



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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CC:PSI:  
RPAUT-115671-98

MEMORANDUM FOR: INDUSTRY DIRECTOR, NATURAL RESOURCES (LM:NR)  
FROM: CHIEF, BRANCH 6 (CC:PSI:6)  
PASSTHROUGHS AND SPECIAL INDUSTRIES  
SUBJECT: DENIAL OF CONSENT FOR CHANGE IN  
ACCOUNTING METHOD

In accordance with § 8.07(2)(a) of Rev. Proc. 2001-1, 2001-1 I.R.B. 1, 43, this Chief Counsel Advice advises you that consent for a change in accounting method has been denied to a taxpayer within your jurisdiction. Pursuant to § 6110 (k)(3), this Chief Counsel Advice is not to be cited as precedent.

LEGEND:

Taxpayer =

B =

C =

Taxpayer filed the Form 3115 to request permission to change its method of computing depreciation for street lighting equipment under Rev. Proc. 97-37, 1997-2 C. B. 55. Because this change was under an automatic consent revenue procedure, Taxpayer has already made this change.

Taxpayer previously treated equipment used wholly for public street and highway lighting or traffic, fire alarm, police and other signals (collectively, "street lighting") as included in asset class 49.14, Electric Utility Transmission and Distribution Plant, under both Rev. Proc. 83-35, 1983-1 C. B. 745, and Rev. Proc. 87-56, 1987-2 C. B. 674. Taxpayer believes this classification was improper. Specifically, Taxpayer believes that this property does not belong in asset class 49.14 or any other class.

The method changes would have been effective with the taxable year beginning B and would have resulted in a negative § 481(a) adjustment/decrease in taxable income in the amount of C. The reasons for denial of this consent are explained in the attached copy of our letter to Taxpayer.

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Taxpayer has changed to an impermissible method of accounting. This change is outside the scope of Appendix § 2.01 of Rev. Proc. 97-37 because Taxpayer did not change to a permissible method of accounting. Accordingly, consent to make this change is not granted. Taxpayer should file amended returns for the year of change and subsequent years to reflect the correct method of depreciating street lighting.

If you have any questions on this matter, do not hesitate to call me

CHARLES B. RAMSEY  
Chief, Branch 6  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure:  
Copy of letter to Taxpayer