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April 6, 2005

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549-0609

Dear Mr. Katz:

Subject: File No. 4-497

Duke Energy Corporation appreciates the opportunity to provide a response regarding Securities & Exchange Commission (SEC) file number 4-497 regarding implementation of Sarbanes-Oxley internal control provisions.

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and unregulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in the Americas.

Duke Energy fully supports the spirit and intent of the Sarbanes-Oxley Act. Our company believes a platform of strong internal controls is one of the foundations that provide value to our shareholders, employees and the investing public. While the full implementation of the provisions of the Sarbanes-Oxley Act in 2004 was much more costly and time-consuming than we could ever have anticipated, the Sarbanes-Oxley 404 effort identified a number of areas for improvements which have and will enhance our internal controls over financial reporting. Process owners have become more knowledgeable about the Company's significant processes and controls, and our control environment has consequently improved.

We encourage the SEC to consider refinements to the process which will alleviate some of the continuing cost and resource burden on affected companies. The following areas are suggested for review by the SEC and PCAOB for potential future enhancement:

- Modifying the requirements for certain registrants who are wholly-owned subsidiaries of a parent registrant who fully complies with the requirements of Sections 302 and 404 of the Sarbanes-Oxley Act. Any incremental value associated with the additional documentation and testing burden of requiring such wholly-owned subsidiaries to separately comply with Sarbanes-Oxley section 404 is not commensurate with the effort and cost involved. Given that the parent fully controls the operations of its subsidiaries, requiring separate compliance and certification under Sarbanes-Oxley 404 provides no value to the parent owner and no substantive value to the debt holders of those registrants.

- To avoid costly and unnecessary duplication of effort, the SEC and PCAOB should modify Accounting Standard No. 2 to allow external auditors to place greater reliance on the work of the internal audit function. It should not be necessary for the external auditor to duplicate the work already performed by a fully competent and independent internal audit staff.
- Evaluate the potential for rotating certain tests of controls over a reasonable period of time (e.g. 3 years for low risk areas). If there have been no significant changes to the controls in question and the controls have previously been shown to operate effectively, such controls should be required to be tested only on a periodic basis. This would allow more focus on proactive anti-fraud programs which would protect shareholder interests more effectively.
- Provide additional guidance as to how interim and annual materiality thresholds are to be applied. We suggest that materiality be determined on an annual basis consistent with the annual assessment and attestation requirement.
- Allow companies to consult with their external auditors on issues related to compliance with GAAP, accounting treatments, disclosures, etc. without jeopardizing the independence of the external auditor with respect to their audit of internal controls.

While the above items represent the most significant concerns we have identified, we also encourage the SEC and PCAOB to carefully consider the response submitted by the Edison Electric Institute on our industry's behalf, as well as the response submitted by the Committee of Corporate Reporting of Financial Executives International, of which the Company is a member.

Again, thank you for the opportunity to offer our comments regarding our experience in implementing Sarbanes-Oxley internal control provisions. If you have any questions or require additional information, please contact Keith Butler, Vice President and Controller at (704) 382-8681 or John Arensdorf, General Manager, Internal Controls at (704) 382-5087.

Sincerely,



David L. Hauser