

Auction Off the Assets of the Tennessee Valley Authority (TVA)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
-\$5	-\$20	\$100	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$1,075	\$3,575

Heritage Recommendation:

Auction off the assets of the Tennessee Valley Authority (TVA). Not including potential revenue from auctioning assets, this proposal saves \$3.6 billion over 10 years.

Rationale:

The TVA has had 80 years of independence from the oversight, review, and budgetary control of a more traditional federal agency, as well as from the rigors of operating as a private shareholder-owned utility. This lack of effective oversight from either the government or the private sector has resulted in costly decisions, excessive expenses, high electricity rates, and growing liabilities for all U. S. taxpayers.

The TVA has had ample time to reduce debt, reduce operating costs, and reform and fully fund its pension fund. There is little reason to believe that any of these important reforms will be completed by the TVA—it is easier to ask Congress for another increase in the debt ceiling. The most effective way to restore efficiency to the TVA system is to sell its assets via a competitive auction and bring it under the rigors of market forces and public utility regulation.

Additional Reading:

- Ken G. Glozer, “Time for the Sun to Set on the Tennessee Valley Authority,” Heritage Foundation *Backgrounder* No. 2904, May 6, 2014, <http://www.Heritage.org/research/reports/2014/05/time-for-the-sun-to-set-on-the-tennessee-valley-authority>.

Calculations:

Savings derived from 2011 CBO budget options, found on page 20 of CBO, “Reducing the Deficit: Spending and Revenue Options,” March 2011, <http://www.cbo.gov/sites/default/files/03-10-reducingthedeficit.pdf>. The CBO’s estimate provides data for the 2012–2021 period. Because the annual outlays reflect the timing of the transfer (with costs in the initial years and savings in the out years), and because there is no reason to assume a significant change in these costs and savings between 2011 and the present, Heritage analysts directly applied the CBO’s estimated 2011–2021 outlays and savings to the 2016–2025 time period.