

August 23, 1973

Mr. Robert Daverman
Daverman Associates, Inc.
200 Monroe Street, N.W.
Grand Rapids, Michigan

Dear Mr. Daverman:

This letter will confirm yesterday's telephone conversations between Joseph Pace, an economic consultant to Consumers Power Company, and you concerning the Atomic Energy Commission's subpoena duces tecum. As we explained, these communications were made at the instance of Jerome Garfinkel, Chairman of the licensing board in Midland antitrust proceedings.

Your letter to Chairman Garfinkel discusses two principal concerns -- confidentiality and burden. Please note that the subpoena permits documents to be withheld on grounds of privilege or other claims, but requires that each such document be sufficiently identified so that we can determine the validity of the claim. Further, some documents exchanged between the parties in this case have been provided on a "confidential" basis and we are prepared to discuss such arrangements with you.

With respect to your comments about burden, we believe that the item-by-item discussions with Dr. Pace, as summarized in attachment A hereto, obviates these concerns. Also, we do not require that you provide duplicates of documents already in our possession and will be pleased to work with you to avoid such duplication.

As you may know, the hearing in the Midland proceeding is scheduled to begin October 15, 1973, and we need the data contained in the subpoenaed material well in advance of this date

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in order to prepare our case. Therefore, we must press for full response on the due date of the subpoena. I will be happy to arrange to have the materials picked up at your office and copied at our expense.

Sincerely,


Keith S. Watson

KSW/rrg

Attachment

cc: Jerome Garfinkel, Esq. (w/ attachment)

August 23, 1973

Appendix A

This summarizes the substance of a telephone conversation on August 22 with regard to the subpoena duces tecum between Dr. Pace and Robert Daverman.

1a. In response to this request, it was agreed that the following would be furnished:

(1) the title of every project or job performed during the period 1960 to date for any municipal or cooperative system in Michigan's Lower Peninsula. [This is equivalent to a description of the file index since the files are organized according to project or job.]

(2) the title of every study prepared for any such systems during the period;

(3) a summary and description by system of miscellaneous work performed during the period for each system.

1b, 1c and 1d. In response to these requests, it was agreed that Daverman Associates will furnish a verified statement of the methods and factors involved in deriving annual carrying charges on investment. This statement will address specifically the areas enumerated in request 1c.

2. In response to this request, it was agreed that the following materials will be furnished:

(1) All formal bulk power supply studies performed during the period 1960 to date for any lower Michigan municipal or cooperative system with exception of the following reports which we now possess:

a. Intertie Study--1961, prepared for Wolverine Electric Cooperative and Northern Michigan Electric Cooperative;

b. Power Supply Studies--1964 and 1968, prepared for Northern Michigan Electric Cooperative and Wolverine Electric Cooperative;

c. Power Supply Study--1968 Supplemental Report prepared for Northern Michigan Electric Cooperative;

(2) all rate studies prepared during the period;

(3) all correspondence relating to rate comparisons.

3a. Daverman Associates agreed to furnish response to request as stated.

3b. It was agreed that this request refers to post-July 1973 increases in the factors enumerated and as such will be furnished (unless withheld pursuant to legal claims).

3c. This request will be answered (except where documents are withheld pursuant to legal claims).

3d, 3e and 3f. Daverman Associates will furnish response to request as stated.

5 and 6. Daverman Associates will furnish verified statements describing fully its methods and criteria with regard to the areas described in these requests. It was agreed that all studies utilized in this regard would be furnished in response to request 2. Finally, it was agreed that a description of any correspondence or a statement verifying the lack of correspondence in these areas would be supplied.

EXHIBIT 4