SOUTH CAROLINA ELECTRIC & GAS COMPANY
POST OFFICE 764
COLUMBIA, SOUTH CAROLINA 29218

O. W. DIXON, JR.
VICE PRESIDENT
NUCLEAR OPERATIONS

April 4, 1983

Mr. Ira Dinitz
Office of State Programs (AR-5037)
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Subject: Virgil C. Summer Nuclear Station
Docket No. 50/395
License No. NPF-12
10CFR140.15(a) and 10CFR140.21
Reporting Requirements

Dear Mr. Dinitz:

In compliance with 10CFR140.15(a) and 10CFR140.21 respectively, South Carolina Electric and Gas Company hereby submits eight (8) copies of four (4) Primary Liability Insurance Endorsements, two (2) copies of four (4) Secondary Liability Insurance Endorsements, and one (1) copy of the Annual Financial Report for both the South Carolina Electric and Gas Company and the South Carolina Public Service Authority.

Very truly yours,

O. W. Dixon, Jr.

WRM:RBC/fjc

M001

cc: V. C. Summer
T. C. Nichols, Jr./O. W. Dixon
E. C. Roberts
H. N. Cyrus
Group/General Managers
J. P. O'Reilly
R. B. Clary
R. R. Mahan
H. M. Bryant
A. R. Koon
J. L. Skolds
J. B. Knotts,Jr.
NPCF
File

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM AND STANDARD PREMIUM CALENDAR YEAR 1983
ENDORSEMENT

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

   $ 59,169.37.

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

   $ 44,293.72.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of This Endorsement: January 1, 1983, 12:01 A.M. Standard Time

To form a part of Policy No. MF-108

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue: December 15, 1982

For the subscribing companies

By [signature]
General Manager

Endorsement No. 8

Countersigned by Alex W. Ball

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

1. Amendment of Advance Premium Endorsement

2. Standard Premium and Reserve Premium Endorsement

3. Additional Premium Due

1. Advance Premium

It is agreed that the Amended Advance Premium due the companies for the calendar year 1983 is $63,317.02.

2. Standard Premium and Reserve Premium

Subject to the provisions of the Industry Credit Rating Plan, it is agreed that the Standard Premium and Reserve Premium for the calendar year designated above are:

Standard Premium $63,317.02.

Reserve Premium $47,445.94.

3. Additional Premium $4,147.65.

Effective Date of this endorsement January 1, 1983

To form a part of Policy No. MF-108

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 28, 1982

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. S. Quattrocchi

Endorsement No. 9 Countersigned by Alex W. Bell
Authorized Representative

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

ME-36

J. S. Quattrocchi

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Nuclear Energy Liability Insurance

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM CALENDAR YEAR 1983 ENDORSEMENT

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

   $ 203,805.63 .

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

   $ 152,567.28 .

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of This Endorsement January 1, 1983
12:01 A.M. Standard Time
To form a part of Policy No. NF-252

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 15, 1982

For the subscribing companies

By

General Manager

Endorsement No. 23

Countersigned by Alex W. Bell

Nuclear Energy Liability Insurance

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1983

It is agreed that Items 1a. and 1b. of Endorsement No. 23 are amended to read:

1a. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is: $ 218,091.98 .

1b. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is: $ 163,424.90 .

Additional Premium: $ 14,286.35 .

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1983 To form a part of Policy No NF-252
12:01 A.M. Standard Time

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 28, 1982

For the subscribing companies

By
General Manager

Endorsement No 24

Countersigned by

NE-36

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Certificate No. M- 78

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

This is to certify that the persons and organizations designated in Item 1 of the Declarations are named insureds under the Master Policy - Nuclear Energy Liability Insurance (Secondary Financial Protection), herein called the "Master Policy", issued by Mutual Atomic Energy Liability Underwriters.

Such insurance as is provided by the Master Policy applies, through this certificate, only:

(a) to the insureds identified in Items 1 and 2 of the Declarations,

(b) for the certificate period stated in Item 6 of the Declarations,

(c) to bodily injury or property damage

(1) with respect to which the primary financial protection described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and

(2) which is caused during the certificate period stated in Item 6 of the Declarations by a nuclear incident arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

(3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

(a) South Carolina Electric & Gas Company - 328 Main Street, Columbia, South Carolina 29218

(b) South Carolina Public Service Authority - 223 North Live Oak Drive Moncks Corner, South Carolina 29461

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor:

Unit 1 of the Virgil C. Summer Nuclear Station located in Fairfield County, South Carolina.

Item 4. (a) Identification of primary financial protection applicable to the nuclear reactor and limit(s) of liability thereof:

Nuclear Energy Liability Insurance Association's Policy NF- 252	$124,000,000
Mutual Atomic Energy Liability Underwriters' Policy MF-	$36,000,000

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows:

No Exceptions

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.

Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: $1,125,000

Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 1982 : The pro rata portion of $1,350.00 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Mutual Atomic Energy Liability Underwriters subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

H. M. Bryant

H. M. Bryant, Secretary

L P Dorman

L. P. Dorman, Corporate Secretary

Named Insureds:

South Carolina Electric & Gas Company
(Named Insured - Type or Print)

By W B T (SEAL)
(Signature of Officer) William B. Timmerman

Vice President - Finance
(Type or Print Name & Title of Officer)

Date: August 16, 1982

South Carolina Public Service Authority
(Named Insured - Type or Print)

By W Mescher (SEAL)
(Signature of Officer)

W. C. Mescher, President
(Type or Print Name & Title of Officer)
Date: August 13, 1982

(Named Insured - Type or Print)

By (SEAL)
(Signature of Officer)

(Type or Print Name & Title of Officer)
Date:

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and the Declarations to be signed on their behalf by Mutual Atomic Energy Liability Underwriters to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

BY: Authorized Agent

Countersigned by Alex W. Bolli (Authorized Representative)

Subscribing Companies	PROPORTION OF 100%
American Mutual Liability Insurance Company, Wakefield, MA	15.0000000
Employers Insurance of Wausau, A Mutual Company, Wausau, WI	15.0000000
Liberty Mutual Insurance Company, Boston, MA	30.0000000
Lumbermens Mutual Casualty Company, Long Grove, IL	30.0000000
Michigan Mutual Insurance Company, Detroit, MI	5.0000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.0000000

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ENDORSEMENT TO CERTIFICATE NO. M-78
Forming Part of Master Policy No. 1
Nuclear Energy Liability Insurance
(Secondary Financial Protection)

ANNUAL PREMIUM ENDORSEMENT

It is agreed that the Annual Premiums applicable to the periods designated below are as follows:

For Calendar Year 1978
Effective Date January 1, 1978
Annual Premium N/A

For Calendar Year 1979
Effective Date January 1, 1979
Annual Premium N/A

For Calendar Year 1980
Effective Date January 1, 1980
Annual Premium N/A

For Calendar Year 1981
Effective Date January 1, 1981
Annual Premium N/A

For Calendar Year 1982
Effective Date August 5, 1982
Annual Premium $ 550.80

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

J. L. Quattrocchi

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement as stated above

To form a part of Certificate No. M-78

Issue to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 15, 1982

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. L. Quattrocchi

Endorsement No. 1

Countersigned by Alex W. Bolli
AUTHORIZED REPRESENTATIVE

ME-S-3

NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1983

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: $ 1,350.00 .

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

J. L. Quattrocchi

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1983 To form a part of Certificate No. M-78

Issue to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 15, 1982

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By J. L. Quattrocchi

Endorsement No. 2 Countersigned by Alex W. Boll
AUTHORIZED REPRESENTATIVE

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Certificate No. N-78

Forming Part of Master

Policy No. 1

CERTIFICATE OF INSURANCE

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Certificate of Insurance

This is to certify that the persons and organizations designated in Item 1 of the Declarations are named insureds under the Master Policy - Nuclear Energy Liability Insurance (Secondary Financial Protection), herein called the "Master Policy", issued by Nuclear Energy Liability Insurance Association.

Such insurance as is provided by the Master Policy applies, through this <u>certificate</u>, only:

(a) to the <u>insureds</u> identified in Items 1 and 2 of the Declarations,

(b) for the <u>certificate</u> period stated in Item 6 of the Declarations,

(c) to <u>bodily injury</u> or <u>property damage</u>

(1) with respect to which the <u>primary financial protection</u> described in Item 4 of the Declarations would apply but for exhaustion of its limit of liability as described in Condition 6 of the Master Policy, and

(2) which is caused during the <u>certificate</u> period stated in Item 6 of the Declarations by a <u>nuclear incident</u> arising out of or in connection with the nuclear reactor described in Item 3 of the Declarations, and

(3) which is discovered and for which written claim is made against the insured not later than ten years after the end of the certificate period stated in Item 6 of the Declarations. However, with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (3) shall not operate to bar coverage for bodily injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Declarations

Item 1. Named insureds and addresses:

(a) South Carolina Electric & Gas Company - 328 Main Street, Columbia South Carolina 29218

(b) South Carolina Public Service Authority - 223 North Live Oak Drive Moncks Corner, South Carolina 29461

Item 2. Additional insureds:

Any other person or organization who would be insured under the primary financial protection identified in Item 4 of the Declarations but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of nuclear reactor: Unit 1 of the Virgil C. Summer Nuclear Station located in Fairfield County, South Carolina.

Item 4. (a) Identification of primary financial protection applicable to the nuclear reactor and limit(s) of liability thereof:

Nuclear Energy Liability Insurance Association's Policy NF- 252	$124,000,000
Mutual Atomic Energy Liability Underwriters' Policy MF-	$ 36,000,000

(b) The following endorsements, attached to the primary financial protection policies listed in Item 4 (a) also apply to the insurance afforded by the Master Policy through this certificate as though they were attached hereto:

(1) Waiver of Defenses Endorsement (Extraordinary Nuclear Occurrence) and

(2) Supplementary Endorsement - Waiver of Defenses - Reactor Construction at the Facility,

(c) The limits of liability provided under the primary financial protection specified in Item 4 (a) above are not shared with any other reactor except as follows: No Exceptions

Item 5. Limits of Liability: The amount of retrospective premium actually received by the companies plus the amount of the companies' contingent liability, if any, pursuant to Conditions 2, 3 and 4 of the Master Policy.

Item 6. Certificate Period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this certificate becomes effective and continuing to the effective date and time of cancellation or termination of the Master Policy or this certificate, whichever first occurs, eastern standard time.

Item 7. Maximum retrospective premium (exclusive of allowance for premium taxes) payable pursuant to Condition 2 of the Master Policy with respect to each nuclear incident: $3,875,000.

Item 8. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Master Policy from the effective date hereof to the end of calendar year 1982 : The pro rata portion of $4,650 for the period from the effective date of this certificate to the end of the calendar year during which such effective date occurs.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know All Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Master Policy described in the above Certificate of Insurance and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the members of Nuclear Energy Liability Insurance Association subscribing the Master Policy (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the Master Policy, as it may be changed from time to time, with interest on such premiums and allowances for taxes to be computed at the rate provided in the Master Policy from the date payment thereof is specified to be due the companies in written notice to the first named insured as provided in Condition 2 of the Master Policy until paid;

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts;

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs, and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond and (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Master Policy relating to such covenants or provisions;

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

The preceding Certificate of Insurance, Declarations and Bond form a part of the Master Policy. Cancellation or termination of the Master Policy or the Certificate of Insurance shall not affect the named insured's obligations under the policy or the Bond to pay the retrospective premiums and allowances for premium taxes, as provided in this Certificate and Condition 2 of the Master Policy.

IN WITNESS WHEREOF, the named insureds have caused this Certificate, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the Certificate period.

Attest or Witness

H M Bryant

H. M. Bryant, Secretary

Named Insureds:

South Carolina Electric & Gas Company

(Named Insured - Type or Print)

By W B Tim (SEAL)

(Signature of Officer) William B. Timmerman

Vice President, - Finance

(Type or Print Name & Title of Officer)

Date: August 16, 1982

L P Dorman

L. P. Dorman, Corporate Secretary

South Carolina Public Service Authority

(Named Insured - Type or Print)

By W C Mescher (SEAL)

(Signature of Officer)

W. C. Mescher, President

(Type or Print Name & Title of Officer)

Date: August 13, 1982

____

(Named Insured - Type or Print)

____

By______________________________(SEAL)

(Signature of Officer)

____

(Type or Print Name & Title of Officer)

Date:______________

IN WITNESS WHEREOF, the companies subscribing the Master Policy have caused the Certificate of Insurance and the Declarations to be signed on their behalf by the President of Nuclear Energy Liability Insurance Association to be effective as of the time and date of the inception of the Certificate period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

BY: ______________________
Burt C. Proom, President

Countersigned by ______________________
(Authorized Representative)

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ENDORSEMENT TO CERTIFICATE NO. N-78
Forming Part of Master Policy No. 1
Nuclear Energy Liability Insurance
(Secondary Financial Protection)

ANNUAL PREMIUM ENDORSEMENT

It is agreed that the Annual Premiums applicable to the periods designated below are as follows:

For Calendar Year 1978
Effective Date January 1, 1978
Annual Premium N/A

For Calendar Year 1979
Effective Date January 1, 1979
Annual Premium N/A

For Calendar Year 1980
Effective Date January 1, 1980
Annual Premium N/A

For Calendar Year 1981
Effective Date January 1, 1981
Annual Premium N/A

For Calendar Year 1982
Effective Date August 5, 1982
Annual Premium $1,897.20

This is to certify that this is a true copy of the original Endorsement having the endorsement [illegible] ber and being made part of the Nuclear Energy Liability Policy (Fac[illegible]ty Form) as designated hereon. No Insurance is afforded hereunder.

J. L. Quattrocchi

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement as stated above 12:01 A.M. Standard Time To form a part of Certificate No. N-78

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 15, 1982

For the subscribing companies

By [signature]
General Manager

Endorsement No 1

Countersigned by Alex W. Bell

NE-S-3

Nuclear Energy Liability Insurance

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1983

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: $ 4,650.00 .

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

J. L. Quattrocchi

John L. Quattrocchi, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1983 12:01 A.M. Standard Time To form a part of Certificate N-78

Issued to South Carolina Electric & Gas Company and South Carolina Public Service Authority

Date of Issue December 15, 1982

For the subscribing companies

By ______ General Manager

Endorsement No 2

Countersigned by ______

South Carolina Electric & Gas Company

1982 Annual Report

ABOUT THE COMPANY

South Carolina Electric & Gas Company is a combination utility primarily concerned with the generation, transmission and distribution of electric power and the transmission, distribution and sale of natural gas. The Company also renders urban transportation service in the metropolitan areas of Charleston and Columbia, South Carolina.

The Company's electric operations area encompasses 25 of the state's 46 counties. Within this area the Company provides electric service to approximately 357 thousand customers in 115 incorporated towns and surrounding areas. Electricity is provided at wholesale to five cooperatives, one public power body and three municipalities for resale.

The Company's gas operations area encompasses 43 counties in which natural gas service is provided to more than 186 thousand retail customers. Natural gas is sold at wholesale to 11 resale customers who distribute natural gas at retail. The Company and its subsidiaries operate more than 1,600 miles of gas transmission lines in this area.

The Company has five wholly-owned subsidiaries: (1) Carolina Energies, Inc., a holding company with six wholly-owned subsidiaries owning over 1,000 miles of natural gas pipeline as well as propane transmission lines and storage facilities and engaged primarily in the transmission and sale of natural gas and the storage and distribution of propane in South Carolina (2) South Carolina LNG Company, Inc., organized to own and operate liquefied natural gas storage facilities (3) South Carolina Fuel Company, Inc., organized to acquire, own and provide for financing of the Company's nuclear and fossil fuel (4) Energy Subsidiary, Inc., engaged in real estate development associated with presently held properties and (5) South Carolina Electric & Gas Finance N.V., organized under the laws of the Netherlands Antilles for the primary purpose of obtaining funds outside the United States.

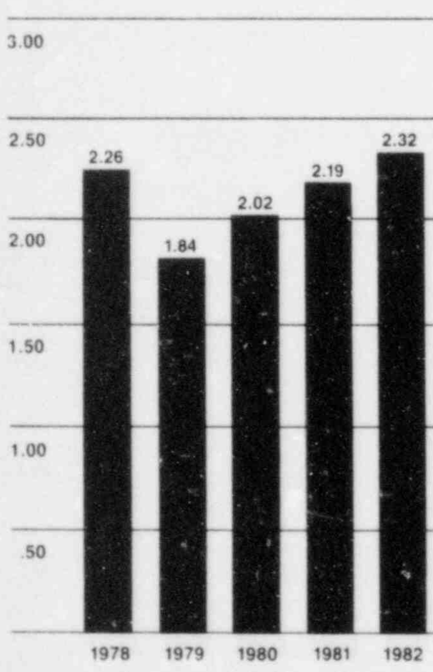
TABLE OF CONTENTS

FINANCIAL AND OPERATING HIGHLIGHTS

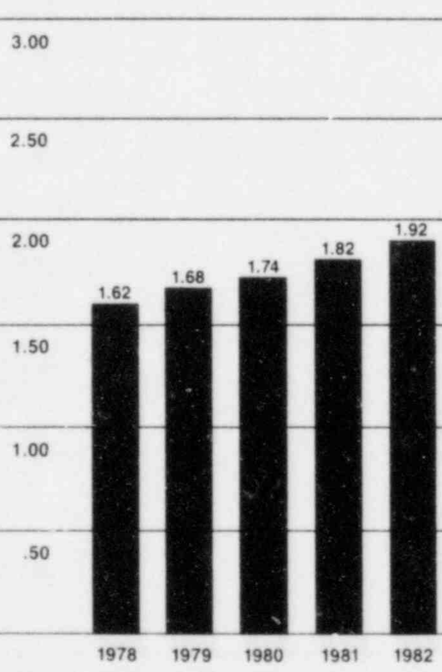
	1982	1981	% Increase (Decrease)
	(Millions of Dollars except statistics and per share amounts)		
Financial			
Earnings Per Share of Common Stock	**$ 2.32**	$ 2.19	5.9
Dividends Declared Per Share of Common Stock	**$ 1.92**	$ 1.82	5.5
Operating Revenues	**$ 859.0**	$ 746.3	15.1
Operating Expenses	**$ 711.5**	$ 636.0	11.9
Earnings Available for Common Stock	**$ 79.8**	$ 61.6	29.5
Common Stock Outstanding:			
Average (Thousands)	**34,387**	28,139	22.2
Year-End (Thousands)	**36,526**	29,690	23.0
Construction Expenditures	**$ 200.1**	$ 184.1	8.7
Gross Utility Plant	**$2,411.5**	$2,131.7	13.1
Common Stockholders' Equity	**$ 667.4**	$ 545.9	22.3
Book Value Per Share of Common Stock (Year-End)	**$ 18.27**	$ 18.39	(.7)
Electric Operations			
Electric Operating Revenues	**$ 590.0**	$ 555.7	6.2
Sales (Million KWH)	**11,490**	11,763	(2.3)
Customers (Year-End)	**356,709**	350,596	1.7
Generating Capability – Net MW (Year-End)	**3,359**	3,359	–
Territorial Peak Demand – Net MW	**2,463**	2,557	(3.7)
Gas Operations			
Gas Operating Revenues	**$ 266.4**	$ 188.2	41.6
Sales (Thousand Therms)	**590,257**	493,305	19.7
Customers (Year-End)	**186,320**	169,294	10.1

Notes: (1) Includes transactions of Carolina Energies, Inc. since April 1, 1982.
(2) 1981 Restated; 1982 includes amounts subject to refund – see Note 2 of Notes to Consolidated Financial Statements.

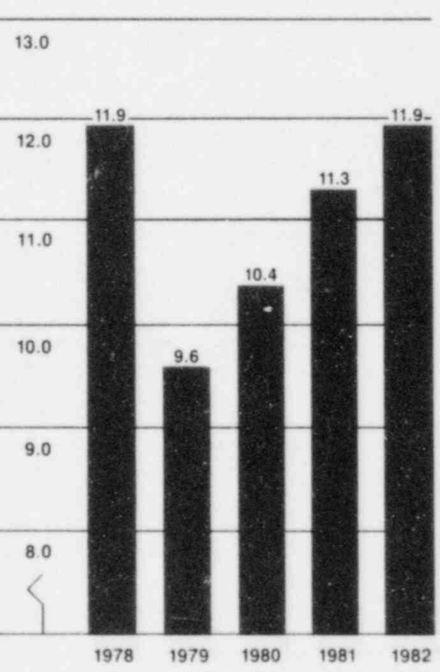
Earnings per Common Share
(dollars)



Dividends Declared per Common Share
(dollars)



Return on Year-End Common Equity
(percent)



FELLOW SHAREHOLDERS:

John A. Warren and Virgil C. Summer

1982 was a year of managed transition in your Company during which a number of well-conceived plans were carried to successful conclusion.

Earnings rose to $2.32 per common share, up from $2.19 a share for 1981. At its January 1983 meeting the Board of Directors approved an increase in the Company's quarterly common stock dividend rate from $.48 to $.50 per share. This increases the indicated annual rate from $1.92 to $2.00 per share.

In the fall of 1982 the Company completed the V.C. Summer Nuclear Station, its largest single construction project. The Nuclear Regulatory Commission issued a full power license for the 900 megawatt generating station November 12. Summer Station is expected to be operating at full power during the summer of 1983, adding an additional 600 megawatts of capacity to the SCE&G system. The remaining 300 megawatts will go to the South Carolina Public Service Authority, which owns one-third of the station. Completing this huge project brought to a close more than 11 years of hard work. We now look forward to operating this state-of-the-art plant efficiently and safely and to producing electric energy at one-third the fuel cost of coal.

We have continued to seek reasonable pricing for our services on a timely basis. The South Carolina Public Service Commission (PSC) granted $10.3 million, or 63% of our requested increase in natural gas rates in September 1982, approving a rate of return of 14.5% on common equity. Also the PSC approved an increase in bus fares which is expected to increase transit revenues by about $715,000 a year.

Hearings before the PSC into the Company's request to increase electric rates began January 24, 1983 and ended in late February 1983. As a result of improvements in financial markets and a drop in property taxes because of a statewide reassessment program, the Company was able to reduce its original electric revenue request by $15 million. The updated request, filed with the Commission on the first day of hearings, would provide an additional $86.2 million in annual retail electric revenue and allow a return on common equity of 16.75%. The Commission has until August 1, 1983 to issue a ruling.

In August the PSC ordered that a mandatory management audit be performed on the Company by a PSC-selected outside consultant. The firm of Cresap, McCormick and Paget Inc. began the audit in January 1983 and expects to have it completed in the summer of 1983. The Company views this as an excellent opportunity to demonstrate its effectiveness in providing reliable and efficient service to the citizens of South Carolina.

We feel particularly well prepared for such an audit since the Company has worked with a management consultant for several years to increase its operating efficiency. One of the most significant improvements we have made has been the implementation of an extensive strategic planning program. It has allowed management to take an even closer look at the influence and impact such factors as the economy, financing costs, construction costs and the training and utilization of our manpower have on our operations.

In this process, strategic plans are developed to address issues that are expected to affect the Company in the future. Developing these plans draws on the talent, knowledge and experience of employees

throughout our Company. This employee involvement is one of the strongest points of our planning process. Employees' willingness to participate in changes is enhanced when they have helped formulate them.

From our strategic plans, we have developed operating plans for the immediate future. Our overall budget reflects the objectives set forth in our operating and strategic plans.

The Board approved this summer the creation of several new vice presidential positions. This realignment was made to ensure smooth management succession and to bring fresh ideas for capitalizing on the opportunities and challenges that face public utilities in today's business and economic climate. This reorganization brought talented younger men and women to positions of leadership and responsibility with the intention of preparing them to operate the Company effectively and efficiently in the future. The average age of our vice presidents is now 45 years with an average of 16 years of utility experience.

In late 1982 the Board approved the establishment of a one-time early retirement program, available to employees who met certain age and length of service requirements. This program was in keeping with our corporate plan and our desire to realign certain supervisory and management positions.

The Company is making significant progress in increasing productivity and cutting non-essential costs. Our budgeting process is guided by our operational plans and allows individual departments to develop budgets which satisfy their missions and objectives, while simultaneously reducing expenditures in many areas.

A long-range plan conceived in 1979 to improve efficiency at our Canadys generating station produced an estimated 1982 savings of some $8.8 million. The refurbishing of pollution control equipment at Wateree Station is expected to produce an annual savings of more than $1.1 million. Total productivity and efficiency improvements in the power production and operation departments should produce savings this year in excess of $12.6 million.

These savings demonstrate management's response to current economic conditions and a commitment to controlling non-essential costs by increasing productivity and efficiency. This vigorous program of strategic planning and implementation of cost-saving measures benefits both ratepayers and stockholders.

To further reduce future operating costs, construction began in December to convert the Company's 580 megawatt Williams Station from an oil-fired to a coal-fired plant. Williams Station is the largest and most efficient single fossil fuel generating unit in the Company's system. This project is scheduled for completion in June 1984 and is expected to save our customers millions of dollars in fuel costs over the life of the plant.

We also are completing the incorporation of facilities and management personnel at Carolina Energies, Inc. (CEI) into those of SCE&G. Acquired in April 1982, CEI is primarily a natural gas pipeline company which also operates a propane business and a retail gas system. The transmission facilities of SCE&G and CEI have been combined into one operation, resulting in improved efficiency and the elimination of some duplicate facilities. The combined systems now provide primary gas service to approximately 80% of South Carolina.

Partially as a result of the merger with CEI, we are investigating the development of a holding company and the expansion of various operating companies under it.

Following the annual meeting of stockholders in April 1982 the Board of Directors elected Virgil C. Summer chairman and chief executive officer and John A. Warren president and chief operating officer. The Board also elected the following additional directors: John A. Warren, formerly vice chairman, president and chief operating officer of Carolina Energies, Inc. in Columbia; Francis M. Hipp, chairman of The Liberty Corporation in Greenville and E. Craig Wall Jr., president of Canal Industries Inc. in Conway. These new directors had previously served as directors of Carolina Energies, Inc. The Board also named Arthur M. Williams chairman emeritus.

The past year has been one of exciting changes and unique opportunities that have reinforced our position as a leader in efficient energy production and management. This would not have been possible without the willing support and assistance of our employees who have consistently met the challenge of change with hard work and thought.

Sincerely,

Virgil C. Summer

VIRGIL C. SUMMER
Chairman of the Board and Chief Executive Officer

JOHN A. WARREN
President and Chief Operating Officer

CORPORATE AND FINANCIAL REVIEW

EARNINGS AND DIVIDENDS Earnings per share of common stock in 1982 were $2.32, which includes 41 cents per common share from a retail electric rate increase in effect, subject to refund, at year-end. Earnings per common share in 1981 were $2.19, after restatement to reflect the effect on earnings of an April 1982 rate order from The Public Service Commission of South Carolina (PSC). In that order, the PSC approved 76% of the Company's February 1981 request for increased retail electric rates.

Earnings available for common stock in 1982 were $79.8 million, of which $14.2 million was related to the pending retail electric rate request and is therefore subject to refund. Earnings available for common stock in 1982 were up 29% over the $61.6 million earned in 1981, and provided an 11.9% return on common equity, up from 11.3% in 1981. The improvement in earnings during 1982 was due primarily to the retail electric rate increase filed in July 1982 and phased into effect, subject to refund, beginning in August 1982.

In January 1983 the Company announced a $15 million reduction in the $101.2 million retail electric rate increase request filed in July 1982. The reduction was made possible primarily by improved conditions in the financial markets since July 1982 which have lowered the Company's cost of capital. The Company's 1982 earnings have been adjusted to reflect effects of the reduced rate request.

The number of weighted average common shares outstanding during 1982 rose by 22%. The increase stemmed from the public sale of 2.5 million shares in March, the issuance of 2.6 million shares in April as part of the acquisition of Carolina Energies, Inc., and the issuance of 1.7 million shares during the year through employee stock purchase plans and the Company's Dividend Reinvestment and Stock Purchase Plan. At year-end 1982 the Company's common equity component of total capitalization had improved to 39% from 37% at year-end 1981. Further discussion of the Company's financial condition and operating results for 1982 begins on page 18.

Dividends declared on common stock in 1982 totaled $1.92 per share, a 5.5% increase over 1981. All dividends paid to stockholders by the Company during 1982 represent taxable income for federal income tax purposes except as noted on page 8 under "Dividend Reinvestment Plan." In January 1983 the Company's Board of Directors declared a quarterly common stock dividend of 50 cents per share. This is a 4.2% increase over the previous quarterly dividend rate. The indicated annual dividend rate increased from $1.92 to $2.00 per common share. The Company's common stock dividend rate has been increased in 30 of the last 31 years. The new quarterly dividend will be payable on April 1, 1983 to common stockholders of record on March 10, 1983.

V.C. SUMMER NUCLEAR STATION On August 6, 1982 the Nuclear Regulatory Commission (NRC) issued an operating license for the V.C. Summer Nuclear Station. The license allowed the Company to load fuel into the nuclear reactor and begin low-power testing. The Company completed fuel loading one week later and on October 22 started the plant's nuclear reactor for the first time.

On November 12 the NRC issued a full-power operating license for the Summer Station authorizing the Company to increase the plant's power output to 50% of its reactor power. Generation for testing reached that level on December 12. Before the plant may exceed 50% of reactor power, Westinghouse Electric Corporation must modify the plant's three steam generators to correct a vibration problem which has caused tube failures in foreign nuclear

1982 In Review

plants with Westinghouse steam generators of the same model as the Company's.

The NRC previously had stated that it considered this problem to be of safety significance. On the basis of recent studies made by Westinghouse, the Company, other utilities and the NRC staff, the Company believes that Westinghouse has developed a modification that will correct the vibration problem in the steam generators. Westinghouse is scheduled to begin installing the modification in March 1983. The work will take approximately three months, during which time the nuclear plant will be out of service. Upon completion of the work, the Company will resume normal testing procedures and make whatever additional tests that will be required to insure that the steam generators are functioning properly. The Company currently expects to place the Summer Station into full-power operation during the summer of 1983. However, due to the uncertainties concerning the plant's steam generators, the Company is unable to predict the exact date that Summer Station will be placed into commercial operation.

The Company built Summer Station in conjunction with the South Carolina Public Service Authority, which is responsible for one-third of the construction and operating costs and will receive one-third of the plant's output. SCE&G is the operator of the Station. Although Summer Station is not expected to begin full-power operation until the summer of 1983, electricity generated as a result of testing the plant's nuclear reactor has already begun to flow to homes, businesses and industries in the Company's service area.

If commercial operation were to commence in October 1983, the estimated total completed cost of Summer Station would be approximately $1.3 billion, or $1,459 per kilowatt. The Company's share of the total cost would be approximately $858 million. Any delay in commercial operation of Summer Station beyond October 1983 would result in its total cost increasing by approximately $11.5 million per month, of which the Company's share would be approximately $7.7 million.

MERGER COMPLETED In April 1982 the shareholders of Carolina Energies, Inc. (CEI) approved the merger of their company into a wholly-owned subsidiary of SCE&G. This acquisition cost approximately $69.4 million. Cash payments totaled $26.6 million, and approximately 2.6 million shares of SCE&G common stock, valued at $42.8 million, were issued to former CEI stockholders. The merger nearly doubled the Company's natural gas service area, which now covers 80% of South Carolina.

CEI is a holding company which owns six subsidiaries that supply natural gas, propane and energy-related services to residential, commercial and industrial customers primarily in the rural areas of northern and eastern South Carolina. The Company currently is integrating its natural gas operations to enhance productivity and its ability to serve the natural gas and propane needs of virtually the entire State of South Carolina. The financial and operating statistics in this annual report include the operations of CEI since April 1, 1982. (See Note 11, page 32.)

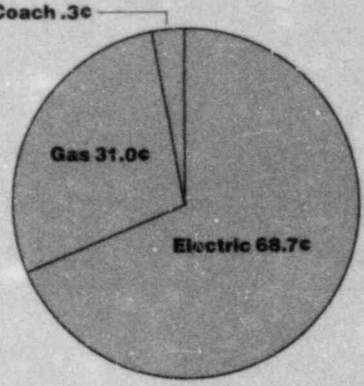
REGULATION AND RATE ACTIVITY The Public Service Commission of South Carolina (PSC) regulates the Company's retail electric rates, natural gas rates and coach fares. The PSC also sets accounting practices, approves the construction of new generating and transmission facilities, determines the boundaries of the Company's service area and approves the issuance of some securities. The Federal Energy Regulatory Commission (FERC) regulates the Company's transmission of electric energy in interstate commerce and its sales of electric energy for resale. The FERC also has jurisdiction with respect to licensed

CHART 1

SCE&G's 1982 Revenue Dollar

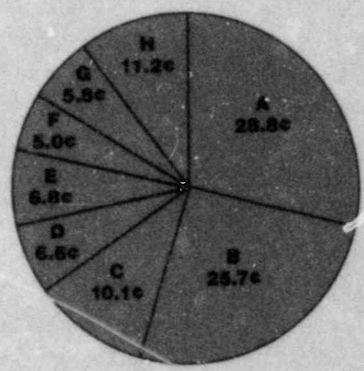
(cents per dollar of revenue)

Where It Came From



	Electric	Gas
Residential	27.1¢	6.3¢
Commercial	17.9¢	5.0¢
Industrial	18.1¢	14.2¢
Sales for Resale	3.4¢	5.5¢
Other	2.2¢	–
Total	68.7¢	31.0¢

Where It Went



A Fuel for Electric Generation and Net Purchased and Interchange Power
B Gas Purchased for Resale
C Taxes
D Payroll (Excluding Construction)
E Other Operating and Maintenance Expenses
F Depreciation and Amortization
G Interest Expense and Other Income, Net
H Dividends for Investors, and Retained Earnings

Cathy B. Novinger, vice president, Corporate Affairs, at the security desk in SCE&G's computer services center.

hydroelectric projects and certain other matters, including accounting and the issuance of short-term indebtedness.

The Company's rate-making philosophy is to request rates which cover the full, reasonable costs of providing its customers with safe and reliable service, including the cost of capital. On April 1, 1982 the PSC granted the Company $56.4 million in additional annual retail electric revenues, a 12.8% increase, which was approximately 76% of the amount requested. The PSC's order was based on a test year ended December 31, 1980 and allowed a return on common equity of 14.7%. The Company had requested a 17% return on common equity.

On April 29, 1982 the FERC approved a settlement agreement between the Company and its wholesale electric customers. The approved settlement results in an increase of approximately $3.8 million, or 16.5%, in annual wholesale electric revenues, based on a 15.9% return on common equity.

On May 28, 1982 Carolina Natural Gas Corporation, a subsidiary of CEI, filed a $1.1 million natural gas rate increase application with the PSC. On August 20 the PSC approved an increase of $745,000 annually, or 66% of the amount requested, based on a 15.0% return on common equity.

On July 1, 1982 the Company filed petitions with the PSC requesting increases in retail electric rates, natural gas rates and coach fares. The $101.2 million retail electric rate application sought an 18.2% increase in annual revenues based on a test year ended March 31, 1982. The Company requested the opportunity to earn an 18% return on its common equity. The proposed electric rates were placed in effect, subject to refund, over a three-month period beginning August 1, 1982.

In January 1983 the Company reduced the retail electric rate increase request to $86.2 million. That amount was based on a 16.75% return on common equity and lower property tax expense. Public hearings on this rate increase request began in January 1983 and were completed in late February. A final decision from the PSC is expected by August 1, 1983.

The natural gas rate application requested a $16.4 million, or 14.5%, increase in annual revenues. The increase was based on a test year ended March 31, 1982 and requested a return on common equity of 18%. On September 29, 1982 the PSC granted the Company an increase of $10.3 million. The approved increase represented approximately 63% of the Company's request and was based on a 14.5% return on common equity.

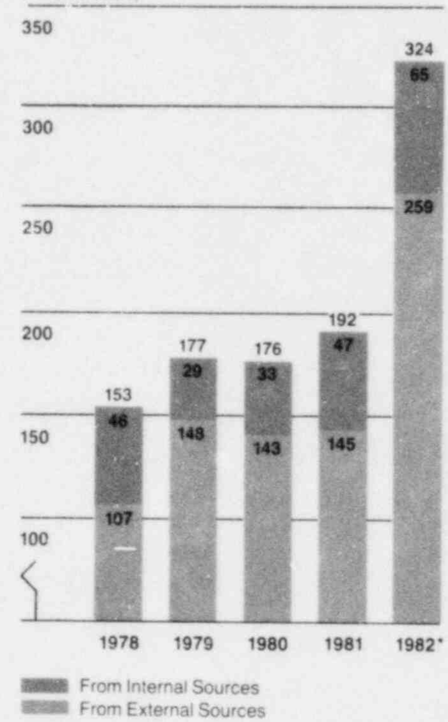
The Company requested increases in coach fares in Columbia and Charleston, South Carolina, that would produce approximately $1.8 million in additional annual revenues. On September 29, 1982 the PSC granted less than half of the Company's request. The approved fares are expected to generate approximately $715,000 in additional annual revenues.

In August 1982 certain industrial customers of Carolina Pipeline Company (CPC), a subsidiary of CEI, filed a petition with the PSC seeking to obtain a tariff for firm and interruptible natural gas service presently provided to such customers on the basis of mutually negotiated contracts containing competitive fuel clauses. On December 20, 1982 the PSC denied the request for a tariff and authorized continuance of the mutually negotiated contracts containing competitive fuel clauses; however, the PSC placed a ceiling on the price for firm and interruptible natural gas service to such customers. Petitions for rehearing of the decision filed by CPC and the customers have been denied. Currently the price of competitive fuels generally is below the ceiling prices established by the order. The Company is unable to predict the impact, if any, on the results of operations of CPC or the Company.

CHART 2

Sources of Cash Requirements for Construction and Maturing Securities

(millions of dollars)

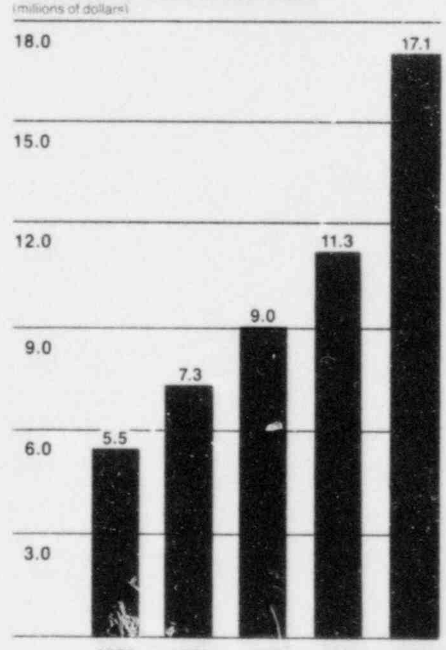


*Includes acquisiton of Carolina Energies, Inc.

CHART 3

New Equity Capital Raised Through Dividend Reinvestment And Stock Purchase Plan

(millions of dollars)



CONSTRUCTION AND FINANCING PROGRAM The Company's 1982 construction cash expenditures totaled $154 million, up 8% over 1981. The 1982 figure includes $90 million for the V.C. Summer Nuclear Station and $3 million in nuclear fuel purchases. The acquisition of CEI cost about $69 million. An additional $101 million was needed to retire maturing obligations and meet cash sinking fund requirements. This brought total 1982 cash requirements of the Company and its subsidiaries to $324 million (see Chart 2). Total cash requirements for 1983 are estimated to be $210 million. This includes $181 million for construction, $18 million for nuclear fuel purchases and $11 million for maturing obligations and sinking fund requirements.

During 1982 $65 million, or 20% of total cash requirements of the Company and its subsidiaries was generated internally (see Chart 2). The balance came from the sale of long and short-term debt, preferred stock and common stock. In March the Company sold 2.5 million shares of common stock to the public at a price of $16 per share. Net proceeds to the Company were $38.6 million. In April the Company sold 250,000 shares of 13.88% preferred stock at a price of $100 per share. Net proceeds to the Company from this sale were $24.9 million. The Company raised an additional $25 million in May through the sale of 15-5/8% first mortgage bonds. In order to obtain long-term funds at the lowest cost, the Company's Finance N.V. subsidiary sold $60 million of 15-1/2% guaranteed notes in April in the European market. Compared to prevailing domestic interest rates at that time, the interest costs of this issue will be at least $3.5 million less during the seven-year life of the notes. The Company also raised $17.1 million through the sale of 1.1 million shares of common stock during the year to participants in the Dividend Reinvestment and Stock Purchase Plan (see Chart 3), and $9.8 million from the sale of 592,000 shares of common stock through employee stock purchase plans.

Proceeds from the sale of these securities were used to repay short-term debt incurred in connection with the Company's construction program, to finance the acquisition of CEI and to refund outstanding long-term debt. Short-term capital needs were satisfied primarily through the sale of commercial paper. There was approximately $21.8 million in commercial paper outstanding at year-end 1982.

The Company anticipates that it will generate internally approximately 65% of its 1983 total cash requirements. Current plans call for the remaining cash requirements to be obtained through obligations issued by the Company's fuel subsidiary, from the sale of common stock through the Company's Dividend Reinvestment and Stock Purchase Plan and employee stock purchase plans, and from short-term borrowings.

As of December 31, 1982 the Company had improved its capital structure to 50% long-term debt, 11% preferred stock and 39% common equity (see Chart 4). The Company's long-term goal is to increase common stock equity to 40-45% of total capitalization. Earnings coverage of fixed charges, under the SEC method, improved to 2.52 times in 1982 compared to 2.22 times in 1981 (see Chart 5). Management's long-term objective is to achieve and maintain a fixed charges coverage ratio of at least 3.50 times.

WILLIAMS STATION CONVERSION Construction began in late November 1982 to convert the Company's 580 megawatt Williams Station from oil-fired to coal-fired generation. Completed in 1973, Williams Station is the Company's newest conventional steam plant, but has been operated infrequently in recent years due to the high cost of residual fuel oil.

Contractors are converting the plant under a fixed price, turn-key contract at a cost of $118 million. The work should be completed by June 1, 1984 but payment for the conversion is not due until the later of December 31, 1984 or final acceptance.

CHART 4
Capitalization
(percent)

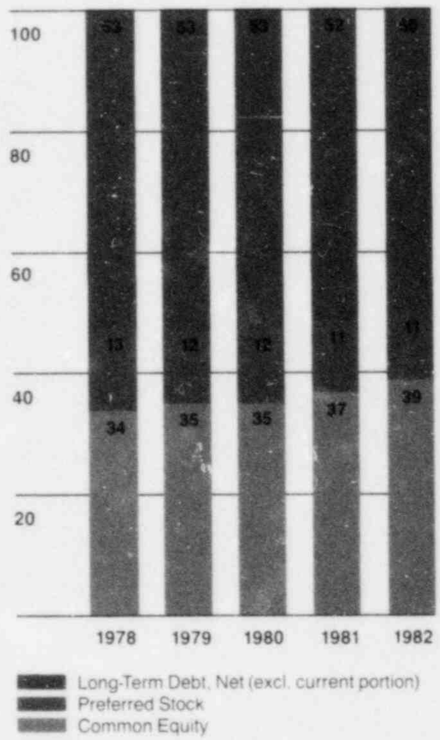
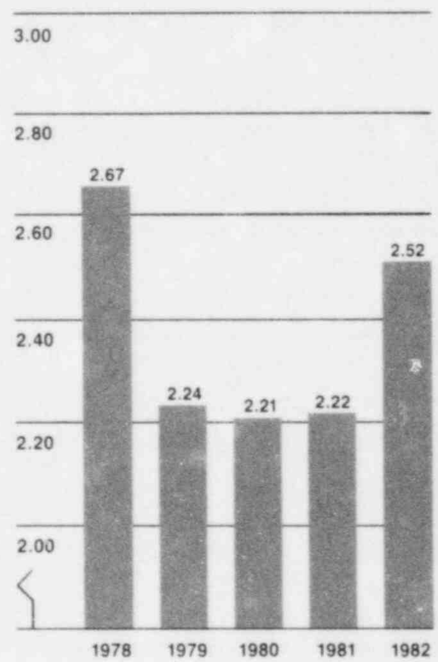


CHART 5
Earnings Coverage of Fixed Charges—SEC Method
(before income taxes)



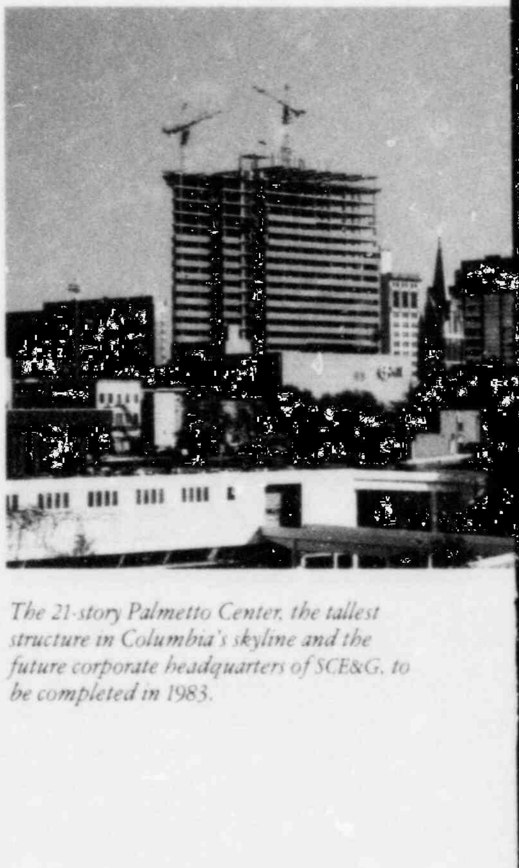
The conversion of Williams Station from oil-fired to coal-fired operation is expected to save the Company's customers millions of dollars in fuel costs over the life of the plant. Following conversion, Williams Station can be used either as a coal-fired generating plant or an oil-fired generating plant with minor modifications. The Company will utilize the converted Williams Station as a base-load generating plant, thereby improving overall system efficiency.

James H. Young Jr., vice president, Power Supply, and George J. Bullwinkel Jr., vice president, Customer Operations, Southern Division, at Williams Station, currently being converted from an oil-fired unit to a coal-fired generating station.

NEW CORPORATE OFFICES Construction continued during 1982 on the Palmetto Center, a hotel-office-convention center complex located in downtown Columbia. The development will consist of a 13-story hotel managed by the Marriott Corporation, a 21-story office tower, a multi-story parking garage and a 3-story convention center with meeting rooms and other facilities. SCE&G will be the major tenant of the office building, which is scheduled for completion in December 1983. The new office building will allow the Company to consolidate in one location a majority of its offices which are presently scattered in 13 locations throughout the city of Columbia.

INDUSTRIAL DEVELOPMENT Despite the continuing economic recession, South Carolina had its best industrial development year during 1982. Total announced investment in new and expanded industrial facilities was $2.4 billion, a slight increase over the previous record set in 1981. These new investments are expected to create about 11,600 new jobs. About $1.9 billion, or 79%, of these investments will occur in the Company's electric or natural gas service area, creating about 7,100 new jobs.

The economic base in the Company's service area continues to diversify. During the decade ended in 1982, industries announced investments of more than $12.8 billion in new and existing facilities in South Carolina. The Company's service area (excluding the area served by CEI) received about 47% of that growth. This impressive record of investment by new and existing industry reflects, among other attractive assets, the state's excellent business climate and adequate, reliable sources of electricity and natural gas for industrial growth and expansion. The Company continues to work closely with state and local development groups to bring new industry to South Carolina.



The 21-story Palmetto Center, the tallest structure in Columbia's skyline and the future corporate headquarters of SCE&G, to be completed in 1983.

STOCKHOLDERS At December 31, 1982 there were 63,715 holders of record of the Company's common stock, a 7% increase from year-end 1981. In addition, there were several thousand shareholders who owned common stock held by banks, brokers, investment trusts or other nominees. South Carolina continues to rank first in the number of common shareholders and second (behind New York State) in the number of shares held. The Company is not aware of any stockholder who owned beneficially more than 5% of the Company's outstanding common stock as of December 31, 1982.

In 1978 a group of the Company's stockholders formed the Association of SCE&G Investors. Acting independently of the Company, the Association works to advance the interests of all SCE&G investors. For information concerning the Association's activities, write to: Association of SCE&G Investors, 63 East Bay Street, Charleston, SC 29401.

DIVIDEND REINVESTMENT PLAN The Company offers its common stockholders the opportunity to acquire additional shares of common stock through a Dividend Reinvestment and Stock Purchase Plan. Participants in the Plan may have all or a portion of their cash dividends automatically reinvested, and may make additional quarterly cash payments of up to $10,000 to purchase

stock at the market price. There are no brokerage commissions or service charges on such purchases.

Enactment of the Economic Recovery Tax Act of 1981 made the Plan more attractive to investors. Under provisions of this Act, stockholders participating in the Plan during the period 1982-1985 may elect to defer federal income taxes on up to $750 annually ($1,500 on a joint return) of dividend income reinvested in new shares of common stock. During 1982 participation in the Company's Plan increased to 33% of the total eligible stockholders, up from 21% at year-end 1981.

The Tax Equity and Fiscal Responsibility Act of 1982 requires the Company to withhold tax on interest and dividends paid to investors beginning July 1, 1983. Certain individuals and institutions may be exempt from the withholding provisions and be able to provide the Company with an exemption certificate. Participants in the Company's dividend reinvestment plan are exempt from the tax withholding requirement. Stockholders may wish to consult with their tax advisors regarding these new withholding provisions.

Inquiries concerning the Dividend Reinvestment and Stock Purchase Plan should be directed to South Carolina Electric & Gas Company, Stockholder Relations Department (I-56), P.O. Box 764, Columbia, SC 29218.

V. R. Coward Jr., vice president, Corporate Communications, and Robert D. Hazel, assistant vice president, Planning, at the construction site of the Palmetto Center, SCE&G's new corporate headquarters.

EMPLOYEES At year-end 1982 the Company had 3,699 full-time employees, an increase of 9.4% over 1981. Staffing of the V. C. Summer Nuclear Station and the acquisition of CEI accounted for the majority of the increase.

Approximately 1,200 employees were represented by three unions at December 31, 1982. Wage negotiations with each union were completed during 1982 in accordance with terms of the three-year contracts signed in 1980.

In an effort to restrain the growth of payroll costs, the Company instituted a hiring freeze in August 1982 that remains in effect. Except for critical staffing needs, new hires have been kept at a minimum. Justified replacements have been filled primarily through transfers within the Company.

An early retirement program was offered in December 1982 to employees meeting certain age and service requirements. Qualified employees must decide by February 28, 1983 whether or not they will retire. Approximately 6.5% of the Company's employees qualify for the program. The purpose of the program is to reduce staffing levels as a part of the Company's continued emphasis on cost reduction and control.

Patricia T. Marcotsis, vice president, Governmental and Regulatory Affairs, and William B. Timmerman, vice president, Finance, in the hearing room of the South Carolina Public Service Commission.

CUSTOMER ASSISTANCE The Customer Assistance Department set records for helping needy customers during 1982. Since 1979 approximately 32,000 low-income, elderly and handicapped customers have received some $4.5 million in federal energy assistance funds to help pay their energy bills. Much of this assistance resulted from personal home visits and intervention by the department's representatives. The department's activities also foster a closer working relationship between the Company and federal and state agencies, the Governor's office, and community organizations dedicated to helping the needy.

During 1982 concerned Company employees established an Employee Good Neighbor Fund. This Fund enables employees to make contributions of money, food and clothing that are used to help needy citizens in the Company's service area. Membership in the Fund is voluntary and administration of the Fund is handled by a board of directors elected by the membership. At year-end 1982 more than 1,250 Company employees had participated in the Fund with combined pledges of approximately $50,000 annually. The Fund provided such vital necessities as food, medicine, clothing and shelter to more than 150 families in emergency situations during 1982.

ELECTRIC OPERATIONS

SALES AND CUSTOMERS Sales of electricity in 1982 totaled 11.5 billion kilowatt-hours (KWH), a 2.3% decrease from 1981. Milder weather, weak economic conditions and increased customer conservation efforts contributed to the decline. Sales of electricity by customer class are shown in the following table:

	Sales of Electricity (Millions of KWH)			Number of Customers (Year-end)		
Customer Class	1982	1981	% Increase (Decrease)	1982	1981	% Increase (Decrease)
Residential	**3,620**	3,705	(2.3)	**311,919**	306,847	1.7
Commercial	**2,855**	2,784	2.6	**41,885**	40,866	2.5
Industrial	**3,898**	4,163	(6.4)	**811**	823	(1.5)
Sales for Resale	**771**	775	(.5)	**13**	13	—
Other	**346**	336	3.0	**2,081**	2,047	1.7
Total	**11,490**	11,763	(2.3)	**356,709**	350,596	1.7

At year-end 1982 the Company was serving 356,709 electric customers, a 1.7% increase over 1981 (see Chart 6). Despite a 1.7% increase in the Company's residential customer base, average annual residential usage of electricity declined by 3.9%, from 12,183 KWH in 1981 to 11,712 KWH in 1982 (see Chart 7). Current Company projections indicate that the total electric customer base will grow at an average annual rate of 1.9% over the five-year period through 1987. Total sales of electricity are projected to increase 3.7% each year during the same period.

GENERATING CAPABILITY The Company's peak generating capability at year-end 1982 was 3,359 megawatts, unchanged from 1981. Approximately 49% of that capacity is in four steam plants which burn coal, 20% in two steam plants fueled by residual fuel oil, and 23% in six hydroelectric plants. Sixteen internal combustion turbines and one combined cycle generator which burn either distillate fuel oil or natural gas provide the remaining 8%. The Company's peak generating capability will increase by 600 megawatts when the V.C. Summer Nuclear Station begins commercial operation.

In 1982 coal was used to generate about 89% of the electricity produced by the Company, hydroelectric power 8% and oil 2% (see Chart 8). In addition, electricity generated as a result of testing at the V. C. Summer Nuclear Station provided about 1% of the Company's total 1982 generating requirements. Electric generation in 1983 is projected to be provided in the following proportions: 74% coal, 18% nuclear, 7% hydroelectric and 1% oil and natural gas.

FUEL SUPPLY During 1982 the Company burned a total of 4.0 million tons of coal, a 2.3% decrease from 1981. The weighted average cost of coal burned during 1982 was $1.95 per million BTU, a 10.2% increase over 1981. At year-end 1982 the Company had approximately a 75-day supply of coal on hand. The Company has approximately 94% of its projected 1983 coal requirements under long-term contract, and plans to purchase the remaining requirements on the spot market.

Lower generating requirements allowed the Company to burn only about 270,000 barrels of residual fuel oil during 1982, an 81% decrease from 1981. The weighted average cost of residual oil burned during 1982 was $4.15 per million BTU, a 14% increase over 1981. Effective December 31, 1982 the Company cancelled a long-term contract for the residual oil burned at Williams Station. Based on projected generating requirements for 1983, the Company has sufficient supplies of residual oil in storage for use at Williams Station. The conversion of Williams Station to coal-fired generation will significantly

CHART 6
Total Customers—Year-End
(thousands)

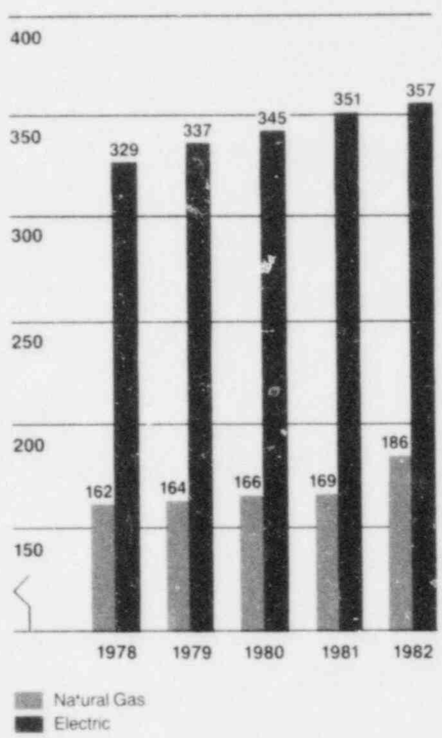
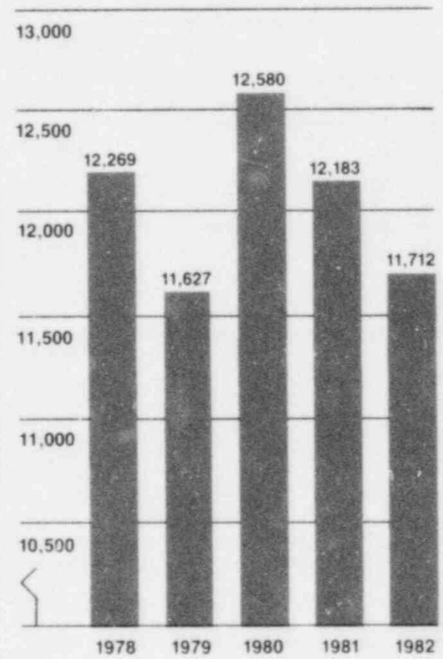
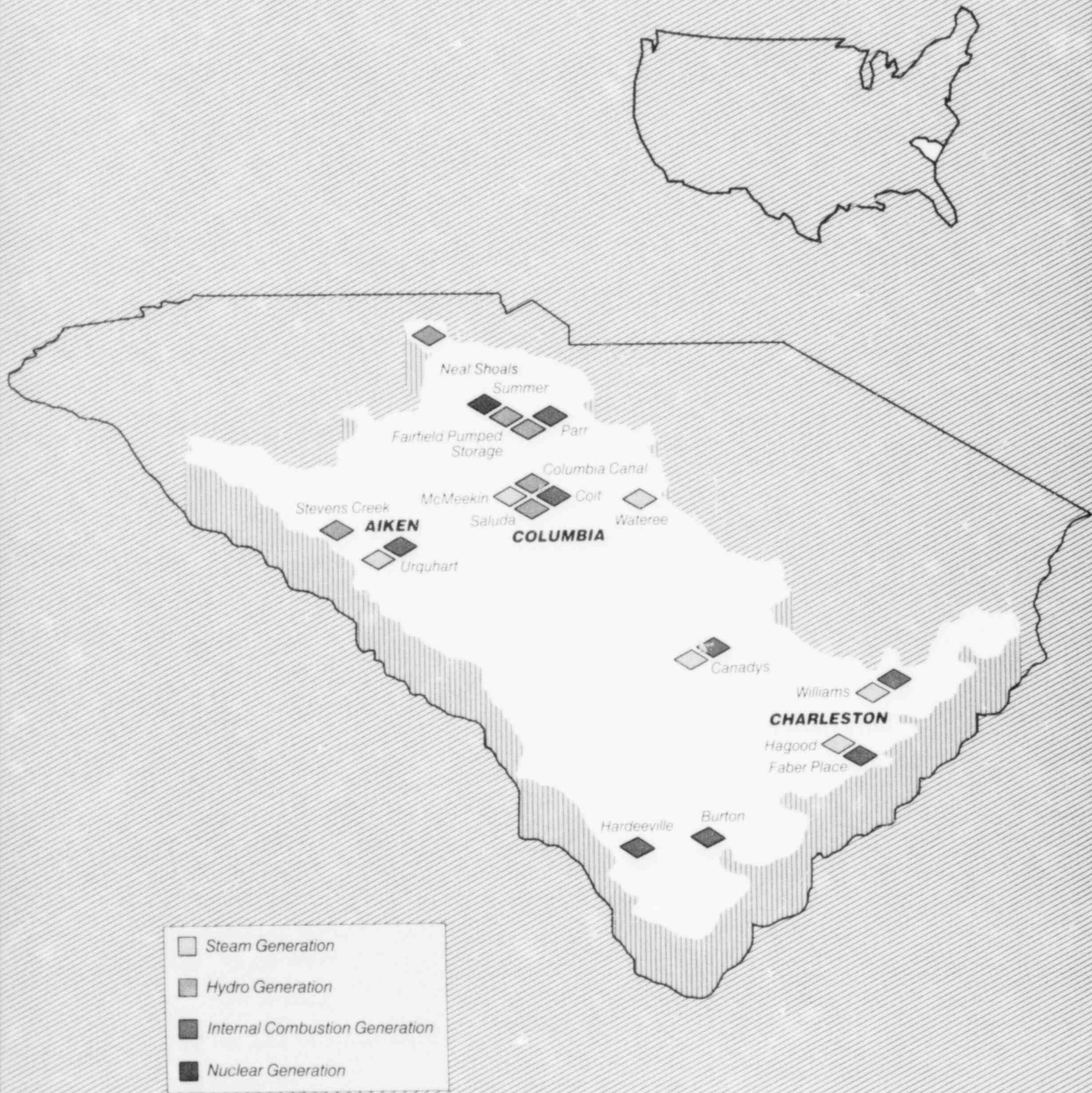


CHART 7
Average Annual Use per Residential Electric Customer
(kilowatt-hours)



ELECTRIC OPERATIONS AREA



reduce future requirements for residual oil. The Company has a separate contract for the residual oil burned at Plant Hagood.

The Company has in storage or under contract sufficient quantities of nuclear fuel and related services to operate the V.C. Summer Nuclear Station through 1989. Westinghouse Electric Corporation is supplying approximately 77% of the uranium requirements under contract. The Company doe, not expect to have difficulty obtaining additional nuclear fuel to meet its total requirements. Provisions have been made to store spent nuclear fuel on-site for at least ten years of operation.

In January 1983 federal legislation established guidelines and procedures for permanent away-from-reactor storage of high-level nuclear waste. This legislation includes a fee of one mill per KWH generated at nuclear plants to be paid by utilities to the Department of Energy. The fee covers, among other things, the costs of siting, licensing, and construction of a permanent waste storage site, construction of a monitored retrievable storage facility, and other activities involving the removal and transportation of spent fuel from those utilities' nuclear power stations.

Osmund W. Dixon, vice president, Nuclear Operations, and Thomas C. Nichols Jr., senior vice president, Power Operations, on the grounds of Summer Station near Jenkinsville.

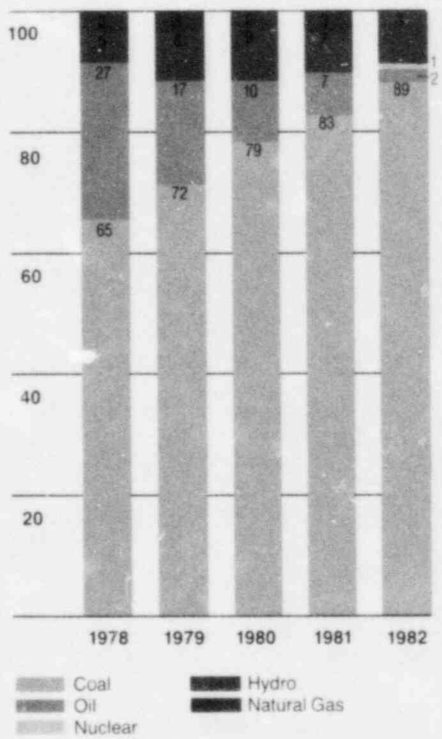
PEAK DEMAND The territorial peak demand is the maximum requirement for electricity placed on the Company by its customers (excluding other utilities) for any one-hour period during the year. The 1982 peak occurred on August 25, when customer demand reached 2,463 megawatts (see Chart 9). This peak was 3.7% lower than the 1981 peak and represented the first year-to-year decline in SCE&G's summer territorial peak demand. The lack of any sustained period of hot weather during the summer and the economic recession's effect on industrial usage of electricity contributed to the decline. The territorial peak demand had grown at an average annual rate of 5.1% from 1976 to 1981.

The Company bases its plans for the construction of new electric generating facilities on the expected growth in the annual territorial peak demand. Current Company projections estimate that peak demand will grow at an average annual rate of 3.1% through 1987. The Company anticipates that no additional base load generating capacity will be needed until the early 1990's.

CHART 8

Sources of Electric Generation

(percent)



CONSERVATION AND LOAD MANAGEMENT The Company is vitally interested in energy conservation and load management as a means of reducing energy costs and the need for additional generating capacity. During 1982 the Company continued the Residential Conservation Service Program, which offers energy conservation assistance and advice to homeowners primarily by means of a home energy audit. These audits are conducted by specially-trained Company personnel for a nominal fee to the customer. Each audit involves a comprehensive, computer-assisted, on-site survey of the various uses of energy in the home. Recommendations are offered on ways to reduce energy usage through improved insulation, energy-efficient appliances and other conservation measures.

During 1982, 2,900 customers requested an on-site audit. The Company received requests from 6,200 additional customers for a do-it-yourself audit package. The Company expects to conduct approximately 3,000 home energy audits during 1983.

During 1982 the Company received approval from the PSC to offer two new conservation rates to its residential electric customers. The Residential Energy Conservation rate provides a discount to customers whose homes meet specific construction and insulation requirements. By year-end 1982 more than 300 customers had qualified for this rate.

A Residential Time-of-Use Rate was made available to customers in the metropolitan Columbia and Charleston areas. This rate prices electricity higher

during periods of peak demand and lower during off-peak periods, providing a discount to customers who are willing to change their energy use habits.

The Company also offers an interruptible rate to its large industrial electric customers. Customers on this rate agree to allow the Company to interrupt their service during peak energy-use periods. In return, they pay a reduced rate.

The Company currently has three ongoing load management studies. One analyzes the effects of increased levels of insulation in residential homes. A second study is looking at heat-recovery systems for residential water heating, while a third is investigating the benefits of direct load control at commercial establishments. The results of these studies will help shape a load management strategy that will be most beneficial to the Company and its customers.

ENVIRONMENTAL PROTECTION During 1982 the Company spent approximately $2.0 million on pollution control facilities to minimize the impact of the Company's operations on the environment. Over the five-year period 1983-87, the Company anticipates spending some $87 million on pollution control facilities, including $1.9 million in 1983.

GAS OPERATIONS

The highlight of the Company's 1982 gas operations was the acquisition in April of Carolina Energies, Inc. (CEI). CEI is a holding company which provides natural gas transmission service to resale and industrial customers in the northern half of South Carolina and distributes natural gas at retail to approximately 15,000 residential and small commercial customers primarily in the northeastern section of South Carolina. In addition, CEI is involved in propane storage and sales activities.

The process of integrating the Company's gas operations (the South system) and CEI's gas operations (the North system) is well underway. Natural gas transmission pipeline operations, gas purchasing and dispatching have been centralized. Additionally, two of the major transmission lines have been interconnected, resulting in an improvement in overall system reliability. Combining the management and technical expertise of personnel from both systems has enhanced operating efficiencies and system reliability for all of the Company's natural gas customers.

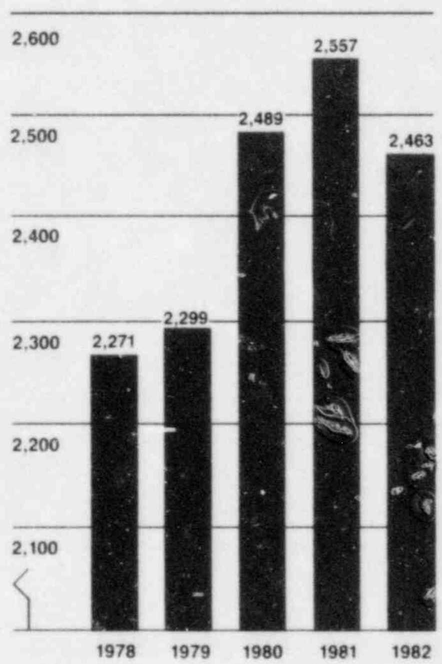
The South system primarily serves residential customers with some commercial and industrial load. The North system primarily serves wholesale and industrial customers. The combined systems have a load profile which is better balanced and therefore stronger than either had as individual systems.

Management believes there still exists significant potential for expansion in residential, commercial and certain industrial markets in the combined service area. Current supplies of natural gas are adequate to meet existing customer demands for service and to accommodate growth. During 1983 the Company will implement a program to inform potential natural gas customers of the availability of natural gas at competitive prices. While the availability of competitively-priced alternate fuels has and may continue to adversely affect the Company's sales to low-margin, large-volume industrial boiler fuel customers, natural gas continues to be the most efficient and economical energy source for residential, commercial and certain industrial uses throughout SCE&G's service area.

SALES AND CUSTOMERS Total sales of natural gas in 1982 were 590 million therms, a 20% increase over 1981. The addition of the market served by CEI

Summer Station technicians watch as the last nuclear fuel element is lowered into the reactor vessel.

CHART 9
Electric Territorial Peak Demand
(megawatts)



accounted for the increase. Otherwise, milder weather, weak economic conditions, increased customer conservation efforts and the changeover of certain industrial customers to lower-priced alternate fuels resulted in a 17% decrease in sales on the SCE&G system during 1982. Sales by customer class are summarized in the following table:

	Sales of Natural Gas (Thousands of Therms)				Number of Customers (Year-End)			
	Combined*	SCE&G Only			Combined*	SCE&G Only		
Customer Class	1982	1982	1981	% Increase (Decrease)	1982	1982	1981	% Increase (Decrease)
Residential	95,993	92,438	102,676	(10.0)	170,321	157,714	156,447	.8
Commercial	94,146	87,963	85,946	2.3	15,440	12,696	12,501	1.6
Industrial	280,259	194,333	268,994	(27.8)	548	408	344	18.6
Sales for Resale	119,859	35,005	35,689	(1.9)	11	2	2	—
Total	590,257	409,739	493,305	(16.9)	186,320	170,820	169,294	.9

*Includes operations of Carolina Energies, Inc. since April 1, 1982.

At year-end 1982 the Company was serving a combined total of 186,320 natural gas customers (see Chart 6). The Company indirectly supplies natural gas to thousands of other residential, commercial and industrial customers through its resale customers. The average annual usage of natural gas by the Company's residential customers declined in 1982 for the fourth consecutive year (see Chart 10). Milder weather and conservation efforts were the primary factors. Total sales of natural gas are projected to grow at an average annual rate of 3.2% through 1987.

SUPPLY The Company purchases natural gas under contracts with Southern Natural Gas Company (Southern) and Transcontinental Gas Pipeline Corporation (Transco). The volume of gas which the Company is entitled to receive through these contracts is shown below:

Supplier	System	Maximum Daily Contract Demand (MCF)
Southern	South	165,000
Southern	North	45,000
Transco	North	29,300
Total		239,300

These quantities are subject to curtailment plans approved by the Federal Energy Regulatory Commission (FERC). During 1982 full contract gas volumes were available when needed. Ample supplies of natural gas are expected to be available well into the future due to increased exploration and production by natural gas producers and increased customer conservation efforts.

To meet the requirements of its high priority natural gas customers during periods of maximum demand, the Company supplements its supplies of natural gas from a liquefied natural gas (LNG) plant and from propane storage facilities as shown below:

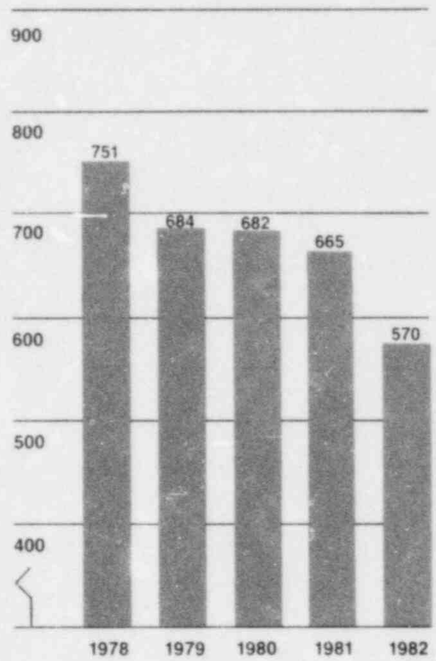
Type	System	Maximum Daily Capability (MCF)
LNG	South	60,000
Propane	South	55,000
Propane	North	15,000
Total		130,000

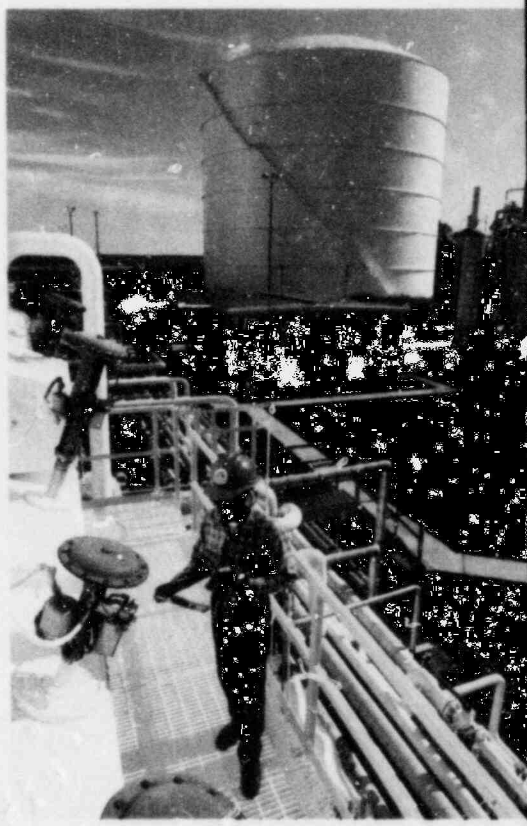
The LNG storage tanks, which are capable of storing up to 1,000,000 MCF of liquefied natural gas, are filled by liquefying natural gas from incoming pipeline supply during off-peak periods. During peak periods the plant can regasify up to 60,000 MCF per day. Propane storage facilities located throughout the Company's service area can supplement the supply of natural gas by approximately 70,000 MCF per day. The Company also has 1.3 million MCF of natural gas in storage fields.

CHART 10

Average Annual Use per Residential Natural Gas Customer

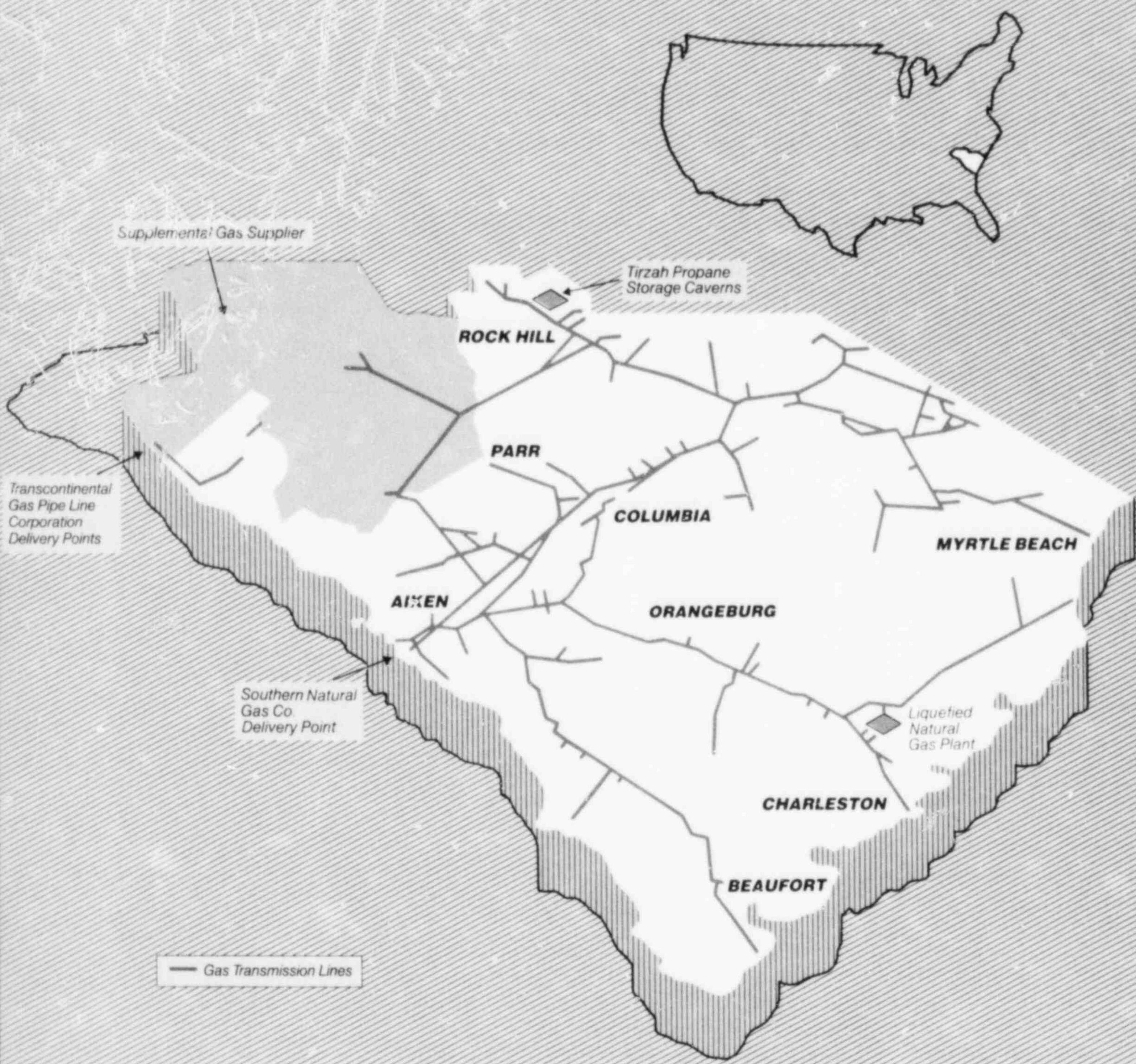
(therms)





SCE&G's liquefied natural gas (LNG) plant near Charleston.

GAS OPERATIONS AREA



The improved gas supply, together with storage and peaking facilities, should allow the Company to meet the needs of existing high priority natural gas customers without curtailment while expanding natural gas operations in the years ahead.

GAS DECONTROL The Natural Gas Policy Act of 1978 (NGPA) is gradually decontrolling the wellhead price of natural gas discovered after February 1977. On January 1, 1985 all price controls on "new" natural gas will be eliminated, but controls on "old" gas will remain. The goal of the NGPA was to promote greater exploration and development of new natural gas resources through increased price incentives. By phasing in decontrol over a period of several years, price increases were expected to occur in an orderly and gradual fashion.

Certain provisions in the contracts governing the purchase of natural gas by the Company's suppliers, together with the decontrol features of the NGPA, have put upward pressure on natural gas prices which would not otherwise be expected in the current economic environment. The FERC, which regulates pipeline suppliers' prices to the Company, recently issued an order which calls into question current pipeline purchasing arrangements and pricing practices. Congress also has reviewed the impact of the NGPA and legislation has been proposed. This matter is filled with uncertainty, and current conditions may change. Since the cost of natural gas sold is about 80% of every dollar generated by the sale of natural gas, the Company is vitally interested in this ongoing controversy and intends to protect its interests in this area.

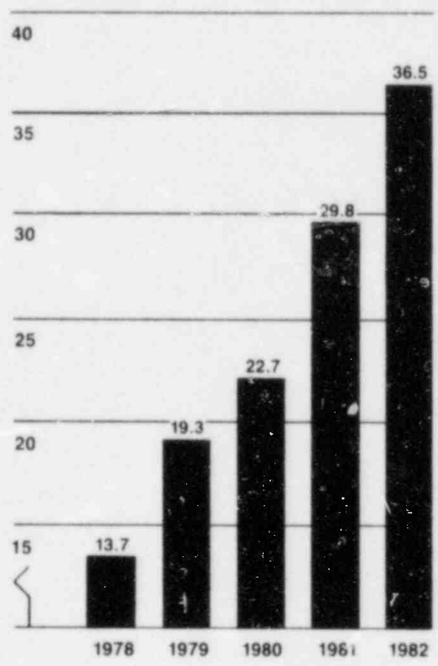
The weighted average cost of natural gas purchased during 1982 was 36.5 cents per therm, a 22% increase from 1981 (see Chart 11). The Company anticipates that the cost of natural gas will continue to increase as a result of the phased in decontrol of gas prices under the NGPA. The Company is allowed to pass through to customers increases or decreases in the cost of gas from suppliers. The ability of the Company to pass along increases in the cost of gas to certain industrial and resale customers is limited by the existence of alternate fuel capabilities.

PROPANE OPERATIONS As a result of the acquisition of CEI, the Company has significantly expanded its involvement in propane operations. Three of CEI's six operating subsidiaries are involved in propane gas operations or related services. Carotane, Inc., is a retail propane operation which serves residential and small commercial customers located beyond the Company's natural gas service mains. At year-end 1982 Carotane was serving approximately 4,200 customers. The retail propane distribution business should continue to grow, creating additional opportunities for the Company to expand and improve this portion of its business.

CEI through subsidiaries owns a 50% interest in three joint ventures with Transco Companies, Inc. Two of these joint ventures own and operate an 80-million gallon underground storage facility and a 62-mile propane pipeline. Space in the cavern, which is the largest of its kind in the free world, is leased to customers for the storage of propane until needed as an alternate fuel when natural gas supplies are curtailed. Since the supply of natural gas has been adequate over the last several winter seasons, the demand for propane storage services has been reduced.

William N. Ackerman, executive vice president of Carolina Energies, Inc., and Max Earwood, president of Carolina Energies, Inc., in the gas transmission dispatching office near Columbia.

CHART 11
Cost of Natural Gas Purchased
(cents per therm – weighted average)



MANAGEMENT REPORT

The Management of South Carolina Electric & Gas Company is responsible for the preparation and integrity of the financial data included in the accompanying Consolidated Financial Statements. These statements have been prepared in conformity with generally accepted accounting principles as applicable to a regulated utility. In situations that prevent exact accounting measurements, management has used informed judgments and estimates in establishing accounting and reporting practices for such items. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Company maintains and relies upon a system of internal accounting controls which is designed to provide reasonable assurance that all transactions are properly recorded in the books and records and that assets are protected from unauthorized use. The degree of internal accounting control is based upon the determination of the optimum balance between the cost incurred and the benefits to be derived. The system of internal accounting controls is supported by written policies and guidelines and is complemented by a staff of internal auditors who conduct comprehensive internal audits and by the selection, training and development of professional financial managers.

The Board of Directors, through an Audit Committee composed of non-employee directors, provides oversight for the preparation of these financial statements. The Audit Committee meets periodically with internal and independent auditors and representatives of management to review their activities and responsibilities. The internal and independent auditors have full and free access to the Committee to discuss internal accounting control, auditing and financial reporting matters.

The Company engaged Deloitte Haskins & Sells as independent auditors to report as to the fair presentation of management's Consolidated Financial Statements and their report appears on page 33 in this Annual Report. Their examination is conducted in accordance with generally accepted auditing standards and is based upon their performing procedures which include maintaining an understanding of the Company's system of internal accounting control and such tests and other auditing procedures as they believe to be necessary.

W. B. Timmerman
Vice President—Finance

R. W. Stedman
Controller

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to finance its construction program and meet its working capital requirements is dependent upon rates sufficient to provide funds from internal sources and to support the issuance of securities on reasonable terms. The Company's liquidity and its ability to obtain funds through short and long-term borrowings and equity securities is subject to certain earnings tests and market conditions.

The Company's construction expenditures aggregated approximately $682 million for the five years ended December 31,1982. Approximately $402 million of these expenditures were associated with the construction of the V.C. Summer Nuclear Station (Summer Station). The Company's estimated cash requirements for its 1983 construction program, excluding Allowance for Funds Used During Construction (AFC) but including nuclear fuel purchases, are approximately $199 million. In addition to cash required for construction, approximately $11 million will be required during 1983 to retire maturing obligations and fulfill sinking fund requirements. The Company anticipates that approximately 65% of such cash requirements in 1983 will be obtained from internally generated funds.

The Company periodically reviews its capital requirements, conditions in the financial markets and its capitalization goals to determine the amounts, timing and types of external financings.

RESULTS OF OPERATIONS

Earnings

Earnings per share of common stock, based on the weighted average number of shares outstanding, were $2.32 in 1982 ($.41 subject to refund) compared to $2.19 in 1981 and $2.02 in 1980. The increases in per share earnings are primarily attributable to various rate increases placed in effect during 1981 and 1982. The following table sets forth certain information with respect to significant current and previous rate cases for 1981 and 1982:

	REQUESTED			APPROVED		
Service	Date Filed	Amount (Millions)	% Increase Requested(1)	Effective Date	Amount (Millions)	% Of Request Granted(1)
Electric						
Retail	2/27/81	$74.2	16.8%	4/1/82	$56.4	76.0%
Wholesale	5/1/81	$ 4.2	18.2%	4/29/82	$ 3.8	90.0%
Retail	7/1/82	$86.2	15.5%	Pending		
Gas						
Retail	7/1/82	$16.4	14.5%	9/29/82	$10.3	63.0%

(1) Based on test year used in rate case.

For additional information concerning rate matters see Note 2 of Notes to Consolidated Financial Statements.

An accounting practice in the utility industry which has had a major effect on the Company's results of operations in recent years is AFC. AFC is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction is capitalized (which is shown on the balance sheet as construction work in progress) instead of being expensed in the period of incurrence. Both the equity and the debt portion of AFC are non-cash items of non-operating income which have the effect of increasing the Company's reported net income by their full amounts. Due to the high level of construction activity in recent years (principally related to Summer Station) a substantial portion of the Company's earnings has been attributable to AFC. For the years 1982, 1981 and 1980, AFC contributed approximately 58%, 67% and 66%, respectively, of Earnings Available for Common Stock. AFC will decline significantly after the Summer Station is placed in commercial operation. This decline in AFC, as well as higher levels of depreciation expense and property taxes created by the addition of Summer Station to the Company's plant-in-service, will result in a reduction in net income until rate relief provides additional revenues to offset these factors.

Electric Sales

The percent increase (decrease) from the prior year in electric sales (KWH) by customer class was as follows:

	Increase (Decrease) from Prior Year	
Customer Class	**1982**	1981
Residential	**(2.3)%**	(1.0)%
Commercial	**2.6**	2.9
Industrial	**(6.4)**	2.2
Sales for Resale	**(.5)**	(19.3)
Other	**3.0**	2.3
Total	**(2.3)**	(.4)

The overall decrease in KWH sales is primarily the result of milder weather, weak economic conditions and increased customer conservation. The substantial percentage decrease in the *Sales for Resale* classification in 1981 was the result of the expiration in late 1980 of two contracts with neighboring utilities.

Electric operating revenues increased each year as follows:

	Increase from Prior Year (Millions of Dollars)	
Classification	1982	1981
Sales:		
Residential	**$16.0**	$28.7
Commercial	**14.3**	22.0
Industrial	**.6**	27.3
Sales for Resale	**1.6**	4.1
Other	**1.5**	2.7
Other Operating Revenues	**.3**	.2
Total	**$34.3**	$85.0

The increases in electric revenues are primarily the result of various retail and wholesale rate increases placed in effect in 1981 and 1982.

Gas Sales

The percent increase (decrease) from the prior year in gas sales (therms) by customer class was as follows:

	Increase (Decrease) from Prior Year	
Customer Class	1982	1981
Residential	**(6.5)%**	(.6)%
Commercial	**9.5**	(.3)
Industrial	**4.2**	(3.5)
Sales for Resale	**235.9**	(6.7)
Total	**19.7**	(2.6)

Lower unit sales of gas in 1981 were a result of milder weather, weak economic conditions, increased customer conservation, and the changeover of certain industrial customers to competing fuels. Although 1982 gas sales were adversely affected by the same factors, the overall increase in gas sales for 1982 was the result of the inclusion in the results of operations, since April 1, 1982, of the gas sales of Carolina Energies, Inc. (see Note 11 of Notes to Consolidated Financial Statements.)

Gas operating revenues increased (decreased) each year as follows:

	Increase (Decrease) from Prior Year (Millions of Dollars)	
Classification	1982	1981
Sales:		
Residential	**$ 2.6**	$ 6.5
Commercial	**9.6**	6.1
Industrial	**29.7**	16.0
Sales for Resale	**36.4**	1.8
Other Operating Revenues	**(.1)**	.1
Total	**$78.2**	$30.5

The increases in gas revenues are primarily attributable to the recovery of the increased cost of gas, which is passed along to gas customers through a purchased gas adjustment clause, increased retail gas rates placed in effect August 1, 1982 and the inclusion of natural gas sales of Carolina Energies, Inc. since April 1, 1982.

Operating Expenses

Increases or (decreases) in operating expenses, excluding taxes, from prior years are presented in the following table:

	Increase (Decrease) from Prior Year (Millions of Dollars)	
Classification	1982	1981
Fuel used in electric generation	**$(19.6)**	$29.3
Power purchased, net	**16.2**	3.4
Gas purchased for resale	**66.0**	32.9
Other operation and maintenance	**13.1**	14.0
Depreciation and amortization	**3.7**	2.9
Total	**$79.4**	$82.5

The increase in *Fuel used in electric generation* expense in 1981 was primarily the result of the increased average cost of fuel burned ($1.98 per million BTU in 1981 versus $1.77 in 1980). The decrease in such expense in 1982 was primarily the result of decreased generation (9.1%) as a result of reduced customer demand, the purchase of less costly off-peak power from other utilities and an 82% decrease in electric generation from No. 6 fuel oil. *Power purchased, net* expense has continued to rise as a result of the Company purchasing power, where available, at costs lower than the Company would incur through generation at its own plants. Increases in *Gas purchased for resale* expense are a reflection of the continued upward trend in the price of natural gas from the Company's suppliers and since April 1, 1982 the inclusion of the cost of natural gas of Carolina Energies, Inc. *Other operation and maintenance* expenses continue to rise as a result of higher payroll costs and related employee benefits, maintenance of generating units and the impact of inflation on the costs of materials and supplies. The increases in *Depreciation and amortization* expenses are consistent with the increased amount of plant-in-service.

Interest Charges

Interest charges, excluding the credit for allowance for borrowed funds used during construction, increased $3.8 million in 1982 and $16.6 million in 1981. These increases are a result of increased debt outstanding and a higher average rate of interest on such debt.

Inflation

Supplementary financial information showing the estimated effects of inflation on the Company's operations is shown on pages 36-37.

CONSOLIDATED BALANCE SHEETS

SOUTH CAROLINA ELECTRIC & GAS COMPANY
December 31, 1982 and 1981

ASSETS	1982	1981
	(Thousands of Dollars)	
Utility Plant (Notes 1, 3 and 4):		
Electric	**$1,237,972**	$1,195,475
Gas	**210,398**	150,670
Transportation (coach)	**4,618**	4,567
Common	**19,344**	16,497
Total	**1,472,332**	1,367,209
Less accumulated depreciation and amortization	**459,417**	399,505
Total	**1,012,915**	967,704
Construction work in progress	**831,123**	706,801
Nuclear fuel	**68,133**	57,679
Acquisition adjustment—gas (Note 11)	**39,891**	—
Utility Plant, Net	**1,952,062**	1,732,184
Other Property and Investments:		
Nonutility property (substantially at cost)	**11,264**	10,548
Investments in unconsolidated subsidiaries and joint ventures (Note 1)	**23,227**	10,259
Other investments and special funds (at cost or less)	**108**	97
Total Other Property and Investments	**34,599**	20,904
Current Assets:		
Cash, temporary cash investments and special deposits (Note 8)	**18,553**	3,235
Receivables	**75,306**	70,242
Inventories (at average cost):		
Fuel	**73,602**	83,694
Materials and supplies	**7,626**	7,786
Prepayments	**6,846**	6,299
Total Current Assets	**181,933**	171,256
Deferred Debits:		
Unamortized debt expense	**6,651**	4,649
Funds on deposit (Note 9)	**8,589**	15,610
Other	**10,593**	14,169
Total Deferred Debits	**25,833**	34,428
Total	**$2,194,427**	$1,958,772

See Notes to Consolidated Financial Statements.

CAPITALIZATION AND LIABILITIES	1982	1981
	(Thousands of Dollars)	
Stockholders' Investment (Excluding Preferred Stock Subject to Purchase or Sinking Funds) (Note 5):		
Common Equity:		
Common stock (Authorized 50,000,000 shares)		
Outstanding 1982 — 36,526,499 shares		
1981 — 29,690,064 shares	**$ 164,369**	$ 133,605
Premium on common stock	**344,571**	267,049
Other paid-in capital	**4,882**	4,687
Capital stock expense (debit)	**(6,662)**	(6,175)
Retained earnings	**160,280**	146,775
Total Common Equity	**667,440**	545,941
Preferred Stock (Not Subject to Purchase or Sinking Funds)	**26,262**	26,262
Total Stockholders' Investment	**693,702**	572,203
Preferred Stock (Subject to Purchase or Sinking Funds) (Note 6)	**163,619**	141,217
Long-Term Debt (Notes 3 and 4):		
Principal amounts	**855,897**	766,415
Less unamortized discount and premium, net	**1,053**	1,444
Long-Term Debt, Net	**854,844**	764,971
Total Capitalization	**1,712,165**	1,478,391
Current Liabilities:		
Short-term borrowings (Note 8)	**21,966**	23,248
Current portion of long-term debt	**16,873**	75,733
Accounts payable	**58,012**	71,067
Customer deposits	**7,255**	6,592
Taxes accrued	**6,633**	9,968
Interest accrued	**21,164**	15,914
Dividends declared	**21,863**	17,039
Tax collections payable	**915**	988
Other	**1,755**	1,201
Total Current Liabilities	**156,436**	221,750
Deferred Credits:		
Accumulated deferred investment tax credits (Note 1)	**109,792**	92,644
Accumulated deferred income taxes (Note 1)	**183,422**	140,971
Funds held in escrow (Note 9)	**8,589**	15,610
Other	**24,023**	9,406
Total Deferred Credits	**325,826**	258,631
Commitments and Contingencies (Notes 2 and 9)		
Total	**$2,194,427**	$1,958,772

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
		(Thousands of Dollars except per share amounts)	
Operating Revenues (Notes 1 and 2):			
Electric	**$590,044**	$555,716	$470,765
Gas	**266,389**	188.167	157,643
Transportation (coach)	**2,603**	2,429	2,338
Total Operating Revenues	**859,036**	746,312	630,746
Operating Expenses:			
Fuel used in electric generation	**214,617**	234,243	204,948
Power purchased, net	**32,501**	16,271	12,860
Gas purchased for resale	**220,502**	154,502	121,642
Other operation	**76,615**	68,353	58,044
Maintenance	**38,724**	33,895	30,226
Depreciation and amortization (Note 1)	**43,406**	39,691	36,822
Taxes – other than income	**33,453**	34,672	31,219
Taxes – income (Notes 1 and 7)	**51,635**	54,377	42,137
Total Operating Expenses	**711,453**	636,004	537,898
Operating Income	**147,583**	110,308	92,848
Other Income (Note 1):			
Allowance for equity funds used during construction	**6,618**	4,530	6,003
Income tax – credit (Note 7)	—	16,792	12,683
Other income (loss), net of income taxes	**(1,388)**	(227)	212
Total Other Income	**5,230**	21,095	18,898
Income Before Interest Charges	**152,813**	131,403	111,746
Interest Charges (Credits):			
Interest on long-term debt	**89,949**	84,232	69,518
Amortization of debt premium, discount and expense, net	**671**	573	605
Other interest expense	**5,591**	7,604	5,649
Allowance for borrowed funds used during construction (Note 1)	**(39,519)**	(36,889)	(27,726)
Total Interest Charges, Net	**56,692**	55,520	48,046
Net Income	**96,121**	75,883	63,700
Dividends on Preferred Stock	**16,371**	14,245	12,949
Earnings Available for Common Stock	**$ 79,750**	$ 61,638	$ 50,751
Weighted Average Number of Common Shares Outstanding (Thousands)	**34,387**	28,139	25,148
Earnings Per Share of Common Stock	**$2.32**	$2.19	$2.02

Note: 1981 Restated; 1982 includes amounts subject to refund – see Note 2.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
		(Thousands of Dollars)	
Working Capital Provided:			
Net income	$ 96,121	$ 75,883	$ 63,700
Charges (credits) to income not requiring (providing) working capital:			
Depreciation and amortization	43,406	39,691	36,822
Deferred income taxes, net	34,021	17,697	9,274
Investment tax credit, net	15,034	19,128	13,187
Allowance for funds used during construction (AFC)	(46,137)	(41,419)	(33,729)
Other, net	5,284	1,215	500
Total from Operations	147,729	112,195	89,754
Sale of securities:			
Mortgage bonds, net of discounts and commissions	25,000	84,388	49,563
Guaranteed notes	60,000	—	—
Preferred stock	25,000	—	20,000
Common stock	65,512	48,983	30,217
Issuance of common stock for acquisition	42,774	—	—
Issuance of secured notes — banks, net	15,000	—	30,000
Increase in:			
Nuclear fuel liability, net	11,006	12,026	1,647
Fossil fuel liability, net	3,325	3,722	21,350
Decrease in:			
Other property and investments	872	1,495	—
Other non-current funds, net	17,423	—	5,888
Total Working Capital Provided	413,641	262,809	248,419
Working Capital Applied:			
Acquisition of Carolina Energies, Inc.:			
Net assets acquired	69,339	—	—
Less: working capital provided	8,112	—	—
Remainder representing the excess of gas utility plant ($67,430, including acquisition adjustment of $39,891) and other assets ($16,109) over long-term debt ($10,546) and other liabilities ($11,766)	61,227	—	—
Utility plant additions (excluding AFC but including nuclear fuel)	154,010	142,682	119,869
Cash dividends declared:			
Preferred stock	16,371	14,245	12,949
Common stock	66,245	51,104	44,019
Reduction of long-term debt	37,199	67,253	44,948
Retirement of preferred stock	2,598	3,432	1,715
Increase in:			
Other property and investments	—	—	844
Other non-current funds, net	—	1,012	—
Total Working Capital Applied	337,650	279,728	224,344
Increase (Decrease) in Working Capital	$ 75,991	$ (16,919)	$ 24,075
Increase (Decrease) in Working Capital by Component:			
Cash, temporary cash investments and special deposits	$ 15,318	$ (5,240)	$ 1,514
Receivables	5,064	11,964	(2,120)
Inventories	(10,252)	7,705	16,860
Prepayments	547	(3,683)	5,879
Short-term borrowings	1,282	18,032	(5,125)
Current portion of long-term debt	58,860	(21,867)	11,624
Accounts payable and accruals	5,172	(23,830)	(4,557)
Increase (Decrease) in Working Capital	$ 75,991	$ (16,919)	$ 24,075

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

SOUTH CAROLINA ELECTRIC & GAS COMPANY
December 31, 1982 and 1981

	Shares Outstanding 1982	Shares Outstanding 1981	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1982		1981	
						(Thousands of Dollars)			
Common Equity (Note 5):									
Common Stock, $4.50 par value, authorized 50,000,000 shares, issued and outstanding: 1982 — 36,526,499 shares, 1981 — 29,690,064 shares						**$164,369**		$133,605	
Premium on common stock						**344,571**		267,049	
Other paid-in capital						**4,882**		4,687	
Capital stock expense (debit)						**(6,662)**		(6,175)	
Retained earnings						**160,280**		146,775	
Total Common Equity						**667,440**	**39%**	545,941	37%
Preferred Stock (Not Subject to Purchase or Sinking Funds) (Cumulative)									
$100 Par 8.40%	**200,000**	200,000	106.50	11-30-86	101.00	**20,000**		20,000	
50 Par 5%	**125,234**	125,234	52.50	—	52.50	**6,262**		6,262	
Total Preferred Stock (Not Subject to Purchase or Sinking Funds)						**26,262**	**1%**	26,262	2%
Preferred Stock (Subject to Purchase or Sinking Funds) (Cumulative) (Note 6)									
$100 Par Value — Authorized 1,550,000 shares									
Series									
7.70%	**126,000**	126,080	103.85	6-30-87	101.00	**12,600**		12,608	
8.12%	**180,400**	184,800	104.06	6-30-86	102.03	**18,040**		18,480	
10-3/4%	**174,000**	187,000	110.75	10-01-85	100.00	**17,400**		18,700	
11.08%	**200,000**	200,000	111.08	10-01-85	100.00	**20,000**		20,000	
13.88%	**250,000**	—	113.88	7-01-87	100.00	**25,**		—	
$50 Par Value — Authorized, 1982 — 1,779,586 shares; 1981 — 1,792,286 shares									
Series									
4.50%	**38,400**	40,000	51.00	—	51.00	**1,920**		2,000	
4.60%	**20,334**	21,834	50.50	—	50.50	**1,017**		1,092	
4.60% (A)	**52,052**	54,052	51.00	—	51.00	**2,602**		2,702	
4.60% (B)	**119,000**	122,400	50.50	—	50.50	**5,950**		6,120	
5.125%	**85,000**	86,000	51.00	—	51.00	**4,250**		4,300	
6%	**124,800**	128,000	50.50	—	50.50	**6,240**		6,400	
8%	**300,000**	300,000	56.00	1-31-84	50.00	**15,000**		15,000	
8.72%	**400,000**	400,000	54.36	1-01-84	50.00	**20,000**		20,000	
9.40%	**272,000**	276,300	52.35	10-01-85	51.175	**13,600**		13,815	
$25 Par Value — Authorized 2,000,000 shares Outstanding	—	—	—	—	—	—		—	
Total Preferred Stock (Subject to Purchase or Sinking Funds)						**163,619**	**10%**	141,217	9%

		1982		1981	
Long-Term Debt		*(Thousands of Dollars)*			
First and Refunding Mortgage Bonds:					
Series	Year of Maturity				
7%	1982	–		50,000	
4-1/8%	1983	2,500		2,560	
9-3/8%	1984	25,000		25,000	
3-1/2%	1985	3,275		3,275	
14-3/8%	1986	15,000		15,000	
15-5/8%	1987	25,000		–	
5-1/2%	1987	6,850		6,850	
4-7/8%	1988	10,000		10,000	
10-1/2%	1990	10,800		11,400	
5%	1990	10,000		10,000	
5%	1991	8,000		8,000	
4-7/8%	1995	16,000		16,000	
5.45%	1996	15,000		15,000	
6%	1997	15,000		15,000	
6-1/2%	1998	20,000		20,000	
8%	1999	35,000		35,000	
9-1/8%	1999	15,000		15,000	
8%	2001	35,000		35,000	
7-1/4%	2002	30,000		30,000	
9-1/8%	2006	50,000		50,000	
8.40%	2006	50,000		50,000	
8-3/8%	2007	30,000		30,000	
8.90%	2008	30,000		30,000	
10-1/8%	2009	35,000		35,000	
9-7/8%	2009	50,000		50,000	
12.15%	2010	50,000		50,000	
16%	2011	70,000		70,000	
Pollution Control Facilities					
Revenue Bonds:					
4-1/2% Series, bearing interest at 70-75% of applicable prime rate until maturity in 1987		5,155		5,155	
5.95% Series, due 2003		7,500		7,500	
5% Consolidated Mortgage Gold Bonds, due 1999 (non-callable)		1,050		1,054	
Bank Notes – Secured		15,000		45,000	
First Mortgage Bonds – South Carolina LNG Company, Inc., 10-1/2% Series, due 1990		7,360		8,050	
South Carolina Fuel Company, Inc.:					
Nuclear fuel liability		68,364		57,358	
Fossil fuel liability		28,397		25,072	
South Carolina Electric & Gas Finance N.V., 15-1/2% Guaranteed Notes due 1989		60,000		–	
Carolina Energies, Inc.:					
First Mortgage Bonds:					
10% Series B, due 1985		1,050		–	
6% Series A, due 1988		4,302		–	
Term Loan, 9%, due 1985		4,699		–	
Sinking Fund Notes:					
6-1/4%, due 1983		40		–	
16%, due 1988		450		–	
Lease obligation, 5-3/4%, due 1997		300		–	
Capitalized lease obligations – vehicles		6,678		4,874	
Total		872,770		842 148	
Less:					
Current portion of long-term debt		16,873		75,733	
Unamortized discount and premium, net		1,053		1,444	
Total Long-Term Debt (Notes 3 and 4)		854,844	50%	764,971	52%
Total Capitalization		$1,712,165	100%	$1,478,391	100%

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
		(Thousands of Dollars)	
Balance at Beginning of Year	**$146,775**	$136,241	$129,509
Add – Net Income	**96,121**	75,883	63,700
Total	**242,896**	212,124	193,209
Deduct – Cash dividends declared:			
Preferred stock (at stated rates)	**16,371**	14,245	12,949
Common stock (at an annual per share rate of $1.92, $1.82 and $1.74 for 1982, 1981 and 1980, respectively)	**66,245**	51,104	44,019
Total Deductions	**82,616**	65,349	56,968
Balance at End of Year (Note 5)	**$160,280**	$146,775	$136,241

Note: 1981 Restated; 1982 includes amounts subject to refund – see Note 2.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. System of Accounts

The accounting records of the Company are maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and The Public Service Commission of South Carolina (PSC).

B. Principles of Consolidation

The accounts of the Company's wholly-owned subsidiaries are consolidated in the accompanying Consolidated Financial Statements except for investments in its real estate subsidiary, Energy Subsidiary, Inc., and certain investments of Carolina Energies, Inc. in joint ventures (see Note 11) which are reported using the equity method of accounting. Significant intercompany transactions have been eliminated.

C. Utility Plant

Utility plant is stated substantially at original cost. The cost of additions, renewals and betterments to utility plant, including direct labor, material and indirect charges for engineering, supervision, and an allowance for funds used during construction, are added to utility plant accounts. The original cost of utility property retired or otherwise disposed of is removed from utility plant accounts and charged, with the cost of removal, less salvage, to accumulated depreciation. The cost of repairs, replacements and renewals of items of property determined to be less than a unit of property is charged to maintenance expense.

D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC), a non-cash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost (construction work in progress), of amounts of AFC which will ultimately be included in rate base in establishing rates for utility charges. The Company has calculated AFC using a 6.5% rate (except for nuclear fuel which is capitalized at the actual interest amount), which is less than the maximum allowable rate as calculated under FERC Order No. 561

E. Depreciation

The Company provides for depreciation for financial reporting purposes on a straight-line basis over the estimated useful lives of utility plant. Annual rates averaged 3.16%, 3.12% and 3.02% for 1982, 1981 and 1980, respectively.

F. Income Taxes

Deferred income taxes, arising principally from the use of accelerated amortization and depreciation, are charged to income currently with corresponding credits to accumulated deferred income taxes. Deferred income taxes are credited to income in appropriate amounts when subsequent income tax liabilities are greater as a result of this practice.

Pursuant to an agreement with FERC effective January 1, 1982, the tax deductions related to interest expense arising principally from investments in construction work in progress, which previously resulted in an income tax-credit under "Other Income," are accounted for in "Taxes-income" under "Operating Expenses".

Investment tax credits on eligible property are being amortized over the useful lives of the respective assets. The Company has approximately $5.0 million of unused 1982 investment tax credits available for carryover to future years.

The Company's Federal income tax returns have been examined by the Internal Revenue Service (IRS) through 1981 and have been closed through 1974; however, final reports have not been received for 1975-1981 returns.

G. Pension Plan

The Company has pension plans covering all employees. Total pension contributions, including amortization of unfunded prior service cost over a twenty-year period ending in the year 2000, were approximately $7.8 million, $6.7 million and $5.8 million for 1982, 1981 and 1980, respectively. The Company's policy is to fund pension costs accrued.

Based on the latest actuarial valuation at January 1, 1982, the actuarial present value of accumulated plan benefits, assuming a 7% rate of return, was approximately $68.4 million for vested benefits and approximately $7.6 million for nonvested benefits and plan net assets available for benefits were approximately $60.5 million.

H. Revenue Recognition

Customers' meters are read and bills are rendered on a monthly cycle basis. Base rate revenue is recorded during the accounting period when the meters are read. Revenue attributable to gas costs (to the extent collectible through adjustment clauses) is accrued and recorded in the month during which the gas is used rather than when the revenue is billed.

The Company collects projected fuel costs in electric base rates, as established by the PSC during semi-annual hearings. Any resulting over-recoveries or under-collections will be included during the next PSC hearing to consider if any adjustment is necessary in the fuel component in electric base rates. At December 31, 1982, the Company had over-recovered fuel costs of approximately $8.4 million which are included in "Deferred Credits—Other".

I. Debt Premium, Discount and Expense

Long-term debt premium, discount and expense are being amortized over the terms of the respective debt issues.

2. RATE MATTERS:

On July 1, 1982, the Company filed an application with the PSC for an increase in retail electric rates. The original proposed electric rates would have generated approximately $101.2 million annually in additional electric revenues (18.2%) based on the test year ended March 31, 1982. On January 24, 1983, the Company reduced its original request by approximately $15.0 million. If approved by the PSC, the Company's revised request would generate approximately $86.2 million annually in additional electric revenues (15.5%) based on the test year ended March 31, 1982. The 1982 Consolidated Financial Statements reflect the effect of the January 24, 1983 revised rate request. The total

amount collected relating to the electric rate increase is subject to refund with interest on any portion not approved by the PSC. At December 31, 1982, the amount of revenues included in 1982 operations subject to refund was approximately $28.0 million. There can be no assurance that all or any part of the requested electric rate increase will be granted.

On April 1, 1982, the PSC granted an electric retail rate increase amounting to approximately $56.4 million annually, or approximately 76% of the amount requested in 1981. The Company made refunds to its customers during May 1982. The accompanying Consolidated Financial Statements have been restated to reflect the effect of the refund in the proper periods as follows:

	Year Ended December 31, 1981		
	Previously Reported	Adjustment	As Adjusted
	(Millions of Dollars except per share amounts)		
Total electric operating revenues	$569.1	$(13.4)	$555.7
Operating income (net of income tax effect)	116.9	(6.6)	110.3
Net income	82.9	(7.0)	75.9
Earnings available for common stock	68.6	(7.0)	61.6
Earnings per share of common stock	2.44	(.25)	2.19
Retained earnings	153.8	(7.0)	146.8

3. LONG-TERM DEBT:

The Company's bank note ($15 million due March 9, 1984) is secured by a like principal amount of First and Refunding Mortgage Bonds, 14½% Series. Interest on the note is pegged to various prime rates at the option of the Company and the interest rate was 9.7% at December 31, 1982.

The 15½% Guaranteed Notes of South Carolina Electric & Gas Finance N.V. due 1989 are secured by First and Refunding Mortgage Bonds.

Substantially all utility plant and fossil fuel inventories are pledged as collateral in connection with the various issues of long-term debt. Approximately $8.6 million of the current portion of long-term debt for 1983 may be satisfied by deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits.

The annual amounts of long-term maturities, including sinking fund requirements and amounts due under nuclear fuel and fossil fuel agreements (see Note 4), for the calendar years 1983 through 1987 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1983	$ 16,873	1986	$104,731
1984	82,593	1987	27,201
1985	29,297		

4. FUEL FINANCINGS:

The Company has assigned to South Carolina Fuel Company, Inc. all of its rights and interests in its various contracts relating to the acquisition and ownership of nuclear fuel and fossil fuel. That subsidiary finances these investments through the issuance of short-term commercial paper supported by an irrevocable letter of credit (nuclear fuel) which expires in 1986 and an irrevocable bank line of credit (fossil fuel) which expires in 1984. Due to these arrangements which support the commercial paper borrowings, the amounts outstanding have been included in long-term debt. The agreements, as amended, provide for maximum amounts ($70 million related to nuclear fuel and $30 million related to fossil fuel) that may be outstanding at any time.

At December 31, 1982, the amount outstanding for nuclear fuel was approximately $68.4 million at a weighted average interest rate of 8.94% and the amount outstanding for fossil fuel was approximately $28.4 million at a weighted average interest rate of 8.98%.

5. STOCKHOLDERS' INVESTMENT (EXCLUDING PREFERRED STOCK – SUBJECT TO PURCHASE OF SINKING FUNDS):

Increases in "Premium on common stock" for 1982 (approximately $77.5 million), 1981 (approximately $33.6 million) and 1980 (approximately $20.9 million) represent the premium on issuance of additional shares of stock as follows:

	1982	1981	1980
Common stock – public sale	**2,500,000**	2,000,000	1,000,000
Common stock – Carolina Energies, Inc. acquisition	**2,618,400**	–	–
Stock Purchase – Savings Program for Employees	**398,169**	312,660	248,524
Dividend Reinvestment and Stock Purchase Plan	**1,126,350**	845,898	651,046
Employee Stock Ownership Plan	**193,516**	270,249	166,824
Total Shares Issued	**6,836,435**	3,428,807	2,066,394

The Restated Articles of Incorporation of the Company and the indentures underlying certain bond issues contain provisions that limit the payment of cash dividends on common stock. Approximately $116.2 million of retained earnings were not restricted as to payment of cash dividends on common stock at December 31, 1982.

The increase (decrease) in Stockholders' Investment (Excluding Preferred Stock Subject to Purchase or Sinking Funds) is summarized as follows:

	1982	1981	1980
	(Thousands of Dollars)		
Balance at Beginning of Year	$572,203	$512,420	$475,659
Changes in Common stock:			
Stock Purchase-Savings Program for Employees	1,792	1,407	1,118
Employee Stock Ownership Plan	871	1,216	751
Dividend Reinvestment and Stock Purchase Plan	5,068	3,806	2,930
Public sale	11,250	9,000	4,500
Acquisition of Carolina Energies, Inc.	11,783	—	—
Changes in Premium on common stock:			
Stock Purchase-Savings Program for Employees	4,765	3,017	2,502
Employee Stock Ownership Plan	2,337	2,542	1,647
Dividend Reinvestment and Stock Purchase Plan	12,054	7,495	6,049
Public sale	27,375	20,500	10,720
Acquisition of Carolina Energies, Inc.	30,991	—	—
Changes in Other paid-in capital, net	195	378	150
Changes in Capital stock expense, net	(487)	(112)	(338)
Changes in Retained earnings:			
Net income	96,121	75,883	63,700
Cash dividends:			
Preferred stock (at stated rates)	(16,371)	(14,245)	(12,949)
Common stock (at an annual per share rate of $1.92, $1.82 and $1.74 for 1982, 1981 and 1980, respectively)	(66,245)	(51,104)	(44,019)
Balance at End of Year	$693,702	$572,203	$512,420

6. PREFERRED STOCK (SUBJECT TO PURCHASE OR SINKING FUNDS):

The call premium of the respective series of preferred stock in no case exceeds the amount of the annual dividend. Retirements under sinking fund requirements are at par values.

At any time when dividends have not been paid in full or declared and set apart for payment on all series of preferred stock, the Company may not redeem any shares of preferred stock (unless all shares of preferred stock then outstanding are redeemed) or purchase or otherwise acquire for value any shares of preferred stock except in accordance with an offer made to all holders of preferred stock. The Company may not redeem any shares of preferred stock (unless all shares of preferred stock then outstanding are redeemed) or purchase or otherwise acquire for value any shares of preferred stock except out of moneys set aside as purchase funds or sinking funds for one or more series of preferred stock, at any time when it is in default under the provisions of the purchase fund or sinking fund for any series of preferred stock.

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the calendar years 1983 through 1987 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1983	$3,015	1986	$4,415
1984	3,015	1987	7,415
1985	3,815		

The increase (decrease) in "Preferred Stock (Subject to Purchase or Sinking Funds)" outstanding is summarized as follows:

	1982	
	Number of Shares	Thousands of Dollars
Issued:		
$100 par value	250,000	$25,000
50 par value	—	—
Redeemed:		
$100 par value	(17,480)	(1,748)
50 par value	(17,000)	(850)
Total	215,520	$22,402

	1981	
	Number of Shares	Thousands of Dollars
Issued:		
$100 par value	—	$ —
50 par value	—	—
Redeemed:		
$100 par value	(23,320)	(2,332)
50 par value	(22,000)	(1,100)
Total	(45,320)	$(3,432)

	1980	
	Number of Shares	Thousands of Dollars
Issued:		
$100 par value	200,000	$20,000
50 par value	—	—
Redeemed:		
$100 par value	(7,400)	(740)
50 par value	(19,500)	(975)
Total	173,100	$18,285

7. INCOME TAX EXPENSE:

The Company's income taxes differ from amounts computed by applying the Federal income statutory rate of 46% to pre-tax income as follows:

	1982	1981	1980
	(Thousands of Dollars)		
Net income	$ 96,121	$ 75,883	$63,700
Add (deduct) components of income tax expense:			
Income tax expense charged to operating expenses (income taxes and credits and investment tax credits, net)	51,635	54,377	42,137
Income tax credited to other income	—	(16,792)	(12,683)
Income tax expense charged to other income, net	1,321	902	102
Total income tax expense	52,956	38,487	29,556
Total pre-tax income	$149,077	$114,370	$93,256
Income taxes on above at statutory Federal income tax rate	$ 68,575	$ 52,610	$42,898
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(17,374)	(15,024)	(12,712)
Depreciation differences	1,924	1,858	1,333
Amortization of investment tax credits	(1,706)	(1,374)	(1,167)
State income taxes (less Federal income tax effect)	5,057	3,040	2,174
Taxes, pensions and other items capitalized on books	(2,437)	(2,403)	(2,175)
Other differences, net	(1,083)	(220)	(795)
Income tax expense	$ 52,956	$ 38,487	$29,556
Income tax expense is composed of:			
Provision (credit) for current taxes:			
Federal	$ 1,866	$ (427)	$ 4,520
State	1,655	2,089	2,575
Foreign	380	—	—
Total current taxes, net	3,901	1,662	7,095
Deferred taxes, net:			
Federal	29,316	15,324	8,497
State	4,705	2,373	777
Total deferred taxes,net	34,021	17,697	9,274
Investment tax credits:			
Amount deferred	16,740	20,502	14,354
Amortization of amounts deferred (credit)	(1,706)	(1,374)	(1,167)
Total investment tax credits	15,034	19,128	13,187
Total income tax expense	$ 52,956	$ 38,487	$29,556

Provision for deferred taxes, net results from timing differences in recognition of the following items:

	1982	1981	1980
	(Thousands of Dollars)		
Accelerated depreciation and amortization	$ 37,941	$ 10,065	$ 8,518
Interest on nuclear fuel	3,562	4,312	3,000
Deferred fuel revenue	(6,532)	3,580	815
Other, net	(950)	(260)	(3,059)
Total provision for deferred income taxes, net	$ 34,021	$ 17,697	$ 9,274

8. SHORT-TERM BORROWINGS:

The Company maintains compensating balances of up to 10% for certain of its bank lines and pays fees in lieu of balances in connection with its other lines of credit. The lines supported by compensating balances may be reduced or withdrawn at the banks' options, with all compensating balances available for use as general operating funds. Bank loans are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1982, 1981 and 1980 and for the years then ended are as follows:

	December 31,		
	1982	1981	1980
	(Dollars in Millions)		
Lines of credit at end of year	$130.7	$134.2	$89.0
Borrowings against credit line at end of year	—	—	$ 6.0
Average bank balances during the year	$ 3.4	$ 4.8	$ 3.1
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	$ 64.8	$ 74.0	$74.5
Average outstanding	$ 36.2	$ 32.7	$41.6
Weighted daily average interest rates:			
Bank loans	11.88%	15.44%	13.29%
Commercial paper	12.96%	16.78%	13.49%
Notes payable outstanding at end of year:			
Bank loans	—	$ .6	$ 8.2
Weighted average interest rate	—	12.13%	18.22%
Commercial paper	$ 21.8	$ 22.5	$32.2
Weighted average interest rate	9.02%	13.09%	18.98%
Other	$ .2	$ .1	$ .9
Weighted average interest rate	9.5%	9.35%	11.11%

9. COMMITMENTS AND CONTINGENCIES:

A. Construction

The Company and the South Carolina Public Service Authority (a public corporation of the State of South Carolina) are joint owners (two-thirds and one-third, respectively) of the 900 megawatt V.C. Summer Nuclear Station (Summer Station). The parties share in financing, costs of construction, costs of operation, and in energy output on this basis. The total cost of construction of the Summer Station was approximately $1,203.5 million at December 31, 1982 and the Company's share was approximately $800.3 million which is included in construction work in progress.

In addition to routine commitments for operating materials and supplies, the Company at December 31, 1982 had major construction commitments of approximately $158.3 million for construction of the Summer Station, the conversion of the 580 megawatt Williams Station from oil-fired to coal-fired operation and the acquisition of nuclear fuel.

On November 12, 1982, the Nuclear Regulatory Commission issued a full power operating license for the Summer Station, which restricted generating capacity to 50% until certain modifications are made to the Westinghouse steam generators. The Summer Station reached 50% of generating capacity in December 1982. Modifications to the steam generators are scheduled to begin in March 1983 and will take approximately three months to complete. The Company presently expects to place Summer Station in commercial operation in October 1983, subject to satisfactory completion and testing of the modifications and the completion of power ascension to 100% of generating capacity.

B. Westinghouse Fuel Settlement

During 1982, the IRS determined that the cash proceeds received as a result of the settlement in 1980 of the uranium supply law-suit with Westinghouse Electric Corporation, should be treated as income for income tax purposes. The determined tax liability was paid in December 1982 from funds held on deposit.

C. Leases

Minimum lease commitments as of December 31, 1982 under all non-cancellable non-capitalized leases are not material. The present value of minimum lease commitments at December 31, 1982 with respect to non-capitalized financing leases is less than five percent of the total capitalization of the Company.

D. Lease Commitment

During January 1982, the Company entered into an agreement to lease a building currently being constructed in downtown Columbia for use as its corporate headquarters. The Company has also entered into a financing agreement under which the owner could require the Company either to purchase the building, at cost, not to exceed $50 million, or lease it, if certain conditions are not met.

10. SEGMENT OF BUSINESS INFORMATION:

Segment information at December 31, 1982, 1981 and 1980 and for the years then ended is as follows:

1982	Electric	Gas	Transportation (coach)	Total
	(Thousands of Dollars)			
Operating revenues	$ 590,044	$266,389	$ 2,603	$ 859,036
Operating expenses, excluding depreciation and amortization	412,252	250,284	5,511	668,047
Depreciation and amortization	36,146	7,049	211	43,406
Total operating expenses	448,398	257,333	5,722	711,453
Operating income (loss)	$ 141,646	$ 9,056	$(3,119)	147,583
Add – Other income, net				5,230
Less – Interest charges				56,692
Net income				$ 96,121
Capital expenditures:				
Identifiable (Includes acquisition of Carolina Energies, Inc.)	$ 186,871	$ 71,947	$ 44	$ 258,862
Utilized for overall Company operations				2,512
Total				$ 261,374
Identifiable assets at December 31, 1982:				
Utility plant, net	$1,763,203	$170,631	$ 1,458	$1,935,292
Inventories	71,947	7,847	176	79,970
Total	$1,835,150	$178,478	$ 1,634	2,015,262
Assets utilized for overall Company operations				179,165
Total assets				$2,194,427

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1981(a)	Electric	Gas	Transportation (coach)	Total
	(Thousands of Dollars)			
Operating revenues	$ 555,716	$188,167	$ 2,429	$ 746,312
Operating expenses, excluding depreciation and amortization	413,266	177,984	5,063	596,313
Depreciation and amortization	33,889	5,393	209	39,691
Total operating expenses	447,155	183,577	5,272	636,004
Operating income (loss)	$ 108,561	$ 4,590	$(2,843)	110,308
Add—Other income, net				21,095
Less—Interest charges				55,520
Net income				$ 75,883
Capital expenditures: Identifiable	$ 173,833	$ 8,840	$ 145	$ 182,818
Utilized for overall Company operations				1,283
Total				$ 184,101
Identifiable assets at December 31, 1981:				
Utility plant, net	$1,616,249	$ 99,327	$ 1,598	$1,717,174
Inventories	83,955	6,032	147	90,134
Total	$1,700,204	$105,359	$ 1,745	1,807,308
Assets utilized for overall Company operations				151,464
Total assets				$1,958,772

(a) Restated—see Note 2.

1980	Electric	Gas	Transportation (coach)	Total
	(Thousands of Dollars)			
Operating revenues	$ 470,765	$157,643	$ 2,338	$ 630,746
Operating expenses, excluding depreciation and amortization	352,598	144,047	4,431	501,076
Depreciation and amortization	31,417	5,241	164	36,822
Total operating expenses	384,015	149,288	4,595	537,898
Operating income (loss)	$ 86,750	$ 8,355	$(2,257)	92,848
Add—Other income, net				18,898
Less—Interest charges				48,046
Net income				$ 63,700
Capital expenditures: Identifiable	$ 143,376	$ 6,836	$ 699	$ 150,911
Utilized for overall Company operations				2,687
Total				$ 153,598
Identifiable assets at December 31, 1980:				
Utility plant, net	$1,476,730	$ 96,185	$ 1,642	$1,574,557
Inventories	76,556	5,655	111	82,322
Total	$1,553,286	$101,840	$ 1,753	1,656,879
Assets utilized for overall Company operations				145,513
Total assets				$1,802,392

11. ACQUISITION OF CAROLINA ENERGIES, INC.:

In April 1982, a wholly-owned subsidiary of the Company acquired all the stock of Carolina Energies, Inc. (CEI). The stockholders of CEI received approximately $26.6 million in cash and 2,618,400 shares of the Company's common stock with a market value of approximately $42.8 million. CEI is a holding company engaged through its six wholly-owned subsidiaries in the purchase, transmission and distribution of natural gas at wholesale and retail, retail distribution of propane and other related activities including oil and gas exploration through joint ventures.

The acquisition has been accounted for under the purchase method of accounting and the accompanying Consolidated Statements of Income include the results of CEI's operations from date of acquisition.

The acquisition adjustment (approximately $39.9 million), included in Gas Utility Plant at December 31, 1982, is expected to be amortized over a forty-year period using the straight-line method.

Had the acquisition of CEI been consummated as of the beginning of each of the years shown below, pro-forma operating results, excluding amortization of the acquisition adjustment, would have been as follows:

	1982	1981
	(Thousands of Dollars except per share amounts)	
Operating revenues	**$900,978**	$876,801
Operating income	**149,073**	117,872
Other income, net	**7,016**	21,226
Income before interest charges	**156,089**	139,098
Net income	**97,292**	82,426
Preferred dividends	**16,371**	14,245
Earnings available for common stock	**$ 80,921**	$ 68,181
Weighted average number of common shares outstanding (000)	**35,194**	30,758
Earnings per share of common stock	**$2.30**	$2.22

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following data have not been audited, but in the opinion of the Company, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of such amounts. Amounts for the second, third and fourth quarters of 1981 have been restated to reflect the effect of an electric retail rate refund. (see Note 2.)

1982	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total operating revenues (000)	$200,171	$197,256	$232,385	$229,224	$859,036
Operating income (000)	35,696	28,832	44,474	38,581	147,583
Net income (000)	22,933	16,062	30,783	26,343	96,121
Earnings available for common stock (000)	19,425	11,898	26,416	22,011	79,750
Earnings per share of common stock	.64	.34	.74	.60	2.32

1981	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total operating revenues (000)	$176,961	$173,512	$217,831	$178,008	$746,312
Operating income (000)	25,069	26,466	38,085	20,688	110,308
Net income (000)	16,367	16,984	30,580	11,952	75,883
Earnings available for common stock (000)	12,784	13,416	27,015	8,423	61,638
Earnings per share of common stock	.48	.49	.93	.28	2.19

13. ACCOUNTING FOR CHANGING PRICES (UNAUDITED):

In compliance with Financial Accounting Standards Board Statement No. 33, "Financial Reporting and Changing Prices", the Company has prepared certain supplementary financial statement data in constant and current dollars (as defined). See pages 36 and 37 for constant and current dollar supplementary financial statement data.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

South Carolina Electric & Gas Company:

We have examined the Consolidated Balance Sheets and Consolidated Statements of Capitalization of South Carolina Electric & Gas Company and consolidated subsidiaries ("Companies") as of December 31, 1982 and 1981 and the related Consolidated Statements of Income, Retained Earnings and Changes in Financial Position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 2 to the Consolidated Financial Statements, 1982 electric revenues include amounts which are subject to refund pending the outcome of a rate hearing before the South Carolina Public Service Commission.

In our report dated February 8, 1982, our opinion on the 1981 Consolidated Financial Statements was qualified as being subject to the effects, if any, of final determination of a request for electric rate increases filed with the South Carolina Public Service Commission. As explained in Note 2 to the Consolidated Financial Statements, that matter has now been resolved and the 1981 Consolidated Financial Statements have been restated. Accordingly, our present opinion on the 1981 Consolidated Financial Statements, as expressed herein, is different from that expressed in our previous report.

In our opinion, subject to the effects, if any, on the 1982 Consolidated Financial Statements of final determination of the matter referred to in the second preceding paragraph, such Consolidated Financial Statements present fairly the financial position of the Companies at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

DELOITTE HASKINS & SELLS
Columbia, South Carolina
February 7, 1983

SELECTED FINANCIAL DATA

SOUTH CAROLINA ELECTRIC & GAS COMPANY

	1982	1981	1980	1979	1978	1977	1972
Statement of Income Data (Thousands of Dollars Except Statistics and Per Share Amounts)							
Operating Revenues:							
Electric	**$590,044**	$555,716	$470,765	$401,281	$382,370	$344,964	$143,190
Gas	**266,389**	188,167	157,643	138,386	101,804	78,405	35,240
Transportation (coach)	**2,603**	2,429	2,338	2,146	1,927	2,023	1,953
Total Operating Revenues	**859,036**	746,312	630,746	541,813	486,101	425,392	180,383
Operating Expenses:							
Fuel used in electric generation	**214,617**	234,243	204,948	185,624	184,047	155,132	45,440
Gas purchased for resale	**220,502**	154,502	121,642	110,702	73,455	51,321	19,042
Other operation and maintenance	**147,840**	118,519	101,130	67,963	55,352	50,144	34,570
Depreciation and amortization	**43,406**	39,691	36,822	35,444	32,643	30,339	18,197
Taxes	**85,088**	89,049	73,356	62,008	65,853	66,684	23,317
Total Operating Expenses	**711,453**	636,004	537,898	461,741	411,350	353,620	140,566
Operating Income	**147,583**	110,308	92,848	80,072	74,751	71,772	39,817
Other Income:							
Allowance for funds used during construction:							
Borrowed and equity	—	—	—	—	—	—	6,230
Equity	**6,618**	4,530	6,003	16,608	18,340	16,610	—
Other	**(1,388)**	16,565	12,895	10,348	10,935	8,956	2,197
Total Other Income	**5,230**	21,095	18,898	26,956	29,275	25,566	8,427
Income Before Interest Charges	**152,813**	131,403	111,746	107,028	104,026	97,338	48,244
Interest Charges (Credits):							
Interest	**96,211**	92,409	75,772	64,263	54,527	46,881	21,461
Allowance for borrowed funds used during construction	**(39,519)**	(36,889)	(27,726)	(12,916)	(10,848)	(7,878)	—
Total Interest Charges, Net	**56,692**	55,520	48,046	51,347	43,679	39,003	21,461
Net Income	**96,121**	75,883	63,700	55,681	60,347	58,335	26,783
Dividends on Preferred Stock	**16,371**	14,245	12,949	12,315	10,600	10,653	5,682
Earnings Available for Common Stock	**$ 79,750**	$ 61,638	$ 50,751	$ 43,366	$ 49,747	$ 47,682	$ 21,101
Weighted Average Number of Common Shares Outstanding (Thousands)	**34,387**	28,139	25,148	23,540	22,029	19,833	10,669
Earnings Per Share of Common Stock	**$2.32**	$2.19	$2.02	$1.84	$2.26	$2.40	$1.98
Dividends Declared Per Share of Common Stock	**$1.92**	$1.82	$1.74	$1.68	$1.62	$1.56	$1.38
Percent of Operating Income (Loss) Before Income Taxes:							
Electric	**98**	101	95	97	94	94	88
Gas	**5**	2	8	6	9	8	14
Transportation (coach)	**(3)**	(3)	(3)	(3)	(3)	(2)	(2)

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

	1982	1981	1980	1979	1978	1977	1972
Balance Sheet Data (Thousands of Dollars Except Statistics and Per Share Amounts)							
Gross Utility Plant	**$2,411,479**	$2,131,689	$1,952,309	$1,804,289	$1,661,880	$1,489,111	$812,098
Total Assets	**$2,194,427**	$1,958,772	$1,802,392	$1,650,395	$1,522,707	$1,361,222	$711,667
Capitalization:							
Common equity	**$ 667,440**	$ 545,941	$ 486,158	$ 449,397	$ 417,471	$ 366,813	$201,827
Preferred stock:							
Not subject to purchase or sinking funds	**26,262**	26,262	26,262	26,262	26,262	26,262	6,262
Subject to purchase or sinking funds	**163,619**	141,217	144,649	126,364	128,019	109,794	82,329
Long-term debt (excludes current portion)	**854,844**	764,971	731,007	672,958	641,457	585,307	313,441
Total Capitalization	**$1,712,165**	$1,478,391	$1,388,076	$1,274,981	$1,213,209	$1,088,176	$603,859
Common Shares Outstanding (Year-End) (Thousands)	**36,526**	29,690	26,261	24,195	22,440	20,359	11,679
Book Value Per Share of Common Stock (Year-End)	**$18.27**	$18.39	$18.51	$18.57	$18.60	$18.02	$17.28
Other Statistics							
Electric:							
Customers (Year-End)	**356,709**	350,596	344,588	336,700	328,797	320,476	278,610
Sales (Million KWH)	**11,490**	11,763	11,809	11,252	11,621	11,155	9,845
Residential:							
Average annual use per customer (KWH)	**11,712**	12,183	12,580	11,627	12,269	12,146	10,324
Average annual rate per KWH	**$.0656**	$.0577	$.0499	$.0464	$.0437	$.0412	$.0221
Generating Capability – Net MW (Year-End)	**3,359**	3,359	3,359	3,359	3,364	2,852	2,456
Territorial Peak Demand – Net MW	**2,463**	2,557	2,489	2,299	2,271	2,216	1,646
Gas:							
Customers (Year-End)	**186,320**	169,294	166,470	164,277	162,412	161,850	147,646
Sales (Thousand Therms)	**590,257**	493,305	506,528	545,387	501,273	468,786	433,933
Residential:							
Average annual use per customer (therms)	**570**	665	682	684	751	734	714
Average annual rate per therm	**$.56**	$.49	$.44	$.34	$.31	$.26	$.16
Transportation (coach):							
Number of Coaches	**104**	104	102	96	96	96	102
Revenue Passengers Carried (Thousands)	**10,720**	10,820	10,357	9,548	8,658	8,971	9,044

Note: 1981 Restated; 1982 includes amounts subject to refund – see Note 2 of Notes to Consolidated Financial Statements.

SUPPLEMENTARY FINANCIAL STATEMENTS ADJUSTED FOR CHANGING PRICES (UNAUDITED)

Financial statements prepared in accordance with generally accepted accounting principles have traditionally provided a quantifiable basis for assessing financial results. Because these reports reflect dollars of varying purchasing power, the traditional financial statements are not designed to furnish data necessary to evaluate inflation's impact. The following constant dollar and current cost supplementary financial statement data are presented in an attempt to provide certain information regarding the estimated effect of inflation on the Company's operations. The constant dollar presentation indicates the estimated effect of the general rate of inflation on the Company. The current cost amounts reflect changes in specific prices of the Company's property, plant and equipment. The data presented were developed in accordance with the partial restatement provisions of Financial Accounting Standards Board Statement No. 33, and are not intended to adjust actual reported earnings nor do they provide a basis for income tax reporting or rate-making.

See the accompanying Notes to Supplementary Financial Statements for additional information.

SUMMARY STATEMENT OF INCOME ADJUSTED FOR CHANGING PRICES

For the Year Ended December 31, 1982

	Historical Cost As Reported	**Constant Dollar** In Average 1982 Dollars	**Current** In Average 1982 Dollars
		(Thousands of Dollars)	
Operating Revenues	$859,036	$859,036	$ 859,036
Expenses:			
Fuel used in electric generation	214,617	214,617	214,617
Gas purchased for resale	220,502	220,502	220,502
Depreciation and amortization (a)	43,406	101,902	110,127
Other operation and maintenance	181,293	181,293	181,293
Income taxes	51,635	51,635	51,635
Interest charges	56,692	56,692	56,692
Other income, net (a)	(5,230)	(5,474)	(5,442)
Total expenses, net	762,915	821,167	829,424
Net Income	$ 96,121	$ 37,869(b)	$ 29,612
Inflation adjustments:			
Reduction of plant to lower recoverable value		$(31,923)	$(109,154)
Unrealized gain resulting from decrease in purchasing power of net monetary liabilities		75,051	75,051
Increase in current cost of property, plant and equipment (c)			$ 87,636
Effect of increase in general price level			171,533
Increase in general prices over specific prices			83,897
Inflation adjustments, net		43,128	49,794
Net income after inflation adjustments		$ 80,997	$ 79,406

(a) As permitted in Financial Accounting Standards Board Statement No. 33, items in the summary statement of income, other than depreciation expense, were not adjusted.

(b) Including the reduction to net recoverable cost, net income on a constant dollar basis would have been $5,946 for 1982.

(c) At December 31, 1982, the current cost of net utility plant was $3,957,225 while net historical cost or net cost recoverable through depreciation was $1,952,062.

FIVE YEAR COMPARISON OF SELECTED SUPPLEMENTARY FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES (AVERAGE 1982 DOLLARS)

	Years Ended December 31,				
	1982 (b)	1981 (b)	1980	1979	1978
	(Thousands Except Per Share Amounts and Consumer Price Index)				
Net income					
(excluding net inflation adjustments, other than depreciation):					
As Reported	**$ 96,121**	$ 75,883	$ 63,700	$ 55,681	
Constant Dollars	**37,869**	25,802	26,027	30,365	
Current Cost	**29,612**	15,803	15,232	15,972	
Income per share of common stock					
(after dividend requirements on preferred stock and excluding net inflation adjustments other than depreciation):					
As Reported	**$ 2.32**	$ 2.19	$ 2.02	$ 1.84	
Constant Dollars	**.63**	.41	.44	.59	
Current Cost	**.39**	.06	.002	(.01)	
General Information					
Operating revenues:					
As Reported	**$859,036**	$746,312	$630,746	$541,813	$486,101
Constant Dollars	**859,036**	791,837	738,821	720,328	719,142
Unrealized gain resulting from decrease in purchasing power of net monetary liabilities	**75,051**	101,802	144,675	160,190	
Net assets at year-end at net recoverable cost (a)	**686,072**	594,852	573,211	593,757	
Increase in general price level over specific prices	**83,897**	113,434	(14,623)	(95,278)	
Cash dividends declared per share of common stock:					
As Reported	**1.92**	1.82	1.74	1.68	1.62
Constant Dollars	**1.92**	1.93	2.04	2.24	2.40
Market price per share of common stock at year-end:					
As Reported	**18.00**	15.00	14.25	14.75	17.00
Constant Dollars	**17.80**	15.41	15.95	18.56	24.21
Average Consumer Price Index (CPI-U) (c)	**289.1**	272.4	246.8	217.4	195.4

(a) Excluding preferred stock (subject to purchase or sinking funds).

(b) 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

(c) 1967 = 100.

NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

1. Plant and equipment The data adjusted for general inflation were determined by converting historical costs of utility plant and certain non-utility property into dollars of the same general purchasing power using the Consumer Price Index for All Urban Consumers (CPI-U). This method shows the effect of general inflation on the Company (constant dollars).

The current cost data reflect the cost of currently replacing existing plant assets. These costs were determined through use of the Handy Whitman Index of Public Utility Construction Costs and other valuation methods tailored specifically to the type asset being restated. Even so, replacement of some existing plant and equipment will take place over a period of time and may not result in replacement which would duplicate existing facilities.

2. Accumulated depreciation The related accumulated depreciation for calculating current cost of net property, plant and equipment was developed by applying the same percentage relationship that existed between gross plant and accumulated depreciation by functional groups on a historical cost basis at December 31, 1982 and 1981, to the respective balances of the restated depreciable plant.

3. Depreciation expense Depreciation expense for both the constant dollar and current cost methods was determined by applying the same rates and methodology used in computing historically booked depreciation to the restated depreciable plant.

4. Reductions of plant to lower recoverable value The rate regulatory process limits the Company to the recovery of the historical costs of plant and equipment. Therefore, the value of the plant and equipment determined under the constant dollar and current cost methods must be reduced to the lower recoverable amount, which is historical cost.

5. Unrealized gain resulting from decrease in purchasing power of net monetary liabilities The Company, by holding monetary assets such as cash and receivables, loses purchasing power during periods of inflation because these items will purchase less at a future date. Alternatively, by incurring monetary liabilities, primarily long-term debt, the Company benefits because the payment in the future will be made with dollars having less purchasing power. Because the Company has significant amounts of long-term debt outstanding, this results in a net monetary gain. This gain does not represent an exchange of cash at present or in the future, but represents the effect of the changing value of the dollar.

6. Increase in general price level over specific prices This results from the value of the particular plant and equipment held by the Company increasing at a lesser rate than the rate of general inflation as measured by the CPI-U.

7. Other Fuel inventories, the cost of fuel used in electric generation and gas purchased for resale have not been restated from their historical cost in nominal dollars. Regulation allows the recovery of fuel and purchased gas costs through the operation of adjustment clauses or adjustments in basic rate schedules to actual costs.

DIRECTORS AND OFFICERS

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Columbia, South Carolina

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Retired Plant Manager
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Savannah River Plant
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Columbia, South Carolina

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of the Company
Columbia, South Carolina

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W. B. Bookhart
W. J. Keenan Jr.
Edward Kronsberg
F. R. McMeekin
A. C. Mustard
W. J. Ready
John C. B. Smith

**Member of the Executive Committee*

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Chairman of the Board and
Chief Executive Officer
(62)* [45]†

J. A. Warren
President and
Chief Operating Officer
(57) [25]

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(64) [42]

G. C. Meetze
Operations
(63) [44]

O. S. Wooten
Finance
(59) [28]

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(60) [36]

G. H. Fischer
Legal and Governmental Affairs
(59) [23]

M. C. Johnson
Special Assignments
(63) [43]

T. C. Nichols Jr.
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(54) [30]

C. L. Rye
Customer Operations
(53) [30]

*(age as of December 31, 1982)
†[years of service as of December 31, 1982]

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(55) [30]

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(51) [24]

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(57) [35]

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(57) [13]

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Distribution Engineering
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Northern Division
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and Facilities Planning
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(35) [7]

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(33) [12]

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General Counsel
(45) [15]

W. B. Timmerman
Finance
(36) [4]

J. H. Young Jr.
Power Supply
(45) [20]

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(57) [24]

R. D. Hazel
Planning
(46) [26]

B. T. Horton Jr.
Finance
(39) [4]

S. C. McMeekin Jr.
Assistant to the President
(40) [11]

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Secretary
(61) [37]

H. H. Gaddis
Treasurer
(57) [30]

R. W. Stedman
Controller
(41) [10]

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Assistant Secretary
(50) [25]

J. G. Black II
Assistant Treasurer
(44) [19]

Harriett M. Gardner
Assistant Secretary
(48) [26]

S. W. Holmes
Group Manager and Assistant Secretary
(50) [22]

T. R. Lide
Assistant Treasurer
(62) [36]

CAROLINA ENERGIES, INC.

Max Earwood
President and General Manager
(50) [25]

EXECUTIVE VICE PRESIDENT

W. N. Ackerman
(55) [33]

VICE PRESIDENT AND TREASURER

T. H. Hearn
(56) [24]

CORPORATE STOCK INFORMATION

Common Stock (a)	1982				1981			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (b)								
High	19-1/8	18-1/8	17-5/8	16-1/8	16	15-1/8	15-3/8	14-5/8
Low	16-5/8	15	15-1/2	14-1/2	13-3/4	13-3/4	12-1/2	13-1/8
Dividends Per Share:								
Declared	\$.48	\$.48	\$.48	\$.48	\$.455	\$.455	\$.455	\$.455
Paid	\$.48	\$.48	\$.48	\$.455	\$.455	\$.455	\$.455	\$.435

	December 31,	
	1982	1981
Number of common shares outstanding	36,526,499	29,690,064
Number of common stockholders of record	63,715	59,494

(a) The principal market for SCE&G common stock (SCG) is the New York Stock Exchange.
(b) As reported on the New York Stock Exchange Composite Listing.

Preferred Stock

Series	7.70%	8.12%	8.40%	11.08%	13.88%	4.50%	5%	8.72%	9.40%
Valuation Price — Year-End 1982	\$62.857	\$66.285	\$68.571	\$98.00	\$113.50	\$18.367	\$20.00	\$38.50	\$38.367

SUPPLEMENTAL INVESTOR INFORMATION

Annual Meeting and Solicitation of Proxies
The annual meeting of stockholders will be held at Seawell's at the Fairgrounds, 1200 Rosewood Drive, Columbia, South Carolina on Wednesday, April 27, 1983. Proxies will be requested for such meeting and will be sent to stockholders in March 1983.

This report is issued solely for the purpose of providing information. It is not intended for use in connection with any sale or purchase of, or any offer or solicitation of offers to buy or sell, any securities.

Form 10-K
A copy of the Company's 1982 Form 10-K report as filed with the Securities and Exchange Commission is available to stockholders upon request.

Statistical Supplement
A copy of the Statistical Supplement to this report is available upon request.

Please call or address your request for any of the above reports or information concerning financial and operating data to H. John Winn III, manager-Investor Relations, (803) 748-3240.

Dividend Reinvestment and Stock Purchase Plan
For information contact:
South Carolina Electric & Gas Company
Post Office Box 764
Columbia, South Carolina 29218
Attention: Stockholder Relations Department (1-56)

CORPORATE INFORMATION

Mailing Address
P.O. Box 764
Columbia, South Carolina 29218

Corporate Headquarters
328 Main Street
Columbia, South Carolina
(803) 748-3000

Independent Certified Public Accountants
Deloitte Haskins & Sells
Columbia, South Carolina

Transfer Agents
Common Stock:
Manufacturers Hanover Trust Company
New York, New York

The South Carolina National Bank
Columbia, South Carolina

South Carolina Electric & Gas Company
Stockholder Relations
(Record Keeping and Dividend Paying only)

Cumulative Preferred Stock:
The Chase Manhattan Bank, N.A.
New York, New York

The South Carolina National Bank
Columbia, South Carolina

Registrars
Common Stock:
Manufacturers Hanover Trust Company
New York, New York

The Citizens and Southern
National Bank of South Carolina
Columbia, South Carolina

Cumulative Preferred Stock:
The Chase Manhattan Bank, N.A.
New York, New York

The Citizens and Southern
National Bank of South Carolina
Columbia, South Carolina

Trustee and Paying Agent
First and Refunding Mortgage Bonds:
Manufacturers Hanover Trust Company
New York, New York

Dividend Reinvestment Agent
South Carolina Electric & Gas Company
Stockholder Relations

The Company's common stock and 5% cumulative preferred stock are listed on the New York Stock Exchange (NYSE). Company Stock Symbol – SCG.

Santee Cooper
1982 Annual Report

One of America's Most Resourceful Electric

PUBLIC POWER 1882-1982

A CENTURY OF SERVICE

Completing its 40th year of operation, Santee Cooper joins the American Public Power Association in celebrating 100 years of consumer-owned power production in this country.

The electric light bulb - itself a product of the ingenuity, persistence, and resourcefulness of Thomas Alva Edison - has become the most used symbol for electric power and the electric power industry. Edison's light bulb has also evolved as an equally universal symbol for ideas, creative thinking, and what we call resourcefulness. Santee Cooper is proud of its resourcefulness as an electric utility and its role in the first century of service provided by America's public owned utilities. Its board and management are committed to provide the resources necessary to continue the same quality and reliability of service which has helped Santee Cooper become one of America's most resourceful electric utilities.

Santee Cooper is a major source of reliable, economic electric power for 35 of South Carolina's 46 counties.

Cover Photo

A Jack-in-the-Pulpit, Arisaema triphyllum, plant grows in a delicate environment - part of the 2,400 acre site purchased by Santee Cooper for construction of a new generating station in the 1990's. Pampering that environment and carefully planning the construction that will occur there in the next decade is part of the resourcefulness employed by the company in meeting the growing demands for power. *See special feature on page 8.*

CONTENTS

CHAIRMAN'S MESSAGE

Resourcefulness continues to be a major stepping stone for man's progress and survival.

History was not being recorded when a member of a tribe discovered that the burning light that resulted when he struck a certain type of rock could warm him in the winter and ward off his enemies at night. Monumental as that event may seem, this prehistoric harnessing of energy was, in simple terms, the use of resourcefulness in an attempt to survive.

And throughout the biography of man, the undercurrent of survival has flowed between people and resources.

Millions of years later, with South Carolina's labor force severely strained by economic depression in the 1930's and the nation on the brink of war, a project was created to use existing water supplies in electrifying a portion of rural America. Vital to the Santee-Cooper Hydroelectric and Navigation Project were the thousands of workers who placed themselves between earthly resources and the concrete link which would ensure their economic survival and help our national defense.

We in the United States again face the ogre of economic instability. It is an ogre which knows no social limitations.

As a multi-million dollar airline slips into the abyss of bankruptcy, an elderly woman shivers in a drafty dwelling with no money for fuel oil.

As the nation reels under the pressures of a stagnant economy and declining productivity, a young married couple finds that rising interest rates have made the reality of their "dream home" nothing more than an illusion.

As major shifts in industrial growth and activity are made primarily toward the Sun Belt, a local victim of industrial cutbacks searches diligently for new employment.

And, as the statistics of jobless Americans accumulate, a middle-income homeowner, who became "established" when the economy was more stable, continues to waste almost as much energy as he uses.

From its beginnings as an electric utility which used water to provide electricity for its traditionally agrarian service area, Santee Cooper's relatively short history is one of resourcefulness.

In its use of America's most abundant energy resource, coal, Santee Cooper has taken advantage of a source of power which remains one of the most economical methods of producing electricity for its customers. Company-committed coal reserves and company-owned railroad cars are key planning, production, and financial resources that follow the fuel-to-energy cycle from the mine to the meter.

Yet the job of a lump of coal is not completed as it is consumed by a furnace. The main by-product of this combustion, heat, has become for Santee Cooper another resource link in a chain of renewal which ultimately results in the harvesting of marketable foodstuffs, ornamental flowers, and exotic fish that rid ponds and reservoirs of pesky aquatic plants.

This is just one example of Santee Cooper resourcefulness. This same commitment of getting the most benefit of every dollar earned and spent is prevalent throughout the company. In production, systems operations, finance, engineering, industrial development, commercial operations, and other areas depending on effective use of human and man-made resources, our employees have maintained efficient, creative, and productive operations. The results have been an assuring reliability and quality of performance to meet the needs of customers and provide a major source of energy for continued economic growth and development throughout Santee Cooper's service area. For Santee Cooper and its employees, the major stepping stone for this success has been their resourcefulness.

As you will find in this report, it is an attribute which appears in each facet of the company's operations, as if a reminder that being born of resourcefulness creates a constant effort at finding new methods of carrying on that legacy.

We are proud of Santee Cooper's contribution to our state and nation and look forward to an interesting and exciting future.

Robert S. Davis

Robert S. Davis
Chairman

President's Message

Once again, resourcefulness has played a major role in the success of Santee Cooper. This success is reflected not only in the bottom line figures within this report - which are the best in the history of the company - but also in the continued progress of those programs aimed at reducing the cost of generating electricity for our customers, the utilization of natural resources to improve the quality of life, and the creation of programs which make it easier for customers to control the dollar amount of their electric bills.

At a time when the economy, a relatively cool summer, and the increased cost of energy caused a reduction in energy sales by most electric utilities across the nation, Santee Cooper saw its energy use figures increase for all customer classifications except municipalities and the REA cooperatives. Although construction was somewhat below normal in our service area, the number of customer meters on our system increased six percent. Included were two new industries providing much needed jobs for our growing population.

Our construction program necessitated three bond sales - one of \$150 million at an interest rate of 13.4 percent, a second of \$165 million at an interest rate of 14.1 percent, and a third of \$165 million at an interest rate of 13.0 percent.

The major portion of the monies will be used to complete the first 450 megawatt coal-fired unit at our Cross Station. At fiscal year end, the project continues ahead of schedule and below budget, being 54 percent complete and scheduled for commercial operation in May of 1984.

We continue to take great pride in those projects which make use of waste by-products, the natural resources around our lakes, and the desire of our customers and employees to conserve our scarce resources.

At the end of the fiscal year, 90 percent of our new building complex was completed. The complex will provide a better and more efficient working environment for our personnel in the Moncks Corner area in a facility designed to exceed federal energy conservation recommendations. We have continued our practice of providing community meeting facilities by the installation of an auditorium having a seating capacity of 250. The auditorium, kitchen, stage, and meeting rooms are available, without charge, to the communities cultural, civic, social, and service organizations.

Through our test programs of waste heat utilization, we are searching for new methods of creating useful products for the consumer. Our aquaculture project produced 65,000 fish which were sold as an algae prevention tool. Also, progress continued to be made in our agricultural research program using heated water as a year 'round growing environment for vegetables and flowers.

Sharing Santee Cooper's resources with the people who live in and visit South Carolina can best be illustrated by the fact that an additional 2,610 acres of land around our lakes was made available to the public this past year, and 125 acres of land was reforested.

Of particular note for our residential customers was the creation of Santee Cooper's Weatherization, Insulation, and Solar Energy program, Operation WISE. We are very enthusiastic about this assistance program for those who want to weatherize their homes to help reduce their power bills. It will provide them with a low cost loan to have energy conserving methods and equipment installed in their homes. A special component of the WISE program is aimed at low income and elderly, disadvantaged citizens.

The programs which we have planned and executed this past year are, I believe, indicative of the calibre of individuals we have been able to attract to Santee Cooper. We are especially pleased with the safety record of our personnel. They again received the American Public Power Association's coveted First Place Safety Award - the 12th first place award in the last 18 years - for the best safety performance of any public power utility in the nation. Their dedication to finding new methods for assisting and communicating with our customers continues to help improve the responsiveness of our organization and the quality of life throughout our service area - which I believe is one of our major goals.

These innovative ideas continue to receive the full support of our Board of Directors, which has shown both the confidence and the responsibility necessary to retain our role as one of America's most resourceful electric utilities.

Santee Cooper continues to provide its customers with reliable electric service at rates consistently below the national average and among the lowest in the State. However, we're not content with that record or the advancements we've made to date in making use of available resources.

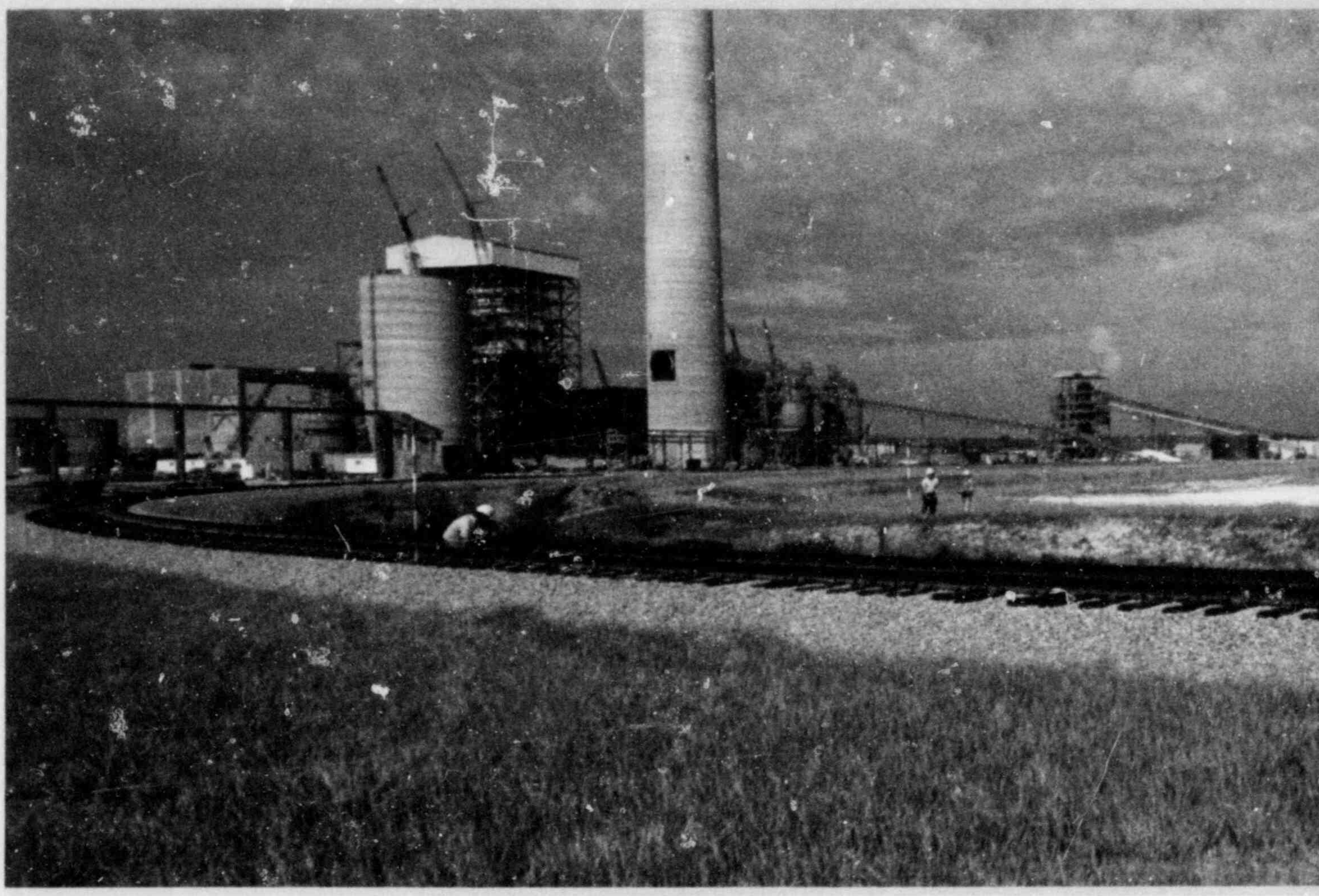
Our greatest challenge is to sustain these achievements in the economic climate we face today. But public power has met and addressed such challenges for the past century, and Santee Cooper has played a major role in that achievement.

I can assure you that Santee Cooper will maintain its efforts to meet the commitments to those who depend upon us as a source of low cost electric power and a resource for improving the quality of life in South Carolina.

William C. Mescher

William C. Mescher
President

Fuel & Efficiency Are Keys To Production & Construction



Generation & Load Growth

Santee Cooper facilities generated 9,032,371 net kilowatthours of electricity this year, a decrease of 32,387 kilowatthours, or 0.36 percent under last year.

Of this energy, 93.67 percent was produced by coal, 0.55 percent by oil and gas, and 5.78 percent by hydro generation.

Peak demands for the fiscal year reached an all time high of 1,754 megawatts.

Santee Cooper has coal-fired generating stations located at Moncks Corner, Conway, and Georgetown; hydro stations at Moncks Corner and Wilson's Landing; and combustion turbines at Myrtle Beach and Hilton Head Island.

Production

Winyah Unit 4, located near Georgetown, began commercial operation November 1, 1981. The additional 270 megawatts of coal-fired generation increased the Winyah Station's generating capacity to 1,080 megawatts, making it the largest fossil-fueled electric generating plant in South Carolina. Final construction cost of the fourth unit was $115.24 million or $427 per kilowatt. Construction of the four-unit

Survey Party Chief Mark Ilderton makes an electronic measurement at the Cross Generating Station site using a theodolite, a laser-based survey instrument with accuracy within 1/8 of an inch.

generating station was completed in less than 10 years, a remarkable achievement. Even more remarkable is the fact that each of the four units was completed under budget and ahead of schedule. Total investment for the generating station is $380.92 million, an average of $353 per kilowatt.

Construction on the first 450 megawatt unit of a new generating station being constructed near Cross was about 54 percent complete at the end of the year. The coal-fired Cross '84 unit is scheduled for commercial operation in May 1984 and will be followed by an additional unit planned for commercial operation in 1988. The construction site is located adjacent to the Diversion Canal, between Lakes Moultrie and Marion.

To meet the projected demands for power in the 1990's a comprehensive environmental assessment was begun on a 2,400 acre site purchased in Florence County as the future site for a coal-fired generating station. The environmental assessment is being made prior to the start of construction to assure the station's compatibility to both the natural setting on the Pee Dee River and the Kingsburg community where it is to be located.

Engineering Design

Increased efficiency, faster project turn-around, and reduced design costs were achieved in 1982 through the use of new technologies, standardized designs, computerized scheduling, and improved personnel management by Engineering Design.

Survey teams using theodolites, electronic distance measuring equipment, and computerized graphics increased the accuracy, timeliness, and efficiency of system surveys and mapping.

Improved accuracy and efficiency in line design, substation layout, and standards were also achieved by drafting and engineering personnel using computerized techniques.

Computerized scheduling and construction cost monitoring also provided more timely financial information and gave management better control, which reduced design and construction costs.

In front of SO_2 scrubbing model, Station Construction Manager Bill McCall displays limestone to be used in the process at Cross to remove sulfur dioxide from stack gases.

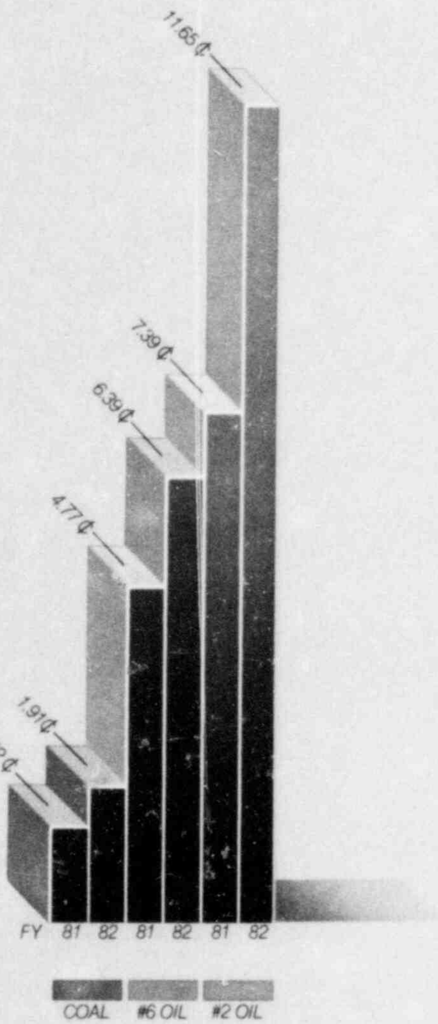
Operations and Maintenance

Resourceful operation of its generating facilities during 1982 allowed Santee Cooper to function as a reliable and the most economic source of electric power in South Carolina.

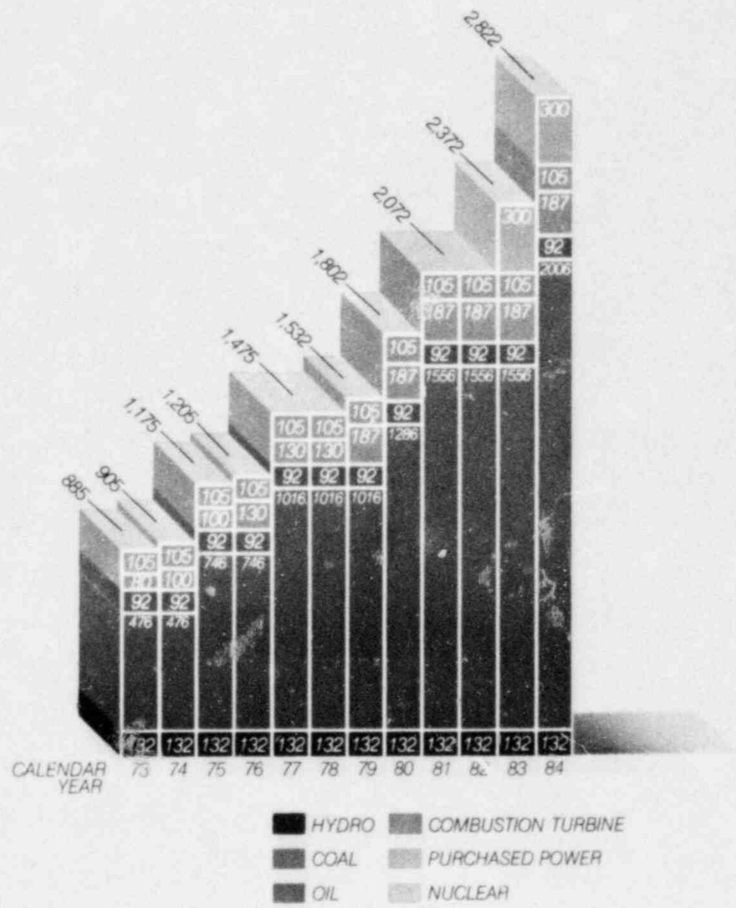
While coal-fired generation made up 78.3 percent of the company's summer peak generation capacity, along with 17.3 percent oil and gas and 4.4 hydro, 93 percent of the power produced by Santee Cooper for its customers was from coal resources, 6 percent from hydro, and 1 percent oil and gas. Less than 4 percent of Santee Cooper's total energy supply was from purchases and net interchange sources. The majority of that was from a hydroelectric supply of power from the Southeastern Power Administration at Clark Hill.

Santee Cooper's coal-fired generating units operated at a 62.1 percent net capacity factor during the past fiscal year.

The average cost of production for Santee Cooper generated power was 2.24 cents per kilowatthour.



FUEL GENERATING COST ¢/KWH



NET PEAK SYSTEM CAPACITY
MEGAWATTS

Environmental Feature

ASSESSMENT ASSURES PROTECTION OF ENVIRONMENT FOR 1990'S SITE

One sultry summer day in August of last year, a woodpecker picked out a 75 year old loblolly pine in Florence County and began chipping away at the bark. He was beginning a cavity in the tree which would provide a nest for a brood of the future.

On that same day, specialists from Gilbert/Commonwealth Associates began an environmental assessment of the area close to the woodpecker's dream house. The consulting firm had been hired by Santee Cooper to scour the terrain, which had been purchased by the company as a possible generating station site in the future.

Years will go by before either task is completed.

Like Rome, electric generating stations are not built in a day. From need identification to commercial operation, a full 12 years can pass. Recognizing the necessity for more power in the 1990's, a task force of company officials began considering alternatives as early as 1978, according to W.W. Scott, Manager of Production Engineering.

"We spent about a year in the site selection process," he said, noting that for obvious reasons the procedure was very discreet. An electric utility looking for thousands of acres can put dollar signs in the eyes of speculators. "From an initial list of about 14 sites, the one in Florence County was deemed 'preferred' and recommended for purchase," notes Scott.

For a sum in excess of $5 million, Santee Cooper in early 1981 purchased 2,400 acres near Kingsburg Crossroads, about 25 miles from Florence on the Great Pee Dee River. But before the first construction shovel pierces the earth, the company is spending about $2 million in the environmental assessments and permitting processes.

"We voluntarily retained a consulting firm to complete an assessment of the area's ecology from top to bottom prior to any design work," says Mike Harrelson, Environmental Engineer. Many prospective industries, according to Harrelson, simply come to town, purchase a site, and say, "I'm going to build a plant and here are my plans." Only later upon request by Federal officials is an environmental assessment performed.

It was during this initial inventory of wildlife, flora, fauna, geology, air, noise, and water quality that one discovery stopped everything dead in its tracks.

Enter the woodpecker..the Red-Cockaded Woodpecker. And from the Pee Dee enter the Short-Nosed Sturgeon. Both are members of the Endangered Species list.

Close up shop and go home? Pick out another site? General confusion or despair? None of the above.

Since February of 1981, when the two endangered species were discovered, initial planning has been altered around the rare creatures. It will involve everything from use of special water intake screens to relocation of an ash pond site.

"Discovery of these species means we have to ensure that our actions, even in the planning stages, do not further endanger these animals," says Harrelson. For the woodpecker, an earlier experience by the company had provided some ground work.

During the routing of transmission line structures in the Francis Marion Forest, three

colonies of the birds were discovered. In cooperation with the U.S. Forest Service and U.S. Fish and Wildlife Service, several of the birds were tagged with radio transmitters to see what would happen when their cavity trees were removed. The woodpeckers relocated within their original territories.

"They're pretty adaptable," says Harrelson. "A colony was found living in perfect harmony in Louisiana, right next to a military bombing range."

At the Pee Dee site, more than a dozen cavity trees were noted involving at least one colony. To protect this colony, a plan will be developed for approval by the South Carolina Wildlife and Marine Resources Department and the U.S. Fish and Wildlife Service to manage and improve the woodpeckers' habitat within the site. Minimal underbrush and selective cutting of trees by Santee Cooper's Forestry unit will provide the birds with a "business as usual" environment.

In addition, an original site for the station's ash pond has been moved around like a giant chess piece in order to find the most suitable location in relation to the colony.

The Short-Nosed Sturgeon presented another opportunity for ingenuity. The fish's eggs normally stay close to the river's bottom, but so do water intakes for generating units. The intake conceptual design at this site calls for a distinct variation from what is normally used. Large cylindrical bullet-shaped screens will be strategically located in the river above the channel bottom, parallel to the river's flow. Their size will be such that intake velocity will be much less than river velocity. Sturgeon eggs, larvae, and juveniles will be able to pass by much more successfully. "It's a fish avoidance design with screen openings three times smaller than our normal design," according to Harrelson, "and will greatly reduce possible hazards to the fish community."

The environmental assessment of the Pee Dee site continues. In addition to birds and fish, specialists have also happened upon archaeological finds.

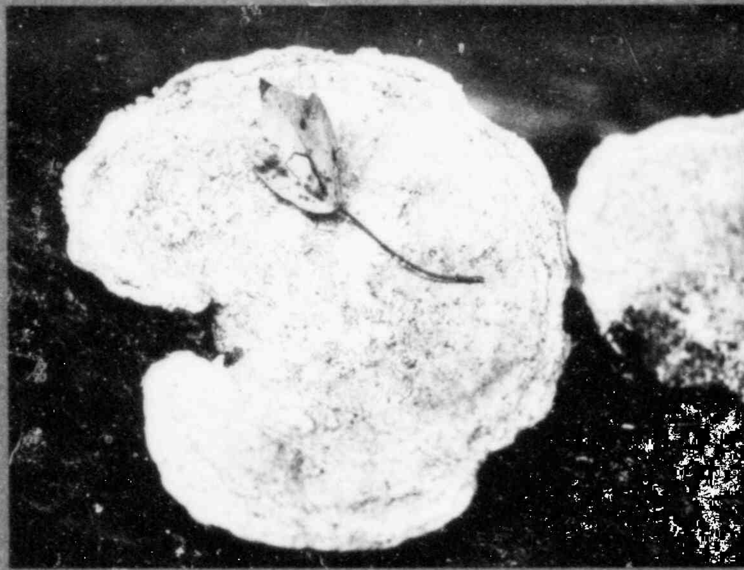
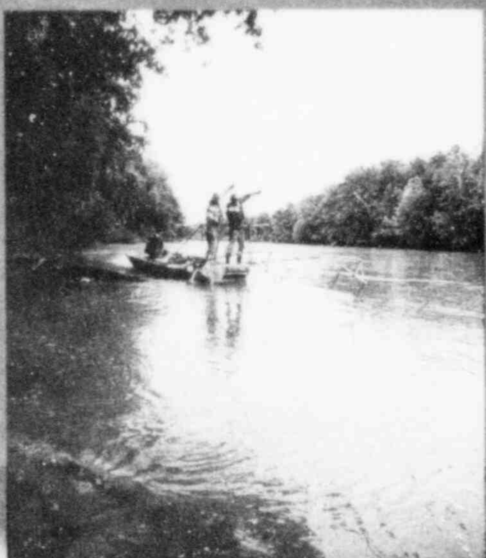
Pieces of early Americana in the form of ancient pottery and fragments of centuries old tools and weapons are being collected and catalogued. Discoveries have included remnants of 19th Century dwellings and evidence of old farmlands.

To properly identify each and every aspect that makes this part of the state unique, Santee Cooper will continue the assessment process for an entire calendar year.

"We certainly want to know what our impact will be if we continue to move toward building a generating station," emphasizes Harrelson. "Through our studies we are assuring there will be many beneficial effects for the citizens of this area as far as employment and the attraction of a power source for economic growth in Florence County."

While Harrelson is enthusiastic over what the future holds for the people of the Pee Dee area, the Red-Cockaded Woodpecker and Short-Nosed Sturgeon remain oblivious.

But to see that these animals continue the propagation of their species unaware of man's presence is, after all, the goal of this preliminary planning.


Reliability Is Strengthened Through System Upgrading

Reliability

Santee Cooper maintains interconnections with South Carolina Electric and Gas Company at Bushy Park, North Charleston, St. George, Columbia, and the Summer Nuclear Station; with Southeastern Power Administration and the Southern Company at Clark Hill; and with Carolina Power and Light Company at Darlington, Hemingway, Kingstree, Lugoff, and Robinson. The interconnection with the Southern Company was added in 1982, providing the company an additional interconnection and source of purchase power.

Santee Cooper is one of 30 member organizations in the Southeastern Electric Reliability Council (SERC), which includes all power suppliers in the region with at least 25 megawatts of generating capacity. The Council assists member systems in their coordination of overall planning and in efforts to achieve maximum reliability of power supply.

Santee Cooper is also one of seven power systems in the Virginia-Carolinas Reliability Group (VACAR), which includes Carolina Power and Light Company, Duke Power Company, South Carolina Electric and Gas Company, Southeastern Power Administration, Virginia Electric and Power Company, and Yadkin, Inc.

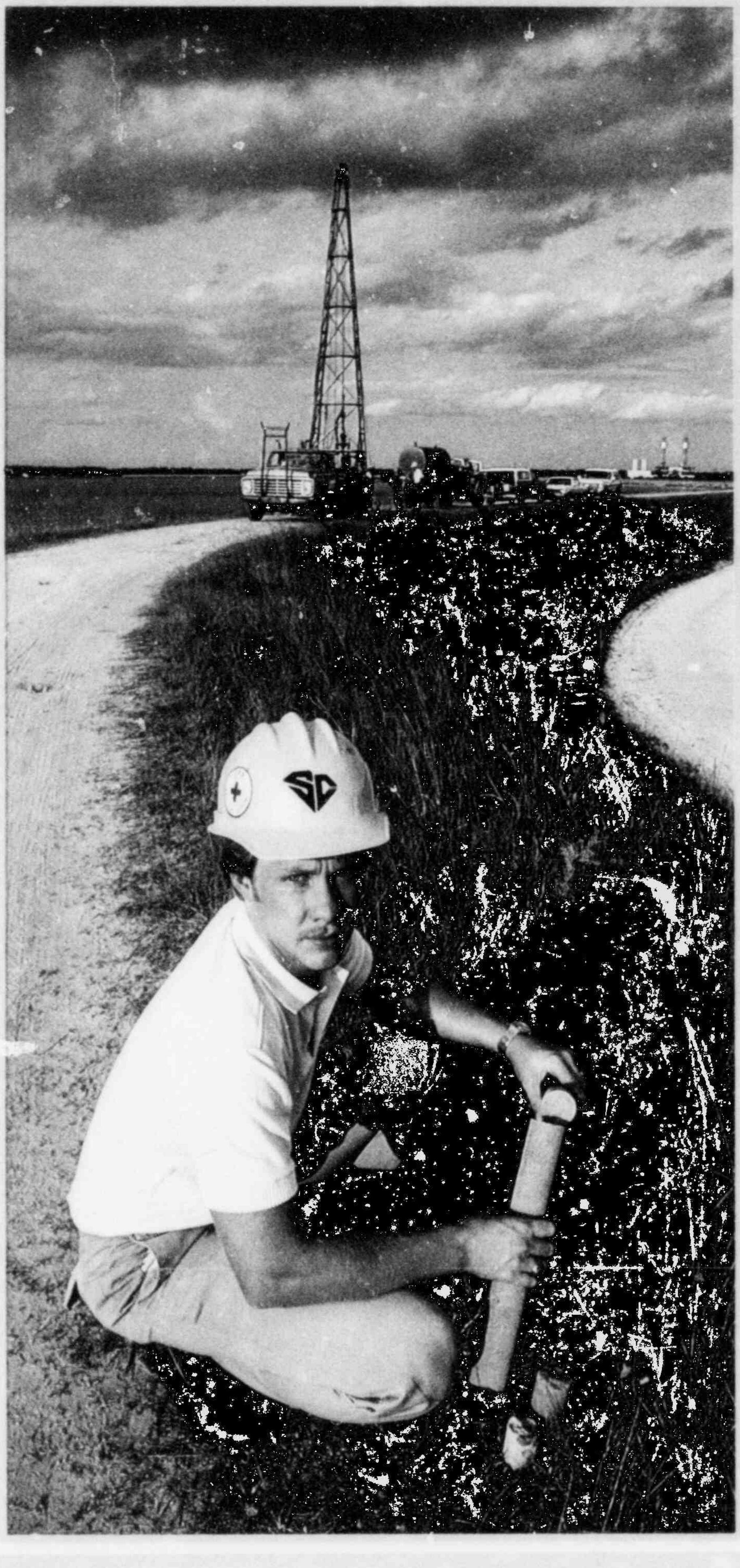
Santee Cooper's Batesburg crew replaces in-line H structure on 115,000 volt line between Batesburg and Columbia. Crews in outlying areas such as this provide vital links in several parts of the company's service area.

General Maintenance Services constructed all of the substation foundations needed during FY-82, maintained hundreds of miles of roads in Santee Cooper's 56 recreational subdivisions, and kept the 410 miles of shoreline around Lakes Marion and Moultrie and the navigation system through these lakes clear of debris. The navigation aids system was upgraded during FY-82 by the installation of new metal directional markers on the creosote pilings.

Transmission

Santee Cooper's transmission system consists of approximately 2,969 miles of lines, 44 transmission substations, and 62 distribution substations. Voltages range from 34,000 to 230,000 and power lines extend through 35 of South Carolina's 46 counties. This makes Santee Cooper's service area the largest of any power system in the state.

Santee Cooper provides retail service to customers in three Lowcountry counties and generates power for two municipalities, three military installations, 25 large industrial customers, and 15 of the state's 20 electric cooperatives which includes 180 delivery points. Over nine billion kilowatthours of electricity were delivered to these customers through Santee Cooper's transmission system during the year.



The Winyah-to-Charity 230,000 volt line was placed in service during the year. This increased Santee Cooper's 230,000 volt system to approximately 450 miles of line with another 250 miles in the planning/engineering stage. Approximately 60 miles of transmission lines were upgraded in size while 10 substations have been or are in the process of being increased in size and capacity. Transmission forces constructed and placed into service eight new substations and began work on a new 230,000 volt switching station.

General Maintenance

Maintenance of Santee Cooper's 42 miles of dams and dikes is one of the largest ongoing projects of General Maintenance. Various inspections by General Maintenance, outside consultants, and the Federal Energy Regulatory Commission were made to insure that the 42 miles of dams and dikes meet modern standards of safety even though the structures are over 40 years old.

The Harza Engineering Company recently completed the company's fourth five-year project inspection required by the Federal Energy Regulatory Commission and reported that the dams and dikes were well maintained and in good overall condition. The report also noted the recent completion of drainage projects behind some of the major structures which further increased the safety of the dams.

Mike Wooten, Dam Maintenance Supervisor, holds a core sample taken from West Pinopolis Dam in series of tests conducted to evaluate the seismic stability of impoundment structures.

However, based upon revised earthquake standards, FERC concluded the West Pinopolis Dam and the North Santee Dam were only "marginally safe" when subjected to seismic stresses equivalent to those estimated to have occurred in Charleston in 1886. The commission informed Santee Cooper March 12, 1982, that the company may be required to rebuild or reinforce the West Pinopolis and North Santee Dams for public safety purposes.

More indepth evaluations are underway to determine the condition of the dams.

Rights-of-Way Reclearing

General Maintenance maintained and recleared 9,700 of the company's more than 36,500 acres of transmission rights-of-way in 1982. During this period a record 170 acres were site-prepared for eventual wildlife plantings by the landowners, thereby relieving Santee Cooper of subsequent maintenance. Highly specific herbicides were applied by helicopter in the treatment of an additional 1,400 acres.

Flood Control

Santee Cooper conducted spilling operations for 67 days during the months of January, February, and March, 1982, as part of its flood control program.

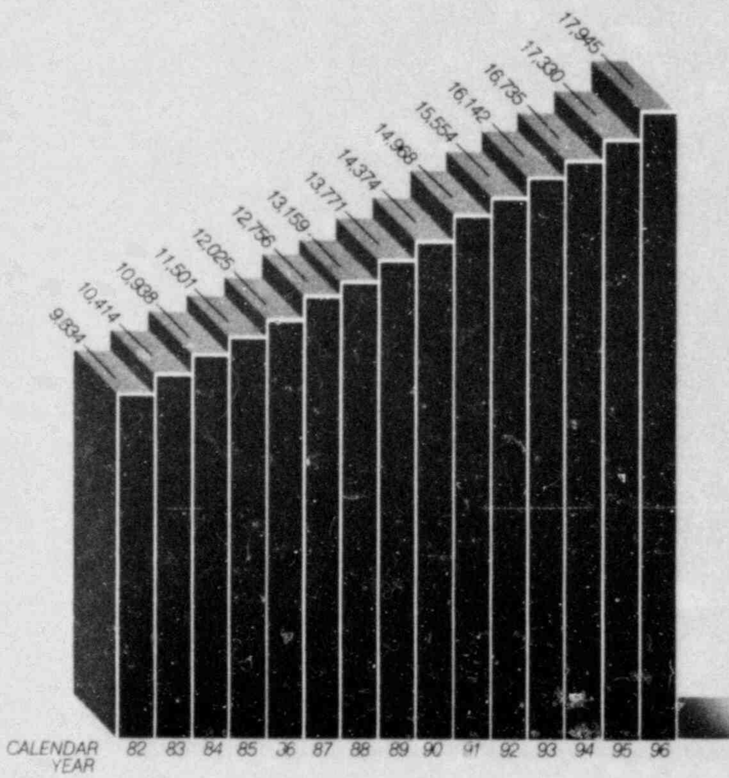
The maximum daily average inflow for this period occurred on January 5, 1982, with over 800,000 gallons of water per second. This resulted in the flood crest on the lower Santee River being reduced to about 52 percent of what it would have been without Santee Cooper's flood control program.

WHERE THE POWER COMES FROM

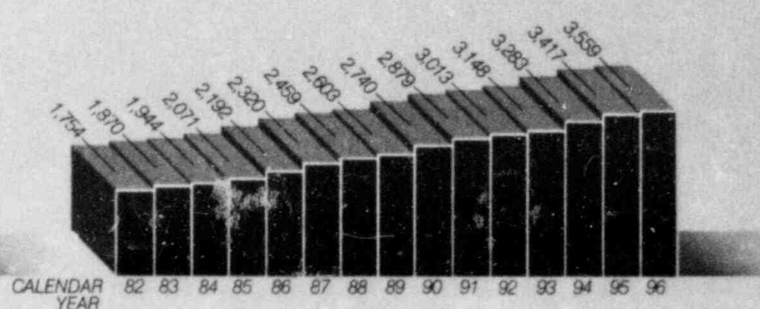
Generating Unit	Location	Generating Capability (megawatts)	Fuel	Commercial Operating Date	Construction Cost ($/KW)
Jefferies Hydro #1, 2, 3, 4, & 6	Moncks Corner	128	Hydro	1942	$ 458.
Santee Spillway	Wilson's Landing	2	Hydro	1950	200.
Jefferies Steam #1 & 2	Moncks Corner	92	Oil	1954	171.
Combustion Turbine #1 & 2	Myrtle Beach	20	Oil	1962	145.
Grainger Steam #1 & 2	Conway	170	Coal	1966	172.
Jefferies #3 & 4	Moncks Corner	306	Coal	1970	179.
Combustion Turbine #3 & 4	Myrtle Beach	40	Oil	1972	113.
Combustion Turbine #1	Hilton Head	20	Oil	1973	135.
Combustion Turbine #2	Hilton Head	20	Oil	1974	110.
Winyah Steam #1	Georgetown	270	Coal	1975	246.
Combustion Turbine #5	Myrtle Beach	30	Oil	1976	90.
Winyah Steam #2	Georgetown	270	Coal	1977	269.
Combustion Turbine #3	Hilton Head	57	Oil	1979	172.
Winyah Steam #3	Georgetown	270	Coal	1980	469.
Winyah Steam #4	Georgetown	270	Coal	1981	427.

Generating Units Planned & Under Construction		Capacity			(estimated)
Summer Nuclear*	Parr	300	Nuclear	Nov. 1982	1,159.
Cross #2	Cross	450	Coal	May 1984	856.
Cross #1	Cross	450	Coal	May 1988	957.

*One third ownership, being jointly constructed with South Carolina Electric & Gas Company.



ENERGY DEMAND FORECASTS
GIGAWATTHOURS



PEAK DEMAND FORECASTS
MEGAWATTS

WHERE THE POWER GOES

Retail Customer Area

Arcadian Shores
Atlantic Beach
Bonneau Beach
Briarcliffe Acres
Chestnut Hill
Conway
Garden City
Litchfield Beach
Little River
Loris
Lower Waccamaw Neck
Moncks Corner
Myrtle Beach
N. Myrtle Beach
Pawleys Island
Pinopolis
St. Stephen
Surfside

Municipal Distributors

Bamberg
Georgetown

Industrial Customers

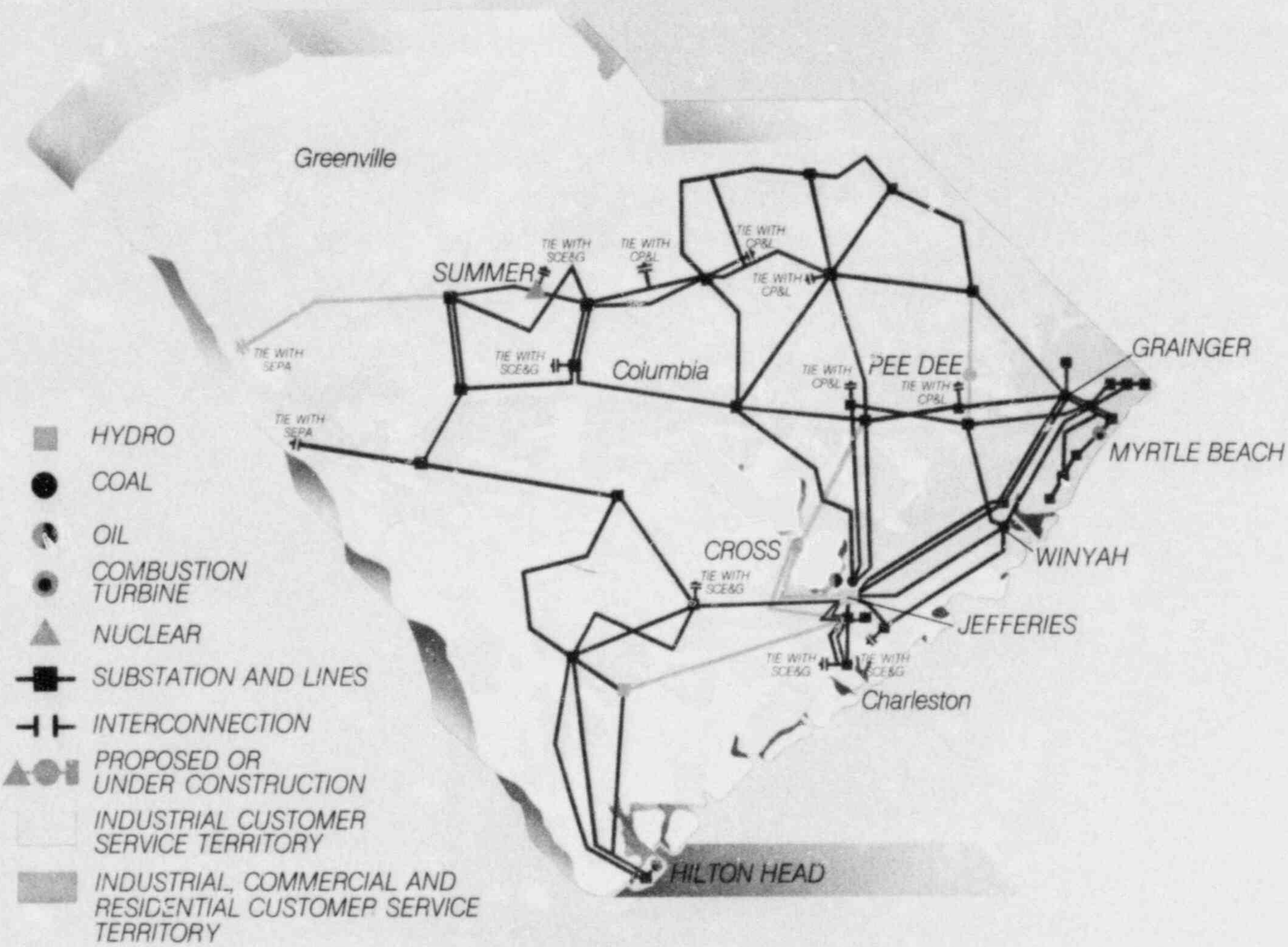
Albany International, Inc.
Alumax of South Carolina, Inc.
Amoco Chemicals Corp.
Andrews Wire Corp.
A.O. Smith Corp.
AVX Ceramics Corp.
C.R. Bard, Inc.
Georgetown Steel Corp.
Georgia-Pacific Corp.
Giant Portland Cement Co.
Grove Mfg. Co.
International Paper Co.
Loris Mfg. Co.
Macalloy, Inc.
Mobil Chemical Co.
Plusa, Inc.
Santee Portland Cement Co.
Uniroyal, Inc.
United Merchants and Manufacturers, Inc.
Waccamaw Clay Products Co.
Waccamaw Lumber Co.
Jim Walter Metals Corp.
Wellman Industries, Inc.

Military Installations

Charleston Air Force Base
Charleston Naval Shipyard
Myrtle Beach Air Force Base

Electric Cooperative Distributors

Aiken Electric Cooperative
Berkeley Electric Cooperative
Black River Electric Cooperative
Coastal Electric Cooperative
Edisto Electric Cooperative
Fairfield Electric Cooperative
Horry Electric Cooperative
Lynches River Electric Cooperative
Marlboro Electric Cooperative
Mid-Carolina Electric Cooperative
Newberry Electric Cooperative
Palmetto Electric Cooperative
Pee Dee Electric Cooperative
Santee Electric Cooperative
Tri-County Electric Cooperative



SERVICE TERRITORY, GENERATING STATIONS AND TRANSMISSION LINES

GROWTH IN ENERGY SALES CONTINUES DESPITE SLOWED ECONOMY

ENERGY SALES

The number of residential, commercial, and other retail customers served by Santee Cooper totaled 56,663, an increase of 3,231, or 6.04 percent over the previous year. Of this increase, 2,848 were new residential customers while 375 were commercial. Sales to these customers were 1,128,837 megawatt-hours of electricity, up 2.3 percent over the previous year. This compares to last year's growth of 7.9 percent in the number of customers and 10.2 percent in energy sales, and it reflects the leveling off in energy consumption that is occurring as a result of rising energy costs and conservation.

The average annual consumption of electricity by Santee Cooper residential customers declined to 12,093 kilowatthours, about 6 percent less than the previous year, yet 35.9 percent greater than the national average.

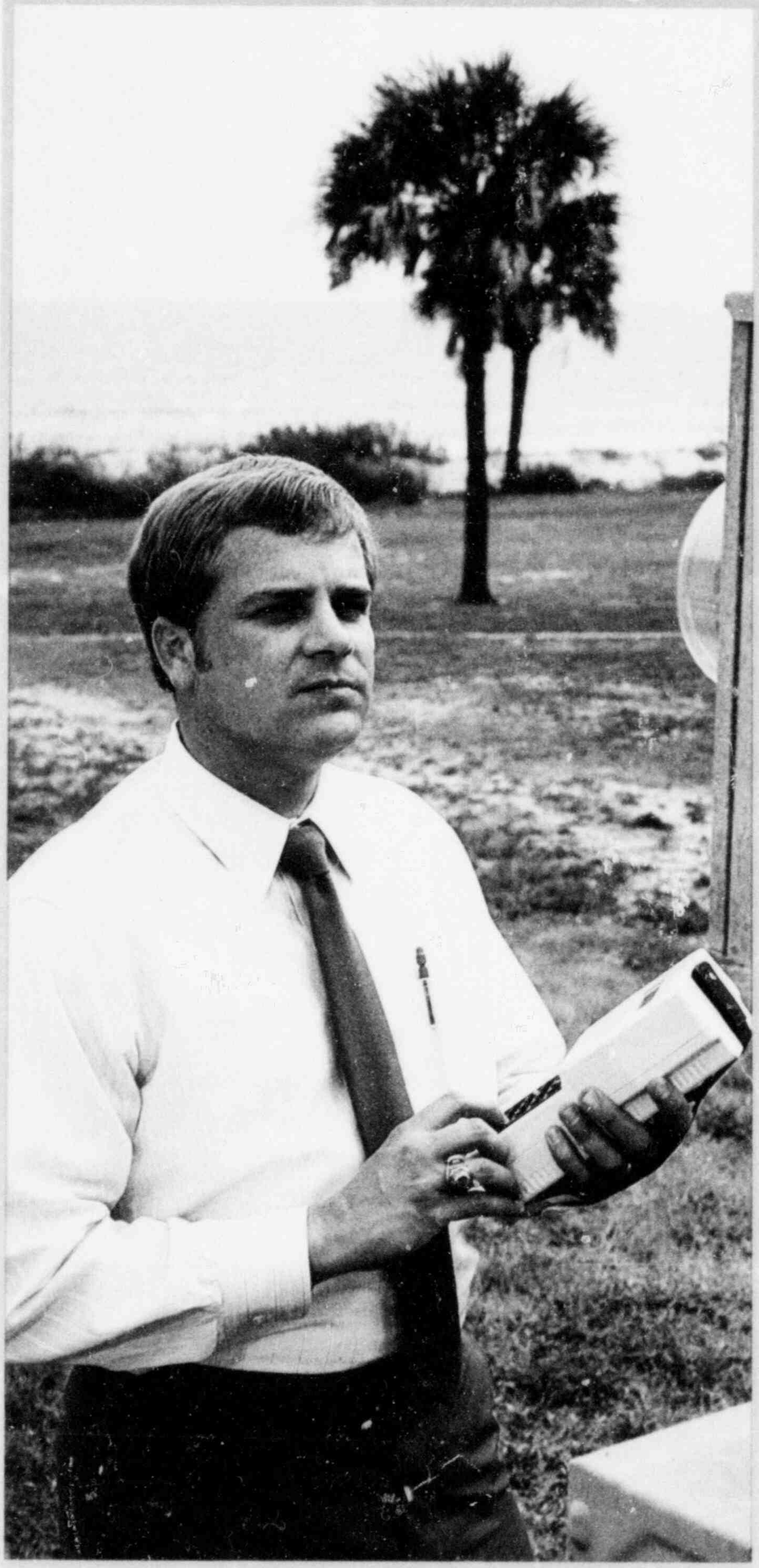
The average cost per kilowatthour for Santee Cooper residential customers was 5.01 cents, 22.5 percent greater than the previous year, but 17.9 percent less than the national average of 6.10 cents per kilowatthour.

Power from Winyah Generating Station is distributed to Santee Cooper's residential, commercial, and industrial customers and to 15 REA cooperatives for distribution to their customers.

Two additional industries - National Twist Drill in Loris and Conbraco, Inc., in Conway - were added during the year.

Sales to large industries increased 2.46 percent in spite of the drastically reduced ferrous metals market and generally declining industrial output throughout much of the country. Georgetown Steel, for instance, operated at reduced capacity much of the year and experienced about a 31.6 percent decline in energy use. Meanwhile, Macalloy, Inc. of Charleston saw the chromium market shrivel as it responded by operating at half production, then sliding into bankruptcy and operating under Chapter 11.

Macalloy's energy use for the year declined 49.3 percent from the previous year. On the other hand, Alumax, Santee Cooper's largest industrial customer, continued in spite of a slack aluminum market situation to produce with two full potlines in operation. Alumax used approximately 26 percent more electric power than it did the year before, thus offsetting declines in energy use experienced with other industrial customers.



Sales to U.S. Air Force bases at Charleston and Myrtle Beach and the U.S. Naval Shipyard at Charleston increased about 2 percent compared to a 12 percent increase last year.

Sales to 15 of the state's 20 electric cooperatives through Central Electric Power Cooperative, Inc. and to the municipalities of Bamberg and Georgetown were 3,351,388 megawatthours, a decrease of about 3 percent over the previous year, compared to a 12.0 percent increase in 1981. The electric cooperatives and municipalities distribute Santee Cooper power to more than 250,000 customers in 35 of the state's 46 counties.

The decline in total kilowatthour sales to electric cooperatives and the reduced average energy consumption by Santee Cooper customers resulted from milder weather conditions and increased conservation efforts being practiced by consumers.

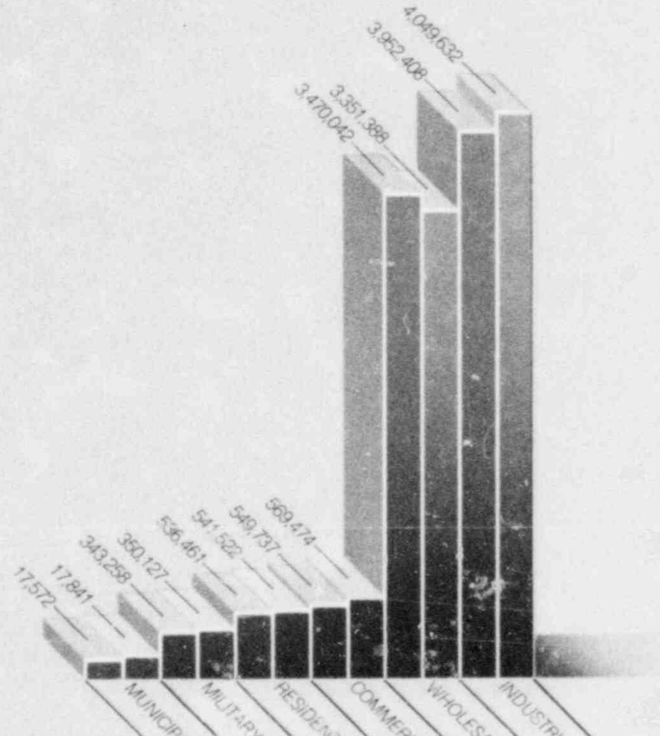
Energy Administrative Associate Glenn Cannon examines computerized hand-held meter reading device being examined by company for potential use in improving retail billing system.

While national trends continued to impose an economic squeeze on much of the country, Santee Cooper saw its energy use figures climb for most of its customers. Exceptions were municipalities and REA cooperatives.

In line with those trends, new construction in South Carolina dipped below traditional levels. The exception to this was along the Grand Strand where recreation and resort development flourished. The number of customer meters on the company's system, in fact, increased by more than 6 percent.

Significant in this increase was the addition of the two new industrial plants, which is helping to add to the employment rolls in Santee Cooper's service area.

Increased energy consumption is anticipated in all customer classes with recovery of the economy, when industrial production returns to its normal growth, housing construction rebounds, and commercial development continues its pace, particularly along South Carolina's resort coast.



ENERGY SALES
MEGAWATTHOURS

COMMUNICATIONS & CONSERVATION HIGHLIGHT COMMERCIAL OPERATIONS

CORPORATE COMMUNICATIONS

New means and methods for communicating with employees, customers, special groups, and the general public were employed. These included multi-image slide presentations, a variety of energy management publications for customers, and communication materials in support of industrial development, environmental resources, and other operations. "For Industrial Power in South Carolina, Come to The Source" was a booklet produced to communicate Santee Cooper's role as a major economic resource and source of energy for South Carolina's continued industrial growth and development.

A multi-image presentation, "Winds of Change", was produced for presentation to groups involved in the economic growth and development throughout Santee Cooper's service area. The booklet and slide presentation won national recognition from the American Economic Development Council.

Computerized typesetting equipment was added by Corporate Communications which improved the efficiency, economy, capability, and flexibility in processing information and preparing it for publication.

Produced on a regular basis, publications provided information to employees, power distributors, and business and civic organizations on the company's operations and some

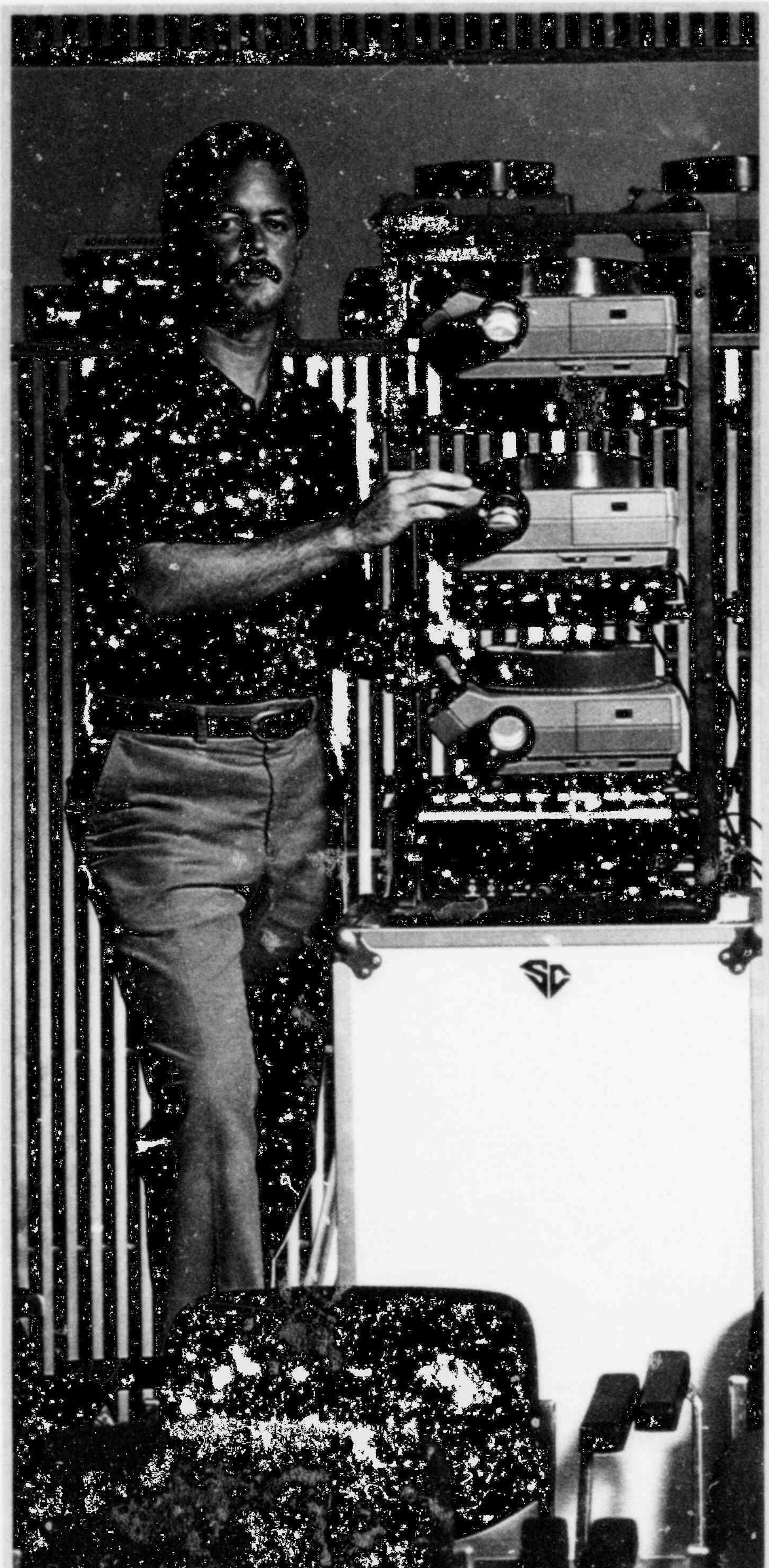
"Life Line" identification markers have been placed on equipment providing service to customers depending on electric power for life support systems. Service representative Fritz Seay explains markings to customer.

of the major issues and challenges facing the utility industry. Major publications include a feature magazine, weekly newsletter, and information bulletins which address specific issues and communications requirements.

Energy Management

The consumer's increasing awareness of energy costs and the knowledge that he must strive to use energy resources more efficiently have had an increasing influence on Santee Cooper's energy management program. Through programs designed to maintain the efficient use of generating facilities by reducing peak load growth, the customer is assured of maximum use of his energy dollar.

Multi-family dwellings represented over 80 percent of new residential construction in Santee Cooper's retail service districts, indicating a changing trend in housing development in response to rising interest and construction costs. With more efficient use of both land and energy resources, this trend toward more multi-family and resort development is becoming the predominant characteristic of Santee Cooper's residential growth.



Promotion of efficient thermal design and greater use of the electric heat pump was achieved through Santee Cooper's Energy Efficient Home Awards Program and the Certified Heat Pump Dealers Program. These programs benefit the customer through a greater degree of comfort and an assurance of efficient use of energy resources in maintaining that comfort.

During 1982, over 300 customers received assistance in efficient thermal design which led to an addition of 406 homes receiving the Energy Efficient Home Award and reducing Santee Cooper's peak for each house by 4 kilowatts in winter and one kilowatt in summer. These energy efficient homes should result in a savings to the company of over 1,600 kilowatts in winter and 400 kilowatts in summer. Presently, 21 mechanical contractors are participating in the Certified Heat Pump Dealers Program.

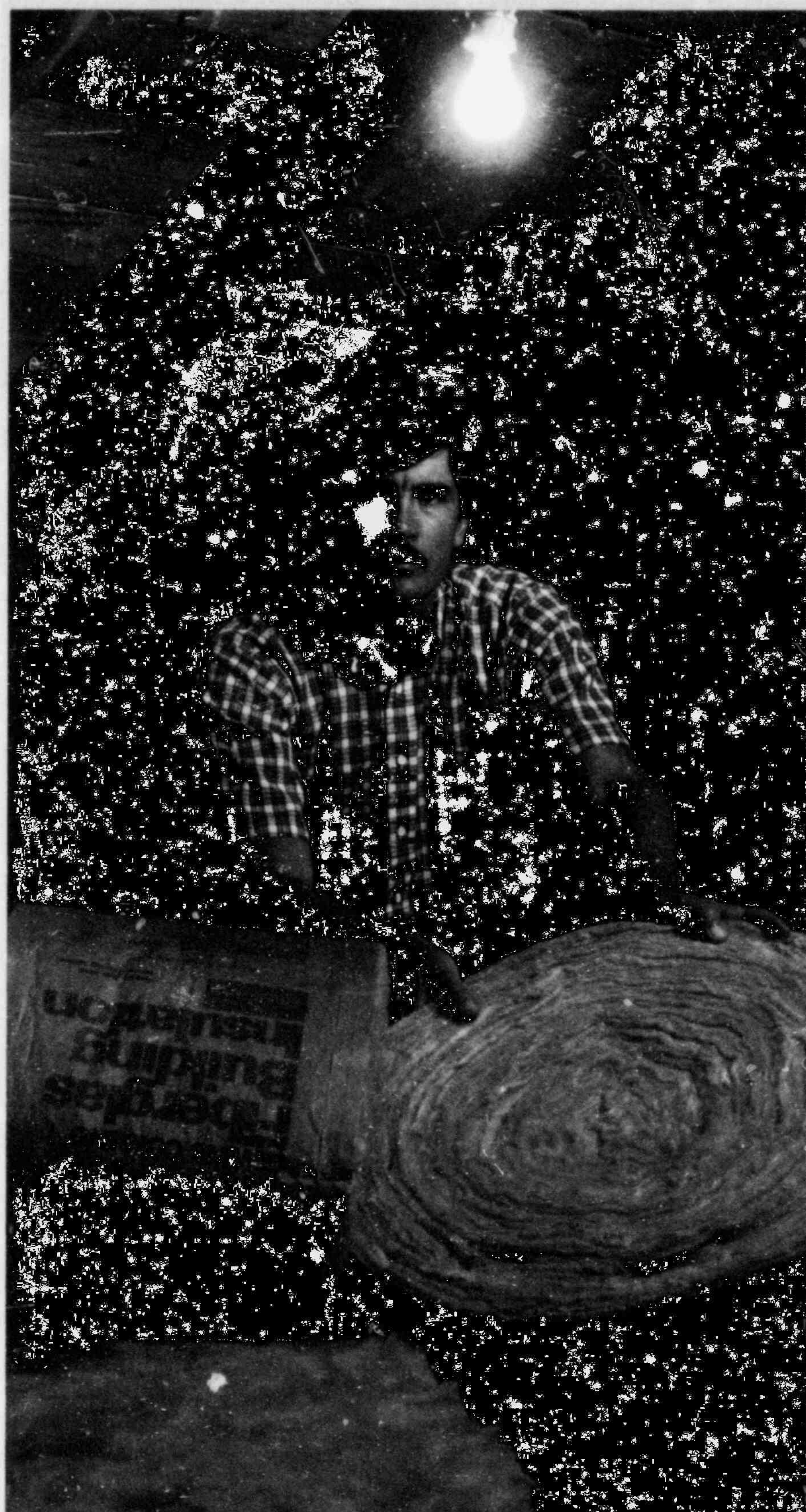
All residential customers were offered energy audits through the Residential Conservation Services Program in compliance with the National Energy Conservation Policy Act. Rising inflation and higher energy costs coupled with increased growth has created an increased flow of requests for assistance in this area, from both residential and commercial customers.

Photographer/AV Specialist I. Wilson Baker previews some of Santee Cooper's multi-image presentations, designed to keep customers informed of the company's progress.

In addition to receiving an on-site analysis, each audit customer was provided a detailed description of the total energy use pattern and recommendations for more efficient use of energy resources. Audits were provided during the year to approximately 700 customers through this Customer Service program which is designed to contribute to balanced growth of Santee Cooper's load-growth patterns. Through the conservation efforts of customers as a result of those audits, over 2 million kilowatthours in energy savings were estimated.

The Weatherization, Insulation, and Solar Energy (WISE) Program was developed and approved by the Board with introduction of the new customer service scheduled for early fall 1982. The program will offer low interest loans for adding energy conservation improvements, systems to use renewable resources, and assistance for low income and elderly disadvantaged customers served by Santee Cooper.

A clearer understanding of Santee Cooper's energy resource utilization and a greater awareness of the efficient use of electric power was achieved through intensified public information and education efforts. Presentations, demonstrations, and publications were presented to schools, business and professional groups, and trade organizations. An audio-visual library and special programs were among resources used for expanding contact with customers and community members.



Residential Energy Auditor Roger Harrelson unrolls fiberglass insulation recommended for installation in customer's attic as part of new Weatherization, Insulation, and Solar Energy (WISE) Program.

Horticulture/Aquaculture Make Use of Available Heat Resources

Environmental Resources

A new water quality limnology laboratory was constructed, equipped, and staffed during the year. This facility will provide in-house capability to conduct intensive assessments of the nutrient content of Lakes Marion and Moultrie, determine the trophic levels of each lake, compile baseline data to determine trends in water quality, and measure the impact on water quality of severe aquatic weed infestations.

Federal funding by the U.S. Army Corps of Engineers under the Rivers and Harbors Act in the amount of $62,000 for noxious aquatic weed control resulted in the treatment of 500 acres of Brazilian elodea in Lake Marion. Aquatic weeds were also treated in the Goose Creek Reservoir for Berkeley County and in the Backriver Reservoir for South Carolina Electric and Gas Company.

Mosquito abatement operations were conducted on all project lands in the combined interest of disease vector control and outdoor recreation and tourism in the five counties surrounding the Santee Cooper lakes.

The biological control agent Bacillus thuringiensis (var. israelensis) was evaluated as a larvicide and shows excellent promise as an environmentally safe control tool.

More than 65,000 Tilapia zillii fish raised at the Winyah Aquaculture Center were sold for noxious aquatic weed control during the year. Demand for the fish was greatest from

Environmental Resource crews spray for mosquitoes in one of 52 residential subdivisions around Santee Cooper lakes. Aerial spraying and truck fogging are used for mosquito abatement.

the golf course industry where use of pond water for irrigation precludes the use of herbicides. Additional broodstock ponds were constructed at the Center which will permit increased production next year. Tilapia continue to provide excellent control of aquatic weeds and algae in the 400 acre Winyah cooling reservoir, which required an expenditure of $80,000 annually for chemical control until stocked with Tilapia in 1978.

The Residual Energy Application Program by Horticulture was further refined to include nutrient flow through hydroponic culture. This system has the potential of significantly increasing the resource capability of the program by reducing plant diseases, reducing labor, and increasing production per area unit.

Snapdragons and Chrysanthemums were in great demand as cut flowers from local wholesale floral distributors and showed excellent returns per square foot of production area. Tomatoes, cucumbers, and potted flower crops were also produced successfully with the generating station's discharged condensor cooling water.

New Building Complex

Construction of Santee Cooper's new headquarters complex was over 90 percent complete at the end of the fiscal year with mostly finishing touches remaining on the seven-story, 125,000 square-foot office building.

The move had been completed for personnel working in the transportation service center and more than 90 percent for units assigned to the warehouse and operations service center. There will be an additional eight or nine months before all the new equipment is installed and power dispatch personnel move into the energy control center.

The seven-story office building is one of the most energy efficient office buildings in the state, and all buildings within the complex exceed the U.S. Department of Energy's building energy performance standards.

Cashier Martha Villeponteaux accepts payment from Moncks Corner customer. Drive-through window at new complex offers convenience to local retail customers in paying bills.

The new complex uses some of the most advanced technologies available in the areas of comfort conditioning, lighting, ventilation, space utilization, and communications. A drive-through window provides convenience for customers paying bills, and a 250 seat auditorium is available for community activities.

The total cost of the new complex including property, site development, and construction, is approximately $25 million.

Property Management

Effective and resourceful management of environmental and natural resources is a major responsibility of the company's property management division.

This includes the administration of 4,050 leases around the Santee Cooper lakes. Of these, 2,951 are recreational lots in Santee Cooper subdivisions; 968 are marginal lots adjacent to privately owned subdivisions; 86 are commercial lots; 8 are miscellaneous leases; and there are 37 gratis leases to public and quasi-public entities. Revenue collected from these leases for the fiscal year was $542,907. The sale of forest products produced $79,393 in revenue and agricultural leases totaled $91,742.

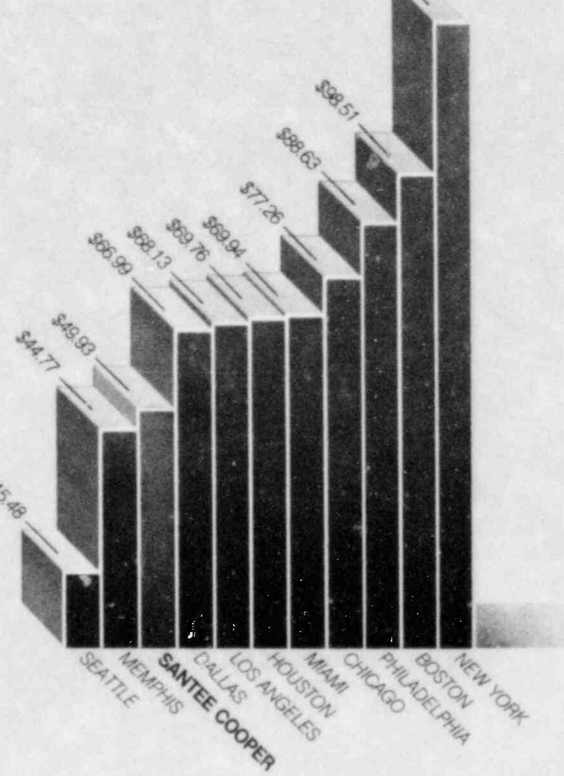
A total of 668 construction permits were issued by the Inspection and Compliance Section. Of these, 35 permits were issued for piers and docks, 23 for retaining walls, 18 for boat ramps, 4 for dredging, 350 for building and accessory buildings, and 238 for miscellaneous projects.

Site plans were developed for six public recreational areas to be constructed on the company's undeveloped properties in Berkeley, Clarendon, and Orangeburg Counties.

Approximately 2,610 acres of additional land was made available for public hunting through the cooperative Game Management Area Program administered by the South Carolina Wildlife and Marine Resources Department.

Approximately 125 acres of woodlands were reforested to maintain sustained maximum yields.

Data relative to the characteristics of various shoreline areas adjacent to the Santee Cooper lakes were compiled for publication in a shoreline erosion control plan required by the Federal Energy Regulatory Commission.



RATE COMPARISON FY 82
1000 KWH RESIDENTIAL (AVERAGE COST)

Grand Strand Leads State in Retail Construction & Resort Development

Service Territory

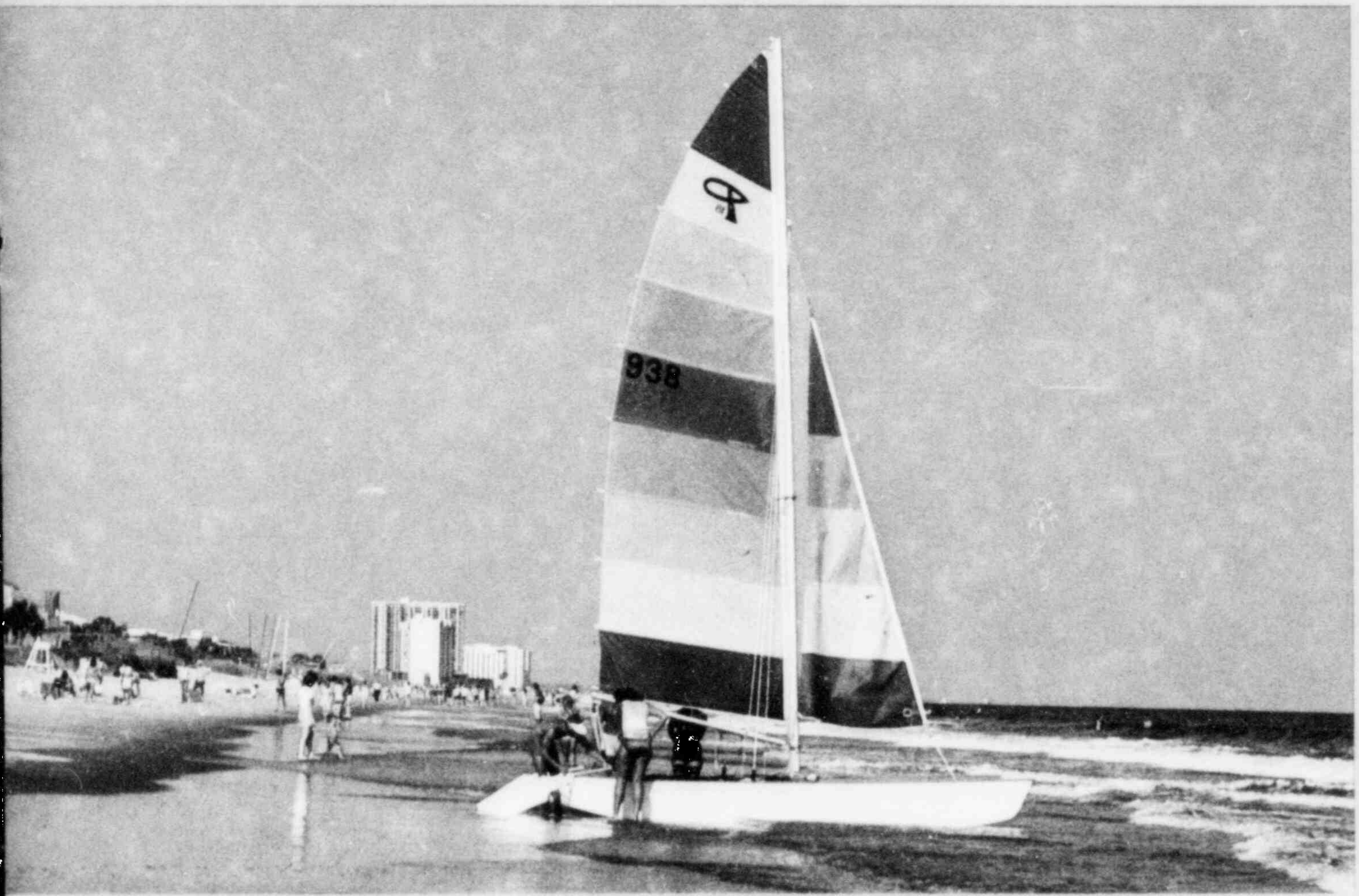
Santee Cooper provides retail service to more than 56,000 customers in three South Carolina Lowcountry counties. This was a growth of almost 6 percent in the number of customers served during the past year, and a 2.3 percent increase in energy consumed. The majority of this growth occurred in Horry and Georgetown Counties along the popular Grand Strand where resort and multi-family construction has almost totally replaced single-family construction. In fact, the majority of the new construction building permits for housing in the state in the previous year were issued in Horry County.

Moncks Corner

The Moncks Corner District provides service to Berkeley County customers in Moncks Corner, St. Stephen, and the areas of Pinopolis and Bonneau Beach. The number of customers increased 4.03 percent in 1982, to a total of 4,388.

In addition to normal load growth, underground service was provided to 40 residential apartments, a new K-Mart store, and a 132-bed convalescent center in Moncks Corner.

South Carolina's fabulous Grand Strand has maintained a steady growth in recreation, tourism, and resort development, with corresponding increases in number of customers and energy use.



A 2.6 mile 12,000 volt line was built to provide service to the new Trident Technical College, Berkeley Campus, on Highway 17-A South.

Several feeder lines in the district were reconductored for present and future load growth.

Myrtle Beach District

The Myrtle Beach District serves approximately 44,000 customers along the Grand Strand from Georgetown to the North Carolina state line. The district includes the municipalities of Myrtle Beach, North Myrtle Beach, Surfside Beach, Atlantic Beach, and Briarcliffe Acres, and the unincorporated areas of Horry and Georgetown Counties along the Grand Strand. The economy in the district is related mainly to recreation and tourism; however, the retirement populace is becoming a significant part of the community.

Most of the expansion of Santee Cooper facilities in the district was required due to the construction of condominiums and other medium to high density residential developments. These residential units are purchased for rental and for full-time occupancy by people retiring and moving to the area.

During the year the district gained 2,913 customers, a 7.1 percent increase over the previous year. This increase is reflected by a total of 25,842 customer transactions from offices located in Myrtle Beach, North Myrtle Beach, and Pawleys Island.

Five line crews performed all of the construction, operation, and maintenance work on the distribution system in the district. During the year, these crews installed 1,301 poles, 85,864 feet of underground cable, and 1,053 transformers along with other normal and emergency work. These crews performed the work required to keep up with the rapid development occurring throughout South Carolina's fastest growing tourist area.

A major improvement in Santee Cooper facilities was the completion of a 4,000 square-foot addition to the Myrtle Beach office. Members of the Myrtle Beach Technical Services Section moved into their new offices in January, 1982. The expansion provides engineering work stations, office facilities for the Myrtle Beach metering section, a meeting and files area, and room for future expansion.

Engineering Assistant Charmaine Narciso uses a digitizing cursor to transfer aerial survey data of company's distribution and transmission lines to computer used in new digitized mapping system.

CONWAY

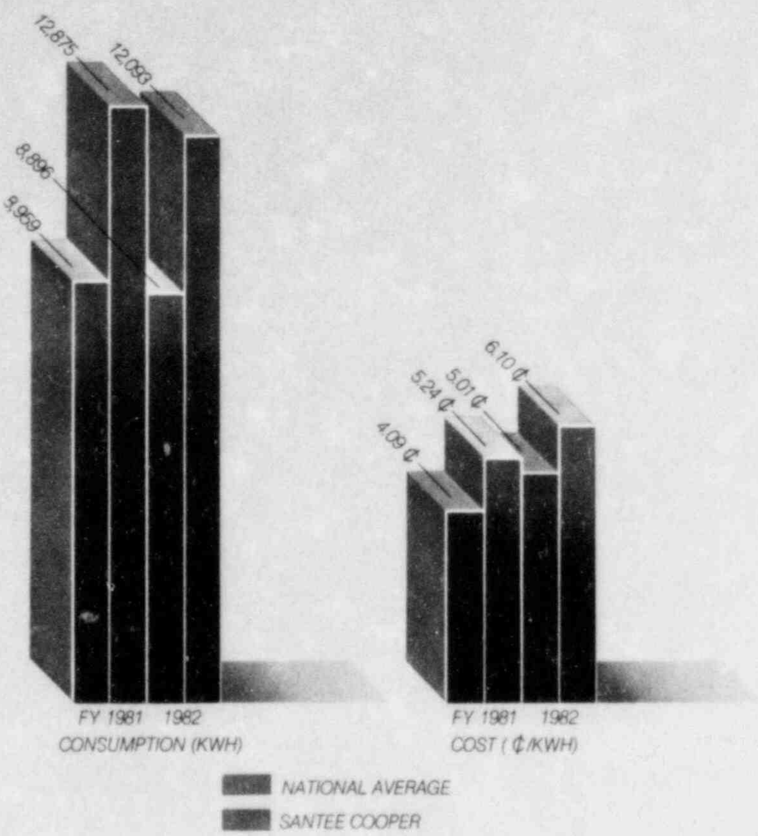
The Conway District provides power to customers in the cities of Conway and Loris and in several unincorporated communities, including Cool Springs, Bucksport, Homewood, and Red Hill. Service is also given to rural customers in an area from the North Carolina state line near Loris to the Intracoastal Waterway at Myrtle Beach and to the Waccamaw River at Bucksport. The growth in this area has been primarily commercial and industrial during the past 12 months.

The number of customers increased 1.7 percent, to a total of 8,452. Energy consumption in the district increased 1.79 percent to 194,441,683 kilowatthours.

A long-term project was begun to convert the distribution circuits in Conway from 4,000 to 12,000 volts. This conversion will allow existing conductors to carry more power with less line losses than the existing voltage.

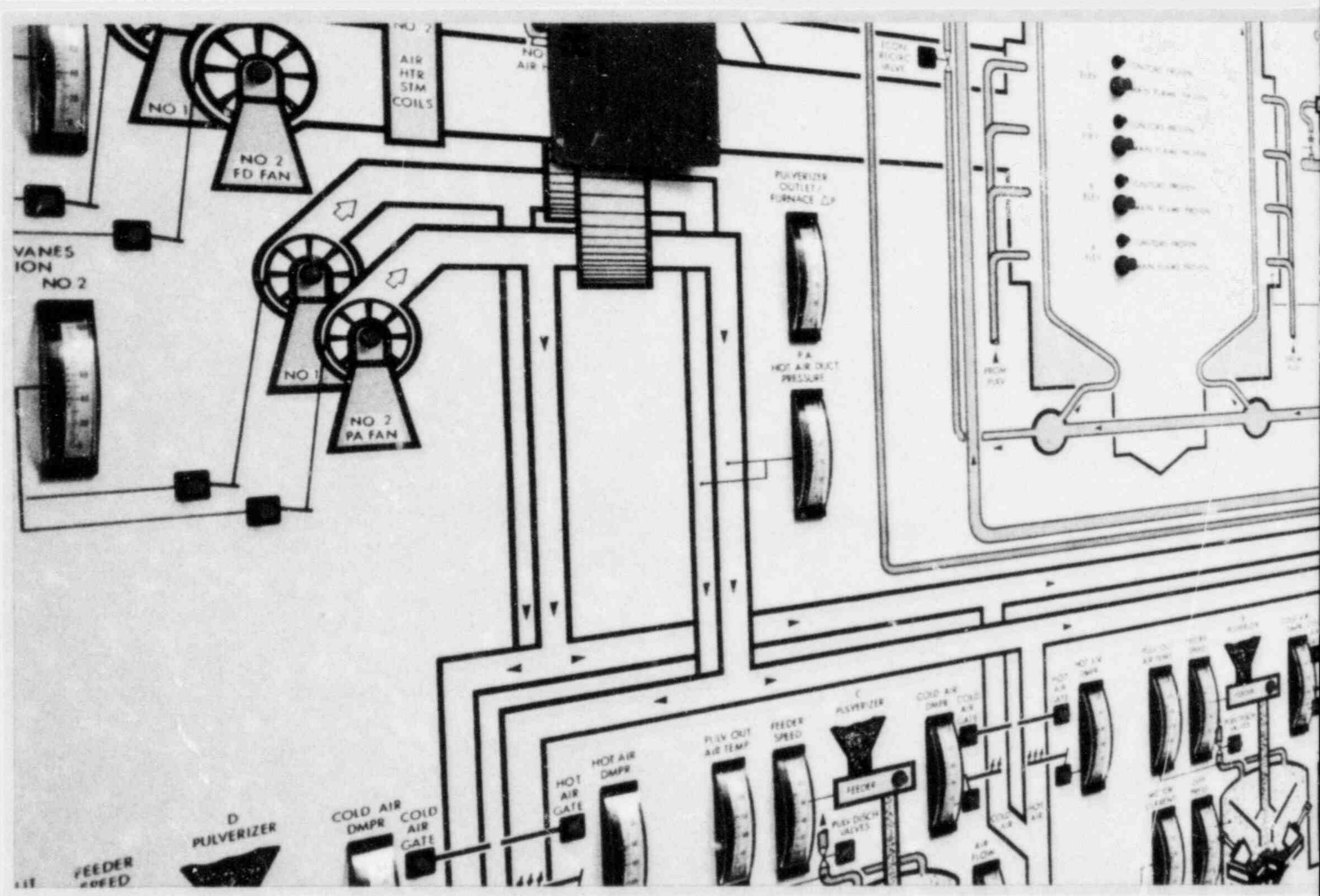
Two new substations were built, one at North Conway and one at Klondike, near Bucksport. The two new substations were fed directly from transmission lines rather than from sub-transmission lines, eliminating one step of transformation with its accompanying losses. The saving in building these substations in this manner has been substantial.

Power to industrial plants, schools, and other large customers is being fed from sub-transmission lines where available rather than distribution lines. This method of feed reduces the cost of providing service by eliminating one step of transformation which decreases transformation power and losses and lessens the likelihood of power interruption to customers.



AVERAGE RESIDENTIAL
CONSUMPTION & COST

Technology Helps Human Resources Advance Training & Development



Industrial Relations

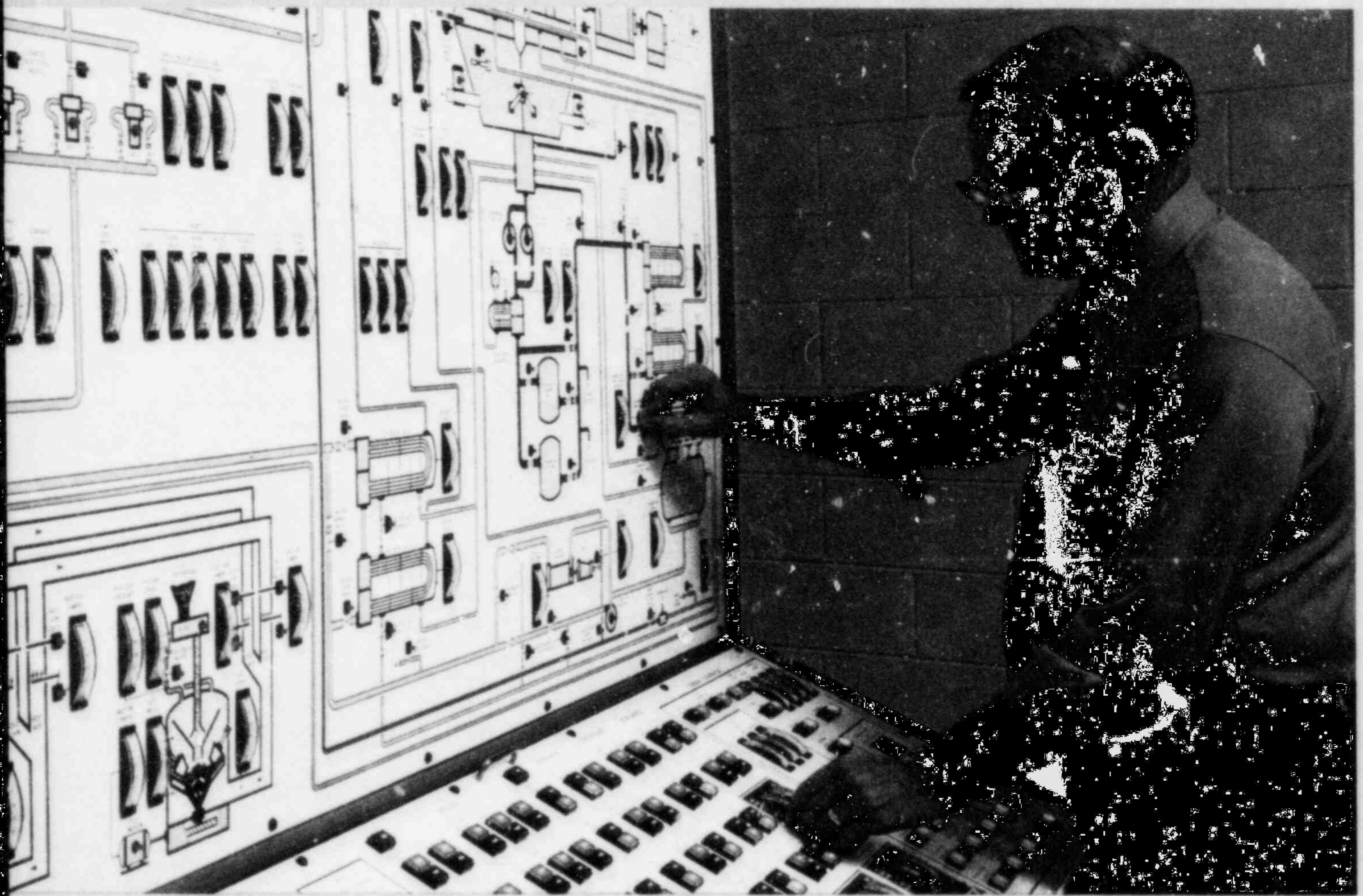
Resourcefulness is a necessity in areas such as employment, compensation, training, employee relations, and occupational health, especially during periods of rapid growth and changing conditions. The personnel function has met these challenges with proven methods and innovative programs.

EMPLOYMENT - Extensive recruiting was conducted through the use of advertising, college campus visits, job service, and other methods. This resulted in over 4,350 external applicants and the hiring of 186 new employees. Employment growth was approximately 10 percent, and the total number of employees by the end of FY 1982 was 1,202.

Participation in cooperative education programs, career day programs at various colleges, technical education schools and high schools, and other programs such as the Junior Engineering Technical Society, were used as a long range recruiting tool to encourage students to enter electric utility related career fields.

Continued use of an effective job posting system emphasized promotion from within and resulted in 160 employees being selected for other jobs in the organization.

Training instructor Harvey Harrell sets controls on new computer-driven simulator used to train unit operations personnel on start-up, operations, and emergency procedures for coal generating stations.



EMPLOYEE RELATIONS - Open communications were stressed for effective employee relations through the use of personal contact, employee advisory committee meetings, the suggestion program, and an "open door" policy.

Participation by employees increased in company-sponsored off-duty recreational programs such as basketball, softball, volleyball, and golf. Employee involvement in such programs had a positive impact on morale, and improvements were made to most of the recreational facilities.

WAGE AND SALARY ADMINISTRATION - The exempt salary plan was extensively reviewed and updated with adjustments made to reflect current job responsibilities. Emphasis on "pay for performance" continued to be a trademark of this program.

The unique non-exempt hourly wage program, which permits rewards for superior performance, was effective and received high employee acceptance.

EMPLOYEE BENEFITS - Improvements were made in both the health and dental insurance programs. The dental program emphasizes routine and preventive care, with hopes of reducing major problems in the future.

Participation in pre-retirement counselling and regularly scheduled benefits briefings offered to employees was excellent.

Increased company support was provided to the tuition aid assistance program and over 100 employees received financial assistance in furthering their education.

Occupational Health -

With health and welfare of employees a major goal, several new approaches for better health care were begun. These included a behavior modification program featuring non-smoking and weight control sessions.

Over 500 personnel were trained in First Aid and Cardiopulmonary Resuscitation. Twelve new employee instructors were certified and CPR training was also offered to employees' families.

Extensive multiple health tests were given to over 800 employees at several company locations using a mobile health van to accomplish this goal. Early recognition and identification of health problems and a comprehensive hearing conservation program resulted in employees receiving timely medical attention.

Training and Development

A generating station control room simulator was acquired and training of unit operators on this equipment began. It is expected to produce cost and equipment savings and improve the efficiency of operations and maintenance in all of Santee Cooper's generating facilities.

Over 1,000 personnel completed training courses conducted by in-house and external instructors on subjects that included management, supervisory development, customer relations, employment interviewing, power plant fundamentals, basic electricity, mechanical maintenance, data processing, and blueprint reading.

Nancy Gressette, Career Foundation Administrative Associate, examines one of several fluorescent replacement fixtures being recommended for conserving energy in home lighting.

Equal Employment Opportunities

Employment, compensation, promotion, and other related decisions are based solely on job-related qualification without regard to race, color, sex, religion, national origin, age, or handicap; except where sex, age, or handicap is a bona fide occupational qualification.

Safety

In 1981, Santee Cooper again earned the first place award from the National Safety Council and the American Public Power Association for having worked in excess of 2,000,000 manhours annually without a lost time injury, an incidence rate of 0.

The first place award has been earned 12 times in the past 18 years and for the fourth consecutive year by Santee Cooper.

In addition to this recognition, 34 units of Santee Cooper earned additional awards from the National Safety Council and the South Carolina Occupational Safety Council. The company also received a first place award from the Council for electric utilities operating in excess of 500,000 manhours annually.

Santee Cooper President's Safety Award, presented for crew and section safety while operating under hazardous conditions without a disabling injury, was earned by 82 crews or sections during 1981.

Safe Service pins were presented to 177 employees who worked for periods of up to 40 years without a disabling injury. Safe Driving Awards were presented to 155 drivers of company vehicles for driving without a preventable motor vehicle accident for periods of up to 40 years.

A special plaque was awarded to Santee Cooper dispatchers for 40 years' meritorious service without an injury to an employee caused by a dispatcher's instruction during that period.

Special 40-year service plaques for safe driving and safe working were presented to four long-term employees.

Seventeen employees became members of various safety clubs, designated to recognize those who avoided injury by wearing safety devices or equipment.

Planning & Resourcefulness Maintain Company's Stability

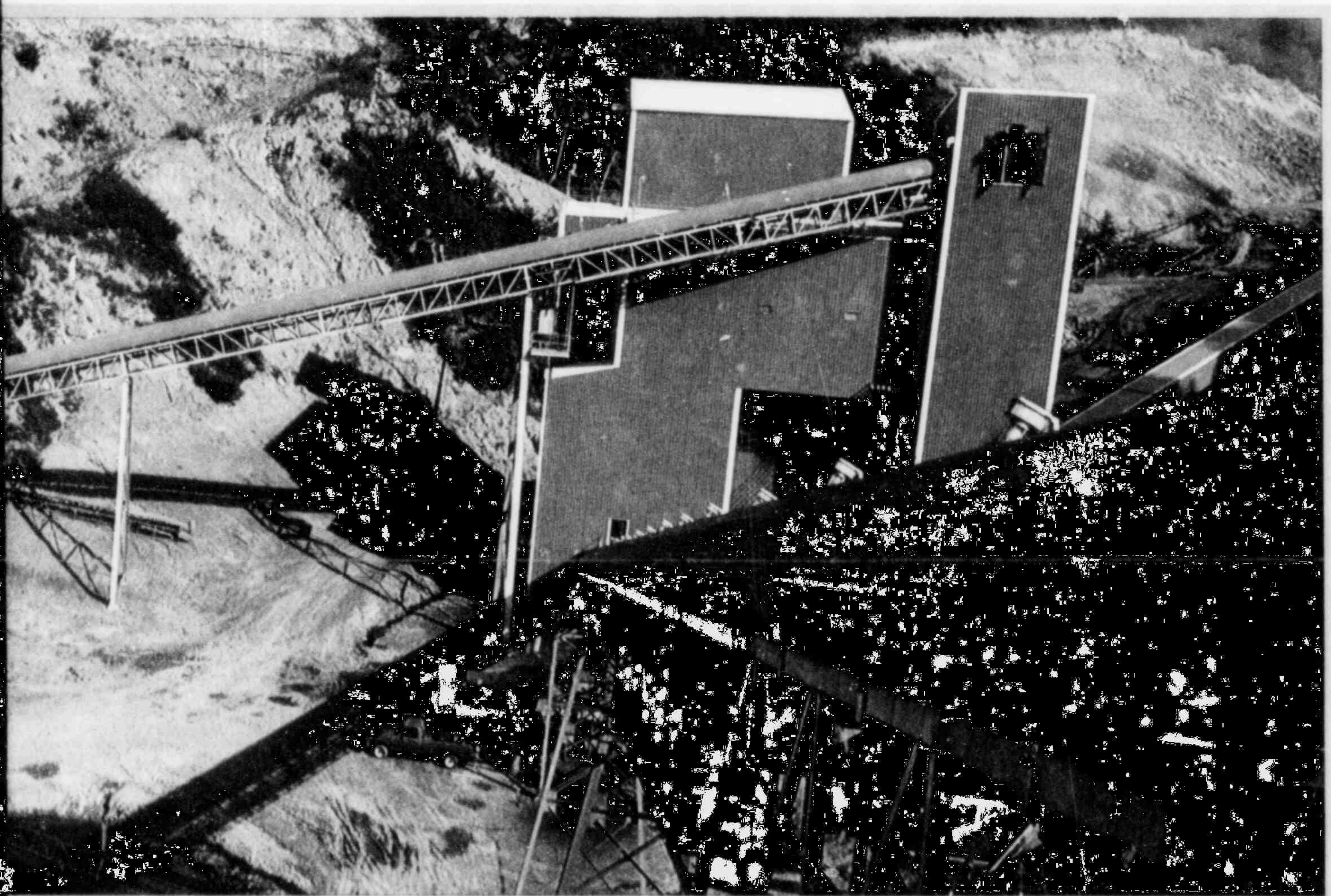
Finance & Accounting

Controller's Office — Accounting methods and procedures were refined and streamlined through continued improvements made in using the computer. These included new or expanded capabilities which allow journal vouchers to be entered on-line and updated immediately to the general ledger; and automatic entries were programmed to handle leave allocations, allowance for funds used during construction, and construction overhead. It also allows completed construction projects to be allocated directly to plant-in-service detail records.

All employees were provided an option for direct deposit of payroll checks, and a popular provision of the program permits deposits to be pro-rated among up to three separate accounts or banking institutions.

Corporate Forecasting, Rates and Statistics — SIMPLAN, Santee Cooper's Corporate Forecasting computer modeling system, was used for strategic financial planning and short and long-range budgeting. It provided on-line information for the corporate financing program and assisted in the development of cost

Long-term contracts such as with Bow Valley Coal Resources, Inc., located in Bell and Harlan Counties, Kentucky, assure Santee Cooper of fuel resources beyond the year 2000.



data under the new Central Electric Power Cooperative Coordination Agreement and in connection with the development of a Key Corporate Indicator program which will measure Santee Cooper's operating results and compare them to those of like entities.

A new translator/computer system was installed early in 1982 which will improve the timely processing of industrial and wholesale customer billings. It also assists in the day-to-day analysis of load research data, which assures the availability of current information for rate design.

MANAGEMENT INFORMATION SYSTEMS — On-line instantaneous information processing systems were provided throughout Santee Cooper during the past year for accounts payable, metering, records management, and direct deposit of payroll checks. A tape management system was installed and off-site storage of backup tapes was begun to protect against loss or destruction of important data. A total test version of the company's data base operating system is now being used to allow test program changes and enhancements during the prime shift without affecting production processing.

TREASURY — A new cash management system was implemented during the year with one of Santee Cooper's major banks to allow longer investment of funds, resulting in higher interest income. Three disbursing accounts were consolidated into one account and, to produce more efficiency in handling receipts, seven checking accounts were closed by consolidating collection functions. Four major financings totaling $530,000,000 were successfully marketed as part of Santee Cooper's ongoing financing program. Three of these financings were traditional, long-term bond issues and one was a one-year note sale through competitive bid.

FINANCIAL SUMMARY 1934-1982

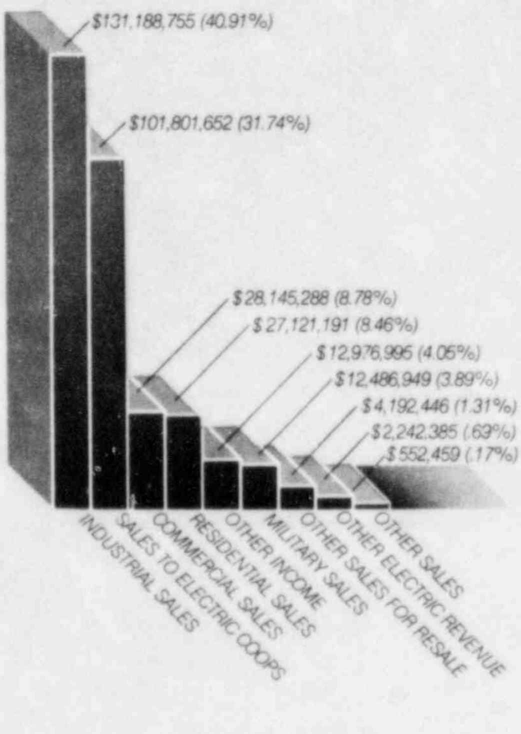
Since Santee Cooper was created in 1934, a net amount of $1,621,171,000 has been invested in its production, transmission, distribution, and general plant facilities. These capital additions have been financed through reinvested earnings, issuance of electric revenue bonds and notes, lease contracts, and a federal grant-in-aid of $34,438,000.

Santee Cooper's net earnings before taxes since the first power was generated in 1942 total $195,286,000. Payments in lieu of taxes have been made to the State of South Carolina totaling $19,723,000 and to the counties and municipalities within our service territory totaling $7,436,000. The remaining net earnings of $168,127,000 have been reinvested in system improvements.

In a new working environment, Emily Brown, Supervisor, Treasury Accounting and Wayne Bridges, Supervisor, Data Center use Management Information System data terminal in assessing cash flow disbursements.

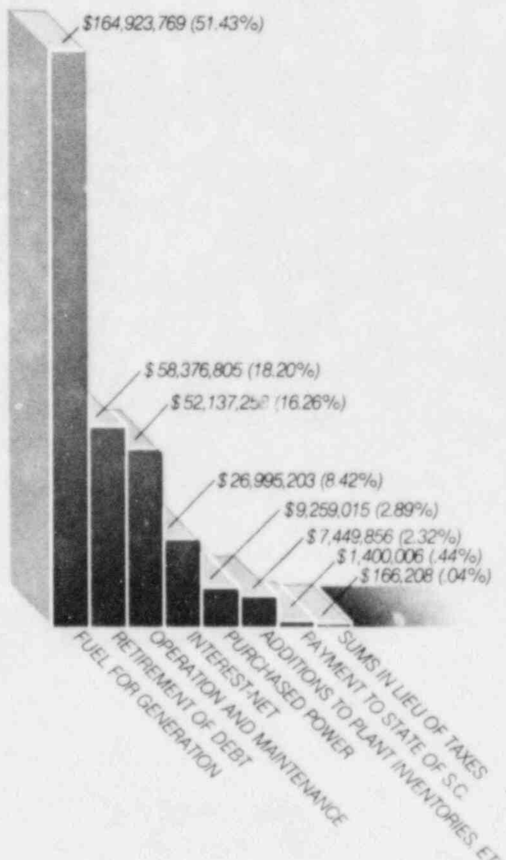
Revenue bonds totaling $1,987,594,000 have been issued since the creation of Santee Cooper. Bonds which were originally issued in 1949, 1971, and 1976 were advanced refunded in 1973 and 1977 and have been defeased. These bonds had an outstanding balance of $215,674,000 at the time they were refunded. Principal payments on all bond issues, including the issues refunded, total $36,070,000. Outstanding bonds as of June 30, 1982, totaled $1,735,850,000. The average annual interest cost on these bonds is 8.82 percent.

As of June 30, 1982, unexpended funds from the sale of bonds amounted to $180,207,000 in addition to debt reserve, debt service, and interest funds which totaled $446,851,000.



SOURCE OF INCOME

REVENUE DOLLAR



DISTRIBUTION OF INCOME

REVENUE DOLLAR

Applications of Revenue

Years Ended June 30, 1982 and 1981 (1)

	1982	1981
Total Operating Revenues	$307,731,125	$246,346,151
Operating Expenses:		
Operation		
Production	172,205,118	149,427,242
Purchased and Interchanged Power — Net	9,259,015	9,275,103
Transmission	1,798,806	1,873,222
Distribution	1,059,489	1,190,841
Customer Accounts	5,763,477	1,590,345
Sales	85,928	167,585
Administrative and General	11,744,316	5,739,323
Maintenance	24,403,893	18,626,164
Total Operation and Maintenance Expenses	226,320,042	187,889,825
Sums in Lieu of Taxes	564,554	965,799
Total Operating Expenses	226,884,596	188,855,624
Net Operating Revenues	80,846,529	57,490,527
Other Income	12,976,995	8,657,508
Revenue Available for Debt Service and Other Purposes	93,823,524	66,148,035
Total Debt Service	45,491,037	37,017,536
Lease Payments to Central	5,248,662	5,263,000
Principal and Interest on Other Obligations	83,215	79,816
Balance after Debt Service, Lease Payments, and Other Obligations	43,000,610	23,787,683
Payments to the State of South Carolina	1,400,006	1,300,296
Payment to the Special Reserve Fund — Net	1,004,761	946,397
Mandatory 8% Allocation for Capital Improvements	24,807,196	19,673,469
Revenue Available for Operating Requirements	$ 15,788,647	$ 1,867,521

(1) This summary has been prepared from the financial statements and other data of the Authority and has not been examined by the independent auditors. This summary presents the net revenues available to the Revenue Fund for purposes such as providing for increases in working capital requirements. It differs from the Statement of Reinvested Earnings in that it represents cash transactions on debt service and, accordingly, excludes non-cash items such as depreciation, allowance for funds used during construction and amortization of debt discount and expense.

)	1978 Issue		1979A Issue		1980A Issue	
mt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.
420	4.30	200	5.40	70	8 1/2	135
410	4.40	895	5.40	575	8.60	145
435	4 1/2	780	5.40	955	8.60	680
445	4.60	970	5.45	985	8.70	740
470	4.70	1,015	5 1/2	1,025	8.80	800
490	4.80	1,070	5.55	1,065	8.90	875
515	4.90	1,125	5.60	1,105	9.00	950
540	5.00	1,200	5.70	1,150	9.10	1,035
570	5.05	1,155	5 3/4	1,195	9.20	1,130
590	5.10	1,220	5.85	1,240	9 1/4	1,235
625	5.15	1,285	5.90	1,300	9.30	1,350
660	5.20	1,355	5.95	1,360	9.40	1,475
720	5 1/4	1,440	6.00	1,425	9.45	1,615
785	5.30	1,515	6.05	1,490	9 1/2	1,765
830	5.35	1,585	6.10	1,565	9.80	1,930*
890	5.40	1,670	6.20	1,645	9.80	2,120*
935	5.40	1,760	6.30	1,725	9.80	2,330*
005	5.70	1,850*	6.35	1,815	9.80	2,560*
065	5.70	1,940*	6.40	1,915	9.80	2,810*
130	5.70	2,045*	6.45	2,025	9.80	3,085*
220	5.70	2,145*	6 1/2	2,135	9.80	3,385*
295*	5.70	2,260*	6 1/2	2,260	10 1/8	3,720*
380*	5.70	2,380*	6 3/4	2,390*	10 1/8	4,095*
460*	5.70	2,500*	6 3/4	2,540*	10 1/8	4,510*
570*	5.70	2,630*	6 3/4	2,695*	10 1/8	4,965*
795*	5.70	7,385*	6 3/4	2,865*	10 1/8	5,470*
945*	5.70	7,845*	6 3/4	3,010*	10 1/8	6,025*
080*	5 7/8	8,330*	6 3/4	3,160*	10 1/8	6,635*
225*	5 7/8	8,845*	6 7/8	3,335*	10 1/8	7,305*
180*	5 7/8	9,390*	6 7/8	3,525*		
300*	5 7/8	9,980*	6 7/8	3,720*		
500*	5 7/8	10,590*	6 7/8	3,925*		
640*	5 7/8	11,250*	6 7/8	4,140*		
065*	5 7/8	11,950*	6 7/8	4,370*		
235*	5 7/8	12,555*	6 7/8	4,610*		
580*	5 7/8	13,190*	6 7/8	4,870*		
	5 7/8	50,600*	6 7/8	5,135*		
			6 7/8	25,550*		
000		199,900		109,865		74,875
-0-		100		135		125
000		200,000		110,000		75,000

1981A Issue		1981B Issue		1981C Issue		1982A Issue		1982B Issue		Total		Total
nt. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Principal Maturities	Accruing Interest	Debt Service
										6,305	115,945	122,250
										7,795	154,577	162,372
										9,060	152,447	161,507
1/2	555									10,500	151,988	162,488
.65	615			10 1/2	710	9 1/2	1,375	9 1/2	565	13,720	151,435	165,155
.80	680			10 3/4	785	10.00	1,465	10.00	655	14,590	150,583	165,173
.00	760			11.00	865	10 1/2	1,595	10 1/4	740	15,545	149,649	165,194
.15	845			11 1/4	965	11.00	1,735	10 1/2	835	16,590	148,623	165,213
.30	940			11 1/2	1,070	11 1/2	1,905	10 3/4	940	17,730	147,501	165,231
.45	1,050			11 3/4	1,185	11 3/4	2,105	11.00	1,060	18,950	146,299	165,249
.60	1,165			12.00	1,315	12.00	2,335	11 1/4	1,195	20,290	144,979	165,269
3/4	1,295			12 1/4	1,470	12.30	2,590	11.60	1,345	21,760	143,524	165,284
.90	1,435			12 1/2	1,635	12.60	2,895	11.90	1,515	23,375	141,923	165,298
.00	1,600	11.00	3,090	13 1/4	1,875			12.10	1,815	25,195	140,117	165,312
.15	1,775	11.10	4,000	13 1/4	1,530			12.20	2,040	27,150	138,174	165,324
.30	1,970	11.20	4,220	13 1/4	1,925			12.30	2,295	29,280	136,053	165,333
3/4	2,190*	11.30	4,590	13 1/4	2,250			12 3/4	85*	29,120	133,725	162,845
3/4	2,430*	11.40	5,090	13 1/4	2,545			12 3/4	95*	31,385	131,464	162,849
3/4	2,700*	11 1/2	12,010							37,235	128,992	166,227
3/4	2,995*			13 1/4	9,875*			12 3/4	100*	36,895	125,950	162,845
3/4	8,000*					13 3/4	5,265*	12 3/4	1,330*	40,000	122,846	162,846
						13 3/4	14,735*	12 3/4	1,530*	43,265	119,583	162,848
						14 1/8	1,170*	12 3/4	17,320*	47,205	115,643	162,848
						14 1/8	1,320*	12 3/4	19,540*	51,420	111,428	162,848
						14 1/8	1,495*	13.00	915*	34,935	106,783	141,718
						14 1/8	1,685*	13.00	1,050*	37,370	104,351	141,721
						14 1/8	1,905*	13.00	1,200*	40,065	101,655	141,720
						14 1/8	2,155*	13.00	1,375*	42,975	98,745	141,720
						14 1/8	2,440*	13.00	1,570*	46,130	95,588	141,718
0 1/4	1,300*	9 1/4	8,520*			14 1/8	985*	13.00	1,800*	49,550	92,171	141,721
0 1/4	1,430*	9 1/4	9,310*			14 1/8	1,115*	13.00	2,040*	53,085	88,635	141,720
0 1/4	1,580*	9 1/4	10,170*			14 1/8	1,260*	13.00	2,320*	56,895	84,826	141,721
0 1/4	1,745*	12.00	1,195*	10.00	9,365*	14 1/8	1,980*	13.00	2,625*	60,995	80,722	141,717
0 1/4	1,920*	12.00	1,335*	10.00	10,635*	14 1/8	1,910*	13.00	2,990*	65,690	76,031	141,721
0 1/4	2,120*	12.00	1,480*	13 3/4	8,475*	14 1/8	5,395*	13.00	3,395*	70,550	71,168	141,718
0 1/4	2,330*	12.00	1,655*	13 3/4	9,625*	14 1/8	6,130*	13.00	3,885*	76,265	65,451	141,716
0 1/4	2,575*	12.00	1,845*	13 3/4	10,930*	14 1/8	6,965*	13.00	4,445*	82,495	59,222	141,717
0 1/4	3,500*	12.00	34,905*	13 3/4	12,420*	14 1/8	7,905*	13.00	5,095*	89,375	52,346	141,721
0 1/4	23,500*	12.00	46,585*	13 3/4	14,270*	14 1/8	8,980*	13.00	5,830*	99,165	42,555	141,720
		10 1/2	50,000*	13 3/4	44,280*	14 1/8	10,205*	13.00	6,665*	111,150	30,568	141,718
						14 1/8	62,000*	13.00	62,800*	124,800	16,922	141,722
	75,000		200,000		150,000		165,000		165,000	1,735,850**	4,571,187	6,307,037
	-0-		-0-		-0-		-0-		-0-	22,250		
	75,000		200,000		150,000		165,000		165,000	1,758,100		

Electric Statistics

Fiscal Year	6/30/82	6/30/81	6/30/80	6/30/79	6/30/78	6/30/77	6/30/76	6/30/75	6/30/74	6/30/73
Total Utility Plant-net including nuclear fuel (at year end) (in thousands of dollars)	1,465,919	1,204,325	950,628	759,839	577,936	437,162	355,971	277,976	223,633	166,261
Bonded Indebtedness (at year end) (in thousands of dollars)	1,735,850	1,261,420	990,100	917,690	810,190	495,190	481,210	383,050	383,905	175,720
Operating Revenues (in thousands of dollars)										
Residential	27,121	21,949	17,639	15,255	14,585	10,801	9,109	8,354	4,910	4,266
Commercial	28,145	22,452	18,835	16,822	15,530	12,439	10,738	9,665	5,703	4,833
Industrial	131,189	99,551	40,417	35,131	26,672	21,557	19,357	20,929	11,349	9,624
Military	12,487	9,225	6,954	6,567	6,330	5,049	4,754	4,564	2,834	2,410
Municipal	955	704	587	546	526	422	391	257	217	196
Wholesale	105,994	90,971	65,997	59,975	54,101	42,265	36,215	32,038	16,512	13,594
Other Electric Utilities*	-	-	-	-	-	975	507	1,021	4,220	5,196
Miscellaneous	1,840	1,494	1,364	1,401	1,236	1,219	1,168	(1,516)	1,009	1,012
Total	307,731	246,346	151,793	135,697	118,980	94,727	82,239	75,312	46,754	41,131
Operation & Maintenance Expenses Charged to Operations (in thousands of dollars)	226,320	187,890	109,997	103,928	88,144	71,904	57,737	59,214	36,861	26,958
Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)	565	966	928	726	658	734	550	405	126	124
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	1,400	1,300	1,300	1,200	1,201	1,797	844	764	1,093	1,007
Net Operating Revenues Available For Debt Service (in thousands of dollars)	94,219	66,503	46,732	35,958	33,796	28,091	29,799	19,983	13,604	16,889
Reinvested Earnings** (in thousands of dollars)	38,610	21,048	21,406	10,791	5,516	8,978	11,902	8,060	3,704	12,530
Debt Service Coverage:										
Expansion Bonds	2.18	1.90	2.41	2.12	2.30	3.34	3.25	4.52	12.60	
Priority Obligation & Expansion Bonds	2.07	1.79	2.14	1.88	1.98	2.46	2.45	2.56	2.69	3.87
Kilowatthour Sales (in thousands)										
Residential	541,522	536,461	472,495	443,186	446,247	403,107	342,232	319,744	287,653	267,471
Commercial	569,474	549,737	511,726	506,243	489,437	449,335	404,501	375,320	333,608	303,306
Industrial	4,049,632	3,952,408	1,890,415	1,788,087	1,441,494	1,356,706	1,202,291	1,240,927	1,255,888	1,181,805
Military	350,127	343,258	306,582	316,537	323,763	302,789	301,172	291,632	284,449	285,440
Municipal	17,841	17,572	17,506	16,966	16,670	15,495	14,381	13,075	10,690	9,687
Wholesale	3,351,388	3,470,042	3,099,574	2,881,781	2,843,955	2,576,794	2,220,559	2,018,602	1,795,621	1,575,921
Total	8,879,984	8,869,478	6,298,298	5,952,800	5,561,566	5,104,226	4,485,136	4,259,300	3,967,909	3,623,630
Number of Customers (at year end)										
Residential	46,310	43,462	40,053	38,058	35,590	32,513	30,738	28,580	26,958	25,254
Commercial	10,129	9,754	9,236	8,859	8,466	8,102	7,558	7,280	7,122	6,760
Industrial	25	25	24	21	20	19	21	21	20	21
Military	3	3	3	3	3	3	3	3	3	3
Municipal	224	216	212	207	197	189	183	163	144	119
Wholesale	3	3	3	3	3	3	3	4	4	4
Total	56,694	53,463	49,531	47,151	44,279	40,829	38,506	36,051	34,251	32,161
Residential Statistics (average)										
Kilowatthour Consumption/Customer	12,093	12,875	12,151	12,097	13,174	12,832	11,551	11,487	11,060	11,018
Cents/Kilowatthour	5.01	4.09	3.73	3.44	3.27	2.68	2.66	2.61	1.71	1.59
Generating Capability (year end) (megawatts)	1,965	1,965	1,736	1,456	1,400	1,120	1,120	1,092	792	772
Power Requirements and Supply (kilowatthours in millions)										
Generation-										
Hydro	522	414	824	680	702	715	739	784	707	826
Steam	8,492	8,620	5,800	5,343	5,238	4,402	3,779	3,012	3,399	3,459
Combustion Turbine	18	31	10	6	38	21	2	11	11	7
Total	9,032	9,065	6,634	6,029	5,978	5,138	4,520	3,807	4,117	4,292
Purchases, Net Interchange, Etc.	378	371	193	429	95	474	429	882	303	(213)
Total	9,412	9,436	6,827	6,458	6,073	5,612	4,949	4,689	4,420	4,079
Calendar Year	**1981**	**1980**	**1979**	**1978**	**1977**	**1976**	**1975**	**1974**	**1973**	**1972**
Territorial Peak Loads (megawatts)	1,754	1,554	1,352	1,231	1,161	1,065	943	911	829	736

( ) Denotes Negative

*Effective July 1, 1977, interchange sales were reclassified as a credit to purchased power.

**Reinvested earnings referred to above and on pages 48, 49, and 50, reflect revenue available to meet Santee Cooper's Bond Indenture and Resolution requirements.

FINANCIAL STATEMENTS

AUDITOR'S OPINION

The Advisory Board
and Board of Directors
South Carolina
Public Service Authority
Columbia, South Carolina

We have examined the balance sheets of the South Carolina Public Service Authority at June 30, 1982 and 1981, and the related statements of reinvested earnings, accumulated earnings reinvested in the business, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the abovementioned financial statements present fairly the financial position of the South Carolina Public Service Authority at June 30, 1982 and 1981, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

Coopers & Lybrand
Columbia, South Carolina
August 27, 1982

BALANCE SHEETS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

June 30, 1982 and 1981

Assets	**1982**	1981
Utility Plant — At Cost (Note 1):		
Electric plant in service	**$ 881,738,742**	$ 703,271,968
Construction work in progress	**717,935,571**	615,301,455
Total	**1,599,674,313**	1,318,573,423
Less accumulated depreciation	**155,251,632**	132,401,145
Electric plant — net	**1,444,422,681**	1,186,172,278
Nuclear fuel (Note 3)	**21,496,546**	18,152,742
Utility plant — net	**1,465,919,227**	1,204,325,020
Other Physical Property (Net of Accumulated Depreciation)	**431,860**	446,889
Unexpended Funds from Sale of Electric System Expansion Revenue Bonds (Note 2)	**180,207,240**	157,556,248
Debt Service and Other Special Funds (Note 2)	**483,881,680**	247,359,232
Current Assets:		
Cash and securities:		
Held by trustee	**11,587,386**	10,736,424
Other	**473,221**	2,709,016
Accounts receivable, less allowance for doubtful accounts	**28,253,694**	29,945,276
Accrued interest receivable	**2,906,953**	1,538,544
Inventories, at average cost:		
Fuel (coal and oil)	**39,112,475**	32,251,003
Materials and supplies	**4,068,012**	3,407,847
Prepaid expenses	**1,127,677**	599,618
Total current assets	**87,529,418**	81,187,728
Deferred Debits:		
Unamortized debt expense (Note 1)	**23,548,387**	11,634,937
Unamortized loss on reacquired debt (Note 1)	**9,220,762**	9,594,766
Other	**1,021,594**	339,226
Total deferred debits	**33,790,743**	21,568,929
Total	**$2,251,760,168**	$1,712,444,046

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

Liabilities	1982	1981
Long-Term Debt (Note 4):		
Priority obligations	**$ 69,063,527**	$ 70,594,343
Electric System Expansion Revenue Bonds	**1,667,835,000**	1,192,285,000
Subtotal	**1,736,898,527**	1,262,879,343
Electric Revenue Notes	**125,000,000**	75,000,000
Capitalized lease obligations	**85,609,546**	87,930,536
Bank credit agreement	**–**	50,000,000
Other	**150,000**	225,000
Total long-term debt	**1,947,658,073**	1,476,034,879
Less:		
Reacquired debt	**660,000**	320,000
Unamortized debt discount and premium — net	**26,876,298**	21,070,747
Long-term debt — net	**1,920,121,775**	1,454,644,132
Accrued Interest on Long-Term Debt	**72,499,660**	36,531,682
Construction Fund Liabilities — Accounts Payable	**21,423,149**	17,178,485
Current Liabilities:		
Accounts payable	**18,343,881**	23,609,256
Customer deposits	**2,484,948**	2,614,965
Accrued sums in lieu of taxes	**408,208**	453,962
Other	**185,697**	242,126
Total current liabilities	**21,422,734**	26,920,309
Commitments and Contingencies (Note 7)		
Deferred Credits:		
Unamortized gain on reacquired debt (Note 1)	**1,078,851**	1,267,439
Nuclear fuel settlement (Note 3)	**12,343,731**	10,546,135
Other	**304,359**	–
Total deferred credits	**13,726,941**	11,813,574
Capital Contributions — U.S. Government Grants	**34,438,264**	34,438,264
Accumulated Earnings Reinvested in the Business	**168,127,645**	130,917,600
Total	**$2,251,760,168**	$1,712,444,046

Statements of Accumulated Earnings Reinvested in the Business

South Carolina Public Service Authority
For Years Ended June 30, 1982 and 1981

	1982	1981
Accumulated earnings reinvested in the business — beginning of period	**$130,917,600**	$111,169,624
Reinvested earnings for the period	**38,610,051**	21,048,272
Total	**169,527,651**	132,217,896
Distribution to the State of South Carolina	**1,400,006**	1,300,296
Accumulated earnings reinvested in the business — end of period	**$168,127,645**	$130,917,600

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

Statements of Reinvested Earnings

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Years Ended June 30, 1982 and 1981

	1982	1981
Operating Revenues:		
Sales of electricity	**$305,891,111**	$244,851,426
Other operating revenues	**1,840,014**	1,494,725
Total operating revenues	**307,731,125**	246,346,151
Operating Expenses:		
Operation expense:		
Production	**172,205,118**	149,427,242
Purchased and interchanged power — net	**9,259,015**	9,275,103
Transmission	**1,798,806**	1,873,222
Distribution	**1,059,489**	1,190,841
Customer accounts	**5,763,477**	1,590,345
Sales	**85,928**	167,585
Administrative and general	**11,744,316**	5,739,323
Maintenance expense	**24,403,893**	18,626,164
Total operation and maintenance expense	**226,320,042**	187,889,825
Depreciation	**26,535,302**	21,237,703
Sums in lieu of taxes	**564,554**	965,799
Total operating expenses	**253,419,898**	210,093,327
Operating Income	**54,311,227**	36,252,824
Other Income:		
Interest income:		
Other funds	**12,955,699**	8,612,182
Borrowed funds	**47,588,457**	22,407,053
Allowance for funds used during construction — other than borrowed funds (Note 1)	**591,264**	83,422
Other — net	**21,296**	45,326
Total other income	**61,156,716**	31,147,983
Total	**115,467,943**	67,400,807
Interest Charges:		
Interest on long-term debt	**123,563,330**	75,628,944
Allowance for funds used during construction — borrowed funds (Note 1)	**(48,595,856)**	(30,425,506)
Other	**1,890,418**	1,149,097
Total interest charges	**76,857,892**	46,352,535
Reinvested Earnings	**$ 38,610,051**	$ 21,048,272

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

STATEMENTS OF CHANGES IN FINANCIAL POSITION

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Years Ended [illegible] 1982 and 1981

	1982	1981
Funds Provided By:		
Operations:		
Reinvested earnings	**$ 38,610,051**	$ 21,048,272
Charges (credits) to reinvested earnings not providing or requiring funds:		
Depreciation	**26,535,302**	21,522,875
Allowances for funds used during construction	**(49,187,120)**	(30,508,928)
Amortization of debt discount and expense	**1,691,677**	926,484
Amortization of gain or loss on reacquired debt — net	**(8,709)**	115,108
Total from operations	**17,641,201**	13,103,811
Sale of bonds/notes	**530,000,000**	350,000,000
Capitalized lease obligations	**--**	4,000,000
Increase in accrued interest on long-term debt	**35,967,978**	7,144,634
Increase (decrease) in construction fund liabilities	**4,244,664**	(3,270,378)
Nuclear fuel settlement	**1,797,596**	372,490
Other	**304,359**	144,790
Total funds provided	**589,955,798**	371,495,347
Funds Applied To:		
Increase in utility plant	**238,927,360**	244,697,487
Retirement of long-term debt	**56,055,816**	4,158,012
Principal payments — capitalized lease obligations	**2,320,990**	2,146,746
Increase in unexpended funds from sale of Electric System Expansion Revenue Bonds	**22,650,992**	9,256,200
Increase in debt service and other special funds	**236,522,448**	84,291,927
Distributions to the State of South Carolina	**1,400,006**	1,300,296
Additions to unamortized debt discount and expense	**19,410,678**	14,467,651
Reacquired serial bonds	**145,875**	190,750
Other	**682,368**	–
Total funds applied	**578,116,533**	360,509,069
Increase in Working Capital	**$ 11,839,265**	$ 10,986,278
Increase (Decrease) in Working Capital by Component:		
Cash and securities:		
Held by trustee	**$ 850,962**	$ 2,580,779
Other	**(2,235,795)**	(5,017,486)
Accounts receivable, less allowance for doubtful accounts	**(1,691,582)**	14,154,300
Accrued interest receivable	**1,368,409**	1,139,791
Inventories	**7,521,637**	8,364,638
Other current assets	**528,059**	149,031
Accounts payable	**5,265,375**	(10,324,331)
Customer deposits	**130,017**	(197,319)
Accrued sums in lieu of taxes	**45,754**	(48,078)
Other current liabilities	**56,429**	184,953
Increase in working capital	**$ 11,839,265**	$ 10,986,278

 The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

June 30, 1982

Note 1 — Summary of Significant Accounting Policies:

A — 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). See Note F below relating to calculation of allowance for funds used during construction.

B — Utility Plant Capitalization and Maintenance — Additions to plant are recorded at cost, which includes material, labor, overhead, and allowance for funds used during construction. The costs of current repairs and minor replacements are charged to appropriate operating expense and clearing accounts. 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.

C — Depreciation — Depreciation is provided on a straight line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percent of average depreciable utility plant in service, were approximately 3.30% and 3.25% for 1982 and 1981, respectively.

D — Operating Revenues and Energy Costs — Revenues from sale of electric energy, including amounts resulting from application of fuel adjustment clauses, are recorded as meters are read. Fuel costs are reflected in operating expenses as consumed.

E — Pension Costs — Employees of the Authority are covered by a State Pension Plan administered by the South Carolina State Retirement System which provides for employee and Authority contributions. Contribution rates are fixed by State statutes. The Authority's contributions to the State Pension Plan were $1,782,093 and $1,417,837 for the years ended June 30, 1982 and 1981, respectively. Data concerning accrued benefits and pension fund assets relating to Authority employees are not available.

F — Allowance for Funds Used During Construction — The allowance for funds used during construction (AFUDC) reflects the cost for the period of capital devoted to plant under construction, including nuclear fuel. This cost represents interest charges on borrowed funds and a reasonable rate of return on other funds used to finance plant additions during construction periods and is capitalized in the same manner as construction labor and material costs.

Construction projects are substantially financed by identifiable borrowings, and AFUDC on specific construction projects is calculated using the effective interest rates of the respective borrowings, compounded annually. AFUDC for other funds utilized was calculated based on the Authority's average rate of return for the last three years.

G — Amortization — Unamortized debt discount, premium, and expense are being amortized over the lives of the related debt issues. Unamortized gains and losses on reacquired debt are being amortized over the respective lives of the refunding debt issues.

H — Allowance for Doubtful Accounts — The Authority maintains an allowance for doubtful accounts receivable which had balances of $4,201,872 and $269,832 for the years ended June 30, 1982 and 1981, respectively.

Note 2 — Unexpended Funds from Sale of Expansion Bonds, Debt Service, and Other Special Funds:

Unexpended funds from the sale of expansion bonds, debt service funds, and other special funds are held and maintained by trustees and their use restricted 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.

Note 3 — 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 presently under construction as tenants in common with undivided interest of 33-1/3% and 66-2/3%, respectively. SCE&G, as agent for itself and the Authority, is solely responsible for the design, construction, operation, maintenance and decommissioning of the Summer Plant, and the Authority is obligated to pay its ownership share of all costs relating thereto. At June 30, 1982 and 1981, construction work in

progress included approximately $364,930,000 and $300,691,000, respectively, representing the Authority's investment, including AFUDC, in the Summer Plant. Nuclear fuel represents the Authority's investment in the initial core of three regions and a major portion of Region Four that will be used for the first reload.

The Nuclear Regulatory Commission issued a Facility Operating License for the Virgil C. Summer Nuclear Station on August 6, 1982, with a condition currently limiting operation to five percent of full power. Authorization to operate beyond five percent of full power will require specific Commission approval.

When the Summer Plant commences nuclear power generation, the Authority will amortize nuclear fuel costs based on the energy expended, which will include a component for estimated disposal costs of spent nuclear fuel. Such amortization will be included in fuel expense and will be recovered through the Authority's ratemaking process.

Decommissioning costs (costs to take the plant out of service in the future) for the Summer Plant are estimated to be $249 million based on a 30.5 year useful life with decommissioning expected to commence in the year 2013. The Authority will begin accruing over the remaining life of the facility, its share of the estimated decommissioning costs when nuclear generation commences. These costs will be recovered through the Authority's rates.

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 order approving the settlement, the court imposed confidentiality upon the details of the settlement. The Authority has received approximately $10,201,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of some uranium, long-term deliveries of equipment and services (including fuel fabrication) at a discount, and the prospect of additional cash payments pending the outcome of litigation between the supplier and a group of uranium producers.

Amounts received have been included in deferred credits and will be applied as a reduction of uranium fuel costs consistent with SCE&G's treatment pursuant to an order from the South Carolina Public Service Commission. Costs of fuel for Regions 1-4 have been reduced by approximately $3,674,000.

	June 30, 1982	June 30, 1981
Priority Obligations:		
Electric Revenue Bonds, Series of 1950, bearing interest at 2.70% and due 1982 to 1993	**$ 10,380,000**	$ 10,635,000
Electric Revenue Bonds, Series of 1967, bearing interest at 4.10% and due 1982 and 2006	**50,425,000**	50,575,000
Electric Revenue Bonds, Refunding Series of 1973, bearing interest at 5% and due 1982 to 1989	**7,210,000**	7,925,000
Contract Obligations, payable 1982 to 1985	**1,048,527**	1,459,343
Total Priority Obligations	**69,063,527**	70,594,343
Electric System Expansion Revenue Bonds:		
Expansion Bonds, 1973 Series, bearing interest from 5% to 5-3/4% and due 1982 to 1993 and 2013	**98,305,000**	99,175,000
Expansion Bonds, 1974 Series, bearing interest from 6% to 6-3/4% and due 1982 to 1999 and 2014	**108,020,000**	108,900,000
Expansion Bonds, 1977 Refunding Series, bearing interest from 4.15% to 6% and due 1982 to 1997 and 2002 and 2016	**206,870,000**	209,275,000
Expansion Bonds, 1977 Series, bearing interest from 4% to 5-3/4% and due 1982 to 2002 and 2017	**115,000,000**	115,000,000
Expansion Bonds, 1978 Series, bearing interest from 4.30% to 5-7/8% and due 1982 to 1998 and 2008 and 2018	**199,900,000**	200,000,000
Expansion Bonds, 1979 Series A, bearing interest from 5.40% to 6-7/8% and due 1982 to 2003 and 2009 and 2019	**109,865,000**	109,935,000
Expansion Bonds, 1980 Series A, bearing interest from 8-1/2% to 10-1/8% and due 1982 to 1995 and 2002 and 2010	**74,875,000**	75,000,000
Expansion Bonds, 1981 Series A, bearing interest from 7-1/2% to 10-1/4% and due 1985 to 1997 and 2002 and 2020	**75,000,000**	75,000,000
Expansion Bonds, 1981 Series B, bearing interest from 9-1/4% to 12% and due 1995 to 2000 and 2013 and 2020 and 2021	**200,000,000**	200,000,000

	June 30, 1982	1981
Expansion Bonds, 1981 Series C, bearing interest from 10-1/2% to 13-3/4% and due 1986 to 1994 and 2001 and 2015 and 2021	**150,000,000**	–
Expansion Bonds, 1982 Series A, bearing interest from 9-1/2% to 14-1/8% and due 1986 to 1994 and 2003 and 2022	**165,000,000**	–
Expansion Bonds, 1982 Series B, bearing interest from 9-1/2% to 13% and due 1986 to 1997 and 2005 and 2022	**165,000,000**	–
Total Expansion Bonds	**1,667,835,000**	1,192,285,000
Electric Revenue Notes:		
Electric Revenue Notes, 1980, bearing interest at 5-1/2% and due December 1, 1983	**50,000,000**	50,000,000
Electric Revenue Notes, 1981, bearing interest at 7-3/4% and due June 1, 1984	**25,000,000**	25,000,000
Electric Revenue Notes, 1982, bearing interest at 8-1/2% and due April 15, 1983	**50,000,000**	–
Total Electric Revenue Notes	**125,000,000**	75,000,000
Bank Credit Agreement	–	50,000,000
Capital Subordinated Lease Contracts, payable 1982 to 2015	**85,609,546**	87,930,536
Other	**150,000**	225,000
Total long-term debt	**$1,947,658,073**	$1,476,034,879

The Authority utilizes proceeds of debt issues primarily in financing its construction program.

The Electric System Expansion Revenue Bonds, 1971 and 1976 Series, were advanced refunded and defeased in 1977 by issuance of 1977 Refunding Series Bonds and Special Obligation Refunding Series Bonds. The principal amount of the refunded bonds and Special Obligation Bonds remaining outstanding at June 30, 1982, totaled $218,725,000. Such bonds will be retired as they mature from the proceeds of government obligations held by the Refunding Trustee.

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

The Authority covenants to establish rates and charges adequate to provide revenues sufficient, among other things, to pay debt service when due on the priority obligations and expansion bonds, to make required payments when due into the lease fund and the capital improvement fund, and to pay the costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements, and renewals thereof.

The Authority is presently required to pay annually into its capital improvement fund an amount which, together with the amounts deposited therein in the two preceding fiscal years, is at least equal to 8% of the Authority's gross revenues (as defined) in the three preceding fiscal years.

The Authority may issue additional parity expansion bonds if, among other things, the Authority's Consulting Engineer certifies that net revenues (as defined) in each succeeding fiscal year after the date on which such additional bonds are sold to and including the later of (a) the third succeeding full fiscal year after such date or (b) the first full fiscal year after the estimated date of commercial operation of any power plant to pay the cost of construction of which additional expansion bonds have been, are being, or are then authorized to be issued, shall be at least equal to the sum of the amounts required in such fiscal year for (i) debt service on the priority obligations and the expansion bonds then outstanding, being issued, or authorized but not yet issued, (ii) payments into the lease fund, and (iii) payments into the capital improvement fund.

Maturities of electric revenue notes, priority obligations and expansion bonds during the years ending June 30, 1983 through 1987, are as follows:

	Electric Revenue Notes	Priority Obligations & Expansion Bonds	Total
June 30, 1983	$ 50,000,000	$ 6,719,728	**$ 56,719,728**
June 30, 1984	75,000,000	8,216,017	**83,216,017**
June 30, 1985	–	9,479,051	**9,479,051**
June 30, 1986	–	10,500,000	**10,500,000**
June 30, 1987	–	13,720,000	**13,720,000**
Total	$125,000,000	$48,634,796	**$173,634,796**

The contract obligations included above arose through an agreement to purchase certain transmission lines (generally known as the "A-B" System) from Central Electric Power Cooperative, Inc. Principal and interest at 2% per annum are payable in semiannual installments. See Note 6 for details concerning long-term lease obligations.

Note 5 — Bank Credit Agreement:

The Authority's bank credit agreement, with available loans up to $50,000,000, expired on April 30, 1982. All loans were repaid prior to the expiration date.

Note 6 — Long-Term Lease Commitments:

The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering a steam electric generating plant, transmission facilities, and various other facilities. The lease terms range from thirteen to thirty-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 an option to purchase the leased properties at any time during the period of the lease agreement for a sum equal to Central's indebtedness remaining outstanding on the property involved at the time the option is 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. In addition, the Authority and Central are parties to a power contract which provides that the Authority will provide and Central will purchase all of its energy requirements less amounts which Central purchases directly from the Southeastern Power Administration through December 1982, at which time power supply and transmission services will be provided to Central in accordance with the Power System Coordination and Integration Agreement dated January 19, 1981. This agreement also provides that each party will have an option to share ownership of future generating facilities to be constructed by the other. Central has advised the Authority that it will not exercise its option with respect to Cross '84 but will exercise its option to own 45% of Cross '88 and the Pee Dee generating stations subject to obtaining financing guaranteed by REA.

Future minimum lease payments on Central leases at June 30, 1982, were:

Years ending June 30:	**Amount**
1983	**$ 5,459,537**
1984	**5,490,221**
1985	**5,503,800**
1986	**5,503,800**
1987	**5,503,800**
Thereafter	**108,438,987**
Total minimum lease payments	**135,900,145**
Less, amounts representing interest	**50,290,599**
Balance at June 30, 1982	**$ 85,609,546**

Leases, other than Central leases, are not material.

Note 7 — Commitments and Contingencies:

The Authority's Construction Budget, as adjusted for known changes, provides for expenditures (principally consisting of generating facilities — Summer Plant, Cross '84, Cross '88 and other construction) of approximately $237,199,000 during the fiscal year ending June 30, 1983, and $560,335,000 during later years.

During 1982 the Federal Energy Regulatory Commission (FERC) notified the Authority that the West Pinopolis Dam and the North Santee Dam, which form a part of the Authority's electric utility system, possessed marginal seismic stability under applicable design earthquake criteria. FERC indicated that remedial measures should be undertaken by the Authority to provide an increased level of seismic stability. The Authority has engaged an engineering firm to perform studies and planning to determine the extent and cost of work necessary to correct the design weaknesses. Until the engineering study is completed and submitted to FERC, it is not possible to estimate the extent or cost of remedial measures required. Based upon the facts now known to the Authority, management believes that any costs incurred related to the dams would not materially affect the financial position of the Authority.

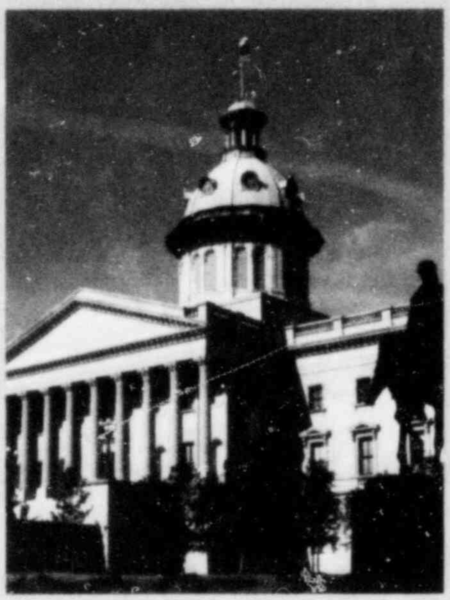
Note 8 — Major Customers:

Sales to the two major customers, Central Electric Power Cooperative, Inc., and Alumax of South Carolina, Inc., were $101,801,652 and $78,963,489 respectively, and $87,528,539 and $50,840,814, respectively, for the years ended June 30, 1982, and 1981.

Photo - opposite page:

The main building of Santee Cooper's new office complex is an example of energy efficiency. The complex was designed to exceed all Department of Energy recommendations for energy conservation.

STATE OWNERSHIP



Santee Cooper is an electric utility which is owned as an asset by the State of South Carolina. It was established in 1934 as the South Carolina Public Service Authority. This ownership is unique because the state has no investment in the company but still owns all its properties and assets. The original financing (1938-1942) was by a loan and grant from the United States through the Public Works Administration, with subsequent major additions funded partly by earnings but primarily by revenue bonds sold to private investors. The South Carolina Public Service Authority was established by Act No. 887 of the Acts of the General Assembly of South Carolina in 1934 for the purpose of developing the Cooper, Santee, and Congaree Rivers as instrumentalities of interstate and intrastate commerce; for the production, distribution, and sale of electric power; the reclamation and drainage of swampy and flooded land; and the reforestation of lands around its lakes. Originally known as the Santee-Cooper Hydroelectric and Navigation Project, the organization is commonly referred to as Santee Cooper.

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Assistant Vice President
Industrial Development

Hiram M. Hicks, Jr.
Assistant to the Vice President
Engineering Design

Charles H. McGlothlin, Jr.
General Counsel

John E. Bishop
Controller

L. P. Dorman
Corporate Secretary

Denise McWhorter
Assistant Corporate Secretary

Albert Boyt, Jr.
Group Manager
Transmission

David E. Jeffcoat
Group Manager
District Operations

Robert E. Petracca
Group Manager
Property & Transportation Systems

Byron C. Rodgers
Group Manager
Production Operations

Ronald H. Holmes
Manager
Industrial Relations

Jerry L. Stafford
Director
Corporate Communications

SC