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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39


RIN 2120–AA64

Airworthiness Directives; Leonardo S.p.a. Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for Leonardo S.p.a. (Leonardo) Model A109E, A109S, A119, AW109SP, and AW119MKII helicopters. This AD requires removing certain main rotor (M/R) floating ring assemblies from service. This AD also prohibits replacing any washer on any M/R floating ring assembly. This AD was prompted by a report of a washer debonding from the M/R floating ring assembly. The actions of this AD are intended to address an unsafe condition on these products.

DATES: This AD is effective November 24, 2020.


Examining the AD Docket


FOR FURTHER INFORMATION CONTACT:

Kristin Bradley, Aerospace Engineer, General Aviation & Rotorcraft Section, International Validation Branch, FAA, 10101 Hillwood Pkwy., Fort Worth, TX 76177; telephone 817–222–5110; email Kristin.Bradley@faa.gov.

SUPPLEMENTARY INFORMATION:

Discussion

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to Leonardo Model A109E, A109S, A119, AW109SP, and AW119MKII helicopters. The NPRM was prompted by EASA and identified a batch of M/R floating ring assemblies that could also be affected. Due to design similarity, some of those M/R floating ring assemblies may be installed on other A109/A119 helicopter models. EASA further advises that this condition, if not detected and corrected, could lead to failure of an affected M/R floating ring assembly and significant increase of the pilot workload, possibly resulting in reduced control of the helicopter. Accordingly, the FAA AD requires inspecting the M/R floating ring assembly to identify its S/N and depending on findings, replacing affected serial-numbered M/R floating ring assemblies. The FAA AD also prohibits installing those serial-numbered M/R floating ring assemblies on any helicopter and prohibits replacing washer P/N 109–0111–23–101 on an M/R floating ring assembly installed on a helicopter.

Comments

The FAA gave the public the opportunity to participate in developing this final rule, but the FAA did not receive any comments on the NPRM or on the determination of the cost to the public.

FAA’s Determination

These helicopters have been approved by EASA and are approved for operation in the United States. Pursuant to the FAA’s bilateral agreement with the European Union, EASA has notified the FAA of the unsafe condition described in its AD. The FAA is issuing this AD after evaluating all of the information provided by EASA and determining the unsafe condition exists and is likely to exist or develop on other helicopters of these same type designs and that air safety and the public interest require
adopting the AD requirements as proposed.

**Differences Between This AD and the EASA AD**

The EASA AD applies to Model A109LUH helicopters, whereas this AD does not because that model is not FAA type-certificated.

**Related Service Information**

The FAA reviewed Leonardo Helicopters Alert Service Bulletin (ASB) No. 109EP–163 for Model A109E helicopters; ASB No. 1095–094 for Model A109S helicopters; ASB No. 109SP–125 for Model AW109SP helicopters; and ASB No. 119–092 for Model A119 and AW119MKII helicopters, all Revision A and dated September 13, 2018. This service information contains procedures to identify the S/N of the M/R floating ring assembly and provides instructions for replacing the floating ring assembly if necessary. This service information also specifies replacing certain serial-numbered M/R floating ring assemblies and reporting certain information to Leonardo Helicopters.

**Costs of Compliance**

The FAA estimates that this AD affects 210 helicopters of U.S. Registry. The FAA estimates that operators may incur the following costs in order to comply with this AD. Labor costs are estimated at $85 per work-hour. Inspecting the M/R floating ring assembly takes about 1 work-hour for an estimated cost of $85 per helicopter and $17,850 for the U.S. fleet. Replacing an M/R floating ring assembly takes about 8 work-hours and parts cost about $5,500 for an estimated cost of $6,180 per floating ring assembly.

According to Leonardo Helicopters, some of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected individuals. The FAA does not control warranty coverage by Leonardo Helicopters. Accordingly, the FAA has included all costs in the cost estimate.

**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.

The FAA is 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 helicopters identified in this rulemaking action.

**Regulatory Findings**

This AD will not have federalism implications under Executive Order 13132. This AD 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:


(a) **Applicability**


(b) **Unsafe Condition**

This AD defines the unsafe condition as disbonding of the washer from the M/R floating ring assembly. This condition could result in a significant increase of pilot workload and subsequent loss of control of the helicopter.

**Effective Date**

This AD becomes effective November 24, 2020.

**Compliance**

You are responsible for performing each action required by this AD within the specified compliance time unless it has already been accomplished prior to that time.

**Required Actions**


(2) After the effective date of this AD:


**Special Flight Permits**

Special flight permits are prohibited.

**Alternative Methods of Compliance (AMOCs)**

(1) The Manager, International Validation Branch, FAA, may approve AMOCs for this AD. Send your proposal to: Kristin Bradley, Aerospace Engineer, General Aviation & Rotorcraft Section, International Validation Branch, FAA, 10101 Hillwood Pkwy., Fort Worth, TX 76177; telephone 817–222–5110; email Kristin.Bradley@faa.gov.

For operations conducted under a 14 CFR part 119 operating certificate or under 14 CFR part 91, subpart K, the FAA suggests that you notify your principal inspector, or lacking a principal inspector, the manager of the local flight standards district office or certificate holding district office, before operating any aircraft complying with this AD through an AMOC.

**Additional Information**


(2) The subject of this AD is addressed in European Aviation Safety Agency (now
Background

In the case of an S corporation, as defined in section 1361(a)(1) of the Internal Revenue Code (Code), having accumulated earnings and profits (as described in section 316(a)(1) of the Code (AE&P)) that makes a distribution of property to which section 301 would otherwise apply, section 1368(c)(1) of the Code generally treats the amount of the distribution not in excess of the S corporation’s accumulated adjustments account (as defined in § 1.1368–2(a)(1) (AAA)) or the recipient shareholder’s adjusted basis in such S corporation’s stock as excluded from the shareholder’s gross income. Section 1368(c)(2) provides that the remaining portion of the distribution is treated as a dividend (as defined in section 316(a)) to the extent of the S corporation’s AE&P. Finally, section 1368(c)(3) provides that any amount of the distribution in excess of the S corporation’s AAA and AE&P is applied against the shareholder’s remaining adjusted basis in the stock, with any amount exceeding that adjusted basis treated as gain from the sale or exchange of property.

Generally, a distribution by a C corporation to its shareholders with respect to their stock ownership is treated as a taxable dividend to the extent of the corporation’s earnings and profits. See sections 301(c) and 316(a). However, following the termination of a corporation’s S election made under section 1362 of the Code (S election), section 1371(e) of the Code allows shareholders of the resulting C corporation to benefit from the corporation’s former status as an S corporation with respect to distributions of money during the corporation’s post-termination transition period (PTTP), which is generally the one-year period after the corporation terminates its S election. Specifically, during the PTTP, a distribution of money by the C corporation is characterized as a distribution from the corporation’s AAA. The receipt of such a distribution is tax-free to the extent of the recipient shareholder’s basis in its stock and the corporation’s AAA balance. If the distribution exceeds the recipient shareholder’s basis in its stock, then the remaining portion is treated as gain from the sale or exchange of property. If the distribution exceeds the corporation’s AAA, then the excess is taxed as a dividend from current earnings and profits (as described in section 316(a)(2) (CE&P)) or any AE&P from the corporation’s previous existence as a corporation taxed under subchapter C. Without section 1371(e), shareholders of the former S corporation would be precluded from receiving distributions allocable to AAA.

Section 13543(a) and (b) of Public Law 115–97, 131 Stat. 2054, 2155 (2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA), amended the Code by adding new sections 481(d) and 1371(f), effective as of December 22, 2017, the date of enactment of the TCJA. Section 481(d)(1) of the Code prohibits a corporation that qualifies as an eligible terminated S corporation (ETSC) to take into account any 481 adjustments (as defined in part II.C of the Summary of Comments and Explanation of Revisions) which are attributable to the revocation of an S election over the section 481(d) inclusion period, which is the six-taxable-year-period beginning with the year of change (as defined in part II.C of the Summary of Comments and Explanation of Revisions). Section 481(d)(2) defines an ETSC as a C corporation meeting the following three requirements: (i) The corporation was an S corporation on December 21, 2017; (ii) the S corporation revoked its election under section 1362(a) to be an S corporation (that is, the S election) during the two-year period beginning on December 22, 2017 (revocation requirement); and (iii) the owners of the stock of the corporation, determined on the date the corporation made a revocation of its S election, are the same owners (and own identical proportions of the corporation’s stock) as on December 22, 2017 (shareholder identity requirement).

Section 1371(f) extends the period during which shareholders of an ETSC can benefit from its AAA generated during the corporation’s former status as an S corporation (ETSC period) by providing that, in the case of distributions of money following the PTTP, (i) the distributing ETSC’s AAA is allocated to a distribution of money to which section 301 would otherwise apply (qualified distribution), and (ii) the qualified distribution is chargeable to AE&P in the same ratio as the amount of such AAA bears to the amount of such AE&P. In enacting section 1371(f), Congress determined that “it is important to provide rules to ease the transition from S corporation to C corporation for the affected taxpayers” because, based on the TCJA’s revisions to the Code, “taxpayers that previously elected to be taxed as S corporations may prefer instead to be taxed as C corporations.” H. Rept. 115–409, 115th Cong., 1st Sess., at 245 (Nov. 14, 2017) (House Report).