

agency shall propose or adopt a regulation only upon area benefits of the intended regulation justify its costs. Second, the Regulatory Flexibility Act of 1980 requires agencies to analyze the economic effect of regulatory changes on small entities. Third, the Office of Management and Budget directs agencies to assess the effect of regulatory changes on international trade. In conducting these analyses, the FAA has determined that this Notice of Proposed Rulemaking (NPRM) would generate benefits that justify its costs and is "a significant regulatory action" as defined in the Executive Order. The FAA estimates, however, that the NPRM would have a significant economic impact on a substantial number of small entities. No part of the proposed rule is expected to constitute a barrier to international trade. These analyses, available in the docket, are summarized below.

Costs

The total cost of compliance of the proposed rule is estimated to be \$275

million (or \$199 million, discounted at 7 percent), over the next 10 years, in 1994 dollars.

The FAA examined each section of part 121 to determine the potential costs of compliance for existing part 135 commuter operators with airplanes of 10 or more passenger seats. First, all of the sections in part 121 were divided into five areas: (1) Operations, (2) Cabin safety, (3) Certification, (4) Maintenance, and (5) Part 119. Next, multidisciplinary teams of FAA personnel evaluated each of the five areas to determine which sections would impose additional costs and which would not. The following represents the results of that evaluation.

A. Sections without cost impacts.

Those part 121 sections that the FAA has determined would not impose additional costs on part 135 commuter operators are not described in this summary evaluation. Each of those part 121 sections would not impose costs for one of the following reasons: (1) Current practice is identical or very similar to the new requirement; (2) the new

requirement represents minor procedural changes; (3) the section determines general applicability and does not specifically impose any costs; or (4) certain requirements of part 135 would be incorporated into part 121 without change. Those part 121 sections without costs are described in the full evaluation under each of the areas for which they apply. While not shown in this summary evaluation, it is important to note that 10 of the sections in the proposed rule were identified as having negligible costs. These negligible costs, even when combined, would not be significant.

B. *Sections with potential cost impacts.* The proposed rule would impose costs on part 135 operators with 10-to-30-seat airplanes. The FAA estimates the total cost of the proposed rule would be \$275 million over the next 10 years, with a present value of \$199 million. The potential costs are as follows:

| Area | 10-19 seats | 20-30 seats | Total cost | Present value |
|---------------------|-------------|-------------|------------|---------------|
| Operations | \$141.8 | \$58.5 | \$200.3 | \$141.2 |
| Maintenance | 0.1 | 0.0 | 0.1 | 0.1 |
| Cabin Safety | 11.7 | 8.8 | 20.5 | 15.2 |
| Part 119 | 1.6 | 0.4 | 2.0 | 1.7 |
| Certification | 51.4 | 0.7 | 52.1 | 41.0 |
| Total | 206.6 | 68.4 | 275.0 | 199.2 |

Based on the \$207 million figure shown above, the FAA estimates that, on average over the next 10 years, the price of a one-way airline ticket would increase by 1.7 percent or by \$1.91 (from \$110 to \$112) for affected operators with 10-to-19-seat airplanes. Similarly, based on the \$68 million figure, the ticket price would increase by 0.6 percent or by \$0.68 (from \$110 to \$111) for affected operators with 20-to-30-seat airplanes.

In addition to the information shown in the table above, it is important to note that the undiscounted cost per airplane in each of the first four years of the proposed rule, by seat category, sheds light on the initial compliance costs incurred by the impacted operators. Costs are highest during the first year (1996) and drop each year thereafter. In 1996, affected operators with 10-to-19-seat and 20-to-30-seat airplanes would incur per airplane costs of \$50,000 and \$26,000, respectively. Similarly, in 1997, there would be costs of \$23,000 and \$16,000, respectively. In 1998, there would be costs of \$23,000 and \$15,000, respectively. And in 1999, there would

be costs of \$24,000 and \$14,000, respectively.

1. Operations. *Section 121.135—Contents of manual.* This section would require the affected operators to have more extensive operations manuals than are currently required under part 135. Part 121 requires more detailed instructions to flight and ground personnel, including dispatch procedures, airport information, and approach procedures. The manuals of part 121 operators are, on average, about three times as voluminous as those of part 135 operators. Thus, compliance with this effort would result in major rewriting of manuals. Based on cost information received from industry, the FAA estimates that, on average, each commuter operator that would come into part 121 would spend about \$50,000 for new manuals. This cost estimate multiplied times the number of operators expected to be in existence over the next 10 years amounts to an estimated \$3.9 million (\$3.5 million, discounted).

Section 121.337—Protective breathing equipment (PBE) for the Cockpit. This

section requires PBE units for cockpit crewmembers operating transport category airplanes. Part 135 has no such requirement. This evaluation assumes that three PBE units (one for each pilot station and another for fighting fires) would be installed in existing and future impacted airplanes with 10 to 19 seats. There is very little information available related to the number of PBE units on these types of airplanes. As a result of this uncertainty, the FAA solicits comments from the public and the aviation community on the number of part 135 airplanes, with 10 to 19 passenger seats, that are equipped with PBEs in the cockpit and whether the units are fixed or portable. Based on information received from FAA technical personnel, affected airplanes with 20-30 passenger seats already have fixed PBE at each of the two pilot stations in the cockpit. Therefore, only one additional portable PBE would be needed for fighting fires in the cockpit of such airplanes.

Since portable PBEs are much cheaper (and more practical in many situations) than fixed PBEs, commuters are