

DUKE CAPITAL LLC  
526 S. Church Street  
Charlotte, NC 28202

November 2, 2005

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-9303

Reference: File No. S7-06-03

Dear Mr. Katz:

Duke Capital LLC (“Duke Capital”) is a wholly-owned subsidiary of Duke Energy Corporation (“Duke Energy”). 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 Capital is providing these comments pursuant to the SEC’s request for comments on the issue of the timing and substance of filings under Sarbanes-Oxley Section 404 for non-accelerated filers.

Duke Capital recognizes and affirms its responsibility to maintain effective internal controls over financial reporting. While we are committed to maintaining these controls, Duke Capital believes the SEC should grant a permanent exemption from the independent auditor’s attest requirement under Sarbanes-Oxley Section 404 and Regulation S-K for registrants [with investment grade debt] 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 and the SEC’s rules and regulations thereunder.

As a wholly-owned subsidiary of Duke Energy, Duke Capital has no public shareholders, no market capitalization and no public float. The incremental value, if any, of having Duke Capital separately comply with the independent auditor attest requirement is not commensurate with the incremental costs to comply. Separate compliance and independent auditor attestation would be very expensive for Duke Capital and would produce no value to our sole shareholder, Duke Energy. Duke Capital’s public debt holders will have the protections intended by Sarbanes-Oxley through the attest of Duke Energy since Duke Capital is a significant part of Duke Energy. In addition, all of Duke Capital’s debt is rated investment grade.

As a wholly-owned subsidiary of Duke Energy, our internal controls over financial reporting already have been tested extensively in connection with the work done to allow Duke Energy to fully comply with Sarbanes-Oxley in 2004. In most instances we operate under and are subject

to the same internal controls which govern our parent. Our Entity Level Controls are substantially identical to our parent's.

We, the management of Duke Capital, believe that with limited additional work, the level of testing of our internal controls over financial reporting performed in connection with compliance and certification by Duke Energy, our parent, would allow us to opine on the effectiveness of internal controls over financial reporting at Duke Capital. However, as the rules are currently being interpreted and applied, we believe our independent auditor would require us to significantly increase the scope of work before they would be willing to sign off on our SOX 404 process. We would be testing the same processes, just at a different level of materiality. That additional work and the additional testing by our independent auditors would be very expensive and would produce limited, if any, additional value to our sole shareholder and public debt holders. Although the incremental cost is difficult to quantify, we believe a conservative estimate of the incremental costs of complying with the attest function would be between \$500,000 and \$1 million.

For these reasons, we believe the SEC should grant a permanent exemption from the independent auditor's attest requirement under Sarbanes-Oxley 404 and Regulation S-K for registrants [with investment grade debt] who are wholly-owned subsidiaries of a registrant who is in full compliance with Sections 302 and 404 of the Sarbanes-Oxley Act and the SEC's rules and regulations thereunder.

Sincerely,

/s/ David L. Hauser

David L. Hauser  
President

/s/ Steven K. Young

Steven K. Young  
Chief Financial Officer and Controller