



Memorandum from the Inspector General

May 27, 2005

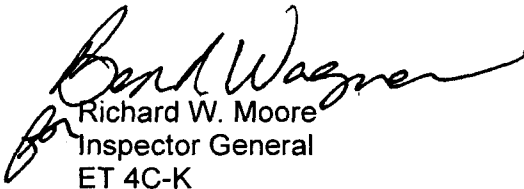
Skila Harris, ET 12A-K  
Bill Baxter, ET 12A-K

**AUDIT 2005-037F – REVIEW OF TENNESSEE VALLEY AUTHORITY'S FISCAL YEAR  
2005 SECOND QUARTER FINANCIAL INFORMATION**

The Tennessee Valley Authority (TVA) contracted with the independent certified public accounting firm of PricewaterhouseCoopers LLP (PwC) to perform a review of TVA's interim financial information for the second quarter of fiscal year 2005 in accordance with *Government Auditing Standards*, which incorporate financial audit and attestation standards established by the American Institute of Certified Public Accountants. The objective of PwC's review was to provide a basis for communicating whether any material modifications should be made to the interim financial information for conformity with generally accepted accounting principles. The review was substantially less in scope than would be required for the expression of an opinion on the financial statements taken as a whole. Accordingly, PwC's review of TVA's interim financial information did not provide a basis for expressing an opinion on TVA's financial statements.

Under the Inspector General Act, the Inspector General is responsible for taking appropriate steps to assure any work performed by nonfederal auditors, including PwC, complies with *Government Auditing Standards*. In keeping with these responsibilities, the Office of the Inspector General (OIG) conducted an audit to determine whether PwC performed its review in conformity with *Government Auditing Standards*. We reviewed documentation of analytical procedures and inquiries performed by PwC, attended key meetings during the review, and performed other procedures as we deemed appropriate under the circumstances. Our review was performed in accordance with *Government Auditing Standards*.

In summary, our review disclosed no instances where PwC did not comply, in all material respects, with *Government Auditing Standards*. PwC was not required to, and did not, issue a report on the results of its review; however, communications required by *Government Auditing Standards* were made by PwC to appropriate parties, including TVA's Board, OIG, and Chief Financial Officer.

  
Richard W. Moore  
Inspector General  
ET 4C-K

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cc: See page 2

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Page 2  
May 27, 2005

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