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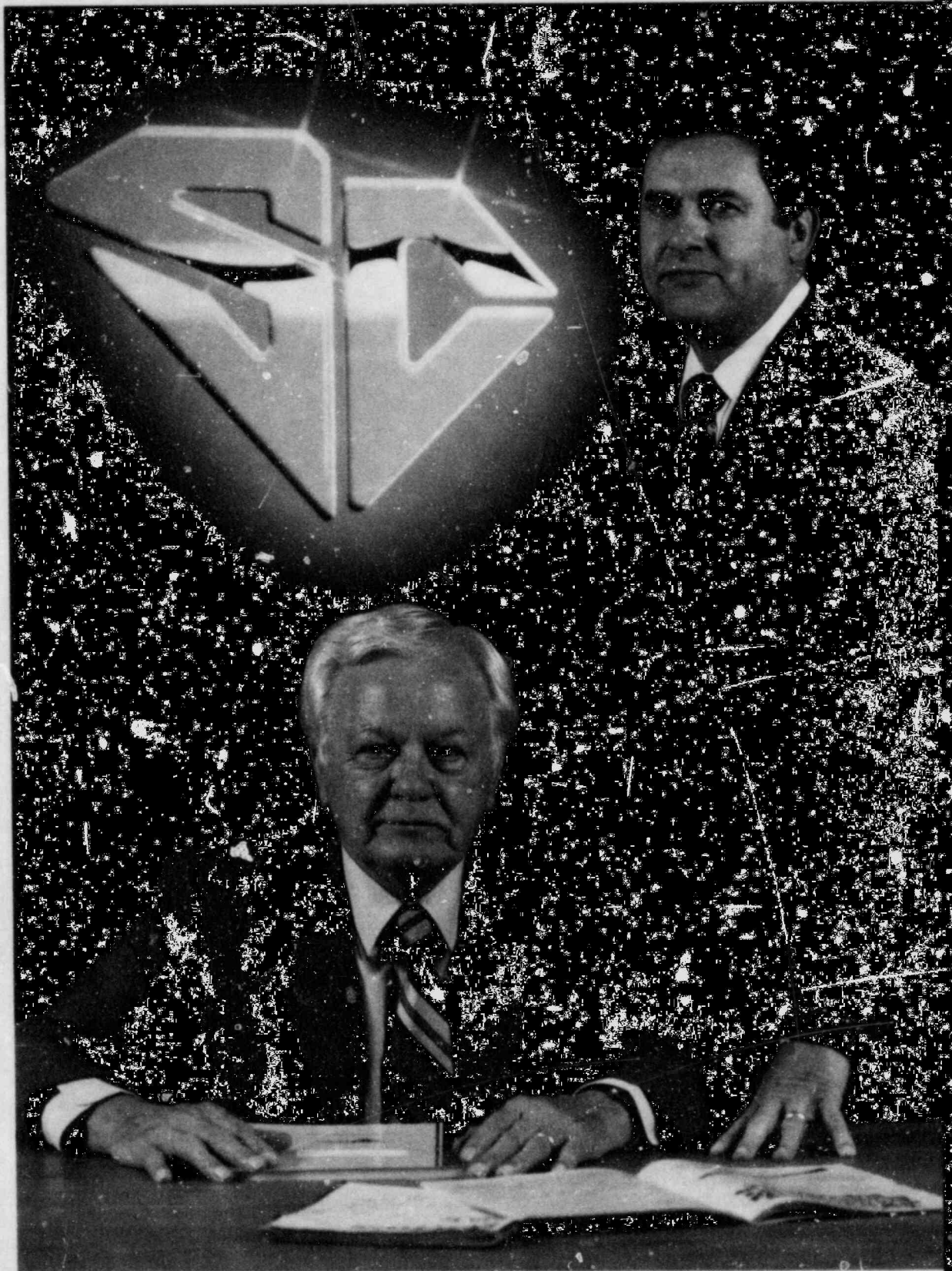
COVER

The electric light bulb is a universal symbol for service provided by utilities to their customers. It is also used by the American Public Power Association to recognize member utilities for their innovative accomplishments. Santee Cooper was honored this year by APPA as one of the most innovative utilities in the nation. Many of those accomplishments are noted in this report.



COMPARATIVE HIGHLIGHTS

| <i>Fiscal Year</i> | 1983 | 1982 | % Change |
|--|-------------------|-------------------|----------|
| Retail Customers Served | 61,169 | 56,694 | 7.9 |
| Average Annual Residential Consumption (kilowatthours) | 11,708 | 12,093 | (3.2) |
| Average Residential Cost (per kilowatthour) | 5.02 ^c | 5.01 ^c | 0.2 |
| Operating Revenue | \$322,708,318 | \$307,731,125 | 4.9 |
| Gross Income | \$337,767,973 | \$320,708,120 | 5.3 |
| Electric Operating Expenses | \$252,863,315 | \$253,419,898 | (0.2) |
| Gross Expenses | \$301,607,274 | \$282,098,069 | 6.9 |
| Energy Sales (million kilowatthours) | 8,912 | 8,880 | 0.4 |
| Bulk Energy Sales to Other Utilities (megawatthours) | 126,602 | 162,524 | (22.1) |
| Territorial Peak Demand (megawatts) | 1,676 | 1,754 | (4.4) |
| <i>Calendar Year</i> | 82 | 81 | % Change |
| Territorial Peak Demand (megawatts) | 1,685 | 1,754 | (3.9) |



Robert S. Davis

William C. Mescher

MESSAGE OF CHAIRMAN
AND PRESIDENT

Santee Cooper's ability to make timely and cost effective adjustments to our long-range plans proved especially advantageous to the organization this year as we successfully managed the construction and work force expansion necessary to serve a system load which has doubled since 1975.

Bringing the Summer Nuclear unit on line in FY 83 and the Cross coal-fired unit in FY 84 completes a construction schedule that has added a unit per year for the past seven years. Projections indicate additional generating capacity won't be needed until 1991 which will allow our staying out of the new money market until about 1987. During this period, all other construction can be financed by internally generated funds.

The favorable status of our company after these last few years of growth in a depressed economy is attributable, we believe, to our long-standing policy of attempting to balance the needs and aspirations of those individuals and groups personally involved with our operation. Four are of particular interest: our customers, our employees, our bondholders, and our owners — the people of South Carolina.

Our customers want quality service at reasonable rates. Our employees desire job security and equitable compensation for their efforts. Our bondholders require assurances their investments are well protected and the organization is financially sound. And our owners demand a prudently managed operation dedicated to the causes for which Santee Cooper was created.

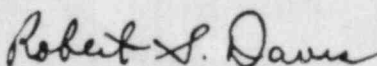
Successfully reconciling those sometimes conflicting needs and aspirations has required innovation, dedication, and constant attention to changing economic conditions and operational requirements.

Our electric rates continue to be the lowest in the state and among the lowest in the country. Our employee morale and productivity are high as we successfully attract, train, and maintain a capable professional workforce. Our bond ratings remain strong and our securities trade well in the market at values at or above those of comparable ratings. And the location in our service territory of three seaports, excellent rail and highway facilities, plus available land and labor continues to attract economic development resulting in a good mix of industrial, commercial, and residential customers.

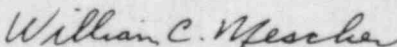
The operational results shown in this report indicate we have been particularly successful in meeting those conflicting goals during the last few years of rapid change.

By any measure or comparison, the company is strong, vigorous, and capable of handling any foreseeable challenge.

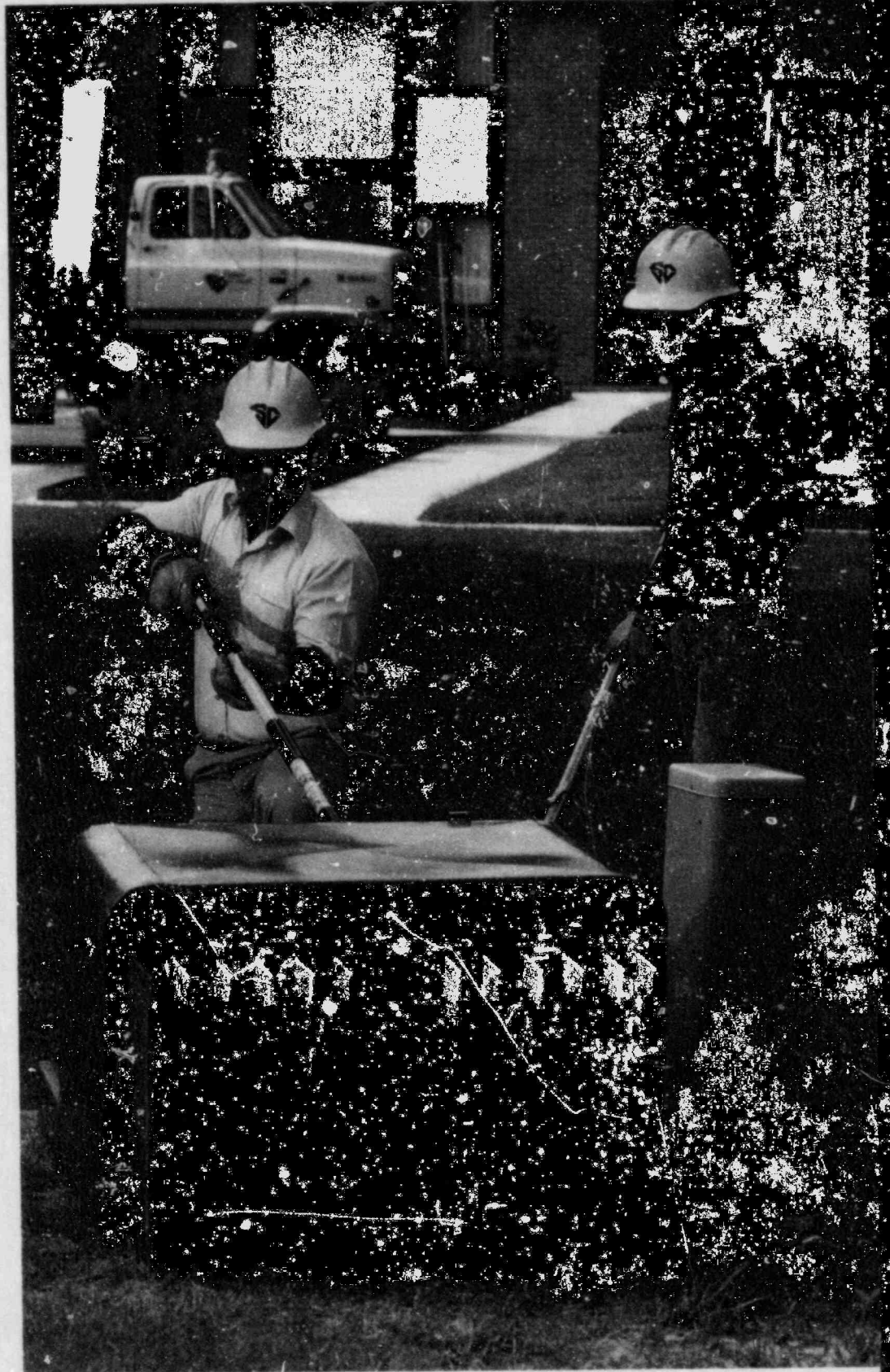
We believe the company is in an exceptionally good position, but we know there will be opportunities in the near future to make further improvements. We are committed to search for and take advantage of these opportunities for the betterment of Santee Cooper.



Robert S. Davis
Chairman



William C. Mescher
President



Condominiums, apartments, and other multi-family dwellings continued to be constructed throughout Santee Cooper's Service territory at a pre-recession rate. Most of that service is being provided underground.

ENERGY SALES

At the end of the fiscal year, Santee Cooper was providing electrical service to 61,138 residential, commercial, and other retail customers, an increase of 4,475, or 7.9 percent over the previous year. Of this increase, 3,945 customers were residential and 454 were commercial. The overall growth rate in new customers was 31.7 percent greater than the 6.0 percent growth rate the previous year.

Sales to these retail customers were 1,175,889 megawatthours of electricity, up 4.2 percent over the previous year. This compares to last year's growth in energy sales of only 2.3 percent, and represents an 82.6 percent improvement in the growth rate.

These are all indications of the beginning of a strong economic recovery, particularly throughout the tourist and resort areas which make up the majority of Santee Cooper's retail market.

The average annual consumption of electricity by Santee Cooper residential customers declined again for the second consecutive year to 11,708 kilowatthours, 3.2 percent less than the previous year but still 36.6 percent greater than the national average.

The average cost per kilowatthour for Santee Cooper residential customers was 5.02 cents, less than two-tenths of 1 percent higher than the previous year, but 24.3 percent lower than the national average.

The average cost of power for Santee Cooper commercial customers declined 2.0 percent, from 4.9 cents per kilowatthour in 1982 to 4.8 cents this year. Load management programs introduced by large hotel and other commercial customers were primarily responsible for this economy.

Industrial sales were 3,940 gigawatthours, down 2.7 percent from the previous year. This reduced consumption resulted primarily from manufacturing slowdowns, still lagging in economic recovery, and a shut-down by Macalloy, Inc. of Charleston, one of Santee Cooper's largest industrial customers. The average cost of power to industrial customers was 3.1 cents per kilowatthour, compared to 3.2 cents per kilowatthour the previous year, a reduction of 3.1 percent.

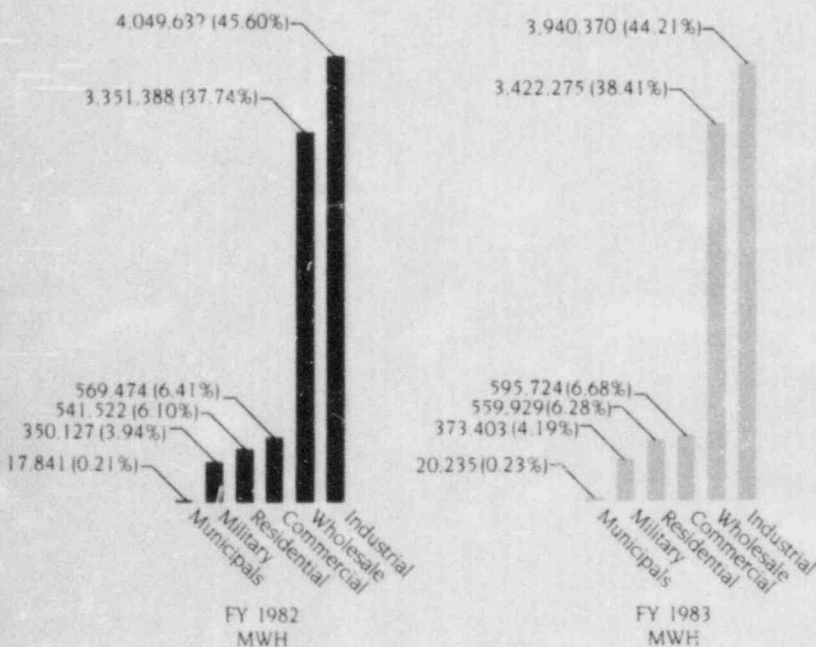
Service to one major new industry — Airco Carbon in Ridgeville — began toward the end of the year. Two other major industries — Airco

Inc. in Aiken, and National Welders in Calhoun County, both air separation plants, were nearing completion. Altogether, these three plants will add 40 megawatts to Santee Cooper's industrial load.

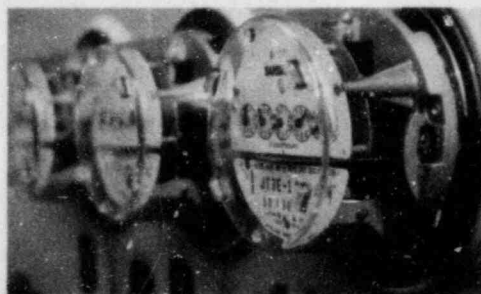
Sales to U.S. Air Force Bases at Charleston and Myrtle Beach and to the Charleston Naval Station increased 6.6 percent, from 350,127 megawatthours to 373,403 megawatthours.

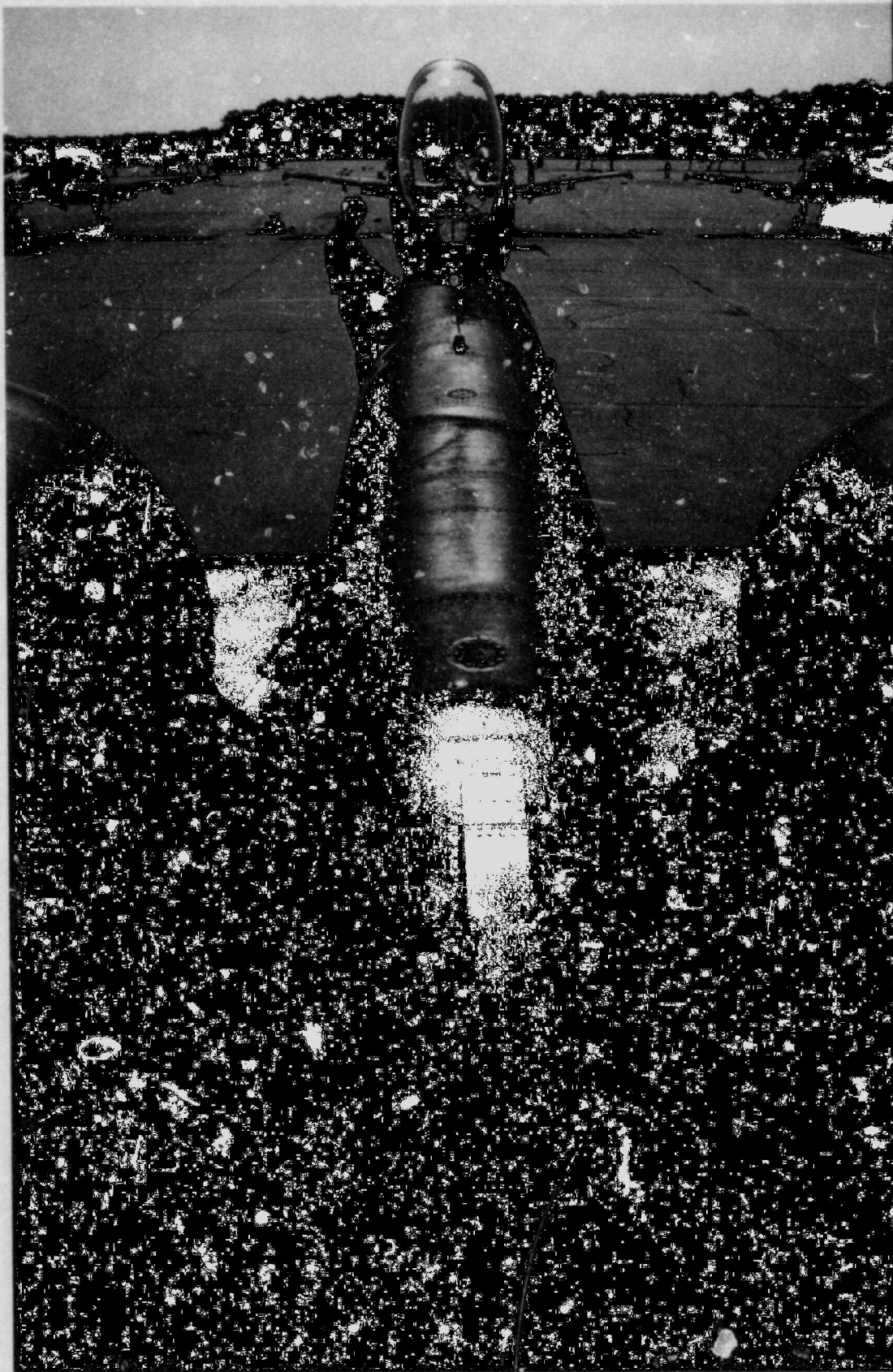
Sales to 15 electric cooperatives through Central Electric Power Cooperative, Inc., and to the municipalities of Bamberg and Georgetown increased 2.1 percent, to 3,422 gigawatthours. This compared to a 3.4 percent decrease experienced the previous year. The electric cooperatives distribute Santee Cooper power to about 300,000 customers in 35 counties of the state.

Overall, Santee Cooper saw total energy sales rise only 0.4 percent, total growth being held back primarily by the slower industrial recovery. The cost of power to Santee Cooper customers in every class, however, remained the lowest in the state and among the 5 lowest for large utilities nationwide.



ENERGY SALES CHART





MONCK'S CORNER DISTRICT

The Moncks Corner District provides electric service to Berkeley County customers in the municipalities of Moncks Corner and St. Stephen and the unincorporated areas of Pinopolis and Bonneau Beach. The number of customers increased 2.71 percent in 1983, to a total of 4,507.

A new Westside Substation was completed with four underground feeder circuits which will serve the western half of Moncks Corner at 12,000 volts. Also, two new feeder circuits were constructed and one existing circuit was re-conducted during the year.

MYRTLE BEACH DISTRICT

The Myrtle Beach District lies along the Grand Strand, stretching from the North Carolina state line to the city of Georgetown and generally extending from the Atlantic Ocean inland to the Intracoastal Waterway.

Customers are served in the municipalities of Myrtle Beach, North Myrtle Beach, Surfside Beach, Atlantic Beach, and Briarcliffe Acres. Also, Garden City, Waccamaw Neck, and the other unincorporated areas of

Horry and Georgetown counties along the Grand Strand are included in the Myrtle Beach District.

Approximately 48,000 customers are served throughout the district, an increase in 1983 of 9 percent. More than 10,000 residential housing units now in various stages of construction are more evidence that the beach continues to "boom" economically and an indication that the annual rate of growth for commercial and residential development will be even higher during the next few years. The majority of the new residential construction is condominium and resort time-sharing developments.

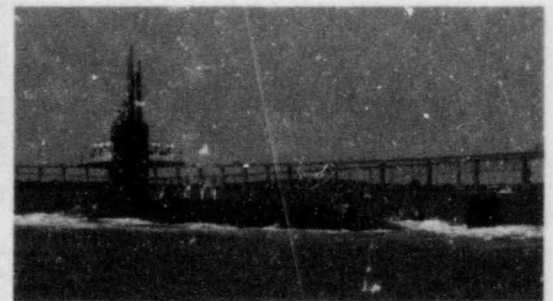
Energy consumption along the Grand Strand is approaching 1 billion kilowatthours annually, with a peak demand of 300,000 kilowatts, and in-

creasing at an annual rate of approximately 11 percent.

New substations were energized at Murrells Inlet, Litchfield, and Pawley's Island. The installation of these stations and the conversion of the transmission voltage in this area from 34,560 to 115,000 greatly improved the quality of service to customers in this rapidly developing portion of the district.

A new office and warehouse will be constructed at North Myrtle Beach within two years to serve the more than 10,000 customers located there. An automotive garage and a technical services building will be constructed next year adjacent to the Myrtle Beach Service Center.

With the booming economy along the Grand Strand, the Myrtle Beach District is adding employees and facilities to provide increased services. During the past year a public affairs specialist and a personnel representative were assigned. Next year the automotive garage and two additional technical sections will be staffed.



Santee Cooper plays an important role in national defense in South Carolina, providing electric power to three major military installations — Myrtle Beach Air Force Base, Charleston Air Force Base, and Charleston Navy Base.



A new envelope billing format was introduced to replace a post card billing system used for more than 40 years. It provides more information about the customer's account and energy use and includes a return envelope to make payments more convenient.

CONWAY DISTRICT

The Conway District includes the inland portion of Horry County west of the Intracoastal Waterway. The cities of Conway and Loris and the unincorporated communities of Bucksport, Cool Springs, Allsbrook, Red Hill, and Gurley are provided service in this district, which extends from the North Carolina state line near Loris to the Waccamaw River near Bucksport.

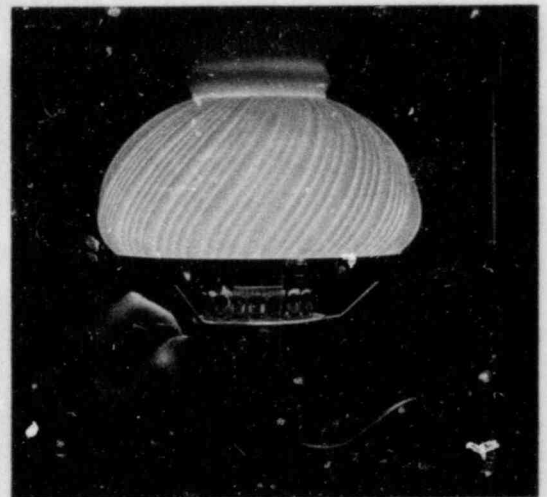
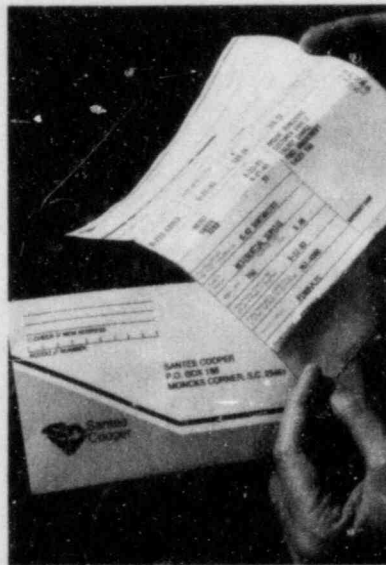
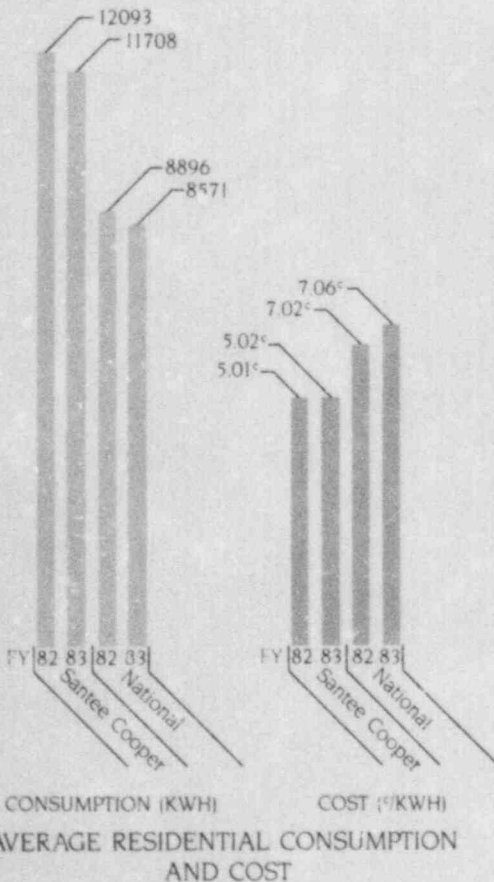
During the past year the commercial growth centered mainly around the cities of Conway and Loris, while residential growth occurred throughout the district.

Small industries were added to the system in the Red Hill and Clear Pond areas. Two of the larger industries included Conbraco on Highway 501 between Conway and Myrtle Beach, and Escod at Loris.

The number of customers increased 4.3 percent to 8,817, while the sale of energy increased 5.4 percent.

The district is beginning to experience the effects of condominium and apartment growth with construction in the Red Hill area.

To serve the additional growth in the Conway District, two 115,000 volt to 12,000 volt substations were completed, one located at Klondike near Bucksport and the other on the northern perimeter of the city of Conway.







SPECIAL FEATURE

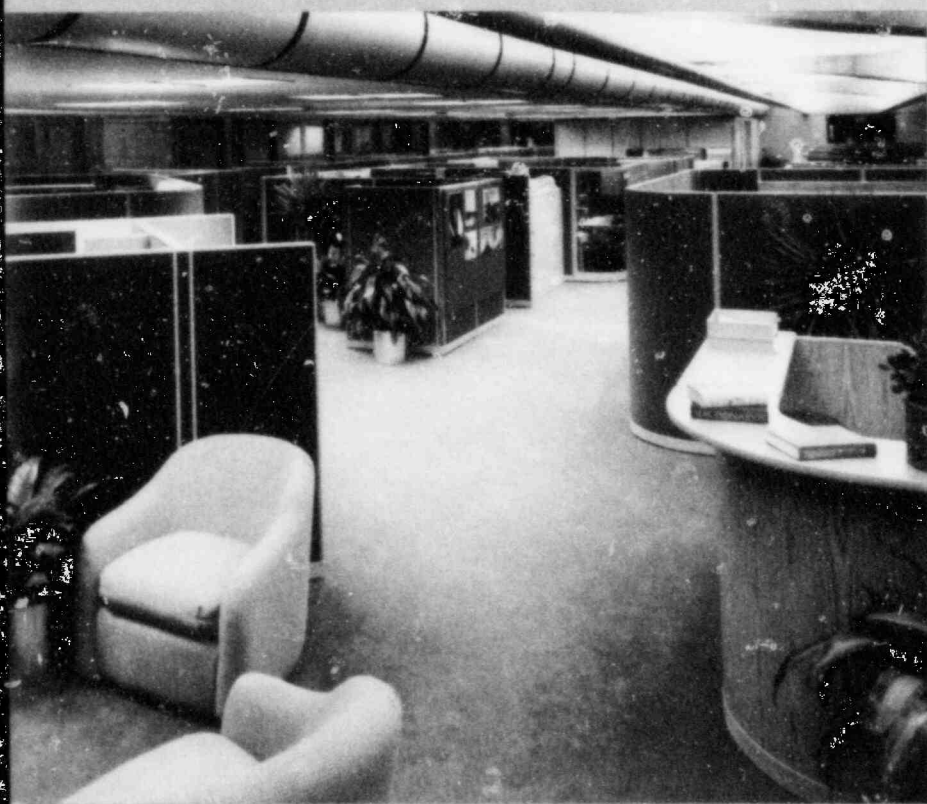
Energy - Saving Features Highlight New Santee Cooper Complex.

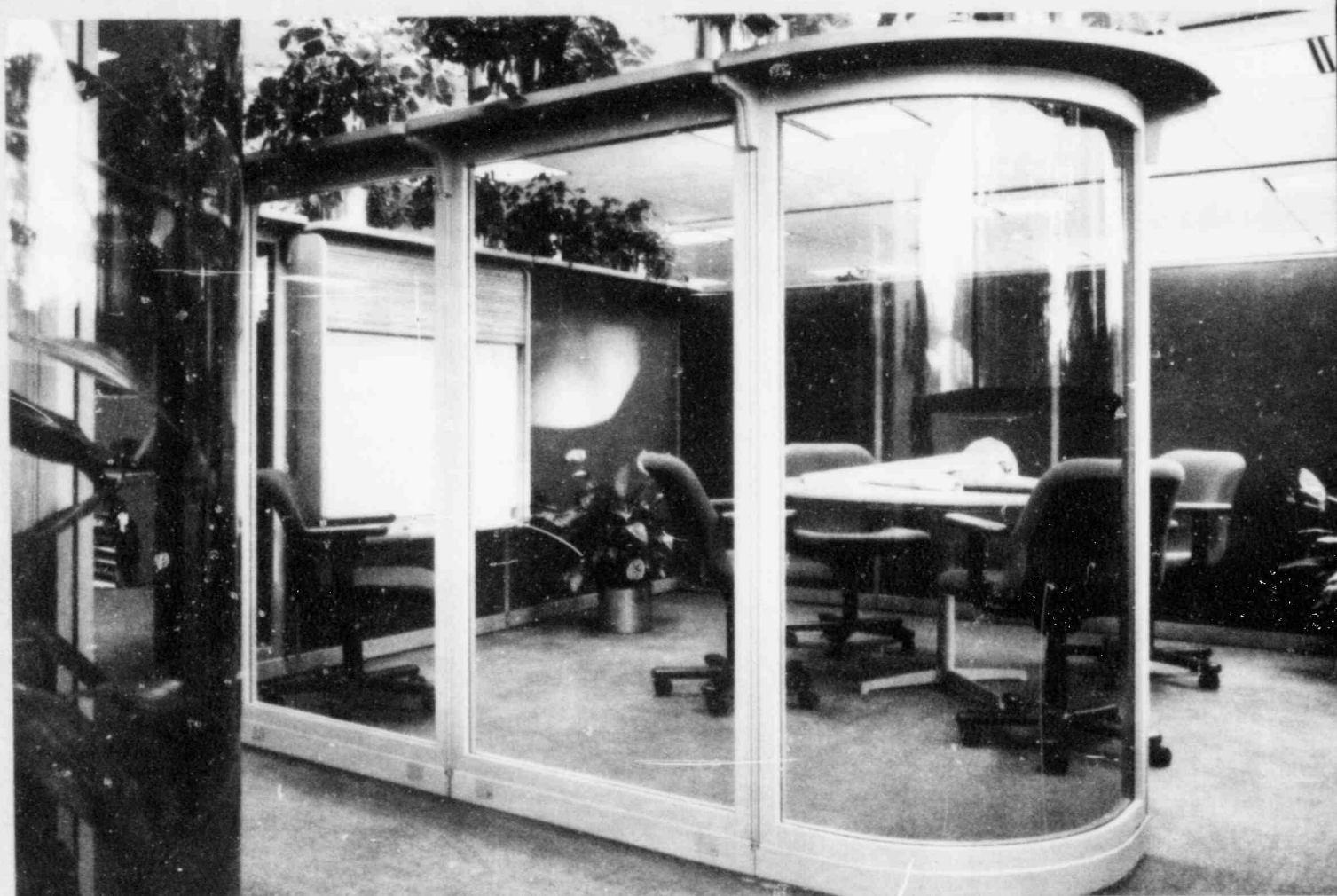
Innovation became part of the working environment for many Santee Cooper employees as they moved into their new operating center complex in July, 1982. The energy-efficient, flexible facility is the result of a state-of-the-art design by the Charleston architecture firm of Lucas, Stubbs, Pascullis, Powell and Penney Ltd. (LS3P).

The new complex uses substantially less energy per square-foot than Department of Energy standards. Instead of the average of 60,000 BTU's per square-foot per year, the Santee Cooper complex uses 39,000. In addition, the facility's design includes many other cost-efficient features, such as the flexible design of the main office building's interior space.

The seven-story, 103,000 square-foot office building was constructed along the east-west axis of the sun, minimizing direct thermal heat and allowing maximum natural light to enter the interior spaces. Throughout the day, natural light fills almost all of the interior, thus reducing artificial light requirements. Also, the narrow shape of the 60-foot wide building minimizes heat buildup in the central core of the space, which reduces cooling needs.

By using natural lighting to the fullest extent, artificial lighting is used sparingly, thus saving energy and reducing heat gain when it is not desired. As natural light levels increase or decrease in intensity, the artificial lighting is adjusted gradually to maintain the desired level of illumination. The system allows the building to maintain adequate light levels using approximately 2 watts of power per square-foot, well below the national average.





One of the more innovative and complex elements of the building design for Santee Cooper facilities is the computer-operated heating and air conditioning system which directs chilled or heated air throughout the building by demand within dedicated zones. A memory circuit anticipates start and stop signals by incorporating historical weather data and specific environmental conditions within various parts of the building.

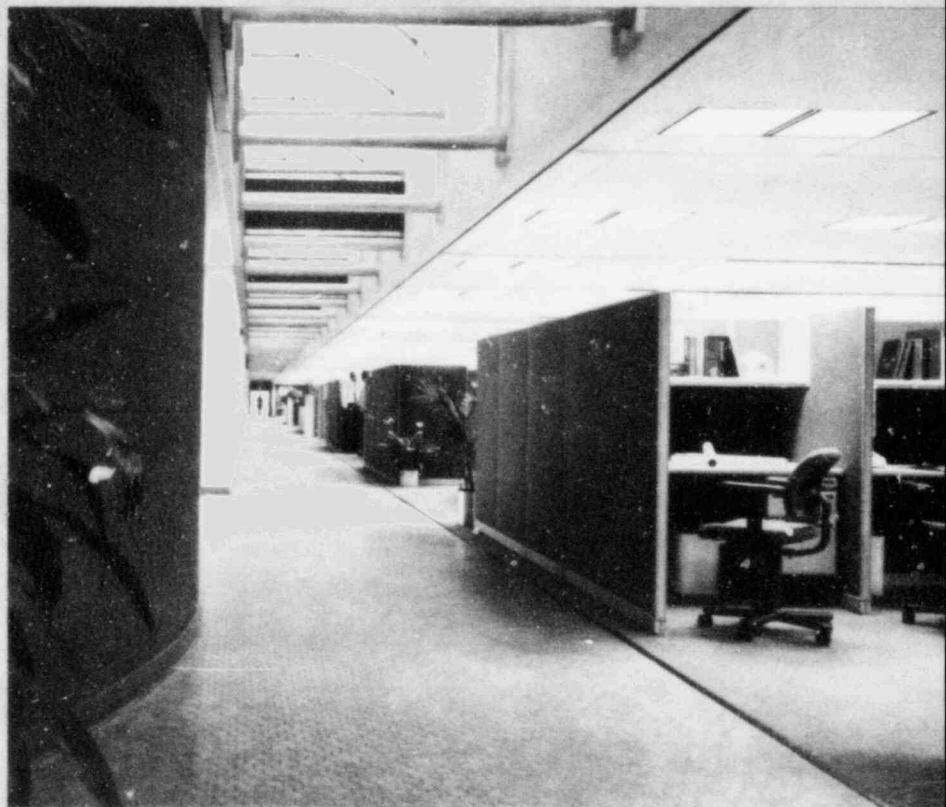
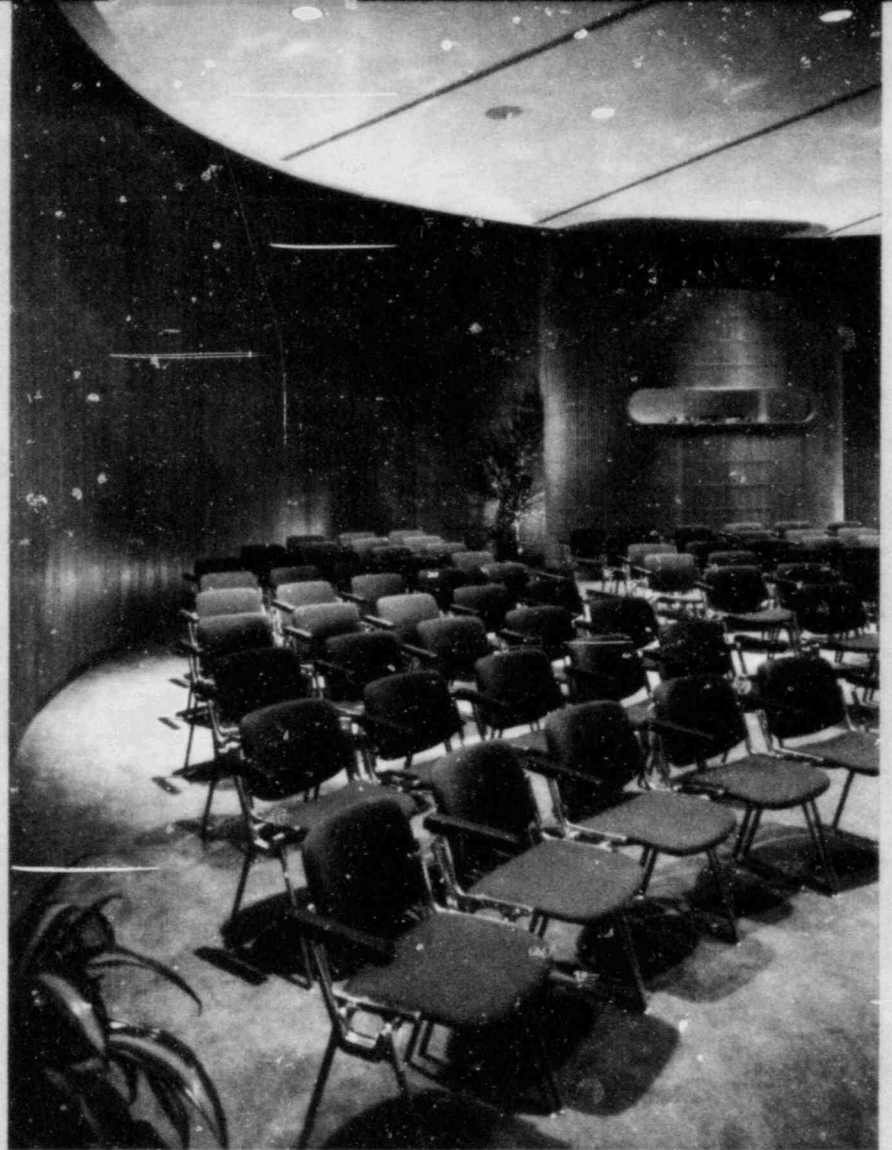
Interior design was a major factor in keeping with the cost-efficient features of the new headquarters complex. Flexibility and adaptability to changes were addressed by the incorporation of many innovative interior systems. The office area is furnished with an open-plan landscape office system, which benefits from daylighting and provides flexibility in terms of reducing future renovation costs. This open landscaped system reduced the amount of enclosed space required, using approximately 20 percent less square footage than walled-in offices.

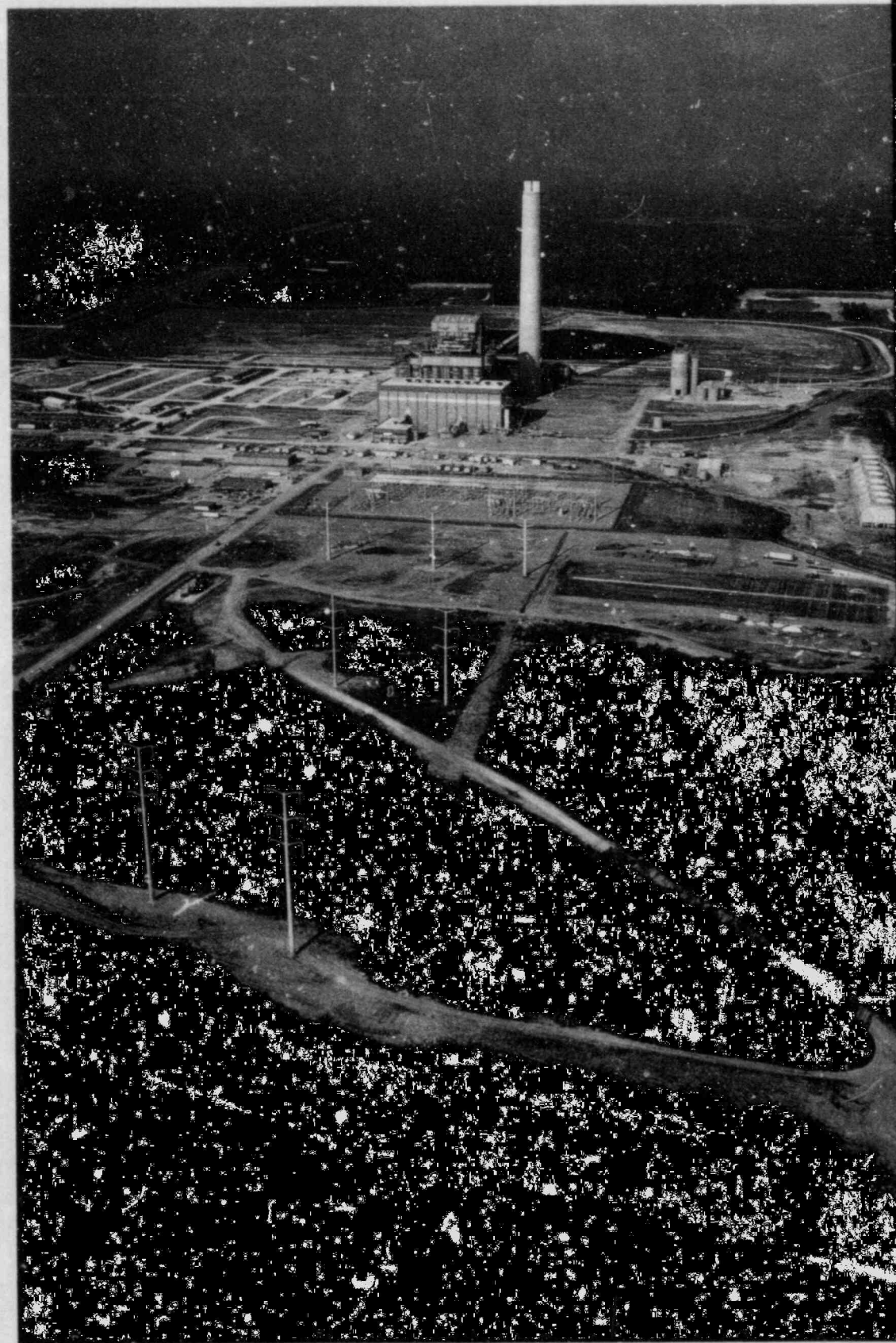
Light baffles treated with an acoustically absorbent material aid in controlling noise levels.

The complex also includes an energy control center with a computerized power dispatch; a transportation service center with the most modern equipment available; a spacious warehouse facility; and an operations center which provides office space, laboratories, and work centers for a variety of support and field operations.

Customers benefit from the use of a drive-through window for paying bills, and a 250 seat auditorium is available for use by community and civic organizations.

Santee Cooper enjoys the benefits of a modern, attractive, energy-conscious, and efficiently planned complex. This provides a flexible, convenience-oriented working environment and is an example of innovative design and construction in every respect.





GENERATION AND LOAD GROWTH

Santee Cooper facilities generated 9,027,657,000 net kilowatthours of electricity in Fiscal 1983, a decrease of 4,714,000 kilowatthours or 0.05 percent under last year. This generation included one-third of the output of the Virgil C. Summer Nuclear Station, jointly owned with South Carolina Electric & Gas Company.

Of the total energy generated, 86.84 percent was produced by coal, 7.69 percent by hydro, 5.47 percent by nuclear, and less than 1 percent by oil and gas.

The average fuel cost for power generated by Santee Cooper was 1.92 cents per kilowatthour, compared to 1.95 cents the previous year. This decline was influenced greatly by the availability of nuclear powered generation, which averaged about one-half cent per kilowatthour.

Peak hourly demand for the fiscal year reached 1,676,000 kilowatts, a decline of 4.4 percent from 1982.

STATION CONSTRUCTION

The first 450 megawatt unit of the new generating station being constructed near Cross was 96.5 percent complete at the end of the year. The coal-fired unit is scheduled for commercial operation in May, 1984.

The first coal train at Cross was unloaded April 8, 1983. The coal handling system with the rotary dumper and stacker reclaimer is a new and advanced approach to handling the large volume of coal required for the station. This system is designed with a rated unloading capacity of 3,600 tons of coal per hour.

The rotary dumper system will position a car, rotate it, and unload its 100 tons of coal in approximately two minutes. The 100-unit train is moved and the cars positioned without assistance from the locomotive, and the cars are rotated without detachment from the train.

The coal is stacked on the coal pile with the stacker reclaimer. The reclaimer travels 600 feet along a rail to provide more storage, which can be moved to the plant without use of a bulldozer. This automated system reduces the number of people required to unload a train and also minimizes the bulldozer work required in stacking coal.

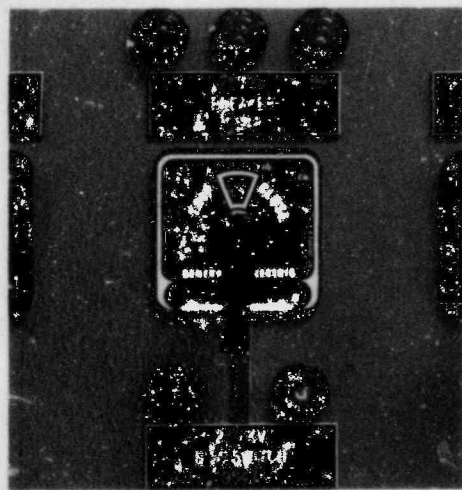
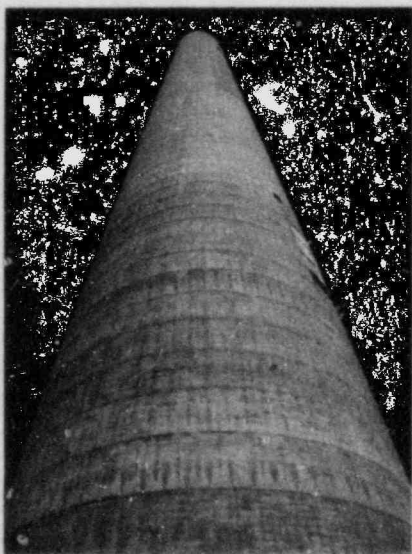
PRODUCTION ENGINEERING

New techniques have been adopted by the environmental monitoring and testing section to ensure compliance with federal and state environmental regulations relative to operation of the generating stations.

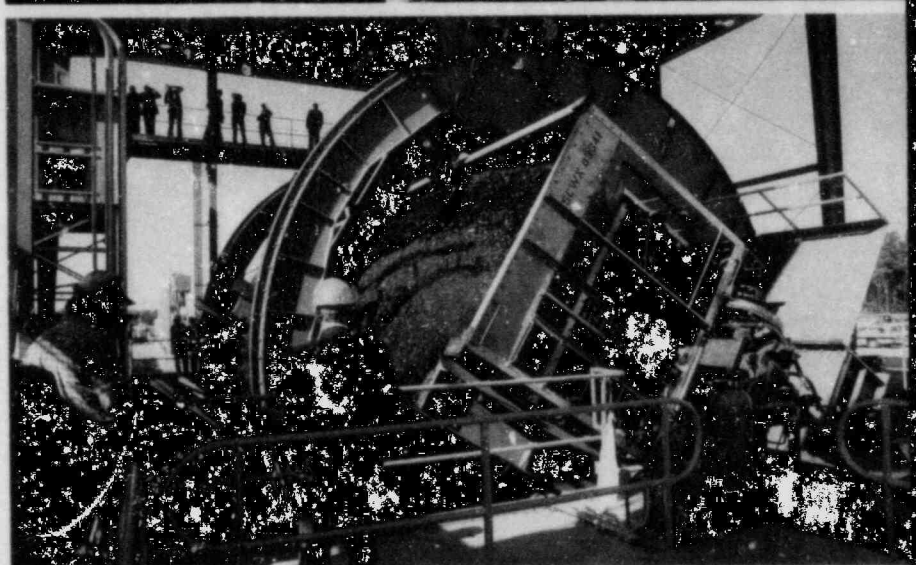
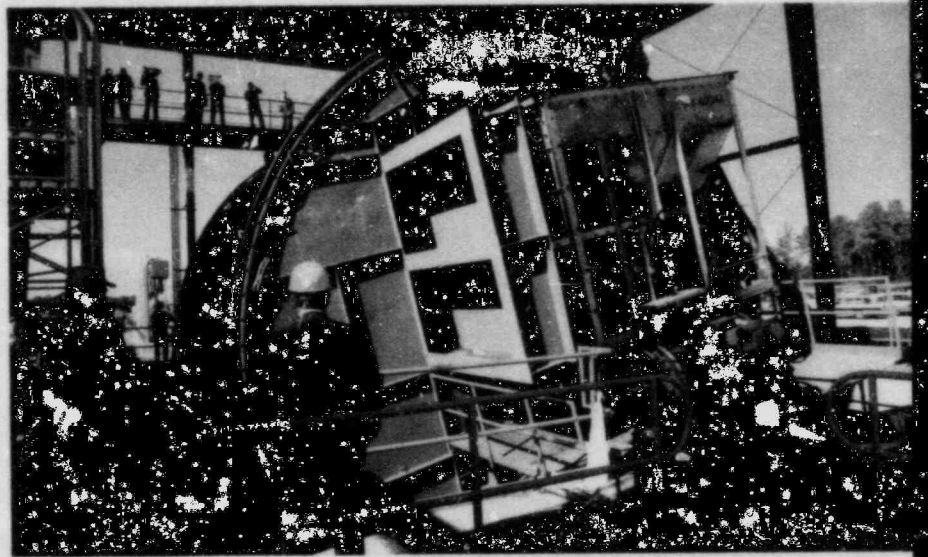
A comprehensive environmental assessment of the Pee Dee site is being used to ensure a minimum of ecological disturbances during construction and operation of that plant, scheduled for the late 1990's.

Additional sites are being considered in response to a continued pattern of growth and expansion, and priority is being given to geological, demographic, and environmental screening during this selection process.

With the primary objective of lowering Santee Cooper's costs to produce electricity, the performance section obtains operating data relative to the efficiencies of each unit on the system. This information is used by Power Supply in its economic dispatching and by Production Operations to verify the calibration of various generating unit controls and recorders. This will allow the economic dispatching of the units to meet varying load requirements.



The first 450 megawatt unit of the Cross Generating Station was ahead of schedule and under budget for 1983. It is located in Berkeley County between Lakes Marion and Moultrie and is scheduled to begin commercial operation in May, 1984.



Santee Cooper contracted for the purchase of 300 aluminum rail cars to transport coal from the mines in Kentucky and will become the first utility in the nation to use all-aluminum cars. Saving more than \$1 per ton on freight, the savings passed on to customers will be more than \$100 million over the 30 year life of the cars.

PRODUCTION OPERATIONS

The use of fiber optics was introduced last year in various aspects of operation and control of Santee Cooper's generating stations. In one instance, fiber optics — using no moving parts — replaced TV monitoring systems to show unit operators the water level in boiler steam drums.

An additional innovative application of fiber optics was made with the installation of a new generating station computer network which uses a distributed system of smaller computers that communicate through "data highways" of fiber optic cables. Replacing traditional computer systems which use coaxial cables for communications, these fiber optic highways allow fast communication without interference from electrical sources in the plant. This is the world's first totally optic "data highway" for a generating station computer system.

In other improvements, the maintenance system was computerized at the Winyah Generating Station. The system provides the users — maintenance planners and

foremen — with reports on a real time basis. These reports include work backlog information categorized by skillcraft, priority, outage work, and man-hours. The system also provides reports on work schedules by crew, equipment history, and automatically issues preventive maintenance work requests.

In addition, management reports provide information on crew productivity, manpower loading, failure analysis, and project tracking. The computerization of this function has greatly improved the management elements of work identification, planning, scheduling, execution, and documentation. It has also increased productivity and improved the quality of manpower utilization and maintenance at Winyah. Plans are being made to provide this management tool to all generating stations.

ENGINEERING DESIGN

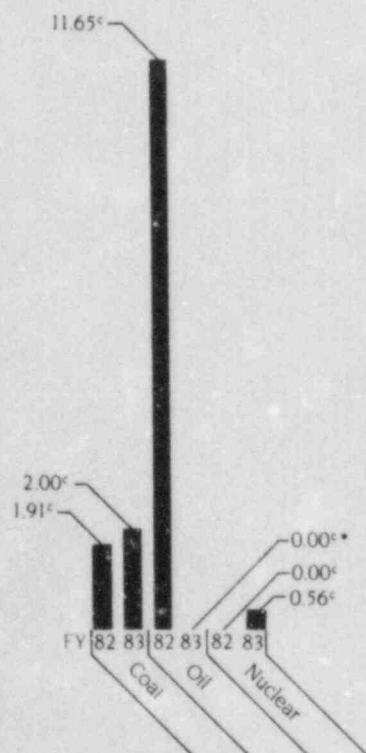
Engineering Design was responsible for completing construction of 50 substation, transmission, and communication projects during FY 83.

These projects, designed to meet

the growing needs of the Santee Cooper system, consisted of 6 distribution station projects, 20 transmission line projects, 15 substation projects, 4 communications projects, and service to 5 industrial customers.

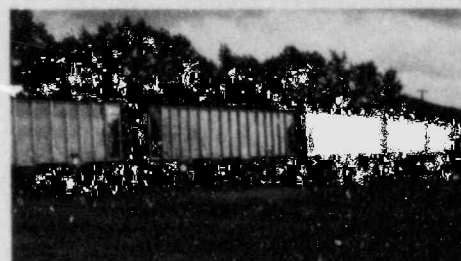
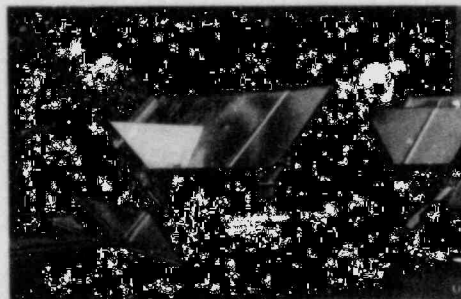
Engineering Design also provided engineering standards for other departments involved in the technical operation of Santee Cooper.

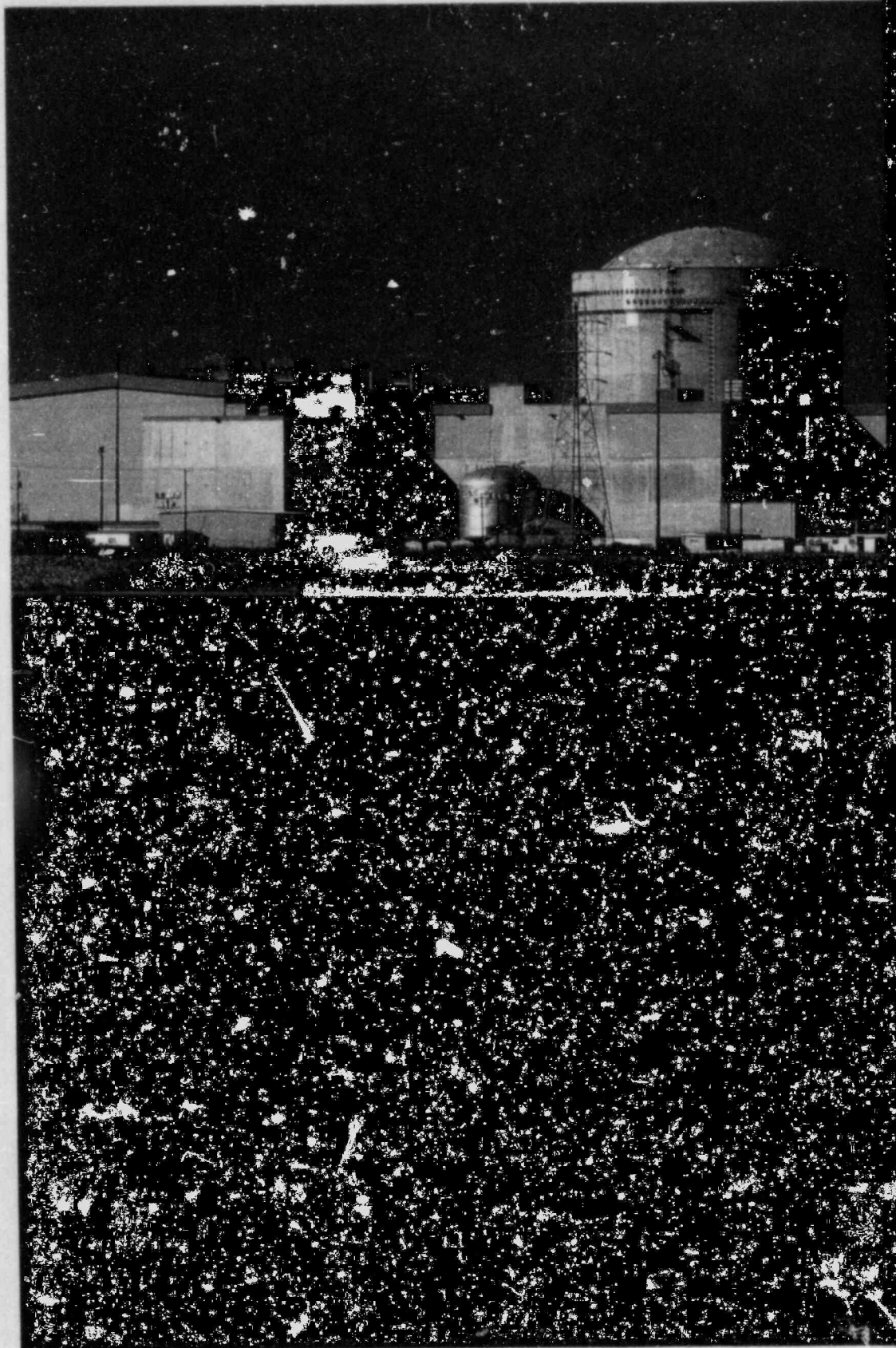
Maps and Records, a newly formed section of Engineering Design, used a new computer graphics system which is projected to increase production of engineering drawings and records by as much as 200 percent over conventional methods.



*No oil burned for generation in 1983.

FUEL GENERATING COST/KWH
(Cents/KWH)





Economical nuclear power began to flow from the VC Summer Nuclear Station to Santee Cooper customers in the state. Santee Cooper owns one-third of the 900 megawatt plant constructed and operated by South Carolina Electric and Gas Company.

NUCLEAR POWER

Nuclear power began flowing to Santee Cooper customers at 11 p.m. on November 16, 1982. At that instant, the VC Summer Nuclear Station in Fairfield County came on line, delivering customers some of the most economically-produced electric power that is available.

Santee Cooper will ultimately receive 300 megawatts of the 900 megawatt capacity of the Summer Station, which is $\frac{2}{3}$ owned by South Carolina Electric & Gas Company. Following Nuclear Regulatory Commission guidelines, the station gradually increased its output, reaching 100 percent capacity in late June.

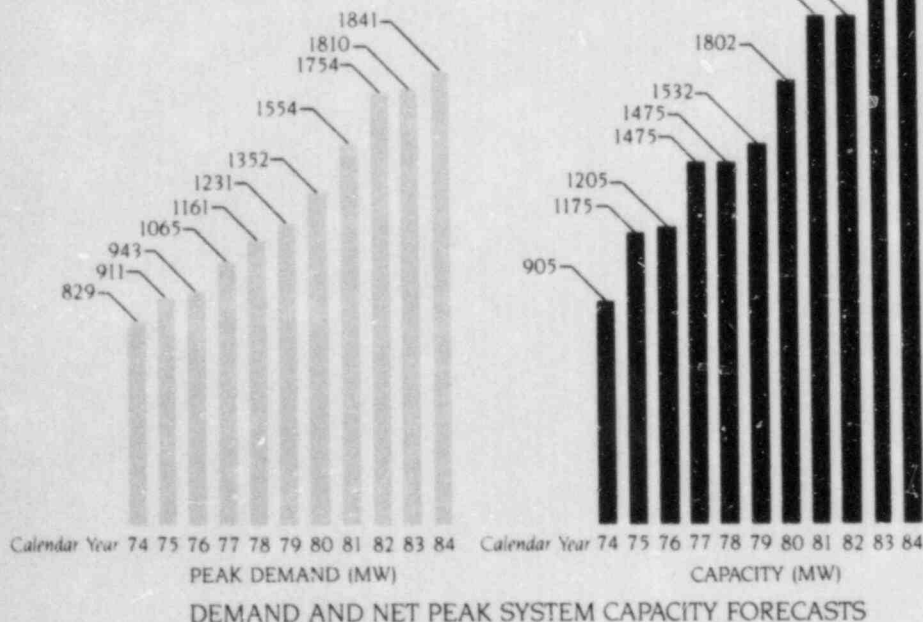
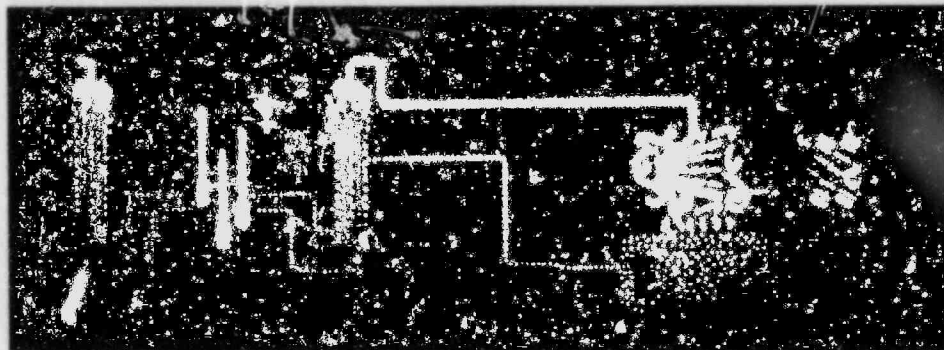
More than 6.6 million kilowatt-hours from the station flowed into Santee Cooper's system during November, a figure which increased to 493,511,000 kilowatt-hours by the end of the fiscal year. With the plant operating at full capacity, about 200 million kilowatt-hours per month of economically produced electricity will be available to Santee Cooper customers.

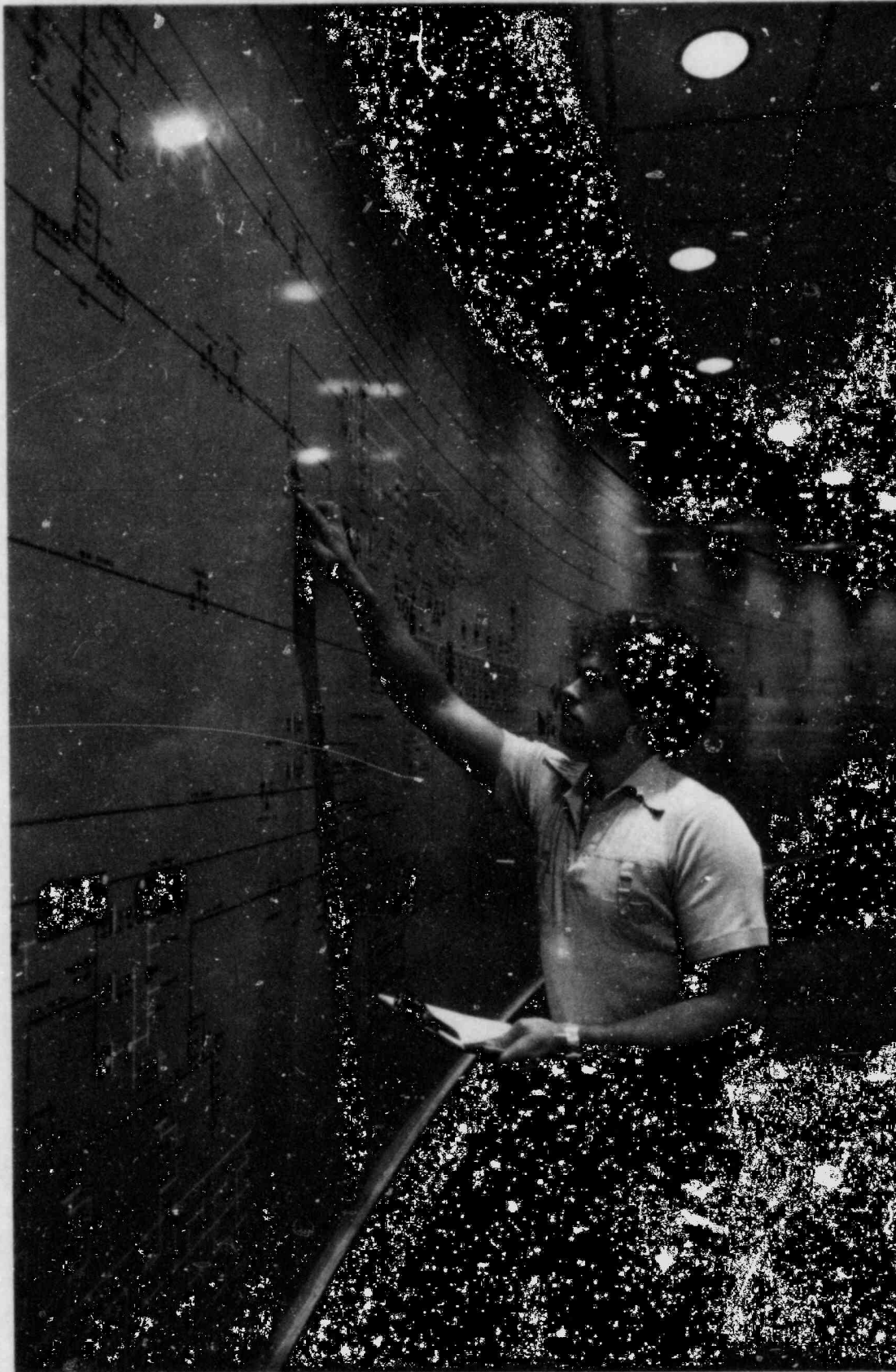
A time-out was taken in March for Westinghouse Corporation specialists to repair a steam generator vibration problem. That was completed in late

May and the station increased its output toward full capacity.

The addition of nuclear energy to Santee Cooper's fuel/generation mix is expected to save customers a substantial amount. Santee Cooper's heavy dependence on coal accounted for more than 85 percent of generation in 1983 and helped hold fuel generating costs to 2.00 cents per kilowatt-hour for that fuel. June 30 figures showed the average unit cost of generation with nuclear was only 0.56 cents, slightly more than half a penny per kilowatt-hour.

Nuclear power already is helping to reduce the total cost of fuel for generation. The average last year was 1.95 cents per kilowatt-hour. In spite of higher coal and oil costs during FY 83, that average dropped to 1.92 cents per kilowatt-hour, influenced to a significant degree by the more economical nuclear power.





Dispatching power from more than 25 generating units within the Santee Cooper system to almost 200 delivery points. Power Supply personnel maintain operations in a new energy control center with sophisticated computer controls and microwave communications.

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. An interconnection with Duke Power Company is planned for 1984, providing the company an additional interconnection and source of purchased 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.

POWER SUPPLY

Santee Cooper's new Energy Control Center began operation during FY 83. A computerized dispatch control system is the heart of the control center.

This provides more efficient and economical operation of the power supply system and improves reliability of the transmission network. The system enables Santee Cooper to meet its load requirements as economically as possible.

This system also allows the dispatchers to remotely operate the substations of the transmission system, significantly reducing the duration of interruptions to customers.

TRANSMISSION

Santee Cooper's transmission system consists of approximately 3,100 miles of line and 108 substations and switching stations. Voltages range from 34,000 to 230,000. Transmission facilities stretch

through 35 of the state's 46 counties, providing Santee Cooper with the largest service area of any power system in South Carolina.

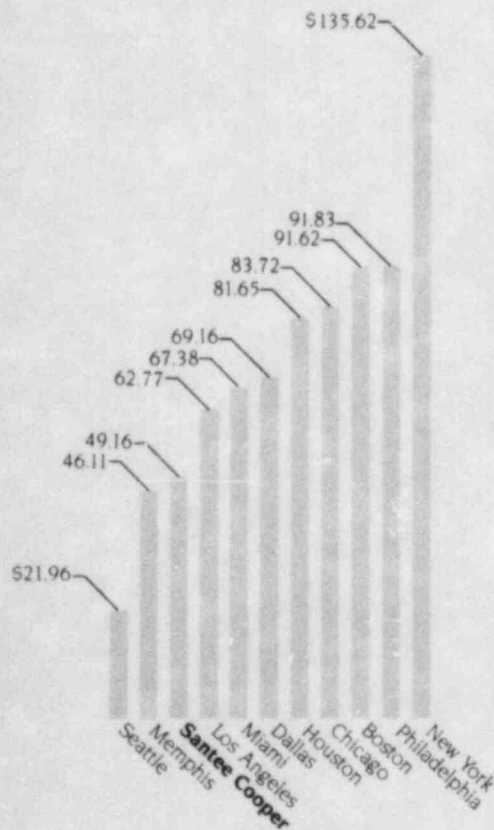
More than 8.9 billion kilowatt-hours of electricity were delivered to more than 300,000 customers within the state, either directly or indirectly through Santee Cooper transmission facilities. These facilities provided power through 196 delivery points to two municipalities, three military installations, 26 large industrial customers, and 15 REA electric cooperatives. These cooperatives serve approximately 300,000 customers in South Carolina.

During the past year, seven new cooperative delivery points and one new industry — Airco Carbon — were added to the transmission system. The Carnes/emassee and the Jefferies-Cross 230,000 volt lines were placed into service along with several new 115,000 and 34,000 volt lines and substations.

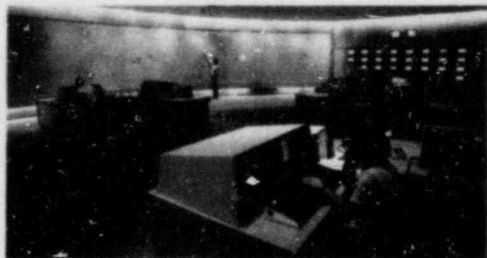
The south end of the Myrtle Beach area from Garden City to Pawley's Island was converted from a primary voltage of 34,000 to 115,000 volts.

All new substations and switching stations added to the system were converted by Santee Cooper transmission crews along with several major transmission lines. This helped reduce construction costs of these stations since contract labor was not used.

Santee Cooper's loop-feed transmission system and the ability of crews to perform most maintenance work on energized circuits provides customers with the most reliable service possible.



RATE COMPARISON FY 83
1000 KWH RESIDENTIAL
(AVERAGE COST)





GENERAL MAINTENANCE

One of the primary concerns of General Maintenance is the safety of Santee Cooper's 42 miles of dams and dikes. Reports from independent outside consulting firms and the Federal Energy Regulatory Commission (FERC) over recent years confirm that these structures are well maintained and in excellent condition for the normal static loading associated with holding back the nearly 2 million acre-feet of Lakes Moultrie and Marion.

However, on March 12, 1982, FERC communicated its opinion that the Pinopolis West Dam possesses "such marginal seismic stability that the dam would have to be regarded as a life-safety hazard for people living downstream and therefore one requiring modification in the interest of public safety". Santee Cooper believes that neither the present technology of seismic prediction nor understanding of the Charleston earthquake of 1886 (an approximation of which has been selected as the "design" earthquake for evaluating the safety of the West Dam), are sufficient to permit an evaluation of the safety of that structure. However, Santee Cooper has decided not to contest the Commission's assessment regarding the West Dam.

Harza Engineering Company, the original design and construction contractor for the project, has been engaged to perform studies and planning to determine the engineering work required for dam safety assurance of the Pinopolis West Dam.



More than 41 miles of dams and dikes are monitored and maintained by General Maintenance. Core samples were taken from the West Dike which will be reinforced to strengthen two sections of the earthen structure and assure additional safety in the event of a major earthquake.

FERC's staff is also of the opinion that the Santee North Dam would fail under the design earthquake. Santee Cooper believes that failure of that dam would not involve a substantial threat to human life, and management is working with FERC's staff to resolve differences over the need for remedial action.

Santee Cooper has advised FERC that it does not believe that it is appropriate to correct possible deficiencies in the West Dam until the status of the North Dam is settled. Until the differences over the extent of the remedial actions required with respect to the dams are resolved, it is impossible to predict what the cost of such actions might be, but estimates range from \$15 to \$40 million. Santee Cooper is seeking federal funding for the necessary remedial work.

An Emergency Action Plan has been developed and filed with FERC, defining action to be taken in the event of a dam failure. Flood maps showing the extent and time delay for flooding of both the Santee and Cooper Rivers are included in the plan.

Meetings have been held with emergency preparedness officials of the state and of the counties con-



cerned to provide information available relating to the emergency plan.

General Maintenance is also responsible for maintenance of the navigation channel through the lakes; maintenance of 52 recreational subdivisions; in-house construction of substation foundations; carpentry and painting; a major portion of in-house construction requiring the use of heavy equipment; and the clearing of transmission line rights-of-way.

FLOOD CONTROL

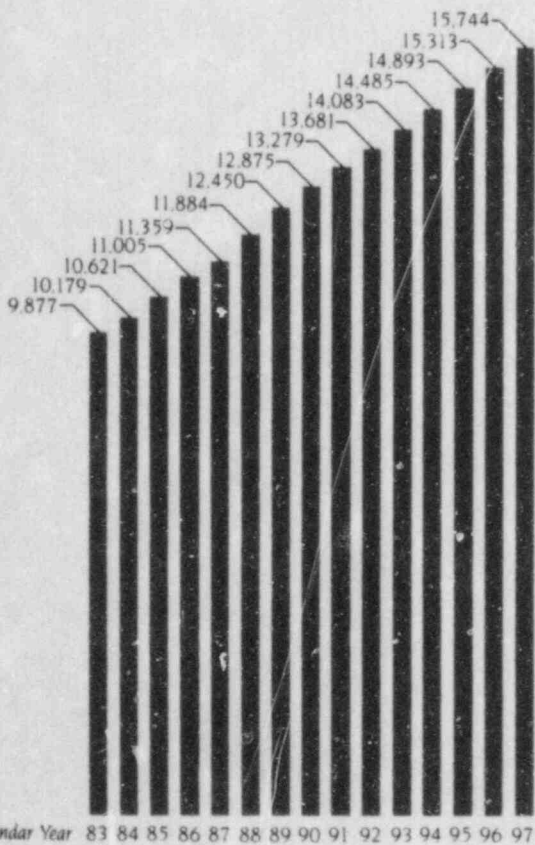
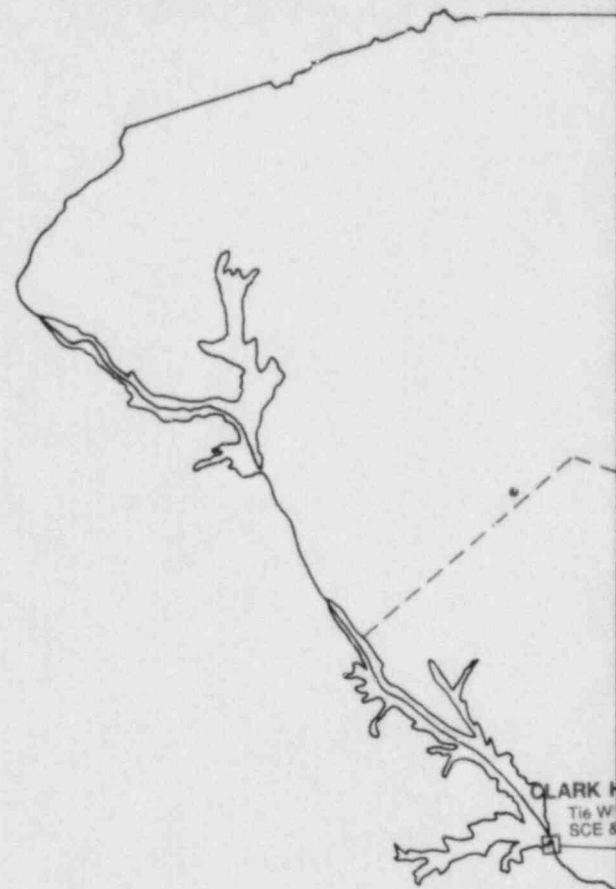
Santee Cooper conducted spilling operations for 67 days during the months of February, March, and April, 1983, as part of its flood control program.

The maximum daily average inflow for this period occurred on March 19, 1983, with more than 662,000 gallons of water per second flowing into the Santee Cooper Lakes. Santee Cooper's flood control program reduced the flood crest on the lower Santee River by 56 percent of what it would have been without the program.

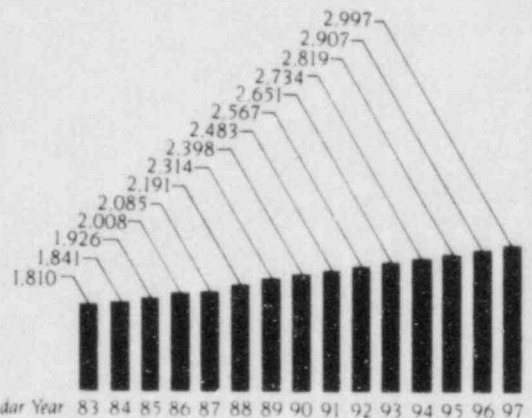


LEGEND

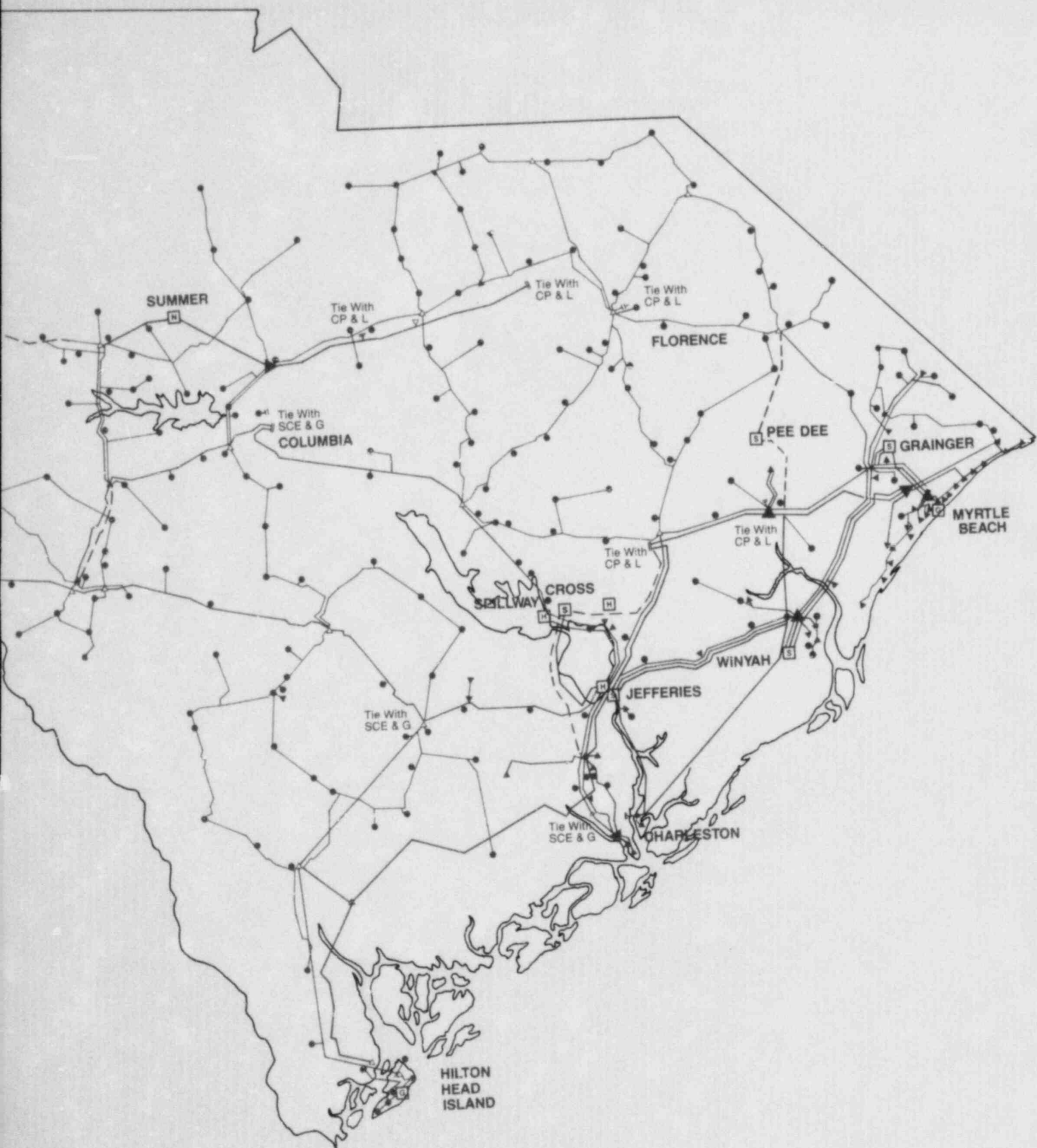
- S STEAM
- C COMBUSTION TURBINE
- H HYDRO
- N NUCLEAR
- ▲ SANTEE COOPER SUBSTATION
- CENTRAL ELECTRIC OR CUSTOMER OWNED SUBSTATION
- +— INTERCONNECTION
- TRANSMISSION LINES
- PROPOSED OR UNDER CONSTRUCTION



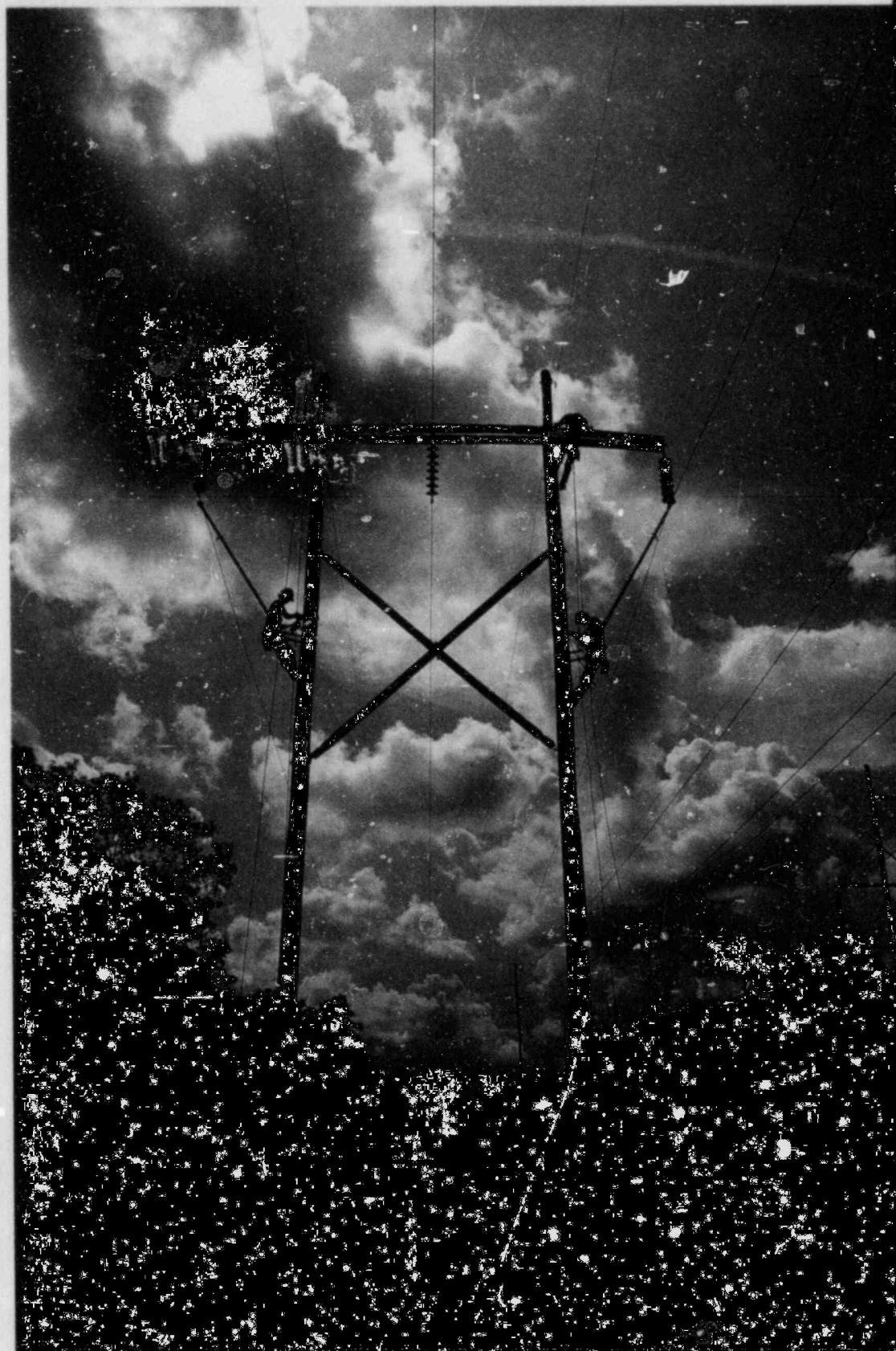
ENERGY DEMAND FORECASTS CHART (GWH)



PEAK DEMAND FORECASTS CHART (MW)



GENERATION AND TRANSMISSION SYSTEM



More than 3,100 miles of transmission lines are maintained by Santee Cooper, delivering power to customers in 35 counties of the state. Major 230,000 volt lines were constructed to tie the new Cross Generating Station into the transmission system.

WHERE THE POWER COMES FROM

| Generating Unit | Location | Generating Capacity (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. |
| Summer Nuclear** | Parr | 300 | Nuclear | 1983 | 1,356. |

| Generating Unit Planned & Under Construction | | Capacity | | | (estimated) |
|--|-------|----------|------|----------|-------------|
| Cross #2 | Cross | 450 | Coal | May 1984 | 868. |
| Cross #1 | Cross | 450 | Coal | May 1991 | 957. |

* Excludes financing costs.

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

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
Pawley's Island
Pinopolis
St. Stephen
Surfside

Military Installations

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

Industrial Customers

Airco Carbon
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.
Piusa, 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.

Municipal Distributors

Bamberg
Georgetown

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

* Through Central Electric Power Cooperative



ENERGY MANAGEMENT

The rapidly changing energy marketing environment, company load growth patterns, and the social and economic concerns of the community shape Santee Cooper's energy management programs. Through innovative programs designed to integrate their specific needs into Santee Cooper's objectives, the consumers are assured of meaningful, responsive services, and Santee Cooper realizes optimum load growth.

National recognition for its energy use programs was received from the American Public Power Association, which named Santee Cooper among the six most innovative utilities in the nation. The APPA Energy Innovator Award honors utilities which use creative and successful energy-efficient programs and technologies. Santee Cooper was cited for the development of its overall energy management program which integrates eight separate services into its marketing package. These services include residential, commercial, and industrial audits; a Certified Heat Pump Dealers program to ensure quality design and installation; energy awareness programs directed to both community groups and students; and professional development seminars to update business, professional, and industrial groups on new technologies in energy utilization. Also, available

are an Energy Efficient Home Awards program to update the thermal design of both new and existing residences; free distribution of water flow restrictors; a load calculating service to eliminate equipment oversizing; and WISE — the Weatherization, Insulation, and Solar Energy financing program — which provides both low interest loans for specified conservation measures and interest-free loans to low income, elderly, and handicapped customers.

Through these programs, in 1983, more than 500 residential and commercial customers received assistance in efficient thermal design techniques.

The first loan as part of the WISE program was made in December of 1982, and the total amount loaned for the fiscal year was \$113,725.78. The average loan amount was \$2,707.76. The loans were made for heat pump systems, insulation, storm windows, and solar water-heating systems. A majority of the heat pump loans were fossil-fuel conversions.

More than 300 residential energy audits were performed, a 300 percent increase over the number completed in 1982, thus indicating customers' constant efforts to seek reliable energy conservation information

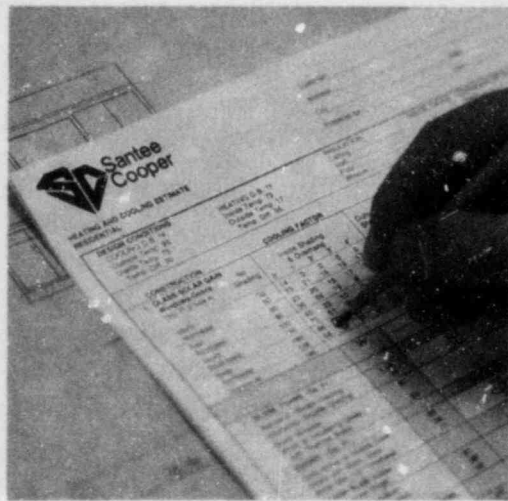
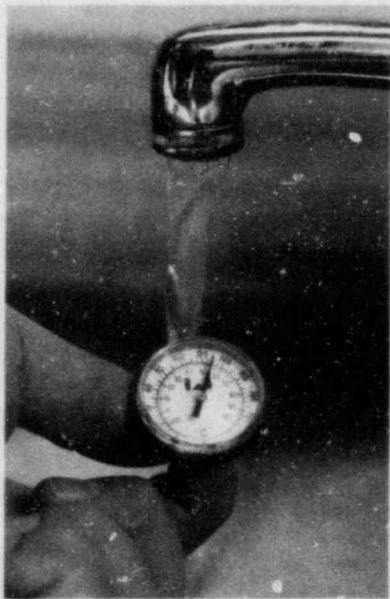
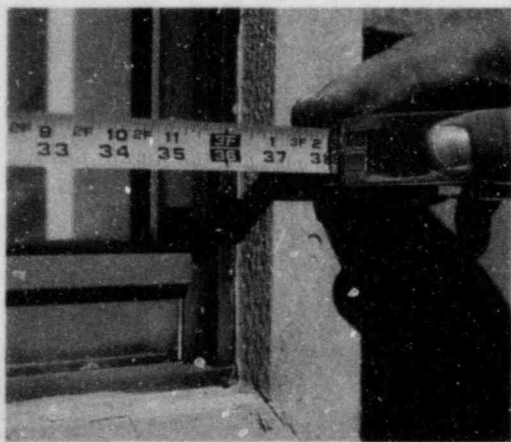
and assistance.

To help increase the consumer's awareness of efficient use of electric power, new energy education programs were used. These included seminars, presentations, demonstrations, and publications. The number of programs more than doubled from 1982.

A passive-solar seminar for area architects received excellent response, and the Myrtle Beach Sun Day celebration held in June was historic for South Carolina, featuring the state's first solar-powered remote radio and television broadcast. The Grand Strand community had the opportunity to learn at first hand how the sun's enormous power can be captured and to view displays of solar-power equipment.

Closer communications were achieved with schools, businesses, and professional groups concerning electrical generation and conservation. *On Energy*, a newsletter directed toward educators in South Carolina, was started with distribution of more than 2,000 copies of each issue. Another new publication, *The Certified Heat Pump Dealers News*, was successful in helping keep 28 Certified Heat Pump Dealers informed of trends in the heating/air conditioning industry.

An audio/visual library has been expanded, incorporating a broader range of energy educational resources.



The Weatherization, Insulation, and Solar Energy program (WISE) introduced by Energy Management provides free energy audits and low interest loans to residential customers. Plans are to expand the service to commercial customers.



CORPORATE COMMUNICATIONS

In an organizational rearrangement, Corporate Communications was moved from Commercial Operations to Economic Development where it could operate more directly in the areas of marketing and support for the economic and industrial development functions.

An expanded communications program was started which included the development of a Speakers Bureau; staffing a Public Affairs Specialist in Myrtle Beach; the use of editorial roundtable sessions to bring the company's top management and media together; and the introduction of several new publications designed to reach select target audiences.

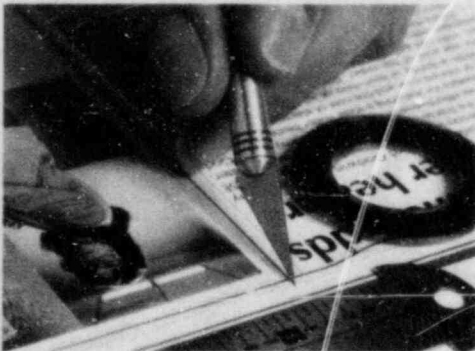
Powerspective is a management-level monthly publication which is directed toward the top business, civic, industrial, and governmental leadership in Santee Cooper's service area. *On Energy* is an Energy Management newsletter written especially to communicate with education and curriculum specialists on energy topics. *Heat Pump Dealer News* is used to promote energy conservation and support for the company's Certified Heat Pump program among heating and air conditioning dealers. *Close Up* is a new employee-feature news service used to provide quick turn-around and in depth treatment of important issues and announcements.

A Gold Quill Award was received from the International Association of Business Communicators for the

multi-image presentation "Winds of Change", and Santee Cooper's annual report received top recognition and "Best of Show" in the annual competition of the Advertising Federation of Charleston.

"Who is Santee Cooper and What are They Doing in Florence County?" is the theme of a public awareness program developed to inform Florence County citizens about the planned Pee Dee Generating Station to be constructed in the 1990's.

"Write to Know" was introduced by Corporate Communications as a formal Question and Answer program designed to obtain answers to questions by employees about the company, its operations, plans, and policies.



Communications resources used by Santee Cooper range from video production and media interviews to multi-image photographic presentations and a variety of internal and external publications, all under the management of Corporate Communications.



ECONOMIC DEVELOPMENT

Improving the quality of life in South Carolina is a corporate goal that was given renewed emphasis during 1983 under the organization and direction of the new Economic Development Department. Energy and market location factors are now major considerations for industrial and business expansion and for future siting decisions.

Santee Cooper continues to play a major role in the economic recovery of South Carolina. To meet this challenge, the new department formed in January 1983 includes the Corporate Communications, Industrial Development, and Wampee Divisions. These operations provide the communications, industrial coordination, and other functions essential to the coordination and support of a well-planned and responsive economic development program.

An industrial marketing coordinator maintains contact with key county economic development organizations; economic development allies in the financial, construction, engineering, and transportation fields; the South Carolina State Development Board; and with industrial prospects.

An industrial site location information program has been developed

which provides a data base of economic resources, site availability and criteria, and other related information. This bank of information will be obtained from the company's digitized mapping, computer graphics, and management information systems technologies and will be supplemented by information describing the availability of railroads, highways, gas, water and sewer service, and other resources related to site selection. This program is coordinated with local, county, regional, and state development organizations.

Four major industries are under construction and will use energy supplied by Santee Cooper. These are Airco Carbon, Ridgeville; Conbraco, in Conway; National Welders, St. Matthews; and Airco Industrial Gas Products, located in Aiken. These projects represent more than a \$300 million investment and over 2,000 new jobs for South Carolina.

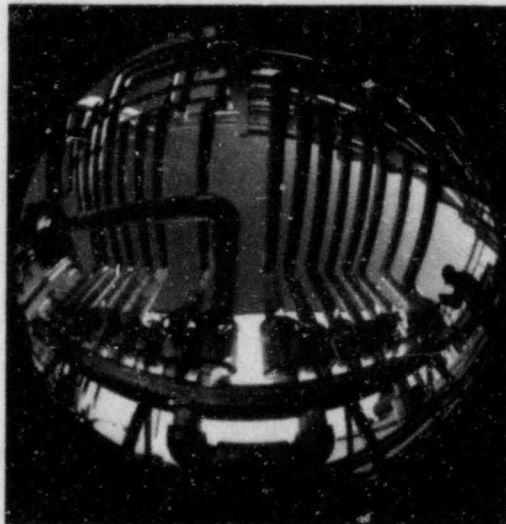
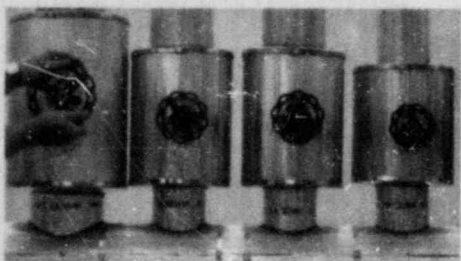
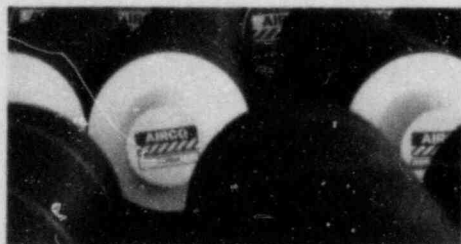
Airco Carbon will manufacture carbon electrodes used primarily in the steel and metals industries.

Conbraco will produce stainless steel and carbon steel ball valves and fittings.

Both National Welders and Airco Industrial Gas Products are air separation plants which will provide oxygen,

nitrogen, hydrogen, and a variety of inert gases for industrial and institutional uses.

Santee Cooper is prepared to meet the development challenges of the future and through its economic and industrial development programs to improve the quality of life throughout the state.



Major construction by new industrial customers in 1983 produced thousands of new jobs for South Carolinians and added brass valves, carbon electrodes, and compressed and liquefied air products to the state's list of manufactured resources.

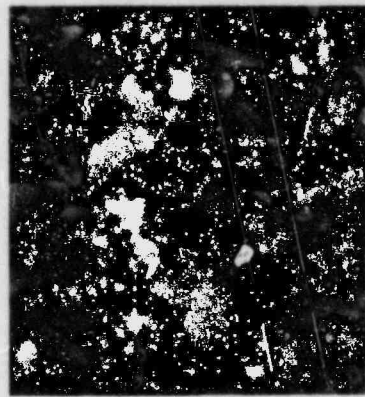
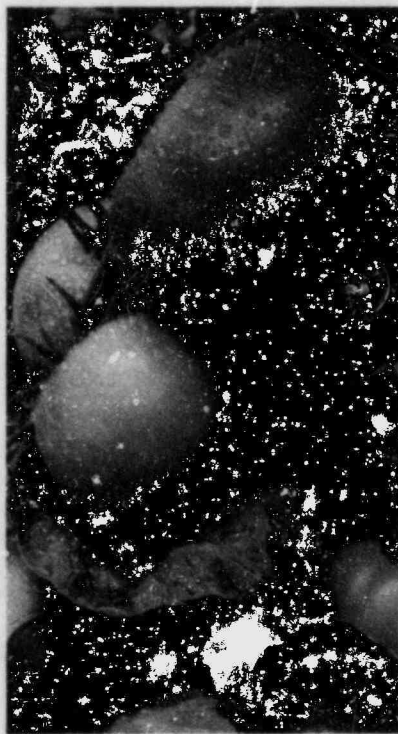
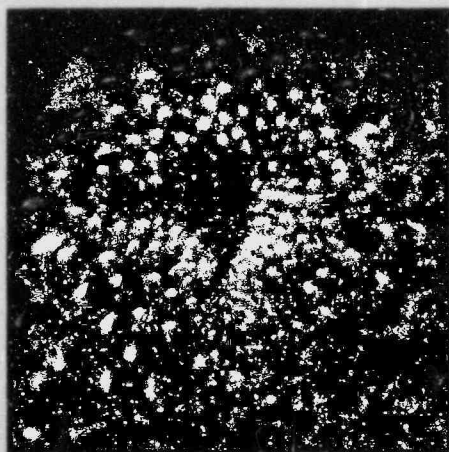


ENVIRONMENTAL RESOURCES

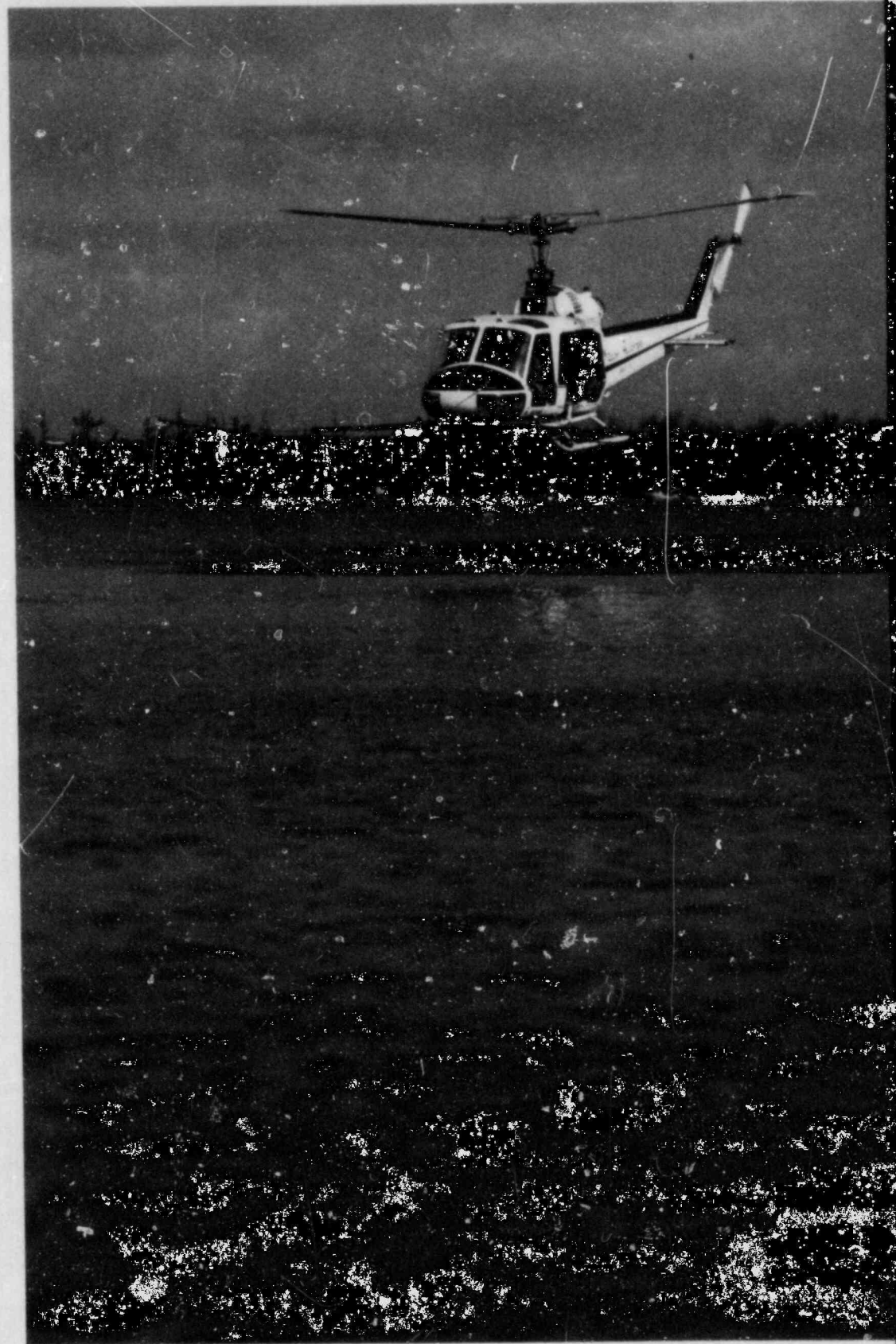
A commercial scale waste-heat Horticulture Program was approved by the board of directors for the construction and operation of a two-and-one-half acre greenhouse facility at Cross Generating Station, with support facilities to expand to 10 acres. One acre will be devoted to several varieties of roses; one acre to tomatoes and cucumbers; and one-half acre to chrysanthemums and snapdragons. The entire complex will be heated by condenser water discharges from the plant on its way to the cooling tower. Total capital cost of the project is estimated at \$800,000. This will be the first commercial horticulture project of its kind by a U.S. electric utility.

Under the Aquaculture Program, more than 75,000 Tilapia fish were marketed during the year for noxious aquatic weed control in South Carolina, North Carolina, and Georgia. Fish were also supplied to several universities for research purposes. Additional hatching ponds were constructed to meet the increased demand. All hatching ponds are warmed by waste heat discharge from the Winyah Generating Station near Georgetown. This program is designed to produce tropical organisms and to promote rapid growth of native fishes.

Mosquito abatement operations were conducted on all project lands with more than 20,000 mosquitoes of 50 species trapped and identified. Approximately 164,000 acres were treated for adult control or larviciding. The mosquito fish, *Gambusia affinis*, was stocked in standing breeding pools and effectively controlled larvae growth. Growth regulators and the bacteria *Bacillus thurengensis* were also used for larvae control.



A successful horticultural pilot program was expanded to include plans for constructing a 2½-acre greenhouse facility at the new Cross Generating Station. Tomatoes, Roses, and other cut flowers will be grown commercially there using waste heat discharged through the cooling cycle of the plant. Tropical fish are also grown commercially using waste heat.



AQUATIC MANAGEMENT

An aggressive aerial assault on noxious aquatic weeds in its lakes was used for the first time by Santee Cooper late in the year. Helicopter applications of herbicides were successful and more efficient in establishing control over aquatic plant growth and opening waterways for access and recreational use. Helicopter treatments of 400 to 600 acres per day for four or five days would have taken 6 to 8 weeks using an air boat with conventional application techniques.

Approximately \$350,000.00 was expended for the control of the noxious submersed aquatic weeds *Egeria densa* and *Hydrilla verticillata* in the Santee Cooper lakes. This included \$138,000 of federal funding obtained from the U.S. Army Corps of Engineers. These funds provided for the herbicidal treatment of some 2,300 acres of weed-infested waters, representing Santee Cooper's largest single-year control effort.

An ambient water-quality monitoring program was begun, with sampling conducted monthly at 43 stations and quarterly at 8 stations located throughout the lake system. All analyses were performed by the new water quality limnology laboratory.

PROPERTY MANAGEMENT

The Property Management Division administered 4,141 leases around the Santee Cooper lakes. These include 2,951 recreational lots in Santee Cooper subdivisions; 1,050 marginal lots adjacent to privately owned subdivisions; 88 commercial lots; 15 miscellaneous leases; and 37 gratis leases to public and quasi-public entities. Revenues from the lease of the lots during the fiscal year totaled \$571,497.30.

The inventory, identification, and cataloging of approximately 75 percent of the fee-simple properties owned by Santee Cooper throughout the state was completed. This includes sites for generating stations, substations, microwave towers, transmission line rights-of-way, and other various properties. This provided the Property Management Division with an accurate method of record keeping for reference and inspections of these properties.

Studies were initiated to explore the feasibility of incorporating leased and fee-simple properties into a computerized property management system.

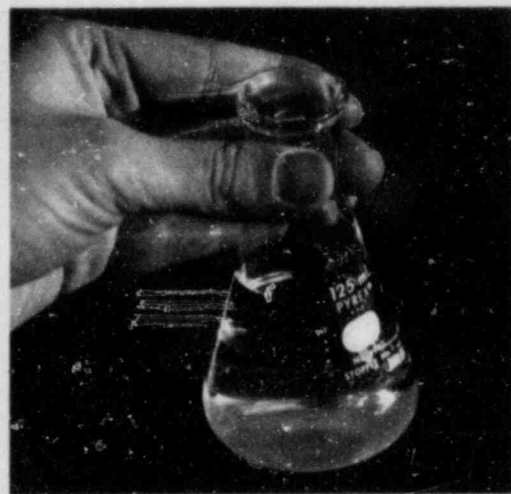
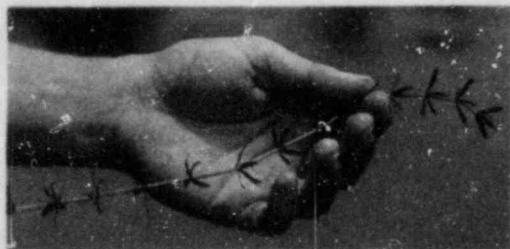
There were 682 permits issued during the year for the construction of piers and docks, retaining walls, boat ramps, dredging, and for other structures to be located on Santee Cooper developed properties.

A control plan was developed to identify, evaluate, and classify shoreline areas which are subject to extensive erosion and to establish an overall plan to deal with the erosion process on Lakes Marion and Moultrie.

Site plans for six public recreational areas to be constructed on Santee Cooper undeveloped lands in Berkeley, Clarendon, and Orangeburg Counties were sent to the Federal Energy Regulatory Commission for its approval.

Approximately 84,000 pine seedlings were planted on 110 acres of Santee Cooper lands in order to maintain sustained maximum yields. Approximately 146,000 board-feet of sawtimber and 1,252 cords of pulpwood were cut and removed in conjunction with forest management activities.

A total of 3,858 acres of Santee Cooper forest lands were burned to reduce hazardous fuel buildup, improve wildlife habitat, and control undesirable plant species. Revenue from the sale of forest products and agricultural leases totaled \$121,311.46.



The Santee Cooper lakes are important recreational resources to the people of South Carolina in addition to their value for hydro power generation, navigation, and flood control. Maintaining water quality is a commitment that includes year round monitoring and seasonal battles to maintain control over noxious aquatic weeds.



Through OUTREACH, employees are able to share up to four hours of company time each month — matched by an equal amount of personal time — to help meet critical human needs within the communities where they work. They provide helping hands directly to citizens and through public service organizations for the needy, disadvantaged, and those needing special health care.

INDUSTRIAL RELATIONS

Innovative and diverse approaches developed and used by Industrial Relations are essential to insure effective human resource management. This was evident during FY 83 in functional areas such as employment, training, occupational health, employee relations, and compensation.

A variety of methods for attracting qualified employment applicants were used. These included advertising campaigns with various media, on-site recruiting at universities and colleges, participation in career day programs, and close coordination with Job Service agencies and other sources. This resulted in over 5,500 employment applications during the year.

From this group 218 new employees were hired, a 12 percent growth rate. The full-time employment level reached 1,349.

A testing program for apprentice applicants was established in coordination with Job Service and has proven to be a valuable recruiting tool.

Promotion from within is emphasized by Santee Cooper and the company's job posting system resulted in 145 employee promotions.

Employee advisory committees representing more than 400 personnel were very active, and many of their recommendations were acted upon.

Strong interest in the suggestion program resulted in the submission of 181 suggestions. The Suggestion of the Year was submitted by Richard Wesner of Myrtle Beach, who recom-

mended placing "Lifeline" symbols on transformers and other distribution equipment serving people on life support systems.

A new Comprehensive Affirmative Action Plan was developed, approved by the South Carolina Human Affairs Commission, and implemented. This plan includes a work force analysis by department; data by major location; and established goals and actions.

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

A new Personal Employee Benefits Statement was prepared for each employee. Information on insurance benefits emphasized coverage and company cost. In addition, projections were made on retirement income, Social Security, and deferred compensation. The statements were mailed to employees' homes to communicate these benefits more fully with employees and families. Employee response to this program was extremely favorable.

Cost containment of employee insurance costs was emphasized and program changes were made to improve benefits for preventive

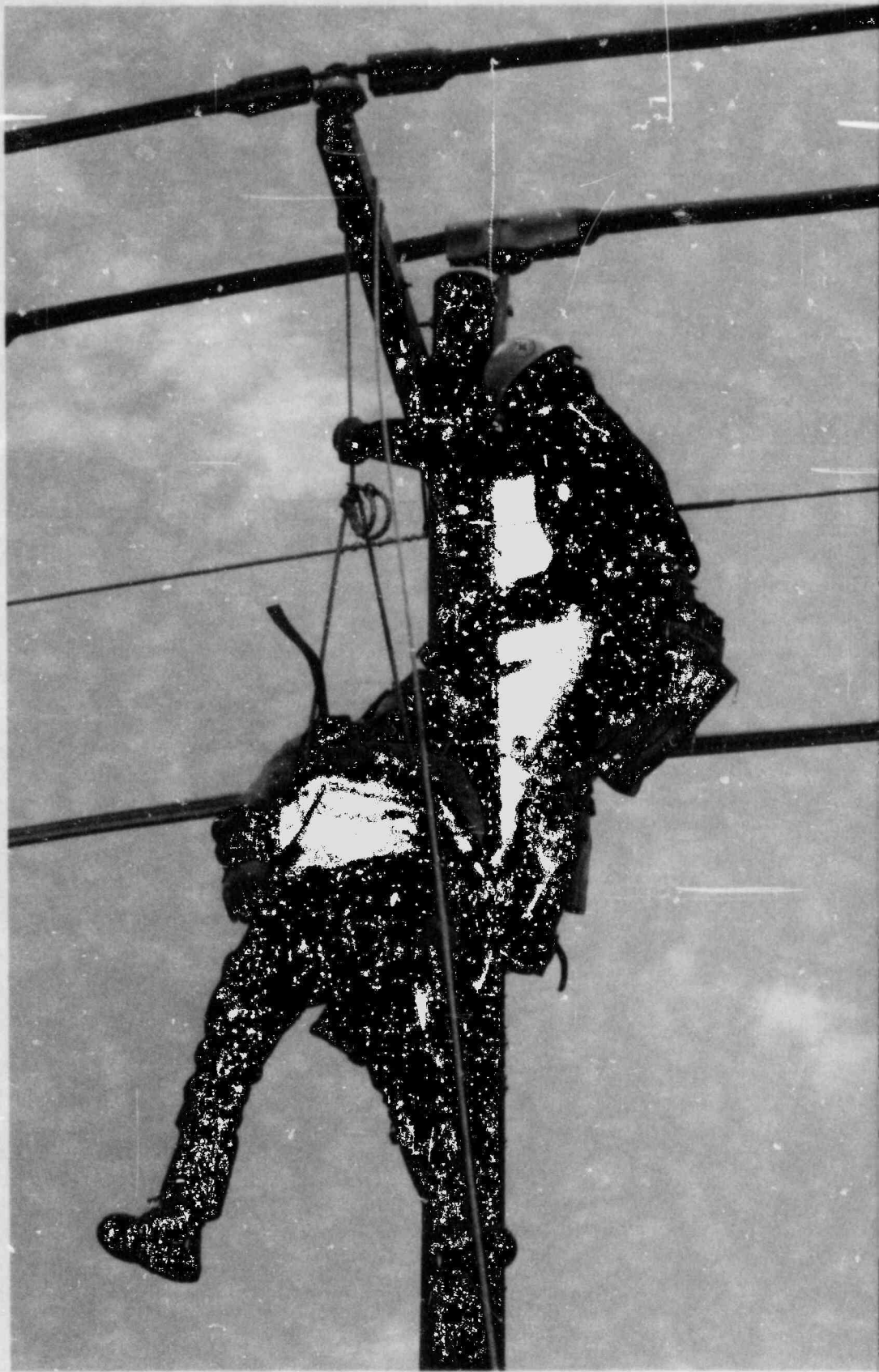
care. These resulted in reasonable health insurance premium increases and no increase in dental insurance premiums.

All exempt employees were moved to the same date for annual performance evaluations. This enables the merit increase plan to be administered more equitably.

Non-exempt employees were moved to two dates for annual performance evaluations, with future plans to move to one review date.

A handbook for writing exempt and non-exempt performance evaluations was developed and distributed to all levels of supervision.





OCCUPATIONAL HEALTH

Major emphasis was placed on employee "wellness". Approximately 900 employees were given physical examinations which included hearing tests, lung function studies, vision screening, and other biological screenings. Physical activities such as aerobics classes, softball, basketball, and other employee activities were encouraged and sponsored by the company. More than 500 employees participated.

An industrial hygiene function was added with a goal of early identification of potential health concerns. This includes worksite surveys to ascertain levels of chemical, physical, and biological agents. Data are collected and evaluated, and control measures are recommended.

More than 1,200 employees were trained in first aid and/or cardio-pulmonary resuscitation.

Employees contributed more than 300 pints of blood during blood drives at various locations.

TRAINING AND DEVELOPMENT

Numerous training and development programs were provided to assist managers, supervisors, and employees in attaining optimum performance.

More than 1,400 employees participated in training activities that included orientation of new personnel, educational programs, and development of present personnel to meet

organizational development needs.

Highlights during 1983 included the addition of a lineman training instructor and extensive planning to implement a lineman training program. "Pole Top Rescue", a video training program, was developed to enhance the productivity of line crews.

A new supervisory orientation program was implemented company-wide. This hands-on program is designed to provide training for new supervisors in the areas of productivity, company policies, administration, and other matters which are inherent in supervisory positions.

The skillcraft and technical programs were expanded in 1983 to include electronics and microprocessor courses for additional job classifications. The power plant simulator training program was expanded to include shift supervisors and additional unit operators receiving requalification training. Use of the simulator makes it possible for supervisors and operators to be trained in a short period of time without disrupting normal station operations.

Off-duty college courses were offered at company facilities through a cooperative effort with Limestone College.

One hundred and sixty-five employees participated in the tuition aid program.



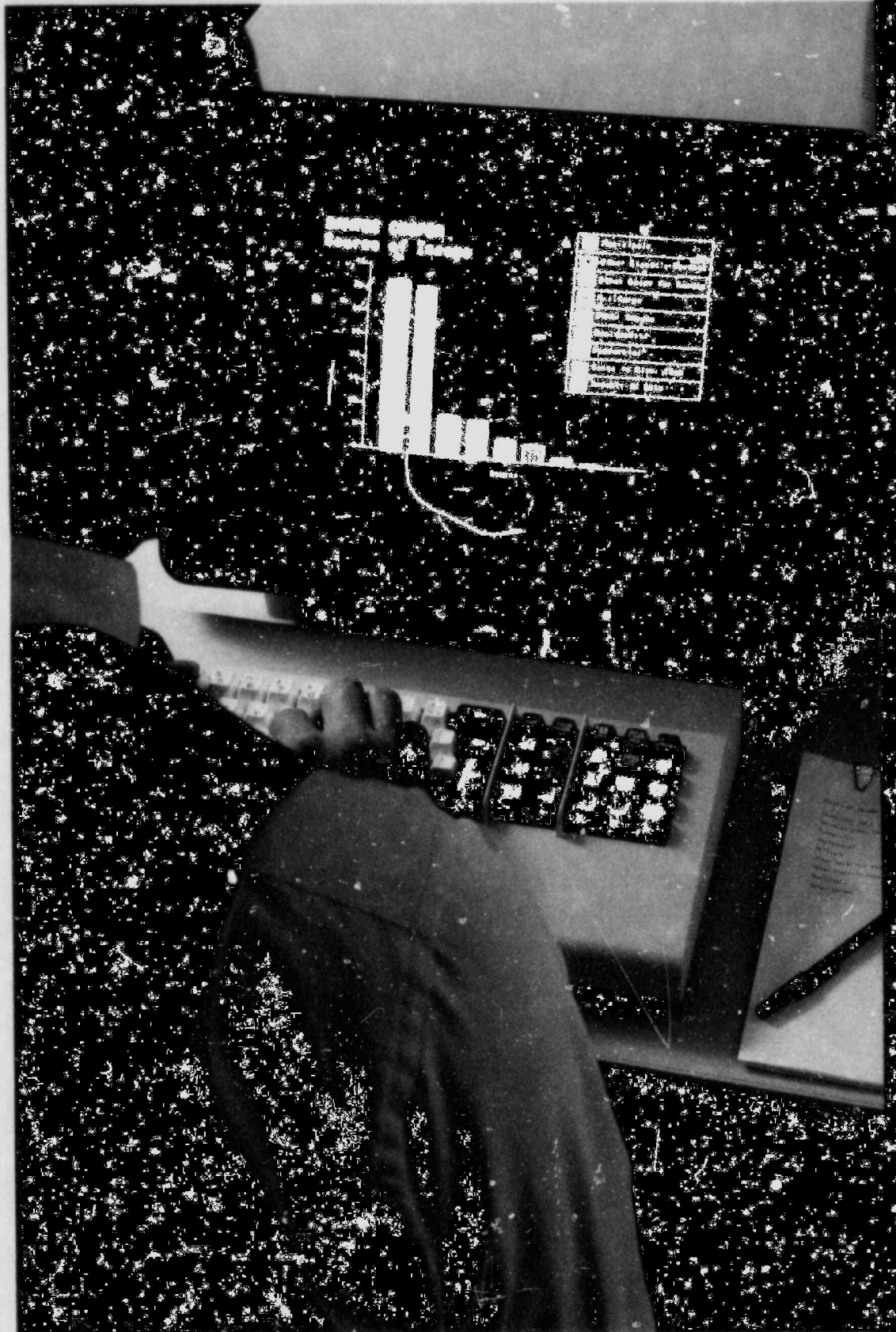
In-house training programs provided professional and organizational development at all levels of company operations. A unique pole top rescue training program produced on video tape teaches linemen dramatic life-saving techniques that are essential to their safety on the job.



SAFETY

The nation's Number 1 safety record for large publicly-owned electric utilities was achieved in 1982 by Santee Cooper. For the fifth consecutive year, and the 13th time since 1964, the company earned the first place safety award presented by the American Public Power Association, having worked 2,313,608 man-hours with an incident rate of 0.61. Santee Cooper is evaluated annually with other member utilities operating more than 2 million man-hours for this recognition and is the only utility to ever win this award in consecutive order.

In addition, 23 units of Santee Cooper earned awards from the National Safety Council and the South Carolina Occupational Safety Council. Santee Cooper's excellent safety record is achieved through the dedication and efforts of a stable work force which cooperates and participates in the overall safety effort.



CORPORATE FORECASTING, RATES, & STATISTICS

In May, 1983, Santee Cooper introduced its first rate increase in two years, averaging 11.2 percent. Innovative rates introduced included those for interruptible service, off peak energy use, and voluntary seasonal rates to accommodate special needs of Santee Cooper industrial and commercial customers.

A Budget Analysis Program was initiated on a monthly basis to inform senior management of reasons for variances between actual and budgeted expenditures. The program provides better control and follow-up action by identifying and correcting minor discrepancies before they develop into major concerns. It also improves budget accuracy and techniques by having supervisors closely analyze and document their monthly variances.

A computerized industrial and wholesale customer billing system was developed. It includes translating magnetic tape metering recorded at the customer's service meter; calculating the actual billing information for the customer; and invoicing for the monthly power use charges. The system also produces sales and revenue summary reports and tracks the payment of the power bills.



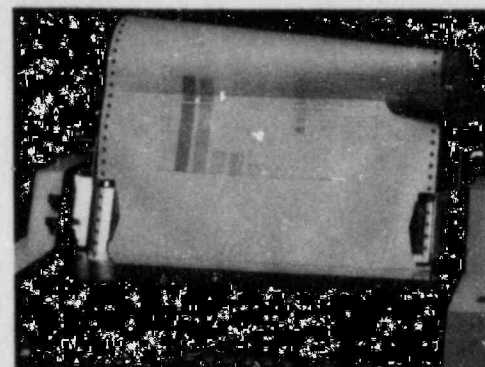
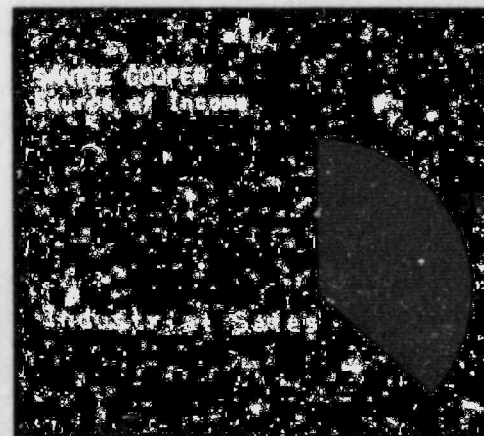
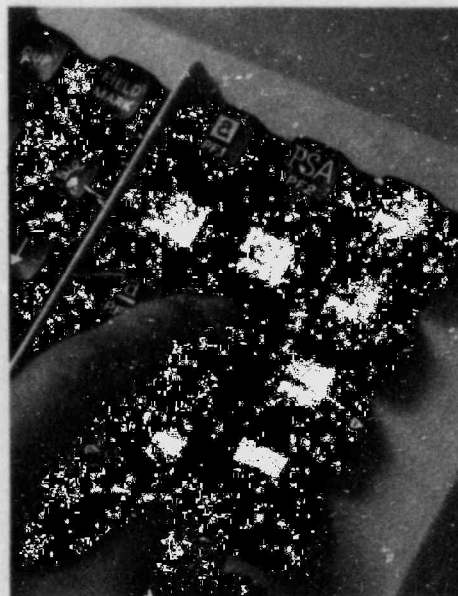
Computer technology was used increasingly throughout Santee Cooper to provide information, data, and word processing support to management and operations, planning, and support personnel. A program of office automation will soon be introduced to improve efficiency, information flow, and data acquisition.

MANAGEMENT INFORMATION SYSTEMS

Santee Cooper's computer processing capability was enhanced greatly with the installation of a new IBM 3083 computer system and a new operating system. Remote processing capability grew substantially during the year with the addition of more video display terminals and printers.

A new daily retail billing system was introduced. This system features a new envelope billing format included with a return envelope. The system also provides the opportunity for the company to communicate directly with its customers on a monthly basis using billing inserts. This new format replaces a post card billing format which had been used for more than 40 years.

Other Management Information System improvements included improvements to the inventory system to allow the reserving of materials for construction projects as well as the development of a parts cataloging system for the generating plants, and updating of policies and procedures manuals to increase accessibility of information through a new indexing system and procedural format.

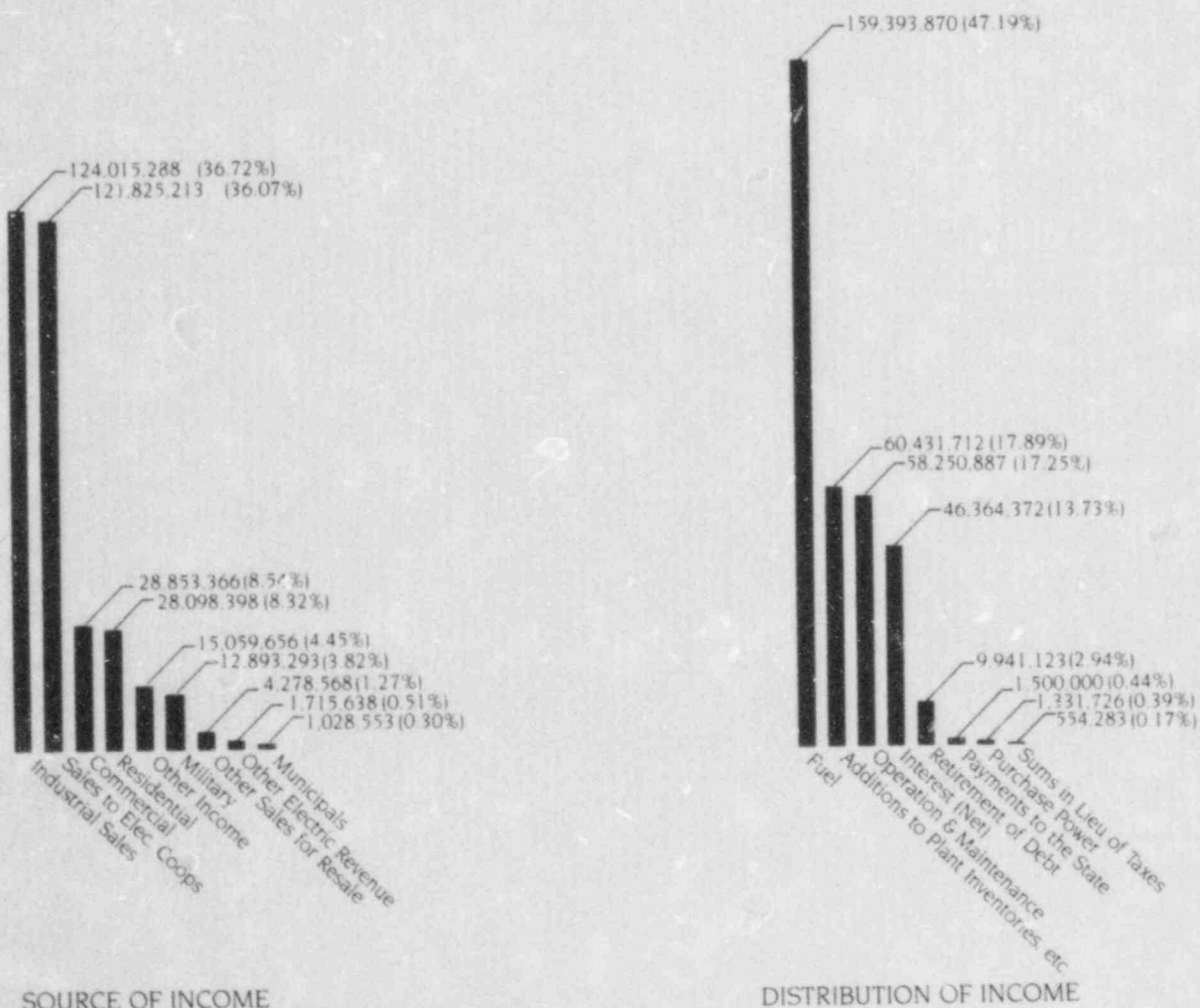


TREASURY

During the year, two major financings were completed. The first was a refunding to defease bonds having an interest rate well above the market rate. The refunding was accomplished in record time as a result of preplanning by the company and the close cooperation of its financial advisor, underwriters, and bond counsel. The refunding bonds enable Santee Cooper to realize a present value savings of \$30,126,445 and a savings over the life of the bonds of \$114,573,992.

The second financing was a competitive note issue with the proceeds used to refund maturing notes and a small amount to provide capital to complete the Summer Nuclear Station.

In addition, a \$50 million Tax Exempt Commercial Paper program was started during the year. A new billing system was started, which has improved cash flow by reducing the time between reading the meters and the dates the bills are mailed.



APPLICATIONS OF REVENUE

Years Ended June 30, 1983 and 1982(1)

| | 1983 | 1982 |
|--|---------------|---------------|
| Total Operating Revenues | \$322,708,318 | \$307,731,125 |
| Operating Expenses: | | |
| Operation | | |
| Production | 171,523,177 | 172,205,118 |
| Purchased and Interchanged Power — Net | 1,331,726 | 9,259,015 |
| Transmission | 1,507,606 | 1,798,806 |
| Distribution | 1,305,113 | 1,059,489 |
| Customer Accounts | 2,170,201 | 5,763,477 |
| Sales | 103,125 | 85,928 |
| Administrative and General | 14,662,640 | 11,744,316 |
| Maintenance | 26,372,895 | 24,403,893 |
| Total Operation and Maintenance Expenses | 218,976,483 | 226,320,042 |
| Sums in Lieu of Taxes | 980,744 | 564,554 |
| Total Operating Expenses | 219,957,227 | 226,884,596 |
| Net Operating Revenues | 102,751,091 | 80,846,529 |
| Other Income | 15,059,655 | 12,976,995 |
| Revenue Available for Debt Service and Other Purposes | 117,810,746 | 93,823,524 |
| Total Debt Service | 71,457,157 | 45,491,037 |
| Lease Payments to Central | 5,461,847 | 5,248,662 |
| Principal and Interest on Other Obligations | 8,916,111 | 83,215 |
| Balance after Debt Service, Lease Payments, and Other Obligations | 31,975,631 | 43,000,610 |
| Payments to the State of South Carolina | 1,500,000 | 1,400,006 |
| Payment to the Special Reserve Fund — Net | 1,079,756 | 1,004,761 |
| Mandatory 8% Allocation for Capital Improvements | 23,240,452 | 24,807,196 |
| Revenue Available for Operating Requirements | \$ 6,155,423 | \$ 15,788,647 |

- (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.

FINANCIAL SUMMARY
1934-1983

Since Santee Cooper was created in 1934, a net amount of \$1,868,854,000 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 \$232,428,000. Payments in lieu of taxes have been made to the State of South Carolina totaling \$21,223,000, and to the counties and municipalities within our service territory totaling \$8,417,000. The remaining net earnings of \$202,788,000 have been reinvested in system improvements.

Revenue bonds totaling \$2,281,594,000 have been issued since the incorporation of Santee Cooper. Bonds which were originally issued in 1949, 1971, and 1976, were advanced refunded in 1973 and 1977, and have been defeased. Also, \$127,000,000 of the 1982-A and \$100,000,000 of 1981-C were advanced refunded and defeased by issuance of 1982 Refunding Bonds. All refunding bonds had an outstanding balance of \$442,674,000 at the time they were refunded. Principal payments on all bond issues, including the issues refunded, total \$42,375,000. Outstanding bonds as of June 30, 1983, totaled \$1,796,545,000. The average annual interest cost on these bonds is 8.32 percent.

As of June 30, 1983, unexpended funds from the sale of bonds amounted to \$106,559,000 in addition to debt reserve, debt service, and interest funds, which totaled \$372,442,000.

SCHEDULE OF BONDS OUTSTANDING

As of June 30, 1983

(In Thousands)

| Maturity Date | 1950 Issue | | 1967 Issue | | 1973 Refunding Issue | | 1973 Issue | | 1974 Issue | | 1977 Refunding Issue | | 1977 Issue | |
|---------------------------|------------|--------|------------|--------|----------------------|--------|------------|---------|------------|---------|----------------------|---------|------------|---------|
| | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. |
| July 1 | | | | | | | | | | | | | | |
| 1983 | 2.70 | 265 | 4.10 | 165* | 5.00 | 795 | 5.30 | 970 | 6.00 | 980 | 4.30 | 2,595 | 4.10 | 410 |
| 1984 | 2.70 | 275 | 4.10 | 335* | 5.00 | 830 | 5.00 | 1,025 | 6.00 | 1,035 | 4.45 | 2,710 | 4.20 | 435 |
| 1985 | 2.70 | 285 | 4.10 | 630* | 5.00 | 875 | 5.20 | 1,075 | 6.00 | 1,105 | 4.60 | 2,835 | 4.30 | 445 |
| 1986 | 2.70 | 290 | 4.10 | 660* | 5.00 | 920 | 5.20 | 1,130 | 6.00 | 1,170 | 4¾ | 2,975 | 4.40 | 470 |
| 1987 | 2.70 | 300 | 4.10 | 685* | 5.00 | 965 | 5.20 | 1,185 | 6.00 | 1,250 | 4.90 | 3,120 | 4½ | 490 |
| 1988 | 2.70 | 310 | 4.10 | 715* | 5.00 | 1,010 | 5.20 | 1,250 | 6.00 | 1,325 | 5.00 | 3,280 | 4.60 | 515 |
| 1989 | 2.70 | 480 | 4.10 | 575* | 5.00 | 1,060 | 5¼ | 1,315 | 6.10 | 1,405 | 5.10 | 3,450 | 4.70 | 540 |
| 1990 | 2.70 | 1,900 | 4.10 | 420* | | | 5¼ | 1,380 | 6.20 | 1,505 | 5.20 | 3,620 | 4.80 | 570 |
| 1991 | 2.70 | 1,950 | 4.10 | 440* | | | 5.30 | 1,455 | 6¼ | 1,590 | 5.30 | 3,830 | 4.90 | 590 |
| 1992 | 2.70 | 2,005 | 4.10 | 455* | | | 5.40 | 1,530 | 6.30 | 1,695 | 5.40 | 4,035 | 5.00 | 625 |
| 1993 | 2.70 | 2,060 | 4.10 | 480* | | | 5.40 | 1,615 | 6.30 | 1,795 | 5½ | 4,260 | 5.10 | 660 |
| 1994 | | | 4.10 | 2,605* | | | 5¾ | 1,700* | 6.40 | 1,910 | 5.60 | 4,480 | 5.20 | 720 |
| 1995 | | | 4.10 | 2,720* | | | 5¾ | 1,795* | 6.40 | 2,035 | 5.65 | 4,710 | 5.30 | 785 |
| 1996 | | | 4.10 | 2,845* | | | 5¾ | 1,900* | 6.40 | 2,155 | 5.70 | 4,995 | 5.40 | 830 |
| 1997 | | | 4.10 | 2,975* | | | 5¾ | 2,010* | 6½ | 2,295 | 5.70 | 5,265 | 5.45 | 890 |
| 1998 | | | 4.10 | 3,105* | | | 5¾ | 2,125* | 6½ | 2,435 | 5⅞ | 5,590* | 5½ | 935 |
| 1999 | | | 4.10 | 3,245* | | | 5¾ | 2,245* | 6½ | 2,590 | 5⅞ | 5,915* | 5½ | 1,005 |
| 2000 | | | 4.10 | 3,395* | | | 5¾ | 2,375* | 6¾ | 2,750* | 5⅞ | 6,275* | 5.55 | 1,065 |
| 2001 | | | 4.10 | 3,545* | | | 5¾ | 2,510* | 6¾ | 2,920* | 5⅞ | 6,665* | 5.60 | 1,130 |
| 2002 | | | 4.10 | 3,705* | | | 5¾ | 2,655* | 6¾ | 3,110* | 5⅞ | 7,050* | 5.60 | 1,220 |
| 2003 | | | 4.10 | 3,870* | | | 5¾ | 2,810* | 6¾ | 3,295* | 6.00 | 7,490* | 5¾ | 1,295 |
| 2004 | | | 4.10 | 4,045* | | | 5¾ | 2,970* | 6¾ | 3,505* | 6.00 | 7,950* | 5¾ | 1,380 |
| 2005 | | | 4.10 | 4,230* | | | 5¾ | 3,140* | 6¾ | 3,730* | 6.00 | 8,450* | 5¾ | 1,460 |
| 2006 | | | 4.10 | 4,420* | | | 5¾ | 3,325* | 6¾ | 3,950* | 6.00 | 8,970* | 5¾ | 1,570 |
| 2007 | | | | | | | 5¾ | 3,515* | 6¾ | 4,205* | 6.00 | 9,400* | 5¾ | 1,795 |
| 2008 | | | | | | | 5¾ | 3,715* | 6¾ | 4,470* | 6.00 | 9,950* | 5¾ | 1,945 |
| 2009 | | | | | | | 5¾ | 3,930* | 6¾ | 4,745* | 6.00 | 10,565* | 5¾ | 2,080 |
| 2010 | | | | | | | 5¾ | 4,155* | 6¾ | 5,045* | 6.00 | 11,210* | 5¾ | 2,225 |
| 2011 | | | | | | | 5¾ | 11,520* | 6¾ | 5,350* | 6.00 | 4,980* | 5¾ | 2,180 |
| 2012 | | | | | | | 5¾ | 12,180* | 6¾ | 5,695* | 6.00 | 5,315* | 5¾ | 2,300 |
| 2013 | | | | | | | 5¾ | 12,880* | 6¾ | 6,045* | 6.00 | 5,625* | 5¾ | 2,500 |
| 2014 | | | | | | | | | 6¾ | 20,045* | 6.00 | 6,010* | 5¾ | 2,640 |
| 2015 | | | | | | | | | | | 6.00 | 9,515* | 5¾ | 21,065 |
| 2016 | | | | | | | | | | | 6.00 | 11,285* | 5¾ | 21,235 |
| 2017 | | | | | | | | | | | | | 5¾ | 34,580 |
| 2018 | | | | | | | | | | | | | | |
| 2019 | | | | | | | | | | | | | | |
| 2020 | | | | | | | | | | | | | | |
| 2021 | | | | | | | | | | | | | | |
| 2022 | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Outstanding | | 10,120 | | 50,265 | | 6,455 | | 97,385 | | 107,135 | | 204,370 | | 114,580 |
| Bonds Redeemed to 6-30-83 | | 5,180 | | 1,335 | | 5,595 | | 2,615 | | 1,865 | | 10,780 | | 420 |
| Original Issue | | 15,300 | | 51,600 | | 12,050 | | 100,000 | | 109,000 | | 215,150 | | 115,000 |

*Term Bonds

**The Subtotal of Priority Obligations and Expansion Bonds (See Financial Statements - Page 3) includes \$629,840 for the AB Loan which is not included in this schedule.

Bonds issued in 1949, 1971, 1976, 1981 (\$100,000,000 of the 1981 C issue), and 1982 (\$127,000,000 of the 1982 A issue) have been advanced refunded and are no longer a liability

OUTSTANDING

(In Thousands)

| 1973 Issue | | 1974 Issue | | 1977 Refunding Issue | | 1977 Issue | | 1978 Issue | | 1979A Issue | | 1980A Issue | | 1981A Issue | |
|------------|---------|------------|---------|----------------------|---------|------------|---------|------------|---------|-------------|---------|-------------|--------|-------------|--------|
| Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. |
| 0 | 970 | 6.00 | 980 | 4.30 | 2,595 | 4.10 | 410 | 4.40 | 895 | 5.40 | 575 | 8.60 | 145 | | |
| 0 | 1,025 | 6.00 | 1,035 | 4.45 | 2,710 | 4.20 | 435 | 4½ | 780 | 5.45 | 955 | 8.60 | 680 | | |
| 0 | 1,075 | 6.00 | 1,105 | 4.60 | 2,835 | 4.30 | 445 | 4.60 | 970 | 5½ | 985 | 8.70 | 740 | 7½ | 555 |
| 0 | 1,130 | 6.00 | 1,170 | 4¾ | 2,975 | 4.40 | 470 | 4.70 | 1,015 | 5½ | 1,025 | 8.80 | 800 | 7.65 | 615 |
| 0 | 1,185 | 6.00 | 1,250 | 4.90 | 3,120 | 4½ | 490 | 4.80 | 1,070 | 5.55 | 1,065 | 8.90 | 875 | 7.80 | 680 |
| 0 | 1,250 | 6.00 | 1,325 | 5.00 | 3,280 | 4.60 | 515 | 4.90 | 1,125 | 5.60 | 1,105 | 9.00 | 950 | 8.00 | 760 |
| | 1,315 | 6.10 | 1,405 | 5.10 | 3,450 | 4.70 | 540 | 5.00 | 1,200 | 5.70 | 1,150 | 9.10 | 1,035 | 8.15 | 845 |
| | 1,380 | 6.20 | 1,505 | 5.20 | 3,620 | 4.80 | 570 | 5.05 | 1,155 | 5¾ | 1,195 | 9.20 | 1,130 | 8.30 | 940 |
| 0 | 1,455 | 6¼ | 1,590 | 5.30 | 3,830 | 4.90 | 590 | 5.10 | 1,220 | 5.85 | 1,240 | 9¼ | 1,235 | 8.45 | 1,050 |
| 0 | 1,530 | 6.30 | 1,695 | 5.40 | 4,035 | 5.00 | 625 | 5.15 | 1,285 | 5.90 | 1,300 | 9.30 | 1,350 | 8.60 | 1,165 |
| 0 | 1,615 | 6.30 | 1,795 | 5½ | 4,260 | 5.10 | 660 | 5.20 | 1,355 | 5.95 | 1,360 | 9.40 | 1,475 | 8¾ | 1,295 |
| | 1,700* | 6.40 | 1,910 | 5.60 | 4,480 | 5.20 | 720 | 5¼ | 1,440 | 6.00 | 1,425 | 9.45 | 1,615 | 8.90 | 1,435 |
| | 1,795* | 6.40 | 2,035 | 5.65 | 4,710 | 5.30 | 785 | 5.30 | 1,515 | 6.05 | 1,490 | 9½ | 1,765 | 9.00 | 1,600 |
| | 1,900* | 6.40 | 2,155 | 5.70 | 4,995 | 5.40 | 830 | 5.35 | 1,585 | 6.10 | 1,565 | 9.80 | 1,930* | 9.15 | 1,775 |
| | 2,010* | 6½ | 2,295 | 5.70 | 5,265 | 5.45 | 890 | 5.40 | 1,670 | 6.20 | 1,645 | 9.80 | 2,120* | 9.30 | 1,970 |
| | 2,125* | 6½ | 2,435 | 5¾ | 5,590* | 5½ | 935 | 5.40 | 1,760 | 6.30 | 1,725 | 9.80 | 2,330* | 9¾ | 2,190 |
| | 2,245* | 6½ | 2,590 | 5¾ | 5,915* | 5½ | 1,005 | 5.70 | 1,850* | 6.35 | 1,815 | 9.80 | 2,560* | 9¾ | 2,430 |
| | 2,375* | 6¾ | 2,750* | 5¾ | 6,275* | 5.55 | 1,065 | 5.70 | 1,940* | 6.40 | 1,915 | 9.80 | 2,810* | 9¾ | 2,700 |
| | 2,510* | 6¾ | 2,920* | 5¾ | 6,665* | 5.60 | 1,130 | 5.70 | 2,045* | 6.45 | 2,025 | 9.80 | 3,085* | 9¾ | 2,995 |
| | 2,655* | 6¾ | 3,110* | 5¾ | 7,050* | 5.60 | 1,220 | 5.70 | 2,145* | 6½ | 2,135 | 9.80 | 3,385* | 9¾ | 8,000 |
| | 2,810* | 6¾ | 3,295* | 6.00 | 7,490* | 5¾ | 1,295* | 5.70 | 2,260* | 6½ | 2,260 | 10⅛ | 3,720* | | |
| | 2,970* | 6¾ | 3,505* | 6.00 | 7,950* | 5¾ | 1,380* | 5.70 | 2,380* | 6¾ | 2,390* | 10⅛ | 4,095* | | |
| | 3,140* | 6¾ | 3,730* | 6.00 | 8,450* | 5¾ | 1,460* | 5.70 | 2,500* | 6¾ | 2,540* | 10⅛ | 4,510* | | |
| | 3,325* | 6¾ | 3,950* | 6.00 | 8,970* | 5¾ | 1,570* | 5.70 | 2,630* | 6¾ | 2,695* | 10⅛ | 4,965* | | |
| | 3,515* | 6¾ | 4,205* | 6.00 | 9,400* | 5¾ | 1,795* | 5.70 | 2,785* | 6¾ | 2,865* | 10⅛ | 5,470* | | |
| | 3,715* | 6¾ | 4,470* | 6.00 | 9,950* | 5¾ | 1,945* | 5.70 | 2,845* | 6¾ | 3,010* | 10⅛ | 6,025* | | |
| | 3,930* | 6¾ | 4,745* | 6.00 | 10,565* | 5¾ | 2,080* | 5¾ | 8,330* | 6¾ | 3,160* | 10⅛ | 6,635* | | |
| | 4,155* | 6¾ | 5,045* | 6.00 | 11,210* | 5¾ | 2,225* | 5¾ | 8,845* | 6¾ | 3,335* | 10⅛ | 7,305* | | |
| | 11,520* | 6¾ | 5,350* | 6.00 | 4,980* | 5¾ | 2,180* | 5¾ | 9,390* | 6¾ | 3,525* | | | 10¼ | 1,300 |
| | 12,180* | 6¾ | 5,695* | 6.00 | 5,315* | 5¾ | 2,300* | 5¾ | 9,980* | 6¾ | 3,720* | | | 10¼ | 1,430 |
| | 12,880* | 6¾ | 6,045* | 6.00 | 5,625* | 5¾ | 2,500* | 5¾ | 10,590* | 6¾ | 3,925* | | | 10¼ | 1,580 |
| | | 6¾ | 20,045* | 6.00 | 6,010* | 5¾ | 2,640* | 5¾ | 11,250* | 6¾ | 4,140* | | | 10¼ | 1,745 |
| | | | | 6.00 | 9,515* | 5¾ | 21,065* | 5¾ | 11,950* | 6¾ | 4,370* | | | 10¼ | 1,920 |
| | | | | 6.00 | 11,285* | 5¾ | 21,235* | 5¾ | 12,555* | 6¾ | 4,610* | | | 10¼ | 2,120 |
| | | | | | | 5¾ | 34,580* | 5¾ | 13,190* | 6¾ | 4,870* | | | 10¼ | 2,330 |
| | | | | | | | | 5¾ | 50,600* | 6¾ | 5,135* | | | 10¼ | 2,575 |
| | | | | | | | | | | 6¾ | 25,550* | | | 10¼ | 3,500 |
| | | | | | | | | | | | | | | 10¼ | 23,500 |
| | | | | | | | | | | | | | | | |
| 97,385 | | 107,135 | | 204,370 | | 114,580 | | 199,700 | | 109,795 | | 74,740 | | 75,000 | |
| 2,615 | | 1,865 | | 10,780 | | 420 | | 300 | | 205 | | 260 | | 0 | |
| 100,000 | | 109,000 | | 215,150 | | 115,000 | | 200,000 | | 110,000 | | 75,000 | | 75,000 | |

includes \$629,840 for the AB Loan which is not included in this schedule.

00,000 of the 1982 A issue) have been advanced refunded and are no longer a liability of Santee Cooper.

| 1981B Issue | | 1981C Issue | | 1982A Issue | | 1982B Issue | | 1982 Refunding Issue | | Total Principal Maturities | Accruing Interest | Total Debt Service |
|-------------|---------|-------------|---------|-------------|---------|-------------|---------|----------------------|---------|----------------------------------|----------------------|--------------------------|
| Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | Int. Rate | Amt. | | | |
| | | | | | | | | | | 7795 | 155,528 | 163,323 |
| | | | | | | | | | | 9060 | 149,138 | 158,198 |
| | | | | | | | | | | 10,500 | 148,679 | 159,179 |
| | | 10½ | 710 | 9½ | 1,375 | 9½ | 565 | | | 13,720 | 148,125 | 161,845 |
| | | 10¾ | 785 | 10.00 | 1,465 | 10.00 | 655 | 7¼ | 435 | 15,025 | 147,273 | 162,298 |
| | | 11.00 | 865 | 10½ | 1,595 | 10¼ | 740 | 7½ | 470 | 16,015 | 146,308 | 162,323 |
| | | 11¼ | 965 | 11.00 | 1,735 | 10½ | 835 | 7¾ | 505 | 17,095 | 145,247 | 162,342 |
| | | 11½ | 1,070 | 11½ | 1,905 | 10¾ | 940 | 8.00 | 545 | 18,275 | 144,085 | 162,360 |
| | | 11¾ | 1,185 | 11¾ | 2,105 | 11.00 | 1,060 | 8.20 | 585 | 19,535 | 142,840 | 162,375 |
| | | 12.00 | 1,315 | 12.00 | 2,335 | 11¼ | 1,195 | 8.40 | 635 | 20,825 | 141,472 | 162,397 |
| | | 12¼ | 1,470 | 12.30 | 2,590 | 11.60 | 1,345 | 8.60 | 690 | 22,450 | 139,964 | 162,414 |
| | | 12½ | 1,635 | 12.60 | 2,895 | 11.90 | 1,515 | 8¾ | 750 | 24,125 | 138,303 | 162,428 |
| 1.00 | 3,090 | 13¼ | 1,875* | | | 12.10 | 1,815 | 9½ | 815* | 26,010 | 136,431 | 162,441 |
| 1.10 | 4,000 | 13¼ | 1,530* | | | 12.20 | 2,040 | 9½ | 890* | 28,040 | 134,412 | 162,452 |
| 1.20 | 4,220 | 13¼ | 1,925* | | | 12.30 | 2,295 | 9½ | 975* | 30,255 | 132,208 | 162,463 |
| | | 13¼ | 2,250* | | | 12¾ | 85* | 9½ | 1,070* | 30,190 | 129,788 | 159,978 |
| | | 13¼ | 2,545* | | | 12¾ | 95* | 9½ | 1,165* | 32,550 | 127,427 | 159,977 |
| | | | | | | | | 9½ | 1,275* | 38,510 | 124,847 | 163,357 |
| | | 13¼ | 9,875* | | | 12¾ | 100* | 9½ | 1,395* | 38,290 | 121,685 | 159,975 |
| | | | | 13¾ | 5,265* | 12¾ | 1,330* | 9½ | 1,525* | 41,525 | 118,450 | 159,975 |
| | | | | 13¾ | 14,735* | 12¾ | 1,530* | 9.60 | 1,670* | 44,935 | 115,044 | 159,979 |
| | | | | | | 12¾ | 17,320* | 9.60 | 3,000* | 49,035 | 110,943 | 159,978 |
| | | | | | | 12¾ | 19,540* | 9.60 | 3,275* | 53,375 | 106,606 | 159,981 |
| | | | | | | 13.00 | 915* | 9.60 | 3,575* | 37,015 | 101,833 | 138,848 |
| | | | | | | 13.00 | 1,050* | 9.60 | 3,895* | 39,580 | 99,269 | 138,849 |
| | | | | | | 13.00 | 1,200* | 9.60 | 4,250* | 42,410 | 96,437 | 138,847 |
| | | | | | | 13.00 | 1,375* | 9.60 | 4,640* | 45,460 | 93,388 | 138,848 |
| | | | | | | 13.00 | 1,570* | 9.60 | 5,070* | 48,760 | 90,090 | 138,850 |
| ¼ | 8,520* | | | | | 13.00 | 1,800* | 9.60 | 3,755* | 52,320 | 86,530 | 138,850 |
| ¼ | 9,310* | | | | | 13.00 | 2,040* | 9.60 | 4,105* | 56,075 | 82,773 | 138,848 |
| ¼ | 10,170* | | | | | 13.00 | 2,320* | 9.70 | 4,485* | 60,120 | 78,728 | 138,848 |
| 2.00 | 1,195* | 10.00 | 9,365* | | | 13.00 | 2,625* | 9.70 | 5,465* | 64,480 | 74,367 | 138,847 |
| 2.00 | 1,335* | 10.00 | 10,635* | | | 13.00 | 2,990* | 9.70 | 5,645* | 69,425 | 69,426 | 138,851 |
| 2.00 | 1,480* | | | | | 13.00 | 3,395* | 9.70 | 17,885* | 74,565 | 64,284 | 138,849 |
| 2.00 | 1,655* | | | | | 13.00 | 3,885* | 9.70 | 19,575* | 80,085 | 58,760 | 138,345 |
| 2.00 | 1,845* | | | | | 13.00 | 4,445* | 9.70 | 21,425* | 86,025 | 52,821 | 138,846 |
| 2.00 | 34,905* | | | | | 13.00 | 5,095* | 9.70 | 23,445* | 92,495 | 46,354 | 138,849 |
| 2.00 | 46,585* | | | | | 13.00 | 5,830* | 9.70 | 25,815* | 101,730 | 37,113 | 138,843 |
| 0½ | 50,000* | | | | | 13.00 | 6,665* | 9.70 | 56,330* | 112,995 | 25,853 | 138,848 |
| | | | | | | 13.00 | 62,800* | 9.70 | 62,970* | 125,770 | 14,272 | 140,042 |
| 200,000 | | 50,000 | | 38,000 | | 165,000 | | 294,000 | | 1,796,545** | 4,277,101 | 6,073,646 |
| 0 | | 0 | | 0 | | 0 | | 0 | | 28,555 | | |
| 200,000 | | 50,000 | | 38,000 | | 165,000 | | 294,000 | | 1,825,100 | | |

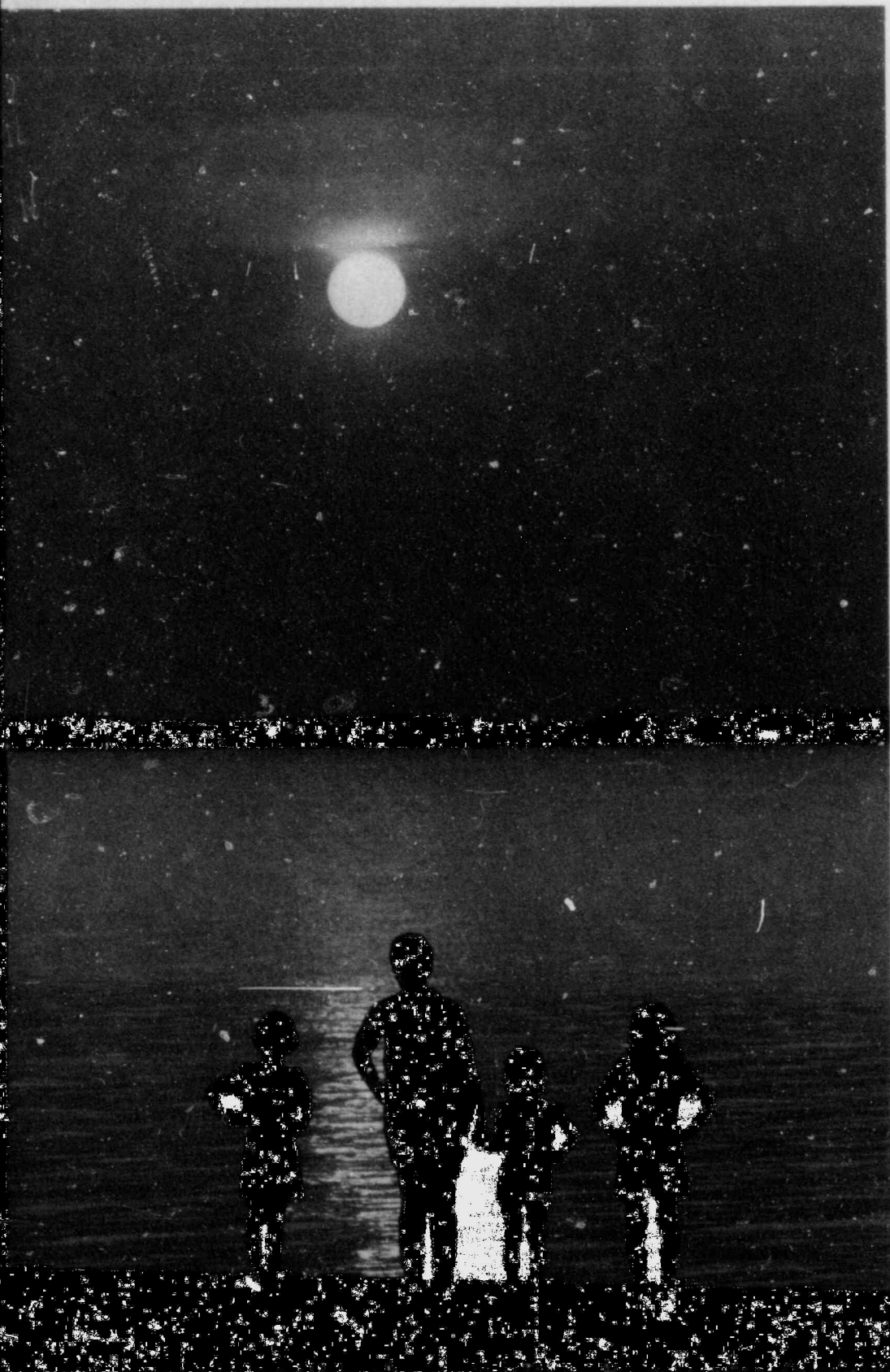
ELECTRIC STATISTICS

| Fiscal Year | 6/30/83 | 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 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Utility Plant-net including nuclear fuel (at year end) (in thousands of dollars) | 1,682,027 | 1,465,919 | 1,204,325 | 950,628 | 759,839 | 577,936 | 437,162 | 355,971 | 277,976 | 223,633 |
| Bonded Indebtedness (at year end) (in thousands of dollars) | 1,796,545 | 1,735,850 | 1,261,420 | 990,100 | 917,690 | 810,190 | 495,190 | 481,210 | 383,050 | 383,905 |
| Operating Revenues (in thousands of dollars) | | | | | | | | | | |
| Residential | 28,098 | 27,121 | 21,949 | 17,639 | 15,255 | 14,585 | 10,801 | 9,109 | 8,354 | 4,910 |
| Commercial | 28,853 | 28,145 | 22,452 | 18,835 | 16,822 | 15,530 | 12,439 | 10,738 | 9,665 | 5,703 |
| Industrial | 124,015 | 131,189 | 99,551 | 40,417 | 35,131 | 26,672 | 21,557 | 19,357 | 20,929 | 11,349 |
| Military | 12,893 | 12,487 | 9,225 | 6,954 | 6,567 | 6,330 | 5,049 | 4,754 | 4,564 | 2,834 |
| Municipal | 1,029 | 955 | 704 | 587 | 546 | 526 | 422 | 391 | 257 | 217 |
| Wholesale | 126,104 | 105,994 | 90,971 | 65,997 | 59,975 | 54,101 | 42,265 | 36,215 | 32,038 | 16,512 |
| Other Electric Utilities* | - | - | - | - | - | - | 975 | 507 | 1,021 | 4,220 |
| Miscellaneous | 1,716 | 1,840 | 1,494 | 1,364 | 1,401 | 1,236 | 1,219 | 1,168 | (1,516) | 1,009 |
| Total | 322,708 | 307,731 | 246,346 | 151,793 | 135,697 | 118,980 | 94,727 | 82,239 | 75,312 | 46,754 |
| Operation & Maintenance Expenses Charged to Operations (in thousands of dollars) | 218,976 | 226,320 | 187,890 | 109,997 | 103,928 | 88,144 | 71,904 | 57,737 | 59,214 | 36,861 |
| Payments in Lieu of Taxes Charged to Operations (in thousands of dollars) | 981 | 565 | 966 | 928 | 726 | 658 | 734 | 550 | 405 | 126 |
| Payments to the State Charged to Reinvested Earnings (in thousands of dollars) | 1,500 | 1,400 | 1,300 | 1,300 | 1,200 | 1,201 | 1,797 | 844 | 764 | 1,093 |
| Net Operating Revenues Available For Debt Service (in thousands of dollars) | 118,230 | 94,219 | 66,503 | 46,732 | 35,958 | 33,796 | 28,091 | 29,799 | 19,983 | 13,604 |
| Reinvested Earnings** (in thousands of dollars) | 36,161 | 38,610 | 21,048 | 21,406 | 10,791 | 5,516 | 8,978 | 11,902 | 8,060 | 3,704 |
| Debt Service Coverage: | | | | | | | | | | |
| Expansion Bonds | 1.69 | 2.18 | 1.90 | 2.41 | 2.12 | 2.30 | 3.34 | 3.25 | 4.52 | 12.60 |
| Priority Obligation & Expansion Bonds | 1.65 | 2.07 | 1.79 | 2.14 | 1.88 | 1.98 | 2.46 | 2.45 | 2.56 | 2.69 |
| Kilowatthour Sales (in thousands) | | | | | | | | | | |
| Residential | 559,929 | 541,522 | 536,461 | 472,495 | 443,186 | 446,247 | 403,107 | 342,232 | 319,744 | 287,653 |
| Commercial | 595,724 | 569,474 | 549,737 | 511,726 | 506,243 | 489,437 | 449,335 | 404,501 | 375,320 | 333,608 |
| Industrial | 3,940,370 | 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 |
| Military | 373,403 | 350,127 | 343,258 | 306,582 | 316,537 | 323,763 | 302,789 | 301,172 | 291,632 | 284,449 |
| Municipal | 20,236 | 17,841 | 17,572 | 17,506 | 16,966 | 16,670 | 15,495 | 14,381 | 13,075 | 10,690 |
| Wholesale | 3,422,275 | 3,351,388 | 3,470,042 | 3,099,574 | 2,881,781 | 2,843,955 | 2,576,794 | 2,220,559 | 2,018,602 | 1,795,621 |
| Total | 8,911,937 | 8,879,984 | 8,869,478 | 6,298,298 | 5,952,800 | 5,561,566 | 5,104,226 | 4,485,136 | 4,259,300 | 3,967,909 |
| Number of Customers (at year end) | | | | | | | | | | |
| Residential | 50,255 | 46,310 | 43,462 | 40,053 | 38,058 | 35,590 | 32,513 | 30,738 | 28,580 | 26,958 |
| Commercial | 10,583 | 10,129 | 9,754 | 9,236 | 8,859 | 8,466 | 8,102 | 7,558 | 7,280 | 7,122 |
| Industrial | 25 | 25 | 25 | 24 | 21 | 20 | 19 | 21 | 21 | 20 |
| Military | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Municipal | 300 | 224 | 216 | 212 | 207 | 197 | 189 | 183 | 163 | 144 |
| Wholesale | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Total | 61,169 | 56,694 | 53,463 | 49,531 | 47,151 | 44,279 | 40,829 | 38,506 | 36,051 | 34,251 |
| Residential Statistics (average) | | | | | | | | | | |
| Kilowatthour Consumption/Consumer | 11,708 | 12,093 | 12,875 | 12,151 | 12,097 | 13,174 | 12,832 | 11,551 | 11,487 | 11,060 |
| Cents/Kilowatthour | 5.02 | 5.01 | 4.09 | 3.73 | 3.44 | 3.27 | 2.68 | 2.66 | 2.61 | 1.71 |
| Generating Capability (year end) (megawatts) | 2,265 | 1,965 | 1,965 | 1,736 | 1,456 | 1,400 | 1,120 | 1,120 | 1,092 | 792 |
| Power Requirements and Supply (kilowatthours in millions) | | | | | | | | | | |
| Generation- | | | | | | | | | | |
| Hydro | 694 | 522 | 414 | 824 | 680 | 702 | 715 | 739 | 784 | 707 |
| Steam | 7,840 | 8,492 | 8,620 | 5,800 | 5,343 | 5,238 | 4,402 | 3,779 | 3,012 | 3,399 |
| Combustion Turbine | - | 18 | 31 | 10 | 6 | 38 | 21 | 2 | 11 | 11 |
| Nuclear | 494 | - | - | - | - | - | - | - | - | - |
| Total | 9,028 | 9,032 | 9,065 | 6,634 | 6,029 | 5,978 | 5,138 | 4,520 | 3,807 | 4,117 |
| Purchases, Net Interchange, Etc. | 333 | 380 | 371 | 193 | 429 | 95 | 474 | 429 | 882 | 303 |
| Total | 9,361 | 9,412 | 9,436 | 6,827 | 6,458 | 6,073 | 5,612 | 4,949 | 4,689 | 4,420 |
| Calendar Year | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 |
| Territorial Peak Loads (megawatts) | 1,685 | 1,754 | 1,554 | 1,352 | 1,231 | 1,161 | 1,065 | 943 | 911 | 829 |

() Denotes Negative

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

**Reinvested earnings referred to above and in the Financial Statements on pages 4,5, and 6 reflect revenue available to meet Santee Cooper's Bond Indenture and Resolution requirements.



ADVISORY BOARD

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State Treasurer

Earle E. Morris, Jr.
Comptroller General

John T. Campbell
Secretary of State



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 constructing and operating the Santee-Cooper Hydroelectric Project. This included developing the Cooper, Santee, and Congaree Rivers for interstate and intrastate commerce; 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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Chairman Emeritus

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Senior Vice President

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Vice President

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Vice President

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Vice President

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John E. Bishop

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H. Roderick Murchison

Treasurer

L.P. Dorman

Corporate Secretary

Denise McWhorter

Assistant Corporate Secretary

Albert Boyt, Jr.

Group Manager

Transmission

David E. Jeffcoat

Group Manager

District Operations

Robert F. Petracca

Group Manager

Property & Transportation Systems

Byron C. Rodgers

Group Manager

Production Operations

Ronald H. Holmes

Manager

Industrial Relations

Jerry L. Stafford

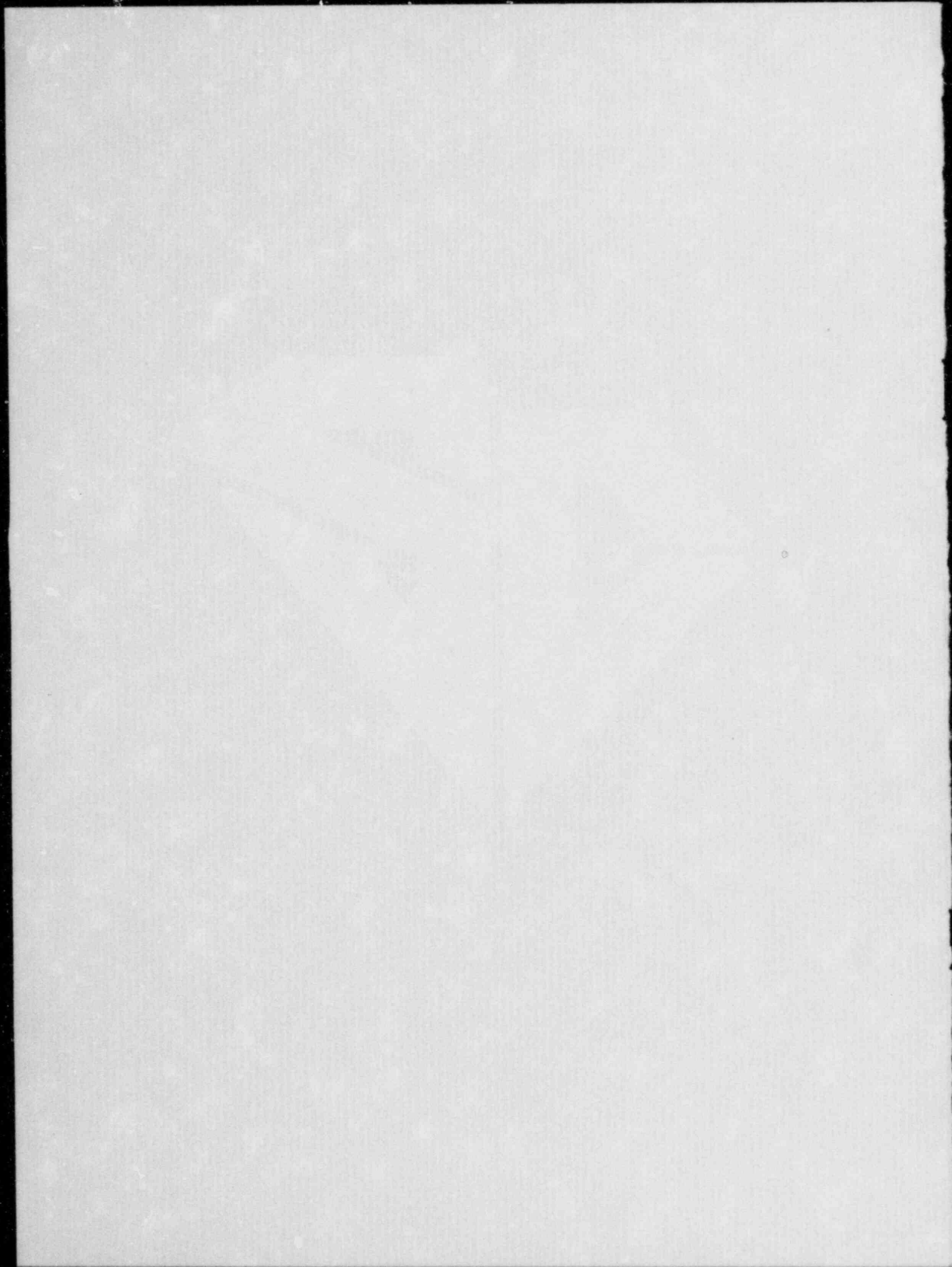
Director

Corporate Communications

*For additional
information contact:*

Jerry Stafford
or
Dan Coleman

Corporate Communications
Santee Cooper
One Riverwood Drive
Moncks Corner
South Carolina
29461
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FINANCIAL STATEMENTS

SOUTH CAROLINA
PUBLIC SERVICE AUTHORITY

Fiscal Year 1983

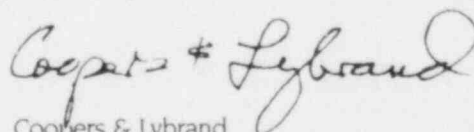


REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 1983 and 1982, 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, 1983 and 1982, 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.

A handwritten signature in cursive script that reads "Coopers & Lybrand".

Coopers & Lybrand
Columbia, South Carolina
August 26, 1983

BALANCE SHEETS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

June 30, 1983 and 1982

| Assets | 1983 | 1982 |
|---|-----------------|-----------------|
| Utility Plant — At Cost (Notes 1 and 3): | | |
| Electric plant in service | \$1,378,389,661 | \$ 881,738,742 |
| Construction work in progress | 468,980,471 | 717,935,571 |
| Total | 1,847,370,132 | 1,599,674,313 |
| Less accumulated depreciation | 186,827,617 | 155,251,632 |
| Electric plant — net | 1,660,542,515 | 1,444,422,681 |
| Nuclear fuel — net (Note 3) | 21,484,293 | 21,496,546 |
| Utility plant — net | 1,682,026,808 | 1,465,919,227 |
| Other Physical Property (Net of Accumulated Depreciation) | 421,309 | 431,860 |
| Unexpended Funds from Sale of Electric System Expansion Revenue Bonds (Note 2) | 106,558,891 | 180,207,240 |
| Debt Service and Other Special Funds (Note 2) | 392,799,565 | 483,881,680 |
| Current Assets: | | |
| Cash and securities: | | |
| Held by trustee | 13,834,466 | 11,587,386 |
| Other | 6,780,569 | 473,221 |
| Accounts receivable, less an allowance for doubtful accounts, \$4,350,407 and \$4,201,872 at June 30, 1983 and 1982, respectively | 31,269,376 | 27,862,653 |
| Accrued interest receivable | 2,563,924 | 2,906,953 |
| Inventories, at average cost: | | |
| Fuel (coal and oil) | 47,058,126 | 39,112,475 |
| Materials and supplies | 4,271,373 | 4,068,012 |
| Prepaid expenses | 1,389,603 | 1,127,677 |
| Total current assets | 107,167,437 | 87,138,377 |
| Deferred Debits: | | |
| Unamortized debt expense (Note 1) | 24,255,948 | 23,548,387 |
| Unamortized loss on reacquired debt (Note 1) | 71,439,166 | 9,220,762 |
| Other | 1,305,168 | 1,412,635 |
| Total deferred debits | 97,000,282 | 34,181,784 |
| Total | \$2,385,974,292 | \$2,251,760,168 |

| Liabilities | 1983 | 1982 |
|---|--------------------|--------------------|
| Long-Term Debt (Note 4): | | |
| Priority obligations | \$ 67,469,840 | \$ 69,063,527 |
| Electric System Expansion Revenue Bonds | 1,729,705,000 | 1,667,835,000 |
| Subtotal | 1,797,174,840 | 1,736,898,527 |
| Electric Revenue Notes | 135,000,000 | 125,000,000 |
| Capitalized lease obligations | 82,467,110 | 85,609,546 |
| Other | 75,000 | 150,000 |
| Total long-term debt | 2,014,716,950 | 1,947,658,073 |
| Less: | | |
| Reacquired debt | 500,000 | 660,000 |
| Unamortized debt discount and premium — net | 24,780,255 | 26,876,298 |
| Long-term debt — net | 1,989,436,695 | 1,920,121,775 |
| Accrued Interest on Long-Term Debt | 83,331,019 | 72,499,660 |
| Construction Fund Liabilities — Accounts Payable | 22,223,134 | 21,423,149 |
| Other Non-current Liabilities | 702,497 | 304,359 |
| Current Liabilities: | | |
| Commercial paper (Note 5) | 15,000,000 | — |
| Accounts payable | 18,810,459 | 18,343,881 |
| Customer deposits | 2,588,239 | 2,484,948 |
| Accrued sums in lieu of taxes | 557,777 | 408,208 |
| Other | 1,262,196 | 185,697 |
| Total current liabilities | 38,218,671 | 21,422,734 |
| Commitments and Contingencies (Note 7) | | |
| Deferred Credits: | | |
| Unamortized gain on reacquired debt (Note 1) | 757,460 | 1,078,851 |
| Nuclear fuel settlement (Note 3) | 14,078,208 | 12,343,731 |
| Total deferred credits | 14,835,668 | 13,422,582 |
| Capital Contributions — U.S. Government Grants | 34,438,264 | 34,438,264 |
| Accumulated Earnings Reinvested in the Business | 202,788,344 | 168,127,645 |
| Total | \$2,385,974,292 | \$2,251,760,168 |

STATEMENTS OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Years Ended June 30, 1983 and 1982

| | 1983 | 1982 |
|---|---------------|---------------|
| Accumulated earnings reinvested in the business — beginning of year | \$168,127,645 | \$130,917,600 |
| Reinvested earnings for the year | 36,160,699 | 38,610,051 |
| Total | 204,288,344 | 169,527,651 |
| Distribution to the State of South Carolina (See note below) | 1,500,000 | 1,400,006 |
| Accumulated earnings reinvested in the business — end of year | \$202,788,344 | \$168,127,645 |

Note: The distribution to the State of South Carolina is determined utilizing a calculation formula required under the Bond Indenture which is based essentially on operating cash flow and mandatory reserve requirements. Such calculation varies substantially from reinvested earnings for the year which includes among other things, interest income earned on restricted funds and an allowance for funds used during construction.

STATEMENTS OF REINVESTED EARNINGS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Years Ended June 30, 1983 and 1982

| | 1983 | 1982 |
|---|----------------------|----------------------|
| Operating Revenues: | | |
| Sales of electricity | \$320,992,679 | \$305,891,111 |
| Other operating revenues | 1,715,639 | 1,840,014 |
| Total operating revenues | 322,708,318 | 307,731,125 |
| Operating Expenses: | | |
| Operation expense: | | |
| Production | 171,523,177 | 172,205,118 |
| Purchased and interchanged power — net | 1,331,726 | 9,259,015 |
| Transmission | 1,507,606 | 1,798,806 |
| Distribution | 1,305,113 | 1,059,489 |
| Customer accounts | 2,170,201 | 5,763,477 |
| Sales | 103,125 | 85,928 |
| Administrative and general | 14,662,640 | 11,744,316 |
| Maintenance expense | 26,372,895 | 24,403,893 |
| Total operation and maintenance expense | 218,976,483 | 226,320,042 |
| Depreciation | 32,906,088 | 26,535,302 |
| Sums in lieu of taxes | 980,744 | 564,554 |
| Total operating expenses | 252,863,315 | 253,419,898 |
| Operating Income | 69,845,003 | 54,311,227 |
| Other Income: | | |
| Interest income: | | |
| Other funds | 4,688,623 | 12,955,699 |
| Borrowed funds | 55,102,408 | 47,588,457 |
| Allowance for funds used during construction — other than borrowed funds (Note 1) | 2,094,489 | 591,264 |
| Other — net | 371,032 | 21,296 |
| Total other income | 72,256,552 | 61,156,716 |
| Total | 142,101,555 | 115,467,943 |
| Interest Charges: | | |
| Interest on long-term debt | 162,553,055 | 123,563,330 |
| Allowance for funds used during construction — borrowed funds (Note 1) | (59,348,469) | (48,595,856) |
| Other | 2,736,270 | 1,890,418 |
| Total interest charges | 105,940,856 | 76,857,892 |
| Reinvested Earnings | \$ 36,160,699 | \$ 38,610,051 |

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

STATEMENTS OF CHANGES IN FINANCIAL POSITION

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Years Ended June 30, 1983 and 1982

| | 1983 | 1982 |
|---|---------------|----------------|
| Funds Provided By: | | |
| Operations: | | |
| Reinvested earnings | \$ 36,160,699 | \$ 38,610,051 |
| Charges (credits) to reinvested earnings not providing or requiring funds: | | |
| Depreciation | 32,906,088 | 26,535,302 |
| Allowances for funds used during construction | (61,442,958) | (49,187,120) |
| Amortization of debt discount and expense | 2,331,503 | 1,691,677 |
| Amortization of gain or loss on reacquired debt — net | 48,085 | (8,709) |
| Total from operations | 10,003,417 | 17,641,201 |
| Sale of bonds/notes | 354,000,000 | 530,000,000 |
| Decrease in unexpended funds from sale of Electric System Expansion Revenue Bonds | 73,648,349 | — |
| Decrease in debt service and other special funds | 91,082,115 | — |
| Increase in accrued interest on long-term debt | 10,831,359 | 35,967,978 |
| Increase in construction fund liabilities | 799,985 | 4,244,664 |
| Nuclear fuel settlement | 1,734,477 | 1,797,596 |
| Other | 665,605 | (914,925) |
| Total funds provided | 542,765,307 | 588,736,514 |
| Funds Applied To: | | |
| Increase in utility plant | 187,560,160 | 238,927,360 |
| Retirement of long-term debt | 283,798,687 | 56,055,816 |
| Increase in unexpended funds from sale of Electric System Expansion Revenue Bonds | — | 22,650,992 |
| Increase in debt service and other special funds | — | 236,522,448 |
| Principal payments — capitalized lease obligations | 3,142,436 | 2,320,990 |
| Distributions to the State of South Carolina | 1,500,000 | 1,400,006 |
| Additions to unamortized debt discount and expense | 943,021 | 19,410,678 |
| Addition to unamortized loss on reacquired debt | 62,587,880 | — |
| Total funds applied | 539,532,184 | 577,288,290 |
| Increase in Working Capital | \$ 3,233,123 | \$ 11,448,224 |
| Increase (Decrease) in Working Capital by Component: | | |
| Cash and securities | \$ 8,554,428 | \$ (1,384,833) |
| Accounts receivable, less allowance for doubtful accounts | 3,406,723 | (2,082,623) |
| Accrued interest receivable | (343,029) | 1,368,409 |
| Inventories | 8,149,012 | 7,521,637 |
| Other current assets | 261,926 | 528,059 |
| Accounts payable | (466,578) | 5,265,375 |
| Customer deposits | (103,791) | 130,017 |
| Accrued sums in lieu of taxes | (149,569) | 45,754 |
| Commercial paper | (15,000,000) | — |
| Other current liabilities | (1,076,499) | 56,429 |
| Increase in working capital | \$ 3,233,123 | \$ 11,448,224 |

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1983

Note 1 — Summary of Significant Accounting Policies:

A — System of Accounts — The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). See Note F below relating to calculation of allowance for funds used during construction.

B — Utility Plant Capitalization and Maintenance — Additions to plant are recorded at cost, which includes material, labor, overhead, and an allowance for funds used during construction. The costs of repairs and minor replacements are charged to appropriate operating expense and clearing accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

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 3.28% and 3.30% for 1983 and 1982, 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 \$2,090,597 and \$1,782,093 for the years ended June 30, 1983 and 1982, 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 iden-

tifiable 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 is 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 to income over the terms of the related debt issues. Unamortized gains or losses on reacquired debt are amortized to income as impacted through the rate-making process, generally over the terms of the refunding debt issues.

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

Unexpended funds from the sale of expansion bonds, debt service funds, and other special funds are held and maintained by trustees and their use restricted in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities carried at amortized cost.

Note 3 — Summer Nuclear Station:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station as tenants in common with undivided interest of 33⅓% and 66⅔%, 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, 1983 and 1982, the plant accounts included approximately \$407,164,000 and \$364,930,000 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 low power Facility Operating License for the Virgil C. Summer Nuclear Station on August 6, 1982. A full power, full term operating license was issued on November 12, 1982, which, however, limited reactor power operation to 50% pending certain modification of the steam generators. The steam generator modifications were completed in

May 1983, and test operations above 50% reactor power were initiated. Initial operation at the 100% power level was achieved June 10, 1983. Operations up to and at the 100% power level are continuing.

As of January 1, 1983, the Authority commenced treating the Summer Plant as in service for accounting purposes. Accordingly, the Authority is amortizing nuclear fuel cost based on energy expended which includes a component for estimated disposal costs of spent nuclear fuel. These amortizations are included in fuel expense and are recovered through the Authority's rates.

Decommissioning costs (costs to take the plant out of service in the future) for the Summer Plant are estimated to be \$246 million, for the Authority's $\frac{1}{3}$ ownership, based on a 30 year useful life with decommissioning expected to commence in the year 2013. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs will be recovered through the Authority's rates. The estimated decommissioning costs are periodically reviewed and adjustments recorded as appropriate.

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 \$10,243,000 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 conversion and 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 are applied as a reduction of uranium fuel costs. This is consistent with SCE&G's treatment pursuant to an order from the South Carolina Public Service Commission. The cost of nuclear fuel purchased has been reduced by approximately \$3,900,000.

Note 4 — Long-Term Debt Outstanding:

June 30

| | 1983 | 1982 |
|--|---------------|---------------|
| Priority Obligations: | | |
| Electric Revenue Bonds, Series of 1950, bearing interest at 2.70% and due 1983 to 1993 | \$ 10,120,000 | \$ 10,380,000 |
| Electric Revenue Bonds, Series of 1967, bearing interest at 4.10% and due 1983 and 2006 | 50,265,000 | 50,425,000 |
| Electric Revenue Bonds, Refunding Series of 1973, bearing interest at 5% and due 1983 to 1989 | 6,455,000 | 7,210,000 |
| Contract Obligations, payable 1983 to 1985 | 629,840 | 1,048,527 |
| Total Priority Obligations | 67,469,840 | 69,063,527 |
| Electric System Expansion Revenue Bonds: | | |
| Expansion Bonds, 1973 Series, bearing interest from 5% to 5 $\frac{3}{4}$ % and due 1983 to 1993 and 2013 | 97,385,000 | 98,305,000 |
| Expansion Bonds, 1974 Series, bearing interest from 6% to 6 $\frac{3}{4}$ % and due 1983 to 1999 and 2014 | 107,135,000 | 108,020,000 |
| Expansion Bonds, 1977 Refunding Series, bearing interest from 4.30% to 6% and due 1983 to 1997 and 2002 and 2016 | 204,370,000 | 206,870,000 |
| Expansion Bonds, 1977 Series, bearing interest from 4.10% to 5 $\frac{3}{4}$ % and due 1983 to 2002 and 2017 | 114,580,000 | 115,000,000 |
| Expansion Bonds, 1978 Series, bearing interest from 4.40% to 5 $\frac{7}{8}$ % and due 1983 to 1998 and 2008 and 2018 | 199,700,000 | 199,900,000 |
| Expansion Bonds, 1979 Series A, bearing interest from 5.40% to 6 $\frac{7}{8}$ % and due 1983 to 2003 and 2009 and 2019 | 109,795,000 | 109,865,000 |
| Expansion Bonds, 1980 Series A, bearing interest from 8.60% to 10 $\frac{1}{8}$ % and due 1983 to 1995 and 2002 and 2010 | 74,740,000 | 74,875,000 |
| Expansion Bonds, 1981 Series A, bearing interest from 7 $\frac{1}{2}$ % to 10 $\frac{1}{4}$ % and due 1985 to 1997 and 2002 and 2020 | 75,000,000 | 75,000,000 |
| Expansion Bonds, 1981 Series B, bearing interest from 9 $\frac{1}{4}$ % to 12% and due 1995 to 2000 and 2013 and 2020 and 2021 | 200,000,000 | 200,000,000 |
| Expansion Bonds, 1981 Series C, bearing interest from 10% to 13 $\frac{1}{4}$ % and due 1986 to 1994 and 2001 and 2015 | 50,000,000 | 150,000,000 |
| Expansion Bonds, 1982 Series A, bearing interest from 9 $\frac{1}{2}$ % to 13 $\frac{1}{4}$ % and due 1986 to 1994 and 2003 | 38,000,000 | 165,000,000 |
| Expansion Bonds, 1982 Series B, bearing interest from 9 $\frac{1}{2}$ % to 13% and due 1986 to 1997 and 2005 and 2022 | 165,000,000 | 165,000,000 |

| | | |
|--|------------------------|-----------------|
| Expansion Bonds, 1982 Refunding Series, bearing interest from 7¼% to 9.70% and due 1987 to 1994 and 2002 and 2012 and 2022 | 294,000,000 | — |
| Total Expansion Bonds | 1,729,705,000 | 1,667,835,000 |
| Electric Revenue Notes: | | |
| Electric Revenue Notes, 1980, bearing interest at 5½% and due December 1, 1983 | 50,000,000 | 50,000,000 |
| Electric Revenue Notes, 1981, bearing interest at 7¼% and due June 1, 1984 | 25,000,000 | 25,000,000 |
| Electric Revenue Notes, 1982, bearing interest at 8½% and due April 15, 1983 | — | 50,000,000 |
| Electric Revenue Notes, 1983, bearing interest at 5.60% and due May 1, 1985 | 60,000,000 | — |
| Total Electric Revenue Notes | 135,000,000 | 125,000,000 |
| Capital Subordinated Lease Contracts, payable 1983 to 2015 | 82,467,110 | 85,609,546 |
| Other | 75,000 | 150,000 |
| Total long-term debt | \$2,014,716,950 | \$1,947,658,073 |

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, 1983, totaled \$210,685,000. In November 1982, \$127,000,000 of the 14½% Electric System Expansion Revenue Bonds, 1982 Series A and \$100,000,000 of the 13¾% Electric System Expansion Revenue Bonds, 1981 Series C, were advanced refunded and defeased by issuance of the 1982 Refunding Series Bonds. The principal amount of the refunded bonds at June 30, 1983 totaled \$227,000,000. Such bonds will be retired as they mature from the proceeds of government obligations held by the Refunding Trustee. The advanced refunding of debt resulted in a loss of approximately \$62,588,000 which represents the difference between the principal amount of the 1982 Refunding Series issued and the net carrying value of the bonds refunded. Although resulting in a book loss, this refunding will reduce debt service by approximately \$114,000,000 over the life of the bonds.

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, 1984 through 1988, are as follows:

| | Electric Revenue Notes | Priority Obligations & Expansion Bonds | Total |
|---------------|------------------------|--|----------------------|
| June 30, 1984 | \$ 75,000,000 | \$ 8,216,017 | \$ 83,216,017 |
| June 30, 1985 | 60,000,000 | 9,479,051 | 69,479,051 |
| June 30, 1986 | — | 10,500,000 | 10,500,000 |
| June 30, 1987 | — | 13,720,000 | 13,720,000 |
| June 30, 1988 | — | 15,025,000 | 15,025,000 |
| Total | \$135,000,000 | \$56,940,068 | \$191,940,068 |

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 semi-annual installments. See Note 6 for details concerning long-term lease obligations.

Note 5 — Commercial Paper:

The Board of Directors authorized the issuance of commercial paper notes on January 1, 1983. The notes may be issued from time to time, not to exceed \$50,000,000. The paper will be issued for valid corporate purposes with a term not to exceed 270 days at an annual interest rate not to exceed 9½%. As of June 30, 1983, \$15,000,000 was outstanding at an effective interest rate of 5.02%. The average effective interest rate for 1983 was 4½%, the average amount outstanding was \$10,472,890, and the average maturity was 25.77 days.

At June 30, 1983, the Authority had a Revolving Credit Agreement with various lenders of \$50,000,000. This Agreement is used to support the Authority's issuance of commercial paper. Under the Agreement the Authority is required to pay a fee of ¾ of 1% on the unused balance. No loans were outstanding under the Agreement at June 30, 1983.

Note 6 — Long-Term Lease Commitments:

The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering a steam electric generating plant, transmission facilities, and various other facilities. The lease terms range from twelve to thirty-two 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 were parties to a power contract which provided that the Authority would provide and Central would purchase all of its energy requirements less amounts which Central purchased directly from the Southeastern Power Administration through December 1982. After January 1, 1983, power supply and transmission services have been 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 '91 and the Pee Dee generating stations subject to obtaining financing guaranteed by REA.

Future minimum lease payments on Central leases, at June 30, 1983, were:

| Years ending June 30: | Amount |
|-----------------------|--------------|
| 1984 | \$ 5,477,409 |

| | |
|------------|-------------|
| 1985 | 5,465,680 |
| 1986 | 5,465,680 |
| 1987 | 5,465,680 |
| 1988 | 5,401,504 |
| Thereafter | 101,534,561 |

| | |
|-------------------------------------|-------------|
| Total minimum lease payments | 128,810,514 |
| Less, amounts representing interest | 46,343,404 |

Balance at June 30, 1983 **\$ 82,467,110**

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 (consisting of generating facilities — Cross '84, Cross '91 and other construction) of approximately \$149,154,000 during the fiscal year ending June 30, 1984, and \$107,384,000 during the following two years.

During 1982, the Federal Energy Regulatory Commission (FERC) notified the Authority that the Pinopolis West 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 engaged an engineering firm to perform studies and planning to determine the extent and cost of work necessary to correct the design weaknesses. The initial engineering study has been completed and submitted to FERC for its review.

As part of its 1983 Supplemental Appropriations Bill, the U.S. Congress authorized the Corps of Engineers to install a closure structure in the diversion canal between Lake Marion and Lake Moultrie and to construct such measures as necessary to improve the seismic stability of the Pinopolis West Dam at an estimated cost of \$22,000,000.

Of the estimated \$22,000,000, Congress appropriated \$2,000,000 for the Corps of Engineers to begin immediately with engineering and design studies in connection with the project to improve stability of the dam.

Until FERC has completed its review on the proposed modifications to the Pinopolis West Dam and the proposed remedial measures to be undertaken by the Authority on the North Santee Dam, it is not possible to estimate the extent of work necessary to correct the design weaknesses. Based on the facts as they currently exist, management believes that any cost incurred by the Authority 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 \$121,825,213 and \$77,421,251, respectively, and \$101,801,652 and \$78,963,489, respectively, for the years ended June 30, 1983 and 1982.

FINANCIAL STATEMENTS

