



the **HOTLINE**

AN EXCHANGE OF INFORMATION ON ISSUES AND ACTIONS
AFFECTING AERONAUTICAL REPAIR STATION ASSN. MEMBERS

ISSUE 85-1

MARCH 1985

WELCOME TO ARSA

First, we want to thank you for your support and confidence in ARSA. We welcome your active participation and look forward to working with you to promote the best interests of this vital segment of the aviation community. Membership is building steadily and as of this writing, we are expecting to sign up our fiftieth member within the next few weeks. Now, we need your assistance to get the next 350! Our initial goal is modest, we need 10% of the over 4000 Repair Stations in order to have a strong and effective organization. The more the better, but for now we want to build our membership to 400.

The need is known, we have the support of industry leaders and publications, and the confidence and cooperation of FAA and congressional staffs. If each of you will spread the word, promote ARSA and get just three more Repair Stations or distributor/supplier associates to join up, we can be assured of a successful organization.

We have sent each of you a few membership forms and fact sheets about ARSA. Pass them out and talk it up. When you need more, don't hesitate to call. Any of our staff members will be happy to respond to your requests.

Along those same lines, if you have any ideas or thoughts as to what facts or details might sell a potential new member, don't hesitate to give us a call.

Once again, **Welcome Aboard.**
Tony Obadal, Executive Director

EXPORT AIRWORTHINESS TAGS

We are happy to report that our efforts to resolve the problems involving issuance of Export C of A tags for overhauled or repaired components have been successful. The FAA has issued a GENOT to all field offices which states that a qualified Repair Station "... need only show that the product was newly overhauled in conformance with the FAA accepted current overhaul data..." to qualify for an Export C of A. It also states that you "...must also, reasonably show that the used product for which an Export Airworthiness approval is being sought was in fact, produced in a manner acceptable to the FAA." This only means that you may be required to show a TSO data plate, PMA identification, Production or Type Certificate data plate, or paperwork certification to prove the origin of an unmarked part. If you have further problems with Export C of A issuance, contact ARSA.

STATUS OF PMA ISSUE

As you may have read in our recent news release ARSA is actively involved in the review of Parts Manufacturing Approvals, (PMA's) Some of you have indicated that you don't see this as an issue of any significance to us. We strongly recommend that you get more info about the PMA issue and learn what might be at stake for you and other Repair Stations in this issue. In the event you are not familiar with the PMA process, here is a very brief review of how it works.

Aircraft Parts receive FAA approval in several ways---

1-Type Certification...
The part is a component or piece part of an original aircraft or engine which is Type Certificated. These spares are manufactured by the holder of the Type Certificate or his subcontract suppliers.

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(PMA's continued)

Supplemental Type Certificates.....

The part is a component or piece part of a modification to a Type Certified aircraft or engine. The approval process is much the same as with original Type Certificates, but it is usually a modification or improvement of the original item.

3-Technical Standard Orders (TSO's)..

The part is usually a component, such as an instrument or tire, which meets the rigid specifications of an FAA TSO. Manufacturers of TSO'd items receive FAA approvals and must identify the item with a tag including the approval basis and TSO standard.

4-Standard Hardware Items (AN/MS).....

The items are bolts, nuts, or other common interchangeable parts made to the industry standard specs for such items as AN, MS, MIL-SPEC, etc.

Manufacturers of such materials must meet the specifications of materials and processes to qualify for identifying pieces with the part number as defined in the spec.

5-PMA's.....perhaps the most confusing and certainly the most argumentative procedure for FAA approval of aircraft parts.

Under the current PMA regulations (in FAR 21.303), a part may receive PMA approval by one of three processes;

(a)-Prove that the part is identical to the original part.

(b)-Prove that the part is equivalent to or better than an original part by analysis and/or testing.

(c)-By performing actual in-service testing and performance analysis.

SHOULD YOU CARE ABOUT PMA?

If you have been operating a Repair Station for any time at all, you are aware that parts prices are climbing out of sight, and delivery times are getting ever longer. Some of you, I am sure, have even experienced the-"That part is no longer available" reply.

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This is where the PMA comes in. If a part was readily available, and the price was reasonable, no one would have reason to obtain a PMA. Why try, to reinvent a wheel? But, if you can not get it, or it costs more than the whole component is worth, or the part supplied by the manufacturer keeps on failing, then SOMEONE IS GOING TO GET A PMA AND TRY TO FILL THE VOID.

As a customer service based business, you are the guys that must deal with the owner/operator and convince him that he is getting a reasonable bill for the generator overhaul and not just an overpriced shaft. Oft times, it seems that the OEM doesn't care. They sold the original, and if you want to fly it, you have to pay his price and wait for his delivery. They don't have to deal with the end user, YOU do. The availability of PMA parts can help hold to down the cost of OEM spare parts since the manufacturer no longer has a monopoly.

One of our members has found that one OEM has lowered the price of all his parts which have a PMA competitor,, while raising the price of every one on which he had no competition.

Nearly 17,500 PMA parts are currently approved by FAA. That's a lot of good parts flying around the skies and if they were so unsafe, (as some OEM's contend), we would all need to wear hard hats for fear of the next pieces to fall out of the sky.

WHAT ARE THE PMA ISSUES?

The main issues are these.....PROFIT and LIABILITY. The OEMs would like to eliminate PMA's. The availability of a PMA part can affect their profitability and it clouds their liability. The profit motive is plain, and easy to see. The liability question is more complex, too much so to go into detail in this newsletter. However, the basic point is that the presence of a PMA part on an OEM's equipment, can cloud the question of responsibility in the event of litigation. The problem needs resolution, but not at the expense of PMA's.

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PRODUCT LIABILITY

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ARSA is supporting a major reform of the nation's product liability laws. Currently, each state has its own standards of liability. As a result, the chaotic patchwork of state laws prevents anyone, such as Repair Stations from accurately assessing their exposure to potential product liability claims. Because the insurance companies have no reliable method of risk assessment, product liability premium rates are unduly high, (if coverage is available at all).

The debate over product liability reform has reverberated in the halls of Congress for the last four years. The prime sponsor of reform legislation is Senator Robert Kasten of Wis. Senator Kasten introduced the latest version, which is enumerated #S-100, on Jan. 3. This bill would accomplish several objectives.

First, it would return the concept of negligence to product liability litigation; (ie, a Repair Station would be responsible only for its own negligence in any suit.) It would place reasonable time limits on suits brought for such negligence also. Further, it would establish a uniform national standard to determine whether an Agency was in fact, negligent in the performance of its functions.

Passage of this new measure would do much to improve the national product liability situation. Exposure to product liability problems would be reduced. Repair Stations would be assured that enhanced quality control would insulate them from liability. Risk assessments could be accomplished more accurately, so insurance rates would be reduced. Perhaps of more importance, injured parties could be assured of recovery since insurance coverage for such risks would be more readily available. The uninsured defendant may disappear.

You can help ARSA lobby in favor of product liability reform legislation. We need information about the status of your product liability coverage, if any. Please drop ARSA a line describing the product liability insurance you carry, if any. Have any insurance carriers threatened you with cancellation of any product liability coverage? Have you experienced a major premium increase in recent years? If you do not maintain such coverage, is it because it is unavailable to you, or is it too expensive? Have you ever been sued in product liability action, in which you felt the suit was particularly unfair? If so, describe the circumstances for us.

Your answers to these questions will be a big help toward moving this critical new product liability measure forward in the Congress.

Jack O'Leary, ARSA Counsel

(PMA cont'd.)

LEARN MORE ABOUT PMA

As noted above, the FAA has the PMA program under study and has contracted for an indepth analysis by a private contractor. The initial (Phase I), part of the study was completed in January and the report has been submitted to the FAA. ARSA has reviewed the report, and we find it to be thorough and objective in analyzing the issues.

The report is available to any ARSA member. We believe that it is very informative and worthwhile reading. Copies are available to ARSA members at our cost of \$15, plus postage. Just call or write ARSA.

Delivery may take up to 2 weeks as we have to obtain them from COMSIS Company which conducted the study for the FAA.

GIVE ARSA YOUR INPUT

We need your input to properly formulate our comments and present our member's viewpoints on the PMA program.

Send us your comments, bitches and recommendations in regarding PMA issues. We must know what you think and what you want to see accomplished in revising the FARS which control PMA approvals.

Bob Feeler, Director of Technical Affairs.

Under the provisions of OMB Circular A-76, government agencies are theoretically required to contract most of their work out to the private sector unless significant cost savings can be realized by doing their own work. In many cases government agencies are not doing so, but rather tend to keep the work "in house", (ie. performed by civil service employees or military personnel.) One specific area involves the Dept. of Defense. They want to keep jet engine overhaul and repair in house. Their argument is that in a time of national emergency military services would need highly experienced jet engine personnel. This totally ignores the available capabilities of private repair stations, and most certainly ignores the cost savings to the government which could be realized by contracting this work to such Repair Stations.

In an effort to fight this tendency of the government to keep such work in house, ARSA has joined forces with two groups which have been working on this problem for quite some time. The first is the National Council of Tech Information Service which has a sub-committee dealing directly with this jet engine problem. The second is a broader based group, the Business Alliance on Government Competition which seeks to insure that the OMB circular is enforced and that government agencies do, in fact, contract out for all services unless significant savings can be had by performing the work in house.

If you have knowledge of any examples of this problem or if you have comments or recommendations in regard to this problem, please contact the ARSA office and give us the details. Jack O'Leary, ARSA Counsel

NEWS BRIEFS

The following items are from recent issues of the Federal Register. These are very briefly summarized for your general information only.

Several IA's have reported a problem in returning an aircraft to service after the annual inspection if engine time was greater than manufacturer's recommended TBO. It seems that some FAA inspectors may be alleging that a violation occurs, if the aircraft is returned to service as Airworthy with an engine having a TSO greater than the manufacturer's recommended TBO. FAA WASHINGTON SAYS NOT SO! FAR 91 does not require mandatory adherence to these recommended TBO's. However, stated LIFE LIMITS DO APPLY to any affected parts. All FAA field office inspectors should have been advised.

FAA has out for comment two draft Advisory Circulars related to FAR 25. AC # 25.939xx provides guidelines for evaluating turbine engine operating characteristics for compliance with FAR 25.939(a). AC # 25.994xx advises a method of compliance with the requirements of FAR 25.994 pertaining to protecting fuel system components and other flammable fluid carrying components. Comments to FAA are required by April 5.

FAA is considering the incorporation of airworthiness standards for crash resistant fuel systems for FAR 23. FAA has issued NPRM #85-7 to solicit public comment relative to the issue. This proposal stems from independent FAA research and NTSB recommendations to incorporate these requirements for flexible and crash resistant fuel lines, self-sealing frangible fuel line couplings and lightweight, flexible, crash resistant fuel cells on aircraft for which a new or amended type certificate application is submitted after a certain date.

FAA recognizes the economic impact in adopting such requirements and has specifically requested public comment on the benefits as well as the costs for adopting new rules for crash resistant fuel systems. Repair Stations may be able to indicate any changes which they foresee in maintenance expenses as a result of this higher fuel system standard. Comments are requested by June 1.

ARSA Members should send all comments, questions, or requests pertaining to any of the above FAA proposals to the office as soon as possible in order to meet the required comment dates.

Grady Gatlin, Dir. Regulatory Affairs