiak Airport, Kodiak, Alaska. The current SIAPs will be cancelled coincident with the effective date and time of the new SIAPs. An airspace review has determined that the existing Class E airspace at Kodiak is insufficient to contain aircraft executing the new SIAPs. Adoption of this proposal would result in the addition of Class E airspace at Kodiak, AK.

DATES: Comments must be received on or before June 27, 2002.

ADDRESSES: Send comments on the proposal in triplicate to: Manager, Operations Branch, AAL-530, Docket No. 02-AAL-4, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK 99513-7587.

The official docket may be examined in the Office of the Regional Counsel for the Alaskan Region at the same address.

An informal docket may also be examined during normal business hours in the Office of the Manager, Operations Branch, Air Traffic Division, at the address shown above and on the Internet at Alaskan Region's Home Page at <http://www.alaska.faa.gov/at> or at address <http://162.58.28.41/at>.

FOR FURTHER INFORMATION CONTACT:

Derril Bergt, AAL-538, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK 99513-7587; telephone number (907) 271-2796; fax: (907) 271-2850; e-mail: Derril.CTR.Bergt@faa.gov. Internet address: <http://www.alaska.faa.gov/at> or at address <http://162.58.28.41/at>.

SUPPLEMENTARY INFORMATION:**Comments Invited**

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments

are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal.

Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this action must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 02-AAL-4." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this action may be changed in light of comments received. All comments submitted will be available for examination in the Operations Branch, Air Traffic Division, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of Notice of Proposed Rulemaking's (NPRM's)

An electronic copy of this document may be downloaded, using a modem and suitable communications software, from the FAA regulations section of the Fedworld electronic bulletin board service (telephone: 703-321-3339) or the **Federal Register's** electronic bulletin board service (telephone: 202-512-1661).

Internet users may reach the **Federal Register's** web page for access to recently published rulemaking documents at http://www.access.gpo.gov/su_docs/aces/aces140.html.

Any person may obtain a copy of this NPRM by submitting a request to the Operations Branch, AAL-530, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK 99513-7587. Communications must identify the docket number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should contact the individual(s) identified in the **FOR FURTHER INFORMATION CONTACT** section.

The Proposal

The FAA proposes to amend 14 CFR part 71 by revising Class E airspace at Kodiak, AK. The intended effect of this proposal is to extend that Class E

controlled airspace above 1,200 feet to enable IFR operations at Kodiak, AK to be contained within controlled airspace.

The FAA Instrument Flight Procedures Production and Maintenance Branch has developed four new SIAPs for the Kodiak Airport. The new approaches are (1) Instrument Landing System Y (ILS Y) Runway 25, original; (2) Very High Frequency Omni-navigational Range or Tactical Air Navigation Y (VOR or TACAN Y) Runway 25, original; (3) Non-directional Beacon (NDB) Runway 25, original; and (4) Area Navigation (Global Positioning System) (RNAV GPS) Runway 25, original. The existing SIAPs: (1) ILS/Distance Measuring Equipment (DME)-1, Runway 25; (2) VOR or TACAN-1, Runway 25; (3) NDB-1, Runway 25; and (4) GPS, Runway 25 will be cancelled by this action.

An airspace review was conducted to determine if Class E airspace at Kodiak was sufficient to contain aircraft while executing the new SIAPs. A determination was made that a slight addition of new airspace was needed, north of Colored Federal Airway B27 (Blue 27) and VOR Federal Airway V506 (Victor 506), northwest of the Kodiak VOR and NDB. That airspace extending upward from 1,200 feet above the surface will be expanded if this action is taken.

The area would be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. The Class E airspace areas extending upward from 700 feet or more above the surface of the earth are published in paragraph 6005 in FAA Order 7400.9J, *Airspace Designations and Reporting Points*, dated August 31, 2001, and effective September 16, 2001, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designations listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(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); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a

substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9J, *Airspace Designations and Reporting Points*, dated August 31, 2001, and effective September 16, 2001, is amended as follows:

* * * * *

Paragraph 6005 Class E airspace extending upward from 700 feet or more above the surface of the earth.

* * * * *

AAL AK E5 Kodiak, AK [REVISED]

Kodiak Airport, AK

(Lat. 57°45'00" N, long. 152°29'38" W)

Kodiak VORTAC

(Lat. 57°46'00" N, long. 152°20'23" W)

That airspace extending upward from 700 feet above the surface within a 6.8 mile radius of the Kodiak Airport, and within 5 miles south and 9 miles north of the 070° radial of the Kodiak VORTAC extending to 17 miles northeast of the VORTAC and within 8 miles north and 4 miles south of the Kodiak Localizer front course extending from the airport to 20.3 miles east of the airport and within 14 miles of the Kodiak VORTAC extending from the 358° radial clockwise to the 107° radial; and that airspace extending upward from 1,200 feet above the surface within lat. 57°57'06" N, long. 152°45'00" W to lat. 57°55'00" N, long. 152°28'00" W to lat. 57°53'00" N, long. 152°27'06" W to point of beginning and within 27 miles of the Kodiak VORTAC extending clockwise from the 023 radial to the 088 radial and within 8 miles north and 5 miles south of the Kodiak Localizer front course extending from the airport to 32 miles east of the airport.

* * * * *

Issued in Anchorage, AK, on May 2, 2002.

Trent S. Cummings,

Manager, Air Traffic Division, Alaskan Region.

[FR Doc. 02–11775 Filed 5–10–02; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–154920–01]

RIN 1545–BA33

Guidance Regarding the Definition of Foreign Personal Holding Company Income

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: This document contains proposed regulations that provide that gain or loss arising from certain commodities hedging transactions and currency gain or loss arising from certain interest-bearing liabilities do not constitute (or are not netted against) foreign personal holding company income. This treatment is proposed because the applicable commodities hedging transactions and interest-bearing liabilities typically offset transactions that do not generate foreign personal holding company income. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by August 21, 2002. Requests to speak (with outlines of oral comments to be discussed) at the public hearing scheduled for September 11, 2002, at 10 a.m. must be submitted by August 21, 2002.

ADDRESSES: Send submissions to: CC:ITA:RU (REG–154920–01), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:ITA:RU REG–154920–01, Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically directly to the IRS Internet site at: www.irs.gov/regs. The public hearing will be held in room 4718, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Kenneth Christman or Ted Setzer at (202) 622–3870; concerning submission and delivery of comments and the public hearing, Treena Garrett, (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Section 954(c)(1)(C) of the Internal Revenue Code provides that *foreign personal holding company income* of a controlled foreign corporation (a CFC) generally includes the excess of gains over losses from transactions in commodities. An exception to this treatment is provided, however, for gains and losses that arise out of “*bona fide* hedging transactions” entered into by a producer, processor, merchant or handler of commodities. Section 954(c)(1)(C)(i). On September 7, 1995, final regulations were published in the **Federal Register** (60 FR 46500, as corrected at 60 FR 62024) under section 954 governing the definition of a CFC and the definitions of *foreign base company income* and *foreign personal holding company income* of a CFC. These regulations address, among other matters, the circumstances in which income from transactions in commodities will be treated as foreign personal holding company income. In particular, the regulations provide that income from a “qualified hedging transaction” is excluded from the definition of foreign personal holding company income. § 1.954–2(f)(1)(ii). A qualified hedging transaction is defined in the regulations generally as a bona fide hedging transaction with respect to a sale of commodities in the active conduct of a commodities business by a CFC if substantially all of the CFC's business is as an active producer, processor, merchant or handler of commodities. §§ 1.954–2(f)(2)(iii) and (iv).

Following the publication of the final regulations, some taxpayers have commented that the regulations inappropriately characterize as foreign personal holding company income any gain arising from hedging transactions entered into by a manufacturer to protect itself from fluctuations in the prices of commodities associated with the products that it manufactures. Because the manufacturer would not be considered to be selling the commodities in the active conduct of a commodities business, transactions entered into by the manufacturer could not qualify for the “qualified hedging transaction” exception under the regulations.