

Tennessee Valley's 2008 Economic Growth Continues

A Tennessee Valley Authority tally of economic growth for fiscal 2008 totals more than \$5.5 billion in the utility's service region that reaches into seven states. While that's close to a record set the year before, TVA Vice President John Bradley said that activity has slowed and "there is a tougher year ahead." Volkswagen's decision to build a \$1 billion auto assembly plant at one of the utility's designated mega sites, Enterprise South in Chattanooga, helped drive the business investment.

The new and expanding businesses totaling more than \$5.5 billion are projected to create 41,620 jobs in the region. TVA budgets \$17 million a year on economic development activities and estimates it generated a record \$5.6 billion in new investment in fiscal 2007. That was a third more than 2006, due largely to investment related to the Toyota plant at Tupelo, Miss. The TVA economic development staff works with state and local governments to recruit businesses to the region and to assist in expanding companies.

Volkswagen was the biggest announcement ever in the region and Bradley said suppliers to the VW plant should continue to expand investment in and around Chattanooga. For instance, near the \$1.3 billion Toyota plant, there were announcements of \$344 million of business investment with 1,200 jobs in 2008, while automotive jobs were being shed elsewhere in the country. "That's a good indication of what could come around the Volkswagen plant," Bradley said. Both the Toyota and Volkswagen plants are being built on industrial sites that a TVA consultant certified as "mega sites" ready for a major automotive plant.

Bradley said business prospects slowed dramatically this fall when the stock market slumped and unemployment rose to a 25-year high. "We're not seeing as many projects, but there are still some significant projects out there across a variety of industries," he said. TVA directors last month approved the Valley Investment Initiative that offers grants to businesses that make capital investments and multiyear commitments to maintain or expand operations.

TVA President, Tom Kilgore said, "As the economy turns we know there will be many businesses that have to make decisions about where to shut down or limit operations and where else they may expand or relocate production." "We want them to keep their operation going here, if they will agree to invest more money. These grants will replace electric rate incentives previously offered by TVA.