

The UPDATE Report



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Standard Commercial Documents: A Primer on the Spec 106

ASA members have been asking questions about the ATA Spec 106 form, which is one of the most commonly used commercial documents for aircraft parts. We felt it was time to provide a general discussion about what the Spec 106 Form is, and what it isn't. Some of the questions we've gotten recently have been basic ones, like how to interpret certain information in a Spec 106; but some of the questions have illustrated how quickly the industry can change, and how important it is for the industry to make sure that new personnel are well-trained.

This article provides answers to some of the most commonly asked questions about the Part and Material Certification Form from Specification 106, as well as a basic primer on what the Spec 106 is.

What is Spec 106?

The Air Transport Association publishes the Specification 106: Sources and Approved Parts Qualification Guidelines. This document is commonly known by its short-hand name Spec 106. Spec 106 provides air carriers and others in the industry with recommendations and guidance concerning quality programs, particularly in the parts receiving and procurement areas.

Except to the extent that certain provisions of Spec 106 may be drawn from the regulations, Spec 106 is not a mandatory document. ATA encourages its air carrier members to make their own decision about which aspects of Spec 106 should be used in each air carrier's own operations. Air carriers and other parties

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MESSAGE FROM ASA'S PRESIDENT

THE UPDATE REPORT

is the newsletter of the Aviation Suppliers Association.

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Dear Colleagues,

There are many people who contribute to the success of ASA. One such person is Roy Resto. That is why with no joy the ASA Board of Directors accepted his resignation as an ASA Director. As Roy explained to the Board, his job is focused on repair issues, and with limited interaction in distribution, he felt it was time to leave the Board. Roy's involvement with ASA dates back to his days at American Airlines. He left American and joined a consulting company, QMS LP, which listed ASA among its many clients. While at QMS LP, Roy managed the ASA-100 auditors.

Roy joined Tracer Corporation and was elected to the ASA Board of Directors in April 2001. Roy's business acumen, along with his knowledge of quality, regulatory, and operational issues, added value to the Board and contributed to ASA across all areas. Roy has promised to continue to participate in ASA and is speaking at this year's annual conference.

One of Roy's last duties as a Director was to work with the ASA Board to appoint his replacement. The Board has appointed Luis Giacomani to the remainder of Roy's term. Luis is currently serving a second appointed term on the Board of Directors. In an effort to strengthen the Board, the Directors have appointed Jimmy Wu (President of Infinity Air and Allflight) to a two-year term on the Board. Jimmy's experience as an owner of an ASA-100 accredited distributor and a repair station; experience in international sales and marketing; passion for safety and his energy level will not only strengthen the Board but continue to ensure that the Board represents the demographics of the membership.

Both Jimmy and Roy will be at the annual conference.

Take care,
Michele

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may freely adopt all, part, or none of the program for their own use. While the specification was once a very popular tool, it appears to have fallen into disuse to a certain extent, especially as other standards have become more prevalently used as the basis for quality assurance systems.

The Spec 106 Form

One element of Spec 106 has remained very popular in the industry, though. Spec 106 provides a sample form for part or material commercial certification. Use of this form has continued to be common - in fact the Spec 106 form is often used as a "cover page" even when other certification or traceability documentation is available for a part.

Like the rest of the ATA specification, the form is meant to serve as a tool that is available to the industry, and its use is entirely up to the individual companies. For this reason, it is not uncommon to see many different versions of this form. Every company is freely permitted to change the language to suit the company's needs.

It is important to note that the Spec 106 Form is a commercial document. It is not directly subject to regulation by the FAA, but false or misleading statements on a Spec 106 Form (or on any other commercial form describing an aircraft part) can lead to civil actions (like fraud or breach of contract), enforcement action under FAA Part 3 or even criminal action under the US false statement rules (which include special laws that apply to aircraft parts).

Spec 106 and Uniformity

In the past, it was common for each air carrier to have its own version of the Spec 106 form, and each air carrier would ask its distributors to complete their version of the form. This practice is not as common today - it was considered to be quite burdensome for distributors to have to sign different forms for different customers. The lack of uniformity also made it difficult to complete the form in a uniform manner. While there are directions for the completion of the form included in the specification, these directions only apply to the form when it has not been altered, and the more that the form diverges from the original version, the less useful those instructions become.

The modern trend has been for air carriers to encourage greater uniformity in the Spec 106 form. There are human factors advantages to the use of uniform documentation for identifying parts. Personnel can be trained to look in the right place on the form for the information that is necessary. They are less likely to make mistakes in reading the form if the form is uniform.

Obviously, an array of minor variations in the forms will increase the likelihood of misreading or misinterpreting the form. Receiving

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inspectors must look very carefully at the form to ascertain its actual language and interpret that language. Because the form can vary, no receiving inspector can rely on the form to attest to any uniform information until the complete form has been read and studied. This eliminates some human factors advantages to form harmonization, although the basic format and layout of the form tends to remain the same in most cases, so there is an ability to provide some training on what to look for in the form.

Despite the human factors advantages to uniformity, the fact remains that there are often significant differences in the language used on the Spec 106 forms issued by companies.

What Does the Spec 106 Form Tell Us About a Part?

Because the language of the Spec 106 form can vary, it is important to read the language carefully for those variances. The “plain-vanilla” version of the Spec 106 form reflects an assertion about the qualities of an aircraft part. It is common in the industry to rely on these documents, so there is a strong likelihood that the Spec 106 assertions will be treated as quasi-contractual (or contractual) in nature, and will therefore be enforceable as such.

The Spec 106 form usually identifies a part by manufacturer, part number and description (and serial, batch or lot number where appropriate). It generally identifies a “status” of the part. It also may indicate where the part was obtained from (seller’s source of purchase) and/or the last certificated agency to perform work on the part (for repaired, modified or overhauled parts). This sort of information is all important to the identity of the part as well as to the airworthiness determination that is important to the installer. Thus, accuracy when completing the Spec 106 is very important.

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Status

The Spec 106 usually includes a space to describe the status of an aircraft part. According to the specification, 'status' can be any of the following eight terms:

- new
- new surplus (unused)
- rebuilt
- overhauled
- inspected
- modified
- repaired
- as is

Other terms may be used to describe status, but they are not part of the recommendations of the Specification. One very common 'variant' term that is used is "serviceable." The FAA has specifically recommended against the use of this term on FAA Form 8130-3 because it is undefined. Generally, serviceable means that the aircraft part is acceptable, but the scope of that acceptability can vary (to whom is it acceptable? under what circumstances is it acceptable? etc.). Thus, best practice continues to strongly recommend that those completing the Spec 106 Form use one of the eight terms from the Specification to describe the status of the aircraft part.

Block 13

The form described in Spec 106 features standard information blocks. Some particularly important information can often be found in the remarks area of the form. The remarks area is split into three sections: Block 13A (remarks), Block 13B (obtained from) and block 13C (last certificated agency).

Directions for the use of the Spec 106 form are found in Appendix C to the specification. The directions make it clear that block 13B is meant to represent "seller's source of purchase." If the seller is an FAA certificate holder, then the directions for this block state that completing it is optional.

Block 13C is meant to be used for parts that have been subject to some form of maintenance work.

According to Spec 106, Block 13C is meant to identify the last certificated agency that performed maintenance on the component. In some cases this may be the last operator. For example, if the last air carrier to use the part performed an inspection on it (such as the inspection described in FAA Order 8130.21B), and found it to be airworthy, then the carrier would be the last certificated agency to perform maintenance. Remember: inspection is a maintenance activity!

Block 13C is not meant to represent the last certificated agency to own the part. An overhauled part could be purchased by an air carrier, remain for six months in the inventory of that air carrier, and then be sold without the air carrier ever performing maintenance on that part. In such a case, the last certificated agency would not be the air carrier, but would instead be whatever company last performed a maintenance activity on the part.

Common Alterations: "Traceable To"

The SPEC 106 form is a commercial form recommended by ATA. As such, it is not binding and air carriers and other parties frequently develop their own versions of the form that diverge from the ATA recommendation. For this reason, it is not uncommon to see alternative language in Block 13B or in Block 13C.

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One popular modification to the ATA 106 form is the replacement of the Block 13B descriptive text with a phrase like “traceable to.”

“Traceable to” is not the ATA recommended language for the form, so the Spec 106 instructions do not provide clear guidance about what this language means. Many people interpret this sort of language to mean the last certificate holder that owned the part, but some interpret it to mean traceability to the FAA-approved manufacturer who produced the part.

The ATA 106 is a tool to facilitate commerce. As such, you should use it to reflect the information that you and your customer need to exchange. Anyone who completes a Spec 106 form should make sure that the information conveyed accurately reflects the truth, and also effectively communicates the information that is important to both parties.

Look carefully at the language of a Spec 106 form provided by a business partner, because it may not use the common language, and when it does not, it is important to understand what the alternative language means.

Where the parties intend to use any Spec 106 block to reflect information other than that described in the instructions, then it should be clear on the face of the form what information is actually provided. Bear in mind, though, that the ATA rules for completion of the form would likely apply in any dispute resolution, unless the form had been materially altered so as to make the ATA 106 rules meaningless, or you had a written agreement concerning the alternative method for completing or interpreting the form. If the text on the form is not clear, then an explanatory paragraph attached to the form may be in order, to avoid later confusion.

Value of the ATA 106 Form

The ATA Form 106 is an uncontrolled document that may be the subject of ad hoc revision by individual users. Different versions of the form can mean different things based on revisions to the text on the form. It is not supported by the FAA regulations. It can be signed by companies that do not hold an FAA certificate. In light of these facts, some people ask whether the ATA 106 form continues to have value in the modern age. The short answer is, “Yes.”

It is common to forget that documents do not have to be considered “regulatory” in nature to be valuable. Commercial documents reflect information that is important to commercial transactions, and often this information can be important to the analysis performed by a mechanic at the time of installation. A properly completed Spec 106 form provides a variety of information, such as commercial traceability that helps the end user know who to contact in the event of problems with the part.

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The Spec 106 may also provide commercially enforceable rights, in the sense that it asserts certain important facts about a part. To the extent that a customer relies on the representations found in the Spec 106 forms that you issue, that customer may have enforceable rights if that information is not accurate. Accidentally inaccurate information may give rise to contract rights; purposefully inaccurate information may reflect fraud, which can have both civil and criminal consequences.

Use the ATA 106 Form wisely to reflect the information that you and your customer need to exchange.

Note: an earlier version of this article was originally published in the January 2000 issue of the Update Report. This version has been updated and expanded. 

Shipping Fuel System Components

Fuel system components that have fuel residue in them are considered to be hazardous materials and the way in which they are shipped is regulated. This can pose a problem for companies that have not yet trained their shipping personnel.

Fuel system components with fuel residue are often shipped under the proper shipping name “dangerous goods in apparatus.” When shipping fuel system components by air, they should first be emptied of fuel to the extent practicable. All openings must be sealed securely (e.g. capped).

Once the component has been prepared for shipping, it must be packed in sufficient absorbent material to absorb the maximum amount of liquid which may possibly remain after substantial (practicable) emptying. If it will be placed in an outer packaging that is not water-tight (like a fiberboard box), then the shipper should use some means of containing the residual liquid in the event of leakage from the sealed component. The normal way to accomplish this is by using a leak-proof liner, plastic bag, or other equally effective means of containment. The part should be secured or cushioned with packing material sufficiently to prevent breakage. Finally, it must be placed in a strong outer packaging like a fiberboard box or a wooden box. This outer packaging does not need to meet UN performance specifications, however it should be strong enough to withstand the normal rigors of transportation.

The outside of the package should be labeled with a class nine (miscellaneous dangerous goods) label. Orientation arrow labels are permitted and generally should be added if it is possible for the fuel residue to escape in the event of incorrect orientation. The package must also be marked with the proper shipping name (“dangerous goods in apparatus”), the UN number (“UN 3363”), the name and address of the shipper (you) and the name and address of the consignee (the destination). Marking the net quantity of fuel residue is permitted but not required (note that the net quantity of fuel residue is required to be estimated on the shipper’s declaration for dangerous goods, in addition to a disclosure of the gross weight of the article).

Personnel who make any decisions affecting the safe transportation of hazardous materials are required to be trained - it is important to note that this article does not take the place of training. It is merely offered as a guide to some of the features of the regulations. Training must be repeated on a recurrent basis: three years for most distributors. Air carriers in the US, and those performing Transport Related Functions (TRFs) for air carriers, must be trained every two years. Outside the United States, many countries have adopted two-year recurrent training schedules.

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ASA hosted two very successful hazmat training classes in Florida and California in May. These classes are two days long and they lead to certification in accordance with US and international standards. **We will be offering hazmat training in Chicago in July and in Washington, DC in August. If you still need hazmat training, please feel free to call us or to check out the training information online at <http://www.dangerousgoodstraining.net>.**



ADS-B Avionics: Don't Get Stuck Holding the Hot Potato

Avionics distributors will need to pay careful attention to the new equipage rules that were just released by the FAA!

An integral part of the Next Generation Air Transportation System is the FAA's plan to transform air traffic control from the current radar-based system to a satellite-based system. The goal of satellite-based air traffic control is to provide greater control and monitoring of air traffic. In order to implement this satellite-based system, aircraft will require new Automatic Dependent Surveillance-Broadcast (ADS-B) avionics systems.

On May 28, the FAA announced a final rule which laid out performance requirements for these new ADS-B avionics. The final rule makes ADS-B equipment required equipment in most aircraft (exceptions exist for aircraft not originally certificated with an electrical system, balloons, and gliders). The equipment requirements go into effect on January 1, 2020. While the requirement date is almost ten years away, avionics distributors need to begin examining their inventories on hand in the near future to avoid potential losses in the long-term from holding obsolete non-compliant equipment.

The equipment that will be necessary for air carriers is described in Technical Standard Order (TSO) TSO-C166b (published December 2, 2009). This is the equipment that will be necessary for flight in class A airspace (between 18,000 feet and 60,000 feet). The equipment affected by this TSO is equipment intended to transmit and receive broadcast messages about an aircraft's position (latitude and longitude), velocity, integrity, and other parameters. This equipment includes transmitting and receiving equipment that meets the following standards:

- 1090 MHz Automatic Dependent Surveillance - Broadcast (ADS-B) equipment
- 1090 MHz Traffic Information Service - Broadcast (TIS-B) equipment

An entire ADS-B system consists of a "datalink" connected to a high-integrity global navigation satellite system (GNSS) receiver (i.e. GPS receiver). The high-integrity GNSS function generally must be filled by a certified Satellite-Based Augmentation System receiver (like a WAAS receiver).

Distributors carrying ADS-B and TIS-B equipment that operates on 978 MHz and not on 1090 MHz should note that this will not meet air carrier requirements as of 2020, although it may be salable to the general aviation market (see below). Also, 1090 MHz equipment meeting earlier versions of the TSO (e.g. TSO-C166a) may no longer be suitable after January 1, 2020. VHF datalink (VDL Mode 4) equipment, which was identified as an ICAO standard in 2001, may not meet the new regulatory requirements.

The final requirements don't go into effect until January 1, 2020; however, many air carriers may begin to phase in compliant equipment much sooner than that. On May 21, the FAA issued Advisory Circular (AC) No.

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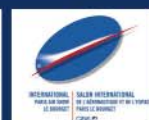
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20-165, entitled “Airworthiness Approval of Automatic Dependent Surveillance-Broadcast (ADS-B) Out Systems.” While AC 20-165 is not mandatory, it provides installation and maintenance guidance for ADS-B systems, and many actors in the aviation field will look to the AC for guidance.

Importantly, the ADS-B system is not a stand-alone system, rather, it interfaces with many other external components, such as altimetry sources and position sources, as well as the antennae. AC 20-165 states that any maintenance or design changes to these external components must “be accomplished in such a way that continued satisfactory performance of the overall ADS-B system is maintained.” So, any future maintenance or design changes to interfaces associated with the ADS-B system must maintain overall performance of the ADS-B system and include procedures to ensure that the interface continues to function properly.

While some carriers may wait until the 2020 deadline to incorporate the new ADS-B equipment, it seems likely that some air carriers will begin to incorporate the new ADS-B equipment much earlier, as part of routine upgrades.

And it is not just the commercial aviation industry that needs to be concerned. Many aircraft in the general aviation industry already feature ADS-B compliant equipment but those aircraft owners that are not yet compliant will need to consider compliance in their long-term strategies. This is because ADS-B equipment will be needed for flight through most controlled airspace in the United States.

For general aviation aircraft that will not be flown in class A airspace, and indeed for most flight in controlled airspace below 18,000 feet (e.g. class B & C airspace, and other locations specified in the regulations), aircraft will need to be equipped with equipment that meets either the new TSO-C166b ADS-B requirements or the TSO-C154c ADS-B requirements. Therefore, unpressurized aircraft and other aircraft flown below 18,000 feet may be equipped to the TSO-C154c requirements (instead of TSO-C166b). TSO-C154c was published December 2, 2009 and covers ADS-B and TIS-B equipment operating at 978 MHz.

This has important implications for avionics distributors. Avionics that do not meet the new ADS-B/TIS-B requirements are still likely to remain in demand in the short-term; however, demand for equipment that does not meet the latest standards is likely to fall off dramatically as the 2020 deadline draws near and earlier equipment becomes obsolete. Thus, it is important for distributors to take careful stock of their current inventory to determine their holdings of equipment that may not meet the newest standards. Distributors should attempt to move this equipment in the near-term, and as demand for such equipment decreases, distributors should be careful about taking on inventories of avionics equipment that will not meet the latest standards to avoid being stuck with the hot potato of obsolete equipment. 



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Small Business Health Care Tax Credit

The Patient Protection and Affordable Care Act, enacted March 23, 2010, includes a tax credit for qualifying small businesses that provide health care coverage to their employees. This tax credit is effective for taxable years beginning in 2010. This credit is one of the first health care reform provisions to go into effect and is designed to encourage small businesses to offer health care coverage to their employees for the first time or to continue the coverage they already provide.

To qualify for the program, an employer must meet three requirements. The employer must, (1) employ less than 25 full-time equivalent employees (FTEs), (2) pay an average salary of less than \$50,000, and (3) pay at least 50% of insurance premiums for employees. Each of these requirements is discussed on the following page.

(Continued on Page 13)

2010 Hazmat Training



**July 14 & 15 • Chicago, IL
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www.washingtonaviation.com/hazmat

Or call:
202-628-6777

REMINDER: ASA MEMBERS GET DISCOUNTED REGISTRATION.

Who should attend ?

This course is intended for all individuals who may come into contact with, or make decisions that affect hazardous material (Hazmat) or dangerous goods (DG).

Why should I attend ?

The U.S. Department of Transportation (U.S. DOT) requires that all individuals engaged in handling hazardous materials must be trained at least once every 3 years. Air Carriers are required to be trained annually, and IATA requires training every 2 years.

This course will focus on shipments of Dangerous Goods under the IATA Dangerous Goods Regulations (a field manual that includes the ICAO technical instructions). This course will also address matters arising out of United States' regulations that are not covered by IATA.

All attendees receive a Certificate of Training stating 49 CFR 172 Subpart H training requirements have been met (upon successful completion of all attendance and testing requirements).

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1. Determining Total Number of Employees

An employer’s number of FTEs is determined by dividing (1) the total number of hours for which the employer paid wages to employees during the year (but with a maximum of 2,080 hours for any one employee) by (2) 2,080. This number, if not a whole number, is rounded down to the next lowest whole number. If this number is lower than 25, than the employer should move on to step 2, determining the average salary per employee.

Employers should realize a couple of important aspects regarding calculating the number of FTEs. Generally, hours worked by seasonal workers do not count if the workers worked for less than 120 days during the year. Owners (sole proprietors, partners, shareholders of more than 2% of an S corporation) also do not count as employees. Also, any family members of an owner do not count as employees. Thus, hours worked by all such individuals would not count in determining the number of FTEs.

2. Determining Average Salary

To determine the average salary for employees, simply divide (1) the total annual wages paid to employees by (2) the number of FTEs calculated in step 1. If this number is lower than \$50,000, move on to step 3.

As with determining the number of employees, wages paid to seasonal workers, owners, and family members of owners are not counted in determining average salary.

3. Pay 50% of Insurance Premiums

Finally, an employer must pay at least 50% of insurance premiums for employees. Importantly, if an employer offers employees multiple health care plans (ex. a major medical plan and a dental plan), to receive the tax credit on the premiums paid for each plan the employer must meet requirements 1 through 3 for each plan independently.

If an employer meets all three requirements, then they are a qualifying employer for purposes of receiving this tax credit.

How much can a Qualifying Employer Claim for the Tax Credit?

The Small Business Health Care Tax Credit is designed to provide the maximum benefits to smaller employers - employing less than 10 FTEs – that pay average salaries under \$25,000. These employers with less than 10 FTEs paying under \$25,000 can claim 35% of their premium costs in 2010.

Employers that have 10 or more FTEs, or that pay average salaries in excess of \$25,000, still qualify for the tax credit, but the amount they can claim is reduced. The amount such employers can claim is reduced based on the number of employees over 10 that they hire and the amount of average wages over \$25,000 that they pay. The credit is reduced to zero for businesses with 25 employees or for businesses with annual average wages equal to or greater than \$50,000. Full details on this system can be found in the IRS Notice that is listed below.

Employers can claim only that premium cost which the employer actually pays in. For example, if the employer pays in 80% of premium costs, and the employee pays in 20%, then the employer can claim a tax credit of 35% only of that 80% portion that they actually paid in. For those whose health care programs are “above average,” the amount of the credit is limited only to the average health care premium in your state (these average amounts were published in an IRS Bulletin on May 24). Additional limits on maximum claims exist that are more fully addressed in the IRS’ Notice (there is a link to the Notice at the end of this article).

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Leveraging ILS to Maximize Your Profits in a Down Economy



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How do I Claim this Tax Credit?

The tax credit can be claimed on your annual income tax return. Note that this tax credit can only offset actual income tax liability, but it can be carried forward. Also, claiming such a tax credit does affect an employer's deduction for health insurance premiums – the amount of premiums that can be deducted is reduced by the amount of this credit.

This is just an overview of the Small Business Health Care Tax Credit. Before claiming such a tax credit, please consult your tax advisor. More information can be found at the following links.

- Do you qualify? 3 Simple Steps: http://www.irs.gov/pub/irs-utl/3_simple_steps.pdf
- Small Business Health Care Tax Credit FAQs: <http://www.irs.gov/newsroom/article/0,,id=220839,00.html>
- IRS Notice providing guidelines and examples for claiming the Small Business Health Care Tax Credit: <http://www.irs.gov/pub/irs-drop/n-10-44.pdf> 

Experts Debate the Future of Aviation

The initial meeting of the Future of Aviation Advisory Committee took place on May 25, 2010 at the Department of Transportation building in Washington, DC. This is a new Committee that is charged with examining some of the issues facing aviation and developing recommendations for responses to those issues.

Transportation Secretary Ray LaHood welcomed the committee and explained that the idea for the FAAC came from a meeting with union representatives (Pat Friend of the Flight Attendants' Union) in Florida, who asked him to do something to find solutions to some of the issues facing the aviation industry.

Secretary LaHood explained that the Committee has been charged with addressing five broad issue areas facing the industry:

- Ensuring aviation safety
- Ensuring a world class work force
- Balancing competitiveness and viability
- Financing
- Environment

The Secretary said that he intends for the Committee to:

1. Recommend actions that the government can take now that will make a real difference;
2. Consider Federal rulemaking, legislation, and compliance measures as options;
3. Use the diversity of the committee to achieve real results.

Despite the industry diversity that the Secretary stressed, we noticed that none of the participants represent either small business interests or the aviation aftermarket. Secretary LaHood explained that the ultimate goal is to improve the aviation system and the way that the public interacts with it.

FAA Administrator Randy Babbitt was also on hand to welcome the participants at this kick-off meeting. He stressed the importance of focusing on safety as we seek improvements in the industry.

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The Committee is made up of the following participants:


- Committee Chair: Susan L. Kurland – Asst Secretary for Aviation and International Affairs, DOT;
- Designated Federal Officer: Pamela Hamilton – Director of Rulemaking, Federal Aviation Administration;
- Juan J. Alonso – Associate Professor in the Department of Aeronautics & Astronautics, Stanford University;
- Susan M. Baer – Port Authority of New York and New Jersey;
- David Barger – President and CEO, JetBlue Airways Corporation;
- Bryan K. Bedford – Chairman, President & CEO, Republic Airways;
- Severin Borenstein – Professor of Business Administration and Public Policy at the Haas School of Business;
- Thella F. Bowens – President & CEO, San Diego County Regional Airport Authority;
- John M. Conley – Intl Admin VP, Transport Workers Union of America;
- Cynthia M. Egnotovitch – Segment President, Nacelles and Interior Systems, Goodrich Corporation;
- Patricia A. Friend – International President, Association of Flight Attendants;
- Robert L. Lekites – President, UPS Airlines;
- Ana McAhrn-Schulz – Dir. of Economic and Financial Analysis, Air Line Pilots Association (ALPA);
- William J. McGee – Consultant to the Consumers Union;
- Daniel McKenzie – CFA, Hudson Securities;
- Jack J. Pelton – Chairman, President, and CEO, Cessna Aircraft Company;
- Nicole W. Piasecki – Vice President of Business Development, Boeing Commercial Airplanes;
- Raul Regalado – President & CEO, Metropolitan Nashville Airport Authority;
- Glenn F. Tilton – Chairman, President & CEO, UAL Corporation;
- Christopher J. Williams – Chairman, CEO and founder of The Williams Capital Group, L.P.

A common theme among the participants was the importance of a systems-based approach to safety (SMS) as well as the importance of human factors and creating an environment in which employees are comfortable participating in safety.

The safety discussions stressed the importance of pursuing Safety Management Systems (SMS). Nicole Piasecki, the Boeing representative, stated that a commitment to data-driven and risk-based analysis (key elements of SMS) has also helped to foster an open safety culture. She explained that this is one of the pillars upon which our future efforts must be based. Professor Juan Alonso also said that the industry needs to be prognostic rather than diagnostic. JetBlue President David Barger expressed that “you don’t know what you don’t know, so collecting data and using it to drive our efforts is very important.”

The Chair asked how the FAA can incentivize the voluntary adoption of risk-based data-driven programs. David Barger felt that there was no need to incentivize safety because safety is its own incentive. The economics of safety were a topic of discussion. Glenn Tilton of United explained that this is a complex industry, but that it is easier to be safety-conscious when the businesses are profitable. Severin Borenstein is a former staff economist from the CAB. He explained that with economic deregulation we have seen both robust competition and volatility. Understanding that we will continue to see this volatility, he feels that we need to expect bankruptcies, and we need to make sure we have protocols for ensuring safety even when an air carrier is in bankruptcy.

David Barger repeated that he sees no need to incentivize safety best practices. His organization’s door is open to any other organization and there is no need to impose mandates to share data. Susan Baer reminded the group that it is important to share data with the FAA as well.

John Conley of the Transport Workers Union injected a note of reality when he reminded the group that while everyone says that they are committed to safety, sometimes safety is elusive. 

AS 9100 Update

The International Aviation Quality Group (IAQG) publishes the AS 9100 standard. AS 9100 is a derivative of the ISO 9000 quality and management standard - it differs from ISO 9000 in that it includes special provisions that are designed to reflect the special safety and quality needs of the aviation industry.

AS 9100 was mostly drafted for manufacturers, although non-manufacturers have implemented AS 9100-compliant systems as well by simply indicating that the manufacturing-specific elements are N/A.

In order to broaden the scope of businesses for whom AS 9100 can be useful, IAQG has developed alternative standards that are specific to other sectors of the industry. They include AS 9110, which is for repair stations and AS 9120, which is for distributors. Those two derivative standards have had some trouble catching on in certain quarters. IAQG has been working on revisions designed to make all of these standards more useful to the industry.

So what are the changes to these three standards?

AS 9100 has been updated to better address the special needs of the space and defense industries. It includes requirements for variability reduction. It also incorporated ISO 9001:2008 changes. The drafters have added a significant number of interpretive notes and examples in order to provide better compliance guidance for those who are seeking to implement an AS 9100 system. There are also new requirements for project management.

The AS 9110 standard is designed for aviation maintenance organizations. One focus of the standard is on safety and management responsibility; and this is a major difference from AS 9100.

Under the safety side of AS 9100, compliant repair stations are expected to have a documented safety policy and documented safety objectives. The system should demonstrate the management commitment to a safety policy. In an AS 9110-compliant business, top management is responsible for ensuring that the policy and implementation help lead the business to its safety objectives. Data collection in such a system should support the assessment of opportunities for improving the safety policy and safety objectives. AS 9110's management requirements include a requirement for top management to appoint an accountable manager with corporate authority, and also to designate managers responsible for assuring that all maintenance required is accomplished within the quality management system.

The AS 9120 standard is designed for aviation distributors. IAQG expects that AS 9120 should replace the SAE 7003 standard for distributors. The revised AS 9120 is expected to be based on a combination of ISO 9001:2008 plus the elements of AC 00-56. The new version is expected to eliminate four elements that IAQG felt were not necessary to distribution, specifically:

- Project management
- Risk management
- Design and development
- Validation of processes for production and service provision

In addition, the new version of AS 9120 adds some new clauses in the following areas:

- Planning of product realization
- Configuration management
- Work transfers

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REGULATORY UPDATE


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In addition to the changes to these standards, IAQG has also been working on new paradigms for auditing. The 9101 standard for QMS assessment is an auditing standard. The basic methodology associated with audits is changing. Instead of looking at checklists, which can be incomplete, the audit methodology is being revised so that the auditor looks at the entire system and the functionality of the system to make sure the system is meeting objectives of the company.

9101 has new tools that will provide guidance on how to score the functioning of the system. The new approach has more emphasis on performance measuring, and it introduces an objective evidence record (OER) for recording findings.

Major revisions to the standards take about three years to accomplish. Implementation of the new standards is expected to take place between now and 2012.


IAQG has also announced that they intend to cancel two standards that support the AS 9100 family of standards:

- 9111 QMS Assessment of manufacturers
- 9121 QMS Assessment of distributors 

SMS In Our Future?

In a recent meeting, an aviation industry representative asked FAA Production and Certification Manager Frank Paskiewicz when he sees a regulation coming to implement Safety Management Systems. There are a lot of hurdles to overcome in order to implement SMS as a rule. Paskiewicz said that 2012 is not realistic; and that 2013 would be a stretch.

A Boeing representative noted that there has been some strong feedback concerning the requirements, and whether they actually add value (note that Boeing itself has been quite supportive of the safety benefits that have been associated with existing voluntarily-adopted SMS programs). He noted that MROs do not tend to uniformly have formal (audited) QMS systems so he is hoping that the SMS can be aligned with existing regulations and standards.

Paskiewicz said that for manufacturing quality assurance, the systems that industry already has tend to be ahead of what an SMS regulation is likely to reflect. 

CALENDAR OF EVENTS	
Industry Events	
June 27-29, 2010	ASA 2010 Annual Conference Las Vegas, NV
Workshops	
July 14-15, 2010	HAZMAT WORKSHOP Chicago, IL
August 2-3, 2010	HAZMAT WORKSHOP Washington, DC

CONTACT US!

ASA Staff is always interested in your feedback. Please contact us with any comments or suggestions.

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