

Note: This letter was also sent to Donald R. DePriest and Susan Richardson Williams



Office of the Inspector General

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

Richard W. Moore
Inspector General

December 18, 2006

Mr. Robert M. Duncan
Chairman and CEO
Community Holding Company
Inez Deposit Bank
205 Main Street
P.O. Box 365
Inez, Kentucky 41224

Dear Mr. Duncan:

**AUDIT 2006-040F – REVIEW OF PRICEWATERHOUSECOOPERS’ AUDIT OF THE
TENNESSEE VALLEY AUTHORITY FISCAL YEAR 2006 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, 2006 and 2005, 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, 2006. 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 of 1990 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 14, 2006, 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,

A handwritten signature in black ink that reads "Richard W. Moore". The signature is written in a cursive, flowing style.

Richard W. Moore

cc: Mr. Donald R. DePriest
206 8th Street North
P.O. Box 1076
Columbus, Mississippi 39701

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OIG File No. 2006-040F