



FIFTY  
YEARS  
OF  
SERVICE

1993  
SANTOS  
COOPER  
ANNUAL  
REPORT

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## CONTENTS

Corporate Statistics	3
Comparative Highlights	6
Executive Report	7
Energy Sales	13
Our Mission	14
50-Year Perspective	
Thursday	15
Today	33
Tomorrow	43
1992 in Review	53
Report of Independent Auditors	63
Financial Statements	64
Audit Committee Chairman's Letter	79
Schedule of Bonds Outstanding	80
Schedule of Refunded Bonds Outstanding	83
Senior Cooper Honors Walter T. Cox	85
Board of Directors, Advisory Board, Management	86



## James Cooper

1990



**8** As part of Ingersoll's commitment to protecting and improving our environment, this annual report was printed on recycled paper. We urge you to recycle this paper when you have finished with it.

James Brown is a black nationalist, getting  
 more black people interested in the  
 civil rights issue. In 1959, with the  
 founding of the Black Panther Party,  
 the Black Movement in America began.

Enbridge Energy guarantees the power delivered by 15 of the units; 20 electric companies in more than 125,000 customers located in 25 states, and it supplies power to 29 large industries, the cities of Houston and Georgetown, and three primary institutions at University and North Shore.

The mill has four generating turbines in South Carolina; Johnson Station in Florida; Cooper, Coon Station in Iowa; Wright Station in Georgetown, and Granger Station in Kansas. Santa Cooper also has construction under way on a Hydro-Electric and Steam Plant located on a small tributary creek of the North Fork Coon. The public utility has a one-third ownership in H.C. Sawyer Electric Station near Portland.

These days, however, many  
companies are making  
plans to provide the same level  
of service to their customers.

Santee Cooper

# 50

Years of Service

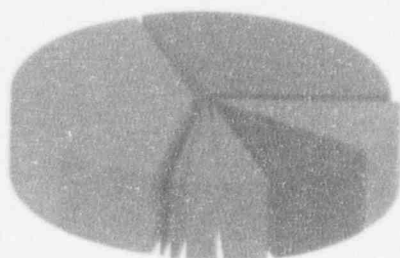
Santee Cooper is proud to celebrate 50 years of service operating for the benefit of the people of South Carolina. Over this half-century, this has been accomplished:

- *Through our production and distribution of low-cost electric power*
- *Through the economic development activities in our service area and across the state*
- *Through the protection and improvement of our environment*
- *Through outreach to the communities where we serve*

This annual report provides a unique perspective of Santee Cooper. It chronicles a half-century of service, describes current activities and progress, and peers into the future through an examination of major challenges and opportunities.

The report is a confirmation of Santee Cooper's continuing commitment of improving the quality of life for the people of South Carolina.





#### SOURCES OF INCOME

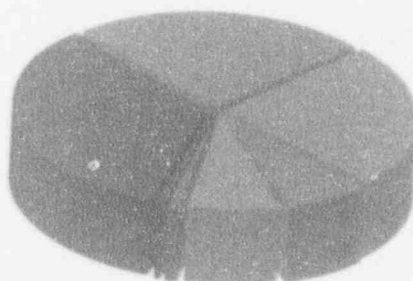
In Thousands

Sales to Electric Co-ops	\$236,941	41.52%
Industrial Sales	173,278	30.43%
Commercial Sales	57,994	10.18%
Residential Sales	56,958	10.00%
Other Income	22,622	3.97%
Other Sales for Resale	14,977	2.63%
Other Electric Revenue	5,153	.90%
Public Street Lighting and Other	2,077	.37%

#### DISTRIBUTION OF INCOME

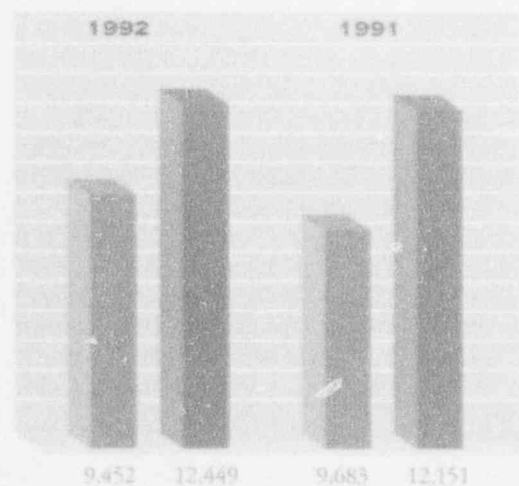
In Thousands

Fuel and Purchased Power	\$194,102	34.09%
Interest	140,487	24.67%
Operation and Maintenance	137,916	24.21%
Retirement of Debt	45,114	7.92%
Additions to Plant, Inventories, Etc.	43,908	7.71%
Payment to State	5,815	1.02%
Sums in Lieu of Taxes	2,158	.38%



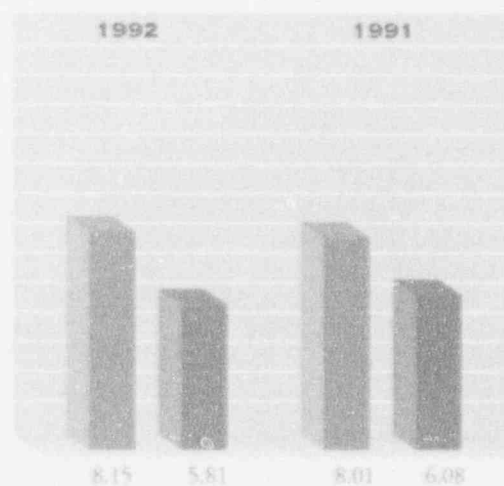
#### AVERAGE RESIDENTIAL CONSUMPTION

In Kilowatt-hours



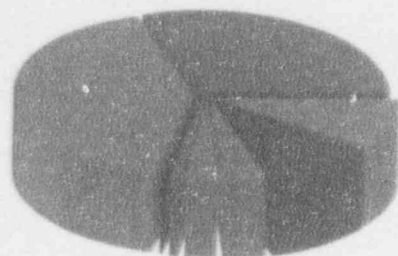
#### AVERAGE RESIDENTIAL COST

Cents Per Kilowatt-hour



National Average

Santee Cooper



#### SOURCES OF INCOME

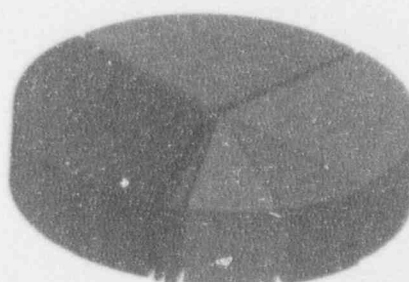
In Thousands

Sales to Electric Co-ops	\$286,441	41.52%
Industrial Sales	173,273	30.43%
Commercial Sales	57,994	10.18%
Residential Sales	56,958	10.00%
Other Income	22,622	3.97%
Other Sales for Resale	14,977	2.63%
Other Electric Revenue	5,153	.90%
Public Street Lighting and Other	2,077	.37%

#### DISTRIBUTION OF INCOME

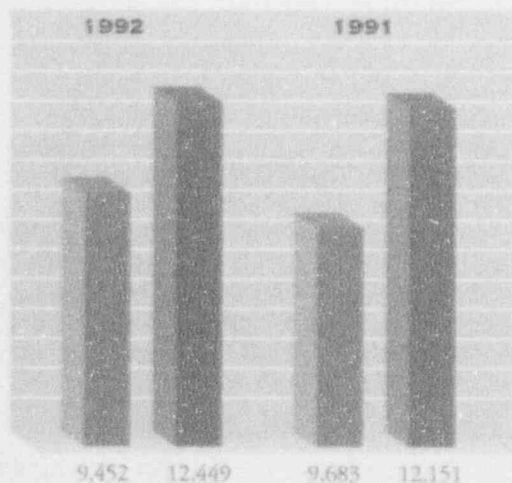
In Thousands

Fuel and Purchased Power	\$194,162	34.09%
Interest	140,487	24.67%
Operation and Maintenance	137,916	24.21%
Retirement of Debt	45,114	7.92%
Additions to Plant, Inventories, Etc.	43,908	7.71%
Payment to State	5,815	1.02%
Sums in Lieu of Taxes	2,158	.38%



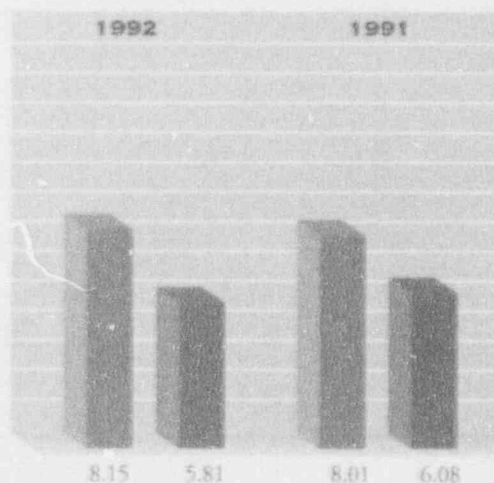
#### AVERAGE RESIDENTIAL CONSUMPTION

In Kilowatthours



#### AVERAGE RESIDENTIAL COST

Cents Per Kilowatthour



National Average



Santee Cooper

## COMPARATIVE HIGHLIGHTS

Calendar Year	1992	1991	% Change
FINANCIAL (Thousands of Dollars)			
Total Revenues & Income	\$ 569,500	\$ 591,932	(3.79)
Total Expenses & Interest Charges	563,936	575,428	(2.00)
Other	24,153	24,464	(1.27)
Reinvested Earnings	\$ 29,717	\$ 40,968	(27.46)
Debt Service Coverage	1.35 times	1.37 times	(1.46)
Debt / Equity Ratio	80/20	78/22	—
STATISTICAL			
Retail Customers Served	94,215	92,276	2.10
Average Annual Residential Consumption (KWH)	12,449	12,151	2.45
Average Residential Cost (cents per KWH)	5.81	6.08	(4.44)
Energy Sales (MWH)	14,032,641	13,597,271	3.20
Territorial Peak Demand (MW)	2,620	2,571	1.91

# CORPORATE STATISTICS

Calendar Year	1992	1991	1990	1989	1988
Total Utility Plant-Net Including Nuclear Fuel (at year end) (in thousands of dollars)	2,015,526	1,852,471	1,786,059	1,761,109	1,747,021
Bonded Indebtedness (at year end) (in thousands of dollars)	2,569,010	2,237,729	1,937,721	1,950,665	1,966,307
Operating Revenues (in thousands of dollars)					
Residential	56,958	56,884	54,356	55,236	53,760
Commercial	57,994	58,064	56,156	55,039	53,931
Public Street Lighting & Other	2,077	2,010	1,904	2,001	1,914
Industrial	173,278	184,707	182,662	182,453	178,340
Wholesale	251,418	256,071	252,988	254,849	212,363
Miscellaneous	5,153	4,842	5,914	5,216	4,640
Total	546,878	562,578	553,980	554,794	504,948
Operating & Maintenance Expenses Charged to Operations (in thousands of dollars)	332,018	344,320	341,743	342,009	295,109
Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)	3,643	3,364	3,426	3,449	3,196
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	5,816	5,640	5,629	5,366	4,091
Net Operating Revenues Available for Debt Service (in thousands of dollars)	235,324	245,706	233,179	235,147	233,136
Reinvested Earnings (in thousands of dollars)	29,717	40,968	40,001	43,492	43,259
Debt Service Coverage: Priority Obligation & Expansion Bonds	1.74	1.74	1.60	1.62	1.60
Kilowatthour Sales (in thousands)					
Residential	981,163	935,650	900,626	863,026	840,387
Commercial	1,113,505	1,062,371	1,027,319	976,504	959,489
Public Street Lighting & Other	40,642	36,304	34,939	35,180	32,318
Industrial	5,502,276	5,474,394	5,533,130	5,196,833	5,399,795
Wholesale	6,395,055	6,088,552	6,052,241	6,249,916	5,058,358
Total	14,052,641	13,597,271	13,548,255	13,321,459	12,290,347
Number of Customers (at year end)					
Residential	78,671	76,824	74,922	70,497	70,881
Commercial	15,250	15,158	14,950	14,759	14,688
Public Street Lighting & Other	294	294	298	286	305
Industrial	32	32	34	34	30
Wholesale	5	5	6	6	5
Total	94,252	92,313	90,210	85,582	85,909
Residential Statistics (average) Kilowatthour					
Consumption/Customer	12,449	12,151	12,071	11,885	11,918
Cents/Kilowatthour	5.81	6.08	6.04	6.40	6.40
Generating Capability (at year end) (megawatts)	2,780	2,780	2,780	2,780	2,780
Power Requirements and Supply (kilowatthours in millions)					
Generation:					
Hydro	556	598	548	545	280
Steam	10,843	11,233	11,006	11,152	10,592
Combustion Turbine	—	1	3	22	9
Nuclear	2,499	1,776	2,031	1,801	1,680
Total	13,898	13,608	13,588	13,520	12,561
Purchases, Net Interchanges, Etc.	568	543	483	373	199
Total	14,466	14,151	14,071	13,893	12,760
Territorial Peak Demand (megawatts)	2,620	2,571	2,508	2,707	2,263

With that first flow of power delivered in 1942 to a national defense customer in Charleston, Santee Cooper began fulfilling its commitment to operate an electrical system that would provide reliable service, efficient operations and low power costs, and would become a yardstick with which to measure the economy, efficiency, and effectiveness of other utility operations in South Carolina.

By all standards of measurement, Santee Cooper has maintained that commitment. In doing so, it has stimulated economic growth and provided numerous services to improve the quality of life for the people of South Carolina. Santee Cooper has not only accomplished its original mission but has expanded it to respond to the continuously growing, changing needs of this state.

This report takes a look at Santee Cooper's progress during the past year and provides a chronicle of its service to customers and the people of this state during its first 50 years of operation. It also peeks into the future from the perspective of Santee Cooper's executive management team.

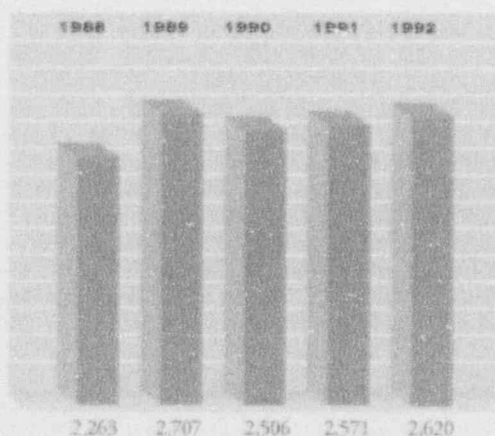
During 1992, South Carolina felt the tightening squeeze of an economy that did not produce the flow of tax revenues needed to sustain the state's projected budget. This revenue shortfall was the major factor in precipitating proposals to sell Santee Cooper.

As South Carolina struggled to make ends meet, the state's somewhat stressed economy was sustained by a diversified work force and the state's third best year in terms of announced plans for economic growth. During the year, 665 industries announced plans for construction or expansion, representing \$2.9 billion in new investments. When fully operational, these industries will bring the addition of 15,313 new jobs to the state. While there were significant layoffs due to the economic slowdown, South Carolina's total employment increased by about 6,000 jobs. Seasonally adjusted unemployment at year's end was 5.6 percent, the lowest in two years. This compares to the national average of 7.3 percent.

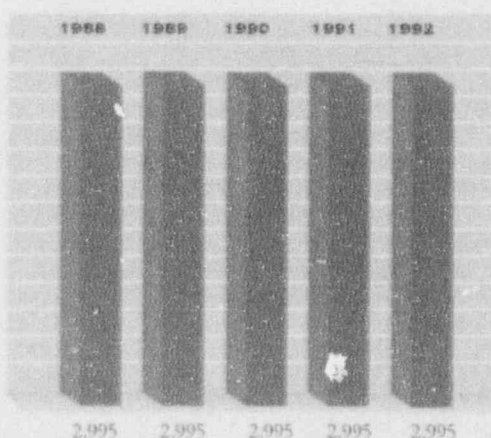
The state's economy began to show strong signs of rejuvenation from its sluggish state. Its biggest boosts came with the announcements of several foreign industrial investments. German automaker BMW announced it will build its first U.S. manufacturing plant in the Upstate. The \$500 million facility will employ more than 2,000 people by the end of the decade.

Another German company made a major expansion in the Lowcountry.

**PEAK DEMAND** in Megawatts



**CAPACITY** in Megawatts





**ON FEBRUARY 19, 1992**, a solid-state electrical relay switch was engaged by Santee Cooper officials at the Jefferies Hydro Station, restarting Unit No. 2 and celebrating a half-century of service to the people of South Carolina.

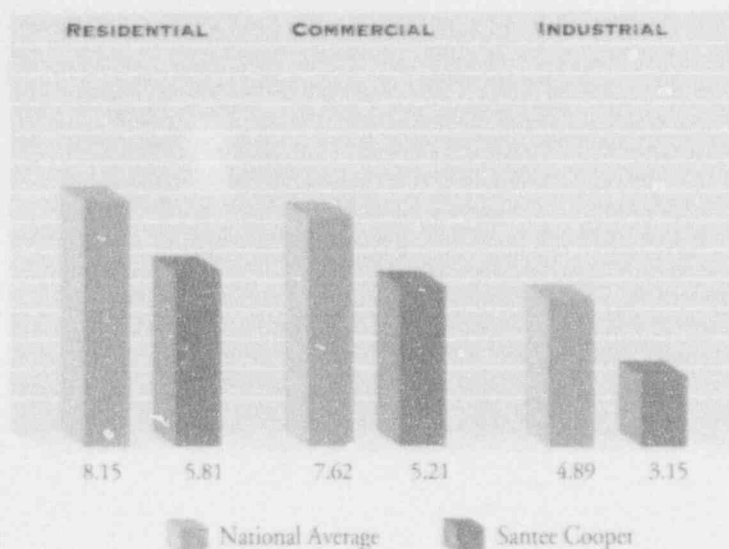
It is ironic that when a wooden-handled, double-pole, double-throw switch was thrown in the same location to start up that same unit for the first time exactly 50 years earlier, there were political opponents in South Carolina who questioned the need for public power and the very mission and necessity of Santee Cooper.



Today, modern antagonists rehash many of those original anti-public power arguments as they assert that Santee Cooper's mission has been completed and now is the time to sell one of South Carolina's most valuable resources. But, Santee Cooper's record of performance and service speaks for itself. Based on its performance and service and the value of Santee Cooper to South Carolina's future, the members of our state's General Assembly can most capably determine what are in the best interests of the people of this state.

## RATES

Cents Per Kilowatthour Compared with Utilities  
Based on the National Average



Miles Inc., a subsidiary of Bayer AG, a chemical and pharmaceutical giant, announced plans to build its first synthetic fiber plant in North America in Berkeley County. The \$140 million plant will be constructed in 1993 adjacent to its \$100 million Agfa film production plant already under construction. And in Florence County, Hoffman-LaRoche Corp., another pharmaceutical giant, broke ground for a \$500 million plant that will initially employ 200 workers.

Other economic advancements included the first flow of Santee Cooper power to the \$300

million Nan Ya Plastic firm in Florence and Williamsburg counties. When fully operational, this company will employ about 500 workers and will be provided electrical service by Santee Electric Cooperative.

Santee Cooper responded to the state's slowed economy by tightening its budget, improving operating efficiency, and expanding its service.

The budget was trimmed by streamlining corporate procedures, improving procurement of fuels and other materials, and increasing operating efficiencies in power production.

Operating efficiencies in power production were increased through improvements in heat rates and modifications and redesign of existing generating units.

A major new public service was introduced with the approval by the board of directors for construction of the \$36 million Santee Cooper Regional Water System.

As the economic restraint of cautious consumers loosened, moderate increases were experienced in the power generated and sold, peak demand, and customers served. Due to fuel-cost reductions and mild weather, however, the rate of increases were less for gross revenues and reinvested earnings. Kilowatthour sales of electricity increased 3.20 percent and peak demand for power increased 1.91 percent.

The steady increases in energy sales and projected load growth validated the wisdom of the decision made by the Santee Cooper Board of Directors in January 1990 to construct a second unit at Cross Generating Station as the most economical method to meet the increased power demands projected for 1995 and beyond. Construction on that unit, planned for completion in late 1994, continued on schedule and under budget.

At 3.86 cents per kilowatthour, the average cost of power for Santee Cooper customers remained the lowest in South Carolina and among the lowest in the Southeast. This is one of the most meaningful measurements of Santee Cooper's sustained and successful mission accomplishment.

Any measurements of performance in terms of quality of service or fulfillment of mission show Santee Cooper to be one of the best run, most efficient utilities in the country. This is obvious in examining all aspects of the company's operations over the past year or for the past half century.

Projections are for increased retail and industrial growth, improved customer service, and a continuing commitment to protect and improve the environment. In doing so, Santee Cooper is fulfilling and expanding its corporate mission for the benefit of the people of South Carolina.

### ENERGY

In 1992, energy sales totalled 14.03 billion kilowatthours of electricity, an increase of 435 million KWH over last year. Peak demand for 1992 reached 2,620 megawatts, compared to 2,571 MW in 1991. Due to extremely mild weather conditions, heating and cooling degree days for the year decreased 5.27 percent from 1991.

In terms of energy consumption, Santee Cooper experienced increases of 4.86 percent by residential customers, 4.81 percent by commercial customers, 5.57 percent by Central Electric Power Cooperative, and a decrease of 0.48 percent by the municipalities of Bamberg and Georgetown. Industrial sales inched up 0.51 percent. Growth in the number of customers was steady. A total of 1,847 residential and 92 commercial customers was added, which represents increases of 2.40 and 0.61 percent, respectively.

### OPERATIONS

Construction progressed on Unit 1 of the Cross Generating Station, a 540-megawatt coal-burning companion to Unit 2 which went on line in 1984. Unit 1 is scheduled to begin operations by late 1994. Refinements in the construction schedule and procurement of equipment resulted a reduction in total projected costs for the unit from \$552.74 million to \$484 million.

Contracts were signed with four local municipal water entities which joined as partners in the Lake Moultrie Water Agency and in the construction and operation of the new Santee Cooper Regional Water System, scheduled to begin service in late 1994. The project will include an intake from Lake Moultrie and treatment plant capable of ultimately providing up to 100 million gallons of water per day.

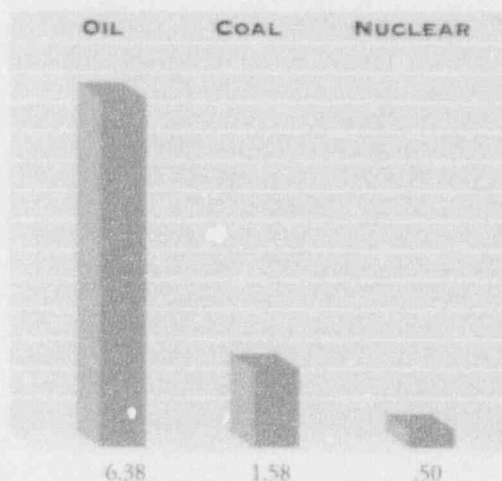
This regional water system will provide an economical, high quality supply of water for the South Carolina Lowcountry to meet the area's needs and support economic growth well into the next century. Truly, Santee Cooper is with water today where it was with electricity 50 years ago.

### ECONOMIC DEVELOPMENT

Tourism maintained its number two position among the state's largest industries and its dominance in the Santee Cooper service area. In contrast to the state's overall economy, business and industrial growth in Santee Cooper's service territory increased at a higher rate.

### FUEL GENERATING COST

Cents per Kilowatthour



Economic growth remained steady in the areas served by Santee Cooper and the Central Electric Power Cooperative System for which it generates power. During the past year, nine industrial firms announced new facilities and expansions within the 35-county electric cooperative service area. Those announcements represent future capital investments in excess of \$30 million and more than 350 new job opportunities.

Through the efforts of Palmetto Economic Development Corp., which has coordinated the joint economic development efforts for Santee Cooper and the Central system since 1988, there have been 35 new industries, representing \$884 million in investments and 2,675 new jobs announced in the service areas served by Santee Cooper and the electric cooperatives.

#### **FINANCE**

Successful financial management helped maintain Santee Cooper's competitive edge in 1992. Total savings in long-term financing of more than \$28 million were realized over the life of \$158,795,000 of outstanding bonds which were advance refunded. Average annual savings over the life of the new bonds will be approximately \$989,000.

Total revenues were \$546,878,000, down 2.79 percent from 1991, and electric operating expenses declined 1.87 percent to \$410,686,000. Reinvested earnings were \$29,717,000, down 27.46 percent from 1991. The primary factor in the decline of revenues, expenses, and reinvested earnings was a decline in fuel adjustment revenues due to lower coal prices this year compared to 1991. Fuel expenses were down 8.70 percent but other production expenses and depreciation expenses increased. The increase in other production operating and maintenance expenses was due primarily to a refueling outage in 1991 for Summer Nuclear Station. Expenses during this outage were accrued during the 15 months prior to the outage, thereby lowering expenses in 1991. There was no refueling outage in 1992.

Santee Cooper continued to provide the lowest cost electricity in the state and does not anticipate any rate increase until April 1994, its first in nine years. According to data provided by the Federal Energy Regulatory Commission, Santee Cooper's retail customers are equal or more frugal and energy conscious when compared to other utility customers in the state.

Santee Cooper's financial stability was maintained, with revenue bond ratings of A-1 with Moody's and A+ with Standard & Poor's and Fitch Investors Services. Santee Cooper maintained a debt service coverage of 1.37 times.

Santee Cooper Mini-Bonds continued to be in high demand by customers and South Carolina residents, who invested a record \$39.2 million in the issue. This brought the total sold since first offered in 1988 to \$121.9 million.

#### **ENVIRONMENT**

Protecting and improving our environment remains a constant challenge and a major corporate commitment for Santee Cooper. This is being accomplished through a variety of environmental outreach programs. These included sponsorship of a statewide environmental essay contest for seventh graders, presentation of environmental scholarships to students from 19 of the state's colleges and universities, supporting Clemson University's 4-H Outdoor Adventure Camp, and a program for nine summer interns which emphasized environmental programs and activities.

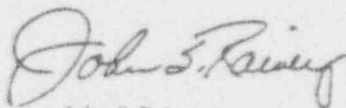
Santee Cooper was honored twice for its environmental stewardship and leadership during the past 14 months. The South Carolina Wildlife Federation named Santee Cooper *Industrial*

*Conservationist of the Year* in January 1992, and in February 1993, the South Carolina Waterfowl Association honored Santee Cooper with its *1993 Wildlife Conservator of The Year* award. An additional honor for Santee Cooper is the election of its board chairman to the board of directors of the National Wildlife Federation.

One of the major environmental services provided was through expansion of Santee Cooper's statewide Give Oil For Energy Recovery or GOFER program. There were over 175,000 gallons of used motor oil collected from the public from 172 GOFER sites during the year, which converted into 31 million kilowatthours of electricity, enough to meet the annual needs of about 250 average residential homes. Almost one-quarter million gallons of used motor oil have been collected since the program's inception on Earth Day in 1990.

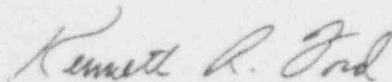
"50 Years of Service...for the benefit of the people of South Carolina" is the theme of this annual report. In addition to a description of progress experienced during the past year, featured perspectives examine Santee Cooper's 50-year history and present operations in terms of its mission and service through efficient operations, environmental responsibility, and community outreach. A perspective on Santee Cooper's future provides an examination by executive staff members of the major challenges and changes anticipated for Santee Cooper during the next decade.

As Santee Cooper looks proudly upon its first 50 years of service to the people of South Carolina, our greatest challenge is to always meet and exceed the mission defined for this corporation in the enabling legislation enacted by the General Assembly in 1934. As new challenges and needs for this state are defined, we must respond with commitment to provide efficient operations, effective management, resourceful financing, and quality service. This will ensure that we always operate in the best interest of this state as directed by our original charter "...for the improvement of the health and welfare and material prosperity of the people of South Carolina."



John S. Rainey

Chairman, Board of Directors



Kenneth R. Ford

President and Chief Executive Officer

## ENERGY SALES

At the end of 1992, Santee Cooper was serving 94,215 residential, commercial, and other retail customers located in Berkeley, Horry, and Georgetown counties. This was an increase of 1,939 or 2.10 percent over 1991. Of this increase, 1,847 were residential and 92 were commercial. There was no change in public street lights and other.

Sales to these retail customers were 2,135 gigawatthours, up 4.96 percent over the previous period.

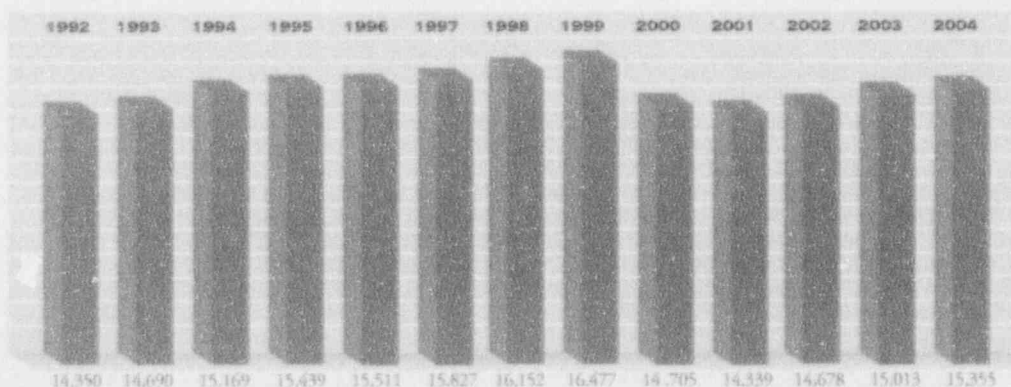
The average annual consumption of electricity by Santee Cooper residential customers increased to 12,449 kilowatthours, 2.45 percent more than 1991.

Industrial's were 5,502 gigawatthours, up 0.51 percent over the previous year. The average cost of power to industrial customers was 3.15 cents per kilowatthour, 6.53 percent less than in 1991 and 33.13 percent lower than the national average.

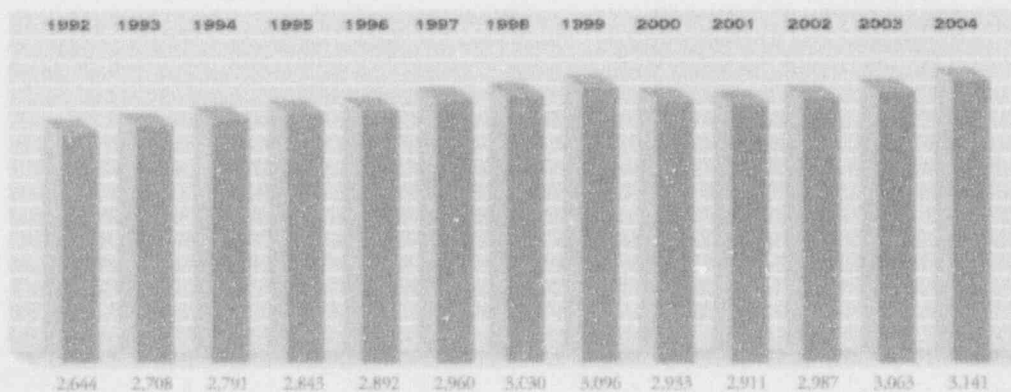
Sales to Central Electric Power Cooperative, Inc. to its 15 member co-ops increased 4.21 percent to 6,162 gigawatthours. Central is Santee Cooper's largest single customer. The electric cooperatives distribute power to more than 325,000 customers in 35 counties.

Sales to the municipalities of Bamberg and Georgetown decreased 0.48 percent.

**TOTAL ENERGY SALES** in Gigawatts



**TOTAL PEAK DEMAND** in Megawatts



## OUR MISSION

The mission of Santee Cooper is to be the state's leading resource for improving the quality of life for the people of South Carolina.

This shall be accomplished by providing reliable and affordable energy, water, waste utilization, and economic development services.

It must be achieved in a manner which protects our environment and is economically beneficial to Santee Cooper and the people of South Carolina.

Our success depends on operating according to the highest ethical standards, providing excellent customer service, and maintaining effective employee involvement.

50th Anniversary

50

YESTERDAY



## THE 1940S

*February 1942.* The world was at war. The United States of America entered World War II soon after Japanese forces launched a surprise attack on the U.S. Navy base at Pearl Harbor on December 7, 1941. During the early days of 1942, U.S. troops, ill prepared for combat, took a beating, adding to the despair of a nation that had already suffered over a decade of grueling economic depression.

For most of the people living in rural South Carolina, February 17, 1942, passed without fanfare. But on that day, Santee Cooper irrevocably changed the course of those lives forever. The dream of harnessing the Santee and Cooper rivers for power generation and inland navigation had finally become a reality.

Achieving that dream had not been easy. In order to receive New Deal dollars, the South Carolina Public Service Authority was established by an act of the General Assembly in 1934. Through the Santee-Cooper Hydroelectric and Navigation Project, the Authority hoped to improve navigation between Columbia and the coast, as well as cheaply produce electricity for the poverty stricken rural areas of the coastal plains.

The following year, the Rural Electrification Administration was established by executive order and President Franklin D. Roosevelt personally approved funding for the Santee Cooper Project. But the project met many legal challenges from private power companies that delayed the dream for more than four years. Finally on May 23, 1938, the U.S. Supreme Court cleared the way for the project to begin. By autumn, construction was underway on what would become the largest earth moving project in U.S. history.

On February 17, 1942, gates were opened, releasing water into the draft tubes for Unit 2 at the Pinopolis Power Plant, and Santee Cooper generated its first electricity. By July, all five units at the plant were in service furnishing electricity to two key defense industries in Charleston—the Pittsburgh Metallurgical Company which manufactured armor plate for tanks and aircraft, and the Navy Yard.

On December 2, company officials raised the South Carolina flag over the "state's largest and most fruitful enterprise" in a ceremony declaring Santee Cooper substantially complete.

In 1943, the tables began turning for the Allied forces. Large-scale production of penicillin in the U.S. offered new hope for disease-ridden areas of the nation. And a new era dawned at Santee Cooper. Former state senator, governor, and chief counsel Richard M. Jefferies was named general manager of Santee Cooper on December 16. This marked the beginning of three decades of growth and stability for the publicly owned utility.

With the end of the war in 1945, Santee Cooper soon prospered under Jefferies' leadership. That year, Santee Cooper established a new, permanent home when it moved its main offices from Columbia and Charleston to Moncks Corner.

In 1949, Santee Cooper purchased the Waccamaw Power Company in Georgetown. This acquisition was part of a plan to improve and expand service to the Grand Strand. Lines were built to serve Murrells Inlet and Garden City Beach, and a two megawatt hydroelectric station was constructed at the spillway at the Santee Dam.

Santee Cooper was making an impact on public health as well. Less than a decade after the beginning of its revolutionary mosquito control programs, there



President Franklin D. Roosevelt personally endorsed the Santee-Cooper Hydroelectric and Navigation Project in July 1935.

In 1942, the dream of harnessing the Santee and Cooper rivers for power generation and inland navigation became a reality.

\*— The Santee Cooper project resulted in improved conditions in the five counties surrounding Lakes Marion and Moultrie which were still feeling the effects of Reconstruction, the decline of farm prices in the 1920s, and the ensuing Great Depression. Malaria was eliminated, flood control was realized, and thousands of jobs were created.



Timber was harvested and sold out of the house. These three photos give us the impression of the house Cooper lived in November 1941.

Willie Varnish, a Santee Cooper retiree, remembers what life was like before Santee Cooper.

"When I was a boy, I used to walk across the swamp," said Varnish, referring to the area now occupied by Lake Marion. "We walked on old country roads, going from one plantation to another, looking for work in the fields."

Varnish recalls that few people had money during the Great Depression. "People used to travel in buggies and wagons to town," he recalled. "There were merchants in the Cris area at that time who sold everything people needed. For three dollars, you could half-load a one-horse wagon."

Varnish didn't even dream about electricity. Of the people he knew, few had kerosene or oil-burning lanterns. "Electricity—that was a dream for the more educated people," he said.

Once Santee Cooper began generating power in 1942, things in the South Carolina Lowcountry changed rapidly. "It was mysterious to watch," said Varnish, who had found work clearing the land for the project.

"When I got electricity for the first time, believe it or not, I was working with Santee Cooper," continued Varnish. "It was the early 1950s."

When the lights finally came on at my house, the children were all excited up. There was so much joy. I can gratefully say that electricity was a wonderful blessing."





In the 1950s, Santee Cooper began providing power to electric cooperatives throughout the state, enabling the national goal of rural electrification to become reality in South Carolina.

The poverty and disease with which a majority of the state's rural population had contended was losing its grip. A ray of new hope was electricity.

were no reported cases of malaria in any of the counties bordering Lakes Moultrie and Marion. Santee Cooper's energetic program of spraying and clearing potential breeding grounds eliminated a pestilence that had plagued South Carolina since the 17th century.

#### THE 1950S

In 1950, America faced yet another war. U.S. forces were ordered into South Korea in June 1950 to repel an invasion by communist North Korea. As the world teetered on the brink of a third world war, much of America began moving to suburbia.

In South Carolina, the poverty and disease with which a majority of the state's rural population had contended was losing its grip. A ray of new hope was electricity.

The introduction of electricity into isolated rural areas began altering centuries-old farming methods. Pumps began providing running water for homes, making possible indoor plumbing and electric water heaters. Refrigerators lengthened the shelf life of meat and dairy foods. And other labor-saving devices were employed to increase production and lighten the workloads of thousands of farmers and rural housewives.

Santee Cooper grew to keep up with the increasing demand for electricity. In 1950, the utility entered into a contract with Central Electric Power Cooperative for the construction of a system to serve Central's 15-member cooperatives. Central, created in 1949, was



Electrically powered household appliances liberated a new generation of women from countless hours of manual labor that consumed so much of a homemaker's time prior to the advent of Santee Cooper.

formed in order to receive federal REA funds that helped expand the transmission of Santee Cooper power. By 1956, the Central transmission system stretched 1,100 miles of lines across South Carolina, serving an area of 33 counties.

In order to meet demand and supplement the hydroelectric facilities during periods of drought, a steam-electric generating station was completed near Moncks Corner in 1953, and began commercial operation the following year. It consisted of two units designed and equipped for both oil and pulverized-coal firing.

Santee Cooper had also served as a magnet to attract a variety of industries. Its 11 major industrial customers provided new jobs for the state that desperately needed them.

As impressive as Santee Cooper's growth and service were to its customers, equally important were its contributions to South Carolina's environment. The lands surrounding the lakes were reforested and a well-managed timber program begun. The growing woodlands created habitat for game and the area quickly became renowned as a sportsman's paradise.

In 1935, less than 2.5 percent of South Carolina's farms had electricity. By 1959, just 17 years after Santee Cooper generated its first power, more than 91 percent had electricity. As the 1950s drew to a close, Santee Cooper generated over one billion kilowatthours for the first time.

#### THE 1960S

As the 1960s dawned, the relationship between the United States and the Soviet Union deteriorated. A heated battle for the White House resulted in the election of John F. Kennedy in one of the most colorful campaigns in U.S. political history. In this age of space exploration and a turbulent civil rights movement, many more Americans enjoyed increased leisure time. And many went fishing.

The landlocked striped bass became the most famous fish attraction in the 171,000 acres of Santee Cooper waters. However, a wide variety of other species, including bream, catfish, crappie, white bass, and largemouthed bass also made prize catches for anglers.

In 1961, a growing interest in the striped bass led to the opening of a fish hatchery on the Tail Race Canal near Pinopolis. Techniques were developed that resulted in the production of millions of striped bass for stocking not only Lakes Marion and Moultrie, but other inland lakes in the United States and other countries.

As the striped bass continued to flourish, Santee Cooper was having difficulty keeping up with the tremendous increase in power usage. During the early 1960s, residential and commercial development boomed along the Grand Strand, and large industrial customers moved to Santee Cooper's service area, resulting in significant increases in power demand. From 1961 to 1965, electricity used by residential customers increased 75 percent. Even though Santee Cooper was annually generating more than one billion kilowatthours of electricity, it wasn't enough.

This billboard still stands on the remains of a section of the U.S. Highway 301 bridge paralleling Interstate 95 over Lake Marion, welcoming travelers to the Santee Cooper lakes.



The landlocked striped bass became the most famous fish attraction in the 171,000 acres of Santee Cooper waters.

Anglers have been proudly displaying their striped bass catches at boat landings and marinas since the 1940s. The Santee Cooper lakes have an estimated annual economic impact of \$300 million and 3,000 tourism-related jobs in Berkeley, Calhoun, Clarendon, Orangeburg, and Sumter counties.



In cooperation with Central Electric Power Cooperative, an agreement was reached to build a coal-fired generating station at Conway. Central agreed to finance construction of the station and Santee Cooper would lease, operate, and maintain it. Ground was broken in 1964, and construction was completed in 1966. The Conway facility was dedicated in 1967 and named for Dolphus M. Grainger, an Horry County native who was a pioneer in South Carolina rural electrification and president of Central.

While work was underway on the Grainger Station, plans were announced to double the generating capacity at the Pinopolis Steam Stations. Financing for this construction, as well as for almost all capital expenditures, came from the sale of bonds.

On November 22, 1963, an assassin's bullet took the life of the nation's president. Just a few months later, on April 20, 1964, Santee Cooper suffered another great loss with the death of Richard M. Jefferies. Jefferies had served as general manager of Santee Cooper since December 1943. In 1966, the generating facilities at Pinopolis were renamed the Jefferies Steam and Hydro Stations in his memory.

During the remaining years of the decade, Santee Cooper continued adding new customers at a fast pace. The utility added new transmission lines and oil-fired combustion turbine generators at Myrtle Beach and Hilton Head Island. These peaking units assisted the system in its continued effort to keep up with the demand.

## THE 1970S

By 1970, increased unrest on college campuses made headlines as students protested the government's failure to bring the Vietnam War to an end. Americans were only beginning to discover the potential of computers and envision how they could someday change their lives. And one problem confronting the nation was inflation.

One sunny spot in the economy seemed to be South Carolina. As Santee Cooper entered the 1970s, it became apparent that its existing generating systems were not sufficient to meet the demands of the state's predicted economic growth.

Santee Cooper began a careful examination of its resources and anticipated needs. Because hydroelectricity was a fluctuating source of power which had been developed to its full potential, Santee Cooper turned once again to fossil-fuel plants, a proven efficient source of power.

As plans for a new generating station got underway, Santee Cooper had to deal with a threat to one of its existing facilities. On February 25, 1970, fire erupted in the Jefferies Hydro Station. While safety procedures prevented any injuries, the fire caused more than \$1 million in damage to the control room and a tunnel connecting the plant with the switchyard. Cleanup began immediately, and repair crews worked around the clock to return the station to service in less than a month.

In 1972, Santee Cooper began construction on a \$68 million coal-fired station near Georgetown. The first of four units at the Winyah Generating Station, as



Workmen couple a line to receive the first oil shipment for the new 100,000 KW steam-electric generating station at Jefferies in August 1953.



Richard M. Jefferies

As the project of the Santee Cooper dam and power plant was being developed, the state of South Carolina was in the midst of a political battle. Governor James F. Byrnes, who had been elected in 1940, was facing a challenge from the opposition. The project was a controversial one, and the state was divided on the issue. The dam was built to provide power for the state, but it also created a large reservoir that would flood a large area of land. The project was completed in 1944, and it has since become a major source of power for the state.



During the construction of Santee Cooper, the project had its share of skeptics. But Bill Fletcher wasn't one of them.

"The general consensus was that the people building Santee Cooper were crazy," said Fletcher, who grew up near Kershaw. "The newspapers were saying there would be more power than would even be needed. But I thought Santee Cooper might provide me with a promising career, so I came here to be close to it."

Fletcher was not disappointed. His first job with Santee Cooper was in security. "When I started in December 1941, they armed me with a shotgun. My instructions were to not let anybody on the property who didn't have proper identification and papers."

When Fletcher was assigned to security at the spillway, he remembers the lake was only about half filled. "Within a short time of my being there, it started raining," continued Fletcher. "I could almost see the water rising. There was still a lot of equipment downstream, and I remember they really had to hustle to get it out before it was damaged. The water was up to the hubcaps on the trucks when they pulled out the last of it." Soon Fletcher was promoted to a position in the control room at the plant. And during his 45-year career, he had many opportunities to advance. When he retired in 1986, he held the title of supervisor of Santee Control.

"I think it's the greatest thing that ever happened to the state of South Carolina," continued Fletcher regarding Santee Cooper. "The newspapers were wrong back then—guess there's a lot of difference between foresight and hindsight."



it was later named, would have a generating capacity of 270 megawatts.

While committing to increase its fossil-fuel capability, Santee Cooper's Board of Directors explored other possible sources of generating power. In 1971, Santee Cooper and South Carolina Electric & Gas Company officials began talks about becoming co-owners of the investor-owned utility's planned nuclear generating facility at Parr in Fairfield County. In July 1973, the joint venture with SCE&G was approved, and Santee Cooper purchased one-third of the V. C. Summer Nuclear Station. This became the first joint nuclear project between public and investor-owned utilities in the Southeast.

As Santee Cooper continued to expand its capacity, trouble was brewing on the national scene. In October 1973, an embargo on petroleum shipped to the U.S. and other nations supporting Israel was instituted by 11 oil-exporting countries in the Middle East. This action by those countries, which formed the Organization of Petroleum Exporting Countries or OPEC, sent oil and all other fuel prices skyrocketing.

The embargo took its toll. The average price of No. 2 oil used in generation soared from \$4.91 per barrel in 1973 to \$10.71 by 1975. Coal suppliers took advantage of the market situation, hiking the average price from \$7.31 per ton to \$25.33. As a result, Santee Cooper had to introduce a series of rate adjustments to keep pace with the escalating fuel costs. Santee Cooper also began promoting more energy-efficient homes through improved construction, better insulation, and less glass.

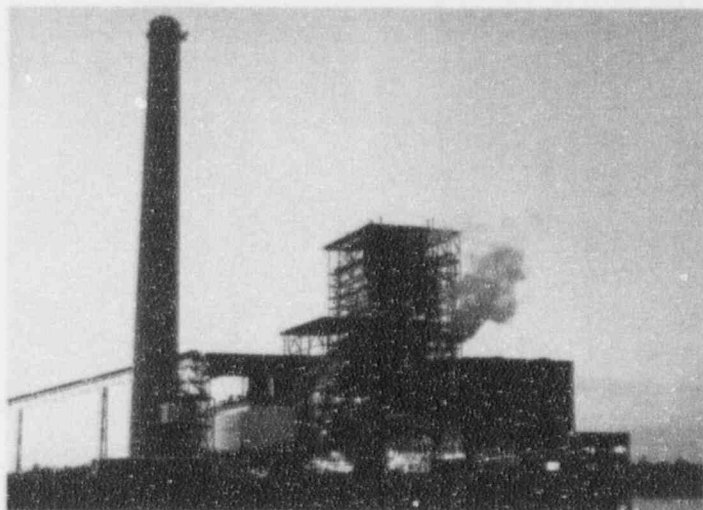
In 1975, for the first time in its history, Santee Cooper had to resort to short-term financing to meet operating expenses. On March 1, 1976, William C. Mescher was named president and chief executive officer of Santee Cooper. The change in title of the senior staff member was indicative of the modern management techniques he brought to the organization. In addition to streamlining management and staff into a corporate structure resembling that of a well-run business, he began to work on creating a corporate identity for Santee Cooper.

After all, Santee Cooper was no longer a small hydroelectric power operation. Its generating facilities produced over 3.8 billion kilowatt-hours of electricity annually for 36,000 residential and 24 large industrial customers.

Alumax, one of the nation's largest aluminum producers, announced that it would build a primary reduction plant in Berkeley County. This \$400 million plant was the largest single capital investment in the history of South Carolina at the time, and the largest industrial development in the U.S. in 1977.

The Alumax plant wasn't the only major industry to be attracted to the South Carolina Lowcountry by Santee Cooper in the late 1970s. By 1978, names like Du Pont, PLUSA, Amoco, C. R. Bard, Uniroyal, Jim Walter Metals, Georgia-Pacific, and Albany International were among the many large companies in Berkeley County. The predominantly rural county continued to diversify its agrar an economy, thus realizing the vision of Santee Cooper's founders for increased industrial development.

The Winyah Generating Station was the first coal-fired plant in the Southeast to use scrubbers, pollution-control equipment that significantly reduces sulfur emissions.



From 1961 to 1965, electricity used by residential customers increased 75 percent. Even though Santee Cooper was annually generating more than one billion kilowatt-hours of electricity, it wasn't enough.

In a unique partnership with South → Carolina Electric & Gas Company, Santee Cooper owns one-third of the V.C. Summer Nuclear Station in Fairfield County. Construction began in 1973 and the 885-megawatt plant went into commercial operation in 1984.



# THE 1980S

As the 1970s passed, the national economy slumped under skyrocketing inflation and rising unemployment. But the skies brightened over Berkeley County as the long awaited Alumax plant went on line with Santee Cooper power in June 1980. The addition of Alumax added more than \$80 million to Santee Cooper's annual revenues, enabling it to continue to grow. And grow it did—right out of its office on Live Oak Drive in Moncks Corner.

So in July 1982, Santee Cooper moved again. Its third home in Moncks Corner was a modern, energy-efficient complex where, for the first time, all operations associated with the utility's headquarters were housed on the same site.

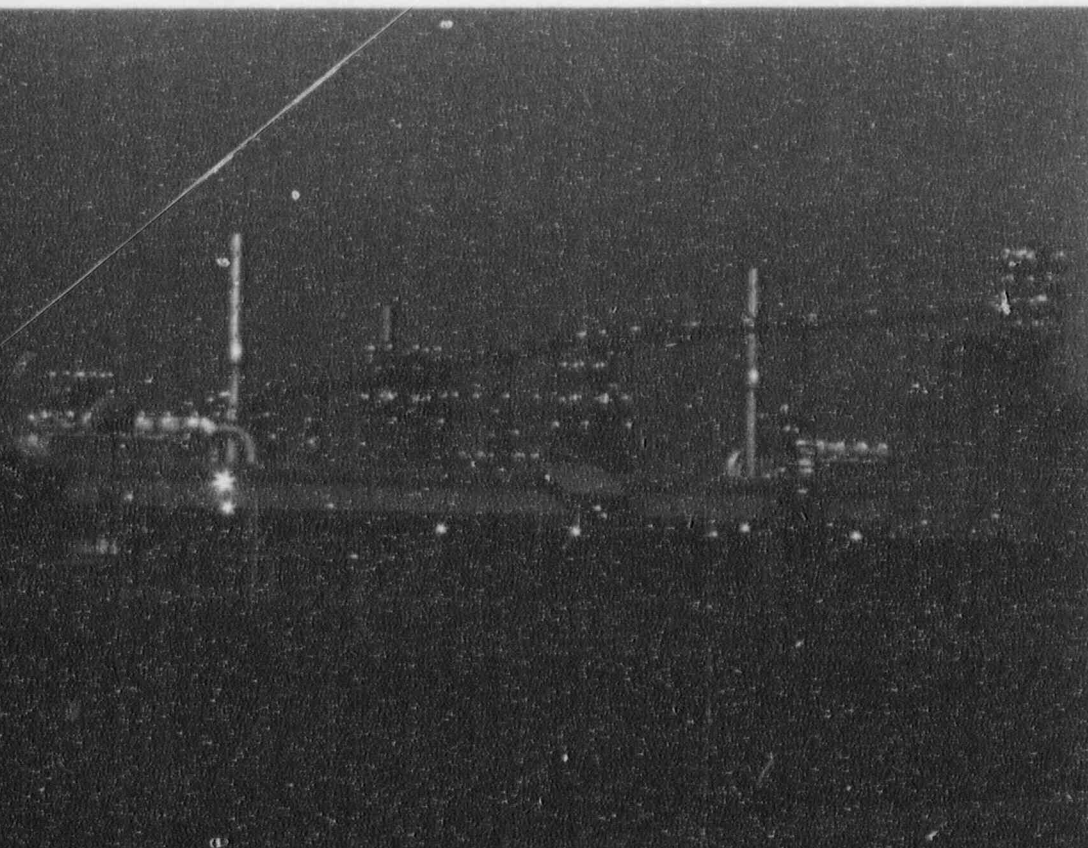
On July 6, 1983, Santee Cooper grabbed national headlines when an alarm sounded in the Jefferies Hydro Station. A quarter-inch of water on the floor was traced to a leak through the dam. Santee Cooper personnel were placed on alert, and evacuation of about 2,500 residents downstream along the Cooper River was ordered by Governor Richard W. Riley. The source of the leak was quickly detected and 17 hours later temporary measures stopped the flow, bringing the crisis to an end. Permanent repairs were completed within days and a more sensitive alarm system installed.

As the national economy began to recover, America's interest in computers became a passion. Computers had put research on the fast track, rapidly opening new frontiers in areas such as space, medicine, and consumer product development.

Research was also on the minds of Santee Cooper officials. Through the years, noxious aquatic weeds began threatening Lakes Moultrie and Marion. So Santee



Santee Cooper workmen attempt to control the flow of water leaking from the East Pinopolis Dam. The July 6, 1983 incident, caused by a defective wooden scap log, thrust Santee Cooper into the national spotlight.



Alumax of South Carolina became Santee Cooper's largest industrial customer when the plant announcement was made in 1977. It was the biggest industrial investment that year in the United States.



When Santee Cooper was under construction, Bob Bennett was a young man working on the WPA project in his hometown of Barnwell. "It was an exciting time," recalls Bennett, a Santee Cooper board member. "What was happening in Muscle Shoals was reported as being the largest artificial dam in the country—and maybe the world. The great morning of it was one of the things that means so much."

Bennett's role in Santee Cooper's success came a few years after the valley went on-line. "The WPA was the financing organization for Santee Cooper," explained Bennett. "But the Rural Electrification Act, or REA, was the financing organization for electric co-ops."

"Thousands of people were put to work because of the electric co-operations and Santee Cooper," continued Bennett. "Projects like these are what got this country moving again."

In the 1940s, there were 22 electric co-operations supplying electricity to their member customers.

"They were constantly looking for power sources they could depend on, and give them the power at delivery points that would be more convenient. In 1947, their wish came true."

"Because of certain laws, the co-operations formed Central Electric Power Corporation," said Bennett, "which included 17 of the original 22 co-operations as members. I caused the partnership between Central and Santee Cooper."

"Central and Santee Cooper—they make a good team."



The office opened in Cornsboro in 1945 to serve the needs of the growing number of local Co-ops now being served by Santee Cooper.

Cooper began supporting extensive research into the life cycles and growth habits of *Hydrilla verticillata* and *Egeria densa* in an effort to save the state's best known freshwater lakes from being choked by these nuisance weeds. Herbicides offered temporary relief, but Santee Cooper, in cooperation with the South Carolina Water Resources Commission, the South Carolina Aquatic Plant Management Council, and the U.S. Army Corps of Engineers, looked for a long-term solution. By the end of the decade, they would embark on a bold experiment to stock upper Lake Marion with sterile, weed-eating Chinese grass carp which feed on submerged aquatic plants.

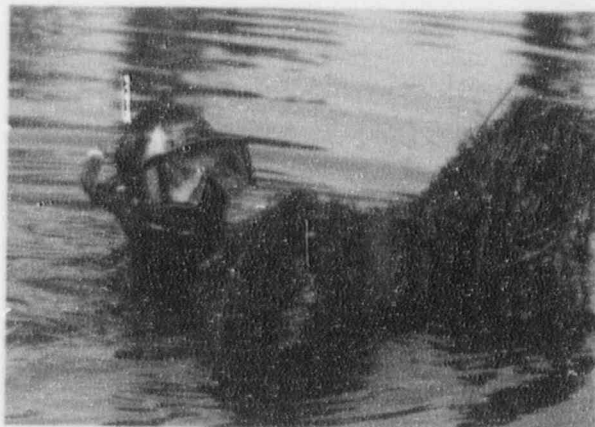
Santee Cooper was making great strides toward increased generating capability. On May 1, 1984, the Cross Generating Station began commercial operation, representing the seventh consecutive year that Santee Cooper had added a new generating unit to its system. Then on May 25, the V.C. Summer Nuclear Station was formally dedicated.

Among the more than 3,200 publicly owned electric utilities in the nation, Santee Cooper ranked fourth in net electric plant investment, fourth in kilowatt-hour sales, and tenth in revenues.

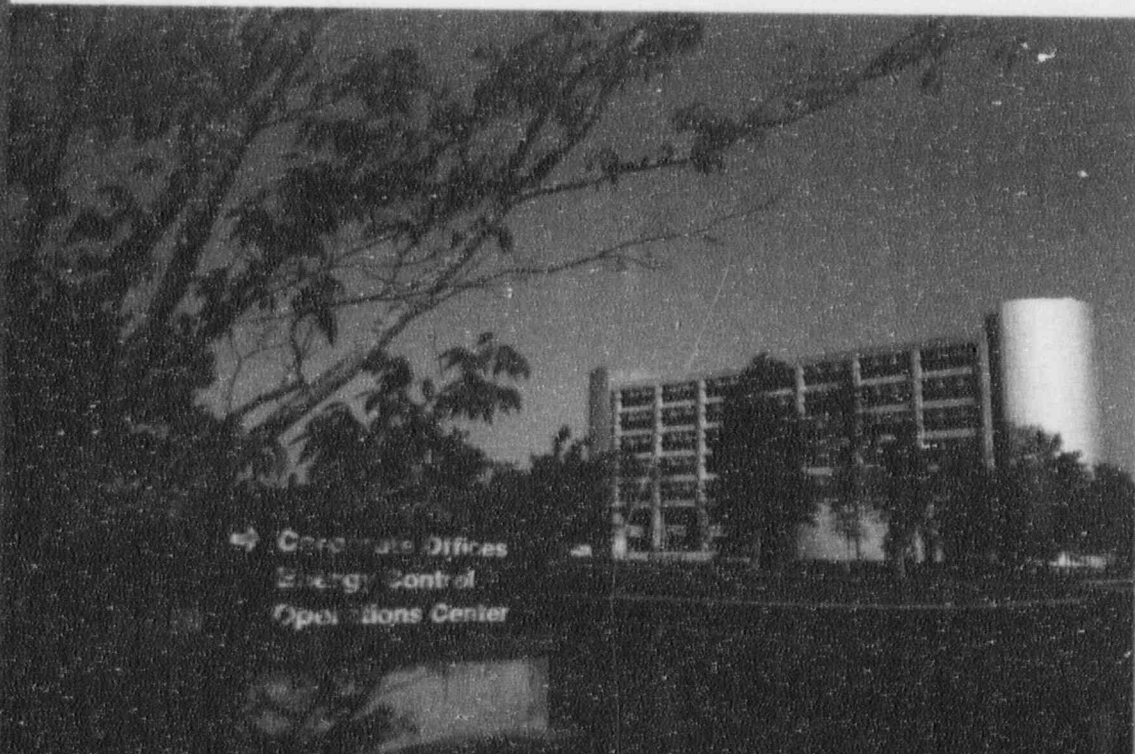
In 1987, legislation was passed in the South Carolina General Assembly to allow Santee Cooper to expand its scope of services by going into the wholesale water business. Working jointly with four Lowcountry water entities, feasibility studies were conducted that resulted in plans for the Santee Cooper Regional Water System. Construction will begin on the \$36 million project in 1993.

By 1988, Santee Cooper was riding high. With its generating facilities substantially complete until the turn of the century, the financial condition of Santee Cooper was better than it had ever been.

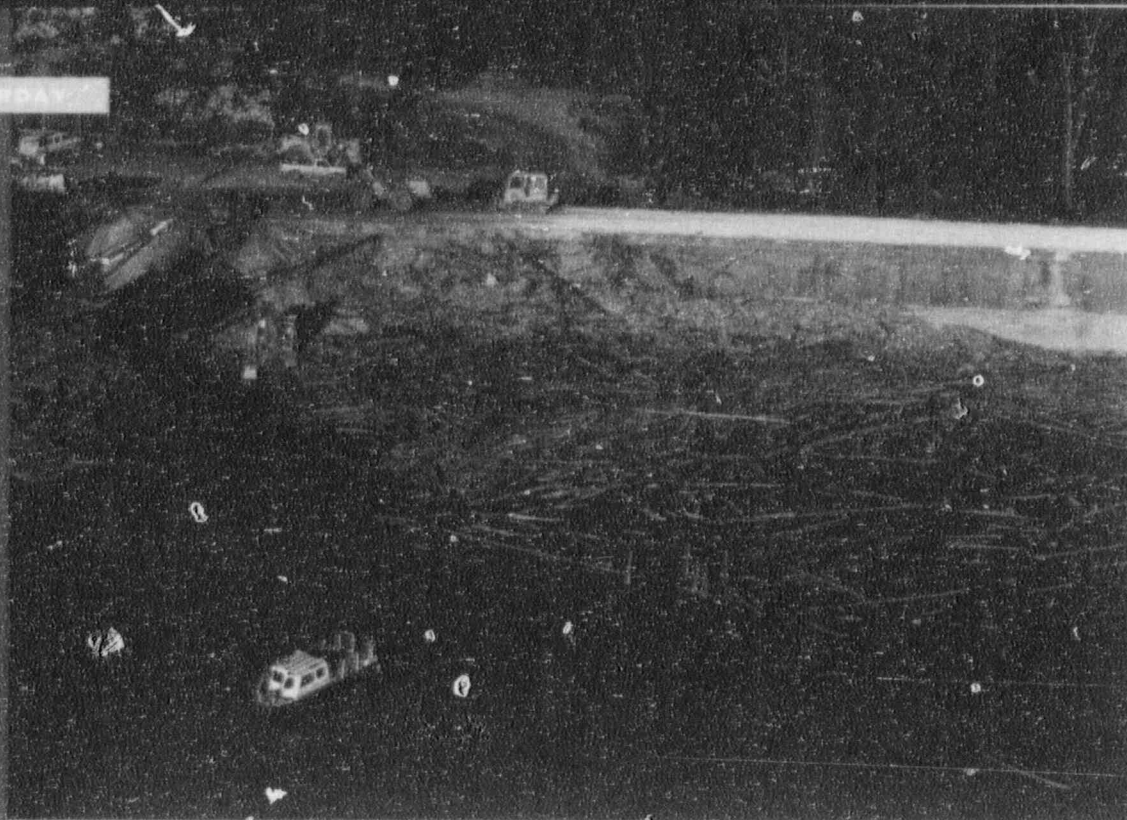
As Santee Cooper prospered, so did the community. That year, Santee Cooper, in cooperation with the South Carolina Department of Parks, Recreation and



Noxious aquatic weeds, first detected in Lake Marion in 1982, have spread like kudzu and have become a threat to fishing and recreation in the Santee Cooper lakes.



In July 1982, Santee Cooper moved into its new corporate headquarters at One Riverwood Drive in Moncks Corner. The building was dedicated in April 1983.



Randolph's Landing, south of Manning on the Santee Dam, became a logjammed area in September 1989 following Hurricane Hugo.

slammed into the state, leaving in its wake damages of more than \$6 billion. Over one million people were left without power with thousands homeless. For the first time in its history, Santee Cooper totally lost its ability to generate power.

Despite the devastation caused by Hurricane Hugo, Santee Cooper would enter the 1990s with its economic strength and optimism intact. The utility's greatest asset, its employees, working together with the community, pulled off a remarkable 21-day recovery. Santee Cooper had faced and overcame its biggest challenge ever.

#### THE 1990S

As America greeted the final decade of the century, a recession was looming on the horizon. Unemployment was on the rise, overextended financial institutions were failing, and environmental concerns over issues like global warming, acid rain, and electromagnetic fields were dominating the news.

While the South Carolina Lowcountry had long since faded from the national media limelight, the wounds left by Hurricane Hugo were still unhealed. But from the crisis, Santee Cooper created opportunity, taking on the 1990s with the spirit and determination of its forefathers.

In the Spring of 1991, Santee Cooper opened its new Horry-Georgetown Division office located off U.S. Highway 501 near Myrtle Beach. This 43,000-square-foot administrative complex replaced the old Myrtle Beach office on Oak Street.

As Santee Cooper approached the anniversary of its 50th year of service, the publicly owned utility looked back at its history with pride. After all, it brought new life to much of rural South Carolina through the wonder of electricity. It created recreational resources for all to enjoy. It acted as a catalyst in bringing needed industry to the state. It was born to serve its employees, customers, the community, the state, and the world. And that's what it continues to do today.

Strollers enjoy the quiet solitude of the Old Santee Canal State Park in Moncks Corner. Santee Cooper built the park and turned its operation over to the South Carolina Department of Parks, Recreation and Tourism.



By 1988, Santee Cooper was riding high. With its generating facilities substantially complete until the turn of the century, the financial condition of Santee Cooper was better than it had ever been.

Tourism, began work on one of the historical treasures of South Carolina—the restoration of the Moncks Corner section of the old Santee Canal and construction of the 250-acre Old Santee Canal State Park. The Santee Canal had been built between 1793 and 1800 to connect the Santee and Cooper rivers.

With its continued commitment to helping customers find new ways to more efficiently use electricity, Santee Cooper began Good Cents, a national program for energy-efficient, all-electric homes. Good Cents encourages homes that are designed and built to use less energy by offering home owners reduced electric rates.

Santee Cooper's economic development efforts were especially successful that year with the addition of two new industrial customers. They were the Union Carbide plant in Camden and Allied-Signal, the first customer in the Atlantic Center, a new industrial park near Conway.

Even as contributions to the communities and the state mounted, legislation was proposed to sell Santee Cooper in 1987. Lower power rates, more jobs, and increased economic development were the main factors which convinced South Carolina's political leadership that continued operation of Santee Cooper was in the best interest of the state.

As Santee Cooper looked toward its continued success in 1989, it faced a more threatening internal situation that put its reputation on the line. As headlines spewed allegations charging a former employee with receiving coal "kickbacks," the board of directors acted quickly and decisively to protect the interests of South Carolinians. Changes were made in top management and a new course set for Santee Cooper. William C. Mescher became president emeritus and stepped aside to begin his one-year term as president of the American Public Power Association.

With Kenneth R. Ford the newly named president and chief executive officer, Santee Cooper was positioned to take on the 1990s. But there was one factor it had not counted on. Mother Nature.

On the evening of September 21, 1989, South Carolina experienced the most destructive natural disaster to date in the history of this country. Hurricane Hugo

According to Marie Watts, things have certainly changed since Santee Cooper began generating electricity in 1942. "As a child, I remember when I studied by an oil lamp," recalls Ms. Watts, a Conway native. "When my family got electricity, it made such a big difference in our lives."



Little did she know then that Santee Cooper would play a major role in her career, as well. "I began working for Santee Cooper as a secretary in 1952," continues Ms. Watts. "In those days we had about 5,000 customers. I did all my work on an old manual typewriter, and it was many years before I got an electric one."

Ms. Watts remembers the 1970s as a period when the beach "boomed" and it was rapid growth for Santee Cooper. "Our biggest change was when we moved into this building in May 1970," says Ms. Watts referring to Santee Cooper's current facilities in Conway. "We had been squeezed for space in a small building on Main Street. Here we had room to expand. As more and more people poured into the beach, hotels, restaurants, and malls began to pop up and Conway and Myrtle Beach grew like crazy. Our customer base grew along with all this development."

Today, the 60-year veteran works in customer service. Her modern electric typewriter has been replaced with a state-of-the-art computer system which she dutifully uses to assist customers. Like Santee Cooper, Marie Watts has had to change with the times. Serving the people of South Carolina has been a challenge, concludes Ms. Watts. "But it's always been a real pleasure."



SANTÉE COOPER

50

Years of Service

TODAY



On February 17, 1992, Santee Cooper celebrated its 50th year of service.

Today, as on its first day of operation, Santee Cooper exists as prescribed in its enabling legislation "for the benefit of all the people of the State of South Carolina and for the improvement of their health, welfare and material prosperity."

#### 50 YEARS OF SERVICE TO OUR ENVIRONMENT

From the day the first shovel of dirt was turned, Santee Cooper has been concerned about the environment. But the destruction caused by Hurricane Hugo in 1989 intensified the utility's environmental efforts.

"Protection and improvement of our environment are equal in importance to providing affordable electric energy." That commitment was made by Santee Cooper's board of directors on Earth Day in April 1990. Today, this commitment serves as a guiding light in all the utility's endeavors.

Santee Cooper operates the Give Oil For Energy Recovery or GOFER program. This program is a major environmental project which provides do-it-yourself oil changers means to dispose of used motor oil for recycling. A successful pilot program in 1991 led to a



NASCAR driver Kyle Petty teamed up with the South Carolina Used Oil Partnership to promote the GOFER program, which collected more than 220,000 gallons of used motor oil in 1992.

commitment to expand the GOFER program to 230 collection stations statewide by the end of 1993.

In January 1992, Santee Cooper was named Industrial Conservationist of the Year by the South Carolina Wildlife Federation. This was in recognition of its extensive environmental outreach programs.

Then in April 1992, Santee Cooper received the Take Pride in America award from South Carolina Clean & Beautiful in recognition of the GOFER program. Then on July 7, 1992, the GOFER Program hit the century mark, as the 100th collection site opened with ceremonies at Aiken Electric Cooperative. Before the year ended, Santee Cooper had in place 172 GOFER sites across the state for the disposal of used motor oil.

In August 1992, Santee Cooper became the first utility in South Carolina to recycle antifreeze. The utility's Transportation Services unit was equipped with a Glyclean antifreeze recycling system that processes 100 gallons in about an hour and a half.

In 1992, Santee Cooper provided major support for the start-up

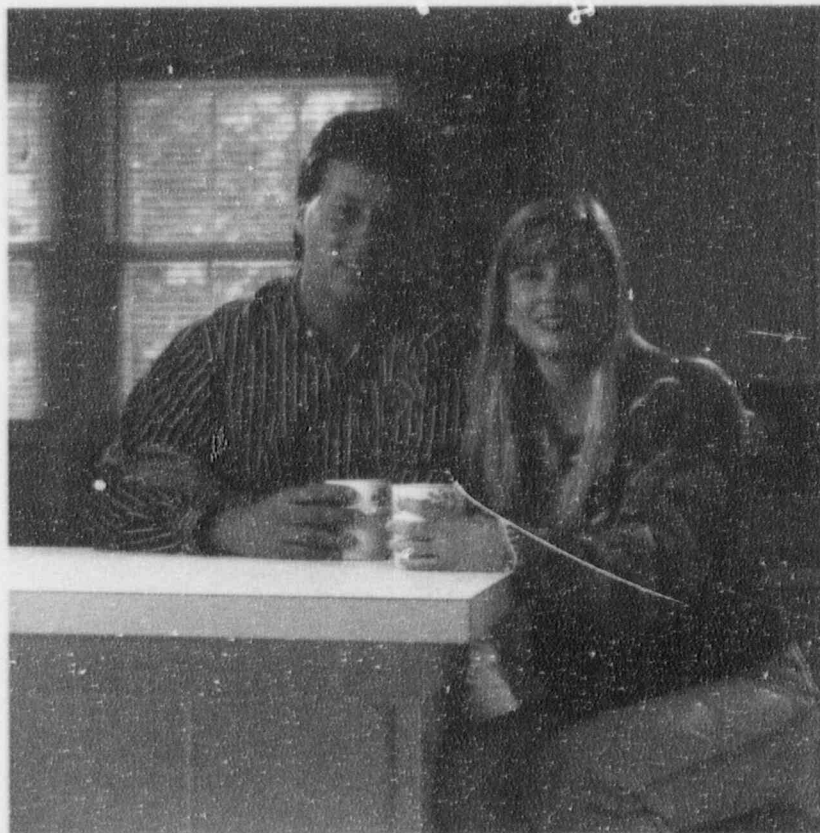
and operation of Berkeley County Kids Who Care, a volunteer-based educational environmental outreach program for Berkeley County public and private schools.

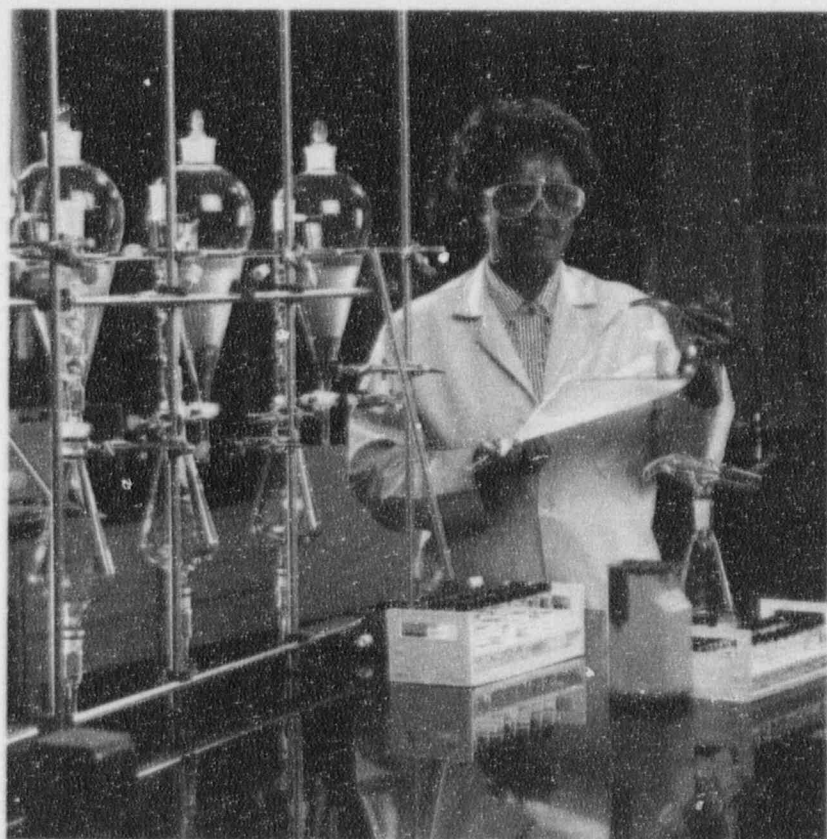
Ongoing environmental initiatives included the presentation of Santee Cooper Environmental Scholarships to students from 22 of the state's colleges and universities, and support for Clemson University's 4H Outdoor Adventure Camp. Santee Cooper also conducted a state-wide environmental essay contest for seventh graders and a program for nine summer interns which emphasized environmental programs and activities.

#### **50 YEARS OF SERVICE TO THE PEOPLE OF SOUTH CAROLINA**

Economic development efforts by the Palmetto Economic Development Corporation (PEDC) make a significant difference in South Carolina's economy through the attraction of business and industrial investment, which creates new jobs and expands the tax base. During 1992, PEDC, the joint marketing organization that represents

Russell and Sally Davis of Garden City Beach relax in their energy-efficient kitchen, enjoying the benefits of Santee Cooper's 1,000th Good Cents loan. The combined energy and rate savings for their Good Cents Home is almost \$210 annually.





Laboratory Assistant Thelma Jones checks a water sample from Lake Moultrie. In 1992, she tested more than 2,500 samples for quality in Santee Cooper's new water quality laboratory.

Santee Cooper and Central Electric Power Corporation, announced nine industrial firms or expansions providing 350 new job opportunities to South Carolinians.

#### 50 YEARS OF SERVICE TO OUR COMMUNITY

Over the last half century, Santee Cooper has made a dramatic impact on the lives of many South Carolinians, particularly those who live within its service area. Lakes Marion and Moultrie, Santee Cooper's lakes, continue to be home to some of the nation's greatest fishing. The 178,000 acres surrounding the lakes offers 14 golf courses, nearly 4,000 motel rooms, and more than 2,200 campsites.

In 1992, the Old Santee Canal State Park attracted almost 45,000 visitors during its first complete year of operation. The park, which was opened in September 1991 on the site of America's first canal, was a joint project between Santee Cooper and the South Carolina Department of Parks, Recreation and Tourism. This 200-acre park includes an Interpretive Center and displays life forms dating back to 4000 B.C.

The site is one of the gratis leases provided by Santee Cooper.

For the fifth consecutive year, customers, small investors, and electric cooperative members had an opportunity to invest in Santee Cooper through the sale of Mini-Bonds. These tax-exempt bonds are used for ongoing capital improvements for Santee Cooper. In 1992, Santee Cooper sold in excess of \$39 million in Mini-Bonds, a 44 percent increase over 1991.

Santee Cooper employees impart the utility's commitment to the community through OUTREACH, a program that encourages employees to devote their talents and their time to community service. Together, these employees devote countless hours to bettering the communities in which they live and work, contributing to the overall improvement of the quality of life in South Carolina.

#### **50 YEARS OF SERVICE TO OUR CUSTOMERS**

Fifty years of service may have started with one unit at the Pinopolis Power Plant delivering just 32-megawatts of electricity, but

Personnel Assistant Candy Thibaudeau provided over 300 hours of volunteer service to her community in 1992 through the Berkeley County Rescue Squad. She is a member of the unit's first response team.



that was only the beginning. Today, Santee Cooper delivers almost 100 times the power it started with when it threw the first switch in 1942.

Now Santee Cooper operates seven generating stations, providing electricity to more than one million South Carolinians. Today, construction of Unit 1 at Cross Generating Station, which began in 1991, is being touted as the first large coal-fired electric generating unit to be built in the United States in this decade. This 540-megawatt, coal-fueled, steam-electric generating unit will double the generating capability of the station. With the addition of Unit 1, Santee Cooper will be operating the two largest coal-fired generating stations in South Carolina.

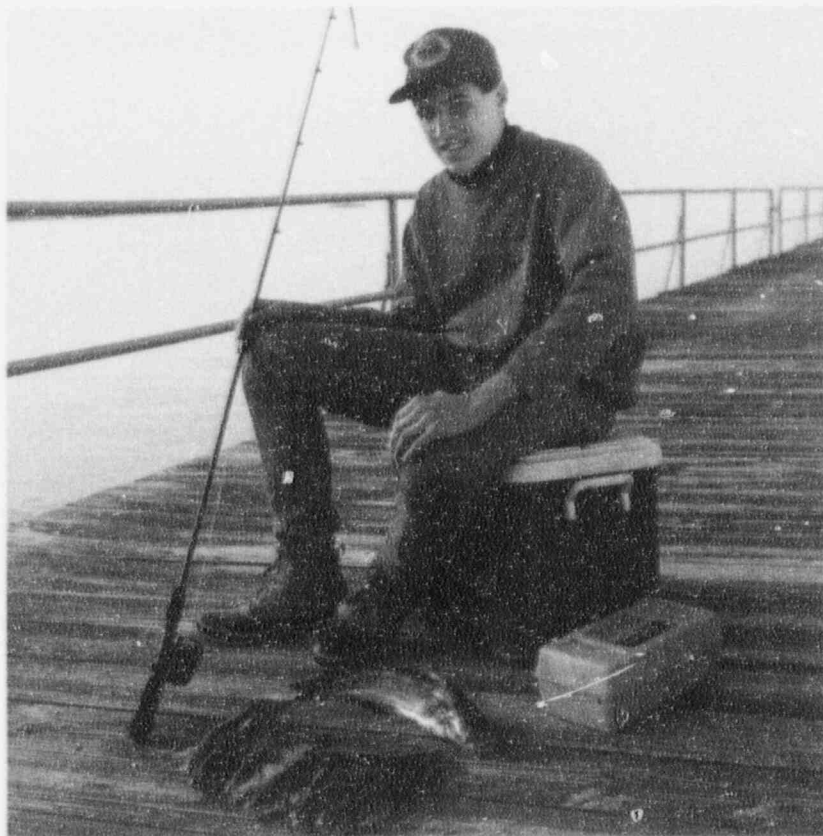
During 1992, Santee Cooper constructed five new substations. It also added 128 miles of new transmission line and 28 miles of distribution line to its system.

Santee Cooper's commitment to its customers extends to demand-side management programs offered by the utility. One such program is the Good Cents Loan Program, which awarded its 1,000th loan in



Senior Technical Associate Gary Gallagher coordinates security, safety, first-aid, and emergency medical service on the construction project for Cross Unit 1. More than 611,000 manhours were recorded on the project in 1992.

Like many South Carolina outdoor enthusiasts, Bill McCall enjoys the benefits provided by the Santee Cooper lakes. He says his usual catch averages six to eight pounds.



1992. The program encourages customers to upgrade their homes to world-class energy efficiency standards. During the year, 550 customers built or purchased homes using Good Cents New Home standards. The total for loans made through Santee Cooper's Good Cents Loan Program topped the \$3.5 million mark in 1992.

#### 50 YEARS OF SERVICE TO OUR EMPLOYEES

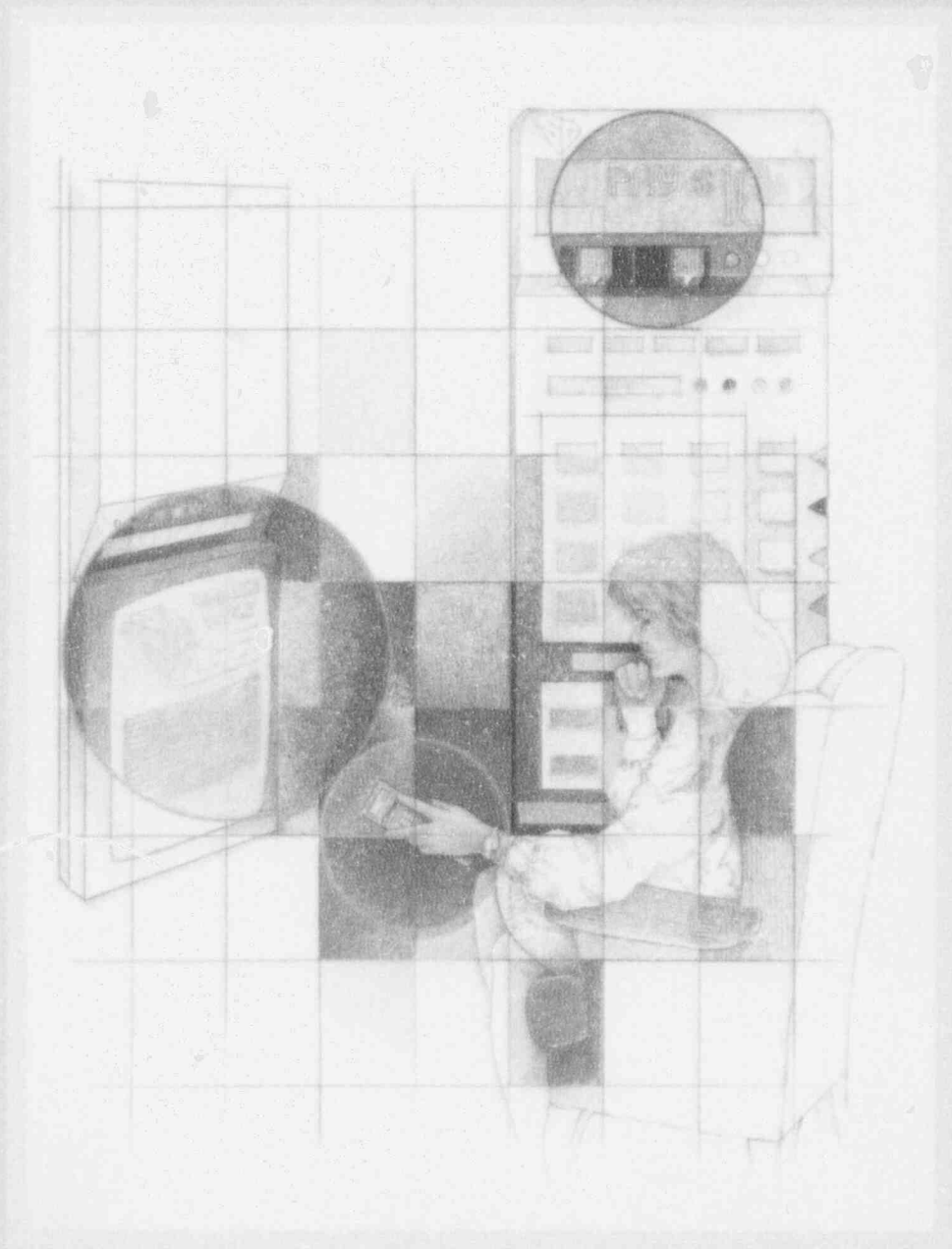
Service to our environment, our state, our community, and our customers is only possible through the dedicated employees of Santee Cooper—the individuals who have carried the vision of the utility's forefathers for 50 years. Today, the employees continue to be Santee Cooper's strongest resource. They are the foundation upon which the future is planned.

SANTÉE COOPER

50

ESTABLISHED

TOMORROW



## WHAT LIES AHEAD FOR SANTEE COOPER?

In looking to the future, our executive staff recently shared their visions of what might be some of the challenges and opportunities ahead for Santee Cooper as we move into the next decade.

This section contains the combined perspectives of Kenneth R. Ford, President and Chief Executive Officer; Robert V. Tanner, Senior Executive Vice President, Production; T. Graham Edwards, Executive Vice President, Administration and Finance; Robert E. Rainear, Executive Vice President, Engineering and Operations; and John H. Tiencken, Senior Vice President and General Counsel.

THE FUTURE OF SANTEE COOPER rests in the hands of the people. It is in the hands of the people of South Carolina, the owners and customers of Santee Cooper, through their elected officials. It is in the hands of Santee Cooper's board of directors, which has been appointed by the governor of South Carolina to look after the utility's best interests. And most importantly, it is in the hands of the employees, the lifeblood of the fourth largest publicly owned utility in the nation.

Santee Cooper is not a faceless giant that has reached its pinnacle. In fact, Santee Cooper has 1,700 different faces—individuals who have joined hands in order to continue the tradition of service set forth over the last 50 years by our forefathers. It is Santee Cooper's vision, guided by its mission, that will take the utility into the future.

And it's a future that looks bright. In 1993, a strategic business plan will begin to evolve that



*Kenneth R. Ford  
President and  
Chief Executive Officer*

"Santee Cooper has a remarkable past. It has been in our more recent past that we have pushed beyond the glass ceiling that defined us strictly as a power provider. Our future role will be as a service provider, reaching out to the people of South Carolina in ways we haven't even thought of yet. Santee Cooper has not outlived its usefulness as a publicly owned entity—we have merely scratched the surface."



*Robert V. Tanner*  
*Senior Executive Vice President*  
*Production*

46

"Santee Cooper must maintain its competitive edge. In the past, we've done that by continuing to increase our operating efficiency. As we drive our efficiencies higher and higher, it has become tougher and tougher for us to do. I believe our greatest resource in this area is our employees. They are the ones who really understand the ins and outs of production. It's through their ideas and suggestion that we will maintain our competitive edge tomorrow.

will formally identify Santee Cooper's vision for the future. It will involve a think-tank process, one that will offer every employee an opportunity to have input. Ultimately, the strategic business plan will describe what Santee Cooper should look like over the next two decades, and what must be done to realize the utility's vision.

**CHANGE IS INEVITABLE—  
DRAMATIC CHANGE, IN FACT.**

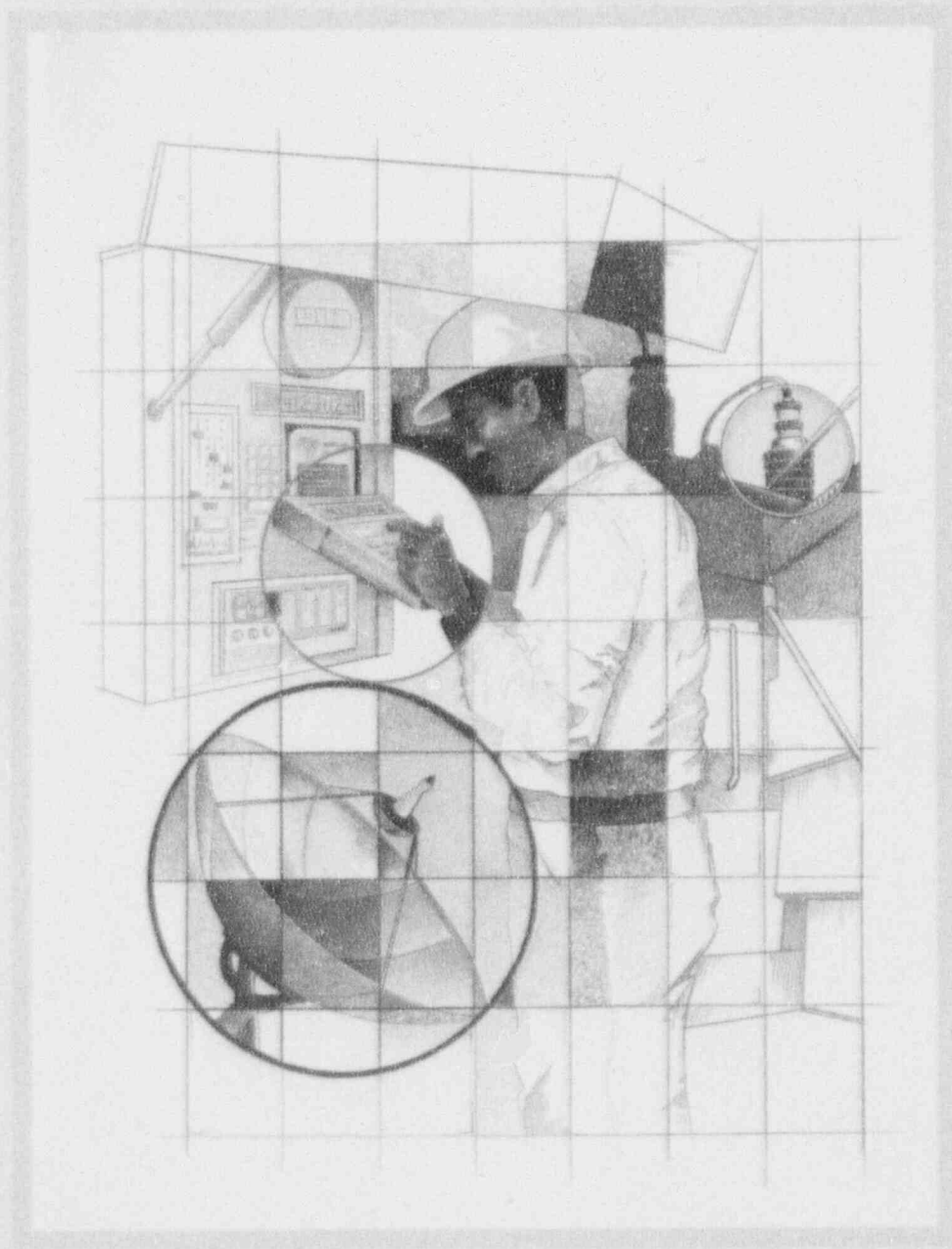
The technological advancements of tomorrow will play like yesterday's science fiction movie. The fast-track will become the express-track. And vision will only be realized through imagination.

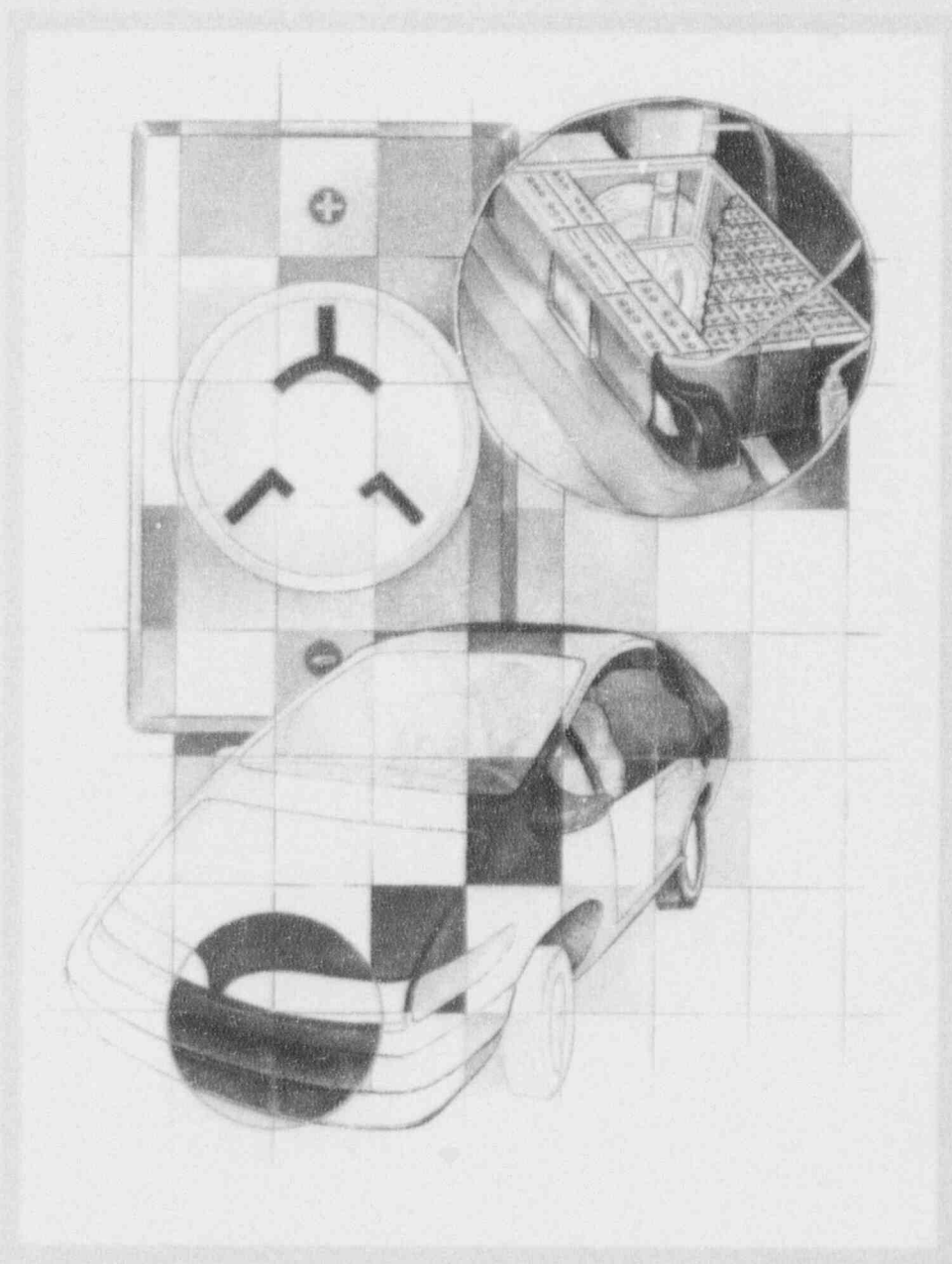
Consider...linemen in the field using hand-held computers to redraw service lines...line trucks equipped with mobile terminals that can immediately identify problems...real-time meter readings taken by computers from the headquarters building...and customers reviewing and paying utility bills using televisions and telephone lines.

Technology will enhance the ability to communicate, both internally and externally. New dimensions in video applications, such as teleconferencing using satellite up-links, are on the horizon. On-line computer communications will be the norm. And the exploding world of graphic communications will help convey ideas better than ever before.

In some ways, tomorrow is upon us. Santee Cooper is already riding the wave of the future with plans to build a fiber optics link around the state for relaying and energy control. The new system will render today's high technology, the microwave, obsolete.

But amidst the change, there is that which Santee Cooper is committed to preserve. The environment. Environmental issues will definitely be a major factor in planning the future. And new technology can be employed to





help in the effort.

The Clean Air Act Amendment, which takes effect in 1995, will undoubtedly impact Santee Cooper's operations. Fortunately, Santee Cooper has done its homework, and has, whenever possible, begun incorporating the necessary technology that will help meet the new standards.

But as an environmental leader, the utility's responsibility is greater. While it's easy to say Santee Cooper has a commitment to protect and preserve the environment, it is up to the utility to look for innovative ways to reach and then go beyond compliance with the act.

Perhaps this means incorporating technologies like fluidized bed units into the system. These units are capable of burning numerous types of fuel including wood chips from waste wood and rubber from used tires. But more exciting is their potential to burn pellets made from refuse. This type of initiative could reduce the amount of waste being dumped into the county landfills, as well as provide Santee Cooper with another cost-effective fuel source.

Perhaps it means supporting the marketing of electric vehicles, which are touted as emitting "zero pollutants." The widespread use of electric vehicles in the future could also help flatten our load curve, providing an opportunity to increase electricity delivery during non-peak hours. In the meantime, our search for alternative fuels to power Santee Cooper's extensive automotive fleet may prompt a conversion to a methanol/gasoline mix or propane in the short term.

Over 10 years ago, Santee Cooper invested in nuclear power. A co-owner of the V.C. Summer Nuclear Station, Santee Cooper has been pleased with the success of the project. Unfortunately, public perception of nuclear power is negative, even though nuclear power is



*T. Graham Edwards  
Executive Vice President  
Administration and Finance*

"Looking to the future, I think one of our top priorities will be to maintain the integrity of Santee Cooper's assets. We must make correct decisions about the investment and safekeeping of our funds. We must wisely formulate the best mix of short-term and long-term options in our debt structure. Without a strong financial base, Santee Cooper wouldn't have a future."



*Robert E. Rainear  
Executive Vice President  
Engineering and Operations*

50

"Our commitment to provide a reliable, yet cost-effective source of electricity may sometimes seem ambivalent to our commitment to preserve and protect our environment. But I'm convinced the two can be in harmony, causing us to plan smarter and work smarter. To do both enthusiastically, we can only have one future result. Success."

a proven clean, cost-effective source of energy. The search for alternative fuel sources may mean that nuclear power will play a greater role in Santee Cooper's long-term future.

The future may demand changes in the energy transmission and distribution system design. Santee Cooper has already moved many distribution lines underground, leaving more of the state's natural beauty unobstructed. Other factors, such as the increasing number of wetlands regulations, will likely impact the transmission system even more. Santee Cooper must discover innovative ways to continue its level of service within our limitations.

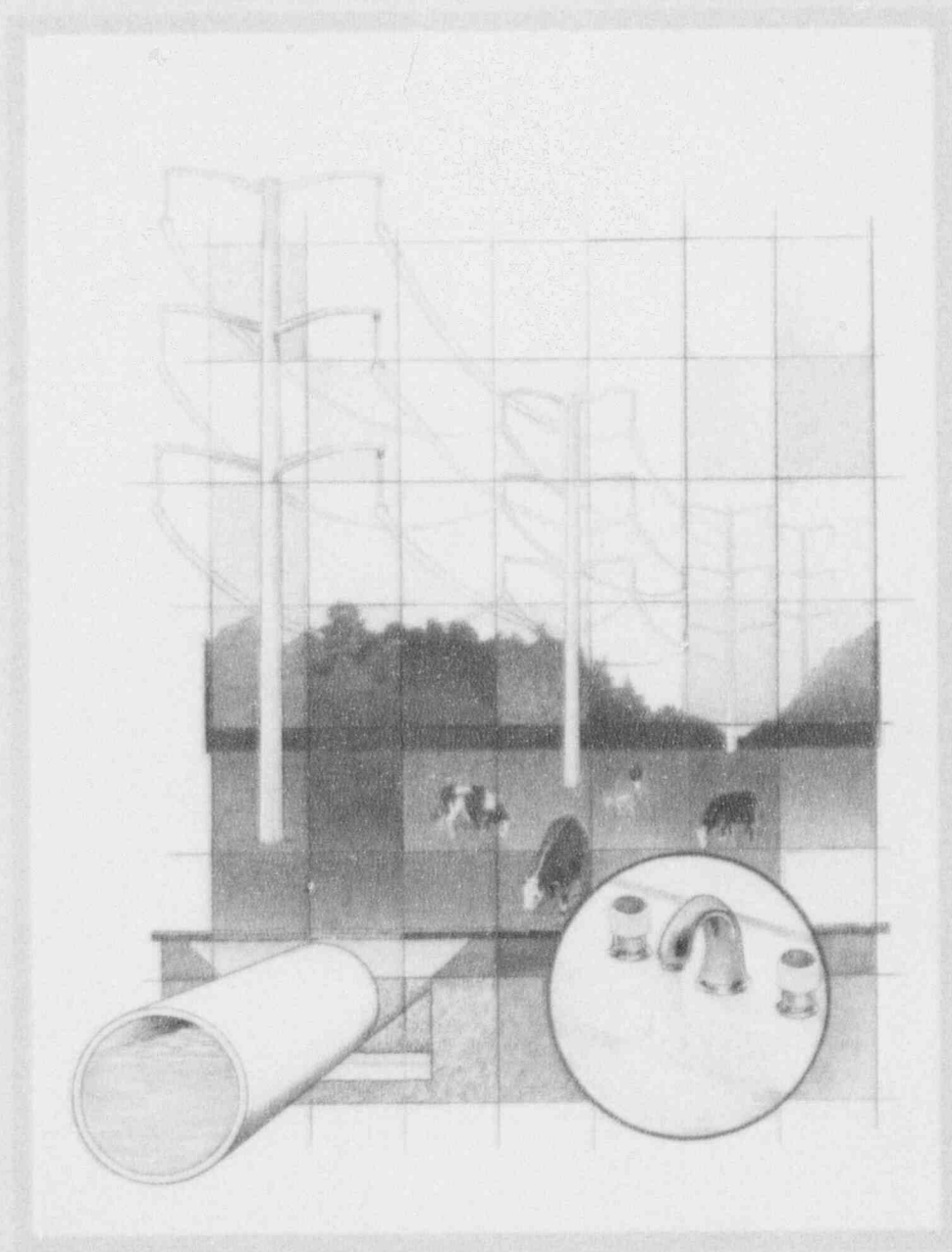
As visionaries, the people of Santee Cooper must look beyond its traditional role of supplying electrical power. The \$36 million dollar Santee Cooper Regional Water System, which is slated for completion in 1994, is one example where that has been done.

It's true that today, Santee Cooper is where it is with water, that it was 50 years ago with electricity. But expansion of the water system may be one area where an opportunity exists for Santee Cooper to fulfill its continuing mission of public service to the people of South Carolina.

While putting its customers first may sound cliché, it is nonetheless Santee Cooper's practice. Customers represent one of the driving forces in Santee Cooper's future success.

Today, Santee Cooper strives to do the best possible job for its customers by emphasizing a high level of reliability while remaining the low-cost provider of electricity in the state. The vision for the future must include ways to better meet the customers' needs. And with rate increases on the horizon, maintaining a positive relationship with the customers will become more challenging.

Perhaps creating new demand-side programs and other initiatives that will help





*John H. Tiucklen  
Senior Vice President and  
General Counsel*

52

"In recent years, we've relied on one, two, or three of our legislators to know the value of Santee Cooper to the State of South Carolina. In the future, our job will be to communicate with the entire legislature—to stay in constant contact with them so they can stay informed about this state's greatest asset. That's the kind of relationship we must establish."

customers conserve energy is one avenue to explore. And certainly, strengthening bonds with the largest customers through regular communications and an open door policy is another that could result in more cooperative efforts that will benefit everyone.

In the future, customers may even control their rates, demanding real-time pricing, menu rate structures, and other ways to keep their costs low.

Like its forefather, Santee Cooper will face many challenges in the future. One is the possibility of open access transmission, which would, in essence, allow energy customers to shop for service. The constant fluctuation in the customer base, especially in the industrial sector, could affect stability. In the face of open-access, only by maintaining the current rate competitiveness can we remain successful.

Another immediate challenge facing the utility is the efforts to sell Santee Cooper. Some public power naysayers and privatizing ideologues believe Santee Cooper has completed its mission. But don't believe it.

It is up to the employees, supported by the board of directors, to demonstrate that Santee Cooper adds value today. That begins with building a stronger relationship with the South Carolina legislature, and extends to the people of the state.

After all, it was Santee Cooper which first provided electricity to the rural areas of South Carolina, helping revitalize a dying region. It was Santee Cooper which created and still helps maintain the recreational opportunities surrounding the Santee Cooper lakes. It was Santee Cooper that took the lead on environmental issues, with initiatives like the GOFER Program that was suggested by employees. And it is the employees' collective vision that will meet this challenge and take Santee Cooper into its next 50 years.



## THE YEAR IN REVIEW

In 1992, Santee Cooper settled litigation with Great Western Coal and negotiated a new contract for the delivery of 1,750,000 tons annually beginning October 1, 1992 and expiring December 31, 2002.

Santee Cooper also entered into three new long-term coal contracts effective January 1, 1993.

One contract totals 720,000 tons annually through 2002. The other two contracts total 1.2 million tons annually through 1997 with the unilateral option to extend an additional five years. Santee Cooper has the unilateral option to increase or decrease the annual contract quantity of coal purchased up to 20 percent from the base annual contract tonnage for all three contracts.

Coal suppliers were selected based on competitive prices, contract commitment, financial strength, sufficient reserves, and proven production capabilities.

Santee Cooper plans to maintain a coal supply mix consisting of 75 percent provided under long and intermediate-term contracts and 25 percent purchased on the spot market.

Efforts continued throughout the year to educate employees, retirees, customers, investors, and all South Carolinians about Santee Cooper.

An environmental essay contest was conducted for all of South Carolina's seventh graders. Over 4,000 students expressed their thoughts on The Importance of Protecting and Conserving Our Water Resources. Awards were presented to an overall statewide winner and to first and second place winners in each of the state's six congressional districts. This contest won communications awards from the S.C. Chapter of the Public Relations Society

of America and the Advertising Federation of Charleston.

Santee Cooper's board chairman along with members of executive management visited with business and financial leaders in cities and towns across the state. The focus of these visits was to tell the story of Santee Cooper's value to the people of South Carolina.

Santee Cooper's 1991 Annual Report won numerous awards. It received the top award offered by the Advertising Federation of Charleston, first place in the Carolina's Association of Business Communicators annual report competition, an award of merit by the American Public Power Association, and best in category for recycled paper from the Printing Industry of the Carolinas (PICA).

### FINANCIAL, RATES, AND MARKETING

Corporate Forecasting, Rates & Marketing completed an in-depth review of Santee Cooper's rates, rate structures, and rate schedules. The review was conducted to ensure Santee Cooper's rates remain competitive and flexible to meet our customers' needs.

Santee Cooper continually looks for opportunities to improve operating efficiency and better utilize its capital resources. To improve operating efficiency and provide additional flexibility, Santee Cooper extended the off-peak hours available to industrial customers.

Santee Cooper offers a variety of load management and conservation programs to its customers. Since 1987, Santee Cooper has offered discount electric rates to customers who build or improve their homes to meet certain energy efficiency standards. The Good Cents New Home Program certified 550 homes in 1992 for a total of 1,785 certified homes since the inception of the program. The Good Cents

Improved Home Program had 189 certifications, bringing the total since inception to 990 homes. The Good Cents Mobile Home Program had 60 certifications for a total of 199 homes since its inception.

Santee Cooper lends money under the Good Cents Loan Program at an attractive interest rate for weatherization, home improvements, and high efficiency equipment. In 1992, the Good Cents Loan Program reached its 1,000th participant in the program. Since the beginning of the program in 1982, Santee Cooper has loaned over \$3.7 million.

For commercial customers, Santee Cooper offers Commercial Good Cents Program for new buildings. In 1992, ten customers participated in the program including a large national discount chain.

Santee Cooper became a U.S. Environmental Protection Agency Greenlights Electric Utility Ally in 1992. The Greenlights Program is a voluntary program developed by the Environmental Protection Agency in which partners agree to retrofit their lighting systems to reduce energy consumption without reducing lighting quality.

Santee Cooper's H<sub>2</sub>O Advantage Program is a thermal storage program designed to heat water during off-peak periods. The program offers a rebate of \$150 towards the purchase of an 80-gallon or larger high efficiency water heater and a \$5 monthly credit for up to ten years. An electronic load management device is installed on the large storage water heater to turn off the water heater during peak periods without inconveniencing the customer. At the end of 1992, over 17,000 customers had participated in the program through Santee Cooper's wholesale customers and those served directly by Santee Cooper.

Santee Cooper's Energy Education

Program is designed to educate students on the safe and efficient use of electricity. During 1992, 38 schools in Berkeley, Georgetown, and Horry counties participated in energy education programs where over 31,500 publications and presentations were distributed to students. Two energy educators seminars were held in July and August with 62 teachers and administrators attending. A Student Energy Conference was attended by 150 fifth graders. Over 400 graduating students in vocational programs were honored at luncheon seminars in Berkeley, Georgetown, and Horry counties.

### CORPORATE LIBRARY/RECORDS MANAGEMENT

Construction of the new 8,000 square-foot Records Management Center was completed in July. This facility provides the work areas necessary for storage, processing, filming, and retrieval of Santee Cooper's business records, drawings, and archival materials. The building was designed to meet Association of Records Managers and Administrators standards with regards to fire protection and humidity control. Santee Cooper is recognized as a leader in the state for records management.

### CUSTOMER SERVICE

To improve customer service, Berkeley District retail offices joined retail offices in the Horry-Georgetown Division in extending morning and afternoon operating hours by 30 minutes on Mondays and Fridays.

Critical computer systems in the Moncks Corner and St. Stephen retail offices were provided with uninterruptible power supplies to minimize the chance of losing computer-generated data. This will keep the systems operating up to 30 minutes during the event of a power outage.

Property is being considered in the



## THE YEAR IN REVIEW

Litchfield Beach area of Georgetown County for construction of a new customer service center and warehouse facility.

A customer satisfaction survey was completed in conjunction with the Corporate Goals Program. Results indicated that Santee Cooper customers show remarkably high levels of satisfaction. High ratings were given on every issue.

A business analysis of the Customer Information System is being conducted by a project team comprised of outside consultants and Santee Cooper personnel from the Berkeley District and the Horry-Georgetown Division. This analysis, expected to be completed by March 1993, is a prerequisite to the redesign or purchase of a new customer information system. The new or redesigned system will increase the flexibility and efficiency of the retail billing system.

Design Engineering designed substations and transmission lines to meet environmental regulations. Transmission lines were routed and designed to minimize the impact to wetlands and other environmentally sensitive areas. Substations were landscaped and vegetation screens planted to improve aesthetics.

Design was completed on nine major transmission lines and five substation projects involving 15 substations. These projects were necessary to meet increased customer demand.

The first fiber optics cable was placed in service to improve communication capabilities in the Aiken area. The design and materials required for the installation of this "high-tech" cable were standardized for future fiber optics cable systems.

Design was also completed on 10 Communications and Supervisory Control and Data Acquisition

(SCADA) Design projects. This included SCADA remote terminal units, one microwave site, and a weather radar system used to forecast and monitor weather conditions affecting the power system.

Maps and Records completed a major portion of the Digital Transmission Corridor Mapping Project. This will be used as a basis for the development of the Transmission Electrical Facilities Information System.

The final phase of a three-phase project to network and integrate non-dedicated engineering support computers within the company was completed. This will enable user access to multiple computer systems and application processes from a single terminal.

### DISTRIBUTION

Santee Cooper provided distribution and retail service to 94,215 customers in Berkeley, Horry, and Georgetown counties, compared to last year's total of 92,276 for an increase of 2.1 percent. Energy sales for retail customers were 2,135,310 megawatt-hours with revenue of \$117,029,000 for the year.

#### Berkeley District

The Berkeley District provided new service to 90 single-family homes and new commercial customers, and to the new Santee Cooper Services Building No. 2 constructed at the Santee Cooper main office complex in Moncks Corner. Major projects completed during the year included:

- Installing 12,000 feet of underground primary distribution circuits to serve 45 lots in Phase-II of Stony Landing Subdivision in Moncks Corner.
- Installing 4,800 feet of overhead primary distribution circuits to serve 70 lots in Phase-III of Bonanza Estates Subdivision in Bonneau Beach.

- Installing 5,500 feet of main underground feeder to complete a loop between Santee Cooper's main complex and the Roper Berkeley Center, an emergency and outpatient care facility.

- Installing 2,500 feet of underground telecommunications cable between Santee Cooper's Operations Center and Services Building No. 2.

- Continuing the rebuild of overhead distribution circuits in St. Stephen and Bonneau Beach. Completion of the rebuild in these areas is 80 percent and 90 percent, respectively.

- Completing the load balancing and fuse coordination efforts in St. Stephen and Bonneau Beach in cooperation with Horry-Georgetown Division Distribution Planning. These operational improvements are also underway in the Moncks Corner area.

- Adding a comprehensive bush-hogging schedule to rights-of-way maintenance activities. This significantly decreased line construction time in many areas by improving accessibility.

- Continuing major improvements in the transformer storage area to improve operating efficiency and to ensure compliance with all S.C. Department of Health and Environmental Control and U.S. Environmental Protection Agency guidelines.

During the first three years after Hurricane Hugo, most major reconstruction efforts were concentrated in the St. Stephen and Bonneau Beach areas where the greatest need for reconstruction existed. Most of the needed improvements in these areas are now complete. Efforts to improve the Moncks Corner system, where needed, are being accelerated.

In addition to the improvement of existing circuits, preliminary planning and design have been completed for

several new feeders and tie circuits in both Moncks Corner and St. Stephen. These additions will be needed when the capacity of the St. Stephen Substation is doubled in 1993 and the new eight-circuit Eastside Substation in Moncks Corner is completed in 1994.

#### Horry-Georgetown District

The Horry-Georgetown Division provided new service to 1,276 single-family and multifamily homes and 245 commercial projects. These included:

- Installing new services to Denny's Restaurant, Dick's Last Resort and T-Bonz Restaurant in Barefoot Landing, Ryan's Steak House, Sam's Club, Dixie Stampede, Carolina Opry, National Health Care Center, Baruch Institute's Marine Laboratory for the University of South Carolina in Hobcaw Barony, Loris Extended Care Nursing Home, and Jordan's Extended Care Nursing Home in Conway.
- Completing additions to existing customer services including Waccamaw Medical Center, Tropical Winds Motel, AVX Industries, and the Horry County Industrial Park.
- Replacing facilities with major upgrades in underground subdivisions along Gibson Drive in Deerfield and the remaining two-thirds of Windjammer Village in Little River.
- Converting overhead lines to underground lines in a section of Ocean Boulevard at Dunes Cove for Myrtle Beach Farms, a section crossing the Dunes Golf Course for Dunes Golf Corporation, a section of line at 53rd Avenue North in Cherry Grove at the new state boat landing, and a section on Marion Circle in Pine Lakes.

Total electrical peak summer load in the Horry-Georgetown Division increased by 6 MW over 1991 from

494 MW to 500 MW. Growth within the Horry-Georgetown Division was met with the addition of three new distribution substations. Little River and Wampee substations in the North Myrtle Beach area, and the Arcadia Substation in the Pawleys Island area were energized.

Along with these distribution stations, the transmission system was greatly enhanced with new lines that tied these and other stations together. This improved the reliability and availability of power to the Grand Strand. As these new facilities were brought on-line, Santee Cooper phased out two older, obsolete distribution substations: Spivey Beach and Nixons Crossroads.

New substation circuit exits include Little River, Wampee, Jetport, Forestbrook, and Arcadia. The Little River, Jetport, Forestbrook and Arcadia distribution circuit exits, and two additional feeders at 21st Avenue are underground.

A two-year project to bring the distribution electrical system to National Electrical Safety Code standards was completed. A 34 KV line was relocated along 21st Avenue North in Myrtle Beach for road improvements. A 12 KV line along S.C. Highway 707 was relocated to make way for the new S.C. Highway 544 bridge across the Intra-coastal Waterway.

Work has begun with the Federal Aviation Administration and Myrtle Beach Air Force Base to provide a smooth transition of electrical facilities to Santee Cooper when the base closes in 1993.

Completed design improvements include the installation of motor-operated switches on distribution lines, and a change to reeled polyethylene conduit for major underground projects.

A new IBM RISC6000 computer system was installed. It primarily houses

the Santee Cooper trouble call software. The 1992-93 Distribution System Improvement Plan was initiated and is on schedule. This will improve the operating characteristics of the distribution power system.

The distribution SCADA system was upgraded in 1992 to meet the continued growth of power distribution facilities. The SCADA system now controls and monitors 45 distribution substations and monitors 12 transmission substations as well within the Horry-Georgetown Division and Berkeley District.

Preparations are being made to relocate the Conway service center and warehouse facility. A new 14,000 square-foot facility is expected to be completed by late 1994.

#### ECONOMIC DEVELOPMENT

The efforts of Santee Cooper, along with the Palmetto Economic Development Corporation, have created over \$900 million in capital investment and more than 3,000 jobs in South Carolina since 1988.

An integral part of the program has been the establishment of the Santee Cooper Economic Development Investment Fund (SCEDIF). The SCEDIF program provides up to \$2 million per year to promote the economic development and growth of the rural areas of South Carolina. Since the start of the SCEDIF program, 94 projects have been approved and over \$3.65 million has been allocated.

#### EMPLOYEE RELATIONS

Recruiting was enhanced with the implementation of a state-wide Job Line service and a change in application procedure. Job Line is a toll free telephone number that can be used by applicants to access information on current job openings.

Contacts with area colleges, local schools, and students continued through participation in the South

Carolina Cooperative and Placement Association, career fairs, and classroom presentations. Colleges visited included North Carolina A&T, the College of Charleston, The Citadel, South Carolina State University, Clemson University, the University of South Carolina, Coastal Carolina College, and Trident Technical College.

Responsibilities of all company positions were reviewed and job descriptions updated to reflect criteria necessary under the Americans with Disabilities Act. Santee Cooper hired 90 new employees in 1992 for a total of 1,705 regular employees. 118 employees were promoted to positions of greater responsibility.

Annual personal benefits statements were provided for all full-time employees. Significant savings were realized when Santee Cooper began self-funding the employee dental program on July 1. Medi-Call, a utilization review plan, continued on a mandatory basis. A physician network was added to the existing hospital network under the state health plan.

Employee activities during the year included the annual company picnic, attended by over 2,800 employees, retirees, and family members. Other activities included golf and softball tournaments, sponsorship of softball, basketball, bowling and golf teams, and weight watching classes.

A preretirement briefing program, covering many personal, legal, and economic issues, was attended by 85 employees and spouses.

#### ENVIRONMENTAL RESOURCES

Environmental Resources obtained \$1,026,614 in federal and state funds. These monies were combined with \$1,013,000 of Santee Cooper capital for the control of Hydrilla and other nuisance plants in the lake system. Some \$1,539,000 of this amount was

used to treat 6,450 acres of vegetation throughout the lake system with federal and state-approved herbicides. The remaining funds were used to stock an additional 100,000 triploid grass carp in the upper section of Lake Marion, bringing the stocking total of that plant-eating fish in this lake to 400,000 fish since 1989. These sterile, herbivorous fish achieved control on some 6,000 to 8,000 acres of Hydrilla in Lake Marion during 1992. The cost for herbicide control of this acreage would have been between \$1.4 and \$1.9 million.

Aerial infrared photography was conducted on the reservoir system to evaluate the extent of aquatic weed problems.

Eleven ponds covering six acres were constructed at the Cross Generating Station for raising triploid grass carp fingerlings. The 17,000 square-foot horticulture service building was converted to a fish hatchery facility for the spawning and genetic alteration of triploid grass carp. Santee Cooper will use the sterile triploid offspring from this facility to control about 32,000 acres of Hydrilla in the reservoir system.

A plan, "Long Term Integrated Plan for Aquatic Plant Management in Lake Marion and Lake Moultrie, South Carolina," was completed. The 80-page document was co-authored by Environmental Resources personnel under the auspices of the S.C. Aquatic Plant Management Council.

Services of the Water Quality Management laboratories were greatly expanded by adding the capabilities to conduct organic analyses (dissolved gases) in transformer oil, PCBs in oil and water, and pesticides in water. Metal analyses were also improved by lowering detection limits with use of a graphite furnace. The expanded capabilities resulted in greatly increased service to all system-wide users. A total of 22,730 laboratory analyses were conducted during the year.



## THE YEAR IN REVIEW

A total of 142,442 acres of Santee Cooper property were treated for mosquito abatement during 1992. The Asian "Tiger Mosquito," *Aedes Albopictus*, was found on the Santee Cooper project in Orangeburg and Clarendon counties. This marks the first detection of this highly publicized Asian disease vector in these areas. The mosquito fish, *Gambusia affinis*, are employed to consume mosquito larvae, while methoprene, the non-toxic insect growth regulator, is used where stocking of the fish is not feasible.

Equal Opportunity Administration developed, implemented, and maintained programs to provide support to management. This contributed to achieving a culturally diverse workforce and vendor base.

### Employment

A hiring analysis began in 1992 to advise supervision of Santee Cooper's workplace diversity goals status during each hiring opportunity. The annual level of goal attainment was 94 percent, with each job category reaching above 87 percent of its goals.

### Procurement

The Equal Opportunity Procurement Program completed a successful year. In 1992, minority and women-owned business participation increased almost 200 percent in total purchase orders issued and 835 percent in the total dollars awarded. Systems were established to identify, qualify, and develop vendors who can provide utility-related services. A luncheon and tour for minority and women-owned businesses were held with over 50 vendors attending the program.

As a result of heavy rainfall during October, November, and December, two spilling operations were conducted

for a total of 10 days. The first operation occurred from Oct. 15 through Oct. 17. During this spill, a total of 4,897 acre-feet was spilled and the maximum daily discharge reached 4,063 cubic feet per second (cfs) on Oct. 16.

The second spilling operation occurred from Nov. 28 through Dec. 4 and the maximum daily discharge reached 15,000 cfs on Dec. 1 and was maintained for two days. A total of 147,882 acre-feet was spilled during the period.

### General Construction

General Construction provided large-scale site development throughout 1992. This work included expansion of the Flat Creek Substation, a new substation site at South Bethune, and a transmission and distribution training facility at the Horry-Georgetown Division headquarters.

A comprehensive inspection of the entire Santee Cooper dam system was completed. The inspection, required by the Federal Energy Regulatory Commission (FERC) on a five-year interval, indicated that the impoundment structures are in good to excellent condition. A seismic evaluation is presently under way for the East Pinopolis Dam and the adjacent extension.

A detailed five-year maintenance plan for the Santee Cooper dam system was submitted and approved by FERC. This plan schedules prudent engineering, operations, and maintenance tasks that will enhance the project impoundment's performance. One of the more significant tasks, construction of a containment system for controlling seepage at the North Dam, was completed. This system provides a more accurate indication of the dam's performance and greatly improves the ease of maintenance.

A series of dam failure recovery plans

associated with Santee Cooper's Comprehensive Emergency Action Plan for Dam Failure was submitted to FERC as part of the final requirements to comply with directives regarding seismicity issues at the North Santee Dam. This completes the establishment of an alternative to replacing that dam at a cost that could have exceeded \$500 million.

### Generation and Load Growth

Santee Cooper facilities, which include one-third ownership of the V.C. Summer Nuclear Station, generated 13,897,877 net megawatt-hours of electricity this year. This was an increase of 289,626 megawatt-hours, or 2.1 percent, above last year.

Of the total energy generated, 78 percent was produced using coal, 18 percent by nuclear, and 4 percent by hydroelectric. The peak hourly demand for the year of 2,620 MW occurred on July 13. This was an increase of 1.9 percent over 1991.

### MIS

The Management Information Systems (MIS) unit provided several new computerized systems, along with new technologies and a variety of information resources solutions.

A new integrated Payroll/Human Resources system was implemented, allowing for the on-line entry of approximately 1,700 time sheets previously completed on paper forms. Part of the new system included an Applicant Tracking System which allows for computerized tracking of job applicants. Other Payroll and Human Resources functions were also redesigned to improve productivity and enhance computer processing capability.

Laser printers were installed for the mainframe processors, reducing the size of reports while increasing print quality. Retail customer bills and employee paychecks were redesigned to

take advantage of the features of laser printing. By implementing electronic forms design technology, overall paper use is reduced.

Several steps were taken to reduce costs in MIS. This included choosing alternative vendors for mainframe and personal computer hardware, renegotiating maintenance agreements, and improving capacity management. These measures are projected to yield savings in excess of \$1 million over five years.

Additional voice system applications, such as Job Line, lake levels, and information on customer billing, were made available through toll free numbers.

A Corporate Information Resources Plan was developed. This plan provided a comprehensive analysis of information resources available and identified corporate-wide needs and strategies for information resources. This will become an ongoing process used to develop priorities for computer-related projects and to allocate the necessary resources.

### Nuclear Operations

The V.C. Summer Nuclear Station, an 885 megawatt nuclear generating plant jointly owned with S.C. Electric & Gas Company, was a major contributor to Santee Cooper's energy supply in 1992.

Santee Cooper's one-third ownership of the Summer Station provided almost 2.5 billion kilowatt-hours of electricity, or 18 percent of the company's total generation.

The station was selected by the Nuclear Regulatory Commission as one of the safest and best operated nuclear plants in the United States. There were only four out of 79 nuclear plant sites singled out for such an honor. On a recent operational evaluation, the plant was awarded a Category 1 rating by the Institute of

Nuclear Power Operations. The station has received this highest rating in three out of the last four evaluations.

V.C. Summer Nuclear Station operated throughout 1992 without a refueling outage. The next refueling outage is scheduled for the spring of 1993.

Nuclear power continues to be an economical portion of Santee Cooper's power generation. Nuclear fuel costs are about one-third of that of fossil fuel. Overall generation costs are competitive with other sources.

Occupational Health and Safety merged in 1992, creating Occupational Safety and Health Management. This unit is responsible for managing safety, industrial hygiene, occupational health, and worker's compensation programs. The merger combines related functions in an effort to improve service to employees.

#### *Safety*

Out of 3,688,769 work hours of exposure, Santee Cooper experienced 94 recordable injuries. The incidence rate for days away from work was 0.37, well below the national average for electric utilities.

Santee Cooper was awarded the third place National Safety Award by the American Public Power Association (APPA) in March. Santee Cooper competed with other APPA utilities with two to four million work hours per year.

The National Safety Council presented awards to 22 units. Twenty-one units earned awards from the South Carolina Occupational Safety Council. The President's Safety Award for crew safety was awarded to 84 crews at sections.

Safe service awards were presented to 284 employees for working five years or more without a disabling in-

jury. Safe driver awards were presented to 142 drivers for driving five years or more without having a preventable motor vehicle accident. Five employees were cited for avoiding injury by wearing protective devices or equipment. Nine units were recognized for completing the year with no recordable employee injuries. Two units were recognized for completing 20 or more years without a disabling injury.

#### *Industrial Hygiene*

Industrial Hygiene trained 465 employees to use respirators. Collection of 337 samples was made to monitor for possible contaminants in the work place. Hazard Communication refresher training was also conducted for all Santee Cooper employees.

#### *Occupational Health*

In 1992, Occupational Health conducted annual medical surveillance examinations for 1,737 employees and 225 preplacement applicants. Briefings on health-risk factors were conducted with 194 employees. Occupational Health provided stress management training and information on benefits of the Employees Assistance Program to 1,427 employees. Individual health counseling was provided to 126 employees, and 417 referrals were made to other community health care providers. In an effort to reduce employee illness, 350 flu vaccine injections were administered.

#### **OPERATIONS TECHNICAL SERVICES**

The Operations Technical Division completed the following work in 1992:

- Installed the first optical fiber communications link on the transmission system between two Aiken substations.
- Installed the first phase of the communication network management system between the Moncks Corner complex and the Horry-

Georgetown Division headquarters which will result in more reliable and efficient routing of communications traffic.

- Upgraded most of the metering packages in the cooperative substations served by Central Electric Power Cooperative, Inc. from electro-mechanical meters and magnetic tape recorders to state-of-the-art electronic metering packages which allow remote interrogation.
- Completed several SCADA and breaker failure retrofit projects in Camden, Orangeburg, and St. George.
- Upgraded the communications equipment for the transient fault and sequential events recorders to allow "dial-up" mode.

A survey of all substations was conducted for participation in the U.S. Environmental Protection Agency Green Lights Program.

To protect the environment, a new refrigerant recovery and recycling system was installed to capture refrigerants used in substation air conditioners.

An in-house dissolved gas analysis program was begun in conjunction with the Production Department and has been successful in detecting and correcting potential problems associated with substation electrical equipment.

#### **PERFORMANCE AND ENVIRONMENTAL SERVICES**

Performance tests were completed on four turbines, one steam generator, two feedwater heaters, and one cooling tower.

The on-line performance monitoring system was completed at Winyah Station, and work continues at the other three stations. This system continuously monitors boiler and turbine controllable operating parameters, with

performance data and instrument status available to unit operators and plant supervision.

A new calibration facility was completed to provide calibration services. Calibrations were completed on 255 temperature instruments, 311 pressure instruments, and 16 electrical devices.

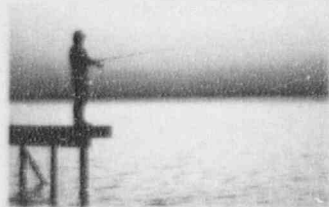
Six particulate emission compliance tests and four continuous emissions monitoring system audits were completed to assure compliance with air operating permits.

Santee Cooper participated in a collaborative study of test methods used to measure sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) emissions to assist the U.S. Environmental Protection Agency. This two-week study was conducted at Unit 2 at Cross Station. It involved Santee Cooper's stack testing team and three commercial stack testing companies hired by EPA. The study consisted of three phases in which simultaneous, independent measurements of SO<sub>2</sub> and NO<sub>x</sub> emissions were made following EPA test methods. The results were analyzed by EPA to determine reproducibility and systematic error.

Environmental permits were obtained for construction of Cross Unit 3, the Santee Cooper Regional Water System, and for numerous water and waste water systems. New waste water discharge permits for Grainger and Jeffries stations were obtained. Eight underground fuel storage tanks were removed.

Approximately 20 site environmental assessments were performed for property purchases or to determine the extent of potential contamination.

The Give Oil For Energy Recovery (GOFER) program grew to 172 sites and is ahead of schedule on the program goal to locate an average of five sites in each South Carolina county by 1994. Over 175,000 gallons of oil



## THE YEAR IN REVIEW

were collected from the public. This was a 370 percent increase over 1991. Through the used oil program, 90,000 gallons of internal used oil was collected and converted to electrical energy, along with over 32,000 gallons of used industrial oil.

The South Carolina Used Oil Partnership was formed in conjunction with the S.C. Department of Health and Environmental Control, the S.C. Department of Highways and Public Transportation, and the S.C. Petroleum Council. This partnership will promote public awareness and public support of used oil collections in South Carolina. NASCAR driver Kyle Petty serves as spokesman for the partnership.

Power Supply lowered the system operating costs by utilizing economy sales and purchases with our neighboring utilities.

System controllers purchased 155,300 megawatt-hours of economy energy from the interconnected utilities in 1992 to displace higher cost generation. This resulted in a savings of \$5,448,385. Also, 65,586 megawatt-hours of energy were sold to the interconnected utilities for a total of \$1,250,795.

Santee Cooper's transmission SCADA system was expanded in both transmission substations and in generating stations to provide system controllers with greater remote control and monitoring of the power system. Twelve additional remote terminal units were installed during the year. Also, a vendor was selected to replace the existing SCADA/EMS computer by the fall of 1994. The new computer and software will provide more control and monitoring capability to the system controllers.

In March, Power Supply began providing lake management and hydro

discharge information to the general public. The information is provided through a toll free telephone number, 1-800-92 LAKES. The program was created to provide the recreational users of Santee Cooper's 170,000-acre lake system with information which will help them better plan their activities. During the 10 months of available service in 1992, almost 14,000 calls were received. July was the peak month with almost 2,500 calls.

### CONSTRUCTION REMAINING AND COMPLETION MANAGEMENT

Construction of the 540 MW Unit 1 at Cross Station was on schedule at the end of 1992. Construction of the unit began in the summer of 1991 and is scheduled for initial operation in November 1994.

This project is under the management of Santee Cooper's Station Construction unit and Gilbert Commonwealth, an engineering firm located in Reading, Penn.

The unit will be a pulverized coal-fired generating unit with an electrostatic precipitator for ash particle collection (99.88 percent efficiency) and a wet limestone spray type flue gas desulfurization system (90 percent efficiency). It also incorporates the latest coal burner technology for limiting nitrous oxide production. About one-quarter of the total construction costs are environmentally related.

The project continues to be an economic success. In December 1992, the Board of Directors approved a \$24.7 million reduction in the project budget. The new budget reflects an expected construction cost of \$817 per installed kilowatt.

A new Records Center was constructed at the Moncks Corner Headquarters. The 8,000 square-foot building has a shelving system capable of storing 8,600 letter-legal boxes with

room for an additional 2,000 box shelving system. A special feature is a fire and heat resistant vault for storing magnetic media.

The Service Center Building No. 2 located at the Moncks Corner complex was completed in 1992. The 4,800 square-foot building will house the Survey unit's personnel.

Other work included installing three new guillotine dampers at the inlets to the flue gas desulfurization (FGD) modules at the Cross Generating Station, Unit 2. These new zero-leak dampers replaced the existing double louvered dampers which exhibited excessive leakage. The zero-leak feature will provide safe working conditions in the module while the unit is operating.

A new state-of-the-art burner management safety system was installed on Grainger Unit 1. This system continuously monitors furnace flame, pressure and fuel flow of the steam generator, and will alarm or shut down the unit if unsafe operating conditions occur.

Following the success of a pilot project on Winyah Units 1 and 2 last year, Unit 3 was equipped with a modern data acquisition system. This system monitors temperatures, pressures, and flow rates throughout the unit and checks for alarm conditions.

And, the obsolete pneumatic boiler controls on Jefferies Unit 3 were replaced with a computerized electronic control system. This new control system operates faster and more reliably and can keep the boiler much closer within its operating parameters, which provides better fuel efficiency with less wear and tear on equipment.

Santee Cooper's generation was up 2.1 percent over 1991. Santee Cooper finished 17th in the nation for heat

rate efficiency on coal-fired units by achieving a heat rate of 10,064 BTU/KWH, a decrease of five BTU/KWH over the previous year.

Santee Cooper maintained a high level of unit availability, with an average above 36 percent.

Sales of fly ash, one of the byproducts of generation, were \$186,150. Fly ash marketing efforts will continue to increase the use of this resource.

To meet requirements of the Clean Air Act, planning was begun for procurement and installation of continuous emissions monitoring systems.

Grainger Station repeated as the Goals Program winner by placing first in six of nine goals categories. Grainger Station also won the heat rate category for a clean sweep of the annual Goals Program awards.

Production Operations performed several major maintenance outages during 1992 to ensure continued reliability and efficiency of generating units.

Grainger Station completed an outage on Unit 1, and Cross Station completed a six-year turbine generator maintenance/inspection outage on Unit 2. New design dampers were installed on Cross Station's flue gas desulfurization (FGD) system module inlets to allow isolation with the unit in service.

Jefferies Station completed a controls upgrade on Unit 3 boiler to improve reliability and efficiency. A new burner management system was retrofitted on Steam Units 1 and 2 to improve reliability, safety, and emission control. Units 1 and 2 also received a boiler controls upgrade due to obsolescence of old controls.

Winyah Station completed the installation of high-pressure feedwater heaters on Units 1 and 3 to improve efficiency and reduce maintenance. An on-line system for monitoring heat rates and a data acquisition system were installed on all four units. The

Winyah Station maintenance complex provided major machine shop services to all generating stations, the most significant being the turbine rotor upgrades for Cross Station.

A major inspection was completed on Myrtle Beach Combustion Turbine Unit 4, that included a complete overhaul of the turbine/compressor and application of special coatings for performance improvements.

A new Outage Management Program was employed to ensure outages are completed on schedule and within budgetary limits.

Used motor oil obtained from Santee Cooper GOFER sites was combined with commercial oil purchases and burned for generation in Jefferies Units 1 and 2 for the first time. This is now a permanent program for alternate fuel at Jefferies Station.

Santee Cooper's Program for Employee Participation continues to promote teamwork, improve communications, and make employee participation a way of life. During 1992 there were 1,178 employees participating on teams to recognize a net annual savings of \$704,910.

There were 275 projects completed by over 200 teams during the year. Team projects addressed a variety of issues including quality, productivity, safety, environmental, customer service, and system improvement.

During 1992, Project Management was responsible for a \$48.5 million construction budget. As part of this budget, substation and transmission line projects were completed to improve the reliability of both transmission and distribution systems.

Work continued on the \$25 million Cross to Dalzell 230 KV transmission line project, with completion of the

16-mile Davis Station to Pinewood segment. This project, being accomplished in conjunction with the construction of Cross Unit 1, is on schedule for completion in 1994.

A series of projects in the Horry-Georgetown Division were also completed to improve transmission and distribution system reliability. Projects completed include: the 20-mile Perry Road-Rod Bluff 230 KV Line; the Red Bluff 230-115 KV Substation; the 22-mile Red Bluff-Little River 115 KV Line; and the Little River 115-12 KV Substation.

#### WILDLIFE MANAGEMENT

Approximately 18,900 acres of prime wildlife and waterfowl habitat were leased to the S.C. Wildlife and Marine Resources Department on a continuing gratis basis for use as part of the state's Wildlife Management Program. Included in this acreage is a 350-acre waterfowl impoundment adjacent to Lake Moultrie in Berkeley County. This provides an intensive waterfowl management area for use and hunting opportunities by the general public.

All federal and state permits were approved for the construction of an additional 100-acre impoundment to increase the wetland and waterfowl habitat diversity within the area. Construction is scheduled for completion during early 1993.

Santee Cooper supports the protection of rare or endangered species of wildlife found on Santee Cooper properties. Two such species are the American bald eagle and the red-cockaded woodpecker. Property Management maintains a cooperative effort with the S.C. Wildlife and Marine Resources Department to ensure that nesting and habitat for these rare and endangered species are not adversely affected.

Another protected area is Bird Island on Lake Marion, a small 11-acre island

that is the site of a heron and egret rookery. The island serves as a concentrated reproductive center for as many as 1,500 pairs of birds every year. It has been placed in the state's Heritage Trust Program.

In cooperation with the Charleston (S.C.) Raptor Center, Property Management coordinates all arrangements for delivery and treatment of eagles, owls, hawks, falcons, and vultures which have been injured or orphaned and are found on Santee Cooper lands. The center is dedicated to environmental education and the conservation of birds of prey through rehabilitation.

Santee Cooper has also been involved in joint ventures to enhance the quality and values of public wetlands for waterfowl through the S.C. Waterfowl Association's Wetland Wildlife Enhancement Program. With the installation of wood duck nest boxes throughout Santee Cooper's water and wetland areas, the general public benefits through the greater abundance and appreciation of wildlife.

To provide additional opportunities for enjoyment of wildlife and the natural resources around the Santee Cooper lakes, Property Management initiated the construction of a nature trail on a wildlife management area located in Orangeburg County. Another environmentally oriented trail has been planned in Clarendon County.

In cooperation with the Santee Lynches Regional Council of Government and the S.C. Wildlife and Marine Resources Department, a boating access facilities master plan was developed for the Santee Cooper lakes. The plan addresses boating access on Lake Moultrie and Lake Marion. It provides individual concept plans for improvements at each site sufficient to meet public demands through the year 2010. Use of this plan will ensure safe,

functional facilities that satisfy public demands without adversely affecting surrounding developments or natural resources.

Under the Famous and Historic Trees Program of the American Forestry Association, a historic grove of trees was planted on Santee Cooper lands near the corporate headquarters in Moncks Corner. The trees are offsprings of trees located at sites where American history was made. The plantings were performed on Earth Day and is recognized as the first Famous and Historic Tree Grove in South Carolina.

Over 500,000 genetically improved pine seedlings and various ornamental trees were planted on Santee Cooper lands during the year.

In June, Santee Cooper was awarded the Golden Tree Award by the American Public Power Association as recognition for successfully planting one tree for every utility customer.

#### RELIABILITY

Santee Cooper is one of 30 member organizations in the Southeastern Electric Reliability Council (SERC) which includes power suppliers in the region with a generating capacity of 25 megawatts or more. The council assists member systems in their coordination of planning and operations to achieve maximum reliability of power supply.

Santee Cooper is also one of seven power systems in the Virginia-Carolina Reliability Group (VACAR) which includes S.C. Electric & Gas Company, Carolina Power & Light Company, Duke Power Company, Virginia Power, Yadkin, and the Southeastern Power Administration. The member systems have a coordination agreement to safeguard the reliability of their service.

Santee Cooper maintains interconnections with the Southern Company and the Southeastern Power Adminis-



## THE YEAR IN REVIEW

tration at the R.B. Russell Dam; with the Southern Company at McIntosh; with South Carolina Electric & Gas Company at Bushy Park, North Charleston, St. George, Matreba, Columbia, and the V.C. Summer Nuclear Station; with the Southeastern Power Administration, Duke Power Company, South Carolina Electric & Gas Company, and the Southern Company at Lake Thurmond; and with Carolina Power & Light Company at Darlington, Hemingway, Kingstree, Lugoff, and the Darlington County Plant.

The majority of 1992 was spent on operations in the central portion of the transmission system. Santee Cooper crews reclaimed 11,100 acres, augmented by an additional 1,856 acres maintained by contract personnel. These totals represent a 2.1 percent increase over the 1991 acreage with an accompanying 8.8 percent decrease in per-acre costs.

In areas of limited access or areas that could not be cleared using conventional clearing methods, selective herbicides were utilized to control only target brush species. This reduced the impact on lesser vegetation, important for erosion control and valuable to many wildlife species. Due to excellent contract prices, 1,450 acres, primarily in the Pee Dee area, were treated aerially.

Danger tree removal was conducted on 175 line miles along the periphery of transmission line rights-of-way. Almost all rights-of-way were completed in the Newberry area. Similar activities were conducted in the Aiken area with expected completion in early 1993.

The threat of damage to microwave towers from adjacent trees was eliminated. Danger trees were removed on several projects in the Columbia,

Bennettsville, Hilton Head Island, Allendale, and Aiken areas.

As an alternative to removing or topping danger trees, a helicopter-borne saw was used to remove protruding limbs on 65 miles of transmission line. This method was employed on the Aiken to Clark Hill reconstruction project to prevent erosion problems and save time.

In 1992, the Santee Cooper Regional Water System became a reality. Four Lowcountry water systems—Moncks Corner Public Works Commission, Berkeley County Water and Sanitation Authority, Summerville Commissioners of Public Works, and the City of Goose Creek—joined together to form the Lake Moultrie Water Agency. This agency will purchase wholesale water from Santee Cooper.

In October, the agency entered into a thirty-five year contract with Santee Cooper to establish the first regional water system in the area.

Construction of the project is expected to begin in February 1993 with initial operation planned for October 1994. The system will consist of a 100 million gallon per day intake from Lake Moultrie, a 24 million gallon per day treatment plant, and over 23 miles of pipeline capable of supplying up to 50 million gallons per day to other water systems.

The total project cost is projected to cost less than \$36 million. It will be entirely separate from the electrical system and will be totally self-supporting with rates for water equal to system costs.

Challenged over the past year to maintain system reliability in a period of budgetary constraints, System Planning has analyzed the upgrading and life extension of several transmission

lines which previously have been candidates for rebuilding. While several lines will have to be rebuilt, this life extension will allow deferral of some scheduled line rebuilds.

A new computer system was installed to better analyze transmission system upgrades and expansion requirements. This computer system consists of five RISC6000 work stations and five X-terminals, all connected through a local area network.

System Planning has determined that despite vigorous demand-side management programs, several hundred megawatts of combustion turbine capacity will be needed by the year 2000.

In 1992, a survey of mobile radio user requirements was completed which will be used to determine the future direction of mobile radio systems at Santee Cooper. A conceptual plan of bulk microwave and fiber optics communication systems was developed. The plan's goal is to upgrade the connections between sites for SCADA system use, mobile radio base station communications use, telephone use, and computer networking. This plan will be implemented over the next 15 to 20 years.

### TRAINING AND DEVELOPMENT

Training and Development conducted training programs to meet employees' requirements for present positions and for future advancements.

A total of 863 internal and external training programs were conducted. Subject areas included management, professional, technical, computer, and skills development. Employee attendance, including federally mandated programs, was 6,510. Corporate training programs were revised and updated to reflect available training.

New training equipment, video programs, cassette courses, and self-study

courses were offered to employees through the Training and Development library.

An outdoor lineman training area, located on a two and one-half acre site at the Horry-Georgetown Division headquarters, was completed in 1992. Overhead and underground distribution training is conducted at the site.

Courses leading to two-year, four-year, or graduate college degrees were completed by 380 employees through the tuition aid program, and 18 employees received their degrees.

### TRANSMISSION LINES DIVISION

The Transmission Lines Division spent the majority of the year enhancing the integrity and reliability of the transmission system to minimize outages. The Transmission Lines units:

- Foot-patrolled all transmission lines, climb-patrolled 20 percent of the transmission lines, and helicopter-patrolled the entire transmission system six times.
- Bonded 65 transmission line shield wires.
- Groundline treated 6,507 transmission poles.
- Resistivity tested 10 transmission lines.
- Changed out 313 transmission poles, 720 crossarms, and 746 insulators.
- Installed additional crossarm braces on the Darlington-Florence, Florence-Marion, and Bethune-Mt. Pisgah 69 KV lines.
- Installed crossarm shelf-gains on the Darlington-Fibers 69 KV Line.
- Replaced all fiberglass crossarms on the Georgetown-Andrews 115 KV Line with horizontal post insulators.
- Established a transmission line crew in the Hemingway area to provide better service coverage to customers in the area.



## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Advisory Board and Board of Directors of  
South Carolina Public Service Authority:

We have audited the accompanying balance sheet of the South Carolina Public Service Authority (a component unit of the State of South Carolina—Note 1) as of December 31, 1992 and the related statements of accumulated earnings reinvested in the business, reinvested earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the South Carolina Public Service Authority as of December 31, 1991 and for the two years then ended were audited by other auditors whose report dated February 19, 1992 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Public Service Authority as of December 31, 1992, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Arthur Andersen + Co.*

Charlotte, North Carolina  
February 17, 1993

# BALANCE SHEETS

South Carolina Public Service Authority  
December 31, 1992 and 1991

ASSETS	1992 (Thousands)	1991
Utility Plant - At Cost:		
Electric plant in service	\$ 2,475,764	\$ 2,372,535
Less accumulated depreciation	746,749	689,810
Electric plant in service	1,729,015	1,682,725
Construction in Progress	267,411	150,649
Nuclear fuel - at amortized cost	19,100	19,097
Utility plant - net	2,015,526	1,852,471
Other Physical Property (Net of Accumulated Depreciation)	1,497	927
Cash and Investments Held by Trustee (Designated)	607,112	430,419
Current Assets:		
Cash and investments held by trustee	46,536	50,023
Bond funds - current portion	99,205	95,444
Accounts receivable - net of allowance for doubtful accounts of \$1,570,000 and \$1,336,000 in 1992 and 1991, respectively	50,288	45,596
Accrued interest receivable	3,329	4,090
Inventories, at average cost:		
Fuel (coal and oil)	46,506	33,441
Materials and supplies	30,600	32,228
Prepaid expenses	986	1,056
Total current assets	277,450	261,878
Deferred Debits and Other Assets:		
Unamortized debt expense	21,518	16,924
Unamortized loss on refunded debt	223,429	217,712
Costs to be recovered from future revenue	341,481	317,328
Other	27,448	23,322
Total deferred debits and other assets	613,876	575,286
Total	\$ 3,515,461	\$ 3,120,981

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND CAPITALIZATION	1992	1991
	(Thousands)	
<b>Long-Term Debt:</b>		
Electric Revenue Bonds – Priority Obligations	\$ 44,705	\$ 47,245
Electric System Expansion Revenue Bonds	1,516,440	1,670,875
Electric System Revenue Bonds	—	27,000
Capitalized lease obligations	52,673	55,820
Revenue Bonds	852,950	367,345
Total long-term debt (net of current portion)	2,466,768	2,168,285
Less:		
Reacquired debt	5,345	5,655
Unamortized debt discount and premium – net	42,537	40,256
Long-term debt – net	2,418,886	2,122,374
<b>Current Liabilities:</b>		
Current portion of long-term debt	34,266	44,801
Accrued interest on long-term debt	80,506	72,296
Commercial paper notes	121,750	124,000
Mini-Bonds	123,795	83,514
Accounts payable	28,129	29,991
Other	22,293	15,007
Total current liabilities	410,739	369,609
<b>Deferred Credits and Other Non-Current Liabilities:</b>		
Construction fund liabilities	25,576	3,861
Nuclear decommissioning costs	24,361	17,007
Unamortized gain on reacquired debt	566	873
Other	10,797	6,622
Total deferred credits and other non-current liabilities	61,300	28,363
<b>Commitments and Contingencies</b>		
Capital Contributions – U.S. Government Grants	34,438	34,438
Accumulated Earnings Reinvested in the Business	590,098	566,197
Total	\$ 3,515,461	\$ 3,120,981

# STATEMENTS OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

South Carolina Public Service Authority

Years Ended December 31, 1992, 1991, and 1990

	1992	1991 (Thousands)	1990
Accumulated earnings reinvested in the business – beginning of year	\$ 566,197	\$ 530,869	\$ 496,497
Reinvested earnings for the year	29,717	40,968	40,001
Total	595,914	571,837	536,498
Distribution to the State of South Carolina	5,816	5,640	5,629
Accumulated earnings reinvested in the business – end of year	\$ 590,098	\$ 566,197	\$ 530,869

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF REINVESTED EARNINGS

South Carolina Public Service Authority

Years Ended December 31, 1992, 1991, and 1990

	1992	1991 (Thousands)	1990
<b>Operating Revenues:</b>			
Sale of electricity	\$ 541,725	\$ 557,736	\$ 548,066
Other operating revenues	5,153	4,842	5,914
Total operating revenues	546,878	562,578	553,980
<b>Operating Expenses:</b>			
Operation expense:			
Production	217,223	232,219	241,682
Purchased and interchanged power - net	10,425	9,220	5,170
Transmission	3,137	3,028	2,708
Distribution	3,810	3,698	3,048
Customer accounts	3,919	3,639	4,650
Sales	1,295	1,266	1,263
Administrative and general	39,784	41,037	40,711
Maintenance expense	52,365	50,213	42,511
Total operation and maintenance expense	332,018	344,320	341,743
Depreciation and Amortization	75,025	70,846	67,538
Sums in lieu of taxes	3,643	3,364	3,426
Total operating expenses	410,686	418,530	412,707
<b>Operating Income</b>	<b>136,192</b>	<b>144,048</b>	<b>141,273</b>
<b>Other Income:</b>			
Interest income	21,980	29,302	22,858
Other - net	642	52	14
Total other income	22,622	29,354	22,872
<b>Interest Charges:</b>			
Interest on long-term debt	129,894	133,619	131,197
Other	23,356	23,279	19,474
Total interest charges	153,250	156,898	150,671
<b>Costs to be recovered from future revenue</b>	<b>24,153</b>	<b>24,464</b>	<b>26,527</b>
<b>Reinvested Earnings</b>	<b>\$ 29,717</b>	<b>\$ 40,968</b>	<b>\$ 40,001</b>

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

South Carolina Public Service Authority  
Years Ended December 31, 1992, 1991, and 1990

	1992	1991 (Thousands)	1990
<b>Cash Flows From Operating Activities:</b>			
Operating Income	\$ 136,192	\$ 144,048	\$ 141,273
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	85,602	79,180	77,789
Other Income	33	52	14
Changes in assets and liabilities:			
Accounts receivable	(4,692)	6,850	9,441
Inventories	(11,437)	(644)	(26")
Prepaid expenses	70	19	(132)
Other deferred debits	(4,380)	(7,202)	613
Accounts payable	20,462	(5,748)	2,747
Other current liabilities	6,174	3,302	(8,050)
Other non-current liabilities	11,529	401	(115)
Net cash provided by operating activities	239,553	220,258	223,312
<b>Cash Flows From Investing Activities:</b>			
Net (Increase) in investments	(215,041)	(144,161)	(38,257)
Interest on investments	39,769	22,544	19,471
Net cash (used in) provided by investing activities	(175,272)	(121,617)	(18,786)
<b>Cash Flows From Noncapital-Related Financing Activities:</b>			
Distribution to the State of South Carolina	(5,815)	(5,640)	(5,629)
<b>Cash Flows From Capital-Related Financing Activities:</b>			
Proceeds from sale of bonds	544,843	398,808	22,997
Proceeds (Repayments) Net from sale of commercial paper	(2,250)	4,000	70,000
Repayment and refunding of bonds	(228,003)	(99,184)	(35,571)
Interest paid on borrowings	(167,613)	(141,703)	(139,399)
Construction and betterments of utility plant	(235,279)	(145,622)	(102,286)
Bond Issuance Costs	(7,699)	(4,604)	(2)
Other	(3,052)	(2,961)	(2,877)
Net cash provided by (used in) capital-related financing activities	(99,053)	8,734	(187,138)
Net (Decrease) Increase in Cash and Cash Equivalents	(40,587)	101,735	11,759
Cash and Cash Equivalents at the Beginning of the Year	229,083	127,348	115,589
Cash and Cash Equivalents at the End of the Year	\$ 188,496	\$ 229,083	\$ 127,348

	1992	1991 (Thousands)	1990
<b>Reconciliation of Cash and Cash Equivalents:</b>			
Cash and investments held by trustee (designated)	\$ 607,112	\$ 430,419	\$ 197,939
Cash and investments held by trustee	46,536	50,023	53,960
Bond funds – current portion	99,205	95,444	84,583
Less investments, not considered cash and cash equivalents	564,357	346,803	209,134
Cash and cash equivalents at the end of the year	\$ 188,496	\$ 229,083	\$ 127,348

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**A - Reporting Entity** - The South Carolina Public Service Authority (the "Authority"), a component unit of the State of South Carolina, was created in 1934 by the State Legislature. The Board of Directors is appointed by the Governor of South Carolina. The purpose of the Authority is to provide electric power to the people of South Carolina. Capital projects are funded by bonds issued by the Authority and internally generated funds. The Board of Directors sets rates charged to customers to pay debt service and operating expenses, and to provide funds required under bond covenants.

**B - System of Accounts** - The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

**C - Utility Plant** - Utility plant is recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. The costs of repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

**D - Depreciation** - Depreciation is computed on a straight-line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.3% for each of the three years in the period ended December 31, 1992. Amortization expense related to capitalized leases is also included in depreciation expense.

**E - Revenue Recognition and Fuel Costs** - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers which has not been billed is being accrued. Fuel costs are reflected in operating expenses as the fuel is consumed.

**F - Bond Issuance Costs** - Unamortized debt discount, premium and expense are amortized to income over the terms of the related debt issues. Unamortized gains or losses on refunded debt are generally deferred and amortized to income over the terms of the debt issues.

**G - Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Authority considers highly liquid investments with a maturity of less than three months and cash on deposit with financial institutions as cash and cash equivalents. In 1991, the Authority changed the definition of cash and cash equivalents to include Cash and Investments Held by Trustee (Designated).

**H - State Distribution** - The distribution to the state of South Carolina is determined utilizing a formula required under the 1949 Indenture which is based essentially on operating cash flows and mandatory reserve requirements. Such calculation varies substantially from reinvested earnings for the year principally due to costs to be recovered from future revenue and working capital requirements.

**I - Reclassifications** - Certain prior year amounts have been reclassified to conform with current year presentation.

### NOTE 2 - REGIONAL WATER SYSTEM:

In 1992, the Authority's Board of Directors authorized the construction of a regional water system. The Authority executed

a contract with the Lake Moultrie Water Agency, a joint municipal water system consisting of the following members: City of Summerville Commission of Public Works, Town of Moncks Corner Commission of Public Works, City of Goose Creek, and the County of Berkeley. The Lake Moultrie Water Agency will purchase all of the capacity of the water system and sell such capacity to the four members. The water system is estimated to commence initial operation in September 1994 and begin commercial operation in January 1995. The estimated construction costs for the water system are approximately \$36,000,000. As of December 31, 1992, the construction costs incurred totalled approximately \$2,106,000.

### NOTE 3 - COSTS TO BE RECOVERED FROM FUTURE REVENUE:

The Authority's electric rates are established based upon debt service and operating fund requirements. Straight-line depreciation is not considered in the cost of service calculation used to design rates. The differences between debt principal maturities (adjusted for the effects of premiums, discounts and amortization of deferred gains and losses) and straight-line depreciation are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

### NOTE 4 - CASH AND INVESTMENTS HELD BY TRUSTEE (DESIGNATED):

Unexpended funds from the sale of bonds, debt service funds, other special funds, and cash and investments are held and maintained by trustees and their use designated in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities carried at amortized cost. **Cash** - Cash is categorized as follows: Category 1 includes bank balances entirely covered by federal depository insurance; Category 2 includes bank balances that are uncollateralized or collateralized with securities held by pledging financial institutions but not in the Authority's name.

**Investments** - Trust indentures and resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and certificates of deposit. The Authority's investments consist of U.S. Government securities, certificates of deposit, and repurchase agreements. The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. At December 31, 1992, the Authority's repurchase agreements totalled approximately \$110,511,000.

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by trust agents in the Authority's name. Category 2 includes uninsured certificates of deposit which are collateralized with securities held by the pledging financial institution but not in the Authority's name.

	1992					
	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
(Thousands)						
Cash and Investments						
Held by Trustee (Designated)						
General Improvement Funds .....	\$ 75,558	\$ 1,400	\$ 51	\$ (582)	\$ 76,427	\$ 76,519
Debt Service Reserve Funds .....	162,850	0	0	235	163,085	170,917
Other Special Funds .....	269,519	0	0	77	269,596	268,376
Funded Interest .....	98,004	0	0	0	98,004	99,251
Total Cash and Investments						
Held by Trustee (Designated) .....	<u>\$ 605,931</u>	<u>\$ 1,400</u>	<u>\$ 51</u>	<u>\$ (270)</u>	<u>\$ 607,112</u>	<u>\$ 615,063</u>
Cash and Investments						
Held by Trustee (Undesignated)						
Revenue Fund .....	\$ 42,680	\$ 0	\$ 0	\$ (1,260)	\$ 41,420	\$ 41,424
Special Reserve Fund .....	4,742	0	100	274	5,116	5,145
Total Cash and Investments						
Held by Trustee (Undesignated) .....	<u>\$ 47,422</u>	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ (986)</u>	<u>\$ 46,536</u>	<u>\$ 46,569</u>
Bond Funds - Current Portion						
Interest .....	\$ 14,870	\$ 0	\$ 0	\$ 51,119	\$ 65,989	\$ 65,989
Bond Principal .....	15,554	0	0	6	15,560	15,654
Funded Interest .....	17,217	0	0	0	17,217	17,217
Lease .....	439	0	0	0	439	439
Total Bond Funds - Current Portion .....	<u>\$ 48,080</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,125</u>	<u>\$ 99,205</u>	<u>\$ 99,299</u>

	1991					
	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
(Thousands)						
Cash and Investments						
Held by Trustee (Designated)						
General Improvement Funds .....	\$ 117,911	\$ 200	\$ 38	\$ 843	\$ 118,992	\$ 119,332
Debt Service Reserve Funds .....	149,130	1,200	92	37	150,459	159,481
Other Special Funds .....	139,398	0	0	(16,670)	122,728	121,503
Funded Interest .....	38,239	0	1	0	38,240	39,767
Total Cash and Investments						
Held by Trustee (Designated) .....	\$ 444,678	\$ 1,400	\$ 131	\$(15,790)	\$ 430,419	\$ 440,083
Cash and Investments						
Held by Trustee (Undesignated)						
Revenue Fund .....	\$ 28,594	\$ 0	\$ 100	\$ 14,025	\$ 42,719	\$ 42,777
Special Reserve Fund .....	7,309	0	0	(5)	7,304	7,588
Total Cash and Investments						
Held by Trustee (Undesignated) .....	\$ 35,903	\$ 0	\$ 100	\$ 14,020	\$ 50,023	\$ 50,365
Bond Funds - Current Portion						
Interest .....	\$ 8,309	\$ 0	\$ 1	\$ 59,977	\$ 68,287	\$ 68,288
Bond Principal .....	20,337	0	123	378	20,838	20,967
Funded Interest .....	5,880	0	0	0	5,880	5,880
Lease .....	439	0	0	0	439	439
Total Bond Funds - Current Portion ...	\$ 34,965	\$ 0	\$ 124	\$ 60,355	\$ 95,444	\$ 95,574

**NOTE 5 - LONG-TERM DEBT OUTSTANDING:**

The Authority's long-term debt at December 31, 1992 and 1991 consisted of the following:

	1992	1991
	(Thousands)	
Electric Revenue Bonds - Priority Obligations: (mature through 2006)		
Interest rates vary from 2.70% - 4.10% .....	\$ 47,245	\$ 49,705
Electric System Expansion Revenue Bonds: (mature through 2022)		
Interest rates vary from 5.00% - 9.10% .....	1,539,535	1,695,100
Electric System Revenue Bonds: (mature through 1992) .....	—	40,500
Capitalized lease obligations: (mature through 2015)		
Interest rates vary from 2.00% - 5.00% .....	55,819	58,871
Revenue Bonds: (mature through 2031)		
Interest rates vary from 5.00% - 7.10% .....	858,435	368,910
Total Long-Term Debt .....	2,501,034	2,213,086
Current Portion - Long-Term Debt .....	34,266	44,801
Total Long-Term Debt - Net .....	\$ 2,466,768	\$ 2,168,285

Maturities of long-term debt through 1997 are as follows:

	Priority Obligations	Expansion Bonds	Capitalized Leases	Revenue Bonds	Total
Year Ending December 31,	(Thousands)				
1993 .....	\$ 2,540	\$ 23,095	\$ 3,146	\$ 5,485	\$ 34,266
1994 .....	2,605	24,550	3,225	5,795	36,175
1995 .....	2,720	26,115	3,318	19,645	51,798
1996 .....	2,845	29,725	3,418	1,220	37,208
1997 .....	2,975	31,655	3,527	6,010	44,167

The fair value of the Authority's debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for tax-exempt bonds and other debt with similar terms and average maturities, the fair value of debt is approximately \$2.8 billion at December 31, 1992.

The Authority refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future electric rate adjustments. In 1992, the Authority issued \$168,545,000 in 1992 Refunding Series A Revenue Bonds.

The 1992 Refunding Series A Bonds refunded the following Electric System Expansion Revenue Bonds: \$3,370,000, 1985 Refunding Bonds; \$5,405,000, 1985 Refunding Series A Bonds; \$22,555,000, 1988 Refunding Series A Bonds; \$100,010,000, 1986 Refunding Series A Bonds; and \$15,370,000, 1991 Series B Revenue Bonds; and \$12,085,000, 1991 Series D Revenue Bonds. The refunding resulted in the Authority reducing its total debt service by approximately \$28,597,000 and obtaining an economic gain of approximately \$10,268,000 after adjusting for funds used from the refunding of other than the 1992 Refunding Series A Bond proceeds.

Amounts outstanding, original loss on refunding, and the unamortized loss at December 31, 1992 follow:

Refunding Issue	Refunded Bonds	Refunded Amount Outstanding	Original Loss	Unamortized Loss
(Thousands)				
1977 Refunding	1971 and 1976 Series	\$ —	\$ 11,244	\$ 5,419
1982 Refunding	\$ 100,000 of the 1981 Series C \$ 127,000 of the 1982 Series A	—	62,588	1,023
1985 Refunding	\$ 150,000 of the 1982 Series B	—	30,570	3,392
Cash Defeasance	\$ 20,000 of the 1982 Series A	—	2,763	2,174
1986 A&B Refunding	\$ 42,725 of the 1980 Series A \$ 42,000 of the 1981 Series A \$ 61,000 of the 1981 Series B \$ 4,420 of the 1981 Series C \$ 7,820 of the 1982 Series A \$ 9,010 of the 1982 Series B	—	43,736	16,288
1986 C&D Refunding	\$280,275 of the 1982 Refunding Series	—	97,109	85,158
1987 A Refunding	\$160,510 of the 1985 Refunding Series	160,510	48,038	39,891
1988 A Refunding	\$ 18,220 of the 1980 Series A \$ 18,315 of the 1981 Series A \$ 9,110 of the 1982 Refunding Series \$ 5,000 of the 1985 Refunding Series \$120,890 of the 1985 Refunding Series A	125,890	28,644	23,195
1991 A,B&C Refunding & Improvement Series	\$ 4,855 of the 1980 Series A \$ 8,075 of the 1981 Series A \$ 13,500 of the 1985 Series \$ 32,500 of the 1985 Refunding Series	32,500	4,856	4,288
Commercial Paper	\$ 27,000 of the 1985 Subordinate Series	—	495	413
1992 A Refunding	\$ 5,405 of the 1985 Refunding Series A \$ 3,370 of the 1985 Refunding Series \$100,010 of the 1986 Refunding Series A \$ 22,555 of the 1988 Refunding Series A \$ 15,370 of the 1991 Refunding Series B \$ 12,085 of the 1991 Series D	158,795	42,188	42,188
Total		\$ 477,695	\$ 372,231	\$ 223,429

The Authority's bond indentures provide for certain restrictions, the most significant of which are:

1. The Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements, and all costs of operation and maintenance of the Authority's electric system and all necessary repairs,

replacements, and renewals thereof.

2. The Authority is restricted from issuing additional parity bonds unless certain conditions are met.

As of December 31, 1992, the Authority is in compliance with all debt covenants.

**NOTE 6 - REVENUE BONDS:**

On December 22, 1992, the Authority's Board of Directors authorized the sale of \$25,000,000 Revenue Bonds, 1992 Series B (1992 B Bonds). The 1992 B Bonds were closed on January 7, 1993. Proceeds from the 1992 B Bonds will be used for the construction of the regional water system.

The 1992 B Bonds were sold at an all in interest cost of 6.29% and are due July 2000 to 2014, 2020 and 2027.

**NOTE 7 - COMMERCIAL PAPER AND MINI-BONDS:**

The Board of Directors has authorized the issuance of commercial paper not to exceed \$150,000,000. The paper is issued for valid corporate purposes with a term not to exceed 270 days. As of December 31, 1992 and 1991, the effective interest rate on outstanding borrowings was 2.69% and 4.20%, respectively. During 1992 and 1991, the average amount outstanding was \$115,410,000 and \$123,880,000, respectively; the average maturity was 62 and 44 days, respectively; and the average effective interest rate was 2.96% and 4.48%, respectively.

At December 31, 1992, the Authority had a Revolving Credit Agreement with NationsBank for \$150,000,000. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings under the

agreement during 1992.

In 1988 and 1989 the Authority issued bonds (Mini-Bonds) in small denominations which are due on demand by the registered owner under a Mini-bond Resolution. In 1990, the Revenue Bond Resolution was adopted and all senior debt including the existing 1988 and 1989 Mini-Bonds were frozen except for refunding purposes. Under the Revenue Bond Resolution, small denomination bonds due on demand (Series M Bonds) were issued. The Mini-Bonds and the Series M Bonds are collectively referred to as "Mini-Bonds" because they retain the same characteristics even though they are different lien levels. The pledge of revenues securing Revenue Bonds is junior and subordinate to the pledge of revenues securing the Priority Obligations, Electric System Expansion Revenue Bonds, and the 1988 and 1989 Mini-Bonds and capitalized lease obligations, but is superior to the lien and pledge of revenues securing the Commercial Paper, payments to the Contingency Fund, Capital Improvement Fund, Special Reserve Fund, and the payments to the State.

At December 31, 1992, the Authority had two Revolving Credit Agreements with NationsBank for \$40,000,000. These agreements are used to provide liquidity for the put feature on all outstanding Mini-Bonds. There were no borrowings under these agreements during 1992.

Commercial Paper and Mini-Bonds outstanding at December 31:

	1992	1991
	(Thousands)	
Commercial Paper .....	\$ 121,750	\$ 124,000
Mini-Bonds:		
1988 Series, bearing interest at 7.75% and due 2003 .....	\$ 16,641	\$ 16,711
1989 Series, bearing interest at 7.00% and due 2004 .....	18,299	18,018
Total Mini-Bonds .....	\$ 34,940	\$ 34,729
Revenue Bonds (Series M):		
1990 Series, bearing interest at 7.30% and due 2005 and 2006 .....	\$ 21,842	\$ 21,495
1991 Series, bearing interest at 6.875% and due 2007 and 2008 .....	27,671	27,290
1992 Series, bearing interest at 6.25% and due 2007, 2008, and 2009 .....	39,342	—
Total Revenue Bonds (Series M) .....	\$ 88,855	\$ 48,785
Total Mini-Bonds and Revenue Bonds (Series M) .....	\$ 123,795	\$ 83,514
Total Commercial Paper, Mini-Bonds and, Revenue Bonds (Series M) .....	\$ 245,545	\$ 207,514

**NOTE 8 - SUMMER NUCLEAR STATION:**

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interests of 33 1/3% and 66 2/3%, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance, and decommissioning of the Summer Nuclear Station, and the Authority is obligated to pay its ownership share of all costs

relating thereto. The Authority receives 33 1/3% of the net electricity generated. At December 31, 1992 and 1991, the plant accounts included approximately \$436,409,000 and \$438,771,000, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. For each of the three years ended December 31, 1992, 1991, and 1990 the Authority's operation and maintenance expenses included \$41,431,000, \$30,880,000, and \$33,167,000, respectively, for the Summer Nuclear Station.

Nuclear fuel costs are being amortized based on energy expended which includes a component for estimated disposal costs of spent nuclear fuel. This amortization is included in fuel expense and is recovered through the Authority's rates.

SCE&G has an on-site spent fuel storage capability until at least 2008 and expects to be able to expand its storage capacity to accommodate the spent fuel output for the life of the plant through rod consolidation, dry cask storage, or other technology as it becomes available. In addition, there is sufficient on-site storage capacity over the life of Summer Nuclear Station to permit storage of the entire reactor core in the event that complete unloading should become desirable or necessary for any reason.

The Nuclear Regulatory Commission (NRC) has published final regulations on decommissioning of nuclear facilities that require a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In order to comply with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. A site-specific decommissioning study was completed in 1991 indicating approximately \$76,266,000 (the Authority's one-third share) in 1990 dollars will be required to decommission Summer Nuclear Station. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates. Decommissioning costs are included on the balance sheet in deferred credits and other non-current liabilities.

In addition to providing for the minimum requirements imposed by the NRC, the Authority established in 1983 an internal decommissioning account. Based on the current site-specific decommissioning study, these funds, which totalled approximately \$20,819,000 at December 31, 1992, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

SCE&G has determined that the Summer Nuclear Station steam generators must be replaced due to stress corrosion cracking. SCE&G estimates replacement of the steam generators will cost approximately \$156 million, of which the Authority's share will be approximately \$52 million, exclusive of the Authority's indirect costs. Replacement of the generators is scheduled for 1994. SCE&G has filed suit against the manufacturer of the generators seeking damages for the replacement of the generators. The ultimate outcome of the claim cannot be determined at this time, accordingly no benefit has been recorded in the financial statements.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of the contract provisions, and a final settlement was reached and approved by all parties in April 1980. By terms of the settlement, the Authority has received approximately \$10,243,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of uranium, long-term deliveries of equipment and services (including conversion and fuel fabrication) at a discount. The cash and discounts received which approximated \$16,572,000, were recorded as deferred credits. During the three prior refueling

outages, deferred credits and related interest were used to offset additional fuel costs associated with replacement energy during the refueling outages. The remaining deferred credits of \$379,000 will be used during the scheduled refueling outage in 1993.

The Energy Policy Act of 1992 gave the Department of Energy (DOE) the authority to assess utilities for the decommissioning of its facilities used for the enrichment of uranium included in nuclear fuel costs. In order to decommission these facilities, the DOE estimates that it would need to charge utilities a total of \$150,000,000 annually for fifteen (15) years based on enrichment services to date. Based on an estimate from SCE&G covering the fifteen years, the Authority at December 31, 1992, recorded its one-third share of the liability which totalled \$3,529,000. Such amount has been deferred and will be recovered through rates as paid. These costs are included on the balance sheet in deferred credits and other non-current liabilities.

The maximum liability for public claims arising from any nuclear incident has been established at \$7.8 billion by the Price-Anderson Indemnification Act. This \$7.8 billion would be covered by nuclear liability insurance of up to \$200 million per site, with any additional liability covered by retrospective assessments of up to \$66.15 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed \$10 million per incident per year). Based on its one-third interest in Summer Nuclear Station, the Authority would be responsible for the maximum assessment of \$22.05 million, not to exceed approximately \$3.3 million per incident, per year. This amount is subject to further increases to reflect the increase of (i) inflation, (ii) the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain with American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL) \$500 million primary and \$1.325 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. In addition to the premiums paid on the excess policy, SCE&G and the Authority could also be assessed a retroactive premium, not to exceed 7.5 times the annual premium, in the event of property damage to any nuclear generating facility covered by NEIL. Based on the current annual premium and the Authority's one-third interest, the Authority's maximum retroactive premium would be \$1.9 million.

The Authority is self-insured for any retroactive premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power.

#### NOTE 9 - LEASES:

The Authority has capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering a steam electric generating plant, transmission facilities, and various other facilities. The lease terms range from three to twenty-three years. Quarterly lease payments are based on a sum equal to the interest on, and principal of, Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the above-mentioned facilities. The Authority has options to purchase the leased properties at any time during the

period of the lease agreements for sums equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

Future minimum lease payments on Central leases, at December 31, 1992 were:

Years ending December 31:	Amount (Thousands)
1993 .....	\$ 5,259
1994 .....	5,240
1995 .....	5,233
1996 .....	5,228
1997 .....	5,229
Thereafter .....	51,608
Total minimum lease payments .....	77,797
Less, amounts representing interest .....	21,977
Balance at December 31, 1992 .....	\$ 55,820

Property under capitalized leases and related accumulated amortization included in utility plant at December 31, 1992, totalled \$100,995,000 and \$54,491,000, respectively, and at December 31, 1991, totalled \$101,400,000 and \$51,900,000, respectively.

Operating lease payments during the years ended December 31, 1992, 1991, and 1990 totalled \$1,021,000, \$1,431,000, and \$1,159,000, respectively.

#### NOTE 10 - CONTRACT WITH CENTRAL ELECTRIC POWER COOPERATIVE, INC.:

Power supply and transmission services are provided to Central in accordance with the Power System Coordination and Integration Agreement dated January 19, 1981, and amended as of March 31, 1988. The amendment provides for a change in the Authority's rate-making methodology for Central. The Authority will be the sole supplier of Central's energy needs excluding energy Central receives from the Southeastern Power Administration and SCE&G.

#### NOTE 11 - COMMITMENTS AND CONTINGENCIES:

**Budget** - The Authority's capital budget provides for expenditures of approximately \$392,400,000 during the year ending December 31, 1993, and \$387,100,000 during each of the two years thereafter. These projects will be financed by internally generated funds and additional borrowings.

**Future Generation** - The Authority's Board of Directors has approved the construction of a second 540-megawatt coal-fueled electric generating unit at the Cross Plant with power generation to begin no later than May 1995.

The estimated cost of construction is expected to total approximately \$484.0 million which includes \$441.5 million for the generating unit, \$25.9 million for related transmission

facilities, \$9.3 million for coal cars, and \$7.3 million for the initial coal stockpile.

**Purchase Commitments** - The Authority has contracted for long-term coal purchases under contracts with outstanding minimum obligations at December 31, 1992 as follows:

Years ending December 31:	Amount (Thousands)
1993 .....	\$ 130,659
1994 .....	120,875
1995 .....	120,875
1996 .....	120,875
1997 .....	120,875
Thereafter .....	354,960
Total .....	\$ 969,119

The Authority's outstanding minimum obligations under existing purchased power contracts as of December 31, 1992, were approximately \$139.7 million. The terms of the contracts range from 3 to 43 years.

The Authority has commitments for 1993 of approximately \$3.5 million under the joint ownership agreement with SCE&G for the purchase, conversion, enrichment, and fabrication of uranium.

**Clean Air Act** - The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

Congress has promulgated comprehensive amendments to the Clean Air Act, including the addition of a new federal program relating to acid precipitation. The Authority has evaluated the potential impact of this legislation, including new limits on the allowable rates of emission of sulfur dioxide and nitrogen oxide. While the legislation contains a number of new restrictions, the most significant new requirements, relating to acid precipitation, would not begin to impact the Authority until the year 2000.

Under the Clean Air Act, among other things, specific reductions in sulfur dioxide and nitrogen oxide emissions from fossil-fueled generating units will be required in two phases. In general, Phase I compliance must be implemented by January 1, 1995, and Phase II compliance by January 1, 2000. Specific regulations, rules, and procedures for implementing the Clean Air Act are currently being promulgated by the EPA. The Authority believes that, based on its review of the Clean Air Act, the Clean Air Act will not materially affect the Authority's operations until after 1997.

**Energy Policy Act of 1992** - The Energy Policy Act of 1992 (Energy Act) promotes energy efficiency, alternative fuel use, and increased competition for electric utilities and will have a significant impact on the utility industry. Under the Energy Act, Independent Power Producers (IPPs) are allowed access to a utility's transmission lines to sell their electricity to other utilities, thus enhancing their incentive to build generation plants for the utility's large industrial and commercial customers. At this time, the Authority is not able to determine what impact open transmission access will have on the financial results of the Authority.

**NOTE 12 - RETIREMENT BENEFITS:**

Substantially all Authority full-time employees must participate in the South Carolina Retirement System (System), a cost-sharing, multiple-employer public employee retirement system. The payroll for employees covered by the System for each of the years ended December 31, 1992, 1991, and 1990, was \$61,558,000, \$57,125,000, and \$53,355,000, respectively.

Vested employees who retire at age 65 or with 30 years of service at any age are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service. Reduced retirement benefits are payable as early as age 55. The System also provides death and disability benefits. Benefits are established by state statute.

Employees are required by state statute to contribute 6 percent of salary. The Authority is required by the same statute to contribute 7.55 percent of total payroll. The contribution requirement for each of the years ended December 31, 1992, 1991, and 1990 was \$4,742,000, \$4,449,000, and \$4,109,000 from the Authority and \$3,689,000, \$3,431,000, and \$3,198,000 from employees.

An actuarial valuation is performed for the System annually. At the most recent valuation date, June 30, 1992, the pension benefit obligation for retired and active members was approximately \$11.5 billion. The amortized cost of assets of the System was approximately \$8.4 billion. The unfunded pension obligation was approximately \$3.1 billion. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is an actuarial present value of credited projected benefits, is intended to help users assess the System funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The System does not make separate measurements of assets and benefits payable for individual employers. The Authority's contribution represented approximately one and a half percent of the total contribution to the System.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1992, Comprehensive Annual Financial Report.

The Authority also provides deferred compensation benefits to certain employees who are eligible to retire with ten years of service and have reached the age of 50. The cost of these benefits is accrued on an actuarially determined basis. As of December 31, 1992, there were 29 active participants and 22 retirees. The accrued liability at December 31, 1992 and 1991 was approximately \$2,956,000 and \$2,676,000, respectively.

**NOTE 13 - OTHER POST-RETIREMENT BENEFITS:**

The Authority provides certain health, dental, and life insurance benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with 30 years of service or at age 60 with at least 20 years of service. Currently, approximately 230 retirees meet these requirements. The cost of the health, dental, and life

insurance benefits are recognized as expense as the premiums are paid. For the years ended December 31, 1992, 1991, and 1990, these costs totalled \$371,000, \$329,000, and \$279,000, respectively.

During their first ten years of service, full-time permanent employees can earn up to 15 days vacation leave per year. After ten years of service, employees earn an additional day vacation leave for each year of service over ten until they reach the maximum of 25 days per year. Employees earn annually a half day per month plus three additional days at year end for sick leave.

Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination, the Authority pays employees for accumulated vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their accumulated sick leave at the pay rate then in effect. These costs are carried as a deferred debit and a liability on the balance sheet and will be recovered through rates as they are paid.

**NOTE 14 - CREDIT RISK AND MAJOR CUSTOMERS:**

Concentrations of credit risk with respect to the receivables are limited due to the large number of customers in the Authority's customer base and their dispersion across different industries. The Authority maintains an allowance for uncollectible accounts based upon the expected collectibility of all accounts receivable.

Sales to two major customers for the years ended December 31, were:

	1992	1991	1990
	(Thousands)		
Central	\$ 236,000	\$ 242,000	\$ 225,000
Alumax of South Carolina, Inc. (Alumax)	\$ 82,000	\$ 88,000	\$ 84,000

During calendar years 1988 through 1990, Alumax received rate relief of \$4.4 million which is subject to repayment if the monthly price of aluminum is \$.72 per pound or more as stated in 1986 dollars. Alumax is not eligible for any additional rate relief. On December 31, 1993, Alumax's obligation to repay such rate relief will end.

Subsequent to year end, Alumax has announced a 20 percent temporary reduction in production at their plant served by the Authority. The Authority does not believe the impact of this item will be material.

**NOTE 15 - STORM DAMAGE:**

On September 21, 1989, the Authority's system was substantially damaged by Hurricane Hugo. Through December 1992, the Authority has incurred costs of approximately \$22.4 million to repair and replace damaged facilities and systems. Substantially all such costs have been funded by insurance proceeds and Federal Emergency Assistance grants.

The Authority does not expect to increase rates due to the impact of Hurricane Hugo and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

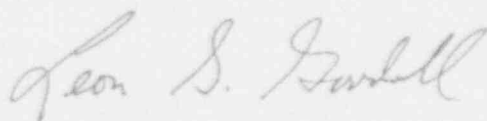
#### AUDIT COMMITTEE CHAIRMAN'S LETTER

The Finance-Audit Committee of the Board of Directors is composed of five independent directors: Leon S. Goodall, chairman; A. Clint Gossett; B.L. Hendricks; D. Gene Rickenbaker; and Johnnie (Joe) Young. The Committee meets monthly with members of management and Internal Audit to review and discuss their activities and responsibilities.

The Finance-Audit Committee oversees Santee Cooper's financial reporting and internal auditing processes on behalf of the Board of Directors. Monthly briefings on the financial statements and periodic reports from management and the internal auditors pertaining to operations and representations were received. In fulfilling its responsibilities, the Committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountant. The Committee discussed the Company's financial statements and the adequacy of its internal controls.

The Committee met with the independent public accountant and with the General Auditor, without management present, to discuss the results of the examination, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

79



Leon S. Goodall, Chairman  
Finance-Audit Committee

# SCHEDULE OF BONDS OUTSTANDING

As of December 31, 1992  
(In Thousands)

Maturity Date July	1950 Series		1967 Series		1973 Series		1974 Series		1977 Refunding Series		1977 Series		1978 Series		1979A Series	
	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.
1993	2.70	2,060	4.10	480*	5.40	1,615	6.30	1,795	5 1/2	4,260	5.10	660	5.20	1,355	5.95	1,360
1994			4.10	2,605*	5 3/4	1,700*	6.40	1,910	5.60	4,480	5.20	720	5 1/4	1,440	6.00	1,425
1995			4.10	2,720*	5 3/4	1,795*	6.40	2,035	5.65	4,710	5.30	785	5.30	1,515	6.05	1,490
1996			4.10	2,845*	5 3/4	1,900*	6.40	2,155	5.70	4,995	5.40	830	5.35	1,585	6.10	1,565
1997			4.10	2,975*	5 3/4	2,010*	6 1/2	2,295	5.70	5,265	5.45	890	5.40	1,670	6.20	1,645
1998			4.10	3,105*	5 3/4	2,125*	6 1/2	2,435	5 7/8	5,590*	5 1/2	935	5.40	1,760	6.30	1,725
1999			4.10	3,245*	5 3/4	2,245*	6 1/2	2,590	5 7/8	5,915*	5 1/2	1,005	5.70	1,850*	6.35	1,815
2000			4.10	3,395*	5 3/4	2,375*	6 3/4	2,750*	5 7/8	6,275*	5.55	1,065	5.70	1,940*	6.40	1,915
2001			4.10	3,545*	5 3/4	2,510*	6 3/4	2,920*	5 7/8	6,665*	5.60	1,130	5.70	2,045*	6.45	2,025
2002			4.10	3,705*	5 3/4	2,655*	6 3/4	3,110*	5 7/8	7,050*	5.60	1,220	5.70	2,145*	6 1/2	2,135
2003			4.10	3,870*	5 3/4	2,810*	6 3/4	3,295*	6.00	7,490*	5 3/4	1,295*	5.70	2,260*	6 1/2	2,260
2004			4.10	4,045*	5 3/4	2,970*	6 3/4	3,505*	6.00	7,950*	5 3/4	1,380*	5.70	2,380*	6 3/4	2,390*
2005			4.10	4,230*	5 3/4	3,140*	6 3/4	3,730*	6.00	8,450*	5 3/4	1,460*	5.70	2,500*	6 3/4	2,540*
2006			4.10	4,420*	5 3/4	3,325*	6 3/4	3,950*	6.00	8,970*	5 3/4	1,570*	5.70	2,630*	6 3/4	2,695*
2007					5 3/4	3,515*	6 3/4	4,205*	6.00	9,400*	5 3/4	1,795*	5.70	2,785*	6 3/4	2,865*
2008					5 3/4	3,715*	6 3/4	4,470*	6.00	9,950*	5 3/4	1,945*	5.70	2,845*	6 3/4	3,010*
2009					5 3/4	3,930*	6 3/4	4,745*	6.00	10,565*	5 3/4	2,080*	5 7/8	8,330*	6 3/4	3,160*
2010					5 3/4	4,155*	6 3/4	5,045*	6.00	11,210*	5 3/4	2,225*	5 7/8	8,845*	6 3/4	3,335*
2011					5 3/4	11,520*	6 3/4	5,350*	6.00	4,980*	5 3/4	2,180*	5 7/8	9,390*	6 7/8	3,525*
2012					5 3/4	12,180*	6 3/4	5,695*	6.00	5,315*	5 3/4	2,300*	5 7/8	9,980*	6 7/8	3,720*
2013					5 3/4	12,880*	6 3/4	6,045*	6.00	5,625*	5 3/4	2,500*	5 7/8	10,590*	6 7/8	3,925*
2014							6 3/4	20,045*	6.00	6,010*	5 3/4	2,640*	5 7/8	11,250*	6 7/8	4,140*
2015									6.00	9,515*	5 3/4	21,065*	5 7/8	11,950*	6 7/8	4,370*
2016									6.00	11,285*	5 3/4	21,235*	5 7/8	12,555*	6 7/8	4,610*
2017											5 3/4	34,580*	5 7/8	13,190*	6 7/8	4,870*
2018													5 7/8	50,600*	6 7/8	5,135*
2019															6 7/8	25,550*
2020																
2021																
2022																
2023																
2024																
2025																
2026																
2027																
2028																
2029																
2030																
2031																
Add:																
Total Outstanding																
As of 12/31/92	2,060		45,185		85,070		94,075		171,920		109,490		188,985		99,200	
Bonds Redeemed																
As of 12/31/92	13,240		6,415		14,930		14,925		43,230		5,510		11,015		10,800	
Bonds Refunded																
As of 12/31/92	0		0		0		0		0		0		0		0	
Less:																
Accrued Value																
As of 12/31/92	-		-		-		-		-		-		-		-	
Net:																
Original Issue Amt.	15,300		51,600		100,000		109,000		215,150		115,000		200,000		110,000	

\* Term Bonds

(1) Includes accretion on Capital Appreciation Bonds through 12/31/92.

(2) Does not include funded interest.

(3) Maturities are on January 1 instead of July 1.

See Schedule of Refunded Bonds Outstanding.

# SCHEDULE OF REFUNDED BONDS OUTSTANDING

As of December 31, 1992  
(in Thousands)

Series Call Date	1985 REF July 1, 1995		1985-A REF July 1, 1995		1986-A & B REF July 1, 1996		1988-A REF January 1, 1996		1991-B REF July 1, 2001		1991-D July 1, 2002	
Original Maturity Date July 1	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
1993												
1994												
1995												
1996												
1997												
1998	9.00	1,060										
1999	9.05	1,160	8.75	5,405								
2000	9.10	1,150										
2001									6.60	15,370	5.90	5,870
2002											6.00	6,215
2003			9.00	32,500	8.00	4,695						
2004					8.00	5,070						
2005	9 3/8	5,000*			8.00	5,475						
2006					8.00	5,910						
2007					8.10	6,390						
2008					8.10	6,905						
2009												
2010												
2011												
2012												
2013												
2014												
2015												
2016												
2017												
2018												
2019					8.00	65,565*						
2020												
2021			9.20	120,890*			7 7/8	22,555*				
2022	9 1/2	160,510*										
Totals Per Series		\$168,880		\$158,795		\$100,010		\$22,555		\$15,370		\$12,085
Totals Per Call Date		\$ 327,675				\$100,010		\$22,555		\$15,370		\$12,085

\*Term Bonds

1962 Refunding Series		1985 Refunding Series		1985A Refunding Series		1986A&B Refunding Series		1986C&D Refunding Series		1987A Refunding Series		1988M Mini-Bond Series		1988A Refunding Series		1989M Mini-Bond Series		1990M
Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int.
8.60	690	8.00	650	7 3/4	470	7.15	7,380	5.80	975	5.90	975			7.00	910			
8 3/4	750	8.20	705	8.00	510	7.30	7,890	6.00	1,030	5.90	1,025			7.00	965			
		8.80	765	8.20	2,425	7.40	6,580	6.20	1,095	5.90	1,080			7.00	1,840			
		8.60	825	8.40	2,050	7 1/2	1,645	5.40	1,160	5.90	1,140			7.00	3,895			
		8.80	900	8.60	2,390	7.60	7,995	6.50	1,235	6.00	1,205			7.00	4,155			
				8.70	4,980	7.70	5,925	6.70	1,320	6.10	1,280			7.10	6,635			
						7.80	6,365	6.80	1,400	6 1/4	1,350			7.20	7,110			
						7.80	13,200	6.90	1,505	6.40	1,435			7.30	7,650			
						7.90	835	7.00	1,605	6 1/2	2,875			7.40	8,220			
						7.90	900	7.05	1,715	6 1/2	4,280			7.40	13,520			
								7.10	3,510	6.60	4,575	7 3/4	16,641	7.50	430			
								7.10	4,920	6 3/4	20,390			7.50	365	7.00	18,299 (1)	7.30
								7.10	5,265	6 3/4	16,795			7.60	5,385			
								7.20	5,625	6 3/4	2,350			7 3/4	320*			7.30
								7.20	6,000	6 3/4	2,525			7 3/4	340*			
								7.00	6,815*	6 7/8	2,715*			7 3/4	365*			
								7.00	6,850*	6 7/8	2,925*			7 3/4	395*			
								7.00	7,310*	6 7/8	3,340*			7 3/4	420*			
								7.00	6,025*	6 7/8	3,380*			7 3/4	460*			
								7.00	6,430*	6 7/8	3,625*			7 3/4	490*			
								7.30	6,870*	6.90	3,880*			7 3/4	525*			
								7.30	7,915*	6.90	4,150*			7 3/4	7,315*			
								7.30	8,145*	6.90	4,465*			7 3/4	8,210*			
								7.30	20,430*	6.90	4,785*			7 7/8	335*			
								7.30	21,875*	6.90	5,160*			7 7/8	360*			
								7.30	23,625*	6.90	5,575*			7 7/8	395*			
								7.30	25,080*	6.90	6,030*			7 7/8	23,760*			
						7.00	25,675*	7.30	27,005*	6.90	6,520*			7 7/8	31,495*			
								7.30	56,985*	6.90	7,040*			7 7/8	29,010*			
								6 3/4	62,325*	7.00	61,025*							

Mini-Bond Series	1991A,B&C Refunding & Improvement Series	1991M Mini-Bond Series	1991 D Series	1992 A Refunding Series	1992 M Mini-Bond Series	Total Principal Maturities	Calendar Year Interest (2)	Total Debt Service
Amt.	Int. Rate Amt.	Int. Rate Amt.	Int. Rate Amt.	Int. Rate Amt.	Int. Rate Amt.			
	5.40 4,415			4 1/4 1,070		31,120	131,047 (2)	162,167 (2)
	5.70 4,680			4 1/4 1,115		32,950	129,120 (2)	162,070 (2)
	6.00 18,480			4.70 1,165		48,480	138,090 (2)	186,570 (2)
				4.90 1,220		33,790	146,988 (2)	180,778 (2)
			5.30 4,730	5.10 1,280		40,640	156,095	196,735
6 1/4 2,935			5 1/2 4,980	5.30 2,405		48,135	153,253	201,388
6.30 3,120			5.65 5,255	5 1/2 7,940		51,205	150,115	201,320
6.40 4,205			5.80 5,550	5.60 2,385		55,645	146,714	202,359
				5.70 22,505		56,880	143,176	200,056
	6.70 6,240			5.80 7,400		56,075	139,665	195,740
				6.00 5,940		54,276	136,095	190,371
15,516				6.20 6,290		68,594 (1)	138,863	207,457 (1)
						75,301	127,760	203,061
6,326 (1)	7.00 3,760		6.40 6,590	6.20 6,680		59,211 (1)	133,969	193,180 (1)
	7.00 4,025	6 1/8 20,863		6.20 7,100	6 1/4 10,067 (3)	80,085	119,092	199,177
	7.00 4,305*	6 1/8 6,808 (1)		6.20 7,540	6 1/4 10,128 (3)	69,211 (1)	142,149	211,360 (1)
	7.00 4,610*			6 3/8 8,005*	6 1/4 19,147 (1)(3)	74,742 (1)	110,470	185,212 (1)
	7.00 4,930*			6 3/8 8,515*		59,130	106,808	165,938
	7.00 5,275*		6 1/2 7,010*	6 3/8 10,835*		69,930	102,696	172,626
	7.00 15,405*		6 1/2 7,470*	6 3/8 11,520*		84,130	97,765	181,895
	7.10 16,480*		6 1/2 7,955*	6 3/8 12,265*		89,540	92,158	181,698
	7.10 11,580*		6 1/2 8,470*	6 3/8 1,935*		85,450	86,389	171,839
	7.10 12,405*		6 1/2 9,020*	6 3/8 2,055*		91,200	80,559	171,759
	7.10 13,280*		6 1/2 9,480*	6 3/8 2,275*		100,270	74,346	174,616
	7.10 14,225*		6 1/2 10,160*	6 3/8 2,400*		106,820	67,642	174,462
	7.10 15,235*		6 1/2 10,840*	6 3/8 2,570*		113,775	60,490	174,265
	7.10 16,315*		6 1/2 15,040*	6 3/8 9,570*		121,345	52,479	173,824
	7.10 17,470*		6 1/2 16,175*	6 3/8 7,695*		122,035	43,498	173,533
	7.10 18,715*		6 1/2 20,945*	6 3/8 6,870*		139,565	33,798	173,363
	6 1/2 20,040*		6 1/2 6,775*			150,165	23,775	173,940
	6 1/2 9,420*		6 1/2 15,420*			24,840	17,973	42,813
	6 1/2 10,035*		6 1/2 16,420*			26,455	16,306	42,761
	6 1/2 10,685*		6 3/8 17,490*			28,175	14,520	42,695
	6 1/2 11,380*		6 3/8 18,650*			30,030	12,606	42,636
	6.00 12,720*		6 3/8 19,885*			32,005	10,596	42,601
	6.00 12,850*		6 3/8 21,200*			34,050	8,486	42,536
	6.00 13,620*		6 3/8 22,605*			36,225	6,241	42,466
	6.00 14,435*		6 3/8 24,100*			38,535	3,852	42,387
	6.00 15,300*		6 3/8 25,700*			41,000	1,310	42,310
21,842 (1)	351,975	27,671 (1)	337,915	168,545	39,342 (1)	2,569,010 (1)	3,356,954 (2)	5,925,964 (1)(2)
176	3,065	64	0	0	0	154,472		
0	15,370	0	12,085	0	0	767,080		
950	-	577	-	-	163	2,789		
10,068	370,410	27,158	350,000	168,545	39,179	3,487,773		

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## SANTEE COOPER HONORS WALTER T. COX

After nearly 20 years on the Santee Cooper Board of Directors, Walter T. Cox concludes a distinguished career of public service to Santee Cooper and the state of South Carolina.

As a representative of the 3rd Congressional District, Cox considers telling the Santee Cooper story to his upstate constituents one of his ongoing challenges.

"It is the best-kept secret there is to many people upstate," he says of Santee Cooper. "The taxpayers of South Carolina don't realize what they, as citizens, own in Santee Cooper, beyond having a source of electric power. When I first came on the board, some folks at Clemson thought I was coming down here to supervise fishing on the Santee Cooper lakes. That was the extent of their knowledge. I hope I've helped to tell our story."

The 74-year-old Cox cites statewide economic development, environmental stewardship, and educational commitments as evidence that Santee Cooper truly lives up to its formal name: the South Carolina Public Service Authority.

Cox, a Belton native, is president emeritus of Clemson University, where he has lived and worked since being hired by legendary Clemson football coach Frank Howard in 1940 after graduating that spring. An outstanding lineman, Cox played on the 1939 Tiger football team that defeated Boston College in the Cotton Bowl.

The former dean of men at the state's land-grant university has seen his beloved school go from college to university, with enrollment and excellence in academics and athletics reaching nationally recognized proportions. Clemson's progress and Santee Cooper's progress have often gone hand-in-hand, he notes.

The former educator's eyes brighten when he talks about the educational commitment on Santee Cooper's 110 acres of leased property at Camp Bob Cooper on Lake Marion, one of two 4-H camps operated by Clemson.

Earlier this year the Santee Cooper board committed to assist in funding construction of an educational building at the camp, unanimously voting to name it the "Santee Cooper/Walter T. Cox Educational Building." Ground will soon be broken on the facility, which will supplement the Santee Cooper-sponsored Outdoor Adventure Camp held each August. "I am very proud of this building and humbled that the board named it after me."

As chairman of the finance committee, the outgoing first vice chairman is particularly proud of Santee Cooper's solid financial footing with highly rated revenue bonds and popular tax-free Mini-Bonds.



"Santee Cooper is as well managed as any organization I know," Cox says. "I've been a part of the boards of Blue Cross/Blue Shield and C&S Bank, and seeing their methods and comparing the skills provided by the management of Santee Cooper, we're excellently run. And the growth. When appointed by Governor John West, Santee Cooper had about 32,000 retail customers and today that figure is 95,000."

Cox cites the strengthening of ties with Central Electric Power Cooperative and the formation of the Palmetto Economic Development Corporation as big achievements during his tenure.

Recent talk of proposals to privatize Santee Cooper is a concept that Cox views as unwise for all of the state's electric consumers, whether they receive power from Santee Cooper, a co-op, or an investor-owned utility.

"It would be the greatest disaster to ever happen to our state—for the position of Santee Cooper to be changed," he says without hesitation. "If sold it would be like the farmer selling his farm and then his assets are gone."

Cox says improved communications with the Legislature in recent years is serving Santee Cooper well in the current situation. He is confident that lawmakers will weigh any decision very carefully to sell an organization that has served so well for more than five decades. "I feel that Santee Cooper will continue to be the best-run state agency there is," he says. "It's going to continue to grow."

"Twenty years of the most wonderful experiences I've had," Cox concludes. "Add these to the other good fortunes I've had—being able to work with so many South Carolinians, it's been a great experience I've cherished."

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#### **FOR ADDITIONAL INFORMATION CONTACT:**

Jerry L. Stafford  
Director, Corporate Communications  
One Riverwood Drive  
Mundo Cove, SC 29461  
(803) 761-4051



**Santee  
Cooper**

ONE RIVERWOOD DRIVE, MONCK'S CORNER, SC 29461