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## Industrial power sales in Tennessee Valley grow in fourth quarter as economy rebounds from pandemic

February 12th, 2021 | by [Dave Flessner](#) | Copyright © 2021

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Power sales to major industries in the Tennessee Valley rose 7.5% in the fourth quarter of 2020 as manufacturers continued to rebound from the pandemic.

Despite an overall drop in power consumption last year, especially among many hard-hit commercial businesses, the Tennessee Valley Authority said electricity consumption by its direct-served manufacturers bounced back at the end of last year and is remaining strong in 2021.

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"We saw a pretty significant drop in our energy load early on (last spring) with the pandemic, but many of our direct-served industrial customers have recovered fairly quickly," TVA President Jeff Lyash said Friday. "The sector that really has suffered the most, and recovered the least, is the commercial part of our business. But we're seeing less of a sales impact than we had planned for, which I think is a positive indicator for the economy in the region."

At a meeting earlier this week among members of the Tennessee Valley Industrial Group, manufacturing representatives unanimously said their business is doing better at the start of 2021.

"As we met with them and went around the table, to a person they all spoke about the strength of their businesses in this first quarter so we've been very fortunate," Thomas said.

TVA estimates overall revenues of \$2.3 billion in the final three months of 2020 were lower by only about \$10 million as a result of economic conditions surrounding COVID-19.

"TVA expects these conditions could continue impacting revenue for the remainder of 2021, and has planned for \$10 billion in total operating revenues for 2021," TVA said in its quarterly earnings report released Friday.

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TVA customers have been aided by an average 10% cut on wholesale electricity rates by TVA compared with the rates charged a year ago. TVA has cut its operating costs and taken advantage of cheaper natural gas and more abundant hydroelectric and nuclear power to lower its power rates.

"We now have some of the lowest industrial rates in the country and that is part of our economic development strategy," Lyash said. "Our customers are paying lower rates than a decade ago, which makes an even greater impact on the continued recovery of the regional economy."

In the final three months of 2020, TVA said it helped attract \$2.3 billion in investments and more than 32,100 jobs.

The lower rates and milder weather reduced TVA's operating revenues in the three-month fiscal period by 11% compared with the same period a year earlier. TVA reported net income in the latest fiscal quarter of \$184 million. Although that was down slightly from the \$192 million earned in the same period a year earlier, the

profits were still more than double the \$72 million that TVA projected it would earn during the period in its budget plan for fiscal 2021.

With lower debt and less demand to build expensive new generating capacity, TVA forecasts that it will keep its base electric rates stable for the next decade.

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