

Responding  
To A  
Changing  
World

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A N N U A L  
R E P O R T

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**SCANA**

	1991	1990	% Increase (Decrease)
	(Millions of Dollars except statistics and per share amounts)		
<b>Financial</b>			
Total Operating Revenues	\$ 1,147.8	\$ 1,147.6	0.0
Total Operating Expenses	\$ 925.5	\$ 921.6	0.4
Net Income	\$ 135.9	\$ 181.6	(25.2)
Earnings Per Weighted Average Share of Common Stock	\$ 3.37	\$ 4.44	(24.1)
Dividends Declared Per Share of Common Stock	\$ 2.62	\$ 2.52	4.0
Book Value Per Share of Common Stock (Year-End)	\$ 25.23	\$ 24.56	2.7
Market Price Per Share of Common Stock (Year-End)	\$ 44.25	\$ 34.63	27.8
Common Stockholders' Equity (Year-End)	\$ 1,029.0	\$ 1,003.9	2.5
Common Stock Outstanding:			
Average (Thousands)	40,361	40,882	(1.3)
Year-End (Thousands)	40,784	40,882	(0.2)
Property Additions and Construction Expenditures	\$ 288.6	\$ 324.2	(11.0)
Utility Plant, Net	\$ 2,664.7	\$ 2,549.8	4.5
<b>Electric Operations</b>			
Electric Operating Revenues	\$ 867.2	\$ 851.1	1.9
Electric Operating Income	\$ 198.2	\$ 201.5	(1.6)
Territorial Sales (Million KWH)	15,695	15,385	2.0
Customers (Year-End)	453,660	446,516	1.6
Generating Capability - Net MW (Year-End)	3,912	3,891	0.5
Territorial Peak Demand - Net MW	3,300	3,227	2.4
<b>Gas Operations</b>			
Gas Operating Revenues	\$ 276.7	\$ 292.4	(5.4)
Gas Operating Income	\$ 29.5	\$ 29.1	1.4
Sales (Thousand Therms)	694,801	711,821	(2.4)
Customers (Year-End)	225,819	220,817	2.3
<b>Transit Operations</b>			
Transit Operating Revenues	\$ 3.9	\$ 4.0	(2.5)
Transit Operating Income (Loss)	\$ (5.3)	\$ (4.7)	12.8
Revenue Passengers Carried (Thousands)	6,395	6,788	(5.8)

ABOUT THE COVER:  
**Responding To A Changing World**  
 Maybe business as usual was  
 adequate in simpler times, but not today.  
 The ever-changing world of the '90s demands  
 new ideas, new methods and new approaches  
 to product marketing and customer satisfaction.  
 Responding to a changing world  
 is SCANA Corporation's  
 key to future success.

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As part of our continuing efforts to exercise respect for the environment, this annual report is printed entirely on recycled paper.



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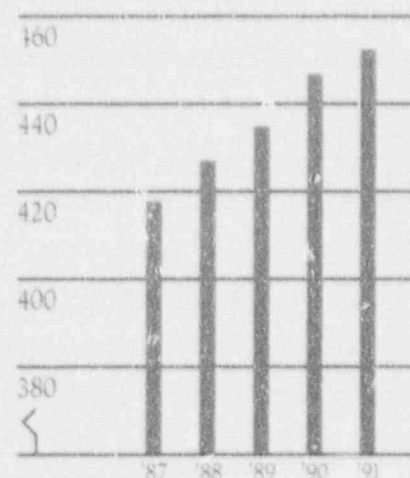
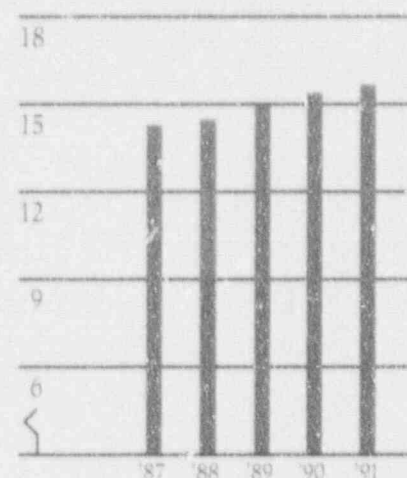


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## ELECTRIC

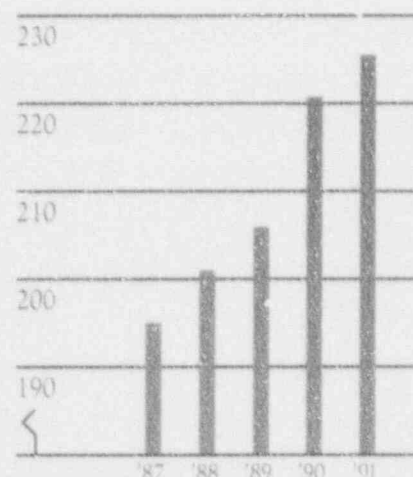
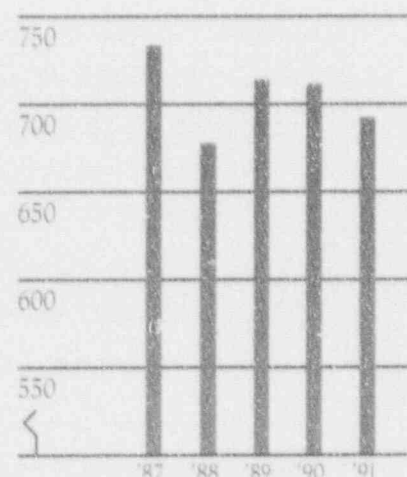
During 1991 we added 7,144 net new customers, raising the total electric customer base by 1.6 percent to 453,660 at year-end. Most of that growth occurred in the residential and commercial classes. Territorial sales of electricity in 1991 totaled 15.7 billion kilowatt-hours (KWH), a 2.0 percent increase from 1990. Sales to ultimate consumers represented 94 percent of KWH sales in 1991, while sales to wholesale customers accounted for 6 percent. Over the past five years, total electric customers and KWH sales have grown at an average annual rate of 2.2 percent and 2.8 percent, respectively.

ELECTRIC CUSTOMERS  
(thousands year-end)ELECTRIC TERRITORIAL SALES  
(billions of KWH)

	Residential	Commercial	Industrial	Wholesale Other	Total
Customers	391,732	58,610	712	2,606	453,660
% of 1991 Territorial KWH Sales	33%	29%	29%	9%	100%

## NATURAL GAS

During 1991 we added 5,002 net new customers, bringing the consolidated natural gas customer base to 225,819 at year-end, a 2.3 percent increase over 1990. Residential customers comprise 90 percent of the consolidated natural gas customer base. Consolidated sales of natural gas totaled 695 million therms in 1991, a 2.4 percent decrease from 1990. Approximately 76 percent of consolidated therm sales in 1991 were to ultimate consumers while sales to wholesale customers accounted for 24 percent. Over the past five years, consolidated natural gas customers and therm sales have grown at an average annual rate of 3.2 percent and 0.8 percent, respectively.

NATURAL GAS CUSTOMERS  
(thousands year-end)NATURAL GAS SALES  
(millions of therms)

	Residential	Commercial	Industrial	Wholesale	Total
Customers	204,171	20,995	628	25	225,819
% of 1991 Therm Sales	15%	14%	47%	24%	100%

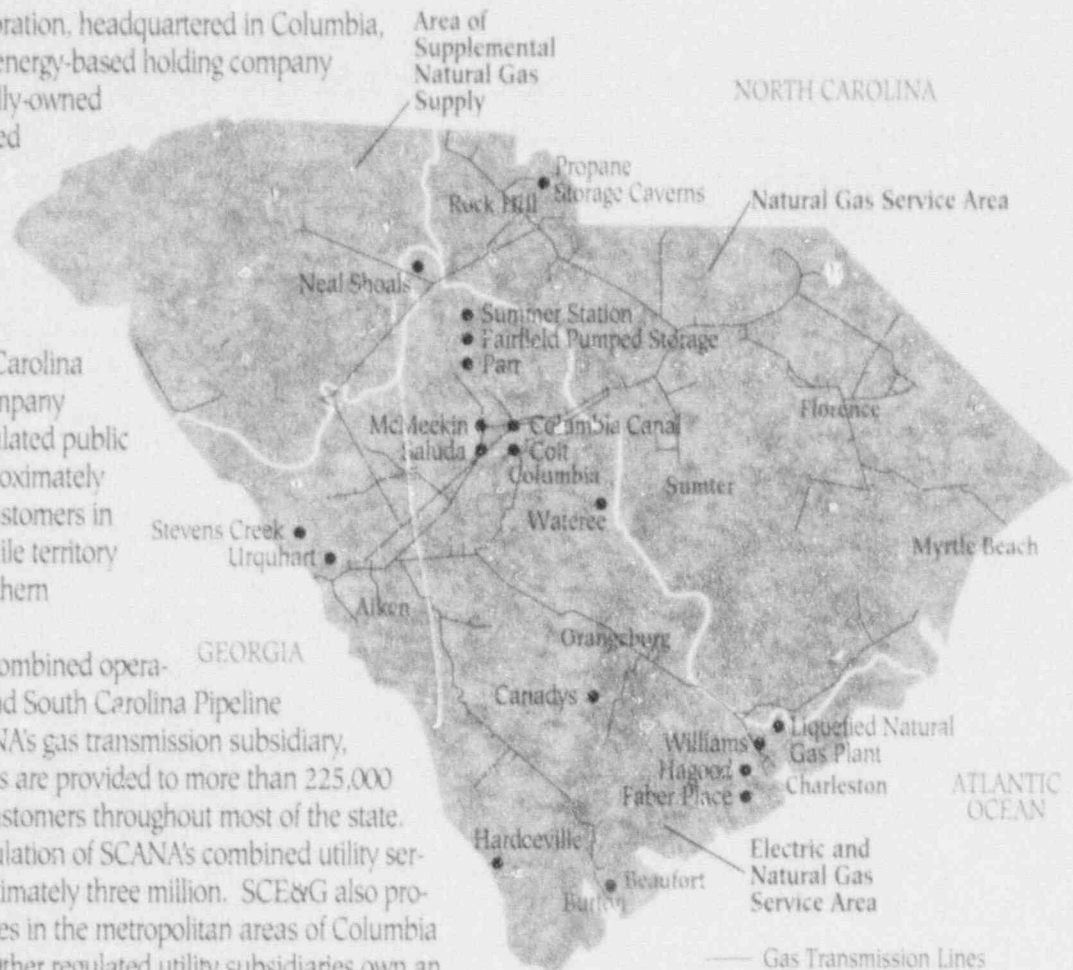
# UTILITY SERVICE AREA

SCANA Corporation, headquartered in Columbia, SC, is a \$3 billion energy-based holding company with 11 direct wholly-owned subsidiaries engaged in electric and natural gas utility operations and related businesses. SCANA's principal subsidiary, South Carolina Electric & Gas Company (SCE&G), is a regulated public utility serving approximately 454,000 electric customers in a 15,000 square-mile territory in central and southern South Carolina.

Through the combined operations of SCE&G and South Carolina Pipeline Corporation, SCANA's gas transmission subsidiary, natural gas services are provided to more than 225,000 retail and resale customers throughout most of the state.

The total population of SCANA's combined utility service area is approximately three million. SCE&G also provides transit services in the metropolitan areas of Columbia and Charleston. Other regulated utility subsidiaries own an electric generating plant near Charleston and provide financing for SCE&G's coal and nuclear fuel inventories.

SCANA's non-regulated diversified operations extend beyond South Carolina and include oil and natural gas production; real estate development and property management; purchase, delivery and sale of propane; fiber-optic based telecommunications; and general and specialized construction, power plant management and support services.



STEAM GENERATION:	HYDRO GENERATION:	INTERNAL COMBUSTION GENERATION:	NUCLEAR GENERATION:
Canadys	Columbia Canal	Burton	Summer Station
Hagood	Fairfield Pumped Storage	Canadys	
McMeekin	Neal Shoals	Coit	
Urquhart	Parr	Faber Place	
Wateree	Saluda	Hardeeville	
Williams	Stevens Creek	Parr	
		Urquhart	
		Williams	

continue to grow. These reserves are intended for markets we do not currently serve. Additionally, we doubled the resources assigned to the direct brokering of natural gas to industrial customers and significantly



*The Chairman's Award is given to employees who go above and beyond in providing services to customers. Harry Sandifer and the Ridgeway office received the award for assisting a needy customer diagnosed with cancer.*

increased the income from this activity. Finally, SCANA's traditional gas businesses are responding by becoming even more flexible. We are not making significant long-term commitments for supply other than for our core markets. Spot market purchases constituted 65 percent of our system purchases for 1991.

We recently began building our second liquefied natural gas storage plant. When completed in 1993, it will allow us to reduce our firm customers' cost of gas. We have begun implementing recommendations of an employee-managed, organizational effectiveness review of our retail gas business. These recommendations have flattened the organiza-

tion and reduced head count while increasing the resources devoted to marketing and sales. Finally, we continue to sell gas aggressively to our industrial loads, principally displacing the burning of high sulfur content, foreign oil. The ongoing deregulation of the natural gas industry has caused us to become very active in all sectors of the industry, to have a broader view of sales opportunities and necessarily to take more responsibility for our own system supply and cost structure while streamlining the organization.

As you can see, our list of things to accomplish in the next five years is filled with some very difficult assignments. However, we undertake these tasks with some significant strengths. While I can point to a competitive cost structure, a healthy financial condition and a growing service area, it will take the dedication and talents of some 4,800 employees to meet our objectives. Whether it's the recovery from Hurricane Hugo in 1989, the operation of V.C. Summer Nuclear Station (which was recently recognized by the Nuclear Regulatory Commission as one of the four safest plants in the country) or the weatherization of homes for the needy in the past few years, our employees can be counted on to get the job done. Active and retired employees own 13 percent of SCANA's common stock, so we all have the same objectives. I look forward to working with them as SCANA continues to grow.

*"Today's consumers expect improved service. We must improve ours, or be left behind."*

Respectfully submitted,

Lawrence M. Gressette, Jr.  
Chairman of the Board, President and Chief Executive Officer  
February 10, 1992



SCANA Corporation operates functionally distinct subsidiaries that focus exclusively on the products and consumer base unique to their individual markets.

SCANA provides oversight and strategic direction for its subsidiaries, raises and allocates capital as required, and expands the Company's scope of business by responding to new opportunities consistent with SCANA's vision.

The following review of the past year's significant activities for each of the major subsidiaries includes many events that demonstrate our success in adapting to energy markets which are not following historical patterns, and in which significant fundamental change is occurring.

These achievements document our continuing growth and progress.

## SOUTH CAROLINA ELECTRIC & GAS COMPANY

• SCE&G has focused on the challenges inherent in deregulation and the coming of competitive pressures never before experienced. Our customers are demanding an increasing array of energy choices for more control over their energy bills. We must provide quality products at reasonable prices to remain competitive. We must do so with an ever-increasing sensitivity to the way our operations impact the environment. SCE&G will meet these challenges with four long-range strategies: operational excellence, effective cost management, aggressive marketing/economic development, and an enhanced sensitivity to people.

• The nuclear operations group achieved operational excellence in 1991. The Nuclear Regulatory Commission rated our V.C. Summer Nuclear Station "superior" in its latest assessment of the plant. By receiving the top rating in five of seven categories, Summer Station earned its best-ever rating and one of the best in the industry. Summer Station also earned the top rating from the Institute of Nuclear Power Operations. Only 17 of the 75 nuclear facilities evaluated in the same period received INPO's highest rating. Additionally, in February 1992 the NRC recognized Summer Station as one of the four safest nuclear plants in the nation—an achievement of distinction. We completed our sixth refueling outage during 1991 in 58 days, marking the second consecutive time the plant completed a refueling ahead of schedule. The plant continues to post an impressive availability factor. Between the 1990 and 1991 refueling outages, the plant was available to produce electricity 97.6 percent of the time, a true measure of operational excellence.

*Workers peer into Summer Station's reactor vessel as fuel assemblies are moved into place. Successful refueling and maintenance outages, like this one completed during 1991, have helped Summer Station achieve one of the highest ratings for nuclear plants in the country.*

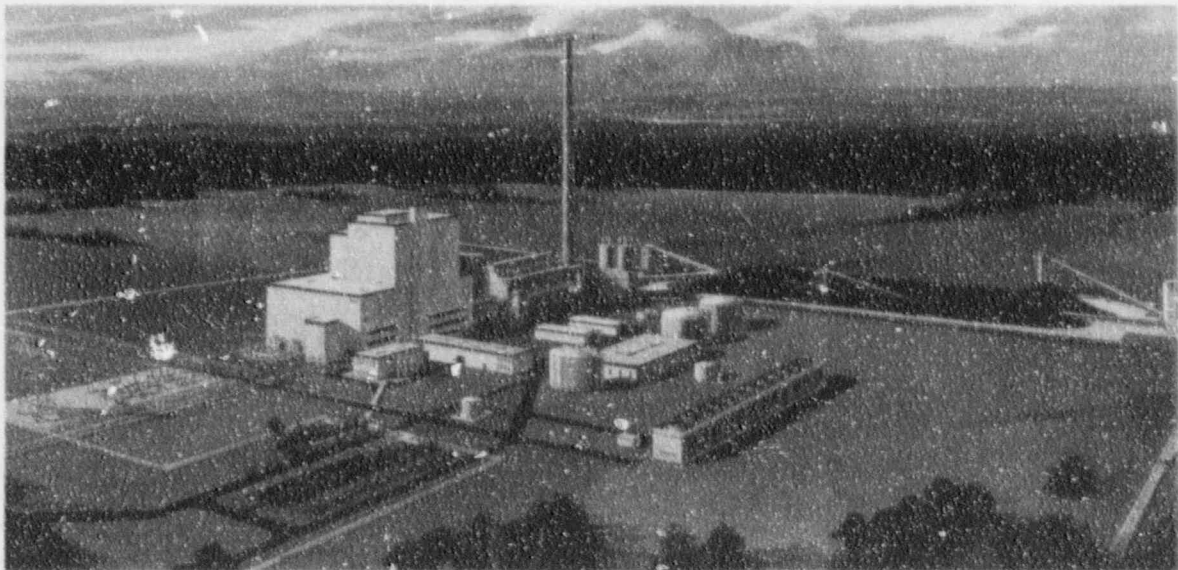
## Operational Excellence

*SCE&G will pursue excellence in every phase of our operations and strive to improve the safety, efficiency and reliability of our products and services.*



• Our fossil-fired electric generating facilities continued to boast excellent operating statistics as well. In 1991 these five plants were available to produce electricity 90.3 percent of the time, the highest level ever recorded. Over the same period, these units were unintentionally out of operation for reasons such as equipment failure only 1.6 percent of the time, the lowest ever recorded on our system. A new record peak was established July 23 when demand on our electric system reached 3,300 megawatts. Our peak requirements have grown an average of 2.95 percent annually for the past five years. The reserve margin, or the ability to meet additional load if required, was 17.9 percent in 1991. The average reduction in reserve margin over the past five years has been 2.86 percent per year. Our reserve margin, when viewed in conjunction with the continued growth of our customers' demand for energy at peak times, demonstrates a need to add generating capacity.

• Plans were unveiled in 1991 to build a 385-megawatt fossil-fired generating unit to meet increased electric demand in the mid-1990s. Construction of the \$450 million facility is scheduled to begin in late 1992, with commercial operation planned in the spring of 1996. This will be the first addition of baseload generating capacity since the V.C. Summer Nuclear Station went into commercial service in 1984. We have attempted to minimize construction cost and risk by having fixed-price commitments for all of the major equipment and systems, covering 66 percent of the contract amount. To support our peak day needs, a 95-megawatt internal combustion peaking turbine was placed into service in 1991 to replace an oil-fired unit of similar size that is being retired from service. Maintaining the excellent operating records of all our generating plants will remain a fundamental priority.

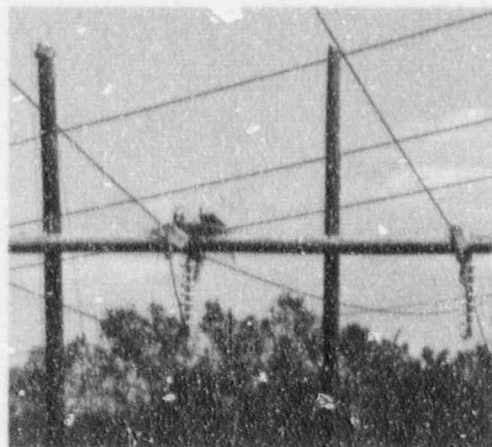


*The newest addition to SCE&G's baseload generating capacity will be located on a 3,200-acre parcel of land near Cope, SC. The facility was designed and engineered for environmental compatibility.*



- In the fall of 1991 the South Carolina Public Service Commission approved a weather normalization adjustment (WNA) for our residential and firm general service natural gas customers. This was a significant step toward stabilizing our revenues. Natural gas sales are extremely weather sensitive. The weather normalization adjustment stabilizes sales revenue to reflect normal weather conditions. When the weather is colder than normal, the WNA is negative, thus reducing revenues. When the weather is warmer than normal, the WNA is positive, which increases revenues.

- Environmental stewardship is another aspect of our commitment to operational excellence. Approximately 75 percent of the ash generated at our coal-fired generating plants is recycled and sold for use in concrete and cement, and more than 60 tons of office paper were recycled in 1991. Environmental protection systems and pollution control equipment represent approximately 21 percent of the cost of building the new generating plant. Our fossil-fired operations are preparing to meet the requirements of amendments to the Clean Air Act. Our pledge is to meet or exceed all public health, safety and environmental standards in every area of our operations.



*Above: In the protection of South Carolina's natural wildlife, SCE&G has been building nesting platforms for ospreys on its utility structures.*



*At left: Cement is one of the commercially valuable and environmentally sound uses of recycled coal ash from SCE&G's generating plants. SCE&G saves on disposal costs while corresponding amounts of natural materials are conserved.*

# Effective Cost Management

*Our commitment is to be good stewards of all resources entrusted to us. We further commit to seek the most cost-effective means to provide our services.*



- Electric operating and maintenance expenses were virtually the same in 1991 as in 1990. For the five years ended December 31, 1991, these expenses have grown at the rate of only 4.5 percent a year, even with the effects of Hurricane Hugo and a 2.2 percent growth in customers. We will continue this emphasis through continuous improvement programs and periodic self-assessments.

- Our retail natural gas operations undertook an organizational self-critique during 1991. An employee review team spent four months studying ways to conduct business more efficiently and effectively. The process resulted in the reorganization of the retail gas area into a strategic business unit. We eliminated 33 non-essential positions while adding 18 jobs to enhance our sales and marketing programs.

- Retail gas operations also completed a \$41 million, multi-year gas main replacement project in Columbia. Initially forecasted to take 20 years to complete, this project was finished in about half that time. Over the past five years, principally as a result of this project and a similar, nearly complete project in Charleston, lost and unaccounted for gas in the retail distribution system has been reduced from more than 3 percent to less than 1 percent of throughput.

- Recycling programs are also helping us operate in a more cost-efficient manner. Recycling the coal ash generated at our power plants now saves more than \$2 million a year in disposal costs. We will continue to emphasize recycling as a cost-effective and environmentally sound way of conducting business.

*The replacement of more than 700 miles of aging steel gas mains with plastic pipe greatly improved the safety and reliability of the system.*

• SCE&G is creating opportunities to generate new revenue and new customers. We are aggressively marketing our products and promoting the economic growth of the communities we serve. Electric marketing, for example, expanded its efforts in 1991 to pursue additional revenue through demand-side management programs that focus on off-peak sales to commercial

and industrial customers. Programs of this type help reduce peak demand and defer the need to build expensive new generation, which helps mitigate the need for future rate increases.

• Residential sales programs continued to make a substantial contribution to revenue growth as electric marketing exceeded its 1991 goals. Together these programs were responsible for the addition of more than \$3.2 million in new revenues in 1991 while deferring the

equivalent need of 17 megawatts of electric generation. Over the past five years, electric marketing has added more than \$12 million in new revenues while deferring 46 megawatts of generation through demand-side management programs.



*As the result of extensive research, SCE&G now offers customers a wide selection of high-efficiency outdoor lighting. These lights can provide savings of up to 50 percent over conventional exterior lighting.*

## Aggressive Marketing & Economic Development

*We will aggressively pursue market-driven opportunities in a manner which will position the company as the energy provider of choice. Further, we will work to enhance the quality of infrastructure in our service area to increase economic development opportunities.*



● Retail natural gas operations also exceeded its sales goals. Sales of natural gas water heaters were approximately 9,700 in 1991. Since the sales program began in 1988, more than 40,000 natural gas water heaters have been sold. This program and other retail natural gas sales efforts resulted in \$7.5 million in additional revenue to the system in 1991.

● Our strategy is to grow with the communities we serve. As a result, we have a strong commitment to community development. SCE&G's most significant contributions to the economic growth of its service areas are its low rates. In addition, since 1989 SCANA has contributed more than \$700,000 to help build or expand water and sewer systems, improve roads, foster business growth in SCE&G's service areas and meet other community development needs. These funds have attracted more than \$30 million in matching state and federal grants, and helped create or retain an estimated 9,500 jobs. These projects are expected to add natural gas and electric revenues of more than \$5.2 million annually to SCE&G's system.

*SCE&G helped to secure a grant so that this bird seed company could locate in the small town of Johnston in an effort to boost the economy and provide needed jobs.*



● Satisfying its customers is the way that a business succeeds. In 1991 we took steps to build on the level of service we provide. We initiated improvements in our electric and natural gas service plans, including longer office hours, accepting applications for service by phone and completing all service work by the time and date agreed upon with the customer. Meter readers meet with customers and answer any questions they may have about their bill. Service employees leave door hangers that ask customers to rate the level of service they receive. Our commitment to customer satisfaction will be ongoing as we build upon these personalized services in our daily operations.

● Our cost containment programs and customer growth over the past several years have allowed us to reduce our rates significantly below the regional and national averages and the rates of our neighboring utilities. However, the construction of a new generating plant, the cost of meeting environmental regulations, and the compounded effect of inflation will have an impact on our operations and the prices we must charge. The benefits of the efficient use of electricity in everyday life and consumer choice will take on added importance as we communicate with our customers about ways they can save on their energy bills as prices for our product are increased.

## Enhanced Sensitivity To People

*We are committed to  
promoting the interest of  
our stockholders, customers,  
employees and communities  
we serve.*



*SCE&G's Lake Monticello is home to a growing number of Canada geese, thanks to a relocation project conducted in conjunction with the S.C. Department of Wildlife & Marine Resources.*

• Critical to the overall success of our community development efforts is a skilled and educated workforce. Our overall strategy is to impact policy decisions related to educational



issues. Specifically during 1991, SCANA increased its support of educational programs such as the Cities in Schools program for at-risk students, college scholarships to graduating high school seniors, and matching employee gifts to educational institutions. A tuition reimbursement program is also available for our employees to further their education.

• At SCE&G, we are committed to doing our part in improving quality of life. Citizens' advisory committees are helping us identify how our resources can best be put to use. Our support of community and economic development and education is firm. The reputation of our employees to help those less fortunate and in need is well-known. We will continue to be a receptive and responsive corporate leader in both our business activities and the communities we serve.



*Above: Over 10,000 spectators gathered to watch the first nationally sanctioned fishing tournament held at Lake Murray, an SCE&G hydroelectric reservoir. Over 200 fishermen participated in the four-day tournament which was televised nationally.*



*At right: Senior citizens on fixed incomes can receive free USDA food through any of the five SCE&G-sponsored "Brown Bagging" programs.*



## SOUTH CAROLINA PIPELINE CORPORATION

● Pipeline Corporation had a very unusual year in 1991. Throughput was 93.3 billion cubic feet (Bcf), an increase of 6.6 percent over the record year of 1990. Profits slipped slightly despite the volume increase. Margins on sales to industrial customers were depressed by reduced costs of competitive fuels which our customers can and do utilize. Sales to resale customers, such as the retail gas distribution group of SCE&G, declined due to very temperate winter weather. Finally, a significant portion of the year's throughput was gas which Pipeline Corporation was merely transporting for others, at a margin below a normal sales margin. End-user transactions continues to grow at the expense of industrial sales. SCANA has responded to this development by forming its own marketing company and actively competing in the area.

● Pipeline Corporation has elected to build another liquefied natural gas storage facility to reduce its firm customers' cost of gas. The facility will hold 900,000 dekatherms of gas, which will provide flexibility in operations and permit a reduction in the cost of gas to Pipeline Corporation's firm customers. This facility will cost approximately \$20 million and should be in service by January 1994.

● Pipeline Corporation continues to adjust its gas purchasing strategy to reflect the economic realities of today's energy markets. While the current price for natural gas is low, supplies are expected to tighten and prices are expected to rise in the foreseeable future as more gas is used for environmental abatement needs, the domestic economy recovers, and reserves begin to decrease due to the lack of significant drilling activity during the past several years. We continue to take advantage of the availability of spot market gas, but have begun trying to secure some longer-term purchases from nontraditional sources.

## Growth Through Expertise

*Each SCANA subsidiary will  
be the expert in its field and  
will excel in meeting the  
needs of its customers.*

## SCANA PETROLEUM RESOURCES, INC.

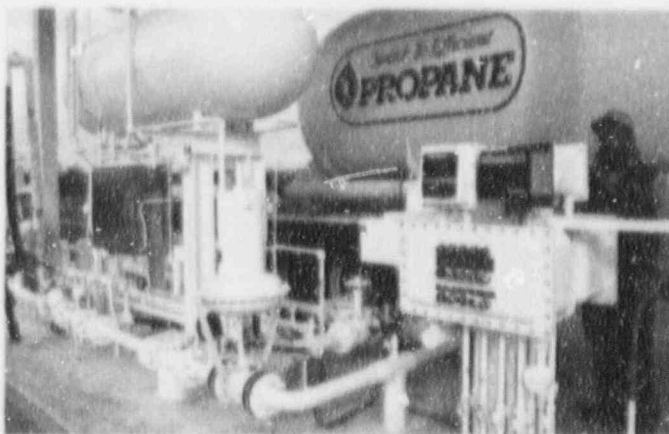
● Although SCANA is a relative newcomer in the oil and natural gas acquisition and production business, we have a highly experienced team in our Petroleum Resources organization. Our current producing properties in the Gulf Coast region produced an average of 18,047 Mcf



of gas and 322 barrels of oil a day in our first full year of operation. We continue to search for opportunities to expand our holdings. Competition is intense from other companies that also want to acquire high-quality, existing production with the potential for additional development and a long production life. We have already established ourselves as an efficient and competent player in the acquisition and production business, and anticipate continuing expansion and growth of our operations. As of January 1, 1992 Petroleum Resources owned 39.2 Bcf of natural gas and 726 thousand barrels of oil, which will be sold to markets other than South Carolina.

## SCANA HYDROCARBONS, INC.

- With the deregulation of the natural gas industry, industrial customers have the choice of buying from a utility or directly from a supplier. Hydrocarbons is aggressively pursuing sales opportunities through buying and reselling natural gas to large industrial users, primarily in the Southeast and Midwest. This marketing activity accounted for sales of 13.1 Bcf of natural gas in 1991, more than double the amount sold in 1990. We are also successfully marketing our capacity to store propane in underground caverns. This capacity is marketed to propane dealers who use it to maintain adequate supplies. The cavern's capacity is 90 percent leased, and the throughput was 96 million gallons in 1991, a 60 percent increase over 1990.



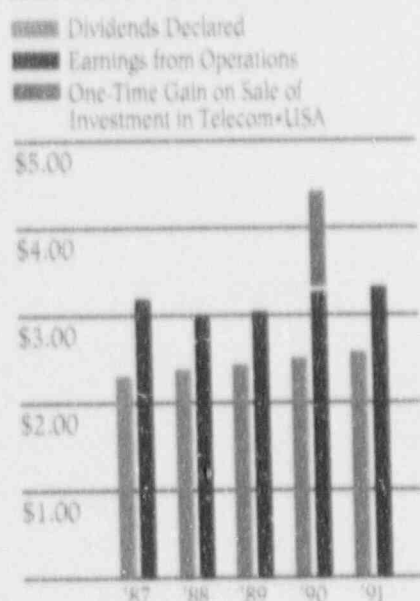
*New truck docks were installed at the caverns in 1991. This enhancement doubled the loadout capacity to eight trucks per hour. The average load on each truck is 9,500 gallons.*

## SUBURBAN PROPANE GROUP, INC.

- An increased emphasis in the propane business adds a valuable dimension to SCANA's energy focus. Propane is an excellent choice for rural or suburban residences because of its deliverability. Our propane business continued to evolve in 1991 with the acquisition of a privately held retail distributor that more than doubled our propane operations, allowing us to operate this line of business more efficiently. In 1991, we sold 17.7 million gallons to approximately 28,000 customers. This strategy of growing through acquisitions will continue.

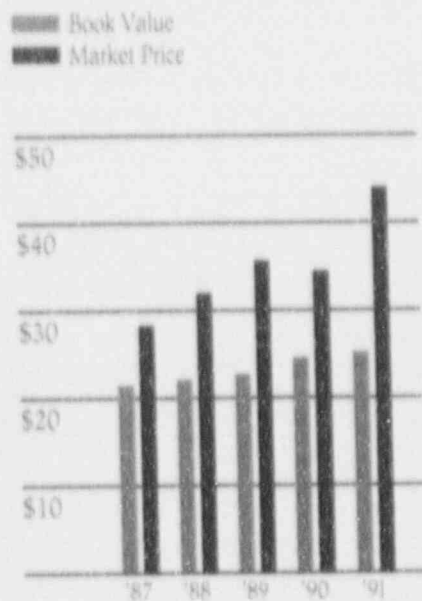


## EARNINGS & DIVIDENDS PER COMMON SHARE



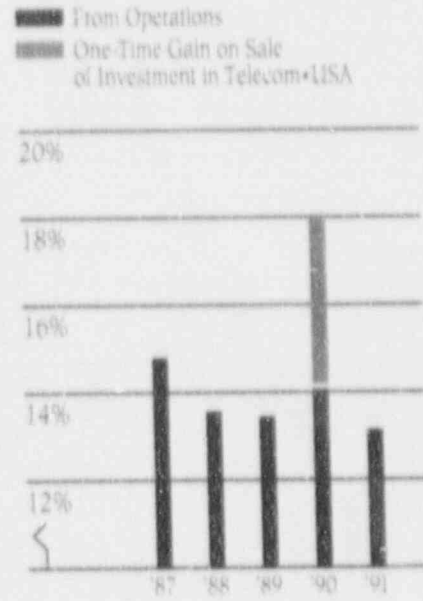
Consistent growth in earnings has allowed SCANA to increase the dividend rate on its common stock for 16 consecutive years and in 38 of the last 39 years.

## MARKET PRICE & BOOK VALUE PER COMMON SHARE (year-end)



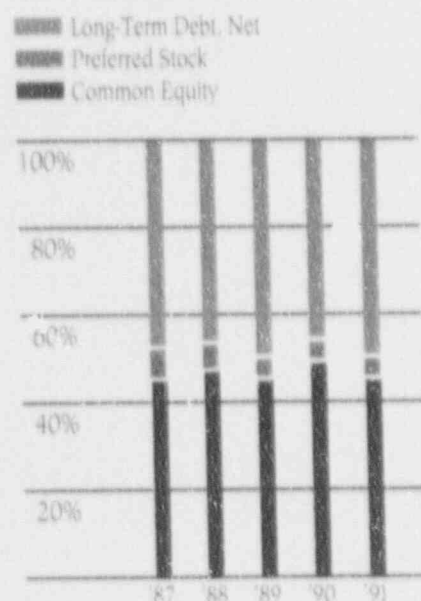
Partly in response to lower interest rates, the market price of SCANA's common stock increased nearly 28% during 1991, pushing the market-to-book ratio to 175% at year-end.

## RETURN ON COMMON EQUITY (year-end)



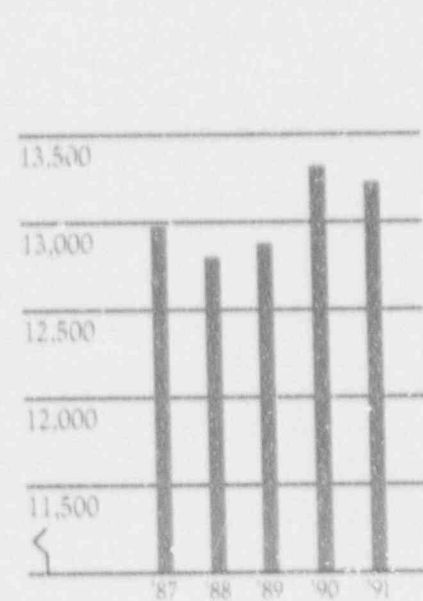
Providing common stockholders a consistently competitive return on their investment is a key financial goal.

## CAPITAL STRUCTURE



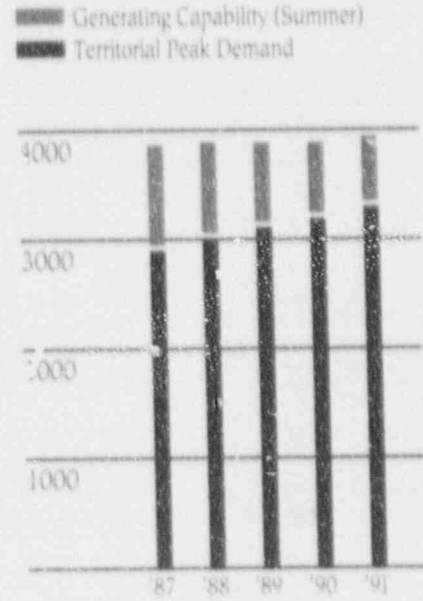
The higher proportion of debt in SCANA's 1991 capital structure reflects the issuance of mortgage bonds to finance the Company's construction program.

## AVERAGE ANNUAL USE PER RESIDENTIAL ELECTRIC CUSTOMER (kilowatt-hours)



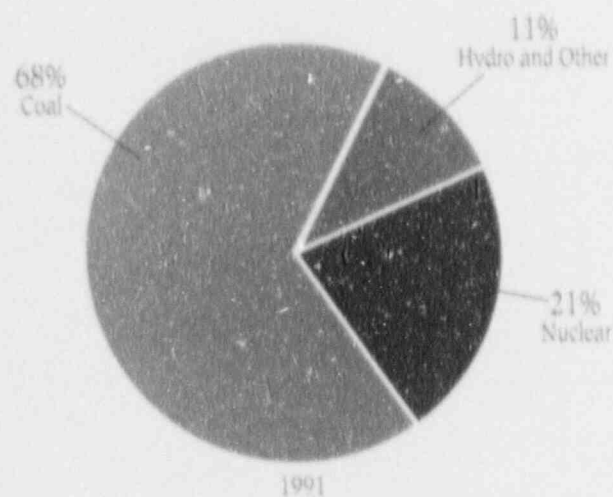
Milder summer weather combined with the effects of the economic recession resulted in a slight decrease in residential average KWH use in 1991.

## ELECTRIC GENERATING CAPABILITY & PEAK DEMAND (megawatts)



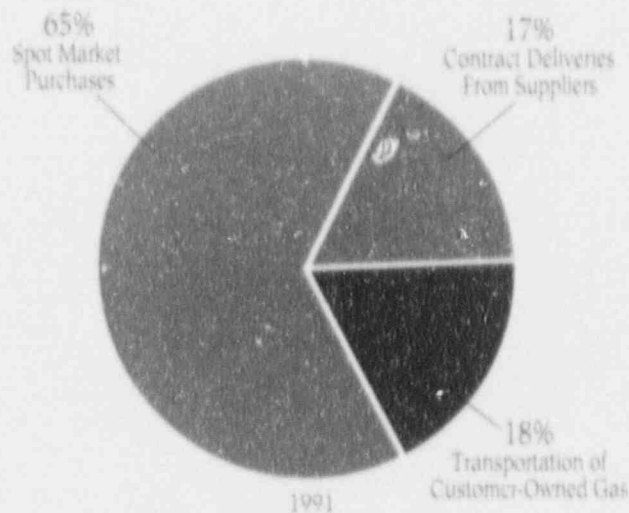
Installation of a new gas turbine and the reduction in the capacity of an oil-fired generating plant resulted in a net increase in generating capability during 1991.

## GENERATION FUEL MIX (includes GENCO)



Coal continues to be the principal source of energy the Company uses to generate electricity.

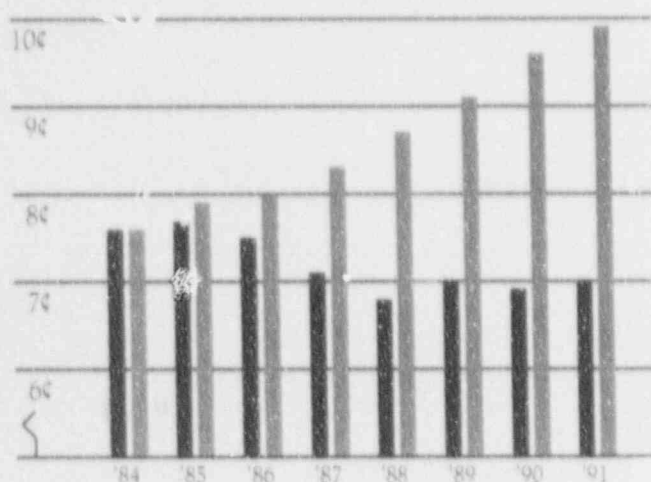
## TOTAL GAS SYSTEM SUPPLY - PIPELINE CORPORATION



Lower cost spot market purchases helped Pipeline Corporation compete with alternative fuel suppliers in industrial markets during 1991.

## STANDARD RESIDENTIAL ELECTRIC RATE (average annual cost per KWH; year-end)

Actual  
Inflation-Adjusted 1984 Rate



SCE&G's standard residential electric rate at year-end 1991 was nearly 8% below the same rate at year-end 1984 and more than 29% below the inflation-adjusted 1984 rate at year-end 1991.

## SCANA CORPORATION DIRECTORS

**B. L. Amick**<sup>2,4</sup>  
Chairman of the Board and  
Chief Executive Officer  
Amick Farms  
Batesburg, South Carolina

**W. B. Bookhart, Jr.**<sup>2,4</sup>  
Partner  
W. B. Bookhart Farms  
Elloree, South Carolina

**W. T. Cassels, Jr.**<sup>2,3</sup>  
Chairman of the Board  
Southeastern Freight Lines  
Columbia, South Carolina

**H. M. Chapman**<sup>1,3</sup>  
Chairman  
NationsBank South  
Atlanta, Georgia

**J. B. Edwards, DMD**<sup>1,4</sup>  
President  
Medical University of South Carolina  
Charleston, South Carolina

**L. M. Gressette, Jr.**<sup>1</sup>  
Chairman of the Board, President and  
Chief Executive Officer  
SCANA Corporation  
Columbia, South Carolina

**B. A. Hagood**<sup>2,3</sup>  
President  
Wm. M. Bird and Co., Inc.  
Charleston, South Carolina

**W. H. Hipp**<sup>1,3</sup>  
President and Chief Executive Officer  
The Liberty Corporation  
Greenville, South Carolina

**B. D. Kenyon**  
President and Chief Operating Officer  
South Carolina Electric & Gas Company  
Columbia, South Carolina

**F. C. McMaster**<sup>1,4</sup>  
President  
Winnsboro Petroleum Company  
Winnsboro, South Carolina

**Henry Ponder, Ph.D.**<sup>2,3</sup>  
President  
Fisk University  
Nashville, Tennessee

**J. B. Rhodes**<sup>2,3</sup>  
Chief Executive Officer  
Rhodes Oil Company, Inc.  
Walterboro, South Carolina

**W. B. Timmerman**  
Senior Vice President, Controller and  
Chief Financial Officer  
SCANA Corporation  
Columbia, South Carolina

**E. C. Wall, Jr.**<sup>1,3</sup>  
President  
Canal Industries, Inc.  
Conway, South Carolina

**John A. Warren**<sup>4,5</sup>  
Chairman of the Board Emeritus  
SCANA Corporation  
Columbia, South Carolina

- <sup>1</sup> Member of Executive Committee
- <sup>2</sup> Member of Audit Committee
- <sup>3</sup> Member of Investment,  
Compensation & Management  
Development and Corporate  
Performance & Strategic  
Planning Committee
- <sup>4</sup> Member of Nuclear Oversight  
Committee
- <sup>5</sup> Chairman of the Executive Committee

## DIRECTORS EMERITI

W. R. Bruce  
K. W. French  
J. B. Guess, III  
J. F. Hassell, Jr.  
F. M. Hipp  
J. H. Lumpkin  
A. C. Mustard  
E. W. Pike, Jr.  
V. C. Summer

## SCANA CORPORATION OFFICERS

**L. M. Gressette, Jr.**  
Chairman of the Board, President and  
Chief Executive Officer (1)

**Cathy B. Novinger**  
Senior Vice President  
Administration and  
Governmental Affairs

**W. B. Timmerman**  
Senior Vice President and Controller  
Chief Financial Officer (2)

**R. D. Hazel**  
Vice President  
Public Affairs

**K. B. Marsh**  
Vice President-Finance and Treasurer

**Barbara D. Blair**  
Secretary (3)

**E. C. Roberts**  
General Counsel and Assistant Secretary

- (1) Also Chairman and Chief Executive  
Officer of all subsidiaries
- (2) Also Chief Financial Officer  
of all subsidiaries
- (3) Also Secretary of all subsidiaries

## OFFICERS OF PRINCIPAL SUBSIDIARIES

### SOUTH CAROLINA ELECTRIC & GAS COMPANY

**B. D. Kenyon**  
President and Chief Operating Officer

**O. W. Dixon**  
Executive Vice President  
Operations

**G. I. Bullwinkel, Jr.**  
Senior Vice President  
Production

**R. W. Stedman**  
Senior Vice President  
Administration

**J. H. Young, Jr.**  
Senior Vice President  
Customer Relations

**W. A. Darby**  
Vice President  
Gas Operations

**J. D. Gregg, III**  
Vice President  
Marketing and Economic Development

**B. T. Horton, Jr.**  
Vice President and Treasurer



Johnny Kinloch  
Vice President  
Transit-Fleet Operations and  
Community Affairs

C. B. McFadden  
Vice President  
Customer Relations-Southern Division

S. C. McMeekin, Jr.  
Vice President  
Customer Relations-Northern Division

W. E. Moore, Jr.  
Vice President  
Fossil and Hydro Operations

E. C. Roberts  
Vice President and General Counsel and  
Assistant Secretary

J. L. Skolds  
Vice President  
Nuclear Operations

Patricia T. Smith  
Vice President  
Rates and Regulatory Affairs

M. S. Tibshirany  
Vice President  
Transmission and Distribution  
Engineering and Power Delivery

D. R. Wells  
Vice President  
Human Resources and  
Corporate Communications

J. E. Addison  
Controller

J. G. Black, II  
Assistant Treasurer

#### SOUTH CAROLINA PIPELINE CORPORATION

Max Earwood  
President and Treasurer

H. T. Arthur, II  
Vice President and General Counsel

R. M. Kightlinger  
Vice President  
Supply and Engineering

B. J. MacInnis  
Vice President  
Operations

George Fasano, Jr.  
Controller

Sarah A. Davis  
Assistant Secretary

#### SCANA PETROLEUM RESOURCES, INC.

Max Earwood  
President and Treasurer

G. J. Wilson, Jr.  
Executive Vice President and  
General Manager

R. L. Easterwood  
Vice President

Dan Hallmark  
Controller

H. E. Dickard  
Assistant Secretary

#### SCANA HYDROCARBONS, INC.

Max Earwood  
President and Treasurer

C. A. Rampey, Jr.  
Executive Vice President and  
General Manager

B. J. MacInnis  
Vice President

George Fasano, Jr.  
Controller

H. T. Arthur, II  
Assistant Secretary

#### PRIMESOUTH, INC.

J. M. Woods, III  
President and Treasurer

J. C. Chapman  
Senior Vice President and  
Assistant Secretary

J. A. Schinderle  
Controller

#### SOUTH CAROLINA REAL ESTATE DEVELOPMENT COMPANY, INC.

A. H. Gibbs  
President and Treasurer

M. L. Holmes, Sr.  
Vice President  
Commercial Operations

B. S. Samuel  
Vice President  
Residential Development

Judith H. Battle  
Controller

#### MPX SYSTEMS, INC.

L. M. Gressette, Jr.  
President

W. B. Timmerman  
Senior Vice President

J. H. Young, Jr.  
Senior Vice President

J. E. Addison  
Controller

B. T. Horton, Jr.  
Treasurer

#### SUBURBAN PROPANE GROUP, INC.

W. B. Timmerman  
President

D. L. Sharp  
Executive Vice President and  
General Manager

J. M. Clark  
Vice President

H. N. Harrell  
Treasurer

J. C. Eldridge  
Assistant Treasurer

Marie B. Burns  
Assistant Secretary

"Our list of things to accomplish in the next five years is filled with some very difficult assignments. However, we undertake these tasks with some strengths.

While I can point to a competitive cost structure, a healthy financial condition and a growing service area, it will take the dedication and talents of some 4800 employees to meet our objectives.

Our employees can be counted on to get the job done. Active and retired employees own 13 percent of SCANA's common stock, so we all have the same objectives."

*Lawrence H. Shuster Jr.*

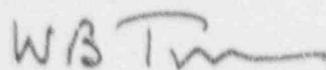
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## MANAGEMENT REPORT

The management of SCANA Corporation (Company) is responsible for the preparation and integrity of the financial data included in the accompanying Consolidated Financial Statements. These statements have been prepared in conformity with generally accepted accounting principles, as applicable. In situations that prevent exact accounting measurements, management has used informed judgments and estimates. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

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

The Board of Directors provides oversight for the preparation of the financial statements through its Audit Committee, which is composed entirely of nonemployee directors. The Audit Committee meets periodically with management and internal auditors to review their activities and responsibilities. The Audit Committee also meets periodically with the Company's independent auditors, Deloitte & Touche. The internal and independent auditors have free access to the Audit Committee to discuss internal accounting controls, auditing and financial reporting matters.



W. B. Timmerman  
Senior Vice President and Chief Financial Officer

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

SCANA Corporation:

We have audited the Consolidated Balance Sheets and Consolidated Statements of Capitalization of SCANA Corporation and subsidiaries (Company) as of December 31, 1991 and 1990 and the related Consolidated Statements of Income and Retained Earnings and of Cash Flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles.



Columbia, South Carolina  
February 10, 1992



# CONSOLIDATED BALANCE SHEETS

December 31,	1991	1990
ASSETS	(Thousands of Dollars)	
Utility Plant (Notes 1, 4 and 5):		
Electric	\$3,068,542	\$2,888,919
Gas	390,131	369,715
Transit	3,626	3,835
Common	59,209	53,403
Total	3,521,508	3,315,872
Less accumulated depreciation and amortization	1,124,296	1,037,125
Total	2,397,212	2,278,747
Construction work in progress	195,571	196,464
Nuclear fuel, net of accumulated amortization	41,708	43,394
Acquisition adjustment—gas, net of accumulated amortization	30,160	31,158
Utility Plant, Net	2,664,751	2,549,763
Other Property and Investments:		
Nonutility property, net of accumulated depreciation	159,136	129,548
Investments (Note 1)	2,997	8,304
Total Other Property and Investments	162,133	137,852
Current Assets:		
Cash and temporary cash investments	68,175	45,609
Receivables	127,083	124,577
Inventories (at average cost):		
Fuel (Notes 4 and 5)	51,984	61,858
Materials and supplies	46,654	44,565
Prepayments	36,310	19,854
Total Current Assets	330,206	296,463
Deferred Debits:		
Unamortized debt expense	9,033	6,469
Accumulated deferred income taxes (Notes 1 and 8)	27,253	33,438
Unamortized deferred return on plant investment (Notes 1 and 2)	23,352	27,598
Nuclear plant decommissioning fund (Note 1)	17,602	14,683
Other (Note 1)	71,632	78,670
Total Deferred Debits	148,872	160,858
Total	\$3,305,862	\$3,144,936

December 31,	1991	1990
<b>CAPITALIZATION AND LIABILITIES</b>	<i>(Thousands of Dollars)</i>	
Stockholders' Investment (Note 6):		
Common equity	\$1,028,990	\$1,003,877
Preferred stock (Not subject to purchase or sinking funds)	26,027	26,027
Total Stockholders' investment	1,055,017	1,029,904
Preferred Stock (Subject to purchase or sinking funds) (Note 7)	61,838	64,460
Long-Term Debt, Net (Note 4)	1,122,396	938,933
Total Capitalization	2,239,251	2,033,297
Current Liabilities:		
Short-term borrowings (Note 9)	20,766	134,070
Current portion of long-term debt (Note 4)	92,290	67,168
Accounts payable	94,764	87,786
Customer deposits	14,300	14,190
Taxes accrued	63,313	54,218
Interest accrued	28,632	24,222
Dividends declared	28,616	27,506
Other	11,457	5,128
Total Current Liabilities	354,138	418,288
Deferred Credits:		
Accumulated deferred income taxes (Notes 1 and 8)	532,135	507,667
Accumulated deferred investment tax credits (Notes 1 and 8)	102,306	105,952
Accumulated reserve for nuclear plant decommissioning (Note 1)	17,602	14,683
Other (Note 1)	60,430	65,049
Total Deferred Credits	712,473	693,351
Commitments and Contingencies (Note 10)	—	—
Total	\$3,305,862	\$3,144,936

See Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended December 31,	1991	1990	1989
	<i>(Thousands of Dollars except per share amounts)</i>		
Operating Revenues (Notes 1 and 2):			
Electric	\$ 867,215	\$ 851,145	\$ 841,453
Gas	276,742	292,380	297,069
Transit	3,869	4,033	4,102
Total Operating Revenues	1,147,826	1,147,559	1,142,624
Operating Expenses:			
Fuel used in electric generation	224,867	208,595	224,035
Purchased power	9,816	15,377	17,317
Gas purchased for resale	171,869	191,939	212,112
Other operation (Note 1)	208,614	198,388	180,126
Maintenance (Note 1)	61,599	67,499	69,338
Depreciation and amortization (Note 1)	102,669	97,801	102,296
Income taxes (Notes 1 and 8)	77,562	77,392	65,535
Other taxes	68,470	64,611	58,681
Total Operating Expenses	925,466	921,602	929,440
Operating Income	222,360	225,957	213,184
Other Income (Note 1):			
Allowance for equity funds used during construction	3,454	1,630	2,194
Gain on sale of investment, net of income taxes (Note 3)	—	46,150	—
Other income, net of income taxes	8,201	7,094	4,931
Total Other Income	11,655	54,874	7,125
Income Before Interest Charges and Preferred Stock Dividends	234,015	280,831	220,309
Interest Charges (Credits):			
Interest on long-term debt, net	88,690	85,244	86,178
Other interest expense	7,648	10,552	8,244
Allowance for borrowed funds used during construction (Note 1)	(4,880)	(3,479)	(4,001)
Total Interest Charges, Net	91,458	92,317	90,421
Income Before Preferred Stock Cash Dividends of Subsidiary	142,557	188,514	129,888
Preferred Stock Cash Dividends of Subsidiary (At stated rates)	6,706	6,911	7,263
Net Income	135,851	181,603	122,625
Retained Earnings at Beginning of Year	428,626	344,652	321,155
Common Stock Cash Dividends Declared (Note 6)	(105,868)	(101,916)	(99,128)
Other	(1,216)	4,287	—
Retained Earnings at End of Year	\$ 457,393	\$ 428,626	\$ 344,652
Net Income	\$ 135,851	\$ 181,603	\$ 122,625
Weighted Average Number of Common Shares Outstanding (Thousands)	40,361	40,882	40,296
Earnings Per Weighted Average Share of Common Stock	\$3.37	\$4.44	\$3.04

See Notes to Consolidated Financial Statements.



# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	1991	1990	1989
	(Thousands of Dollars)		
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 135,851	\$ 181,603	\$ 122,625
Adjustments to reconcile net income to net cash provided from operating activities:			
Gain on sale of investment, net of income taxes	—	(46,150)	—
Depreciation and amortization	117,402	117,977	104,462
Amortization of nuclear fuel	18,384	22,585	19,584
Deferred income taxes, net	30,199	7,120	34,759
Deferred investment tax credits, net	(3,646)	(3,399)	(4,282)
Dividends declared on preferred stock of subsidiary	6,706	6,911	7,263
Allowance for funds used during construction	(8,334)	(5,109)	(6,195)
Application of deferred credits to storm costs (Note 2)	—	—	(13,783)
Nuclear refueling accrual	(6,192)	(2,671)	8,863
Equity (earnings) losses of investees (Note 1)	412	(1,062)	(357)
Changes in certain current assets and liabilities:			
(Increase) decrease in receivables	(2,506)	8,613	(9,292)
(Increase) decrease in inventories	7,785	(14,385)	(7,805)
Increase (decrease) in accounts payable	6,978	(16,216)	3,969
Increase (decrease) in customer deposits	110	778	(3,298)
Increase (decrease) in taxes accrued	9,095	(18,241)	4,401
Increase (decrease) in interest accrued	4,410	(1,271)	7,555
Other, net	2,421	15,770	32,502
<b>Net Cash Provided From Operating Activities</b>	<b>319,075</b>	<b>252,853</b>	<b>300,971</b>
<b>Cash Flows From Investing Activities:</b>			
Utility property additions and construction expenditures	(239,140)	(229,682)	(181,345)
Nonutility property additions and construction expenditures	(23,917)	(94,536)	(24,801)
Repurchase/Reissuance of common stock for immaterial acquisition, net of cash acquired	(25,514)	—	—
Sale of investment	—	139,789	—
Investments	4,895	5,824	(7,807)
Principal noncash item:			
Allowance for funds used during construction	8,334	5,109	6,195
<b>Net Cash Used For Investing Activities</b>	<b>(275,342)</b>	<b>(173,496)</b>	<b>(207,958)</b>
<b>Cash Flows From Financing Activities:</b>			
Issuance of bonds (Note 4)	300,000	—	—
Bank notes sold (Note 4)	80,000	3,164	153,000
Note sold	—	—	34,000
Increase (decrease) in short-term borrowings, net	(113,304)	96,483	(61,264)
Decrease in fuel financings, net	(4,292)	(10,458)	(6,158)
Reduction of long-term debt	(165,665)	(21,907)	(92,231)
Repurchase of common stock	(3,656)	—	—
Retirement of preferred stock	(2,622)	(3,578)	(9,208)
Payment of dividends on preferred stock of subsidiary	(6,718)	(6,975)	(7,441)
Payment of dividends on common stock	(104,910)	(100,942)	(98,524)
<b>Net Cash Used For Financing Activities</b>	<b>(21,167)</b>	<b>(44,213)</b>	<b>(87,826)</b>
<b>Net Increase in Cash and Temporary Cash Investments</b>	<b>22,566</b>	<b>35,144</b>	<b>5,187</b>
<b>Cash and Temporary Cash Investments, January 1</b>	<b>45,609</b>	<b>10,465</b>	<b>5,278</b>
<b>Cash and Temporary Cash Investments, December 31</b>	<b>\$ 68,175</b>	<b>\$ 45,609</b>	<b>\$ 10,465</b>
<b>Supplemental Cash Information:</b>			
Cash paid for – Interest	\$ 90,623	\$ 96,387	\$ 86,155
– Income taxes	45,357	94,800	22,836
<b>Noncash Financing Activities:</b>			
Capital lease obligations recorded	\$ 2,864	—	—

See Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF CAPITALIZATION

December 31,	1991	1990
Common Equity (Note 6):	(Thousands of Dollars)	
Common stock, without par value, authorized 75,000,000 shares; issued and outstanding, 1991 - 10,784,527 shares and 1990 - 40,982,176 shares	\$ 571,597	\$ 575,251
Retained earnings	457,393	428,626
Total Common Equity	1,028,990 46%	1,003,877 50%

## South Carolina Electric & Gas Company:

### Cumulative Preferred Stock (Not subject to purchase or sinking funds) (Note 6):

\$100 Par Value - Authorized 200,000 shares

\$50 Par Value - Authorized 125,209 shares

	Series	Shares Outstanding		Redemption Price				
		1991	1990	Current	Through	Eventual Minimum		
\$100 Par	8.40%	197,668	197,668	102.80	11-30-96	101.00	19,767	19,767
\$ 50 Par	5.00%	125,209	125,209	52.50	—	52.50	6,260	6,260
Total Preferred Stock (Not subject to purchase or sinking funds)							26,027 1%	26,027 1%

## South Carolina Electric & Gas Company:

### Cumulative Preferred Stock (Subject to purchase or sinking funds) (Note 7):

\$100 Par Value - Authorized 1,550,000 shares

Series	Shares Outstanding		Redemption Price				
	1991	1990	Current	Through	Eventual Minimum		
7.70%	98,081	98,270	101.00	—	101.00	9,808	9,827
8.12%	140,282	140,721	102.03	—	102.03	14,028	14,072
	<u>238,363</u>	<u>238,991</u>					

\$50 Par Value - Authorized 1,665,286 shares

Series	Shares Outstanding		Redemption Price				
	1991	1990	Current	Through	Eventual Minimum		
4.50%	24,000	25,600	51.00	—	51.00	1,200	1,280
4.60%	6,834	8,334	50.50	—	50.50	342	417
4.60%(A)	34,052	36,052	51.00	—	51.00	1,702	1,803
4.60%(B)	88,400	91,800	50.50	—	50.50	4,420	4,590
5.125%	76,000	77,000	51.00	—	51.00	3,800	3,850
6.00%	96,000	99,200	50.50	—	50.50	4,800	4,960
8.72%	224,000	255,717	52.00	12-31-93	50.00	11,200	12,786
9.40%	210,755	217,507	51.175	—	51.175	10,538	10,875
	<u>760,041</u>	<u>811,210</u>					

\$25 Par Value - Authorized 2,000,000 shares: None outstanding in 1991 and 1990

Total Preferred Stock (Subject to purchase or sinking funds)	61,838 3%	64,460 3%
--	-----------	-----------

December 31,	1991	1990
<i>(Thousands of Dollars)</i>		
Long-Term Debt (Notes 4 and 5):		
South Carolina Electric & Gas Company:		
First and Refunding Mortgage Bonds:		
Series	Year of Maturity	
5%	1991	8,000
4 7/8%	1995	16,000
5.45%	1996	15,000
6%	1997	15,000
6 1/2%	1998	20,000
8%	1999	35,000
9 1/8%	1999	15,000
8%	2001	35,000
7 1/4%	2002	30,000
9%	2006	145,000
9 1/8%	2006	50,000
8.40%	2006	50,000
8 3/8%	2007	30,000
8.90%	2008	30,000
10 1/8%	2009	35,000
9 7/8%	2009	50,000
12.15%	2010	35,890
8 3/4%	2017	100,000
8 7/8%	2021	15,000
Pollution Control Facilities Revenue Bonds:		
5.95% Series, due 2003	6,945	7,030
Fairfield County Series 1984, due 2014 (variable rate - 4.90% through 8/31/92)	56,820	57,000
Richland County, due 2014 (variable rate - 4.90% through 8/31/92)	5,210	5,210
Fairfield County Series 1986, due 2014 (variable rate - 4.90% through 8/31/92)	1,100	1,100
Colleton and Dorchester Counties Series 1987, due 2014 (variable rate - 5.10% through 8/31/92)	4,365	4,365
Capitalized Lease Obligations, due 1991-1997 (various rates between 5 3/4% and 10%)	6,511	5,430
Bank Loans (variable rate - 8.24% at 12/31/90)	—	75,000
South Carolina Generating Company, Inc.:		
Berkeley County Pollution Control Facilities Revenue Bonds, due 2014 (variable rate - 5.0% through 9/30/92)	35,850	35,850
Term Loan, due 1992 (variable rate - 5.44% at 12/31/91)	63,500	66,500
South Carolina Fuel Company, Inc.:		
Nuclear fuel liability	41,679	43,017
Fossil fuel liability	20,647	23,601
South Carolina Pipeline Corporation:		
Note, 9.27%, due 1991-1994	21,000	32,000
South Carolina Real Estate Development Company, Inc.:		
Notes, due 1991-1992 (at various rates)	423	456
Bank Loan, due 1991 (variable rate - 10.0% at 12/31/90)	—	1,206
Bank Loan, 7.93% due 1992	2,974	3,022
Bank Loan, 7.94% due 1992	4,751	4,798
Note, 9.13%, due 2004	1,015	1,037
Primesouth:		
Term Loan, 10.0%, due 1995	904	920
Capitalized Lease Obligation, due 1994 (variable rate - 10.0% at 12/31/91)	24	31
SCANA Corporation:		
Bank Notes, due 1993 (variable rate - 5.85% at 12/31/91)	80,000	—
Bank Notes, due 1992 (variable rate - 8.52% at 12/31/90)	—	70,000
Total	1,218,608	1,007,463
Less - Long-term debt maturities, including sinking fund requirements	92,290	67,168
Unamortized discount	3,922	1,362
Total Long-Term Debt - Net	1,122,396	938,933
Total Capitalization	\$2,239,251	\$2,033,297
	50%	46%

See Notes to Consolidated Financial Statements.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Summary of Significant Accounting Policies:

### A. Organization and Principles of Consolidation

SCANA Corporation (Company), a South Carolina corporation, is a public utility holding company within the meaning of the Public Utility Holding Company Act of 1935, but is exempt from registration under such Act.

The accompanying Consolidated Financial Statements reflect the consolidation of the accounts of the Company and its wholly owned subsidiaries:

#### Regulated utilities

South Carolina Electric & Gas Company (SCE&G)  
South Carolina Generating Company, Inc. (GENCO)  
South Carolina Fuel Company, Inc.  
South Carolina Pipeline Corporation (Pipeline Corporation)

#### Nonregulated businesses

MPX Systems, Inc.  
Primesouth, Inc.  
SCANA Capital Resources, Inc.  
South Carolina Real Estate Development Company, Inc.  
SCANA Hydrocarbons, Inc.  
SCANA Petroleum Resources, Inc.  
Suburban Propane Group, Inc. (Suburban)

Investments in joint ventures in real estate are reported using the equity method of accounting. Significant intercompany balances and transactions have been eliminated in consolidation.

In November 1991 the Company acquired SPG, Inc., Suburban Propane Gas Company of Timmonsville, Inc. and Suburban Propane Gas Company of Bishopville (collectively, the SPG Group), all of which were privately-held retail propane distributors headquartered in Sumter, South Carolina, through an exchange of stock and the merger of the SPG Group into Suburban Propane Group, Inc., a wholly owned subsidiary of the Company. The transaction was accounted for as a purchase and had no significant effect on the Company's financial position or results of operations. Carotane, Inc. and Supertane Gas Company, wholly owned subsidiaries of the Company engaged in propane distribution, were later merged into Suburban Propane Group, Inc.

In October 1990 the Company acquired Peoples Natural Gas Company of South Carolina (Peoples), a distributor of natural gas in northeastern South Carolina, through an exchange of stock. The transaction was accounted for as a pooling of interests and had no significant effect on financial position or results of operations. Peoples was merged into SCANA and its assets are operated by SCE&G. A subsidiary of Peoples, Supertane Gas Company, a propane supplier, was acquired in the transaction and is now a part of Suburban.

### B. System of Accounts

The accounting records of the Company's regulated subsidiaries are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and as adopted by The Public Service Commission of South Carolina (PSC).

### C. Utility Plant

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

SCE&G, operator of the V. C. Summer Nuclear Station (Summer Station), and the South Carolina Public Service Authority (PSA) (a body corporate and politic of the State of South Carolina) are joint owners of Summer Station in the proportions of two-thirds and one-third, respectively. The parties share the operating costs and energy output of the plant in these proportions. Each party, how-

ever, provides its own financing. Plant in service related to SCE&G's portion of Summer Station was approximately \$916 million and \$937 million at December 31, 1991 and 1990, respectively. Accumulated depreciation associated with SCE&G's share of Summer Station was approximately \$247.6 million and \$223.4 million as of December 31, 1991 and 1990, respectively. SCE&G's share of the direct expenses associated with operating Summer Station is included in the Company's "Other operation" and "Maintenance" expenses.

### D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFUC), a noncash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost (construction work in progress), of the costs of debt and equity capital dedicated to construction investment. AFUC will ultimately be included in rate base investment and depreciated as a component of plant cost in establishing rates for utility services. The Company's regulated subsidiaries calculated AFUC using composite rates of 9.7%, 9.5% and 8.8% for 1991, 1990 and 1989, respectively. These rates do not exceed the maximum allowable rate as calculated under FERC Order No. 561. Interest on nuclear fuel in process is capitalized at the actual cost amount.

### E. Deferred Return on Plant Investment

Commencing July 1, 1987, as approved by a PSC order on that date, SCE&G ceased the deferral of carrying costs associated with 400 MW of electric generating capacity previously removed from rate base and began amortizing the accumulated deferred carrying costs on a straight-line basis over a ten-year period (see Note 2I). Amortization of deferred carrying costs, included in "Depreciation and amortization," was approximately \$4.2 million for 1991, 1990 and 1989.

### F. Depreciation and Amortization

Provisions for depreciation are recorded using the straight-line method for financial reporting purposes and are based on the estimated service lives of the various classes of property (see Note 2F). The composite weighted-average depreciation rates were as follows:

	1991	1990	1989
SCE&G	2.97%	2.97%	3.32%
GENCO	2.59%	2.68%	2.65%
Pipeline Corporation	2.62%	2.56%	2.64%
Aggregate of Above	2.94%	2.93%	3.25%

Nuclear fuel amortization, which is included in "Fuel used in electric generation" and is recovered through the fuel cost component of SCE&G's rates, is recorded using the units-of-production method. Provisions for amortization of nuclear fuel include amounts necessary to satisfy obligations to the United States Department of Energy under a contract for disposal of spent nuclear fuel.

The acquisition adjustment relating to the purchase of certain gas properties in 1982 is being amortized over a 40-year period using the straight-line method.

### G. Nuclear Decommissioning

On January 3, 1990 the Nuclear Regulatory Commission (NRC) approved SCE&G's request for an extension of its operating license for Summer Station. Decommissioning of Summer Station is presently projected to commence in the year 2022. The expenditures (on a before-tax basis) related to SCE&G's share of decommissioning activities are currently estimated to be approximately \$545.3 million including partial reclamation costs (in 2022 dollars, assuming a 4.5% annual rate of inflation). SCE&G is providing for estimated decommissioning costs of its share of Summer Station over the life of Summer Station and has established a reserve for this purpose. SCE&G is presently funding the reserve with amounts collected through electric rates (approximately \$1.1 million annually for 1991, 1990 and 1989, net of taxes), and intends for the fund, including earnings, to provide for all eventual decommissioning expenditures on an after-tax basis.

The NRC has published final regulations on decommissioning of nuclear

facilities. These regulations address decommissioning planning needs, timing, funding methods, and environmental review requirements and required licensed electric utilities to submit a decommissioning plan by July 1990 certifying financial assurance for decommissioning costs. In 1990 SCE&G established a trust fund which is maintained by an independent trustee and complies with the financial assurance requirements of the NRC rule. The assets of the trust fund were approximately \$6.7 million and \$5.2 million at December 31, 1991 and 1990, respectively, and were included in "Nuclear plant decommissioning fund" in "Deferred Debits."

#### H. Income Taxes

The Company and its subsidiaries file consolidated Federal and State income tax returns. Income taxes are allocated to all subsidiaries based on their contributions to consolidated taxable income.

Because tax laws and financial accounting standards differ in their recognition and measurement of economic events, differences arise between (1) the amount of taxable income and reported pretax financial income for a year and (2) the tax bases of assets or liabilities and their reported amounts in the financial statements. Accordingly, the Company provides deferred income taxes for substantially all timing differences, principally accelerated tax depreciation, except for certain basis differences arising prior to 1982. Deferred income tax provisions are included in income currently with corresponding credits or charges to accumulated deferred income taxes.

Investment tax credits were generally deferred and are being amortized over the depreciable lives of the respective assets.

In December 1987 the Financial Accounting Standards Board (FASB) issued Statement No. 96 "Accounting for Income Taxes." This Statement requires the use of the "liability method" whereby a deferred tax liability or asset would be recognized for deferred tax consequences of all temporary differences. The Statement (1) requires that a deferred tax liability or asset be adjusted for the effect of a change in tax law or rates, (2) prohibits net-of-tax accounting and reporting, and (3) requires recognition of a deferred tax liability for tax benefits that are flowed through to customers when temporary differences originate and for the equity component of AFC. The FASB has issued Statement No. 108 deferring Statement No. 96's effective date and intends to issue a new statement that will supersede Statement No. 96. The Company does not anticipate that application of these Statements will have a significant impact on results of operations or financial position.

#### I. Pension Expense

The Company has a noncontributory defined benefit pension plan covering substantially all employees. Benefits are based on years of accredited service and the employee's average annual base earnings received during the last three years of employment. The Company's policy has been to fund pension costs accrued to the extent permitted by the applicable Federal income tax regulations as determined by an independent actuary.

Net periodic pension cost, as determined by an independent actuary, for the years ended December 31, 1991, 1990 and 1989 included the following components:

Year Ended December 31,	1991	1990	1989
	(Thousands of Dollars)		
Service cost-benefits earned during the period	\$ 6,367	\$ 5,656	\$ 5,233
Interest cost on projected benefit obligation	18,334	17,239	16,347
Adjustments:			
Return on plan assets	(51,446)	(3,117)	(41,284)
Net amortization and deferral	36,263	(12,717)	29,851
Net periodic pension cost	\$ 9,514	\$ 7,061	\$ 10,147

The following table sets forth the funded status of the plan, as determined by an independent actuary, at December 31, 1991 and 1990:

Year Ended December 31,	1991	1990
	(Thousands of Dollars)	
Actuarial Present Value of Benefit Obligations:		
Vested benefit obligation	\$187,966	\$178,987
Nonvested benefit obligation	3,506	3,392
Accumulated benefit obligation	\$187,472	\$182,379
Projected benefit obligation	\$241,179	\$228,433
Plan assets at fair value	276,464	227,798
Plan assets greater than (less than):		
projected benefit obligation	38,285	(6,351)
Unrecognized net transition liability	13,654	15,458
Unrecognized prior service costs	11,829	12,983
Unrecognized net gain	(62,196)	(28,383)
Pension liability recognized in Consolidated Balance Sheets	\$ (1,428)	\$ (575)

The accumulated benefit obligation is based on the plan's benefit formulas without considering expected future salary increases. The following table sets forth the assumptions used in the amounts shown above:

	1991	1990	1989
Annual discount rate used to determine benefit obligation	8.0%	8.0%	8.0%
Expected long-term rate of return on plan assets	8.0%	8.0%	8.0%
Discount rate used in determining pension cost	8.0%	8.0%	8.0%
Assumed annual rate of future salary increases for projected benefit obligation	5.5%	5.5%	5.5%

In 1989 SCE&G completed an early retirement incentive program which increased pension liability by \$5.8 million. This amount is being amortized over eight years, the average remaining service life of the employees participating in the program.

In addition to pension benefits, the Company provides certain health care, supplemental retirement and life insurance benefits to active and retired employees. Currently, such benefits are generally charged to expense when claims and premiums are paid. The annual costs of providing such benefits to retired employees are not significant.

In December 1990 the FASB issued Statement No. 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions." The Statement requires that the cost of postretirement benefits other than pensions be accrued during the years the employees render the service necessary to be eligible for the applicable benefits. The Company has estimated the accumulated obligation of these benefits at December 31, 1991 to be approximately \$66 million and the annual impact on expenses, including the amortization of the transition liability provided for by the Statement, to be approximately \$7 million. The Public Service Commission of South Carolina, in other utility rate decisions, has accepted application of SFAS 106. Accordingly, the Company expects that the substantial portion of the increased benefits expense, which applies to regulated operations, will either be recovered currently through rates or that a regulatory asset will be recorded to reflect amounts to be recovered through rates in the future as the costs are paid; therefore, the Company believes this Statement will not have a significant impact on the Company's financial position or results of operations. However, there can be no assurance that such recovery will be granted. The requirements will be effective for the fiscal year beginning January 1, 1993.

#### J. Revenue Recognition

Customers' meters are read and bills are rendered on a monthly cycle basis. Base revenue is recorded during the accounting period in which the meters are read.

Fuel costs for electric generation are collected through the fuel component in retail electric rates. The fuel component contained in electric rates is established by the PSC during semiannual fuel cost hearings. Any difference between actual fuel cost and that contained in the fuel component is deferred and included when determining the fuel cost component during the next semiannual fuel cost hearing. At December 31, 1991 and 1990 SCE&G had overcollected through the electric fuel clause component approximately \$4.1 million and \$6.7 million, respectively, which are included in "Deferred Credits-Other."

Customers subject to the gas cost adjustment clause are billed based on a fixed cost of gas determined by the PSC during annual gas cost recovery hearings. Any difference between actual gas cost and that contained in the rates is deferred and included when establishing gas costs during the next annual gas cost recovery hearing. At December 31, 1991 and 1990 the Company had undercollected through the gas cost recovery procedure approximately \$0.1 million and \$1.5 million, respectively, which are included in "Deferred Debits-Other."

In November 1991, the PSC approved a weather normalization adjustment (WNA) for SCE&G and the Company's directly owned gas distribution system as part of their firm gas rate schedules for residential, small commercial and small industrial customers. (See Note 2B.)

#### K. Debt Premium, Discount and Expense

Long-term debt premium, discount and expense are being amortized as components of "Interest on long-term debt, net" over the terms of the respective debt issues.

#### L. Statements of Cash Flows

The Company considers temporary cash investments having original maturities of three months or less to be cash equivalents. Temporary cash investments are generally in the form of commercial paper, certificates of deposit, and repurchase agreements.

#### M. Reclassifications

Certain amounts from prior periods have been reclassified to conform with the 1991 presentation.

#### 2. Rate Matters:

A. On January 9, 1992 SCE&G submitted to the PSC a Notice of Intent to file a Formal Application to increase transit fares and to change certain routing schedules. SCE&G expects to file the application with the PSC during the first quarter of 1992.

B. On November 1, 1991 the PSC approved SCE&G's request for a WNA to be a part of SCE&G's gas rate schedules for its residential, small commercial and small industrial customers for a three-year period, subject to an annual review by the PSC. Such adjustment will help prevent fluctuations in gas revenues due to abnormal weather conditions. In its order, the PSC authorized a 12.25% return on common equity which had no impact on current rates. The PSC also approved the request by SCE&G, as operating agent for the Company's directly owned natural gas distribution system acquired in 1990 from Peoples, for a WNA to be a part of the Company's gas system rate schedules for residential, small commercial and small industrial customers. The new rates became effective the first billing cycle in December 1991.

C. The Company sustained significant damage to its electric transmission, distribution and other facilities as a result of Hurricane Hugo on September 21, 1989. Total costs attributed to the replacement and repair of damaged plant were approximately \$56.8 million. Of this amount \$14.2 million was recovered through insurance and an additional \$19.3 million associated with capital expenditures was included in "Utility Plant" in 1989. For electric costs not capitalized or covered by insurance (\$22 million), SCE&G received an order from the PSC on February 6, 1990 approving the offset in the 1989 Consolidated Statement of Income of \$13.8 million of storm-related costs, after income tax benefits of \$8.2 million, through the application of credits earned on its books as a result of a 1980 settlement of certain litigation. The remaining nonelectric storm costs of \$1.3 million were included in 1989 operating expenses. The treatment prescribed by the

PSC did not require any rate increase for SCE&G's customers.

D. In May 1989 the PSC approved a volumetric and direct billing method for Pipeline Corporation to recover take-or-pay costs incurred from its interstate pipeline suppliers pursuant to FERC approved final and nonappealable settlements. The Consumer Advocate and two other intervenors appealed to the South Carolina Circuit Court (Circuit Court) the PSC's order allowing 100% pass-through of these costs and the methodology for the pass-through.

On June 10, 1991 the Circuit Court reversed and remanded to the PSC its May 1989 order. Pipeline Corporation and its affiliated customer, SCE&G, have appealed the decision to the South Carolina Supreme Court (Supreme Court). The case has been heard by the Supreme Court and a decision is expected within several months. The Company believes that the decision of the PSC concerning the method of pass-through of take-or-pay charges lies within the discretion granted it by the laws of South Carolina, and that the pass-through is required by federal law. The Company believes that the probability of any significant adverse change in the PSC order regarding collection of amounts prior to specific PSC approval of the pass-through of the charges and the absorption of the charges is unlikely.

E. On August 8, 1990 the PSC issued an order approving changes in Pipeline Corporation's gas rate design for sales for resale service, effective November 1, 1990. The order upheld the "value-of-service" method of regulation for its direct industrial service and appeals were initiated by direct industrial customers seeking "cost-of-service" based rates. In one appeal the Circuit Court, on June 10, 1991, reversed and remanded to the PSC its August 8, 1990 order, and Pipeline Corporation has appealed that decision to the Supreme Court. The Supreme Court is holding its case in abeyance until the companion appeal is concluded before the Circuit Court. No final result is expected in 1992. Although Pipeline Corporation believes that the decision of the PSC lies within the discretion granted it by the laws of South Carolina, the outcome is uncertain.

F. On July 3, 1989 the PSC granted SCE&G approximately \$21.9 million of a requested \$27.2 million annual increase in retail electric revenues. The PSC order granted an allowed return on common equity of 13.25%. On January 3, 1990 the NRC extended Summer Station's operating license from March 21, 2013 to August 6, 2022 (see Note 1G), and in compliance with the July 3, 1989 PSC order, SCE&G subsequently reduced its retail electric rates by approximately \$7.7 million to reflect lower depreciation expense resulting from the extension of the plant's license. The effect of such reduction is to decrease the additional annual revenues allowed in the July 3, 1989 order from \$21.9 million to \$14.2 million, or an annual increase of 1.9%. Consequently, there will be no effect on future net income as a result of the January adjustments. The Consumer Advocate has appealed the electric rate order to the Circuit Court which has affirmed the PSC decision. The Consumer Advocate has appealed the decision to the Supreme Court where the case was argued and is still pending (See Note 2I). While the outcome of this matter is uncertain, the Company believes that any significant change in the rate order is unlikely.

G. Effective July 3, 1989 the FERC approved an \$893,000, or 2.9%, annual increase in SCE&G's wholesale electric rate. On January 5, 1990 SCE&G filed with the FERC for approval to reduce its wholesale electric rate to correspond with the retail electric rate reduction pursuant to the July 3, 1989 PSC order. (See Note 2F.) An intervenor, however, protested the method of this reduction, but not the amount which is insignificant. The case is pending.

H. On November 28, 1989 the PSC granted SCE&G an increase in firm retail natural gas rates that are designed to increase annual revenues by \$10.1 million. This represents approximately 89.5% of SCE&G's request for an increase of approximately \$11.3 million. In its order the PSC authorized a 12.75% return on common equity. The new rates became effective on November 30, 1989. The Consumer Advocate appealed the decision to the Circuit Court. The Circuit Court affirmed the PSC order and the Consumer Advocate appealed the decision to the Supreme Court where the case is still pending. While the outcome of this matter is uncertain, the Company believes the probability of any significant change in the rate order is unlikely. (See Note 2B.)

I. As a result of a Petition Requesting Investigation filed by intervenors during the 1989 electric rate case (see Note 2F), the PSC issued an Order Granting



Investigation on April 12, 1989. The investigation relates to the propriety of financial relationships between SCE&G and its affiliates. The Company believes that the outcome of this investigation will have no material effect on its operations.

In an order dated July 1, 1987, the PSC approved SCE&G's request to restore to its rate base, effective July 1, 1987, the net production investment (approximately \$102.5 million at July 1, 1987) associated with 400 MW of electric generating capacity previously removed by the PSC in its order dated March 2, 1984. The 1987 order also approved SCE&G's proposal to include in rate base the associated accumulated deferred carrying costs (approximately \$42.5 million at July 1, 1987) and to begin amortizing these costs over a ten-year period commencing July 1, 1987. The July 1, 1987 order was appealed by the Consumer Advocate to the South Carolina Supreme Court, which remanded the case to the PSC for factual findings on the prudence of the derating of 69 MW of SCE&G's total production capacity and the effect, if any, of the deratings on depreciation and carrying cost issues. The PSC issued an order reaffirming its decision and stating its findings and conclusions concerning the 69 MW derating issue. The Consumer Advocate appealed this order to the Circuit Court, and the appeal was consolidated with the appeal of the electric rate order described in Note 2F above. The Circuit Court affirmed the PSC order. The Consumer Advocate appealed the decision to the Supreme Court where the case is pending. While the outcome of this matter is uncertain, the Company believes that any significant change in the PSC's order issued on remand is unlikely.

### 3. Gain On Sale Of Investment:

On August 14, 1990 MCI Communications Corporation acquired all outstanding shares of Telecom\*USA common stock for cash of \$42 per share. Through its investment in Telecom Partners, MPX Systems, Inc. (a wholly owned subsidiary of the Company) owned approximately 3.3 million shares of Telecom\*USA common stock at the date of acquisition. The gain from the sale of the stock, net of income taxes, was approximately \$46.1 million, or \$1.13 per share of the Company's common stock, and was reported in the third quarter of 1990.

### 4. Long-Term Debt:

SCE&G's annual tender Pollution Control Facilities Revenue Bonds (which do not include the 5.95% Series, due 2003) are secured by like principal amounts of its First and Refunding Mortgage Bonds.

GENCO's annual tender Pollution Control Facilities Revenue Bonds are secured by an irrevocable letter of credit expiring in 1996.

These annual tender Bonds bear interest at a rate, not to exceed 15% per annum, (1) set between 80% and 120% of an index rate based on one-year yield evaluations of comparable tax-exempt obligations, or (2) equal to 65% of one-year yield evaluations of U. S. Treasury Bonds at par. The interest rate is adjusted annually but may become fixed until maturity. These Bonds also provide that the holders may require the Bonds to be purchased at par upon each annual adjustment of the interest rate or at the time the interest rate becomes fixed until maturity. If the Bonds are tendered by the holder, the Company intends to reoffer the Bonds to the public. Due to the provisions of the Bond Indentures, which permit the Company to purchase the Bonds in lieu of redemption and resell them and to substitute other security arrangements, the SCE&G Bonds are classified as long-term debt.

The annual amounts of long-term debt maturities, including the amounts due under nuclear and fossil fuel agreements (see Note 5), and sinking fund requirements for the years 1992 through 1996 are summarized as follows:

Year	Amount	Year	Amount
(Thousands of Dollars)			
1992	\$ 92,290	1995	\$12,817
1993	121,461	1996	11,518
1994	62,299		

Approximately \$10.9 million of the current portion of long-term debt for 1992 may be satisfied by either deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits, or by deposit of cash with the Trustee.

On July 24, 1991 SCE&G issued \$145 million of First and Refunding Mortgage Bonds, 9% Series due July 15, 2006, and used the proceeds to prepay a like amount of bank loans. On August 29, 1991 SCE&G issued \$155 million of First and Refunding Mortgage Bonds, 8.78% Series due August 15, 2021. The proceeds from the sale of these bonds were used to finance in part the Company's construction program, including the repayment of approximately \$95 million of construction-related, short-term indebtedness.

In January 1992 the Company renewed for one year bank notes totaling \$80 million and, as a result of the extended due date, the notes have been classified as long-term debt. The interest rate is determined quarterly and is based upon the three-month LIBOR rate plus 35 basis points.

Substantially all utility plant and fuel inventories are pledged as collateral in connection with long-term debt.

### 5. Fuel Financings:

Nuclear and fossil fuel inventories are financed through the issuance of short-term commercial paper. These short-term borrowings are supported by irrevocable bank lines of credit which expire July 31, 1994 (nuclear) and July 31, 1993 (fossil). Accordingly, the amounts outstanding have been included in long-term debt. The bank lines provide for maximum amounts (\$75 million related to nuclear fuel and \$25 million related to fossil fuel) that may be outstanding at any time.

At December 31, 1991 commercial paper outstanding for nuclear fuel was approximately \$41.7 million at a weighted average interest rate of 4.88% and the amount outstanding for fossil fuel was approximately \$20.6 million at a weighted average interest rate of 5.10%. At December 31, 1990 the amount outstanding for nuclear fuel was approximately \$43.0 million at a weighted average interest rate of 8.08% and the amount outstanding for fossil fuel was approximately \$23.0 million at a weighted average interest rate of 8.05%.

### 6. Stockholders' Investment (Including Preferred Stock Not Subject to Purchase or Sinking Funds):

The changes in "Common Stock," without par value, during 1991, 1990 and 1989 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance January 1, 1989	40,296,147	\$574,572
Other		(989)
Balance December 31, 1989	40,296,147	573,583
Peoples acquisition	586,029	611
Other		1,057
Balance December 31, 1990	40,882,176	575,251
Repurchase of common stock	(1,000,000)	(37,425)
SPG Group acquisition	902,311	33,769
Other	(160)	2
Balance December 31, 1991	40,784,327	\$571,597

In 1991 the Company registered 2,000,000 shares of Common Stock to be issued under the Stock Purchase-Savings Plan and 1,000,000 shares of Common Stock to be issued under the terms of the Dividend Reinvestment Plan.

The Restated Articles of Incorporation of the Company do not limit the dividends that may be payable on its common stock. However, the Restated Articles of Incorporation of SCE&G and the Indenture underlying certain of its bond issues contain provisions that may limit the payment of cash dividends on common stock. In addition, with respect to hydroelectric projects, the Federal Power Act may require the appropriation of a portion of the earnings therefrom. At December 31, 1991 approximately \$8.8 million of retained earnings were restricted as to payment of cash dividends on common stock.

Cash dividends on common stock were declared at an annual rate per share of \$2.62, \$2.52 and \$2.46 for 1991, 1990 and 1989, respectively.

### 7. Preferred Stock (Subject to Purchase or Sinking Funds):

The call premium of the respective series of preferred stock in no case

exceeds the amount of the annual dividend. Retirements under sinking fund requirements are at par values.

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

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the years 1992 through 1996 are summarized as follows:

Year	Amount	Year	Amount
(Thousands of Dollars)			
1992	\$2,369	1995	\$2,515
1993	2,515	1996	2,515
1994	2,515		

The changes in "Preferred Stock (Subject to purchase or sinking funds)" during 1991, 1990 and 1989 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance January 1, 1989	1,290,283	\$ 77,244
Shares Redeemed:		
\$100 par value	(3,692)	(569)
50 par value	(172,732)	(8,637)
Balance December 31, 1989	1,111,859	68,038
Shares Redeemed:		
\$100 par value	(9,913)	(991)
50 par value	(31,745)	(2,587)
Balance December 31, 1990	1,050,201	64,460
Shares Redeemed:		
\$100 par value	(628)	(63)
50 par value	(51,169)	(2,559)
Balance December 31, 1991	998,404	\$ 61,838

## 8. Income Taxes:

Total income tax expense for 1991, 1990 and 1989 is as follows:

	1991	1990	1989
(Thousands of Dollars)			
Current income taxes:			
Federal	\$43,485	\$ 92,608	\$21,810
State	5,284	13,356	2,034
Total current taxes	48,769	105,964	23,844
Deferred taxes, net:			
Federal	25,548	4,482	28,595
State	4,653	1,520	6,164
Total deferred taxes	30,201	6,002	34,759
Investment tax credits:			
Deferred	—	—	405
Amortization of amounts deferred (credit)	(3,645)	(3,764)	(4,686)
Total investment tax credits	(3,645)	(3,764)	(4,281)
Total income tax expense	\$75,325	\$108,202	\$54,322

Current income taxes for 1989 noted above reflects approximately \$8.2 million of income tax benefits related to storm damage costs which are included as a reduction in maintenance expense in the Consolidated Statements of Income (see Note 2C).

Total income taxes differ from amounts computed by applying the statutory Federal income tax rate of 34% to pretax income as follows:

	1991	1990	1989
(Thousands of Dollars)			
Net income	\$133,851	\$181,603	\$122,625
Total income tax expense:			
Charged to operating expenses	77,502	77,392	65,535
Charged to other income	(2,237)	30,810	(3,013)
Tax benefit of storm damage costs	—	—	(8,200)
Preferred stock dividends	6,706	6,911	7,263
Total pretax income	\$217,882	\$296,716	\$184,210
Income taxes on above at statutory			
Federal income tax rate	\$ 74,080	\$10,083	\$ 62,631
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(1,179)	(355)	(746)
Deferred return on plant investment, net of amortization	1,444	1,444	1,444
Depreciation differences	2,695	2,370	(859)
Amortization of investment tax credits	(3,615)	(3,764)	(4,686)
Amortization of litigation settlement-related credits	—	257	(4,686)
State income taxes (less Federal income tax effect)	6,559	9,851	5,411
Deferred income tax flowback at higher rates than statutory	(3,226)	(3,043)	(3,353)
Other differences, net	(1,358)	759	(834)
Total income tax expense	\$ 75,325	\$108,202	\$ 54,322

"Total deferred taxes" results from timing differences in recognition of the following items:

	1991	1990	1989
(Thousands of Dollars)			
Charged to expenses:			
Accelerated depreciation and amortization	\$23,900	\$26,763	\$23,802
Deferred fuel accounting	461	(7,674)	4,387
Property taxes	1,692	(5,310)	1,401
Cycle billing	3,608	(6,023)	(3,060)
Take-or-pay contracts	(1,099)	(1,817)	8,024
Nuclear steam system maintenance	(104)	(42)	(1,089)
Nuclear refueling accrual	2,052	(168)	(1,885)
Pension expense	(137)	617	1,401
Gas water heater program	—	—	1,058
Other, net	(172)	(344)	720
Total deferred taxes	\$30,201	\$ 6,002	\$34,759

At December 31, 1991 the cumulative net amount of income tax timing differences on which deferred taxes have not been provided totaled approximately \$63 million (see Note 1H).

The Internal Revenue Service has examined and closed consolidated Federal income tax returns of the Company through 1986 and is currently conducting an examination of the 1987, 1988 and 1989 returns. The issues contained in the preliminary Revenue Agent's Report are not expected to have a significant impact on the earnings or financial position of the Company.

## 9. Short-Term Borrowings:

The Company pays fees to banks as compensation for its lines of credit. Commercial paper borrowings are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1991, 1990 and 1989 and for the years then ended are as follows:

	1991	1990	1989
	(Dollars in Millions)		
Available lines of credit at year-end	\$141.6	\$137.5	\$ 90.3
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	\$134.0	\$154.3	\$113.3
Average outstanding	\$ 74.3	\$101.2	\$ 44.6
Weighted average daily interest rates:			
Bank loans	6.32%	8.44%	9.48%
Commercial paper	6.31%	8.12%	9.18%
Unsecured promissory note	—	—	8.89%
Short-term borrowings outstanding at year-end:			
Bank loans	\$ 20.7	\$ 23.6	—
Weighted average interest rate	5.89%	8.60%	—
Commercial paper	—	\$110.4	\$ 37.6
Weighted average interest rate	—	7.99%	8.73%

## 10. Commitments And Contingencies:

### A. Construction

SCE&G has awarded a contract to Duke/Fluor Daniel to design, engineer and build, near Cope, South Carolina in Orangeburg County, a 385 MW coal-fired electric generating plant. Construction is expected to begin in late 1992, with commercial operation expected in the spring of 1996. The estimated price of the Cope plant, excluding financing costs and including owner's cost, taxes, and allowance for escalation, is \$450 million. The transmission lines required to carry the plant output to a nearby city and to interconnect at one of the Company's electric generating facilities are expected to cost \$26 million.

Under the Duke/Fluor Daniel contract SCE&G must make specified minimum payments monthly. These payments include amounts for inflation on a certain portion of the contract which is subject to escalation (approximately 34% of the total contract amount). The aggregate amount of such required payments remaining at December 31, 1991 is as follows (in thousands):

1992	\$ 34,178
1993	107,007
1994	164,940
1995	58,693
1996	5,345
Total	\$370,123

SCE&G paid \$10,048,000 under the contract in 1991.

In November 1991 SCE&G filed an application with the PSC for a Certificate of Environmental Compatibility and Public Convenience and Necessity regarding the construction of the Cope generating facilities. The PSC held hearings on the application in late January 1992 and is expected to issue its order on the matter during the first quarter of 1992.

### B. Nuclear Insurance

The Price-Anderson Indemnification Act, which deals with public liability for a nuclear incident, currently establishes the liability limit for third-party claims associated with any nuclear incident at \$7.8 billion. Each reactor licensee is currently liable for up to \$66.2 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$10 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be approximately \$44 million per incident, but not more than \$6.7 million per year.

SCE&G currently maintains policies (for itself and on behalf of the PSA) with Nuclear Electric Insurance Limited (NEIL) and American Nuclear Insurers (ANI) providing combined property and decontamination insurance coverage of \$1.250 billion for any losses in excess of \$500 million pursuant to existing primary coverages (with ANI) on Summer Station. SCE&G pays annual premiums and, in addition, could be assessed a retroactive premium not to exceed 7 1/2 times its annual premium in the event of property damage loss to any nuclear generating facilities covered by NEIL. Based on the current annual premium, this retroactive premium would not exceed \$3.9 million.

To the extent that insurable claims for property damage, repair and replacement and other costs and expenses arising from an incident at Summer Station exceed the policy limits of insurance, to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. If such an incident were to occur, it could have a materially adverse impact on the Company's financial position.

### C. Litigation

SCE&G, acting for itself and the PSA (as co-owners of the 885 MW Summer Station), filed an action against Westinghouse Electric Corporation (Westinghouse) on March 22, 1990 in the U.S. District Court for South Carolina. SCE&G is seeking a judgment that Westinghouse is obligated to correct defects in the steam generators supplied by Westinghouse to Summer Station that are defective in design, workmanship and materials at no cost to SCE&G, and for actual and punitive damages and treble damages in an amount to be determined.

### D. Environmental

On December 5, 1989 SCE&G consented to become a Potentially Responsible Party (PRP) under the Superfund Act for clean-up of residues from its manufactured gas plant site taken by a salvage company at the Macon-Dockery site in Rockingham, North Carolina for disposal. On February 1, 1990 SCE&G paid \$125,000 to the EPA for its share of past response cost. On January 9, 1992 the EPA notified SCE&G and the other PRPs of its selected clean-up alternative which will cost approximately \$8,700,000. If SCE&G were to participate in the clean-up according to the same proportionate share of its past response costs, its share of the clean-up would be approximately \$653,000 (expressed in terms of 1991 dollars) over a 30-year period.

In 1991 SCE&G was listed as a PRP under the Superfund Act for clean-up at a landfill owned by Lexington County in South Carolina. The county announced that it will assume responsibility for any clean-up. Although SCE&G believes that it will have no financial responsibility for the site, it will participate in proceedings to determine the precise status of the landfill. No assessment has yet been completed to enable the Company to determine the total costs of clean-up of the site or the Company's allocable share of such costs. Until such a determination is made, it is not possible to make any estimate of any costs to the Company, the extent to which costs might be recoverable through rates, insurance or contributions from third parties, or the significance of such costs to results of operations or financial position.

The Company and SCE&G each own two decommissioned manufactured gas plant sites which contain residues of by-product chemicals. One of the sites that the Company owns was previously owned by SCE&G. One of the sites that SCE&G presently owns may also contain residual contamination from a creosote plant. While the Company and SCE&G have each maintained an active review of their respective sites to monitor the nature and extent of the residual contamination, the extent of the contamination of these sites has not been determined. Information has been requested by and provided to the South Carolina Department of Health and Environmental Control. It is uncertain whether any clean-up will be required.

In addition, the Company has an environmental assessment program to identify and assess other current and former operations sites that could require environmental clean-up. As site assessments are completed a determination will be made of the estimated amount of expenditures, if any, necessary to clean up each site. No assessments have yet been completed. Accordingly, the Company is unable to determine amounts, if any, necessary for clean-up or whether such amounts would significantly affect its results of operations or financial position.

## 11. Segment Of Business Information:

Segment information at December 31, 1991, 1990 and 1989 and for the years then ended is as follows:



1991				
	Electric	Gas	Transit	Total
(Thousands of Dollars)				
Operating revenues	\$ 867,215	\$276,742	\$ 3,869	\$1,147,826
Operating expenses, excluding depreciation and amortization	580,265	233,509	9,023	822,797
Depreciation and amortization	88,803	13,720	146	102,669
Total operating expenses	669,068	247,229	9,169	925,466
Operating income (loss)	\$ 198,147	\$ 29,513	\$(5,300)	222,360
Add - Other income, net				11,653
Less - Interest charges				91,438
- Preferred stock dividends				6,706
Net income				\$ 135,851
Capital expenditures:				
Identifiable	\$ 205,704	\$ 25,380	\$ 89	\$ 231,173
Utilized for overall Company operations				7,967
Total				\$ 239,140
Identifiable assets at December 31, 1991:				
Utility plant, net	\$2,333,877	\$280,605	\$ 1,073	\$2,615,555
Inventories	83,637	7,242	476	91,355
Total	\$2,417,514	\$288,047	\$ 1,549	2,707,110
Assets utilized for overall Company operations				598,752
Total assets				\$3,305,862

1990				
	Electric	Gas	Transit	Total
(Thousands of Dollars)				
Operating revenues	\$ 851,146	\$292,380	\$ 4,033	\$1,147,559
Operating expenses, excluding depreciation and amortization	565,055	250,246	8,500	823,801
Depreciation and amortization	84,587	12,991	223	97,801
Total operating expenses	649,642	263,237	8,723	921,602
Operating income (loss)	\$ 201,504	\$ 29,143	\$(4,690)	225,957
Add - Other income, net				54,874
Less - Interest charges				92,317
- Preferred stock dividends				6,911
Net income				\$ 181,603
Capital expenditures:				
Identifiable	\$ 185,041	\$ 39,736	\$ 81	\$ 224,858
Utilized for overall Company operations				4,824
Total				\$ 229,682
Identifiable assets at December 31, 1990:				
Utility plant, net	\$1,234,789	\$270,213	\$ 1,207	\$2,506,209
Inventories	93,307	8,942	498	102,747
Total	\$2,328,096	\$279,155	\$ 1,705	2,608,956
Assets utilized for overall Company operations				535,980
Total assets				\$3,144,936

1989				
	Electric	Gas	Transit	Total
(Thousands of Dollars)				
Operating revenues	\$ 841,453	\$297,069	\$ 4,102	\$1,142,624
Operating expenses, excluding depreciation and amortization	557,343	260,974	8,627	826,944
Depreciation and amortization	90,286	11,655	355	102,296
Total operating expenses	647,629	272,629	9,082	929,440
Operating income (loss)	\$ 193,824	\$ 24,440	\$(5,080)	213,184
Add - Other income, net				7,125
Less - Interest charges				90,421
- Preferred stock dividends				7,263
Net income				\$ 122,625
Capital expenditures:				
Identifiable	\$ 154,356	\$ 22,012	\$ 142	\$ 176,510
Utilized for overall Company operations				5,035
Total				\$ 181,545
Identifiable assets at December 31, 1989:				
Utility plant, net	\$2,149,226	\$249,062	\$ 1,421	\$2,399,709
Inventories	77,353	7,182	450	84,985
Total	\$2,226,579	\$256,244	\$ 1,871	2,484,694
Assets utilized for overall Company operations				499,813
Total assets				\$2,984,507

## 12. Quarterly Financial Data (Unaudited):

1991					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	\$297,993	\$256,212	\$309,837	\$283,784	\$1,147,826
Operating income (000)	59,749	45,864	73,328	43,419	222,360
Net income (000)	38,573	24,352	49,705	23,221	135,851
Earnings per weighted average share of common stock as reported	94	60	125	58	337
1990					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	\$290,546	\$262,310	\$315,911	\$278,792	\$1,147,559
Operating income (000)	56,508	49,134	79,113	41,202	225,957
Net income (000)	33,782	26,930	100,915 <sup>(1)</sup>	19,976	181,603
Earnings per weighted average share of common stock as reported <sup>(2)</sup>	84	67	250 <sup>(1)</sup>	43	444

(1) Includes gain on sale of investment, net of income taxes, of approximately \$46.1 million, or \$1.13 per share (see Note 3).

(2) Dilution related to the acquisition of Peoples (see Note 1) is reflected in its entirety in the fourth quarter.



## MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

### Liquidity And Capital Resources

The cash requirements of the Company arise primarily from the capital requirements of SCE&G's operations and construction program. The ability of the Company's regulated subsidiaries to replace existing plant investment, as well as to expand to meet future demands for electricity and gas, will depend upon their ability to attract the necessary financial capital on reasonable terms. The Company's regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are based on historical costs. SCE&G has not filed a request for an increase in electric rates since 1989. However, as inflation occurs and SCE&G expands its construction program it will be required to seek increases in rates. Therefore, the Company's future financial position and results of operations could be impacted by the regulated subsidiaries' ability to obtain adequate and timely rate relief.

As a result of continuing customer growth, the Company believes added electric generating capacity will be necessary within the next five years. SCE&G has awarded a contract to Duke/Fluor Daniel to design, engineer and build, near Cope, South Carolina in Orangeburg County, a 385 MW coal-fired electric generating plant as an additional source of generating capacity. Construction is expected to begin in late 1992, with commercial operation expected in the spring of 1996. The estimated price of the Cope plant, excluding financing costs and including owner's cost, taxes, and allowance for escalation, is \$450 million. The transmission lines required to carry the plant output to a nearby city and to interconnect at one of the Company's electric generating facilities are expected to cost \$26 million. Until the completion of the new plant, SCE&G plans to purchase power, as necessary, to maintain its reserve margins.

The estimated primary cash requirements for 1992, excluding requirements for fuel liabilities and short-term borrowings, and the actual primary cash requirements for 1991 are as follows:

	1992	1991
	(Thousands of Dollars)	
Property additions and construction expenditures, excluding allowance for funds used during construction (AFUDC)	\$287,047	\$268,437
Nuclear fuel expenditures	24,567	15,600
Maturing obligations, redemptions and sinking and purchase fund requirements	83,791	285,883
Total	\$395,405	\$569,920

Approximately 47.5% of total cash requirements (including dividends) was provided from internal sources in 1991 as compared to 84.8% in 1990.

In January 1992 the Company renewed for one year bank notes totaling \$80 million. The interest rate is determined quarterly and is based upon the three-month LIBOR rate plus 35 basis points.

On July 24, 1991 SCE&G issued \$145 million of First and Refunding Mortgage Bonds, 9% Series due July 15, 2006, and used the proceeds to prepay a like amount of bank loans. On August 29, 1991 SCE&G issued \$155 million of First and Refunding Mortgage Bonds, 8.78% Series due August 15, 2021. The proceeds from the sale of these bonds were used to finance in part SCE&G's construction program, including the repayment of approximately \$100 million of construction-related, short-term indebtedness.

The Company has in effect a shelf registration for the issuance from time to time of an aggregate \$200 million in unsecured medium-term debt securities. If any sales of these securities are consummated, the proceeds may be used to fund additional business activities in nonutility subsidiaries, to reduce short-term debt incurred in connection therewith or for general corporate purposes. In addition, SCE&G intends to file a registration statement for the issuance of an additional \$300 million of First and Refunding Mortgage Bonds which may be used to reduce debt or for other corporate purposes.

SCE&G's first mortgage bond Indenture contains provisions prohibiting the issuance of additional bonds unless net earnings (as therein defined) for 12 consecutive months out of the 15 months prior to the month of issuance is at least twice the annual interest requirements on all bonds to be outstanding ("Bond

Ratio"). For the year ended December 31, 1991 the Bond Ratio was 3.19. The issuance of additional bonds is further restricted to an additional principal amount (\$230 million at September 30, 1991) equal to 60% of unfunded net property additions, bonds issued on the basis of cash on deposit with the Trustee and bonds issued on the basis of retirements of bonds. SCE&G's Restated Articles of Incorporation prohibit issuance of additional shares of preferred stock without consent of the preferred stockholders unless net earnings (as defined therein) for the 12 consecutive months immediately preceding the month of issuance is at least one and one-half times the aggregate of all interest charges and preferred stock dividend requirements ("Preferred Stock Ratio"). For the year ended December 31, 1991 the Preferred Stock Ratio was 2.28.

Without the consent of at least a majority of the total voting power of SCE&G's preferred stock, SCE&G may not issue or assume any unsecured indebtedness if, after such issue or assumption, the total principal amount of all such unsecured indebtedness would exceed 10% of the aggregate principal amount of all of SCE&G's secured indebtedness and capital and surplus; provided, however, that no such consent shall be required to enter into agreements for payment of principal, interest and premium for securities issued for pollution control purposes.

In November 1991 the Company registered with the Securities and Exchange Commission (SEC) 1,000,000 additional shares of the Company's common stock to be issued and sold under the Company's Dividend Reinvestment and Stock Purchase Plan (DRP). The Company expects to issue approximately 346,000 shares, 370,000 shares and 284,000 shares during 1992, 1993 and 1994, respectively, pursuant to the DRP. The Company also registered with the SEC in December 1991 2,000,000 additional shares of its common stock to be issued and sold pursuant to the Company's Stock Purchase Savings Plan (SPSP). Under its SPSP the Company expects to issue approximately 353,000 shares, 591,000 shares and 631,000 shares during 1992, 1993 and 1994, respectively, and the remaining shares during 1995.

Pursuant to Section 204 of the Federal Power Act, SCE&G and GENCO must file an application with the FERC for the authority to issue short-term indebtedness in amounts exceeding 5% of the par value of each of their outstanding securities. The FERC has authorized SCE&G to issue up to \$160 million of unsecured promissory notes or commercial paper with maturity dates of 12 months or less but not later than December 31, 1993. GENCO has not filed an application.

The Company and its subsidiaries have available to them funds from unused lines of credit of \$141.6 million.

The Company anticipates that its 1992 cash requirements will be met through internally generated funds (approximately 50%), the sales of additional securities and the incurrence of additional short-term and long-term indebtedness. Whether additional securities will be sold and the timing and amount of such sales will depend upon market conditions and other factors. Actual 1992 expenditures may vary from the estimates set forth above due to factors such as inflation and economic conditions, regulation and legislation, rates of load growth, environmental protection standards and the cost and availability of capital.

The Clean Air Act requires electric utilities to reduce substantially emissions of sulfur dioxide and nitrogen oxide by the year 2000. These requirements are being phased in over two periods. The first phase has a compliance date of January 1, 1995 and the second, January 1, 2000. The Company meets all requirements of Phase I and therefore will not have to implement changes until compliance with Phase II requirements is necessary. The Company then may reduce sulfur dioxide emissions through the burning of gas or lower sulfur coal and the addition of scrubbers to coal-fired generating units. Low nitrogen oxide burners will be installed to reduce nitrogen oxide emissions.

The Company will be working on a detailed compliance plan that must be filed with and approved by the Environmental Protection Agency by 1995. The Company currently estimates that the implementation of Phase II would require capital expenditures of \$193 million and additional annual operation and maintenance expenses of \$18 million (expressed in terms of 1991 dollars).

The steam generator tubes at V. C. Summer Nuclear Station (Summer Station) supplied by Westinghouse Electric Corporation (Westinghouse) have experienced primary side stress corrosion cracking, which causes deterioration and degradation of the tubes. In order to maintain the economic output of Summer

Station, SCE&G has decided to replace the steam generators at the scheduled refueling outage in 1994, substantially prior to the end of their intended 40-year service life. SCE&G estimates that it could cost as much as approximately \$100 million, excluding AFC and replacement power costs, to replace SCE&G's two-thirds share of the steam generators.

SCE&G, acting for itself and The South Carolina Public Service Authority, as co-owners of Summer Station, has filed an action against Westinghouse in the U. S. District Court for South Carolina seeking a judgment that Westinghouse is obligated to correct the defects in the steam generators at no cost to SCE&G, and for actual and punitive damages and treble damages in an amount to be determined.

On December 3, 1989 SCE&G consented to become a Potentially Responsible Party (PRP) under the Superfund Act for clean-up of residues from its manufactured gas plant site taken by a salvage company to the Macon-Dockery site in Rockingham, North Carolina for disposal. On February 1, 1990 SCE&G paid \$125,000 to the EPA for its share of past response costs. On January 9, 1992 the EPA notified SCE&G and the other PRPs of its selected clean-up alternative which will cost approximately \$8,700,000. If SCE&G were to participate in the clean-up according to the same proportionate share of its past response costs, its share of the clean-up would be approximately \$653,000 (expressed in terms of 1991 dollars) over a 30-year period.

In 1991 SCE&G was listed as a PRP under the Superfund Act for clean-up at a landfill owned by Lexington County in South Carolina. The county has announced that it will assume responsibility for any clean-up. Although SCE&G believes that it will have no financial responsibility for the site, it will participate in proceedings to determine the precise status of the landfill. No assessment has yet been completed to enable the Company to determine the total costs of clean-up of the site or the Company's allocable share of such costs. Until such a determination is made, it is not possible to make any estimate of any costs to the Company, the extent to which costs might be recoverable through rates, insurance or contributions from third parties or the significance of such costs to results of operations or financial position.

The Company and its principal subsidiary, SCE&G, each own two decommissioned manufactured gas plant sites which contain residues of by-product chemicals. One of the sites that the Company owns was previously owned by SCE&G. One of the sites that SCE&G presently owns may also contain residual contamination from a creosote plant. While the Company and SCE&G have each maintained an active review of their respective sites to monitor the nature and extent of the residual contamination, the extent of the contamination of these sites has not been determined. Information with respect to these sites has been requested by and provided to the South Carolina Department of Health and Environmental Control. It is uncertain whether any clean-up will be required.

In addition, the Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental clean-up. As site assessments are completed a determination will be made of the estimated amount of expenditure, if any, necessary to clean up each site. No assessments have yet been completed. Accordingly, the Company is unable to determine amounts, if any, necessary for clean-up or whether such amounts would significantly affect the results of operations or financial position.

In December 1990 the FASB issued Statement No. 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions." This Statement requires that the cost of postretirement benefits other than pensions be accrued during the years the employees render the service necessary to be eligible for the applicable benefits. The Company has estimated the accumulated obligation of the postretirement benefits at December 31, 1991 to be approximately \$66 million and the annual impact on expenses, including the amortization of the transition liability provided for by the Statement, to be approximately \$7 million. The Public Service Commission of South Carolina, in other utility rate decisions, has accepted adoption of SFAS 106. Accordingly, the Company expects that the substantial portion of the increased benefits expense, which applies to regulated operations, will either be recovered currently through rates or that a regulatory asset will be recorded to reflect amounts to be recovered through rates in the future as the costs are paid; therefore, the Company believes this Statement will not have a significant

impact on the Company's financial position or results of operations. However, there can be no assurance that such recovery will be granted. The requirements will be effective for fiscal years beginning after December 15, 1992.

The Company expects that it has or can obtain adequate sources of financing to meet its cash requirements in the long term.

## Results of Operations

### Earnings and Dividends

Earnings per share of common stock, the percent increase (decrease) from the previous year and the rate of return earned on common equity for the years 1989 through 1991 were as follows:

	1991	1990	1989
Earnings per share	\$3.37	\$4.44	\$3.04
Percent increase (decrease) in earnings			
per share	(24.1%)	46.1%	1.3%
Return earned on common equity (year-end)	13.2%	18.1%	13.4%

Earnings per share and return on common equity decreased in 1991 from 1990 and increased in 1990 from 1989 primarily as a result of the sale of the Company's investment in Telecom\*USA to MCI on August 14, 1990. The gain, net of tax, from the sale of the stock owned by MPX Systems, Inc. was approximately \$46.1 million, or \$1.13 per share of the Company's common stock. The effects of increases in the electric and gas margin for 1991 were more than offset by higher other operating expenses. The increases for 1990 were also due to increases in electric and gas margins, the effects of which more than offset increases in other operating expenses.

Allowance for funds used during construction (AFC) is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction (which is shown on the balance sheet as construction work in progress) is capitalized. Both the equity and the debt portions of AFC are non-cash items of nonoperating income which have the effect of increasing reported net income. AFC represented approximately 6% of net income in 1991, 3% in 1990 and 5% in 1989.

In 1991 the Company's Board of Directors raised the quarterly cash dividend on common stock to 65.5 cents per share from 60 cents per share. The increase, effective with the dividend payable on April 1, 1991, raised the indicated annual dividend rate to \$2.62 per share from \$2.52. The Company has increased the dividend rate on its common stock in 38 of the last 39 years.

### Operating Margins

Electric margins for 1991, 1990 and 1989 were as follows:

	1991	1990	1989
	(Millions of Dollars)		
Electric revenues	\$867.2	\$851.1	\$841.5
Less: Fuel used in electric generation	224.9	208.6	224.0
Purchased power	9.8	15.4	17.3
Margin	\$632.5	\$627.1	\$600.2

The electric margin increase from 1990 to 1991 is primarily due to increased KWH residential and commercial sales as a result of residential and commercial customer growth and a \$1.9 million billing-related litigation settlement included in 1991 electric operating revenues. The 1990 electric margin increased from 1989 due to the retail electric rate increase placed into effect July 3, 1989 (See Note 2F of Notes to Consolidated Financial Statements) and residential and commercial kilowatt-hour (KWH) sales increases resulting from customer growth and from increased customer usage due to warmer weather during 1990.

Increases (decreases) in electric customers and megawatt-hour (MWH) sales volume by classes of customers are presented in the following table:

Classification	Increase (Decrease) From Prior Year			
	Customers		Volume (MWH)	
	1991	1990	1991	1990
Residential	5,728	9,345	70,540	264,857
Commercial	1,254	1,891	108,709	245,827
Industrial	(12)	9	104,507	(76,901)
Sale for Resale (excluding interchange)	1	—	21,269	49,737
Other	173	68	4,339	16,720
Total Territorial	7,144	11,513	309,364	500,240
Interchange	—	(1)	(344,867)	(323,876)
Total	7,144	11,512	(35,503)	176,364

Warmer weather combined with an increase in the number of electric customers resulted in an all-time peak demand record of 3,300 MW on July 23, 1991. The previous year's record of 3,222 MW was set on August 29, 1990.

Gas margins for 1991, 1990 and 1989 were as follows:

	1991	1990	1989
	(Millions of Dollars)		
Gas revenues	\$276.7	\$292.4	\$297.1
Less: Gas purchased for resale	171.9	191.9	212.1
Margin	\$104.8	\$100.5	\$85.0

The increase in the 1991 gas margin is primarily due to increased transportation volumes and increased natural gas sales to higher margin residential and commercial customers as a result of residential and commercial customer growth. The 1990 gas margin increased from 1989 primarily due to the full retail gas rate increase placed into effect November 30, 1989 (see Note 2H of Notes to Consolidated Financial Statements). Increased margins on industrial interruptible sales as a result of higher costs for alternative fuels and a decline in natural gas unit costs, and increased revenues resulting from increased volumes of gas transported for others. The effects of these changes offset a decline in customer usage, resulting from unusually mild weather during the winter months.

Increases (decreases) in natural gas customers and dekatherm (DT) sales volume by classes of customers are presented in the following table:

Classification	Increase (Decrease) From Prior Year			
	Customers		Volume (DT)	
	1991	1990	1991	1990
Residential	4,458	13,194	754,667	(829,530)
Commercial	545	1,894	476,178	(182,828)
Industrial	(2)	77	533,560	4,818,612
Sale for Resale	1	(5)	(3,468,424)	(4,082,677)
Total	5,002	15,160	(1,702,017)	(276,423)

#### Other Operating Expenses

Increases (decreases) in other operating expenses, including taxes, are presented in the following table:

	Increase (Decrease) From Prior Year	
Classification	1991	1990
	(Millions of Dollars)	
Other operation and maintenance	\$ 4.3	\$16.4
Depreciation and amortization	4.9	(4.5)
Income taxes	0.2	11.9
Other taxes	3.8	5.9
Total	\$13.2	\$29.7

Other operation and maintenance expenses increased for 1991 primarily due to increases in employee-related expenses and an increase in uncollectible customer accounts. The increase in 1990 from 1989 in other operation and maintenance expenses is primarily a result of distribution system maintenance and increases in demand-side management program costs. The increase in depreciation and amortization expense for 1991 reflects additions to plant and equipment. The depreciation and amortization decrease for 1990 reflects the North Carolina Regulatory Commission's extension on January 3, 1990 of Summer Station's operating license from March 21, 2013 to August 6, 2022. While there is no effect on net income (see Note 2F of Notes to Consolidated Financial Statements), the license extension requires that the Company lengthen the period over which the plant is depreciated, thus lowering the depreciation amounts for each period. Income taxes for 1991 remained relatively unchanged from 1990. The increase in income taxes for 1990 is associated with higher income. Other taxes increased for 1991 and 1990 primarily due to higher property taxes caused by increased millage rates and property additions.

#### Interest Changes

Interest on long-term debt increased approximately \$3.4 million in 1991 compared to 1990 and remained relatively unchanged for 1990 compared to 1989. The increase for 1991 resulted primarily from the issuance of the \$145 million and \$155 million of First and Refunding Mortgage Bonds on July 24, 1991 and August 29, 1991, respectively, which more than offset the interest expense on the debt repaid from the proceeds.

Other interest expense decreased \$2.9 million in 1991 compared to 1990 primarily as a result of decreases in sales of commercial paper and in interest rates. Other interest expense increased \$2.3 million in 1990 primarily due to increased sales of commercial paper partially offset by a decrease in related interest rates.



## SELECTED FINANCIAL DATA

For the Years Ended December 31,	1991	1990	1989	1988	1987	1986	1981
<i>(Thousands of Dollars except statistics and per share amounts)</i>							
Statement of Income Data							
Operating Revenues:							
Electric	\$ 867,215	\$ 851,146	\$ 841,453	\$ 803,727	\$ 828,004	\$ 823,789	\$578,363
Gas	276,742	292,380	297,069	291,308	305,934	287,429	188,167
Transit	3,869	4,033	4,102	4,060	3,212	3,119	2,429
Total Operating Revenues	1,147,826	1,147,559	1,142,624	1,099,095	1,137,150	1,116,337	768,959
Operating Expenses:							
Fuel used in electric generation	224,867	216,595	224,035	224,278	227,877	216,076	234,243
Gas purchased for resale	171,869	191,939	212,112	209,344	222,319	215,928	154,502
Other operation and maintenance	280,029	281,264	266,787	238,167	236,043	223,930	141,166
Depreciation and amortization	102,669	97,801	102,296	97,289	92,583	90,627	39,691
Taxes	146,032	142,003	124,316	125,247	153,943	171,060	89,049
Total Operating Expenses	925,466	921,602	929,440	894,425	932,765	917,621	658,651
Operating Income	222,360	225,957	213,184	204,670	204,385	198,716	110,308
Total Other Income	11,655	54,874	7,125	4,147	6,395	9,825	21,095
Income Before Interest Charges and Preferred Stock Dividends	234,015	280,831	220,309	208,817	210,780	208,541	131,403
Total Interest Charges, Net	91,458	92,317	90,421	80,057	71,478	71,934	55,520
Preferred Stock Cash Dividends of Subsidiary	6,706	6,911	7,263	8,014	10,437	14,443	14,245
Net Income	\$ 135,851	\$ 181,603	\$ 122,625	\$ 120,746	\$ 128,865	\$ 122,164	\$ 61,638
Weighted Average Number of Common Shares Outstanding (Thousands)	40,361	40,882	40,296	40,296	40,296	40,296	28,139
Earnings Per Weighted Average Share of Common Stock	\$3.37	\$4.44	\$3.04	\$3.00	\$3.20	\$3.03	\$2.19
Dividends Declared Per Share of Common Stock	\$2.62	\$2.52	\$2.46	\$2.40	\$2.32	\$2.24	\$1.82
Percent of Operating Income (Loss) Before Income Taxes:							
Electric	89	89	91	90	91	93	101
Gas	14	14	12	13	12	9	2
Transit	(3)	(3)	(3)	(3)	(3)	(2)	(3)



December 31,	1991	1990	1989	1988	1987	1986	1981
Balance Sheet Data	<i>(Thousands of Dollars except statistics and per share amounts)</i>						
Utility Plant, Net	\$2,664,651	\$2,549,763	\$2,444,278	\$2,384,633	\$2,313,995	\$2,248,657	\$1,740,422
Total Assets	\$3,305,862	\$3,144,936	\$2,984,507	\$2,887,279	\$2,714,257	\$2,587,491	\$1,967,010
Common Equity	\$1,028,990	\$1,003,877	\$ 918,235	\$ 895,727	\$ 871,620	\$ 836,913	\$ 545,941
Preferred Stock Subject to Purchase or Sinking Fund Requirements	61,838	64,460	68,038	77,244	84,632	117,542	141,217
Preferred Stock Not Subject to Purchase or Sinking Fund Requirements	26,027	26,027	26,027	26,029	26,029	26,029	26,262
Long-Term Debt, Net	1,122,396	938,933	1,003,972	885,679	896,963	757,340	772,925
Total Capitalization	\$2,239,251	\$2,033,297	\$2,016,272	\$1,884,679	\$1,879,244	\$1,737,824	\$1,486,345
Common Shares Outstanding (Year-End) (Thousands)	40,704	40,882	40,296	40,296	40,296	40,296	29,690
Book Value Per Share of Common Stock (Year-End)	\$25.23	\$24.56	\$22.79	\$22.23	\$21.63	\$20.77	\$18.39
Other Statistics							
Electric:							
Customers (Year-End)	453,660	446,516	435,004	427,092	417,781	406,513	350,597
Territorial Sales (Million KWH)	15,695	15,385	14,885	14,457	14,314	13,704	11,763
Residential:							
Average annual use per customer (KWH)	13,246	13,330	12,891	12,805	12,988	12,821	12,183
Average annual rate per KWH	\$0.0700	\$0.0707	\$0.0699	\$0.0691	\$0.0724	\$0.0759	\$0.0577
Generating Capability - Net MW (Year-End)	3,912	3,891	3,891	3,891	3,890	3,890	3,359
Territorial Peak Demand - Net MW	3,300	3,222	3,144	3,021	2,943	2,853	2,557
Gas:							
Customers (Year-End)	225,819	220,817	205,657	201,399	195,338	192,941	169,294
Sales (Thousand Therms)	694,801	711,821	714,585	677,580	734,145	671,881	493,305
Residential:							
Average annual use per customer (therms)	521	497	575	617	627	548	665
Average annual rate per therm	\$0.77	\$0.77	\$0.69	\$0.70	\$0.68	\$0.68	\$0.49
Transit:							
Number of Coaches	102	109	113	139	140	153	139
Revenue Passengers Carried (Thousands)	6,395	6,788	6,430	6,723	8,668	8,699	10,820

## COMMON STOCK INFORMATION

	1991				1990			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (a)								
High	44 1/4	40 1/2	38	37	35 5/8	33 3/4	33 3/4	35 3/4
Low	40	37 1/8	35 3/4	33 1/2	30 3/4	30 1/4	31 1/4	31 5/8

### Dividend Per Share:

1991	Amount	Date Declared	Date Paid
First Quarter	\$.655	February 27, 1991	April 1, 1991
Second Quarter	.655	April 24, 1991	July 1, 1991
Third Quarter	.655	August 28, 1991	October 1, 1991
Fourth Quarter	.655	October 23, 1991	January 1, 1992
1990	Amount	Date Declared	Date Paid
First Quarter	\$.63	February 28, 1990	April 1, 1990
Second Quarter	.63	April 25, 1990	July 1, 1990
Third Quarter	.63	August 22, 1990	October 1, 1990
Fourth Quarter	.63	October 24, 1990	January 1, 1991

	December 31,	
	1991	1990
Number of common shares outstanding	40,784,327	40,882,176
Number of common stockholders of record	42,811	44,104

The principal market for SCANA common stock is the New York Stock Exchange. The ticker symbol used is SCG. The corporate name SCANA is used in newspaper stock listings.

(a) As reported on the New York Stock Exchange Composite Listing.

## NOTICE OF ANNUAL MEETING

SCANA Corporation's 1992 Annual Meeting of Stockholders will be held in Columbia, SC on Wednesday, April 22. The meeting will convene at 10:00 a.m. in the Ballroom of the Columbia Marriott Hotel, 1200 Hampton Street. A formal notice of the meeting and a proxy statement will be mailed to all stockholders in March. Stockholders who are unable to attend the Annual Meeting should return their proxies promptly by mail.

## CORPORATE HEADQUARTERS

Palmetto Center  
1426 Main Street  
Columbia, SC 29201  
Telephone: (803) 748-3000

## MAILING ADDRESS

SCANA Corporation  
Columbia, SC 29218

COMMON AND  
PREFERRED STOCK LISTINGS

The common stock of SCANA Corporation is listed and traded on the New York Stock Exchange and has unlisted trading privileges on the Boston, Cincinnati, Midwest, Pacific and Philadelphia exchanges. The trading symbol is **SCG**. The corporate name **SCANA** is used in newspaper stock listings. The 5% series cumulative preferred stock of South Carolina Electric & Gas Company (SCE&G), SCANA's principal subsidiary, is also listed and traded on the New York Stock Exchange. The trading symbol is **SAC Pr**; the newspaper listing is **SoCarEl, pf**. SCE&G's other preferred stock series are not actively traded and market prices are not published.

## DIVIDEND PAYMENT DATES

Quarterly dividends on SCANA's common stock are normally payable on the first day of January, April, July and October to stockholders of record on the 10th day of the month preceding the payment date. Dividends on SCE&G's preferred stock are paid quarterly on the same dates as the common stock dividends.

## DIVIDEND REINVESTMENT PLAN

Through the Plan, SCANA offers its

common stockholders of record a convenient and economical method for purchasing additional shares of the Company's common stock without incurring a brokerage commission or service charge. A prospectus describing the Plan and enrollment information may be obtained by writing the Secretarial and Shareholder Services Department (054) at the Company's mailing address, or by calling the toll-free number listed below.

## STOCKHOLDER INQUIRIES

Stockholders with questions about stock transfer requirements, replacement of lost or stolen stock certificates, dividend payments (including replacement of lost or stolen dividend checks), direct deposit of dividends, changes of address, elimination of duplicate mailings or other stock ownership matters may write the Secretarial and Shareholder Services Department (054) at the Company's mailing address, or call toll-free 1-800-763-5891. Calls received outside of normal business hours (8:00 a.m. to 5:00 p.m. EST, Monday through Friday) will be recorded and handled the next business day.

## AUDITORS

Deloitte & Touche  
Certified Public Accountants  
1426 Main Street - Suite 820  
Columbia, SC 29201

RECORDKEEPING AND  
PAYING AGENTS

*Common Stock:*  
SCANA Corporation  
Secretarial and Shareholder  
Services Department (054)  
Columbia, SC 29218

*SCE&G Preferred Stock:*  
South Carolina National Bank  
Securities Transfer Services - Room 101  
101 Greystone Boulevard  
Columbia, SC 29226

## TRANSFER AGENTS

*Common Stock:*  
South Carolina National Bank  
Securities Transfer Services - Room 101  
101 Greystone Boulevard  
Columbia, SC 29226

Manufacturers Hanover Trust Company  
Stock Transfer Department - 15th Floor  
450 West 33rd Street  
New York, NY 10001

*SCE&G Preferred Stock:*  
South Carolina National Bank  
Securities Transfer Services - Room 101  
101 Greystone Boulevard  
Columbia, SC 29226

Mellon Securities Trust Company  
Securities Transfer Services  
85 Challenger Road, Overpeck Centre  
Ridgefield Park, NJ 07660

## BOND TRUSTEE AND PAYING AGENT

*SCE&G First and Refunding  
Mortgage Bonds:*  
Manufacturers Hanover Trust Company  
Corporate Trust Department - 15th Floor  
450 West 33rd Street  
New York, NY 10001

## INVESTOR COMMUNICATIONS

Interim reports providing summary financial statements and Company news are mailed to stockholders following the close of the first, second and third quarters. A copy of SCANA's Annual Report on Form 10-K (as filed with the Securities and Exchange Commission) and the Statistical Supplement to the 1991 Annual Report are available without charge. Inquiries concerning activities of SCANA Corporation and its subsidiaries and requests for corporate publications should be addressed to the Investor Relations Department (054) at the Company's mailing address.

## INVESTOR CONTACT

H. John Winn, III  
Manager-Investor Relations  
Telephone: (803) 748-3240

## INVESTORS' ASSOCIATION

For information about this organization's activities, write to:  
Association of SCANA  
Corporation Investors  
c/o Mr. Paul Quattlebaum, Jr.  
22 Broughton Road  
Charleston, SC 29407

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

**SCANA**

Columbia, South Carolina 29218

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