



**Office of the Inspector General**

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Richard W. Moore  
Inspector General

December 12, 2007

The Honorable Robert M. Duncan  
Tennessee Valley Authority Board of Directors  
Republican National Committee  
310 First Street, SE  
Washington, DC 20003

Dear Mr. Duncan:

**AUDIT 2007-11133 – REVIEW OF PRICEWATERHOUSECOOPERS' AUDIT OF THE  
TENNESSEE VALLEY AUTHORITY FISCAL YEAR 2007 FINANCIAL STATEMENTS**

The Tennessee Valley Authority (TVA) contracted with the independent certified public accounting firm of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) to audit the balance sheets as of September 30, 2007 and 2006, and the related statements of income, changes in proprietary capital, and cash flows for each of the three years in the period ended September 30, 2007. The contract required the audit be done in accordance with generally accepted government auditing standards.

Under the Inspector General Act, the Inspector General (IG) is responsible for taking appropriate steps to assure that any work performed by nonfederal auditors, including PricewaterhouseCoopers, complies with generally accepted government auditing standards. The Chief Financial Officers Act also places responsibilities on the IG regarding TVA's annual financial statement audit. In keeping with these statutory responsibilities, the TVA Office of Inspector General reviewed PricewaterhouseCoopers' reports and related audit documentation, interviewed their representatives, and performed such other procedures as we deemed appropriate in the circumstances to provide reasonable assurance the audit was performed in accordance with generally accepted government auditing standards.

The objective of our review was not intended to enable us to express, and we do not express, an opinion on the TVA's financial statements or on management's conclusions about the effectiveness of its system of internal control. PricewaterhouseCoopers is responsible for the auditor's reports dated December 10, 2007, and the conclusions expressed in the reports. However, our review disclosed no instances where PricewaterhouseCoopers did not comply, in all material respects, with generally accepted government auditing standards. Our review was performed in accordance with generally accepted government auditing standards.

Very truly yours,

(for) Richard W. Moore

RLT:SDB  
cc: See page 2

The Honorable Robert M. Duncan  
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cc: The Honorable Donald R. DePriest  
Tennessee Valley Authority Board of Directors  
206 8<sup>th</sup> Street, North  
Columbus, Mississippi 39701

Mr. Michael A. Herman  
PricewaterhouseCoopers LLP  
One North Wacker, 14th Floor  
Chicago, Illinois 60606

The Honorable Susan Richardson Williams  
Tennessee Valley Authority Board of Directors  
SRW & Associates  
137 S. Gay Street  
Knoxville, Tennessee 37902

Kimberly S. Greene, WT 7B-K  
Peyton T. Hairston, Jr., WT 7B-K  
John M. Hoskins, WT 7B-K  
Tom D. Kilgore, WT 7B-K  
Randall P. Trusley, WT 4B-K  
OIG File No. 2007-11133



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