SANTEE COOPER
1982 ANNUAL REPORT

DUKE 3041 80393

ONE OF AMERICA'S MOST RESOURCEFUL ELECTRIC UTILITIES

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.*

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Comparative Highlights

Fiscal Year	1983	1982	% Increase
Customers Served	26,464	24,468	8.0
Average Annual Residential Consumption (Kilowatthours)	12,093	12,879	(6.1)
Average Residential Cost (per Kilowatthour)	5.01¢	4.09¢	22.5
Operating Revenue	$307,931,139	$246,346,151	24.9
Gross Income	$320,708,120	$255,009,655	25.8
Electric Operating Expenses	$253,419,898	$210,093,337	20.6
Gross Expenses	$282,098,069	$233,953,583	20.6
Energy Sales (million kilowatthours)	6,380	6,869	(7.1)

Calendar Year	1983	1982	
Territorial Peak Demand (megawatts)	1,754	1,554	12.9

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

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.

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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.

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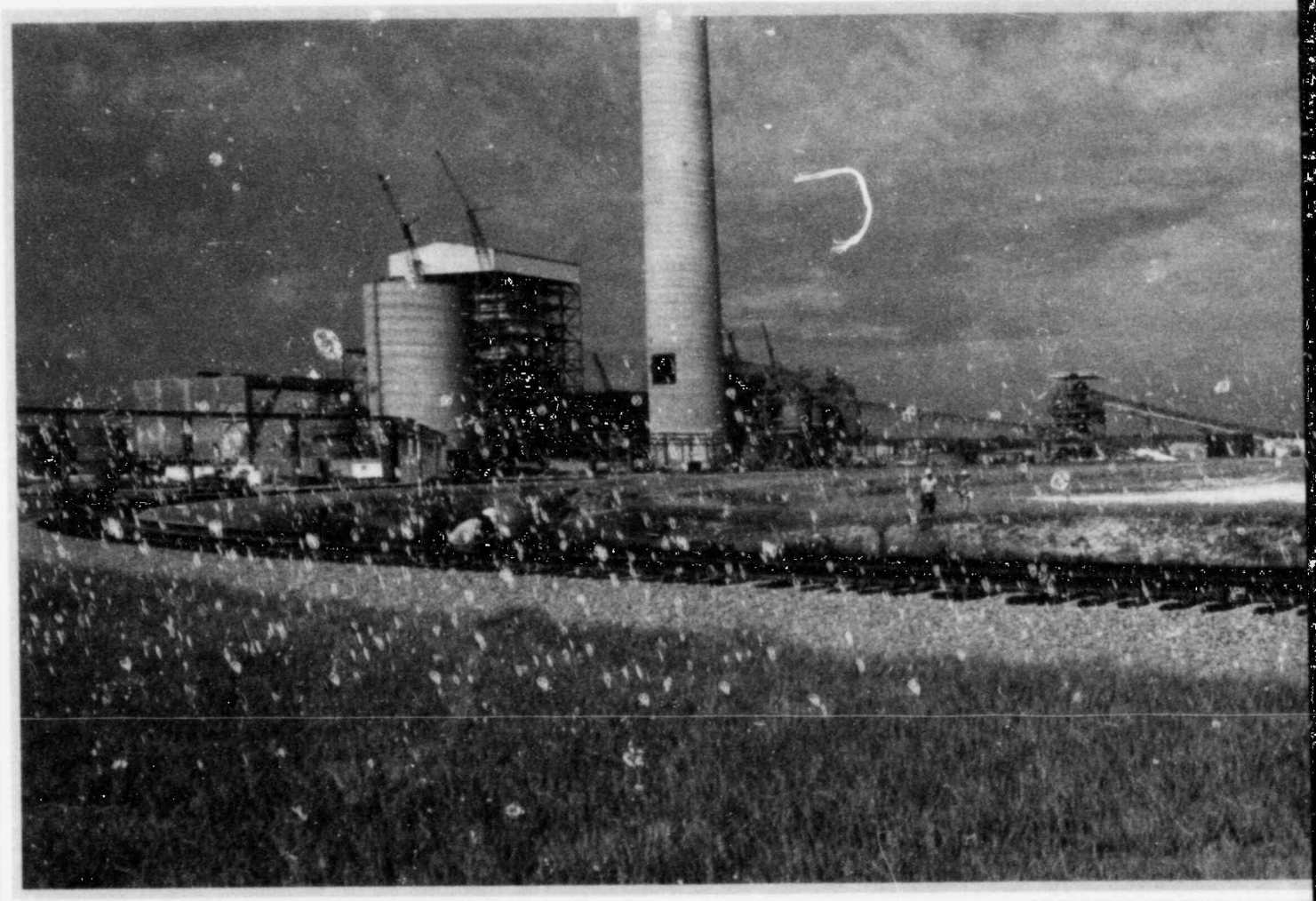
Fuel & Efficiency Are Keys To Production & Construction



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.

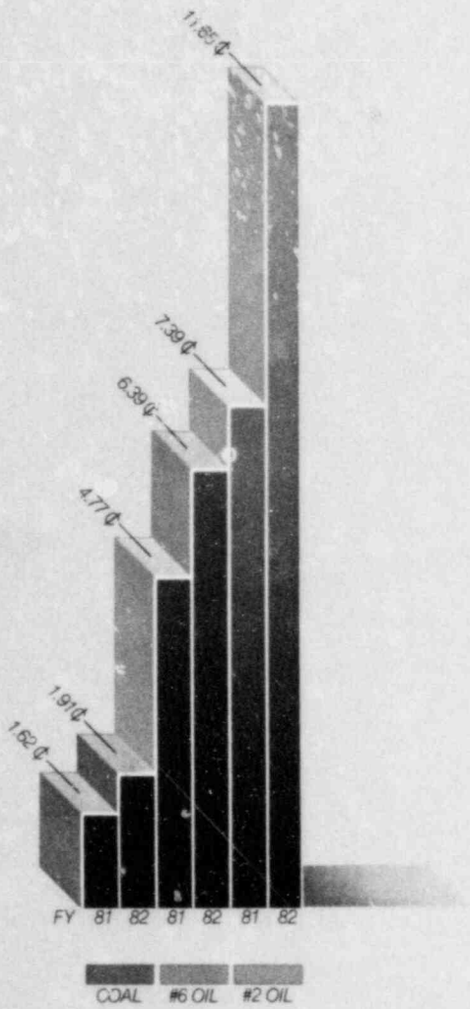
Operations and Maintenance

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.

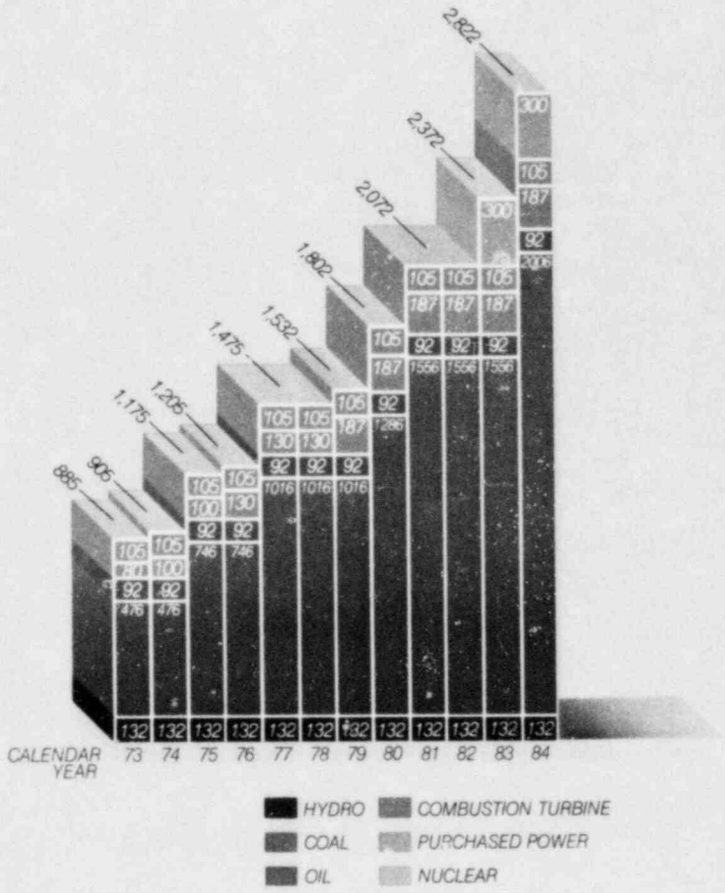
While coal-fired generation made up 78.3 percent of the company's summer peak generation capacity, along with 17.3 percent oil and gas and 4.4 hydro, 93 percent of the power produced by Santee Cooper for its customers was from coal resources, 6 percent from hydro, and 1 percent oil and gas. Less than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



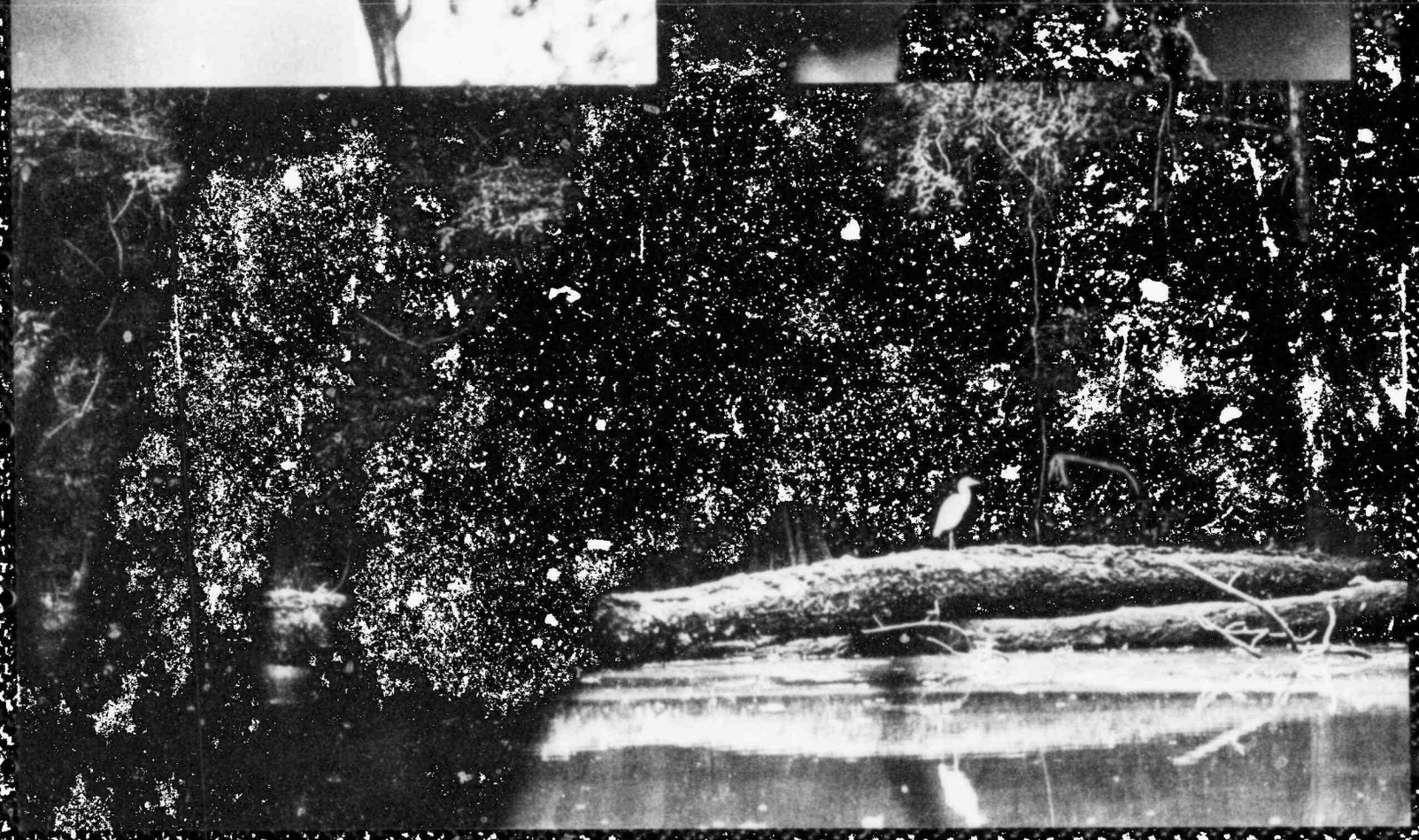
FUEL GENERATING COST ¢/KWH



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.

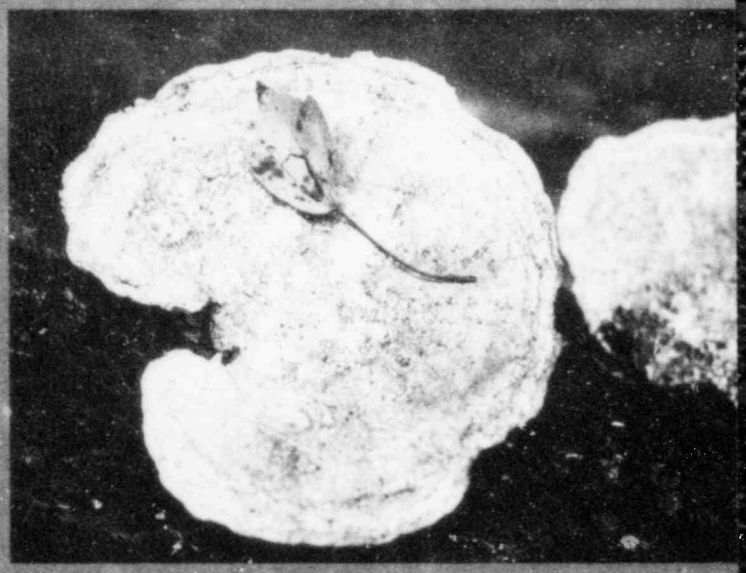
Pieces of early Americana in the form of ancient pottery and fragments of centuries old tools and weapons are being collected and catalogued. Discoveries have included remnants of 19th Century dwellings and evidence of old farmlands.

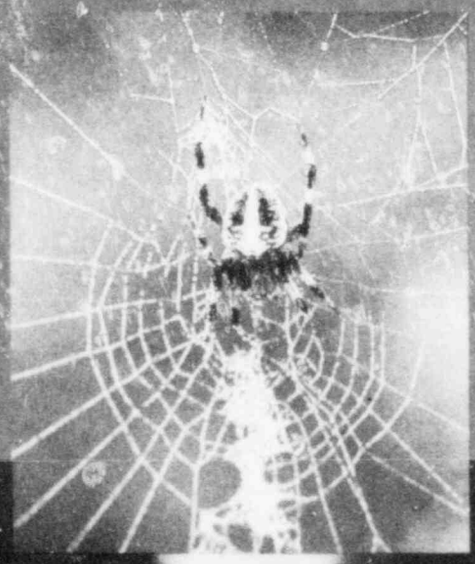
To properly identify each and every aspect that makes this part of the state unique, Santee Cooper will continue the assessment process for an entire calendar year.

"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."

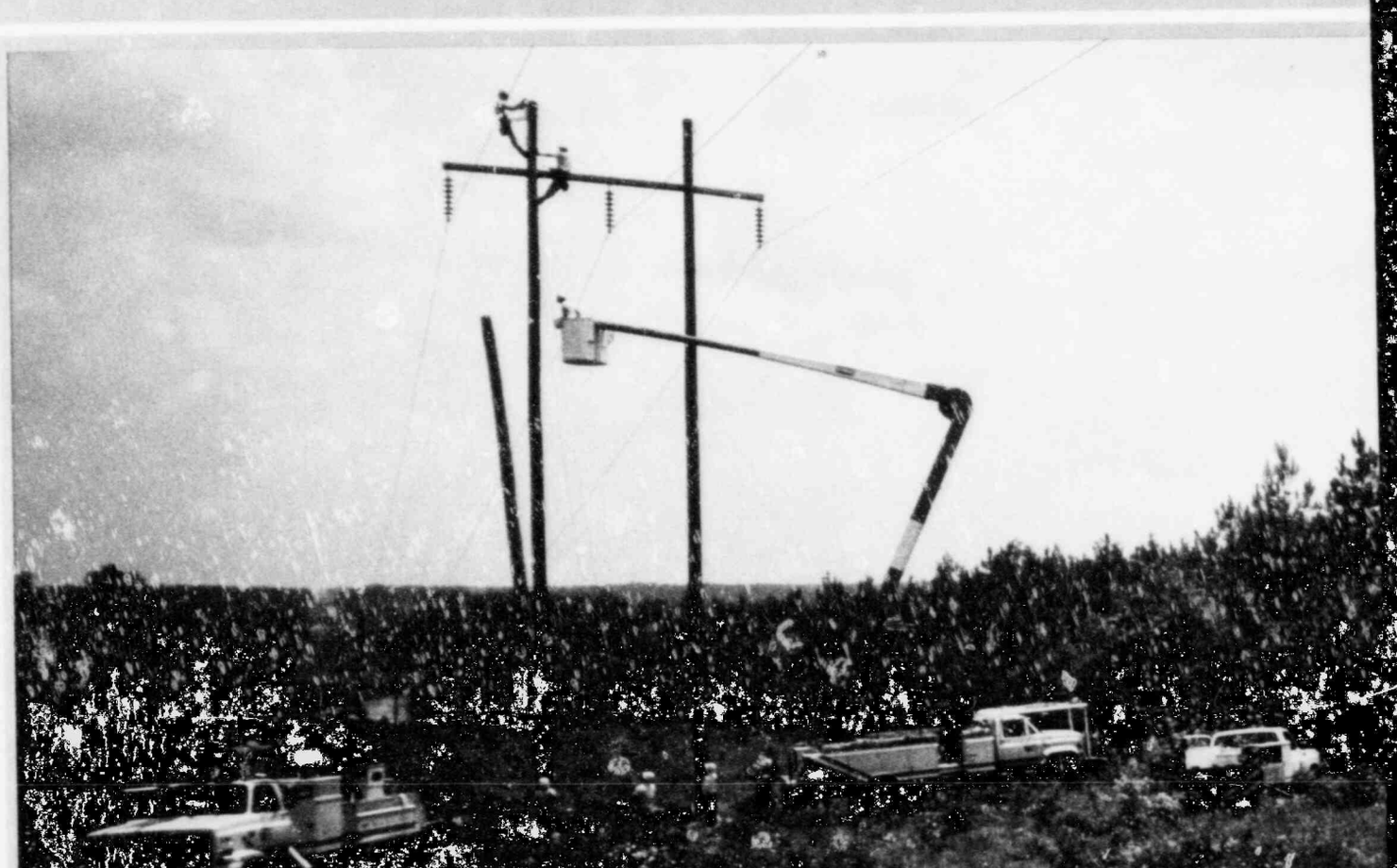
While Harrelson is enthusiastic over what the future holds for the people of the Pee Dee area, the Red-Cockaded Woodpecker and Short-Nosed Sturgeon remain oblivious.

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.

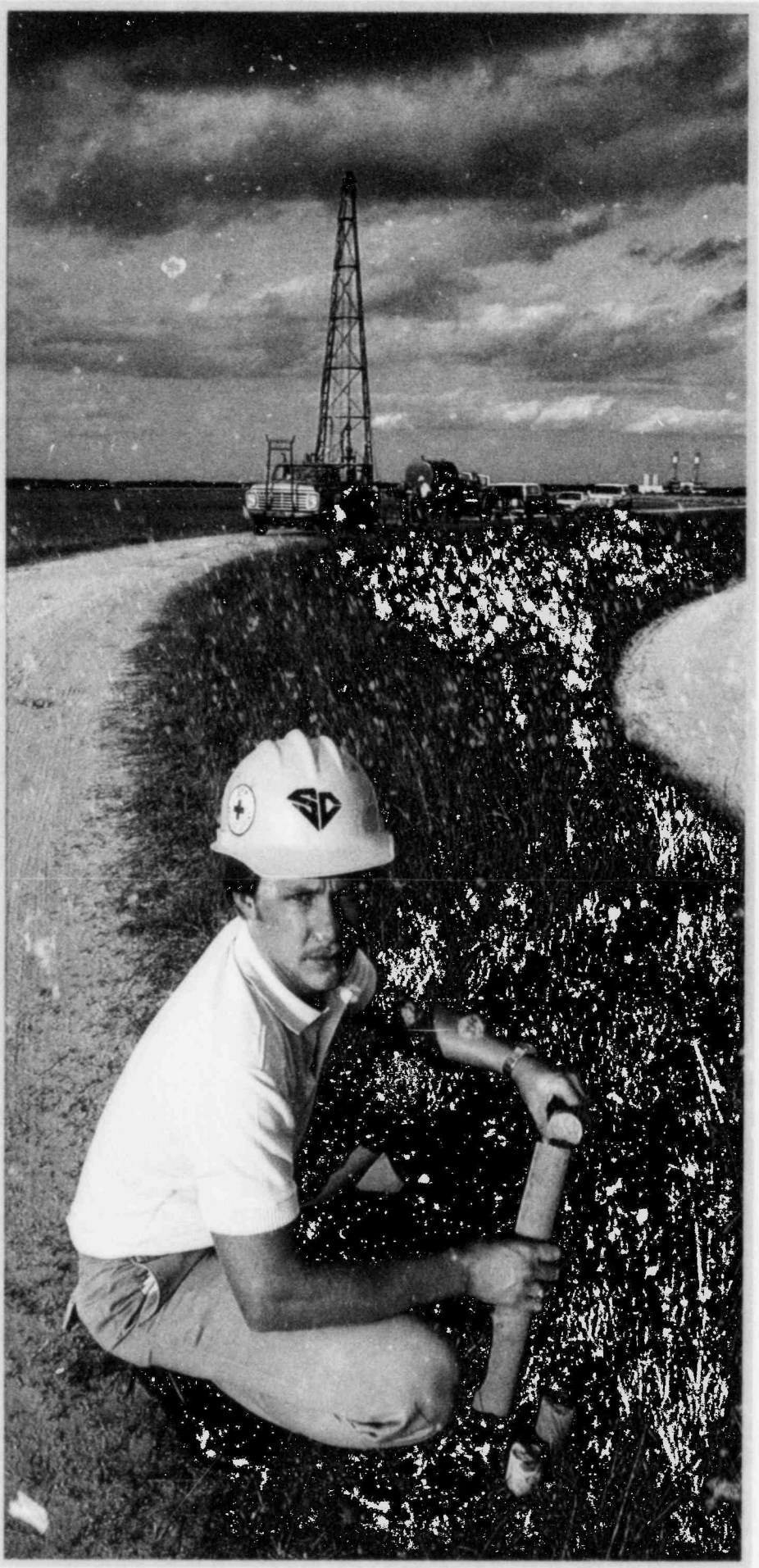
Santee Cooper's Batesburg crew replaces in-line H structure on 115,000 volt line between Batesburg and Columbia. Crews in outlying areas such as this provide vital links in several parts of the company's service area.

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

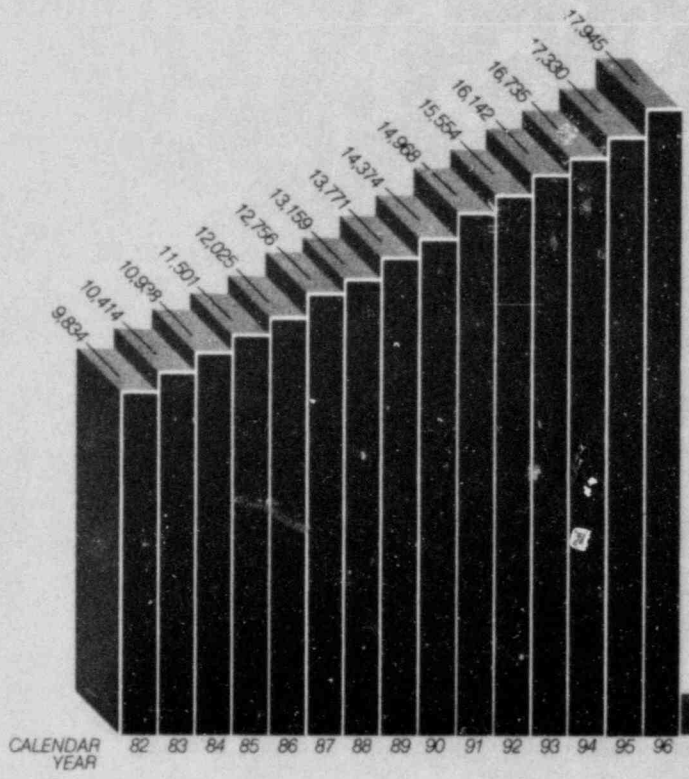
Santee Cooper conducted spilling operations for 67 days during the months of January, February, and March, 1982, as part of its flood control program.

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.

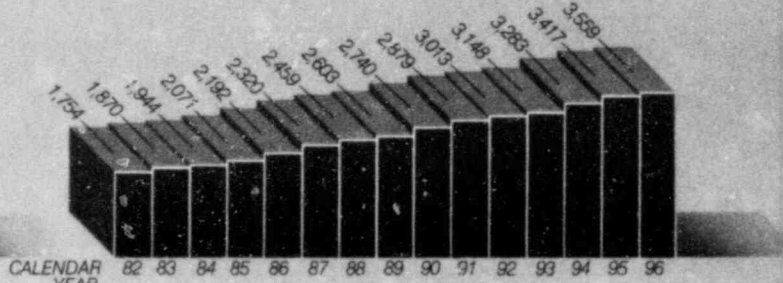
WHERE THE POWER COMES FROM

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	876
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

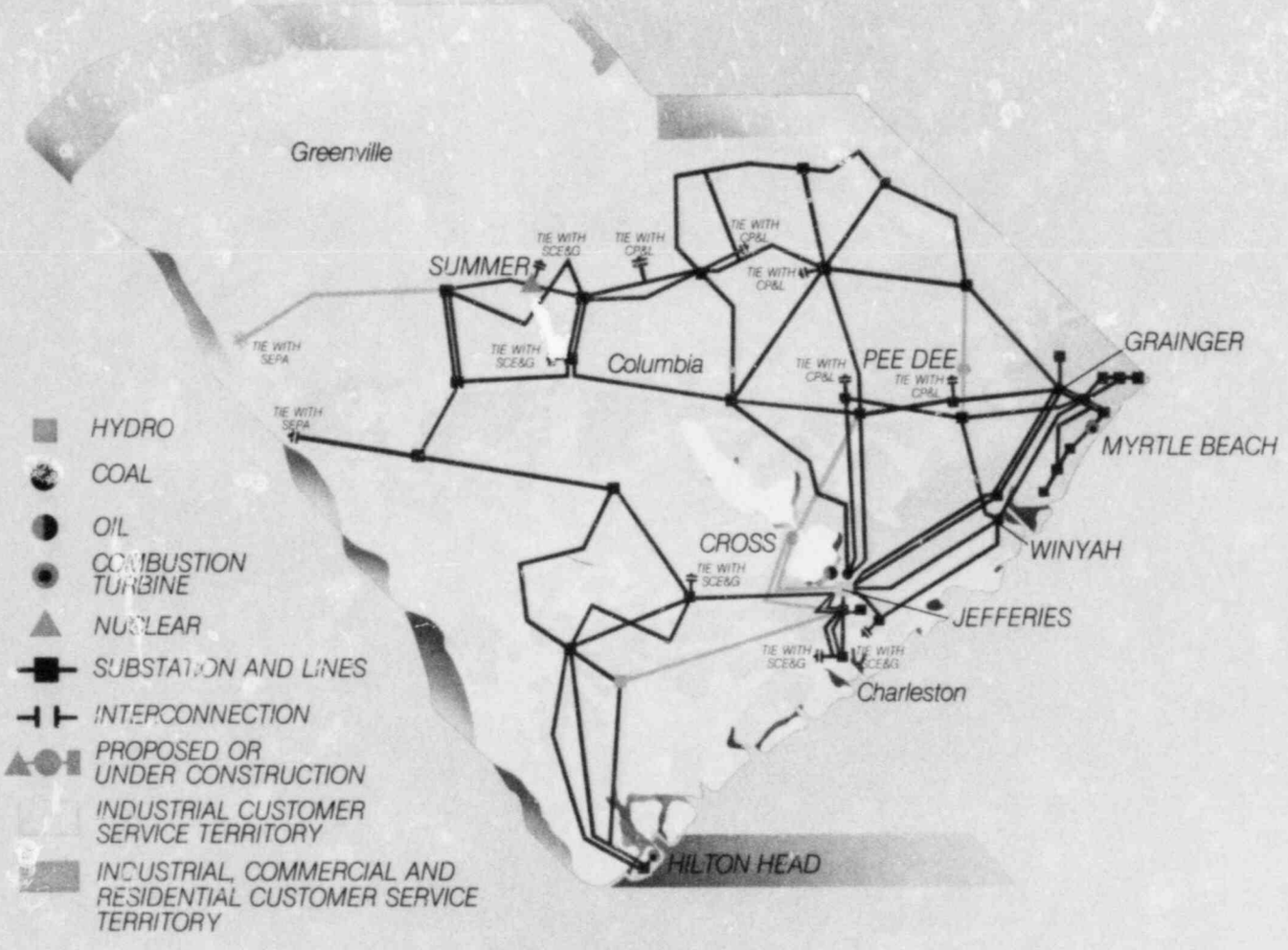
Albany International, Inc.
Alumax of South Carolina, Inc.
Amoco Chemicals Corp.
Andrews Wire Corp.
A.O. Smith Corp.
AVX Ceramics Corp.
C.R. Bard, Inc.
Georgetown Steel Corp.
Georgia-Pacific Corp.
Giant Portland Cement Co.
Grove Mfg. Co.
International Paper Co.
Loris Mfg. Co.
Macalloy, Inc.
Mobil Chemical 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

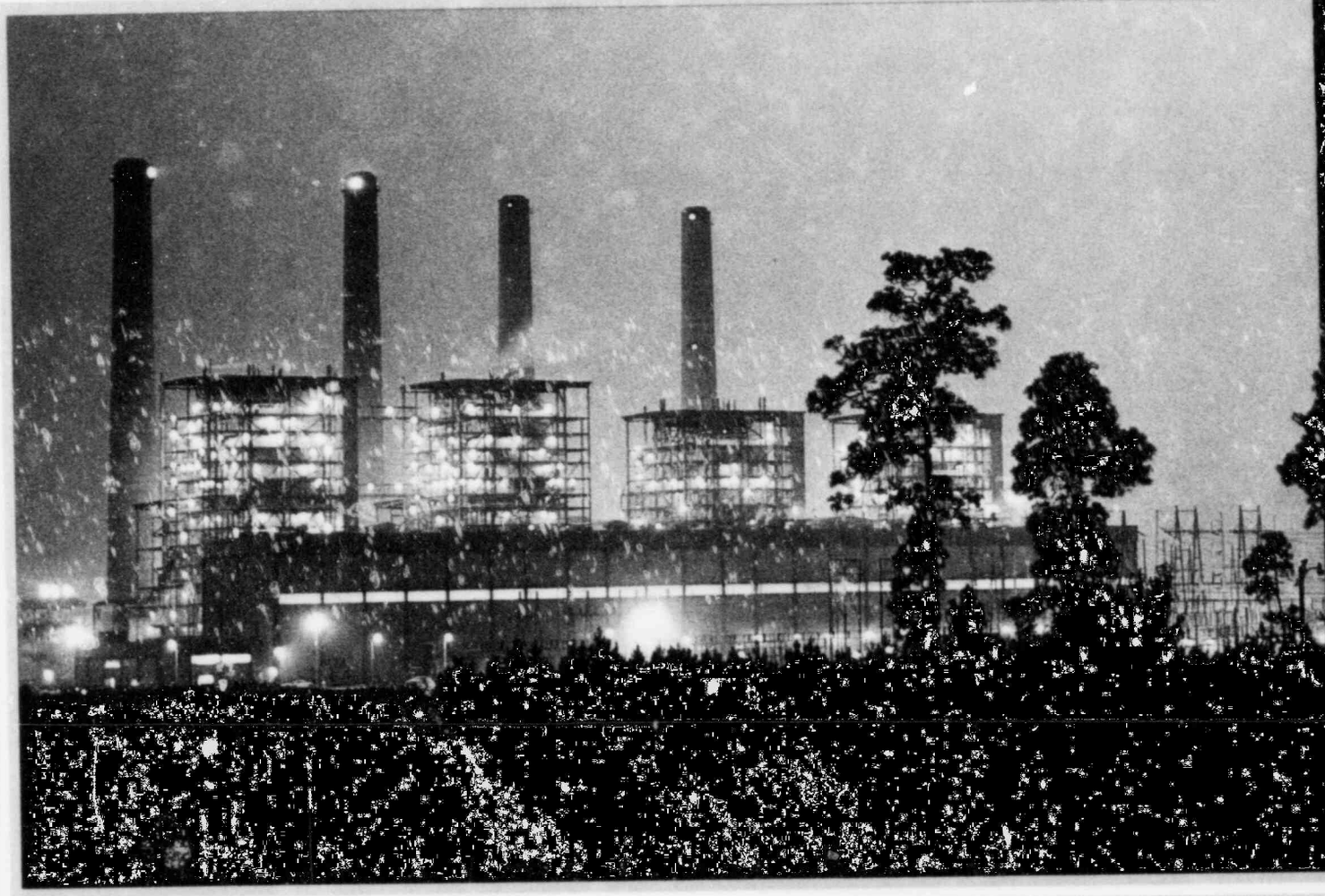
Electric Cooperative Distributors

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



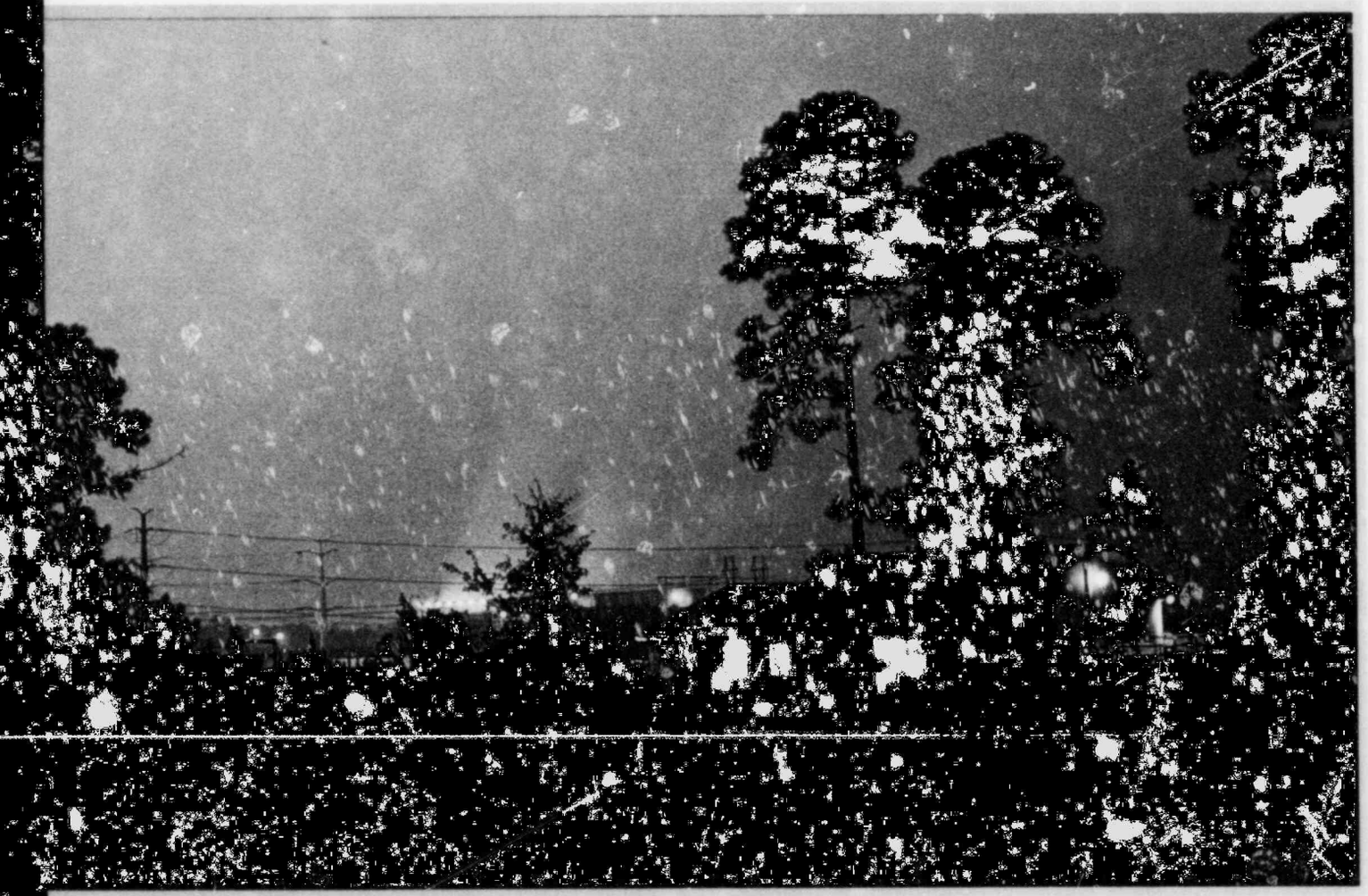
Energy Sales

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 megawatthours 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.

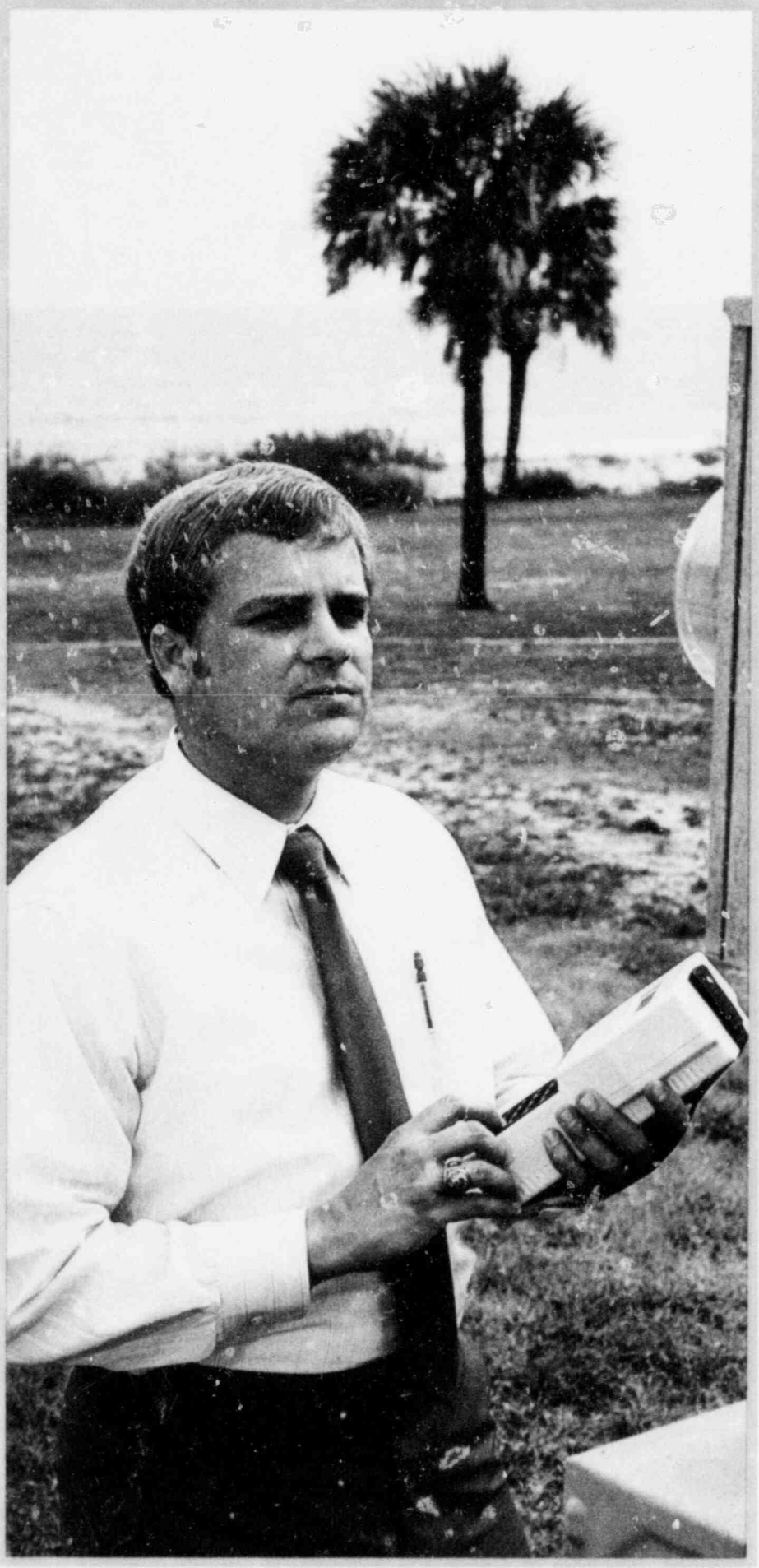


Two additional industries - National Twist Drill in Loris and Conbraco, Inc., in Conway - were added during the year.

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.

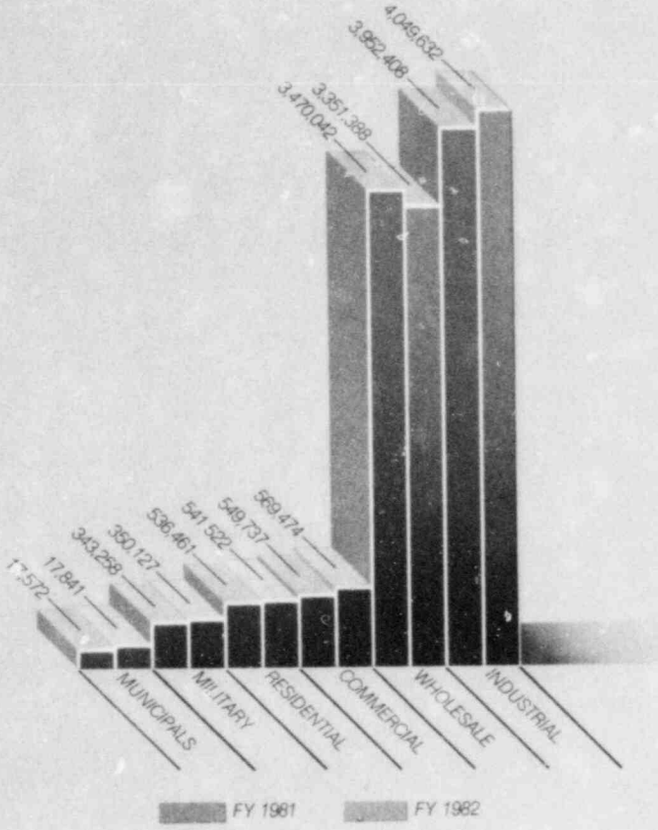
Energy Administrative Associate Glenn Cannon examines computerized hand-held meter reading device being examined by company for potential use in improving retail billing system.

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

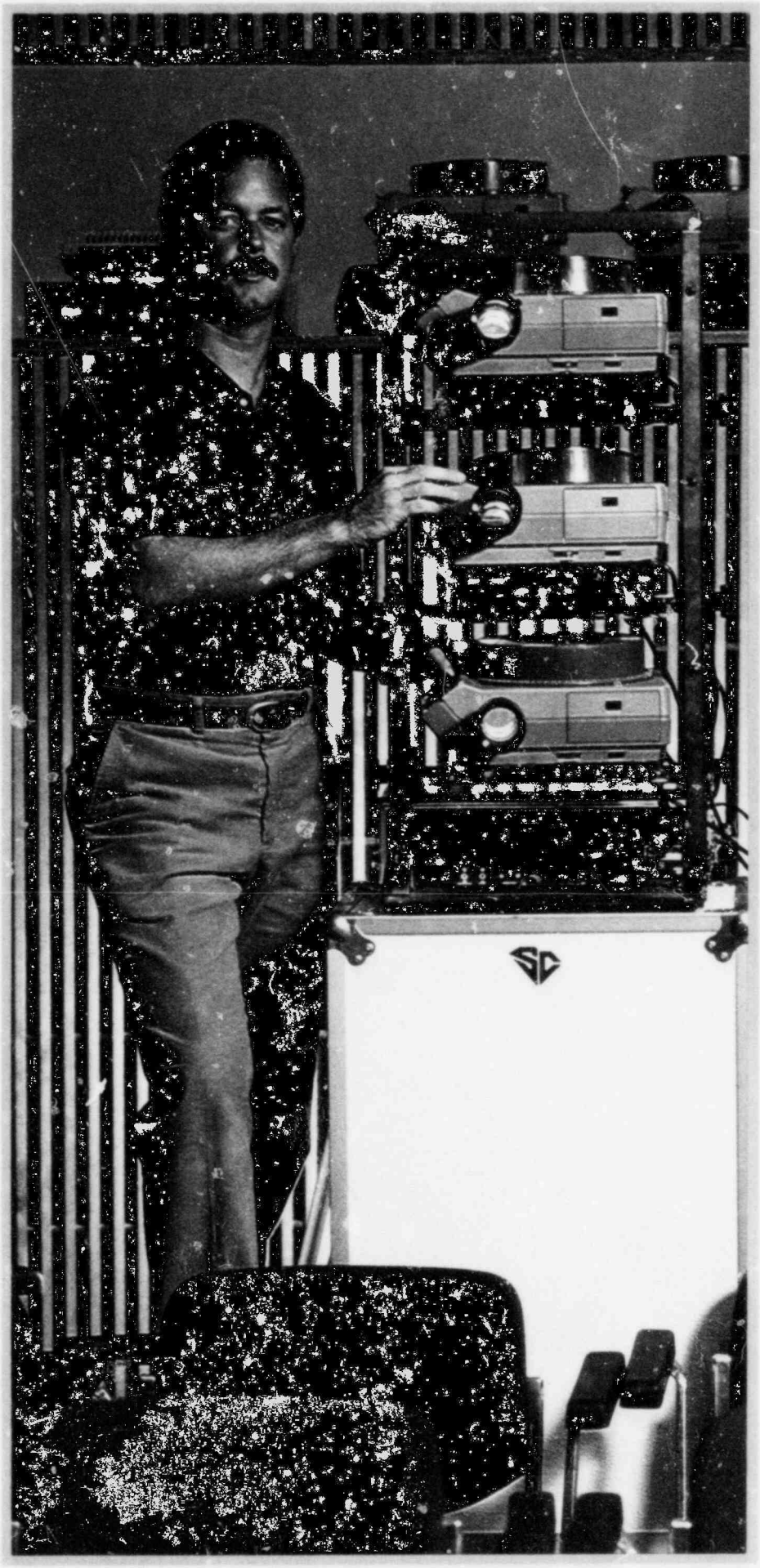
"Life Line" identification markers have been placed on equipment providing service to customers depending on electric power for life support systems. Service representative Fritz Seay explains markings to customer.

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 botn 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.

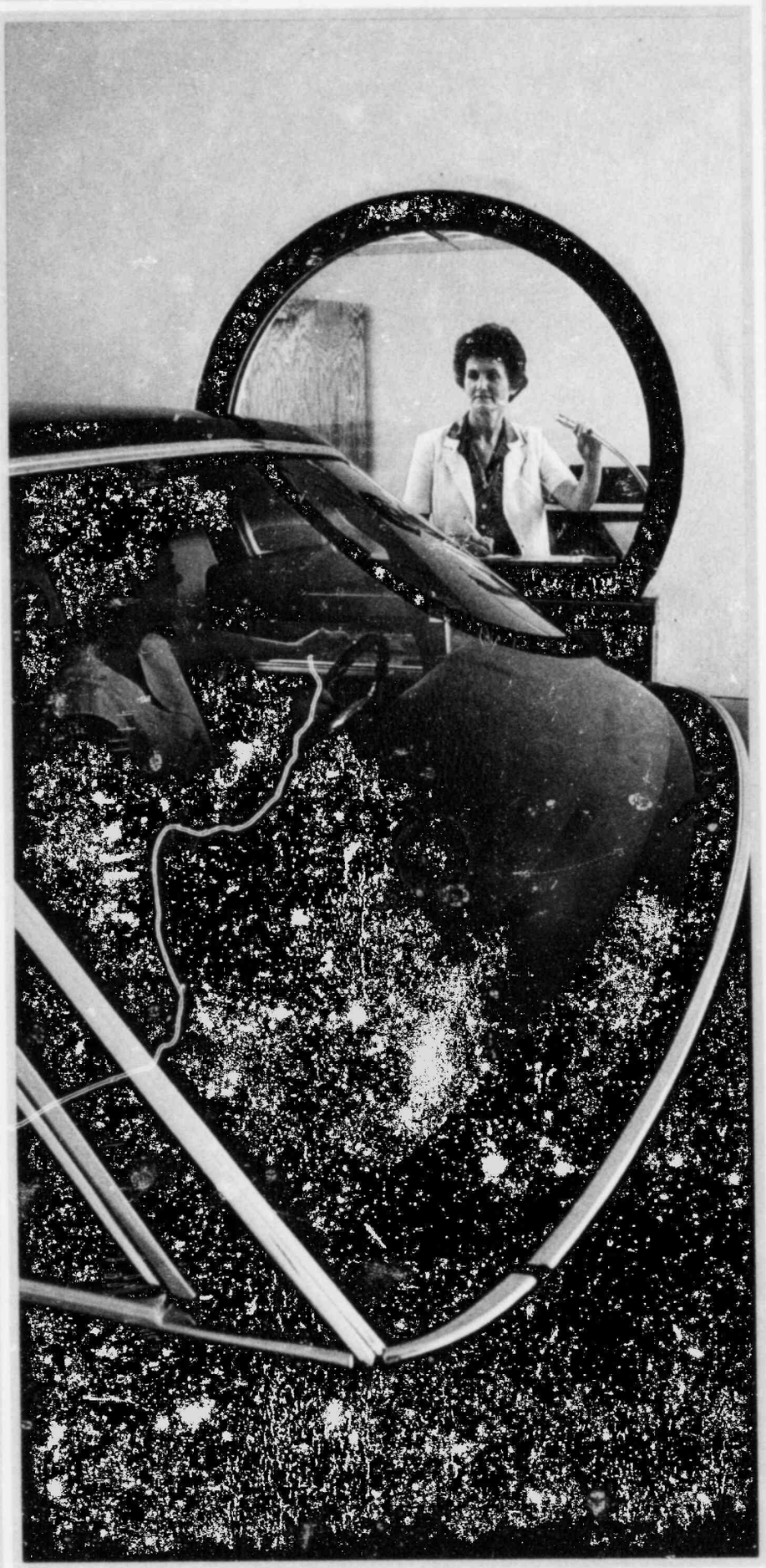
More than 65,000 Tilapia zillii fish raised at the Winyah Aquaculture Center were sold for noxious aquatic weed control during the year. Demand for the fish was greatest from

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.

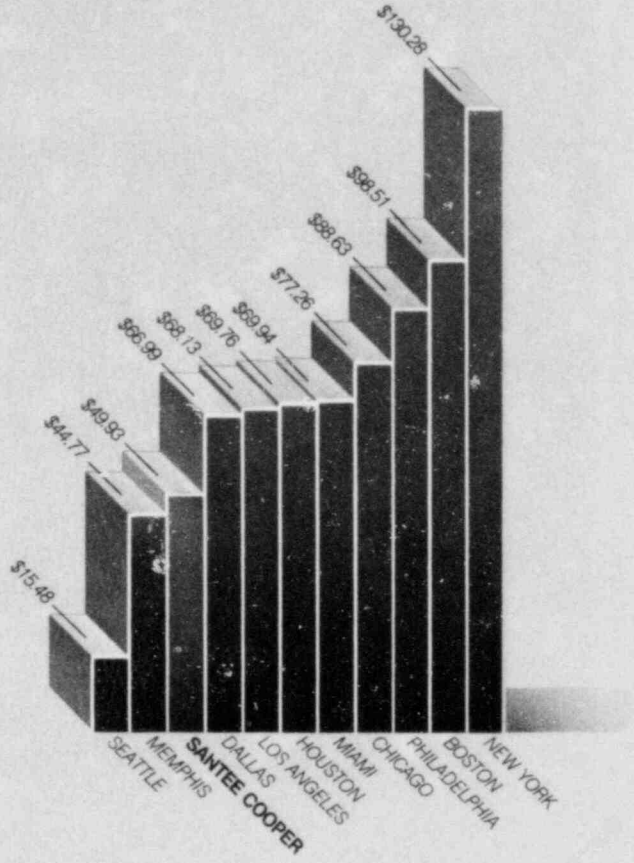
A total of 668 construction permits were issued by the Inspection and Compliance Section. Of these, 35 permits were issued for piers and docks, 23 for retaining walls, 18 for boat ramps, 4 for dredging, 350 for building and accessory buildings, and 238 for miscellaneous projects.

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

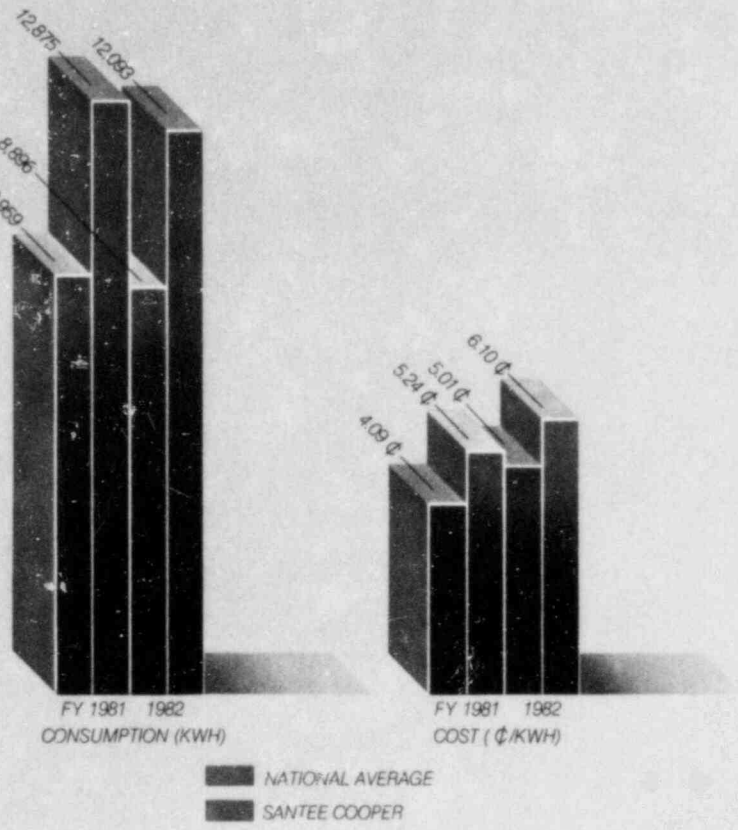
The Conway District provides power to customers in the cities of Conway and Loris and in several unincorporated communities, including Cool Springs, Bucksport, Homewood, and Red Hill. Service is also given to rural customers in an area from the North Carolina state line near Loris to the Intracoastal 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.

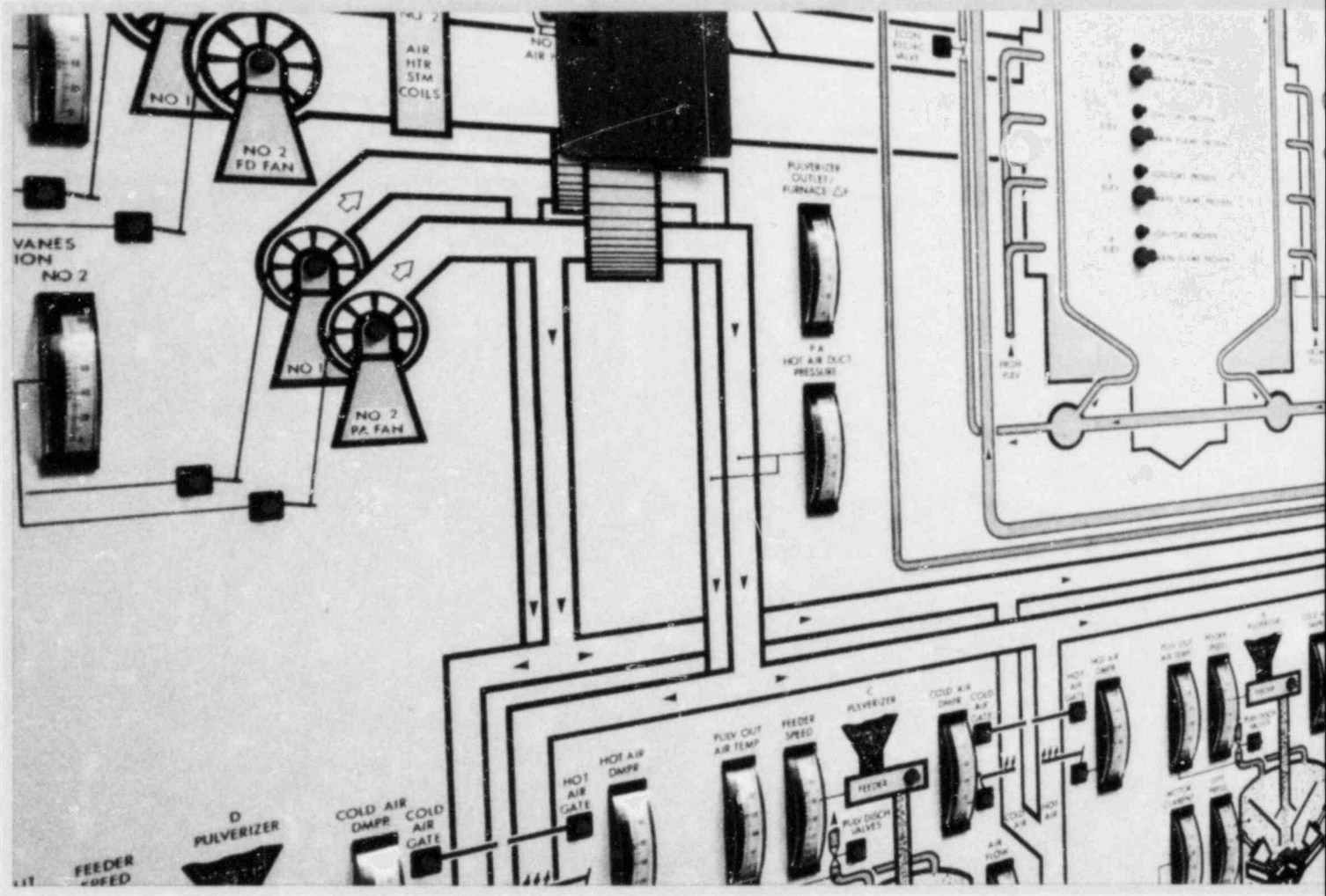
Two new substations were built, one at North Conway and one at Klondike, near Bucksport. The two new substations were fed directly from transmission lines rather than from sub-transmission lines, eliminating one step of transformation with its accompanying losses. The saving in building these substations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

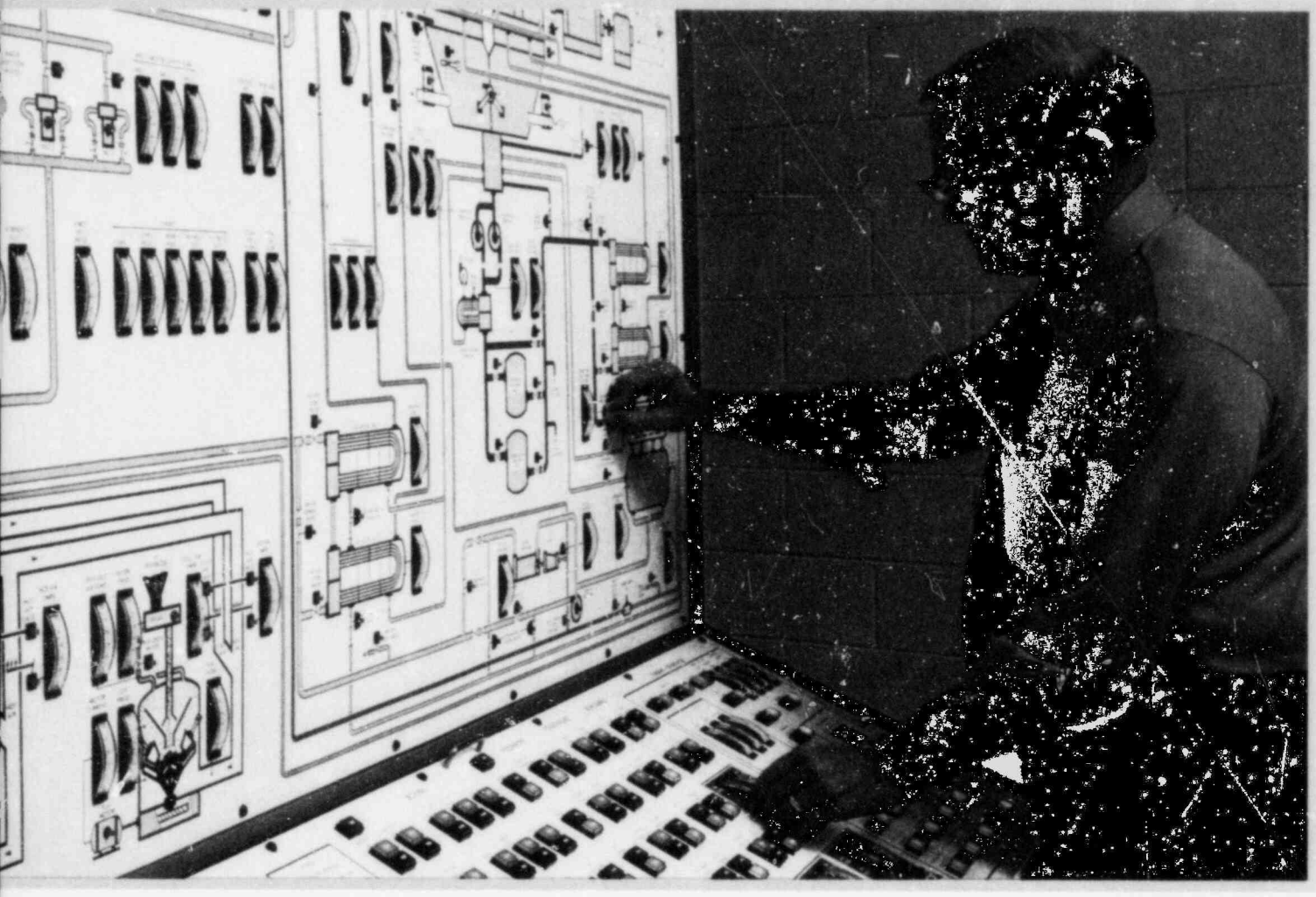
Resourcefulness is a necessity in areas such as employment, compensation, training, employee relations, and occupational health, especially during periods of rapid growth and changing conditions. The personnel function has met these challenges with proven methods and innovative programs.

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.

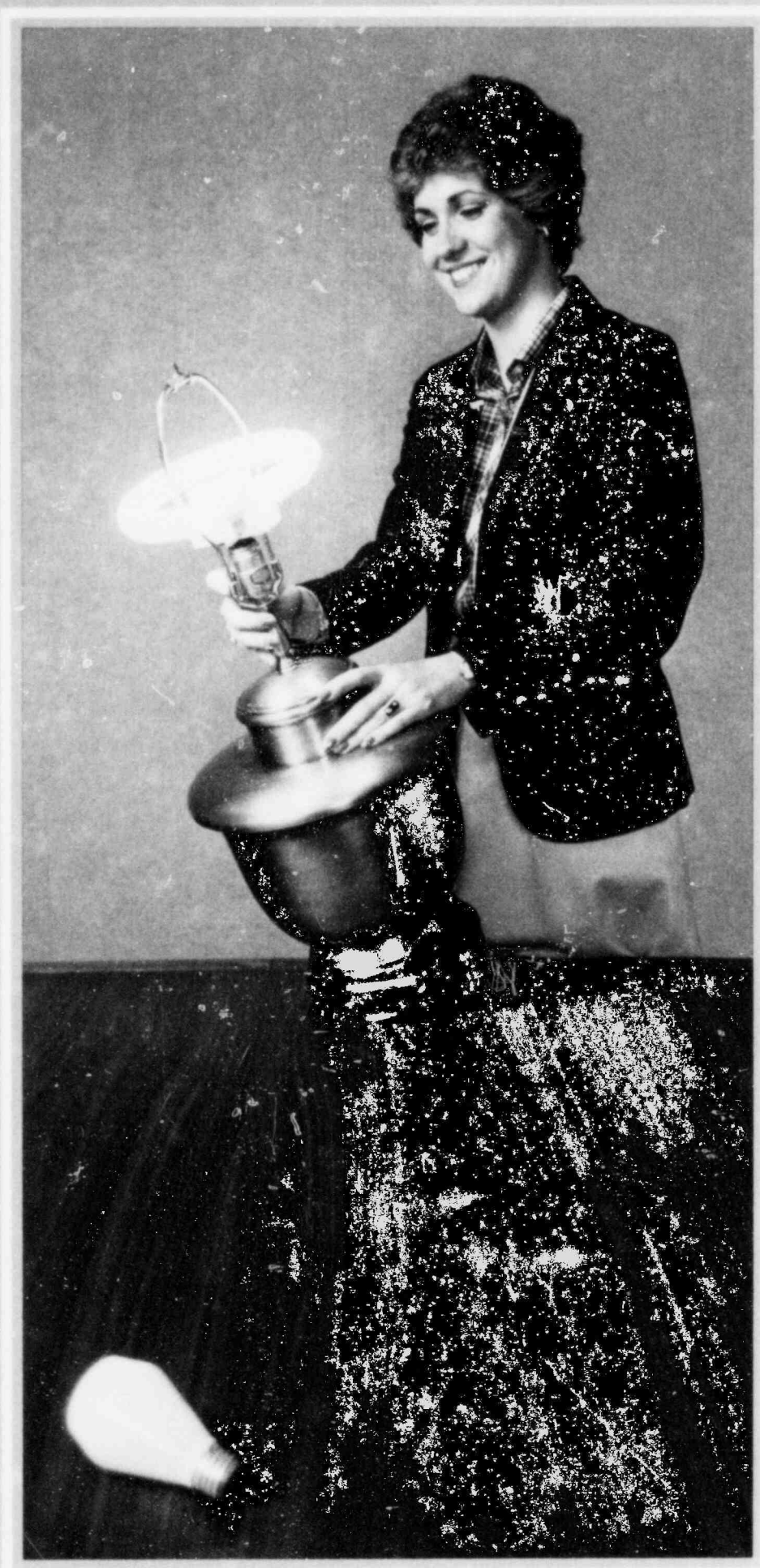
WAGE AND SALARY ADMINISTRATION - The exempt salary plan was extensively reviewed and updated with adjustments made to reflect current job responsibilities. Emphasis on "pay for performance" continued to be a trademark of this program.

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.

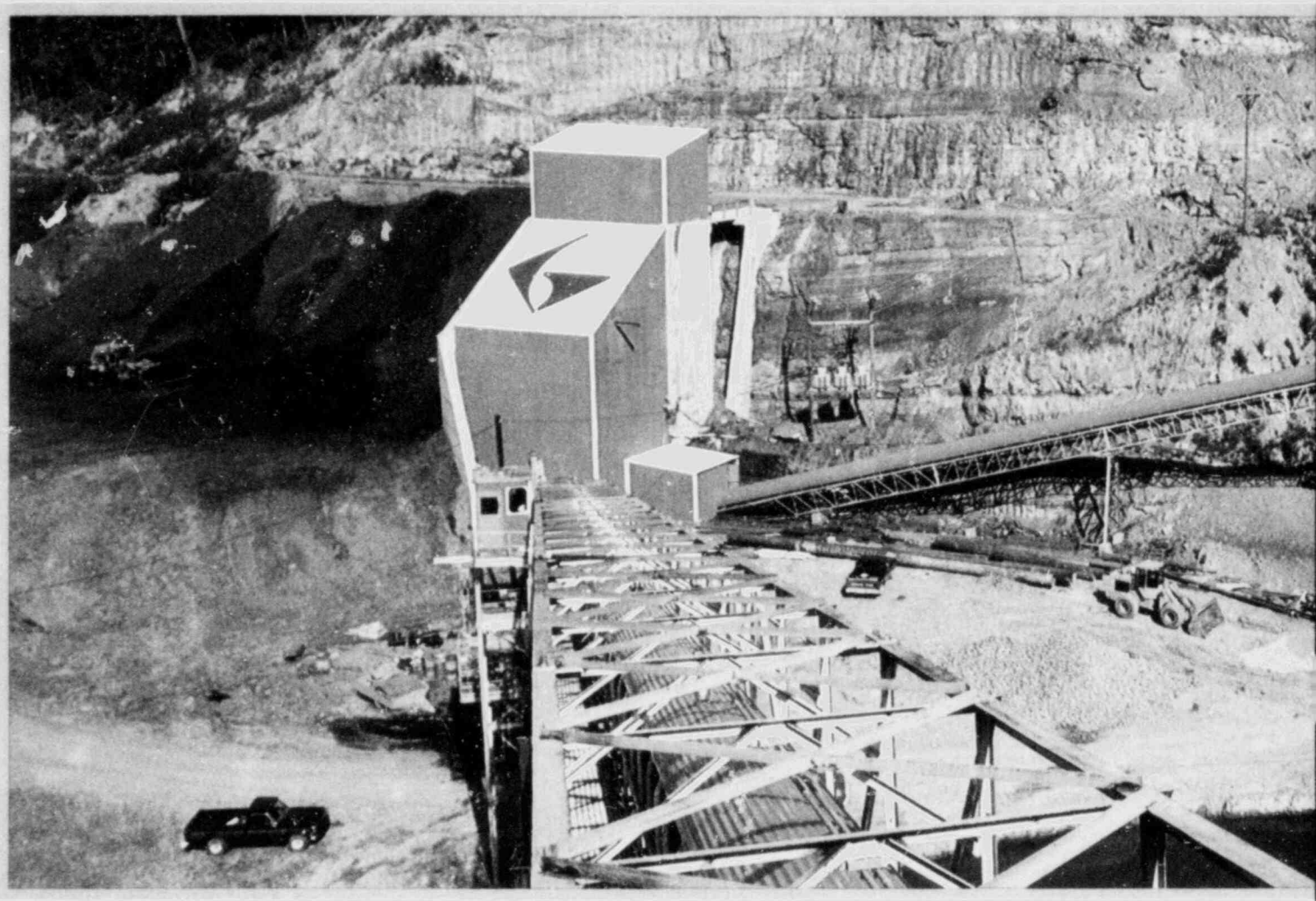
Safe Service pins were presented to 177 employees who worked for periods of up to 40 years without a disabling injury. Safe Driving Awards were presented to 155 drivers of company vehicles for driving without a preventable motor vehicle accident for periods of up to 40 years.

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



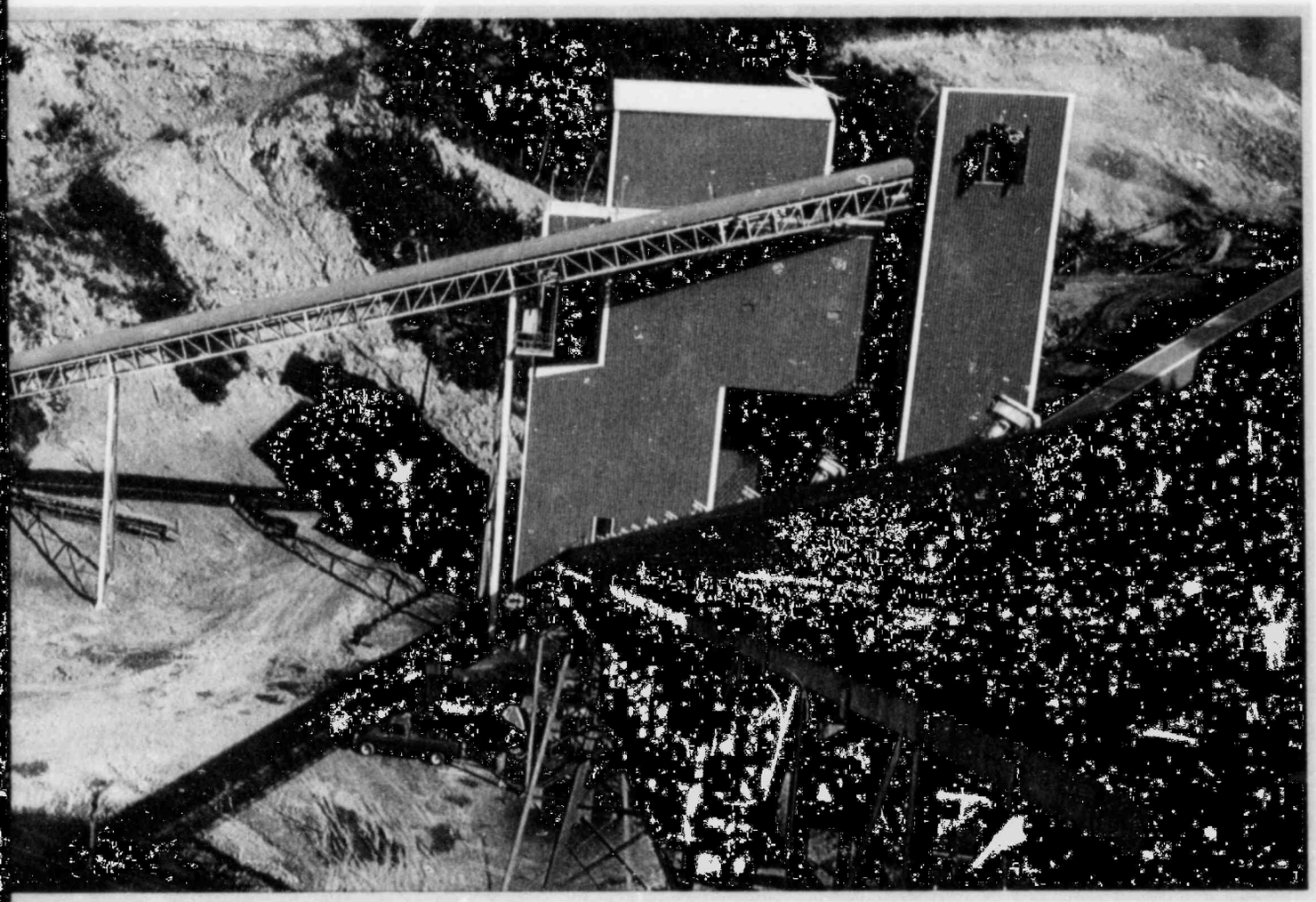
FINANCE & ACCOUNTING

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

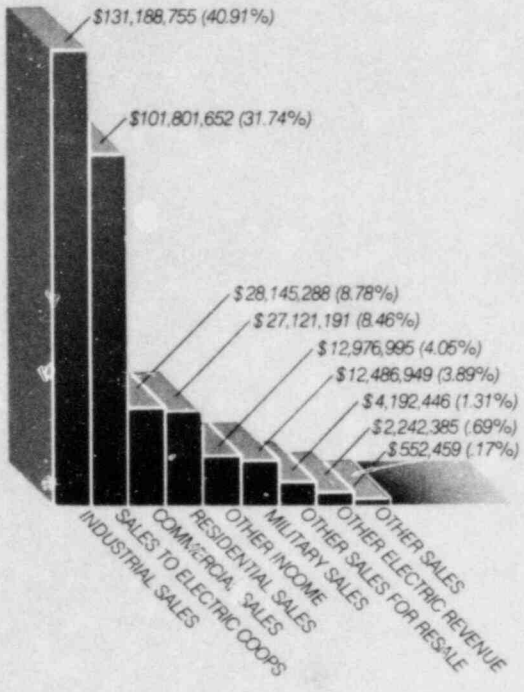
Since Santee Cooper was created in 1934, a net amount of $1,621,171,000 has been invested in its production, transmission, distribution, and general plant facilities. These capital additions have been financed through reinvested earnings, issuance of electric revenue bonds and notes, lease contracts,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

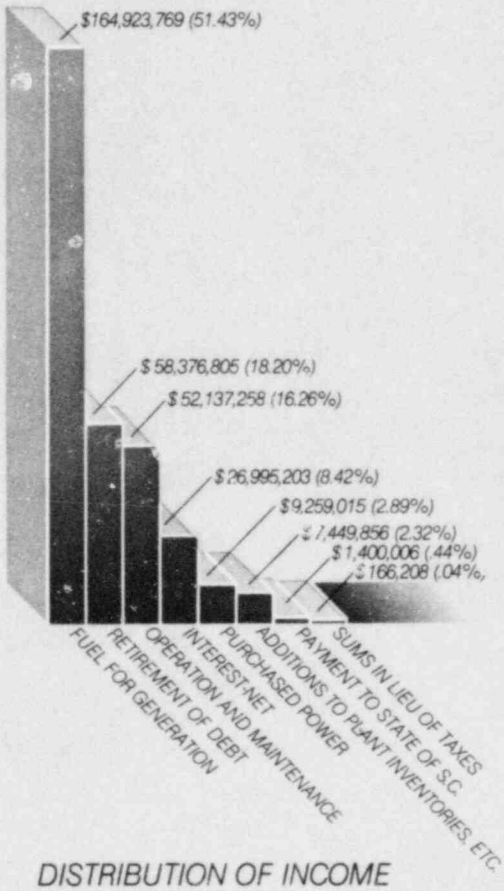
In a new working environment, Emily Brown, Supervisor, Treasury Accounting and Wayne Bridges, Supervisor, Data Center use Management Information System data terminal in assessing cash flow disbursements.

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	1,004,757	846,397
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.

SCHEDULE OF BONDS OUTSTA

As of June 30, 1982

Maturity Date July 1	1950 Issue		1967 Issue		1973 Refunding Issue		1973 Issue		1974 Is
	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate
1982	2.70	260	4.10	160*	5.00	755	5.00	920	6.00
1983	2.70	265	4.10	165*	5.00	795	5.00	970	6.00
1984	2.70	275	4.10	335*	5.00	830	5.00	1,025	6.00
1985	2.70	285	4.10	630*	5.00	875	5.20	1,075	6.00
1986	2.70	290	4.10	660*	5.00	920	5.20	1,130	6.00
1987	2.70	300	4.10	685*	5.00	965	5.20	1,185	6.00
1988	2.70	310	4.10	715*	5.00	1,010	5.20	1,250	6.00
1989	2.70	480	4.10	575*	5.00	1,060	5 1/4	1,315	6.10
1990	2.70	1,900	4.10	420*			5 1/4	1,380	6.20
1991	2.70	1,950	4.10	440*			5.30	1,455	6 1/4
1992	2.70	2,005	4.10	455*			5.40	1,530	6.30
1993	2.70	2,060	4.10	480*			5.40	1,615	6.30
1994			4.10	2,605*			5 3/4	1,700	6.40
1995			4.10	2,720*			5 3/4	1,795	6.40
1996			4.10	2,845*			5 3/4	1,900	6.40
1997			4.10	2,975*			5 3/4	2,010	6 1/2
1998			4.10	3,105*			5 3/4	2,125	6 1/2
1999			4.10	3,245*			5 3/4	2,245	6 1/2
2000			4.10	3,395*			5 3/4	2,375	6 3/4
2001			4.10	3,545*			5 3/4	2,510	6 3/4
2002			4.10	3,705*			5 3/4	2,655	6 3/4
2003			4.10	3,870*			5 3/4	2,810	6 3/4
2004			4.10	4,045*			5 3/4	2,970	6 3/4
2005			4.10	4,230*			5 3/4	3,140	6 3/4
2006			4.10	4,420*			5 3/4	3,325	6 3/4
2007							5 3/4	3,515	6 3/4
2008							5 3/4	3,715	6 3/4
2009							5 3/4	3,930	6 3/4
2010							5 3/4	4,155	6 3/4
2011							5 3/4	11,520	6 3/4
2012							5 3/4	12,180	6 3/4
2013							5 3/4	12,880	6 3/4
2014									6 3/4
2015									
2016									
2017									
2018									
2019									
2020									
2021									
2022									
Total Outstanding	10,380		50,425		7,210		98,305		10
Bonds Redeemed to 6-30-82	4,920		1,175		4,840		1,695		
Original Issue	15,300		51,600		12,050		100,000		10

*Term Bonds

**The Subtotal of Priority Obligations and Expansion Bonds (page 47) includes $1,048,527 for the AB Loan which is not included

DING

(In Thousands)

1977 Refunding Issue		1977 Issue		1978 Issue		1979A Issue		1980A Issue	
Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.
4.15	2,500	4.00	420	4.30	200	5.40	70	8 1/2	135
4.30	2,595	4.10	410	4.40	895	5.40	575	8.60	145
4.45	2,710	4.20	435	4 1/2	780	5.40	955	8.60	680
4.60	2,835	4.30	445	4.60	-0	5.45	985	8.70	740
4 3/4	2,975	4.40	470	4.70	1,015	5 1/2	1,025	8.80	800
4.90	3,120	4 1/2	490	4.80	1,070	5.55	1,065	8.90	875
5.00	3,280	4.60	515	4.90	1,125	5.60	1,105	9.00	950
5.10	3,450	4.70	540	5.00	1,200	5.70	1,150	9.10	1,035
5.20	3,620	4.80	570	5.05	1,155	5 3/4	1,195	9.20	1,130
5.30	3,830	4.90	590	5.10	1,220	5.85	1,240	9 1/4	1,235
5.40	4,035	5.00	625	5.15	1,285	5.90	1,300	9.30	1,350
5 1/2	4,260	5.10	660	5.20	1,355	5.95	1,360	9.40	1,475
5.60	4,480	5.20	720	5 1/4	1,440	6.00	1,425	9.45	1,615
5.65	4,710	5.30	785	5.30	1,515	6.05	1,490	9 1/2	1,765
5.70	4,995	5.40	830	5.35	1,585	6.10	1,565	9.80	1,930*
5.70	5,265	5.45	890	5.40	1,670	6.20	1,645	9.80	2,120*
5 7/8	5,590*	5 1/2	935	5.40	1,760	6.30	1,725	9.80	2,330*
5 7/8	5,915*	5 1/2	1,005	5.70	1,850*	6.35	1,815	9.80	2,560*
5 7/8	6,275*	5.55	1,065	5.70	1,940*	6.40	1,915	9.80	2,810*
5 7/8	6,665*	5.60	1,130	5.70	2,045*	6.45	2,025	9.80	3,085*
5 7/8	7,050*	5.60	1,220	5.70	2,145*	6 1/2	2,135	9.80	3,385*
6.00	7,490*	5 3/4	1,295*	5.70	2,260*	6 1/2	2,260	10 1/8	3,720*
6.00	7,950*	5 3/4	1,380*	5.70	2,380*	6 3/4	2,390*	10 1/8	4,095*
6.00	8,450*	5 3/4	1,460*	5.70	2,500*	6 3/4	2,540*	10 1/8	4,510*
6.00	8,970*	5 3/4	1,570*	5.70	2,630*	6 3/4	2,695*	10 1/8	4,965*
6.00	9,400*	5 3/4	1,795*	5.70	7,385*	6 3/4	2,865*	10 1/8	5,470*
6.00	9,950*	5 3/4	1,945*	5.70	7,845*	6 3/4	3,010*	10 1/8	6,025*
6.00	10,565*	5 3/4	2,080*	5 7/8	8,330*	6 3/4	3,160*	10 1/8	6,635*
6.00	11,210*	5 3/4	2,225*	5 7/8	8,845*	6 7/8	3,335*	10 1/8	7,305*
6.00	4,980*	5 3/4	2,180*	5 7/8	9,390*	6 7/8	3,525*		
6.00	5,315*	5 3/4	2,300*	5 7/8	9,980*	6 7/8	3,720*		
6.00	5,625*	5 3/4	2,500*	5 7/8	10,590*	6 7/8	3,925*		
6.00	6,010*	5 3/4	2,640*	5 7/8	11,250*	6 7/8	4,140*		
6.00	9,515*	5 3/4	21,065*	5 7/8	11,950*	6 7/8	4,370*		
6.00	11,285*	5 3/4	21,235*	5 7/8	12,555*	6 7/8	4,610*		
		5 3/4	34,580*	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		
	206,870		115,000		199,900		109,865		74,875
	8,280		-0-		100		135		125
	215,150		115,000		200,000		110,000		75,000

s schedule.

1981A Issue		1981B Issue		1981C Issue		1982A Issue		1982B Issue		Total Principal Maturities	Accruing Interest	Total Debt Service
Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.	Int. Rate	Amt.			
										6,305	115,945	122,250
										7,795	154,577	162,372
										9,060	152,447	161,507
/2	555									10,500	151,988	162,488
5	615			10 1/2	710	9 1/2	1,375	9 1/2	565	13,720	151,435	165,155
0	680			10 3/4	785	10.00	1,465	10.00	655	14,590	150,583	165,173
0	760			11.00	865	10 1/2	1,595	10 1/4	740	15,545	149,649	165,194
5	845			11 1/4	965	11.00	1,735	10 1/2	835	16,590	148,623	165,213
0	940			11 1/2	1,070	11 1/2	1,905	10 3/4	940	17,730	147,501	165,231
5	1,050			11 3/4	1,185	11 3/4	2,105	11.00	1,060	18,950	146,299	165,249
0	1,165			12.00	1,315	12.00	2,335	11 1/4	1,195	20,290	144,979	165,269
/4	1,295			12 1/4	1,470	12.30	2,590	11.60	1,345	21,760	143,524	165,284
0	1,435			12 1/2	1,635	12.60	2,895	11.90	1,515	23,375	141,923	165,298
0	1,600	11.00	3,090	13 1/4	1,875			12.10	1,815	25,195	140,117	165,312
5	1,775	11.10	4,000	13 1/4	1,530			12.20	2,040	27,150	138,174	165,324
0	1,970	11.20	4,220	13 1/4	1,925			12.30	2,295	29,280	136,053	165,333
/4	2,190*	11.30	4,590	13 1/4	2,250			12 3/4	85*	29,120	133,725	162,845
/4	2,430*	11.40	5,090	13 1/4	2,545			12 3/4	95*	31,385	131,464	162,849
/4	2,700*	11 1/2	12,010							37,235	128,992	166,227
/4	2,995*			13 1/4	9,875*			12 3/4	100*	36,895	125,950	162,845
/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
1/4	1,300*	9 1/4	8,520*			14 1/8	985*	13.00	1,800*	49,550	92,171	141,721
1/4	1,430*	9 1/4	9,310*			14 1/8	1,115*	13.00	2,040*	53,085	88,635	141,720
1/4	1,580*	9 1/4	10,170*			14 1/8	1,260*	13.00	2,320*	56,895	84,826	141,721
1/4	1,745*	12.00	1,195*	10.00	9,365*	14 1/8	1,965*	13.00	2,625*	60,995	80,722	141,717
/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
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
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
/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
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
1/4	23,500*	12.00	46,585*	13 3/4	14,270*	14 1/8	8,980*	13.00	5,830*	99,155	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	12,467	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)	3,009	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	17,811	17,572	17,506	16,956	16,670	15,495	14,381	13,075	10,690	9,687
Wholesale	3,351,328	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	8,369,478	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 above-mentioned 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	2,966,953	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

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

Liabilities	**1982**	1981
Long-Term Debt (Note 4):		
Priority obligations	**$ 49,063,527**	$ 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 the Years Ended December 31

	1982	1981
Accumulated earnings reinvested in the business — beginning of period	**$130,917,600**	$111,159,624
Reinvested earnings for the period	**38,610,051**	21,048,272
Total	**169,527,651**	132,207,896
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

	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

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.

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.

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	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**	108,200,000
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 — Lease Obligations

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.

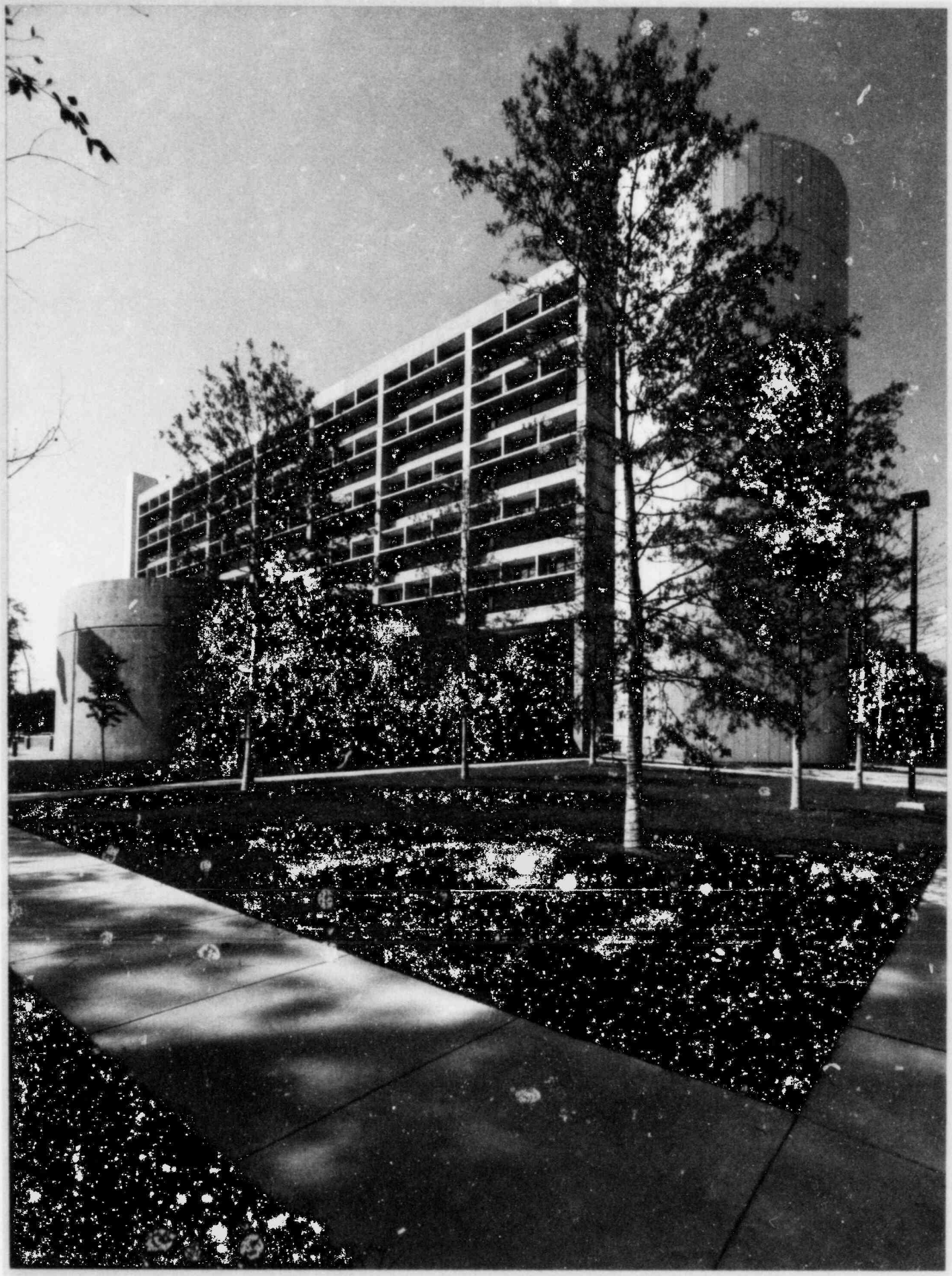
During 1982 the Federal Energy Regulatory Commission (FERC) notified the Authority that the West Pinopolis Dam and the North Santee Dam, which form a part of the Authority's electric utility system, possessed marginal seismic stability under applicable design earthquake criteria. FERC indicated that 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

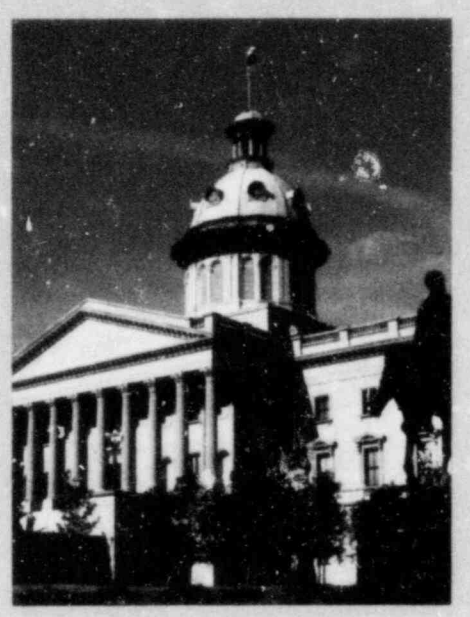
Sales to the two major customers, Central Electric Power Cooperative, Inc., and Alumax of South Carolina, Inc., were $101,801,652 and $78,963,489 respectively, and $87,528,539 and $50,840,814, respectively, for the years ended June 30, 1982, and 1981.

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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