

January 26, 1938

Mr. David E. Lilienthal, Director
Tennessee Valley Authority
Knoxville, Tennessee

Dear Mr. Lilienthal:

As I told you on your recent visit here, this Commission is making preliminary studies of the problems of integration on public utility holding company systems under Section 11 of the Public Utility Act of 1935. As you know it will be our task (assuming the Act withstands the test of constitutionality, as I believe it will) to see to the development and constitution of holding company systems in compliance with the standards of integration prescribed under Section 11 and 2(a) (28). The preliminary studies which we are now making are in preparation for that task.

We have now arrived at a point where it seems desirable for us to explore that problem of integration as it relates to utility companies in the southeastern part of the country which are subject to our Act.

You were so kind as to suggest that arrangements might be made by T.V.A. to permit members of our staff to consult with members of its staff for the purpose of drawing upon the vast knowledge and experience which T.V.A. has of the southeastern utility situation. I am sure that this would be extremely profitable to our staff in its study of the problems of integration under our Act. Accordingly, if such an arrangement can be made, we would appreciate it. We could arrange to send down to Knoxville soon one or two members of our staff for this purpose.

Yours faithfully,

William O. Douglas
Chairman