



Office of the Inspector General

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

Richard W. Moore
Inspector General

December 11, 2008

The Honorable Thomas C. Gilliland
Tennessee Valley Authority Board of Directors

Dear Mr. Gilliland:

AUDIT 2008-12076 – REVIEW OF PRICEWATERHOUSECOOPERS' AUDIT OF THE TENNESSEE VALLEY AUTHORITY RESTATEMENT OF FISCAL YEARS 2006 AND 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 of cash flows for the years then ended. 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 the 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 November 21, 2008, 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 for attestation engagements.

Very truly yours,

Richard W. Moore

The Honorable Thomas C. Gilliland
Page 2
December 11, 2008

cc: Mr. Allan Crawford III
PricewaterhouseCoopers LLP

The Honorable Robert M. Duncan
Tennessee Valley Authority Board of Directors

The Honorable Howard A. Thraikill
Tennessee Valley Authority Board of Directors

Kimberly S. Greene, WT 7B-K
Peyton T. Hairston, Jr., WT 7B-K
John M. Hoskins, WT 4C-K
Tom D. Kilgore, WT 7B-K
John M. Thomas III, WT 4B-K
OIG File No. 2008-12076