THE NICKAJACK DAM
$74 million for a lifetime of cheap power, flood control, and recreation

What is it?
- Tennessee River dam built in mid-1960’s
- Jointly funded by Federal appropriations and corporate bonds
- Upgraded old Hales Bar Dam, providing cheap electrical power, flood control, and recreational space
- Overseen by TVA

What is the TVA?
- Federal agency created in 1933
- Jurisdiction in Tennessee River Basin
- Goals included reducing flood damage, providing cheap electricity
- Not without controversy

Division of costs
- In 1963 TVA Board of Directors requested proposal to build new dam on Nickajack site
- Bureau of the Budget stipulated that costs of power facilities be financed through bonds and power revenues

Division of costs, cont.
- Initially, 12% expected $70 million costs to be attributed to power facilities
- Final costs topped $74 million, with 38% attributed to power facilities

TVA power generation
- Most controversial aspect of TVA because private power companies suffered
- TVA basically sole provider in region, with more than 50 dams
- Among lowest rates in U.S., 1¼¢ per kwh in 1970 (national average > 2¢ per kwh)
- In 1959, ordered to pay back $1 billion plus dividends
Power related cash flows

Non-power cash flows

References