SCANA

1996 Annual Report

SCANA Profile

SCANA Corporation, headquartered in Columbia, SC, is a $4.8 billion energy-based holding company with 13 wholly owned subsidiaries engaged in regulated electric and natural gas utility businesses and other nonregulated businesses. South Carolina Electric & Gas Company (SCE&G), SCANA's principal subsidiary, is a regulated public utility serving approximately 494,000 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 throughout the state on a direct or supplemental basis. 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 nonregulated operations include oil and natural gas exploration and production; electric and natural gas marketing; propane storage; purchase, delivery and sale of propane; fiber optics-based telecommunications and investments in personal communications services; power plant management and support services; and other beyond-the-meter services, including service contracts on home appliances.

SCANA's mission as a broad-based energy supplier is to provide a full range of energy products and related services at competitive prices in a customer-oriented marketplace. Through its diversified businesses, the Company seeks to build shareholder value by investing in nonregulated businesses that show the potential to make a meaningful contribution to the Company's earnings, are related to the Company's core energy businesses or promote economic development of its regulated service areas. SCANA and its subsidiaries had 4,285 employees at December 31, 1996.

About the cover: From building partnerships with electric customers to exploring for natural gas to the latest in telecommunications, SCANA Corporation is a full-service energy company with its sights set on the future.

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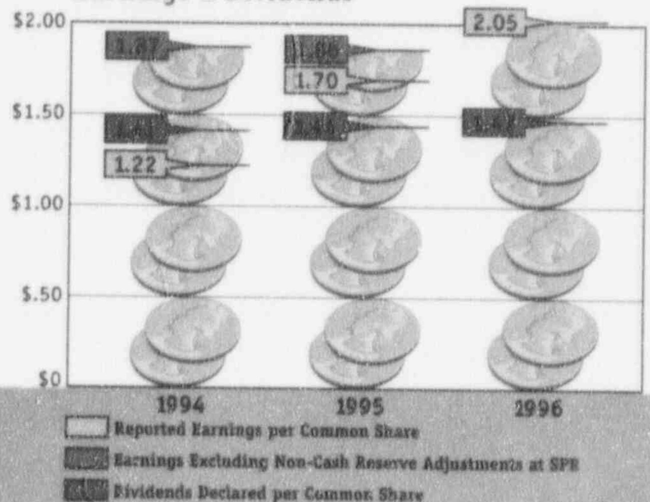
Earnings & Dividends



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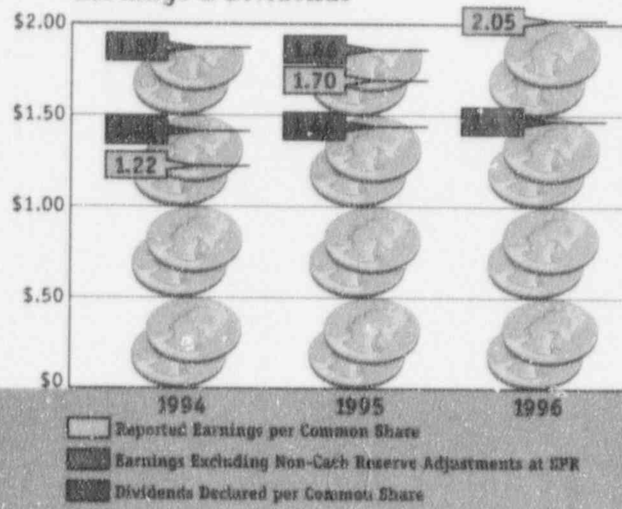
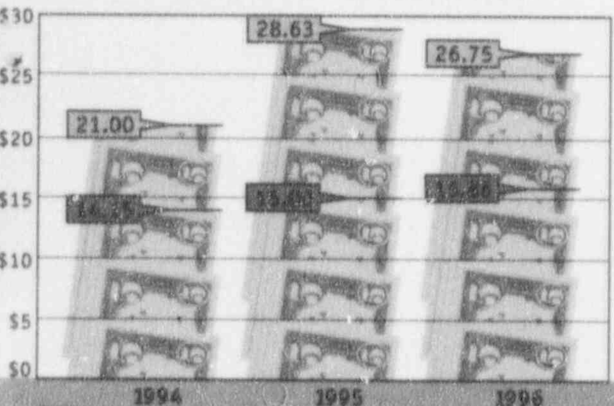


Financial And Operating Highlights

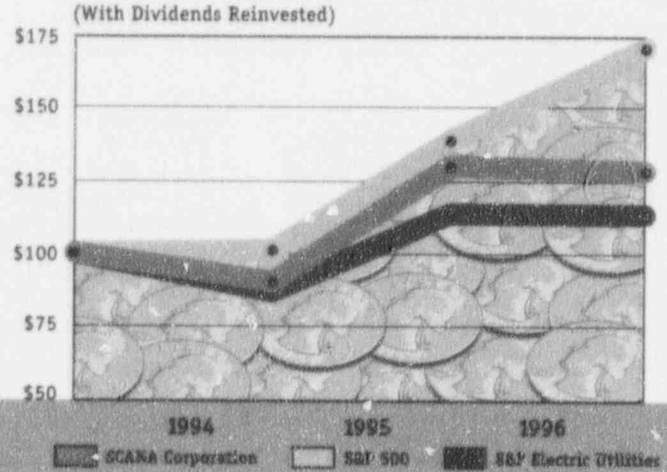
	1996	1995	% Increase (Decrease)
	(Millions of dollars except statistics and per share amounts)		
Common Stock Data			
Earnings Per Weighted Average Share of Common Stock	$ 2.05	$ 1.70	20.6
Dividends Declared Per Share of Common Stock	$ 1.47	$ 1.44	2.1
Book Value Per Share of Common Stock (Year-End)	$ 15.85	$ 15.00	5.7
Market Price Per Share of Common Stock (Year-End)	$ 26.75	$ 28.625	(6.6)
Common Stockholders' Equity (Year-End)	$ 1,683.4	$ 1,554.7	8.3
Common Stock Outstanding:			
Weighted Average (Thousands)	105,123	99,044	6.1
Year-End (Thousands)	106,175	103,624	2.5
Total Company			
Total Operating Revenues	$ 1,512.8	$ 1,353.0	11.8
Total Operating Expenses	$ 1,198.9	$ 1,065.5	12.5
Net Income	$ 215.3	$ 168.3	27.9
Property Additions and Construction Expenditures	$ 293.4	$ 324.1	(9.5)
Utility Plant, Net	$ 3,529.0	$ 3,469.0	1.7
Electric Operations			
Electric Operating Revenues	$ 1,106.5	$ 1,006.4	9.9
Electric Operating Income	$ 284.8	$ 257.1	10.8
Territorial Sales (Million KWH)	18,010	17,583	2.4
Customers (Year-End)	493,320	484,354	1.9
Generating Capability - Net MW (Year-End)	4,316	4,282	0.8
Territorial Peak Demand - Net MW	3,698	3,683	0.4
Gas Utility Operations			
Gas Operating Revenues	$ 403.2	$ 342.7	17.7
Gas Operating Income	$ 35.6	$ 38.0	(6.3)
Sales (Thousand Therms)	896,294	882,511	1.6
Customers (Year-End)	248,681	243,523	2.1

Year-End Market Price and Book Value



Three Year Cumulative Total Return*

(With Dividends Reinvested)



* Assumes $100 invested on 12/31/93

William B. Timmerman

Fellow Shareholders:

I am pleased to provide you SCANA Corporation's 1996 Annual Report, which outlines the operating results and many significant accomplishments of the past year. As we begin our 151st year, our long-standing commitment to outstanding customer service, cost-effective operations and the economic development of our communities serves as the foundation on which we are addressing the challenges of the future.

Before reviewing our performance in 1996, I must acknowledge the strong leadership provided by Lawrence M. Gressette, Jr. during his tenure as SCANA's Chairman and Chief Executive Officer. His knowledge and insight were called upon to guide our Company through a period of significant change and growth. The current leadership team at SCANA learned many important lessons from him that will serve us into the 21st century. Although he is retiring, SCANA will continue to benefit from Lawrence's insight in his capacity as Chairman of the Executive Committee of the Board.

Also, I would like to recognize three longtime directors who will be retiring from SCANA's Board of Directors at our Annual Meeting in April. Dr. James B. Edwards, Benjamin A. Hagood and Dr. Henry Ponder have a combined 48 years of service to our Company. Their wisdom and counsel have been very important to the development of SCANA, and they will be missed.

SCANA's earnings for 1996 grew to $2.05 per share from $1.70 per share in 1995, which included a 16 cents per share, non-cash charge related to an accounting change at our natural gas exploration and production business. Net of such charge, the increase of 19 cents per share from ongoing operations in 1996 reflects a significant improvement in earnings from our nonregulated natural gas exploration, production and marketing activities, as well as growth in our core electric and natural gas utility businesses.

Consistent with this growth, at its meeting held February 18, 1997, the Board of Directors raised the indicated annual dividend rate on the Company's common stock from $1.47 to $1.51 per share, a 2.7 percent increase. The Company has increased its annual dividend for 22 consecutive years and in 44 of the past 45 years.

Electric Operations

For SCANA's electric operations, 1996 was another year of solid performance. Territorial kilowatt-hour sales of electricity were up 2.4 percent for the year, driven by customer growth and continued strength in our service area economy. One key operating goal is to meet our customers' needs for electricity by generating power as safely and efficiently as possible. Our continued emphasis on operational excellence has resulted in our electric rates being among the lowest in the nation, and the Company's fossil-fired generating system continues to rank among the most efficient. The V.C. Summer Nuclear Station operated at 87 percent of capacity in 1996, well above the industry average, despite a refueling and maintenance outage in the spring. It is regarded as one of the country's safest and lowest-cost nuclear facilities.

In June SCANA and Westvaco Corporation, one of our largest industrial customers, agreed to jointly build and operate a $170 million cogeneration facility at Westvaco's paper mill in North Charleston. As part of this venture, Westvaco also entered into a 20-year power supply contract for all of the mill's electricity requirements. In another joint venture, SCANA and A.P. Green Industries, Inc. announced plans in February to build and operate a $25 million industrial lime production facility near Charleston that will help meet the growing demand for lime in the Southeast. These activities are indicative of our partnership approach to attracting new business to our service area and providing energy alternatives to our industrial customers.

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During 1996 the Company and the City of Charleston signed new 30-year electric and gas franchise agreements that resulted in the transfer of SCE&G's transit system to the City in October. The comprehensive accord also included payments to the City to support development of transit services and to settle certain environmental claims. These agreements represent a very forward-looking public/private partnership that will promote economic development and support future growth in Charleston.

Gas Operations

In early 1996 we realigned all of our natural gas and propane operations into a Gas Group, resulting in an enhanced focus on marketing, growth opportunities and profitability.

In October South Carolina Pipeline Corporation, our intrastate natural gas transmission company, completed a $37 million, 151-mile pipeline expansion in the Pee Dee region of South Carolina. This is discussed further on page 12.

SCANA Petroleum Resources, one of our largest non-regulated subsidiaries, contributed 12 cents per share to SCANA's 1996 earnings compared to a loss of 17 cents per share in 1995. SPR's improvement resulted primarily from natural gas prices which, on average, were 55 percent higher in 1996 than in 1995. During the past year SPR focused on two joint ventures for oil and natural gas exploration and development that resulted in the successful completion of currently producing properties. More specific discussion of the drilling program, which is continuing in 1997, can be found on page 10.

SCANA Energy Marketing had an excellent year in 1996, selling a record 106 billion cubic feet of natural gas, up 52 percent from 1995. That increase came from brokered sales to customers in 23 states outside of South Carolina. To keep pace with changes in energy markets, this subsidiary also began buying and selling electricity as a power marketer in late 1996.

Telecommunications

As we have previously reported, SCANA Communications, Inc. is a 17 percent owner of InterCel, Inc., an established cellular telephone company that is developing a new generation of digital wireless communications known as Personal Communications Services (PCS), primarily in the southeastern United States. During 1996 we invested an additional $75 million in InterCel's convertible preferred stock in connection with InterCel's purchase of a PCS license for the Atlanta Major Trading Area (MTA). SCANA's total investment in InterCel is now approximately $142 million. The buildout of InterCel's PCS service area is proceeding on schedule, and customer reception to date has exceeded expectations. Additional markets will be opened during 1997, including the Atlanta MTA, which includes Georgia and parts of South Carolina. Through the purchase of additional PCS licenses in January 1997 covering 13 smaller Basic Trading Areas, InterCel has expanded its PCS footprint to more than 245,000 contiguous square miles in portions of 12 states serving a population of 23 million, the largest PCS market in the Southeast. We are very optimistic about the future growth opportunities of this business.

These were some of the more significant milestones achieved by SCANA during the past year. While I am extremely pleased with these accomplishments, we must now look to the future. The pace of the electric industry's restructuring is accelerating with legislation pending at both the national and state levels. Pages 6 and 7 of this report discuss our position on this vital matter. The final shape of restructuring is not known. Our success in the past has been driven by the cost-effective operation of our assets. It is clear that our growth opportunities in the coming years lay in our ability to sell our services and products in a much broader geographic arena. Given our low-cost structure, our financial strength and our past successes in managing unregulated businesses, we are ready to tackle this change in our business, whatever shape the final regulatory scheme takes.

SCANA's employees collectively own 11 percent of the outstanding shares of common stock. In the past year, the Company's leadership worked hard to involve all employee/owners in the understanding of where we are going and why. As always, they are responding in a very positive way. These efforts have created higher morale throughout the organization, a real sense of ownership and a willingness to tackle the challenges to come. Our success is and will continue to be the sum total of our employees' efforts.

In 1997 and beyond, SCANA will face daunting but exciting opportunities to build on our tradition of reliable service, customer satisfaction and competitive prices in all our businesses. We have a dedicated team of employees who possess the skills and leadership to successfully respond to these challenges, enable us to exceed customer expectations and provide a competitive return on our shareholders' investment.

Respectfully submitted,

WBT

W.B. Timmerman
Chairman of the Board, President and
Chief Executive Officer
March 1, 1997

Lawrence M. Gressette, Jr.

SCANA Chairman and Chief Executive Officer Lawrence M. Gressette, Jr.'s long and distinguished career reached yet another milestone with his retirement effective February 28, 1997.

As Executive Vice President of South Carolina Electric & Gas Company, Mr. Gressette guided SCANA through its formative years in the early 1980s. He was responsible for the research, planning and development that led to the formation of SCANA as a holding company in January 1985. He was elected President of SCANA on September 1, 1985, and served in that position until December 13, 1995. Mr. Gressette also served as Chairman and Chief Executive Officer since February 1, 1990.

It was under Mr. Gressette's leadership that SCANA began its diversification strategy, positioning the Corporation to expand into nonregulated businesses to ensure future growth opportunities. SCANA's business interests grew from traditional electric and gas activities to include oil and natural gas exploration and development, energy product marketing, fiber optics and other telecommunications technologies.

Mr. Gressette's contributions to the corporate world are not restricted to SCANA. He serves on the Board of Directors of Wachovia Corporation, the Liberty Corporation and InterCel, Inc. He has also been at the center of community involvement. A Life Trustee of Clemson University, Mr. Gressette's contributions have benefited the Educational Television Endowment of South Carolina, the Governor's School for the Arts, the United Way, the Children's Trust Fund and others too numerous to mention.

While his direct involvement in the Corporation's day-to-day activities will be missed, SCANA will benefit from Mr. Gressette's insight and experience as he continues to serve as Chairman of the Board's Executive Committee.

Outgoing Directors

Three Directors with a combined 48 years of service will turn 70 years old before the 1998 annual meeting and are therefore leaving SCANA's Board in April 1997. Their contributions have been many.

James B. Edwards, D.M.D.

Dr. James B. Edwards, President of the Medical University of South Carolina and Professor of Maxillofacial Surgery, is leaving SCANA's Board of Directors after 11 years of service. Appointed to the Board in 1986, Dr. Edwards served as Chairman of the Nuclear Oversight Committee and as a member of the Executive and the Long-Term Compensation Committees.

Governor of South Carolina from 1975 until 1979, Dr. Edwards also served as the U.S. Secretary of Energy from January 1981 until November 1982. Dr. Edwards is a member of numerous professional and civic organizations and holds 10 honorary degrees.

Benjamin A. Hagood

Mr. Hagood is leaving SCANA's Board of Directors after 23 years of service. He served as a member of the Audit Committee, the Nuclear Oversight Committee and the Long-Term Compensation Committee.

Mr. Hagood is Chairman of the Board of William M. Byrd and Company, Inc.

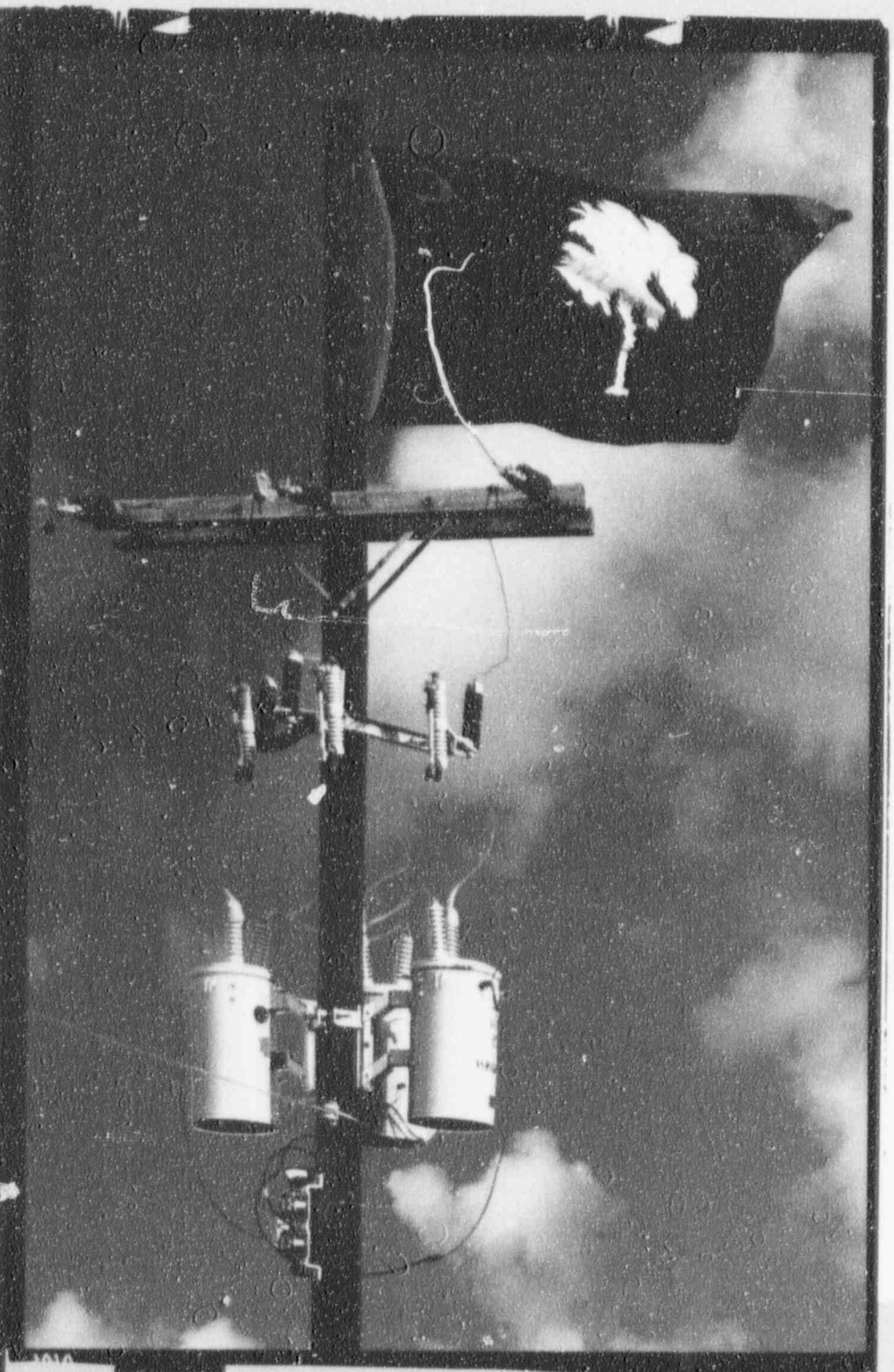
Henry Ponder, Ph.D.

Dr. Ponder is leaving SCANA's Board of Directors after 14 years. He served as a member of the Audit Committee, the Management Development and Corporate Performance Committee, and the Long-Term Compensation Committee.

Dr. Ponder is President of the National Association for Equal Opportunity in Higher Education in Washington, D.C.

SCANA And Retail Wheeling

SCANA Corporation has been preparing for a deregulated electric marketplace for some time and will be ready when competition arrives on the retail level. We have low rates, reliable service and sufficient supply. But we have concerns about protecting the interests of our shareholders and our customers as the debate over retail wheeling heightens at both the federal and state levels. Retail wheeling is the sale or movement of electricity by a utility or energy marketer over transmission and distribution lines owned by other utilities to an end-user. We believe there are many unanswered questions that must be addressed before our concerns are alleviated in regard to this highly complex issue. The question we ask is this: Is the time right for retail wheeling in the state of South Carolina?



The National Energy Policy Act of 1992 provided for wholesale competition, but left decisions at the retail level for determination by the individual states. Subsequently, there have been attempts in Congress to change the law and require all states to adopt retail wheeling by the year 2000. SCANA opposes any attempt to mandate deregulation of the retail segment of the electric marketplace at the federal level. Such proposals fail to protect the interests of our shareholders and all classes of customers. We believe decisions regarding retail wheeling belong at the state level, where the interests of investors and customers can be better determined.

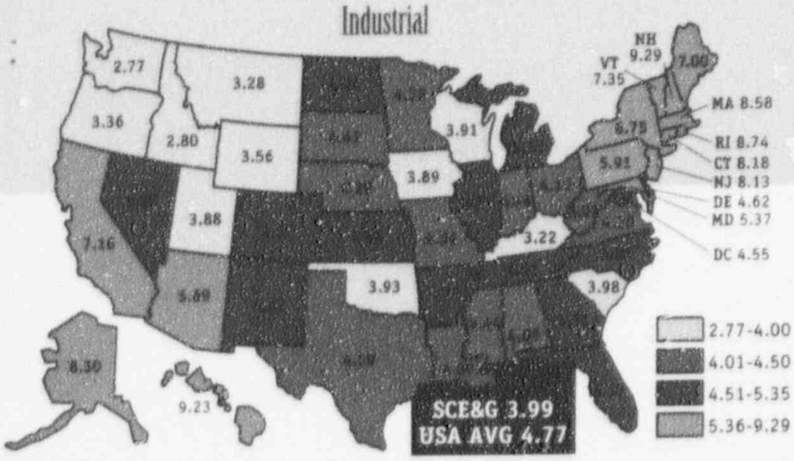
Why the time is not right for retail wheeling in South Carolina

SCANA offers some of the lowest electric rates in the nation through its electric business — about 20 percent below the national average. This has been a key factor in attracting record investments in new and expanded

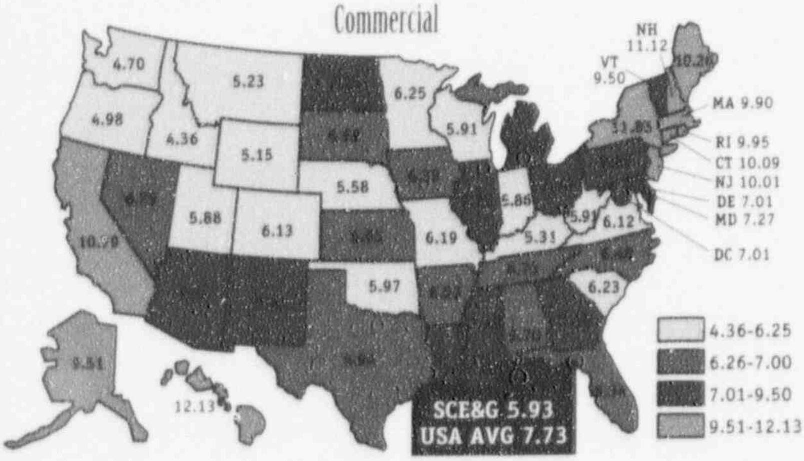
1995 Electric Rate Survey*

in cents per kilowatt-hour sold

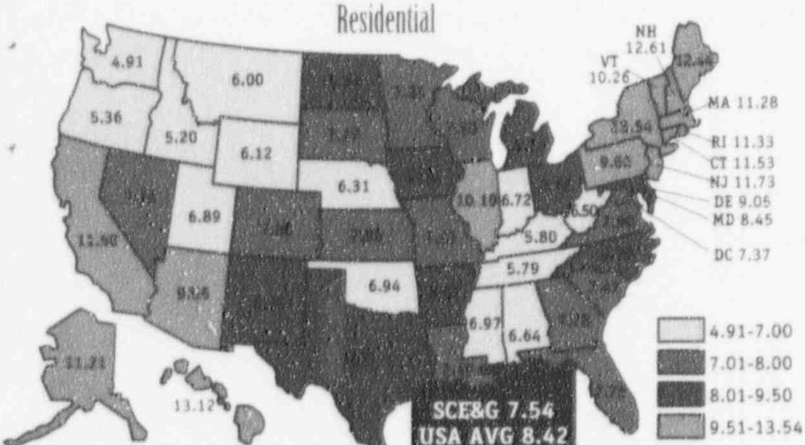
Industrial



Commercial



Residential



*Latest information available from The Edison Electric Institute

business into the state of South Carolina over the past several years. This economic development boom has meant increased growth opportunities for SCANA in its electric business and helped improve the quality of life within the state.

The push for deregulation and retail wheeling is greatest in a few states with excessively high electric prices. That is where the problems exist. We believe the reasonable approach for South Carolina is to allow those high-cost states to experiment with retail wheeling first. Even then, deregulation will not begin in the states that have passed legislation until 1998 or 1999 at the earliest. Let those states test the process and develop real field data and experience. South Carolina can learn what works and what doesn't, thereby avoiding costly mistakes that could hurt the state's economic development advantage as well as SCANA's shareholders and smaller customers.

While some special interest groups would like to see immediate action taken with regard to retail wheeling, SCANA believes in a reasoned and fair approach. Moving forward without sufficient cause, or the knowledge gained from experiments being conducted in other states with already high electric rates, could hurt our shareholders' investment and those customers most vulnerable — the residential and small business classes.

Electric Operations

South Carolina Electric & Gas Company's electric generating system continues to turn in operating results that make it one of the most efficient and low cost in the nation. In a report released last fall by *Electric Light & Power* magazine, two of SCE&G's fossil-fired electric generating plants placed within the survey's top 25. One, McMeekin Station, ranked ninth nationally and was rated the most efficient generating plant within the state of South Carolina. On a combined basis, the fossil plants recorded a 1996 availability factor of 83.5 percent.

Electric Light & Power's survey also ranked the V.C. Summer Nuclear Station 12th nationally among efficient and low-cost nuclear facilities for total production costs. Operational excellence is the key to Summer Station's outstanding record. The plant completed a successful refueling and maintenance outage in 1996 in a record 39 1/2 days that was well under budget. In addition to replacing approximately one-third of the reactor's fuel assemblies and conducting routine maintenance, new rotors were installed on the plant's low-pressure turbine. This upgrade, combined with the replacement of the plant's three steam generators during the 1995 refueling outage, has increased the generating output of Summer Station from 900 to 954 megawatts.

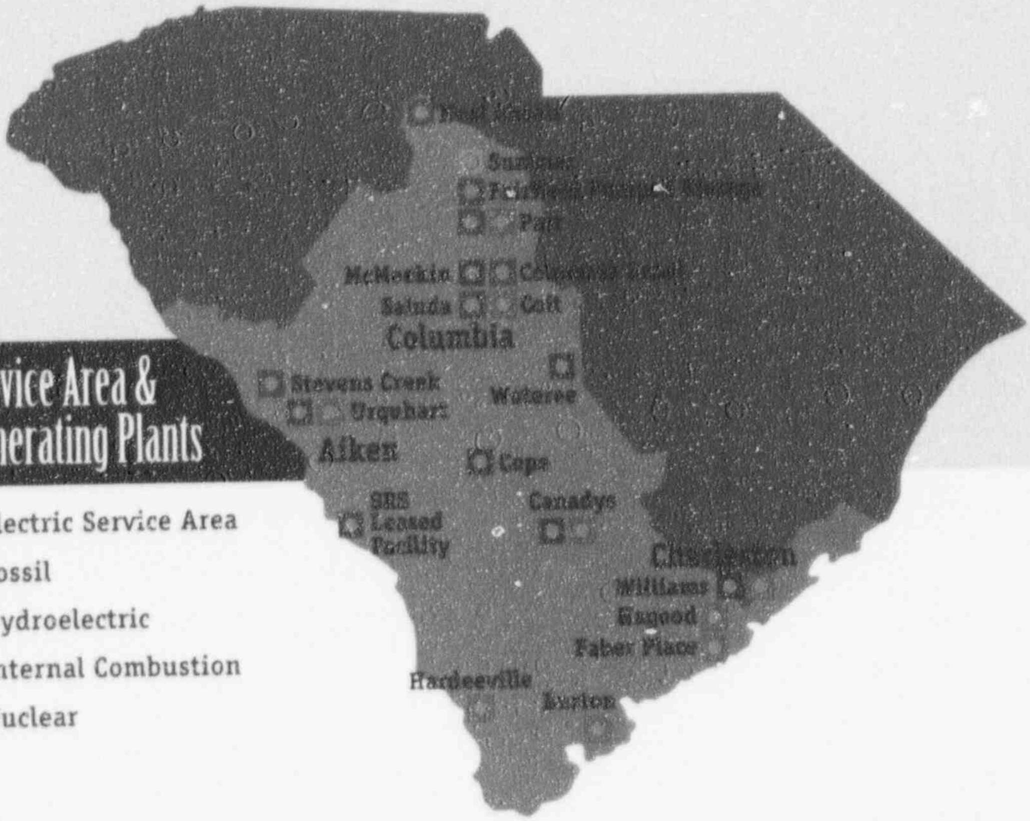
Summer Station received high marks from the Nuclear Regulatory Commission as well. In the NRC's latest Systematic Assessment of Licensee Performance report, Summer Station received Category 1 "superior" ratings in three of four functional areas and a Category 2 "good" rating in the fourth. Summer Station remains an industry leader because of this commitment to operational excellence.

With the next horizon in the new competitive arena focusing on the industrial sector, SCE&G is taking steps now to ensure we are successful when competition becomes a reality. In June 1996 we entered into a joint venture with Westvaco Corporation to build, own and operate a $170 million cogeneration plant at its facility in North Charleston. The facility will provide industrial process steam for Westvaco's paper mill and generate up to 99 megawatts of additional electricity for SCE&G's system without requiring any request for rate relief. In addition to the cogeneration agreement, Westvaco entered into a 20-year contract with SCE&G for all of the plant's electric requirements. While this project will have an immediate positive economic impact on the area, the increased reliability and production capacity of the cogeneration plant could lead to future expansion at the mill. We are pursuing other partnerships of this nature that are mutually beneficial to SCANA and our customers.

Westvaco's expansion is not the only project announced in 1996 that will have a positive future impact on SCE&G. Carolina Eastman, Kimberly Clark, Michelin, the U.S. Naval Weapons Station and the University of South Carolina were among those announcing expansion plans that will add nearly 180 megawatts of electric load to SCE&G's system within the next several years.

To further strengthen relationships with our larger users, a new strategic business unit was formed in October to bring a greater focus on SCE&G's large industrial and wholesale customers. The business unit is made

Construction is proceeding on a $170 million cogeneration plant at Westvaco Corporation's paper mill in North Charleston. As part of the joint venture, SCE&G will provide the Westvaco plant with all of its electric needs for the next 20 years.



Service Area & Generating Plants

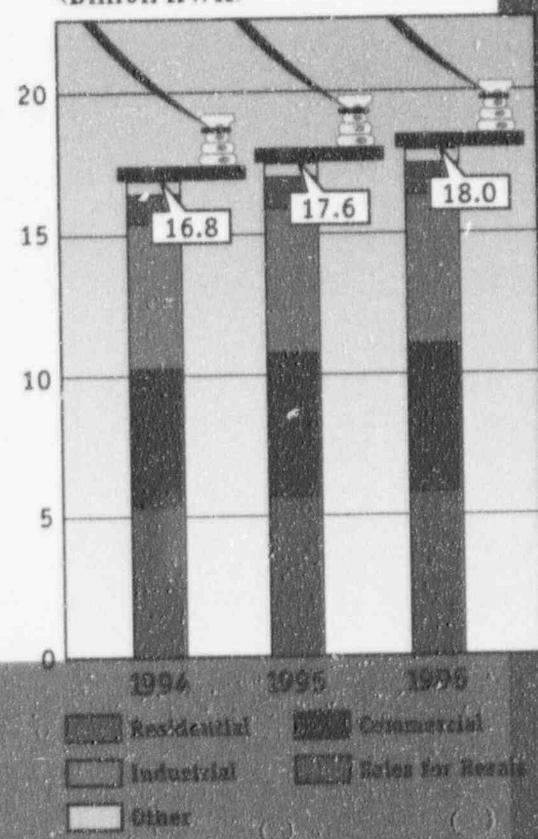
- Electric Service Area
- Fossil
- Hydroelectric
- Internal Combustion
- Nuclear

up of every function critical to meeting these customers' total energy requirements of price, reliability and responsiveness in one complete package. Also, in September, SCANA acquired Instel, Inc., a Greenville, SC-based company that specializes in maintenance and testing of low voltage electrical equipment. Instel will remain an unregulated business while it continues to provide total electrical system maintenance for industrial customers.

In April 1996 the Federal Energy Regulatory Commission issued two orders designed to accelerate competition within the electric utility business at the wholesale level by providing for transmission access.

FERC Orders 888 and 889 basically unbundled existing utilities by separating generation from the marketing and sale of electricity on the wholesale level. All utilities must now share their generating capabilities with all power marketers. In effect, utilities must have a separate marketing group within their organization to buy and sell the power they generate and compete with other power marketers. Also, utilities were required to file tariffs for use of their transmission lines and to wheel power from other companies' generation facilities. As a result, two SCANA subsidiaries received approval to sell bulk power at market prices and participate in the deregulated electric marketplace at the wholesale level. We believe this latest move toward competition holds great opportunities for SCANA because of our low electric rates.

Electric Territorial Sales (Billion KWH)



Gas Group

SCANA's integrated gas group provides energy services from the wellhead to the burner tip with businesses involved in the exploration and development of new reserves, production, transportation, marketing, local distribution and propane storage and delivery.

SCANA Petroleum Resources, the Company's oil and gas exploration and production subsidiary, had an excellent year. Earnings increased from a loss of $16.7 million in 1995 to income of more than $12.5 million in 1996. The turnaround came as a result of the Company's ongoing effort to reduce costs and a 55 percent increase in the average price of natural gas sold during the year. SPR also added new production through its joint venture and in-house drilling programs, successfully executing its strategy of reserve growth through exploration and development drilling.

SPR completed a divestiture program in 1996, selling approximately $65 million in nonstrategic and marginal oil- and gas-producing properties. The largest divestiture involved the sale of Oklahoma properties to ONEOK Resources Company for approximately $47 million. The divestitures improved SPR's cost structure, price margins and operational control of remaining assets. SPR's inventory of producing properties is located in Alabama, Arkansas, Louisiana, Mississippi, New Mexico and Texas and offshore in the Gulf of Mexico.

SPR's strategy of growing reserves through the drill bit is focused primarily on two separate joint venture programs with Fina Oil & Chemical Company and Cobra Oil and Gas Corporation. SPR's interest in the Fina program is approximately 50 percent and covers more than 400,000 acres in southern Louisiana. Utilizing more than 150 square miles of state-of-the-art 3-D seismic data to locate the highest potential prospects, SPR participated in drilling two successful exploration wells with Fina during 1996. At year end, one was producing approximately 5 million cubic feet of gas per day, and the other was being completed. Additional 3-D seismic [illegible] and evaluation will continue in 1997 and [illegible] prospects have been identified for drilling during the year.

SPR entered into the Cobra joint venture in August 1996. The program is supported by more than 500 square miles of 3-D seismic data and offers several

SCANA Petroleum Resources, Inc. Drilling Program

ready-to-drill oil prospects in Texas, Arkansas and New Mexico. SPR participated in 11 Cobra exploration wells in 1996. Six of these were completed successfully and each one is producing between 70 and 300 barrels of oil a day. SPR plans to participate in approximately 20 exploratory wells, 10 or more development wells and an additional 3-D seismic program with Cobra in 1997. SPR's interest in the Cobra program is approximately 30 percent.

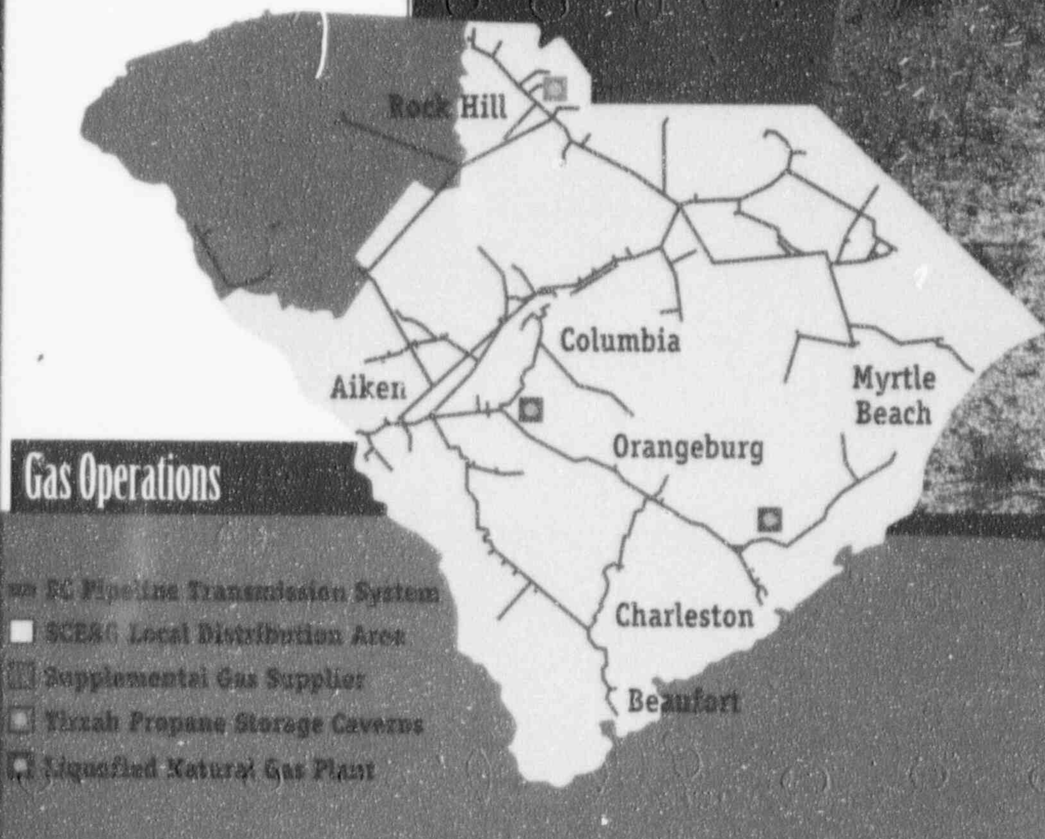
In addition to moving forward with the Fina and Cobra projects in 1997, SPR will pursue additional joint ventures and continued exploitation of its current properties. Although gas production will be lower during 1997 due to the 1996 divestitures, oil volumes will be higher. In addition, both oil and natural gas prices were strong entering 1997. SPR remains committed to being a low-cost, high-margin producer offering profitable investment opportunities for years to come.

SCANA Energy Marketing buys and sells natural gas, other light hydrocarbons and electricity with operations in 23 states. The Company markets gas produced by third-party suppliers as well as all of SPR's production. Electricity is purchased from third-party producers and resold to wholesale customers. SCANA Energy Marketing also owns gas gathering systems and provides energy-related management services to producers and consumers.

SPR utilizes state-of-the-art 3-D seismic data to locate the highest potential prospects for its exploratory oil and natural gas drilling programs.

The completion of a 151-mile pipeline extension project made additional volumes of gas available for SCPC's existing customers, and new business and residential growth.

Gas Operations



nergy Marketing continued its growth in
t and Mid-Continent areas of the U.S. during
atural gas sales reaching a record high of
ubic feet. SPR sales accounted for about 29
tal volume. Sales outside South Carolina
r 98 percent of the total volume.

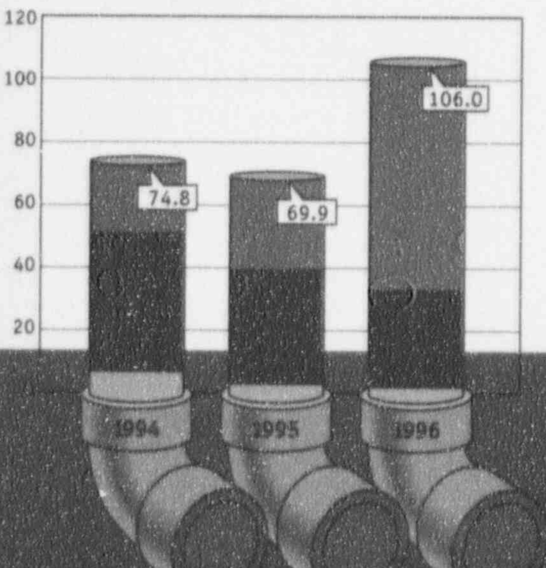
nergy Marketing also received its certification
deral Energy Regulatory Commission as a
eter in May. For the year, sales of power
than 26,000 megawatt hours with all sales
h Carolina.

nsportation throughput for **South Carolina
rporation** in 1996 was slightly behind 1995
ause of higher gas prices. However, additional
natural gas became available throughout the
y October when SCPC completed the third
major pipeline expansion project. The new
tension greatly enhances SCPC's ability to
rvice reliability to existing customers while
o meet increasing demand for natural gas
siness and residential growth. A fourth and
n the planning stage will add a 9,000-
compression station that will maximize the
capacity of the pipeline expansion.

ustomer growth and increased throughput
ccessful year for **SCE&G's** natural gas local
operations in 1996. Net customer growth
ercent as many new residential developments

SCANA Energy Marketing, Inc.

(Billion Cubic Feet, BCF)



Suburban Propane's growth strategy included the opening of two new retail stores during 1996.

opted for natural gas as the fuel of choice. Even with historically high natural gas commodity prices, industrial throughput levels kept pace at more than 21 billion cubic feet. Several system expansions are in progress that will carry natural gas to new areas of the state and provide growth opportunities.

Two new retail operations and increased emphasis on industrial propane standby systems were the focus of **Suburban Propane Group's** growth activities for 1996. New retail stores were opened in York, SC and Statesville, NC in early September, bringing the total number of retail stores to 19. New customer additions at both stores, along with growth in Suburban's existing retail market, helped the Company achieve a 3.1 percent increase in customers to 35,000 and a 26 percent growth in annual volume to 34 million gallons. Additional new store openings are planned for 1997. Suburban also expanded its industrial propane standby plant installations in 1996. Approximately $1 million in new plants were installed for seven industrial customers in South Carolina. This program should continue to grow in 1997 and lead to increased sales of propane to industrial customers.

Service*Care*, Inc., which provides energy-related products and services beyond the meter, signed its first license agreement with LG&E Energy in Louisville, KY during 1996. The appliance protection program is being offered as a franchise to gas and electric utility companies across North America.

Telecommunications

SCANA Communications, Inc. owns and operates a 300-mile fiber optics network within South Carolina. In January 1997 SCANA Communications reached agreement in principle to convert its fiber optics lines in North Carolina, Georgia, Alabama, Louisiana, Mississippi and Texas for convertible preferred stock in ITC Holding Company, Inc. Assuming the successful closing of the transaction, SCANA Communications, on a fully converted basis, will own 15 percent of ITC, a privately owned venture with six businesses providing personal communications services (PCS), local and long distance telephone services, telephone conferencing services and full-service networks for cable television.

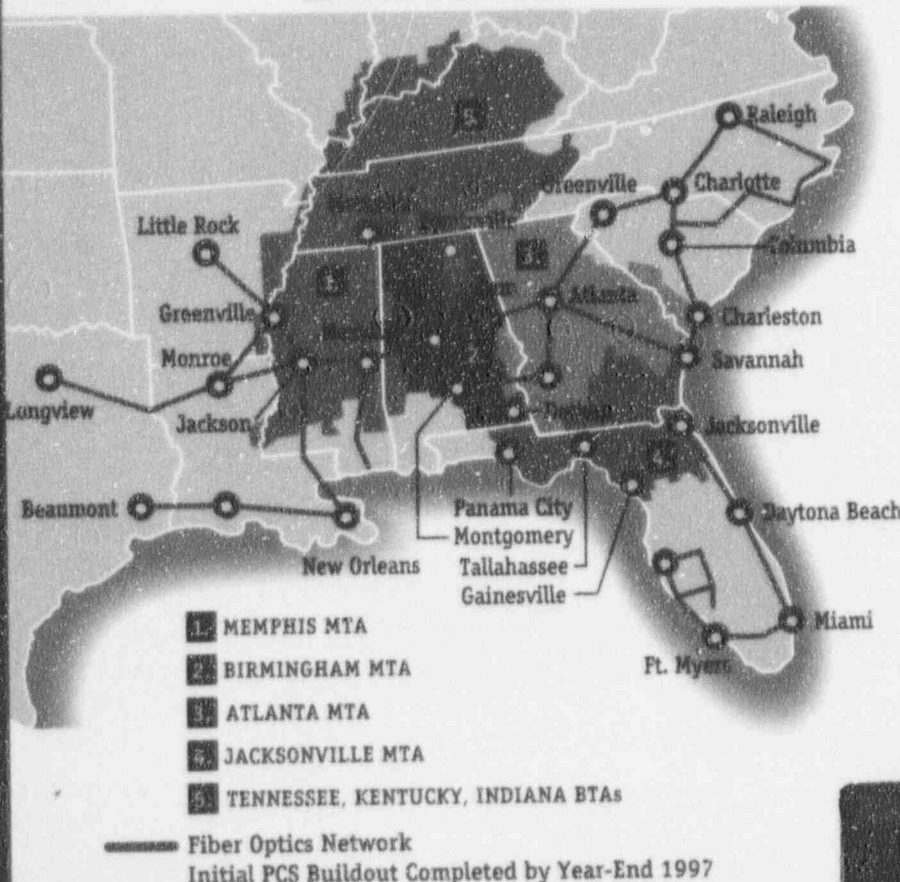
With this conversion, ITC, through subsidiaries, will manage the operations of the existing fiber optics network while overseeing the development of PCS technology in four Major Trading Areas (MTAs) and 13 Basic Trading Areas (BTAs).

In addition to its common stock investment in InterCel, a subsidiary of ITC, in April 1996 SCANA Communications invested $75 million in convertible preferred stock of InterCel toward the purchase of an Atlanta MTA license from GTE Mobilnet, Inc. SCANA Communications owns, on a fully converted basis, 25 percent of InterCel. InterCel already owned PCS licenses for the Memphis, TN/Jackson, MS MTA; the Birmingham, AL MTA; and the Jacksonville, FL MTA.

In January 1997 InterCel also acquired 13 BTA licenses covering approximately 66,000 square miles in parts of Tennessee, Kentucky and Indiana. The addition of the Atlanta MTA and the BTAs gives InterCel a PCS footprint across the southeastern United States. Through its wholly owned subsidiary, Powertel, InterCel markets PCS within a 245,000-contiguous-square-mile area in portions of 12 states with a population of more than 23 million.

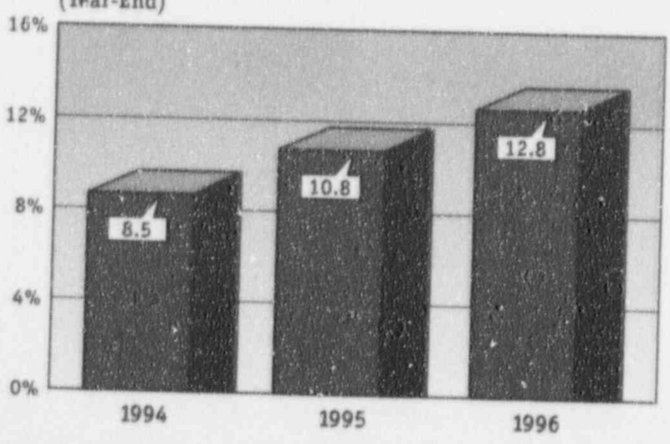
Powertel began bringing markets on line in October 1996 and at year-end were operating in major markets in Alabama, Florida, Mississippi and Tennessee with approximately 14,000 subscribers. Georgia and South Carolina markets are scheduled to open in late 1997.

InterCel PCS Markets



Digital PCS handsets are available at more than 200 locations at Powertel retail stores, authorized agents and other major retail outlets.

Return on Common Equity
(Year-End)



Company Report On Financial Statements

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, informed judgments and estimates have been used. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Company maintains and relies upon internal accounting controls intended to provide reasonable assurance that 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 appropriate balance between the cost incurred in maintaining internal controls and the benefits to be derived. Internal accounting controls are supported by written policies and guidelines and are complemented by the selection, training and development of professional financial managers and by a staff of internal auditors who conduct 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 LLP. The internal and independent auditors have free access to the Audit Committee to discuss internal accounting controls, auditing and financial reporting matters.

KBMarsh

Kevin B. Marsh
Vice President-Finance,
Chief Financial Officer and Controller
February 7, 1997

Independent Auditors' Report

SCANA CORPORATION:

We have audited the accompanying Consolidated Balance Sheets and Consolidated Statements of Capitalization of SCANA Corporation and subsidiaries (Company) as of December 31, 1996 and 1995 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, 1996. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Columbia, South Carolina
February 7, 1997

Consolidated Balance Sheets

December 31,	1996	1995
ASSETS	*(Thousands of Dollars)*	
Utility Plant (Notes 1, 3 and 4):		
Electric	**$4,135,567**	$3,539,068
Gas	**540,196**	484,752
Transit	**3,923**	3,768
Common	**81,858**	91,616
Total	**4,761,544**	4,119,204
Less accumulated depreciation and amortization	**1,517,847**	1,367,541
Total	**3,243,697**	2,751,663
Construction work in progress	**219,150**	644,661
Nuclear fuel, net of accumulated amortization	**41,006**	46,492
Acquisition adjustment-gas, net of accumulated amortization	**25,175**	26,172
Utility Plant, Net	**3,529,028**	3,468,988
Nonutility Property and Investments (Net of accumulated depreciation and depletion) (Note 1)	**345,248**	314,207
Current Assets:		
Cash and temporary cash investments (Note 8)	**17,349**	16,082
Receivables	**239,286**	211,173
Inventories (At average cost):		
Fuel (Notes 3 and 4)	**67,428**	61,499
Materials and supplies	**49,449**	47,674
Prepayments	**13,276**	15,870
Deferred income taxes	**20,776**	20,186
Total Current Assets	**407,564**	372,484
Deferred Debits:		
Emission allowances	**30,457**	28,514
Environmental	**41,375**	18,016
Nuclear plant decommissioning fund (Note 1)	**42,194**	36,070
Pension asset, net (Note 1)	**57,931**	35,354
Other (Notes 1 and 10)	**305,549**	260,793
Total Deferred Debits	**477,506**	378,747
Total	**$4,759,346**	$4,534,426

December 31,	1996	1995
CAPITALIZATION AND LIABILITIES	*(Thousands of Dollars)*	
Stockholders' Investment:		
Common equity (Note 5)	$1,683,448	$1,554,680
Preferred stock (Not subject to purchase or sinking funds)	26,027	26,027
Total Stockholders' Investment	1,709,475	1,580,707
Preferred Stock, Net (Subject to purchase or sinking funds) (Notes 6 and 8)	43,014	46,243
Long-Term Debt, Net (Notes 3, 4 and 8)	1,581,608	1,588,879
Total Capitalization	3,334,097	3,215,829
Current Liabilities:		
Short-term borrowings (Notes 8 and 9)	144,599	112,524
Current portion of long-term debt (Note 3)	51,220	40,983
Current portion of preferred stock (Note 6)	2,432	2,439
Accounts payable	157,475	138,778
Customer deposits	16,122	13,643
Taxes accrued	70,610	66,914
Interest accrued	25,609	25,884
Dividends declared	40,773	39,056
Other	7,200	8,071
Total Current Liabilities	516,040	448,292
Deferred Credits:		
Deferred income taxes (Notes 1 and 7)	577,509	542,022
Deferred investment tax credits (Notes 1 and 7)	84,100	87,719
Reserve for nuclear plant decommissioning (Note 1)	42,194	36,070
Other (Note 1)	205,406	204,494
Total Deferred Credits	909,209	870,305
Commitments and Contingencies (Note 10)	—	—
Total	$4,759,346	$4,534,426

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income and Retained Earnings

For the Years Ended December 31,	1996	1995	1994
		(Thousands of Dollars except per share amounts)	
Operating Revenues (Notes 1 and 2):			
Electric	**$1,106,524**	$1,006,420	$ 975,388
Gas	**403,199**	342,662	342,672
Transit	**3,108**	3,889	4,002
Total Operating Revenues	**1,512,831**	1,352,971	1,322,062
Operating Expenses:			
Fuel used in electric generation	**250,516**	227,405	235,136
Purchased power	**11,449**	14,704	20,104
Gas purchased for resale	**276,843**	212,427	220,923
Other operation (Note 1)	**238,901**	228,682	229,996
Maintenance (Note 1)	**68,362**	58,432	63,725
Depreciation and amortization (Note 1)	**147,557**	129,888	119,177
Income taxes (Notes 1 and 7)	**118,023**	109,949	94,510
Other taxes	**87,297**	83,970	78,938
Total Operating Expenses	**1,198,948**	1,065,457	1,062,509
Operating Income	**313,883**	287,514	259,553
Other Income (Note 1):			
Other income (loss), net of income taxes	**21,964**	(1,915)	(37,925)
Allowance for equity funds used during construction	**7,028**	9,975	8,176
Total Other Income	**28,992**	8,060	(29,749)
Income Before Interest Charges and Preferred Stock Dividends	**342,875**	295,574	229,804
Interest Charges (Credits):			
Interest on long-term debt, net	**114,954**	116,368	108,804
Other interest expense	**13,283**	17,102	6,749
Allowance for borrowed funds used during construction (Note 1)	**(6,081)**	(11,922)	(7,156)
Total Interest Charges, Net	**122,156**	121,548	108,397
Income Before Preferred Stock Cash Dividends of Subsidiary	**220,719**	174,026	121,407
Preferred Stock Cash Dividends of Subsidiary (At stated rates)	**(5,433)**	(5,687)	(5,955)
Net Income	**215,286**	168,339	115,452
Retained Earnings at Beginning of Year	**497,991**	472,371	490,830
Other	**(386)**	—	—
Common Stock Cash Dividends Declared (Note 5)	**(154,725)**	(142,719)	(133,911)
Retained Earnings at End of Year	**$ 558,166**	$ 497,991	$ 472,371
Net Income	**$ 215,286**	$ 168,339	$ 115,452
Weighted Average Number of Common Shares Outstanding (Thousands)	**105,123**	99,044	94,762
Earnings Per Weighted Average Share of Common Stock	**$2.05**	$1.70	$1.22

See Notes to Consolidated Financial Statements.

Consolidated Statements Of Cash Flows

For the Years Ended December 31,	1996	1995	1994
		(Thousands of Dollars)	
Cash Flows From Operating Activities:			
Net income	**$ 215,286**	$ 168,339	$ 115,452
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation, depletion and amortization	**182,561**	197,735	272,106
Amortization of nuclear fuel	**18,601**	20,017	13,487
Deferred income taxes, net	**53,035**	(21,969)	(9,282)
Deferred investment tax credits, net	**(3,619)**	(3,630)	(3,632)
Pension asset	**(22,577)**	(15,573)	(8,452)
Dividends declared on preferred stock of subsidiary	**5,433**	5,687	5,955
Allowance for funds used during construction	**(13,109)**	(21,897)	(15,332)
Nuclear refueling accrual	**(2,454)**	6,957	(4,881)
Equity in (earnings) losses of investees	**(3,020)**	666	(230)
Over (under) collections, fuel adjustment clauses	**(8,261)**	18,986	(16,966)
Early retirements	**(1,943)**	(24,823)	(7,086)
Emission allowances, net of AFC	**(1,885)**	(7,592)	(19,409)
Changes in certain current assets and liabilities:			
(Increase) decrease in receivables	**(28,113)**	(27,993)	(9,059)
(Increase) decrease in inventories	**(7,704)**	(1,437)	2,131
(Increase) decrease in prepayments	**2,594**	3,983	1,973
Increase (decrease) in accounts payable	**18,697**	18,815	(19,331)
Increase (decrease) in taxes accrued	**3,696**	20,244	(3,393)
Increase (decrease) in interest accrued	**(275)**	658	3,442
Other, net	**(6,140)**	28,572	(1,585)
Net Cash Provided From Operating Activities	**400,803**	365,745	295,908
Cash Flows From Investing Activities:			
Utility property additions and construction expenditures, net of AFC	**(235,331)**	(299,993)	(389,268)
(Increase) decrease in nonutility property and investments:			
(Acquisition) sale of oil and gas producing properties	**53,020**	—	(47,189)
Nonutility property	**(36,656)**	(25,646)	(115,541)
Investments	**(84,669)**	(62,750)	(19,006)
Sale of real estate assets	**2,123**	18,528	79,439
Net Cash Used For Investing Activities	**(301,513)**	(369,861)	(491,565)
Cash Flows From Financing Activities:			
Proceeds:			
Issuance of mortgage bonds	**—**	99,583	99,207
Issuance of common stock	**69,099**	172,036	63,317
Issuance of notes and loans	**63,815**	62,542	60,000
Issuance of pollution control bonds	**—**	—	30,000
Repayments:			
Mortgage bonds	**(22,000)**	(64,779)	—
Notes and loans	**(68,480)**	(69,444)	(75,545)
Other long-term debt	**(110)**	(11,300)	(230)
Preferred stock	**(3,236)**	(3,264)	(3,398)
Dividend payments:			
Common stock	**(153,010)**	(139,297)	(131,925)
Preferred stock	**(5,487)**	(5,750)	(6,048)
Short-term borrowings, net	**32,075**	(59,303)	128,808
Fuel financings, net	**(10,689)**	26,236	13,844
Net Cash Provided By (Used For) Financing Activities	**(98,023)**	7,260	178,030
Net Increase (Decrease) in Cash and Temporary Cash Investments	**1,267**	3,144	(17,627)
Cash and Temporary Cash Investments, January 1	**16,082**	12,938	30,565
Cash and Temporary Cash Investments, December 31	**$ 17,349**	$ 16,082	$ 12,938
Supplemental Cash Flow Information:			
Cash paid for - Interest (Includes capitalized interest of $6,081, $11,922 and $7,156)	**$ 125,958**	$ 130,495	$ 110,347
- Income taxes	**115,365**	99,050	90,012
Noncash Financing Activities:			
Charleston Franchise Agreement	**21,429**	—	—
Charleston Environmental Agreement	**19,500**	—	—

See Notes to Consolidated Financial Statements.

Consolidated Statements of Capitalization

December 31,	1996		1995	
	(Thousands of Dollars)			
Common Equity (Note 5):				
Common stock, without par value, authorized 150,000,000 shares; issued and outstanding, 1996 - 106,175,273 shares and 1995 - 103,623,863 shares	**$1,125,282**		$1,056,689	
Retained earnings	**558,166**		497,991	
Total Common Equity	**1,683,448**	**51%**	1,554,680	48%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Not subject to purchase or sinking funds):

$100 Par Value - Authorized 200,000 shares
$50 Par Value - Authorized 125,209 shares

		Shares Outstanding		Redemption Price						
	Series	1996	1995	Current	Through	Eventual Minimum	1996		1995	
$100 Par	8.40%	**197,668**	197,668	101.00	—	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) (Notes 6 and 8):

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

	Shares Outstanding		Redemption Price				
Series	1996	1995	Current	Through	Eventual Minimum	1996	1995
7.70%	**84,000**	86,965	101.00	—	101.00	**8,400**	8,696
8.12%	**118,812**	123,045	102.03	—	102.03	**11,881**	12,305
	202,812	210,010					

$50 Par Value - Authorized 1,602,539 shares

	Shares Outstanding		Redemption Price				
Series	1996	1995	Current	Through	Eventual Minimum	1996	1995
4.50%	**16,000**	17,519	51.00	—	51.00	**800**	876
4.60%	**87**	834	50.50	—	50.50	**4**	42
4.60% (A)	**24,052**	26,052	51.00	—	51.00	**1,203**	1,303
4.60% (B)	**71,400**	74,800	50.50	—	50.50	**3,570**	3,740
5.125%	**71,000**	72,000	51.00	—	51.00	**3,550**	3,600
6.00%	**80,000**	83,200	50.50	—	50.50	**4,000**	4,160
8.72%	**64,000**	95,985	51.00	12-31-98	50.00	**3,200**	4,799
9.40%	**176,751**	183,219	51.175	—	51.175	**8,838**	9,161
	503,290	553,609					

$25 Par Value - Authorized 2,000,000 shares; None outstanding in 1996 and 1995

	1996		1995	
Total Preferred Stock (Subject to purchase or sinking funds)	**45,446**		48,682	
Less: Current portion, including sinking fund requirements	**2,432**		2,439	
Total Preferred Stock, Net (Subject to purchase or sinking funds)	**43,014**	**1%**	46,243	1%

December 31,		1996		1995	
		(Thousands of Dollars)			
Long-Term Debt (Notes 3, 4 and 8):					
SCANA Corporation:					
Bank Notes, due 1998 (Various rates between 5.99% and 6.03%, reset annually)		60,000		60,000	
Medium-Term Notes:					
Series	Year of Maturity				
5.76%	1998	20,000		20,000	
7.17%	1999	42,400		42,400	
6.60%	1999	30,000		30,000	
6.15%	2000	20,000		20,000	
6.51%	2003	20,000		20,000	
South Carolina Electric & Gas Company:					
First Mortgage Bonds:					
Series	Year of Maturity				
6%	2000	100,000		100,000	
6 1/4%	2003	100,000		100,000	
7.70%	2004	100,000		100,000	
7 1/8%	2013	150,000		150,000	
7 1/2%	2023	150,000		150,000	
7 5/8%	2023	100,000		100,000	
7 5/8%	2025	100,000		100,000	
First and Refunding Mortgage Bonds:					
Series	Year of Maturity				
5.45%	1996	—		15,000	
6%	1997	15,000		15,000	
6 1/2%	1998	20,000		20,000	
7 1/4%	2002	30,000		30,000	
9%	2006	130,771		130,771	
8 7/8%	2021	113,450		120,450	
Pollution Control Facilities Revenue Bonds:					
5.95% Series, due 2003		6,450		6,560	
Fairfield County Series 1984, due 2014 (6.50%)		56,820		56,820	
Richland County Series 1985, due 2014 (6.50%)		5,210		5,210	
Fairfield County Series 1986, due 2014 (6.50%)		1,090		1,090	
Colleton and Dorchester Counties Series 1987, due 2014 (6.60%)		4,365		4,365	
Orangeburg County Series 1994, due 2024 (Daily adjusted rate)		30,000		30,000	
Department of Energy Decontamination and Decommissioning Obligation		3,187		3,560	
Charleston Franchise Agreement due 1997-2002		21,429		—	
Charleston Environmental Agreement due 1997-1999		19,500		—	
South Carolina Generating Company, Inc.:					
Berkeley County Pollution Control Facilities Revenue Bonds, due 2014 (6.50%)		35,850		35,850	
Note, 7.78%, due 2011		60,000		63,700	
South Carolina Fuel Company, Inc.:					
Commercial Paper		66,141		76,830	
South Carolina Pipeline Corporation:					
Notes, 6.72%, due 2013		21,250		22,500	
Other		3,840		3,993	
Total Long-Term Debt		1,636,753		1,634,099	
Less - Current maturities, including sinking fund requirements		51,220		40,983	
- Unamortized discount		3,925		4,237	
Total Long-Term Debt, Net		1,581,608	47%	1,588,879	50%
Total Capitalization		$3,334,097	100%	$3,215,829	100%

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 Company, through wholly owned subsidiaries, is engaged predominately in the generation and sale of electricity to wholesale and retail customers in South Carolina and in the purchase, sale and transportation of natural gas to wholesale and retail customers in South Carolina. The Company is also engaged in other energy-related businesses, such as owning and operating interests in oil and gas properties and natural gas marketing. The Company also provides, in the South and Southeast, fiber optic communications and invests in companies developing personal communications services for wireless communications.

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

Regulated utilities

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

Nonregulated businesses

SCANA Petroleum Resources, Inc. (Petroleum Resources)
SCANA Energy Marketing, Inc.
Suburban Propane Group, Inc.
SCANA Propane Services, Inc.
SCANA Communications, Inc. (SCI)
Primesouth, Inc.
ServiceCare, Inc.
SCANA Resources, Inc.
SCANA Development Corporation (in liquidation)

Certain investments are reported using the cost or equity method of accounting as appropriate. Significant intercompany balances and transactions have been eliminated in consolidation in compliance with Statement of Financial Accounting Standards No. 71 (SFAS 71), "Accounting for the Effects of Certain Types of Regulation" which provides that profit on intercompany sales to regulated affiliates are not eliminated if the sales price is reasonable and the future recovery of the sales price through the rate-making process is probable.

B. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of SFAS 71. The accounting standard requires cost-based rate-regulated utilities, such as the Company, to recognize in their financial statements revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result the Company has recorded, as of December 31, 1996, approximately $287 million and $59 million of regulatory assets and liabilities, respectively, including amounts recorded for deferred income tax assets and liabilities of approximately $107 million and $57 million, respectively. The electric regulatory assets of approximately $119 million (excluding deferred income tax assets) are being recovered through rates and, as discussed in Note 2A, the Public Service Commission of South Carolina (PSC) has approved accelerated recovery of approximately $64 million of these assets. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and would be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations in the period the write-off is recorded, but it is not expected that cash flows or financial position would be materially affected.

C. 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 PSC.

D. 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) 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, however, provides its own financing. Plant-in-service related to SCE&G's portion of Summer Station was approximately $937.2 million and $925.1 million as of December 31, 1996 and 1995, respectively. Accumulated depreciation associated with SCE&G's share of Summer Station was approximately $313.2 million and $261.0 million as of December 31, 1996 and 1995, respectively. SCE&G's share of the direct expenses associated with operating Summer Station is included in "Other operation" and "Maintenance" expenses.

E. Allowance for Funds Used During Construction

AFC, a noncash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion of, as a component of construction cost, the costs of debt and equity capital dedicated to construction investment. AFC is 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 AFC using composite rates of 9.1%, 8.6% and 8.5% for 1996, 1995 and 1994, respectively. These rates do not exceed the maximum allowable rate as

calculated under FERC Order No. 561. Interest on nuclear fuel in process and sulfur dioxide emission allowances is capitalized at the actual interest amount.

F. 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 cost component in retail electric rates. The fuel cost component contained in electric rates is established by the PSC during semiannual fuel cost hearings. Any difference between actual fuel costs and that contained in the fuel cost component is deferred and included when determining the fuel cost component during the next semiannual fuel cost hearing. SCE&G had overcollected through the electric fuel cost component approximately $1.9 million and $3.8 million at December 31, 1996 and December 31, 1995, 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 costs and that contained in rates is deferred and included when establishing gas costs during the next annual gas cost recovery hearing. At December 31, 1996 and 1995 the Company had undercollected through the gas cost recovery procedure approximately $10.8 million and $4.6 million, respectively, which are included in "Deferred Debits - Other."

SCE&G's gas rate schedules for residential, small commercial and small industrial customers include a weather normalization adjustment, which minimizes fluctuations in gas revenues due to abnormal weather conditions.

G. 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. The composite weighted average depreciation rates were as follows:

	1996	1995	1994
SCE&G	**3.13%**	3.02%	3.01%
GENCO	**2.68%**	2.67%	2.70%
Pipeline Corporation	**2.56%**	2.78%	2.79%
Aggregate of Above	**3.08%**	2.98%	2.98%

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 Department of Energy (DOE) 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.

H. Nuclear Decommissioning

Decommissioning of Summer Station is presently scheduled to commence when the operating license expires in the year 2022. Based on a 1991 study, the expenditures (on a before-tax basis) related to SCE&G's share of decommissioning activities are estimated, in 2022 dollars assuming a 4.5% annual rate of inflation, to be $545.3 million including partial reclamation costs. SCE&G is providing for its share of estimated decommissioning costs of Summer Station over the life of Summer Station. SCE&G's method of funding decommissioning costs is referred to as COMReP (Cost of Money Reduction Plan). Under this plan, funds collected through rates ($3.2 million in each of 1996 and 1995) are used to pay premiums on insurance policies on the lives of certain Company personnel. SCE&G is the beneficiary of these policies. Through these insurance contracts, SCE&G is able to take advantage of income tax benefits and accrue earnings on the fund on a tax-deferred basis at a rate higher than can be achieved using more traditional funding approaches. Amounts for decommissioning collected through electric rates, insurance proceeds, and interest on proceeds less expenses are transferred by SCE&G to an external trust fund in compliance with the financial assurance requirements of the Nuclear Regulatory Commission. Management intends for the fund, including earnings thereon, to provide for all eventual decommissioning expenditures on an after-tax basis. The trust's sources of decommissioning funds under the COMReP program include investment components of life insurance policy proceeds, return on investment and the cash transfers from SCE&G described above. SCE&G records its liability for decommissioning costs in deferred credits.

Pursuant to the National Energy Policy Act passed by Congress in 1992 and the requirements of the DOE, SCE&G has recorded a liability for its estimated share of the DOE's decontamination and decommissioning obligation. The liability, approximately $3.2 million at December 31, 1996, has been included in "Long-Term Debt, Net." SCE&G is recovering the cost associated with this liability through the fuel cost component of its rates; accordingly, this amount has been deferred and is included in "Deferred Debits - Other."

I. Income Taxes

The Company and its subsidiaries file a consolidated Federal income tax return. Income taxes are allocated to individual companies based on their contributions to the consolidated total.

Deferred tax assets and liabilities are recorded for the tax effects of temporary differences between the book basis and tax basis of assets and liabilities at currently enacted tax rates. Deferred tax assets and liabilities are adjusted for changes in such rates through charges or credits to regulatory assets or liabilities if they are expected to be recovered from, or passed through to, customers of the Company's regulated subsidiaries; otherwise, they are charged or credited to income tax expense.

J. Pension Expense

The Company has a noncontributory defined benefit pension plan, which covers all permanent 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 the plan to the extent permitted by the applicable Federal income tax regulations as determined by an independent actuary.

Net periodic pension cost for the years ended December 31, 1996, 1995 and 1994 included the following components:

	1996	1995	1994
	(Thousands of Dollars)		
Service cost—benefits earned during the period	**$ 6,511**	$ 5,187	$ 8,684
Interest cost on projected benefit obligation	**21,985**	19,473	21,711
Adjustments:			
Return on plan assets	**(78,614)**	(103,874)	2,365
Net amortization and deferral	**40,150**	74,769	(29,760)
Net periodic pension (income) expense	**$ (9,968)**	$ (4,445)	$ 3,000

The determination of net periodic pension cost is based upon the following assumptions:

	1996	1995	1994
Annual discount rate	**7.5%**	8.0%	7.25%
Expected long-term rate of return on plan assets	**8.0%**	8.0%	8.0%
Annual rate of salary increases	**3.0%**	2.5%	4.75%

The following table sets forth the funded status of the plan at December 31, 1996 and 1995:

	1996	1995
	(Thousands of Dollars)	
Actuarial present value of benefit obligations:		
Vested benefit obligation	**$ 243,872**	$ 228,434
Nonvested benefit obligation	**23,732**	15,540
Accumulated benefit obligation	**$ 267,604**	$ 243,974
Plan assets at fair value (invested primarily in equity and debt securities)	**$ 523,530**	$ 447,760
Projected benefit obligation	**306,881**	284,145
Plan assets greater than projected benefit obligation	**216,649**	163,615
Unrecognized net transition liability	**8,178**	9,022
Unrecognized prior service costs	**8,223**	9,660
Unrecognized net gain	**(175,119)**	(146,943)
Pension asset recognized in Consolidated Balance Sheets	**$ 57,931**	$ 35,354

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 determining the amounts shown above for the years 1996 and 1995.

	1996	1995
Annual discount rate used to determine benefit obligations	**7.5%**	7.5%
Assumed annual rate of future salary increases for projected benefit obligation	**3.0%**	3.0%

In addition to pension benefits, the Company provides certain health care and life insurance benefits to active and retired employees. The costs of postretirement benefits other than pensions are accrued during the years the employees render the service necessary to be eligible for the applicable benefits. Prior to 1993 the Company expensed these benefits, which are primarily health care, as claims were incurred. In its June 1993 electric rate order the PSC approved the inclusion in rates of the portion of increased expenses related to electric operations. The Company expensed approximately $9.8 million, $8.5 million and $8.6 million, net of payments to current retirees, for the years ended December 31, 1996, 1995 and 1994, respectively. Additionally, in 1996 the Company expensed approximately $6.2 million to accelerate the amortization of the remaining transition obligation for postretirement benefits other than pensions, as authorized by the PSC. (See Note 2A.)

Net periodic postretirement benefit cost for the years ended December 31, 1996, 1995 and 1994, included the following components:

	1996	1995	1994
	(Thousands of Dollars)		
Service cost—benefits earned during the period	**$ 2,631**	$ 2,076	$ 2,417
Interest cost on accumulated postretirement benefit obligation	**7,841**	7,253	6,644
Adjustments:			
Return on plan assets	—	—	—
Amortization of unrecognized transition obligation	**9,513**	3,344	3,344
Other net amortization and deferral	**1,150**	661	860
Net periodic postretirement benefit cost	**$21,135**	$13,334	$13,265

The determination of net periodic postretirement benefit cost is based upon the following assumptions:

	1996	1995	1994
Annual discount rate	**7.5%**	8.0%	7.25%
Health care cost trend rate	**9.5%**	11.0%	11.25%
Ultimate health care cost trend rate (to be achieved in 2004)	**5.5%**	6.0%	5.25%

The following table sets forth the funded status of the plan at December 31, 1996 and 1995:

	1996	1995
	(Thousands of Dollars)	
Accumulated postretirement benefit obligations for:		
Retirees	**$ 74,181**	$ 64,989
Other fully eligible participants	**6,674**	6,685
Other active participants	**29,275**	27,076
Accumulated postretirement benefit obligation	**$ 110,130**	$ 98,750
Plan assets at fair value	—	—
Accumulated postretirement benefit obligation	**110,130**	98,750
Plan assets less than accumulated postretirement benefit obligation	**(110,130)**	(98,750)
Unrecognized net transition liability	**48,724**	58,237
Unrecognized prior service costs	**6,224**	5,320
Unrecognized net loss	**17,838**	13,840
Postretirement benefit liability recognized in Consolidated Balance Sheets	**$ (37,344)**	$(21,353)

The accumulated postretirement benefit obligation is based upon the plan's benefit provisions and the following assumptions:

	1996	1995
Assumed health care cost trend rate used to measure expected costs	**9.5%**	10.5%
Ultimate health care cost trend rate (to be achieved in 2004)	**5.5%**	5.5%
Annual discount rate	**7.5%**	7.5%
Annual rate of salary increases	**3.0%**	3.0%

The effect of a one percentage-point increase in the assumed health care cost trend rate for each future year on the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended December 31, 1996 and the accumulated postretirement benefit obligation as of December 31, 1996 would be to increase such amounts by $191,000 and $3.2 million, respectively.

K. Debt Premium, Discount and Expense, Unamortized Loss on Reacquired Debt

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. Gains or losses on reacquired debt that is refinanced are deferred and amortized over the term of the replacement debt.

L. Environmental

The Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore, actual expenditures could differ significantly from the original estimates. Amounts estimated and accrued to date for site assessments and cleanup and environmental claims settlements relate primarily to regulated operations; such amounts are deferred and are being amortized and recovered through rates over a five-year period for electric operations and an eight-year period for gas operations. Such deferred amounts totaled $41.4 million and $18.0 million at December 31, 1996 and 1995, respectively. The deferral includes the costs estimated to be associated with the matters discussed in Note 10C.

M. Oil and Gas

The Company follows the full cost method of accounting for its oil and gas operations and, accordingly, capitalizes all costs it incurs in the acquisition, exploration and development of interests in oil and gas properties. The Company amortizes capitalized costs on the units-of-production method, based on total estimated proved recoverable reserves. The Company accounts for normal dispositions of interests in oil and gas properties as adjustments to capitalized costs and does not recognize any gain or loss.

In addition, the capitalized costs are subject to a "ceiling test," which limits such costs to the aggregate of the estimated present value of future net cash flows from proved oil and gas reserves, plus the lower of cost or fair market value of unproved properties. Non-cash write-downs resulting from the application of the ceiling test were $0 million, $24.2 million and $94.1 million in the years ended December 31, 1996, 1995 and 1994, respectively.

The valuation estimates of interests in oil and natural gas properties are significantly influenced by oil and natural gas market prices and the results of recurring reserve studies of such properties. Net income of the Company may be materially adversely affected by a decline in oil and natural gas prices or reserve estimates.

N. Temporary Cash Investments

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.

O. Reclassifications

Certain amounts from prior periods have been reclassified to conform with the 1996 presentation.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RATE MATTERS:

A. On January 9, 1996 the PSC issued an order granting SCE&G an increase in retail electric rates of 7.34%, which will produce additional revenues of approximately $67.5 million annually. The increase has been implemented in two phases. The first phase, an increase in revenues of approximately $59.5 million annually based on a test year, or 6.47%, commenced in January 1996. The second phase was implemented in January 1997 and will produce additional revenues of approximately $8.0 million annually, or .87% more than current rates. The PSC authorized a return on common equity of 12.0%. The PSC also approved establishment of a Storm Damage Reserve Account capped at $50 million to be collected through rates over a ten-year period. Additionally, the PSC approved accelerated recovery of a significant portion of SCE&G's electric regulatory assets (excluding deferred income tax assets) and the remaining transition obligation for postretirement benefits other than pensions, changing the amortization periods to allow recovery by the end of the year 2000. SCE&G's request to shift, for ratemaking purposes, approximately $257 million of depreciation reserves from transmission and distribution assets to nuclear production assets was also approved. The PSC's ruling does not apply to wholesale electric revenues under the FERC's jurisdiction, which constitute approximately five percent of the Company's electric revenues. The FERC has rejected the transfer of depreciation reserves for rates subject to its jurisdiction.

B. In 1994 the PSC issued an order approving the Company's request to recover through a billing surcharge to its gas customers the costs of environmental cleanup at the sites of former manufactured gas plants. The billing surcharge is subject to annual review and provides for the recovery of substantially all actual and projected site assessment and cleanup costs and environmental claims settlements for the Company's gas operations that had previously been deferred. In October 1996, as a result of the ongoing

annual review, the PSC approved the continued use of the billing surcharge. The balance remaining to be recovered amounts to approximately $38.0 million.

C. In September 1992 the PSC issued an order granting the Company a $.25 increase in transit fares from $.50 to $.75 in both Columbia and Charleston, South Carolina; however, the PSC also required $.40 fares for low income customers and denied the Company's request to reduce the number of routes and frequency of service. The new rates were placed into effect in October 1992. The Company appealed the PSC's order to the Circuit Court, which in May 1995 ordered the case back to the PSC for reconsideration of several issues including the low income rider program, routing changes, and the $.75 fare. The Supreme Court declined to review an appeal of the Circuit Court decision and dismissed the case. The PSC and other intervenors filed another Petition for Reconsideration, which the Supreme Court denied. The PSC and other intervenors filed another appeal to the Circuit Court which the Circuit Court denied in an Order dated May 9, 1996. In this Order, the Circuit Court upheld its previous Orders and remanded them back to the PSC. During August, the PSC heard oral arguments on the Orders on remand for the Circuit Court. On September 30, 1996, the PSC issued an order affirming its previous orders, and denied the Company's request for reconsideration. The Company has appealed these two PSC orders back to the Circuit Court where they are awaiting action.

D. On August 8, 1990, the PSC issued an order effective November 1, 1990, approving changes in Pipeline Corporation's gas rate design for sales for resale service and upholding the "value-of-service" method of regulation for its direct industrial service. Direct industrial customers seeking "cost-of-service" based rates initiated two separate appeals to the Circuit Court, which reversed and remanded to the PSC its August 8, 1990 order. Pipeline Corporation appealed that decision to the Supreme Court which on January 10, 1994 reversed the two Circuit Court decisions and reinstated the PSC Order. The Supreme Court held that the industrial customer group's appeal was premature and failed to exhaust administrative remedies. Additionally, the Supreme Court interpreted the rate-making statutes of South Carolina to give discretion to the PSC in selecting the methodology to be used in setting rates for natural gas service. The PSC then held another hearing and issued its Order dated December 12, 1995 maintaining the present level of the caps. This Order was appealed to the Circuit Court by Pipeline Corporation and the industrial customer group with several other parties intervening. The Circuit Court judge has written a letter to the parties indicating that he will rule to require the PSC to set an overall rate of return. However, no order has been issued. The impact, if any, on the Company's results of operations, cash flows and financial position is not presently determinable.

3. LONG-TERM DEBT:

The annual amounts of long-term debt maturities, including the amounts due under the nuclear and fossil fuel agreements (see Note 4), and sinking fund requirements for the years 1997 through 2001 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1997	$ 51,220	2000	$146,200
1998	209,815	2001	26,205
1999	105,095		

Approximately $17.3 million of the portion of long-term debt payable in 1997 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 January 10, 1997 the Company made unsecured bank loans totaling $60 million, due January 9, 1998 at initial rates between 5.995% and 6.031%, at a fixed 12-month LIBOR plus a spread of 10 to 12 1/2 basis points. Proceeds from the loans were used to repay unsecured bank loans totaling $60 million due January 10, 1997 which were classified as long-term debt at December 31, 1996.

On August 7, 1996 the City of Charleston executed 30-year electric and gas franchise agreements with SCE&G. In consideration for the electric franchise agreement, SCE&G will pay the City $25 million over seven years (1996-2002) and has donated to the City the existing transit assets in Charleston. The $25 million is included in electric plant-in-service. In settlement of environmental claims the City may have had against SCE&G involving the Calhoun Park area, where SCE&G and its predecessor companies operated a manufactured gas plant until the 1960's, SCE&G will pay the City $26 million over a four-year period (1996-1999). Such amount is deferred (see Note 1L). Accordingly, the unpaid balances of these amounts are included in "Long-Term Debt."

SCE&G has three-year revolving lines of credit totaling $100 million, in addition to other lines of credit, that provide liquidity for issuance of commercial paper. The three-year lines of credit provide back-up liquidity when commercial paper outstanding is in excess of $100 million. The long-term nature of the lines of credit allow commercial paper in excess of $100 million to be classified as long-term debt. SCE&G had outstanding commercial paper of $90 million at December 31, 1996.

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

4. FUEL FINANCINGS:

Nuclear and fossil fuel inventories and sulfur dioxide emission allowances are financed through the issuance by Fuel Company of short-term commercial paper. These short-term borrowings are supported by an irrevocable revolving credit agreement which expires July 31, 1998. Accordingly, the amounts outstanding have been included in long-term debt. The credit agreement provides for a maximum amount of $125 million that may be outstanding at any time.

Commercial paper outstanding totaled $66.1 million and $76.8 million at December 31, 1996 and 1995 at weighted average interest rates of 5.62% and 5.76%, respectively.

5. COMMON EQUITY:

The changes in "Common Stock," without par value, during 1996, 1995 and 1994 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1993	93,238,914	$ 826,665
Issuance of common stock	2,796,106	60,105
Balance December 31, 1994	96,035,020	886,770
Issuance of common stock	7,588,843	169,919
Balance December 31, 1995	**103,623,863**	**1,056,689**
Issuance of common stock	**2,551,410**	**68,593**
Balance December 31, 1996	**106,175,273**	**$1,125,282**

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 its First and Refunding Mortgage Bonds contain provisions that, under certain circumstances, could limit the payment of cash dividends on its common stock. In addition, with respect to hydroelectric projects, the Federal Power Act requires the appropriation of a portion of certain earnings therefrom. At December 31, 1996 approximately $17.6 million of retained earnings were restricted by this requirement as to payment of cash dividends on SCE&G's common stock.

Cash dividends on common stock were declared at an annual rate per share of $1.47, $1.44 and $1.41 for 1996, 1995 and 1994, respectively.

5. 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.

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the years 1997 through 2001 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1997	$2,432	2000	$2,440
1998	2,440	2001	2,440
1999	2,440		

The changes in "Total Preferred Stock (Subject to purchase or sinking funds)" during 1996, 1995 and 1994 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1993	881,968	$ 55,344
Shares Redeemed:		
$100 par value	(8,072)	(807)
$50 par value	(51,802)	(2,591)
Balance December 31, 1994	822,094	51,946
Shares Redeemed:		
$100 par value	(6,809)	(681)
$50 par value	(51,666)	(2,583)
Balance December 31, 1995	**763,619**	**48,682**
Shares Redeemed:		
$100 par value	**(7,198)**	**(720)**
$50 par value	**(50,319)**	**(2,516)**
Balance December 31, 1996	**706,102**	**$45,446**

7. INCOME TAXES:

Total income tax expense for 1996, 1995 and 1994 is as follows:

	1996	1995	1994
	(Thousands of Dollars)		
Current taxes:			
Federal	**$ 98,286**	$101,656	$62,033
State	**14,051**	16,193	13,178
Total current taxes	**112,337**	117,849	75,211
Deferred taxes, net:			
Federal	**8,635**	(13,878)	(9,006)
State	**1,706**	(1,224)	(86)
Total deferred taxes	**10,341**	(15,102)	(9,092)
Investment tax credits:			
Amortization of amounts deferred (credit)	**(3,619)**	(3,630)	(3,631)
Total income tax expense	**$119,059**	$ 99,117	$62,488

The difference in total income tax expense and the amount calculated from the application of the statutory Federal income tax rate (35% for 1996, 1995 and 1994) to pretax income is reconciled as follows:

	1996	1995	1994
	(Thousands of Dollars)		
Net income	**$215,286**	$168,339	$115,452
Total income tax expense:			
Charged to operating expenses	**118,023**	109,949	94,510
Charged (credited) to other income	**1,036**	(10,832)	(32,022)
Preferred stock dividends	**5,433**	5,687	5,955
Total pretax income	**$339,778**	$273,143	$183,895
Income taxes on above at statutory Federal income tax rate	**$118,922**	$ 95,600	$ 64,363
Increases (decreases) attributable to:			
State income taxes (less Federal income tax effect)	**10,242**	9,730	8,510
Deferred income tax reversal at higher than statutory rates	**(4,073)**	(3,941)	(4,327)
Amortization of investment tax credits	**(3,619)**	(3,630)	(3,631)
Other differences, net	**(2,413)**	1,358	(2,427)
Total income tax expense	**$119,059**	$ 99,117	$ 62,488

The tax effects of significant temporary differences comprising the Company's net deferred tax liability of $556.7 million at December 31, 1996 and $521.8 million at December 31, 1995 are as follows:

	1996	1995
	(Thousands of Dollars)	
Deferred tax assets:		
Unamortized investment tax credits	**$ 52,113**	$ 54,342
Cycle billing	**19,799**	19,143
Nuclear operations expenses	**4,722**	3,755
Oil and gas properties	**8,267**	9,738
Deferred compensation	**6,749**	5,647
Other postretirement benefits	**10,764**	6,371
Other	**12,883**	7,599
Total deferred tax assets	**115,297**	106,595
Deferred tax liabilities:		
Property, plant and equipment	**610,957**	592,160
Pension expense	**21,790**	14,191
Research and experimentation	**12,528**	6,196
Reacquired debt	**8,334**	6,680
Deferred fuel	**3,701**	541
Other	**14,721**	8,662
Total deferred tax liabilities	**672,031**	628,430
Net deferred tax liability	**$556,734**	$521,835

The Internal Revenue Service has examined and closed consolidated Federal income tax returns of the Company through 1989, has examined and proposed adjustments to the Company's Federal returns for 1990 through 1992 and is currently examining the Company's Federal returns for 1993 through 1995. The Company does not anticipate that any adjustments which might result from these examinations will have a significant impact on the results of operations, cash flows or financial position of the Company.

8. FINANCIAL INSTRUMENTS:

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1996 and 1995 are as follows:

	1996		1995	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
	(Thousands of Dollars)			
Assets:				
Cash and temporary cash investments	**$ 17,349**	**$ 17,349**	$ 16,082	$ 16,082
Investments	**179,809**	**167,657**	90,380	105,280
Liabilities:				
Short-term borrowings	**144,599**	**144,599**	112,524	112,524
Long-term debt	**1,632,828**	**1,673,085**	1,629,862	1,737,686
Preferred stock (subject to purchase or sinking funds)	**45,446**	**44,342**	48,682	46,603

The information presented herein is based on pertinent information available to the Company as of December 31, 1996 and 1995. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such financial instruments have not been comprehensively revalued since December 31, 1996, and the current estimated fair value may differ significantly from the estimated fair value at that date.

The following methods and assumptions were used to estimate the fair value of the above classes of financial instruments:

Cash and temporary cash investments, including commercial paper, repurchase agreements, treasury bills and notes are valued at their carrying amount.

Fair values of investments and long-term debt are based on quoted market prices of the instruments or similar instruments, or for those instruments for which there are no quoted market prices available, fair values are based on net present value calculations. Investments which are not considered to be financial instruments (goodwill) have been excluded from the carrying amount and estimated fair value. Settlement of long-term debt may not be possible or may not be a prudent management decision.

Short-term borrowings are valued at their carrying amount.

The fair value of preferred stock (subject to purchase or sinking funds) is estimated on the basis of market prices.

Potential taxes and other expenses that would be incurred in an actual sale or settlement have not been taken into consideration.

SCI was a principal partner in Powertel PCS Partners L.P. (Powertel), which owned licenses to develop a personal communications services (PCS) system in major markets in the Southeast. As a result of the February 7, 1996 merger of Powertel with InterCel, Inc., an established provider of cellular telephone services, SCI received approximately 4.5 million shares of InterCel common stock at a distribution price per share of $16.50. Such shares are restricted securities until early 1998. Based on the value of InterCel common stock on the distribution date, SCI recorded in "Other Income" a one-time after-tax gain on its investment of approximately $5.7 million. In April 1996, SCI purchased 100,000 shares of InterCel non-voting convertible preferred stock for $75 million. Such stock is convertible in April 2000 at a conversion price of $16.50, or approximately 4.5 million common shares. InterCel common stock closed at 12 1/4 per share on December 31, 1996, resulting in a pretax unrealized holding loss of approximately $31.1 million. The common stock ranged from a low of 11 3/4 to a high of 26 1/4 during 1996 and, through February 12, ranged from a low of 12 1/16 to a high of 17 during 1997.

9. SHORT-TERM BORROWINGS:

The Company pays fees to banks as compensation for its committed lines of credit. Commercial paper borrowings are for 270 days or less. Details of lines of credit and short-term borrowings, excluding amounts classified as long-term (Notes 3 and 4), at December 31, 1996, 1995 and 1994 and for the years then ended are as follows:

	1996	1995	1994
	(Millions of Dollars)		
Authorized lines of credit at year-end	**$525.1**	$477.1	$379.1
Unused lines of credit at year-end	**$470.4**	$470.0	$355.1
Short-term borrowings outstanding at year-end:			
Bank loans	**$ 54.6**	$ 32.0	$ 71.8
Weighted average interest rate	**5.81%**	6.21%	6.38%
Commercial paper	**$ 90.0**	$ 80.5	$100.0
Weighted average interest rate	**5.53%**	5.83%	6.04%

10. COMMITMENTS AND CONTINGENCIES:

A. Construction

SCANA and Westvaco Corporation have formed a limited liability company, Cogen South LLC, to build and operate a $170 million cogeneration facility at Westvaco's Kraft Division Paper Mill in North Charleston, South Carolina. SCANA & Westvaco each own a 50% interest in the LLC. The facility will provide industrial process steam for the Westvaco paper mill and shaft horsepower to enable SCE&G to generate up to 99 megawatts of electricity. Construction financing is being provided to Cogen South LLC by banks. A $15 million capital contribution to the LLC by each partner is expected prior to operation of the facility. In addition to the cogeneration LLC, Westvaco has entered into a 20-year contract with SCE&G for all its electricity requirements at the North Charleston mill at SCE&G's standard industrial rate. Construction of the plant began in September 1996 and it is expected to be operational in the fall of 1998.

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 $8.9 billion. Each reactor licensee is currently liable for up to $79.3 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 $52.9 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 $1.9 billion for any losses at Summer Station. SCE&G pays annual premiums and, in addition, could be assessed a retroactive premium not to exceed five times its annual premium in the event of property damage loss to any nuclear generating facilities covered under the NEIL program. Based on the current annual premium, this retroactive premium would not exceed $5.7 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or 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 material adverse impact on the Company's results of operations, cash flows and financial position.

C. Environmental

In September 1992 the Environmental Protection Agency (EPA) notified SCE&G, the City of Charleston and the Charleston Housing Authority of their potential liability for the investigation and cleanup of the Calhoun Park Area Site in Charleston, South Carolina. This site originally encompassed approximately eighteen acres and included properties which were the locations for industrial operations, including a wood preserving (creosote) plant and one of SCE&G's decommissioned manufactured gas plants. The original scope of this investigation has been expanded to approximately 30 acres, including adjacent properties owned by the National Park Service, the City of Charleston and private properties. The site has not been placed on the National Priority List, but may be added before cleanup is initiated. The potentially responsible parties (PRP) have agreed with the EPA to participate in an innovative approach to site investigation and cleanup called "Superfund Accelerated Cleanup Model," allowing the pre-cleanup site investigation process to be compressed significantly. The PRPs have negotiated an administrative order by consent for the conduct of a Remedial Investigation/Feasibility Study and a corresponding Scope of Work. Field work began in November 1993 and a draft Remedial Investigation Report was submitted to the EPA in February 1995. SCE&G resolved second and third round comments and submitted a Final Draft Remedial Investigation in October 1996. Although SCE&G is continuing to investigate cost-effective cleanup methodologies, further work is pending EPA approval of the Final Draft Remedial Investigation Report.

In October 1996 the City of Charleston and SCE&G settled all environmental claims the City may have had against SCE&G involving the Calhoun Park area for a payment of $26 million over four years (1996-1999) by SCE&G to the City. SCE&G is recovering the amount of the settlement, which does not encompass site assessment and cleanup costs, through rates in the same manner as other amounts accrued for site assessments and cleanup (see Note 1L). As part of the environmental settlement, SCE&G has agreed to construct an 1,100 space parking garage on the Calhoun Park site and to transfer the facility to the City in exchange for a 20-year municipal bond backed by revenues from the parking garage and a mortgage on the parking garage. The total amount of the bond is not to exceed $16.9 million, the maximum expected project cost.

SCE&G owns three other decommissioned manufactured gas plant sites which contain residues of by-product chemicals. SCE&G maintains an active review of the sites to monitor the nature and extent of the residual contamination.

SCE&G is pursuing recovery of environmental liabilities from appropriate pollution insurance carriers.

D. Franchise Agreement

See Note 3 for a discussion of an electric franchise agreement between SCE&G and the City of Charleston.

E. Oil and Gas Forward Contracts

In an effort to limit exposure to changing natural gas prices, in January 1995 the Company entered into a series of forward contracts for approximately sixty percent of its forecasted natural gas production for the years 1996-2001. In 1996, portions of the forward contracts for the year 1997 and all of the forward contracts for the years 1998-2001 were removed. The closing of the contracts did not result in a material gain or loss to the Company.

F. SCI Matters

A percentage of the projected annual revenues for the years 1996-2003 of certain fiber optic routes of a joint venture between SCI and a subsidiary of ITC Holding Company, Inc. has been guaranteed by SCI. The amount of such guarantee over the remaining portion of the eight-year period, net of $33.5 million for revenue contracts obtained by the joint venture, is approximately $7.3 million.

SCI, as a result of an internal audit, informed the Federal Communications Commission (FCC) that it violated certain

licensing requirements in establishing and operating an 800 Mhz radio system in South Carolina for public safety and utility use. As a result, SCI has returned to the FCC several licenses obtained in violation of FCC rules and the FCC is conducting an investigation of the system. The Company does not believe that the resolution of this issue will have a material impact on its results of operations, cash flows or financial position.

G. Claims and Litigation

The Company is engaged in various claims and litigation incidental to its business operations which management anticipates will be resolved without material loss to the Company. No estimate of the range of loss from these matters can currently be determined.

11. SEGMENT OF BUSINESS INFORMATION:

Segment information at December 31, 1996, 1995 and 1994 and for the years then ended is as follows:

1996	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$1,106,524	$403,199	$ 3,108	$1,512,831
Operating expenses, excluding depreciation and amortization	692,127	349,918	9,346	1,051,391
Depreciation and amortization	129,588	17,706	263	147,557
Total operating expenses	821,715	367,624	9,609	1,198,948
Operating income (loss)	$ 284,809	$ 35,575	$(6,501)	313,883
Add - Other income, net				28,992
Less - Interest charges, net				122,156
- Preferred stock dividends				5,433
Net income				$ 215,286
Capital expenditures:				
Identifiable	$ 198,671	$ 48,338	$ 443	$ 247,452
Utilized for overall Company operations				23,981
Total				$ 271,433
Identifiable assets at December 31, 1996:				
Utility plant, net	$3,047,648	$370,772	$ 1,875	$3,420,295
Inventories	83,931	26,057	423	110,411
Total	$3,131,579	$396,829	$ 2,298	3,530,706
Other assets				1,228,640
Total assets				$4,759,346

1995	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$1,006,420	$342,662	$ 3,889	$1,352,971
Operating expenses, excluding depreciation and amortization	638,480	286,660	10,429	935,569
Depreciation and amortization	110,865	18,016	1,007	129,888
Total operating expenses	749,345	304,676	11,436	1,065,457
Operating income (loss)	$ 257,075	$ 37,986	$ (7,547)	287,514
Add - Other income, net				8,060
Less - Interest charges, net				121,548
- Preferred stock dividends				5,687
Net income				$ 168,339
Capital expenditures:				
Identifiable	$ 253,577	$ 38,718	$ 265	$ 292,560
Utilized for overall Company operations				27,816
Total				$ 320,376
Identifiable assets at December 31, 1995:				
Utility plant, net	$3,033,887	$337,939	$ 1,878	$3,373,704
Inventories	87,143	15,714	561	103,418
Total	$3,121,030	$353,653	$ 2,439	3,477,122
Other assets				1,057,304
Total assets				$4,534,426

1994	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$ 975,388	$342,672	$ 4,002	$1,322,062
Operating expenses, excluding depreciation and amortization	640,528	292,227	10,577	943,332
Depreciation and amortization	102,647	16,304	226	119,177
Total operating expenses	743,175	308,531	10,803	1,062,509
Operating income (loss)	$ 232,213	$ 34,141	$ (6,801)	259,553
Add - Other income, net				(29,749)
Less - Interest charges, net				108,397
- Preferred stock dividends				5,955
Net income				$ 115,452
Capital expenditures:				
Identifiable	$ 364,007	$ 20,079	$ 347	$ 384,433
Utilized for overall Company operations				20,167
Total				$ 404,600
Identifiable assets at December 31, 1994:				
Utility plant, net	$2,897,954	$315,746	$ 1,791	$3,215,491
Inventories	79,260	17,026	495	96,781
Total	$2,977,214	$332,772	$ 2,286	3,312,272
Other assets				1,004,240
Total assets				$4,316,512

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

1996	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$394,962	$350,386	$402,284	$365,199	$1,512,831
Operating income (000)	85,386	66,447	97,726	64,324	313,883
Net income (000)	68,813	38,300	69,963	38,210	215,286
Earnings per weighted average share of common stock as reported	.66	.37	.66	.36	2.05

1995	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$344,760	$311,136	$373,476	$323,599	$1,352,971
Operating income (000)	75,046	61,012	95,438	56,018	287,514
Net income (000)	51,265	15,586	68,029	33,459	168,339
Earnings per weighted average share of common stock as reported	.53	.16	.69	.32	1.70

Management's Discussion and Analysis of Financial Condition and Results of Operations

COMPETITION

The electric utility industry has begun a major transition that could lead to expanded market competition and less regulation. Deregulation of electric wholesale and retail markets is creating opportunities to compete for new and existing customers and markets. As a result, profit margins and asset values of some utilities could be adversely affected. Legislative initiatives at the Federal and state levels are being considered and, if enacted, could mandate market deregulation. The pace of deregulation, future prices of electricity, and the regulatory actions which may be taken by the PSC and the FERC in response to the changing environment cannot be predicted. However, recent FERC actions will likely accelerate competition among electric utilities by providing for wholesale transmission access. In April 1996 the FERC issued Order 888, which addresses open access to transmission lines and stranded cost recovery. Order 888 requires utilities under FERC jurisdiction that own, control or operate transmission lines to file nondiscriminatory open access tariffs that offer to others the same transmission service they provide themselves. The FERC has also permitted utilities to seek recovery of wholesale stranded costs from departing customers by direct assignment. Approximately five percent of the Company's electric revenues is under FERC jurisdiction.

The Company is aggressively pursuing actions to position itself strategically for the transformed environment. To enhance its flexibility and responsiveness to change, the Company's electric and gas utility, SCE&G, operates Strategic Business Units. Maintaining a competitive cost structure is of paramount importance in the utility's strategic plan. SCE&G has undertaken a variety of initiatives, including reductions in operation and maintenance costs and in staffing levels. In January 1996 the PSC approved (as discussed under "Liquidity and Capital Resources") the accelerated recovery of SCE&G's electric regulatory assets and the shift, for ratemaking purposes, of depreciation reserves from transmission and distribution assets to nuclear production assets. The FERC has rejected the depreciation reserve transfer for rates subject to its jurisdiction. In May 1996 the FERC approved SCE&G's application establishing open access transmission tariffs and requesting authorization to sell bulk power to wholesale customers at market-based rates. Significant investments are being made in customer and management information systems. Marketing of services to commercial and industrial customers has been increased significantly. The Company believes that these actions as well as numerous others that have been and will be taken demonstrate its ability and commitment to succeed in the new operating environment to come.

Regulated public utilities are allowed to record as assets some costs that would be expensed by other enterprises. If deregulation or other changes in the regulatory environment occur, the Company may no longer be eligible to apply this accounting treatment and may be required to eliminate such regulatory assets from its balance sheet. Although the potential effects of deregulation cannot be determined at present, discontinuation of the accounting treatment could have a material adverse effect on the Company's results of operations in the period the write-off is recorded. It is expected that cash flows and the financial position of the Company would not be materially affected by the discontinuation of the accounting treatment. The Company reported approximately $287 million and $59 million of regulatory assets and liabilities, respectively, including amounts recorded for deferred income tax assets and liabilities of approximately $107 million and $57 million, respectively, on its balance sheet at December 31, 1996.

LIQUIDITY AND CAPITAL RESOURCES

The cash requirements of the Company arise primarily from SCE&G's operational needs, the Company's construction program and the need to fund the activities or investments of the Company's nonregulated subsidiaries. The ability of the Company's regulated subsidiaries to replace existing plant investment, as well as to expand to meet future demand 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 generally based on historical costs. As customer growth and inflation occur and the regulated subsidiaries continue their ongoing construction programs, it is necessary to seek increases in rates. As a result, the Company's future financial position and results of operations will be affected by the regulated subsidiaries' ability to obtain adequate and timely rate and other regulatory relief.

The Company and Westvaco Corporation have formed a limited liability company, Cogen South LLC, to build and operate a $170 million cogeneration facility at Westvaco's Kraft Division Paper Mill in North Charleston, South Carolina. The Company & Westvaco each own a 50% interest in the LLC. The facility will provide industrial process steam for the Westvaco paper mill and shaft horsepower to enable SCE&G to generate up to 99 megawatts of electricity. Construction financing is being provided to Cogen South LLC by banks. A $15 million capital contribution to the LLC by each partner is expected prior to operation of the facility. In addition to the cogeneration LLC, Westvaco has entered into a 20-year contract with SCE&G for all its electricity requirements at the North Charleston mill at SCE&G's standard industrial rate. Construction of the plant began in September 1996 and it is expected to be operational in the fall of 1998.

On August 7, 1996 the City of Charleston executed 30-year electric and gas franchise agreements with SCE&G. In consideration for the electric franchise agreement, SCE&G will pay the City $25 million over seven years (1996-2002) and has donated to the City the existing transit assets in Charleston.

On January 9, 1996 the PSC issued an order granting SCE&G an increase in retail electric rates of 7.34%, which will produce additional revenues of approximately $67.5 million annually. The increase has been implemented in two phases. The first phase, an increase in revenues of approximately $59.5 million annua . based on a test year, or 6.47%, commenced in January 1996. The second phase was implemented in January 1997 and will produce additional revenues of approximately $8.0 million annually, or .87% more than current rates. The PSC authorized a return on common equity of 12.0%. The PSC also approved establishment of a Storm Damage Reserve Account capped at $50 million and collected through rates over a ten-year period. Additionally, the PSC approved accelerated recovery of a significant portion of SCE&G's electric regulatory assets (excluding deferred income tax assets) and the remaining transition obligation for postretirement benefits other than pensions, changing the amortization periods to allow recovery by the end of the year 2000. SCE&G's request to shift, for ratemaking purposes, approximately $257 million of depreciation reserves from transmission and distribution assets to nuclear production assets was also approved. The PSC's ruling does not apply to wholesale electric revenues under the FERC's jurisdiction, which constitute approximately five percent of the Company's electric revenues. The FERC has rejected the transfer of depreciation reserves for rates subject to its jurisdiction.

On August 8, 1990 the PSC issued an order effective November 1, 1990, approving changes in Pipeline Corporation's gas rate design for sales for resale service and upholding the "value-of-service" method of regulation for its direct industrial service. Direct industrial customers seeking "cost-of-service" based rates initiated two separate appeals to the Circuit Court, which reversed and remanded to the PSC its August 8, 1990 order. Pipeline Corporation appealed that decision to the Supreme Court which on January 10, 1994 reversed the two Circuit Court decisions and reinstated the PSC Order. The Supreme Court held that the industrial customer group's appeal was premature and failed to exhaust administrative remedies. Additionally, the Supreme Court interpreted the rate-making statutes of South Carolina to give discretion to the PSC in selecting the methodology to be used in setting rates for natural gas service. The PSC then held another hearing and issued its Order dated December 12, 1995 maintaining the present level of the caps. This Order was appealed to the Circuit Court by Pipeline Corporation and the industrial customer group with several other parties intervening. The Circuit Court judge has written a letter to the parties indicating that he will rule to require the PSC to set an overall rate of return. However, no order has been issued. The impact, if any, on the Company's results of operations, cash flows and financial position is not presently determinable.

The estimated primary cash requirements for 1997, excluding requirements for fuel liabilities and short-term borrowings, and the actual primary cash requirements for 1996 are as follows:

	1997	1996
	(Thousands of Dollars)	
Property additions and construction expenditures, net of allowance for funds used during construction	**$311,821**	$280,749
Nuclear fuel expenditures	**30,706**	12,724
Maturing obligations, redemptions and sinking and purchase fund requirements	**37,285**	33,717
Total	**$379,812**	$327,190

Approximately 51% of total cash requirements (after payment of dividends) was provided from internal sources in 1996 as compared to 56% in 1995.

The Company has in effect a medium-term note program for the issuance from time to time of unsecured medium-term debt securities. The proceeds from the sales of these securities 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. At December 31, 1996 the Company had $317.6 million available for issuance.

SCE&G's First and Refunding Mortgage Bond Indenture, dated April 1, 1945 (Old Mortgage), contains provisions prohibiting the issuance of additional bonds thereunder (Class A Bonds) unless net earnings (as therein defined) for twelve consecutive months out of the fifteen months prior to the month of issuance are at least twice the annual interest requirements on all Class A Bonds to be outstanding (Bond Ratio). For the year ended December 31, 1996 the Bond Ratio was 4.37. The issuance of additional Class A Bonds also is restricted to an additional principal amount equal to (i) 60% of unfunded net property additions (which unfunded net property additions totaled approximately $379 million at December 31, 1996), (ii) retirements of Class A Bonds (which retirement credits totaled $69.6 million at December 31, 1996), and (iii) cash on deposit with the Trustee.

SCE&G has a bond indenture dated April 1, 1993 (New Mortgage) covering substantially all of its electric properties under which its future mortgage-backed debt (New Bonds) will be issued. New Bonds are issued under the New Mortgage on the basis of a like principal amount of Class A Bonds issued under the Old Mortgage which have been deposited with the Trustee of the New Mortgage (of which $185 million were available for such purpose as of December 31, 1996), until such time as all presently outstanding Class A Bonds are retired. Thereafter, New Bonds will be issuable on the basis of property additions in a principal amount equal to 70% of the original cost of electric and common plant properties (compared to 60% of value for Class A Bonds under the Old Mortgage), cash deposited with the Trustee, and retirement of New Bonds. New Bonds will be issuable under the New Mortgage only if adjusted net earnings (as therein defined) for twelve consecutive months out of the eighteen months immediately preceding the month of issuance are at least twice the annual interest requirements on all outstanding bonds (including Class A Bonds) and New Bonds to be outstanding (New Bond Ratio). For the year ended December 31, 1996 the New Bond Ratio was 5.90.

The following additional financing transactions have occurred since December 31, 1995:

- On January 12, 1996 SCANA closed on unsecured bank loans totaling $60 million due January 10, 1997, and used the proceeds to pay off a loan in a like total amount. On January 10, 1997 SCANA refinanced the loans with unsecured bank loans totaling $60 million due January 9, 1998 at initial interest rates between 5.995% and 6.031%, at a fixed 12-month LIBOR plus a spread of 10 to 12 1/2 basis points.
- On February 12, 1997 SCANA closed on the sale of $25 million of Medium-Term Notes having an annual interest rate of 6.9% and maturing February 15, 2007. These funds were used to reduce short-term borrowings at SCANA, which borrowings had been incurred in support of nonregulated subsidiaries' construction activities.

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.

Pursuant to Section 204 of the Federal Power Act, SCE&G and GENCO must obtain FERC authority to issue short-term indebtedness. The FERC has authorized SCE&G to issue up to $200 million of unsecured promissory notes or commercial paper with maturity dates of twelve months or less, but not later than December 31, 1999. GENCO has not sought such authorization.

SCE&G had $145 million authorized and unused lines of credit at December 31, 1996. In addition, Fuel Company has a credit agreement for a maximum of $125 million with the full amount available at December 31, 1996. The credit agreement supports the issuance of short-term commercial paper for the financing of nuclear and fossil fuels and sulfur dioxide emission allowances. Fuel Company commercial paper outstanding at December 31, 1996 was $66.1 million.

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 twelve consecutive months immediately preceding the month of issuance are 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, 1996 the Preferred Stock Ratio was 2.80.

During 1996 SCANA issued 1,118,366 shares of the Company's common stock under its Investor Plus Plan. In addition, SCANA issued 1,393,761 shares of its common stock pursuant to its Stock Purchase Savings Plan (SPSP). At December 31, 1996 SCANA has authorized and reserved for issuance, and registered under effective registration statements, 387,742 and 1,157,378 shares of common stock pursuant to the Investor Plus Plan and the SPSP, respectively. On January 14, 1997 an additional 2,500,000 shares of SCANA common stock were registered for sale under the Investor Plus Plan. Effective February 1, 1997 the Investor Plus Plan converted from an original issue plan to a market purchase plan.

The Company anticipates that its 1997 cash requirements of $323.6 million will be met through internally generated funds (approximately 64%, after payment of dividends), the sales of additional equity securities and the incurrence of additional short-term and long-term indebtedness. The timing and amount of such financing will depend upon market conditions and other factors. Actual 1997 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 Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the next twelve months and for the foreseeable future.

Environmental Matters

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 had a compliance date of January 1, 1995 and the second, January 1, 2000. The Company's facilities did not require modifications to meet the requirements of Phase I. The Company will most likely meet the Phase II requirements through the burning of natural gas and/or lower sulfur coal in its generating units and the purchase and use of sulfur dioxide emission allowances. Low nitrogen oxide burners are being installed to reduce nitrogen oxide emissions to the levels required by Phase II. Air toxicity regulations for the electric generating industry are likely to be promulgated around the year 2000.

During 1995 the Company filed compliance plans related to Phase II requirements with DHEC. The Company currently estimates that air emissions control equipment will require capital expenditures of $114 million over the 1997-2001 period to retrofit existing facilities, with increased operation and maintenance costs of approximately $1 million per year. To meet compliance requirements through the year 2006, the Company anticipates total capital expenditures of approximately $131 million.

The Federal Clean Water Act, as amended, provides for the imposition of effluent limitations that require various levels of treatment for each wastewater discharge. Under this Act, compliance with applicable limitations is achieved under a national permit program. Discharge permits have been issued for all and renewed for nearly all of SCE&G's and GENCO's generating units. Concurrent with renewal of these permits, the permitting agency has implemented more rigorous control programs. The Company has been developing compliance plans for this program. Amendments to the Clean Water Act proposed in Congress include several provisions which, if passed, could prove costly to SCE&G. These include limitations to mixing zones and the implementation of technology-based standards.

The South Carolina Solid Waste Policy and Management Act of 1991 directed DHEC to promulgate regulations for the disposal of industrial solid waste. DHEC has promulgated a proposed regulation, which, if adopted as a final regulation in its present form, would significantly increase SCE&G's and GENCO's costs of construction and operation of existing and future ash management facilities.

The Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, estimates are made of the cost, if any,

to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore, actual expenditures could differ significantly from original estimates. Amounts estimated and accrued to date for site assessments and cleanup and environmental claims settlements relate primarily to regulated operations; such amounts are deferred and are being amortized and recovered through rates over a five-year period for electric operations and an eight-year period for gas operations. Deferred amounts totaled $41.4 million and $18.0 million at December 31, 1996 and 1995, respectively. The deferral includes the costs estimated to be associated with the matters discussed below.

• In September 1992 the EPA notified SCE&G, the City of Charleston and the Charleston Housing Authority of their potential liability for the investigation and cleanup of the Calhoun Park Area site in Charleston, South Carolina. This site originally encompassed approximately eighteen acres and included properties which were the locations for industrial operations, including a wood preserving (creosote) plant and one of SCE&G's decommissioned manufactured gas plants. The original scope of this investigation has been expanded to approximately 30 acres, including adjacent properties owned by the National Park Service and the City of Charleston, and private properties. The site has not been placed on the National Priority List, but may be added before cleanup is initiated. The PRPs have agreed with the EPA to participate in an innovative approach to site investigation and cleanup called "Superfund Accelerated Cleanup Model," allowing the pre-cleanup site investigation process to be compressed significantly. The PRPs have negotiated an administrative order by consent for the conduct of a Remedial Investigation/Feasibility Study and a corresponding Scope of Work. Field work began in November 1993 and a draft Remedial Investigation Report was submitted to the EPA in February 1995. SCE&G resolved second and third round comments and submitted a Final Draft Remedial Investigation Report in October 1996. Although SCE&G is continuing to investigate cost effective cleanup methodologies, further work is pending EPA approval of the Final Draft Remedial Investigation Report.

In October 1996 the City of Charleston and SCE&G settled all environmental claims the City may have had against SCE&G involving the Calhoun Park area for a payment of $26 million over four years by SCE&G to the City. SCE&G is recovering the amount of the settlement, which does not encompass site assessment and cleanup costs, through rates in the same manner as other amounts accrued for site assessments and cleanup. As part of the environmental settlement, SCE&G has agreed to construct an 1,100 space parking garage on the Calhoun Park site and to transfer the facility to the City in exchange for a 20-year municipal bond backed by revenues from the parking garage and a mortgage on the parking garage. The total amount of the bond is not to exceed $16.9 million, the maximum expected project cost.

• SCE&G owns three other decommissioned manufactured gas plant sites which contain residues of by-product chemicals. SCE&G maintains an active review of the sites to monitor the nature and extent of the residual contamination.

SCE&G is pursuing recovery of environmental liabilities from appropriate pollution insurance carriers.

Regulatory Matters

SCE&G filed for electric rate relief in 1995 to encompass primarily the remaining costs of completing the Cope Generating Station. As discussed under "Liquidity and Capital Resources," the PSC issued an order on January 9, 1996 increasing electric retail rates.

The Company's regulated business operations were impacted by the NEPA and FERC Orders No. 636 and 888. NEPA was designed to create a more competitive wholesale power supply market by creating "exempt wholesale generators" and by potentially requiring utilities owning transmission facilities to provide transmission access to wholesalers. See "Competition" for a discussion of FERC Order 888. Order No. 636 was intended to deregulate the markets for interstate sales of natural gas by requiring that pipelines provide transportation services that are equal in quality for all gas suppliers whether the customer purchases gas from the pipeline or another supplier. In the opinion of the Company, it continues to be able to meet successfully the challenges of these altered business climates and does not anticipate there to be any material adverse impact on the results of operations, cash flows, financial position or business prospects.

Other

SCI, through a joint venture with a subsidiary of ITC Holding Company, Inc., a Georgia-based telecommunications holding company, owns and operates a 900 mile fiber optic network through Alabama, Georgia, Louisiana, Mississippi and Texas. SCI holds an approximate 17% interest in the common stock of InterCel, a publicly traded telecommunications company which owns PCS licenses for the Birmingham, Alabama; Jacksonville, Florida; and Memphis, Tennessee/Jackson, Mississippi Major Trading Areas (MTAs). In June 1996 InterCel purchased a PCS license for the Atlanta MTA, financing the purchase principally through a private placement of convertible preferred stock, of which SCI purchased $75 million. The non-voting preferred stock is convertible to InterCel common stock in April 2000. InterCel was the winning bidder for additional PCS licenses to provide service to thirteen Basic Trading Areas in Kentucky, Tennessee and Indiana. InterCel will now market PCS in portions of twelve states to a population of 23 million.

A percentage of the projected annual revenues for the years 1997-2003 of certain fiber optic routes of a joint venture between SCI and a subsidiary of ITC Holding Company, Inc. has been guaranteed by SCI. The amount of such guarantee over the remaining portion of the eight-year period, net of $33.5 million for revenue contracts obtained by the joint ventures, is approximately $7.3 million. In January 1997 SCI reached an agreement in principle with ITC Holding Company, Inc. (ITC) to sell to ITC, in exchange for convertible preferred stock of ITC, SCI's interest in such joint venture. Upon closing of the transaction and expected refinancing of debt associated with the joint venture, SCI is to be released from its revenue guarantee.

SCI, as a result of an internal audit, informed the FCC that it violated certain licensing requirements in establishing and operating an 800 Mhz radio system in South Carolina for public safety and utility use. As a result, SCI has returned to the FCC several licenses obtained in violation of FCC rules and the FCC is conducting an investigation of the system. The Company does not believe that the reso-

lution of this issue will have a material impact on results of operations, cash flows or financial position.

The Company's net investment in oil and gas properties is subject to a quarterly ceiling test calculation that limits capitalized costs to the aggregate of the estimated present value of future net cash flows from proved oil and gas reserves plus the lower of cost or fair market value of unproved properties. Carrying values of proved reserves in excess of the ceiling limitation are expensed currently.

In an effort to limit exposure to changing natural gas prices, in January 1995 the Company entered into a series of forward contracts for approximately sixty percent of its forecasted natural gas production for the years 1996-2001. In 1996 portions of the forward contracts for the year 1997 and all of the forward contracts for the years 1998-2001 were removed. The closing of the contracts did not result in a material gain or loss to the Company.

Petroleum Resources and Fina Oil and Chemical Company (Fina) are parties to a joint exploration and development agreement providing for the exclusive oil and gas development rights on approximately 400,000 acres in southern Louisiana. Petroleum Resources and Fina are continuing an extensive 3-D seismic acquisition program on the property. Fina is the operator of the multi-million dollar seismic program, which is financed and owned on a 50-50 basis between the companies. Petroleum Resources' participation in the seismic and drilling activity is financed largely with internal cash flows from the existing Petroleum Resources operations.

On April 22, 1996 Petroleum Resources closed a $46.7 million sale of substantially all of its oil and gas properties in the state of Oklahoma to ONEOK Resources Company, a subsidiary of ONEOK, Inc.

In August 1996, Petroleum Resources and Cobra Oil and Gas Corporation (COBRA) entered into an agreement providing for the joint exploration and development of fifteen field areas in Alabama, Arkansas, Louisiana, New Mexico and Texas. Petroleum Resources' average interest in the program is approximately 30%. Under the agreement, Petroleum Resources has acquired interests in 83,000 acres of processed 3-D seismic data covering 900 square miles.

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 1994 through 1996 were as follows:

	1996	1995	1994
Earnings per weighted average share	**$2.05**	$1.70	$1.22
Percent increase (decrease) in earnings per share	**20.6%**	39.3%	(33.3%)
Return earned on common equity (year-end)	**12.8%**	10.8%	8.5%

1996 Earnings per share and return on common equity increased primarily as a result of higher electric sales margins at SCE&G and improved earnings at Petroleum Resources which more than offset increases in operating expenses. Additionally, SCI reported a nonrecurring after-tax gain of $5.7 million as a result of the business combination of Powertel PCS Partners and InterCel in February 1996.

1995 Earnings per share and return on common equity increased primarily as a result of improved results of operations at Petroleum Resources, which recorded net losses of $16.7 million in 1995 and $54.9 million in 1994. Higher electric and gas margins and lower operation and maintenance costs, which more than offset the negative impact of higher fixed costs, also contributed to the favorable earnings performance in 1995.

The Company's financial statements include AFC. 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. An equity portion of AFC is included in nonoperating income and a debt portion of AFC is included in interest charges (credits) as noncash items, both of which have the effect of increasing reported net income. AFC represented approximately 3.9% of income before income taxes in 1996, 8.0% in 1995 and 8.3% in 1994. In 1996 SCANA's Board of Directors raised the quarterly cash dividend on common stock to 36 3/4 cents per share from 36 cents per share. The increase, effective with the dividend payable on April 1, 1996, raised the indicated annual dividend rate to $1.47 per share from $1.44 per share. SCANA has increased the dividend rate on its common stock in 43 of the last 44 years.

Electric Operations

Electric sales margins for 1996, 1995 and 1994 were as follows:

	1996	1995	1994
	(Millions of Dollars)		
Electric operating revenues	**$1,106.5**	$1,006.4	$975.4
Less: Fuel used in electric generation	**250.5**	227.4	235.1
Purchased power	**11.4**	14.7	20.1
Margin	**$ 844.6**	$ 764.3	$720.2

1996 The electric sales margin increased primarily as a result of the rate increase received by SCE&G in January 1996. Economic growth factors also contributed to the increase.

1995 The electric sales margin increased primarily as a result of the combined impact of warmer weather in the third quarter of 1995, colder weather in the fourth quarter of 1995 and the base rate increase received by the Company in mid-1994. These factors more than offset the negative impact of milder weather experienced during the first half of 1995.

Increases (decreases) from the prior year in megawatt hour (MWH) sales volume by classes were as follows:

Classification	**1996**	1995
Residential	**212,888**	415,676
Commercial	**144,536**	229,472
Industrial	**110,147**	48,651
Sale for Resale (excluding interchange)	**(39,853)**	38,688
Other	**(1,013)**	12,776
Total territorial	**426,705**	745,263
Interchange	**699,425**	24,545
Total	**1,126,130**	769,808

Interchange sales volume for 1996 increased as a result of additional capacity resulting from the startup of the Cope plant in early 1996.

Gas Operations

Gas sales margins for 1996, 1995 and 1994 were as follows:

	1996	1995	1994
	(Millions of Dollars)		
Gas operating revenues	**$403.2**	$342.7	$342.7
Less: Gas purchased			
for resale	**276.8**	212.4	220.9
Margin	**$126.4**	$130.3	$121.8

1996 The gas sales margin decreased primarily as a result of higher gas costs and curtailments imposed on interruptible industrial customers during abnormally cold weather. Also contributing to the decline in the gas sales margin from 1995-1996 were lower gas prices in 1995 which allowed Pipeline Corporation to compete more successfully in that year with alternate fuel suppliers in industrial markets.

1995 The gas sales margin increased primarily as a result of lower gas costs which allowed Pipeline Corporation to compete successfully with alternate fuel suppliers in industrial markets. A shifting of transportation customers to the industrial class and an increase in interruptible gas sales also contributed to the improved margin.

Increases (decreases) from the prior year in dekatherm (DT) sales volume by classes, including transportation gas, were as follows:

Classification	1996	1995
Residential	**1,774,289**	802,211
Commercial	**585,669**	632,959
Industrial	**(1,564,759)**	7,960,434
Sale for resale	**583,040**	744,663
Transportation gas	**(1,219,903)**	(8,089,043)
Total	**158,336**	2,051,224

Other Operating Expenses and Taxes

Increases (decreases) in other operating expenses, including taxes, were as follows:

Classification	1996	1995
	(Millions of Dollars)	
Other operation and maintenance	**$20.1**	$(6.6)
Depreciation and amortization	**17.7**	10.7
Income taxes	**8.1**	15.4
Other taxes	**3.3**	5.0
Total	**$49.2**	$24.5

1996 Other operation and maintenance expenses increased primarily as a result of higher production costs attributable to the Cope plant which became operational in January, 1996. The increase in depreciation and amortization expenses reflects the addition of the Cope plant and other additions to plant-in-service. The increase in income tax expense corresponds to the increase in operating income. The increase in other taxes reflects higher property taxes resulting from property additions and higher millages and assessments.

1995 Other operation and maintenance expenses decreased primarily as a result of lower pension costs and lower costs at electric generating stations. The increase in depreciation and amortization expenses is primarily attributable to additions to plant-in-service and the write-off of certain software costs. The increase in income tax expense corresponds to the increase in operating income. The increase in other taxes reflects higher property taxes resulting from higher millages and assessments partially offset by lower payroll taxes resulting from early retirements of employees.

Other Income

1996 Other income, net of taxes, increased approximately $23.9 million in 1996 primarily due to the improved earnings performance of Petroleum Resources attributable to a noncash reserve adjustment recorded in the second quarter of 1995 and to higher gas prices and lower production costs. The gain reported by SCI, discussed under "Earnings and Dividends" is also included in other income reported for 1996.

1995 Other income, net of taxes, increased $36.0 million in 1995 primarily due to the improved earnings performance of Petroleum Resources as discussed under "Earnings and Dividends."

Interest Expense

Increases (decreases) in interest expense, excluding the debt component of AFC, were as follows:

Classification	1996	1995
	(Millions of Dollars)	
Interest on long-term debt, net	**$(1.4)**	$ 7.6
Other interest expense	**(3.8)**	10.4
Total	**$(5.2)**	$18.0

1996 The decrease in interest expense is due primarily to reductions in outstanding debt throughout most of the year.

1995 The increase in interest expense is due primarily to the issuance of additional debt, including commercial paper, during the latter part of 1994 and early 1995.

Selected Financial Data

For the Years Ended December 31,	**1996**	1995	1994	1993	1992
	(Thousands of dollars except statistics and per share amounts)				
Statement of Income Data					
Total Operating Revenues	**$1,512,831**	$1,352,971	$1,322,062	$1,264,167	$1,138,375
Operating Income	**313,883**	287,514	259,553	245,311	209,780
Other Income	**28,992**	8,060	(29,749)	27,335	11,960
Net Income	**215,286**	168,339	115,452	165,240	117,667
Balance Sheet Data					
Utility Plant, Net	**$3,529,028**	$3,468,988	$3,293,667	$3,004,075	$2,810,279
Total Assets	**4,759,346**	4,534,426	4,316,512	4,026,701	3,543,057
Capitalization:					
Common Equity	**1,683,448**	1,554,680	1,359,141	1,317,495	1,149,087
Preferred Stock (Not subject to purchase or sinking fund)	**26,027**	26,027	26,027	26,027	26,027
Preferred Stock, Net (Subject to purchase or sinking fund)	**43,014**	46,243	49,528	52,840	56,154
Long-Term Debt, Net	**1,581,608**	1,588,879	1,548,824	1,424,399	1,204,754
Total Capitalization	**$3,334,097**	$3,215,829	$2,983,520	$2,820,761	$2,436,022
Common Stock Data					
Weighted Average Number of Common Shares Outstanding (Thousands)	**105,123**	99,044	94,762	90,407	82,950
Earnings Per Weighted Average Share of Common Stock	**$2.05**	$1.70	$1.22	$1.83	$1.42
Dividends Declared Per Share of Common Stock	**$1.47**	$1.44	$1.41	$1.37	$1.34
Common Shares Outstanding (Year-End) (Thousands)	**106,175**	103,624	96,035	93,239	87,821
Book Value Per Share of Common Stock (Year-End)	**$15.86**	$15.00	$14.15	$14.13	$13.08
Number of Common Shareholders of Record	**36,178**	38,231	39,516	41,564	42,937
Other Statistics					
Electric:					
Customers (Year-End)	**493,320**	484,354	476,412	468,874	461,900
Territorial Sales (Million KWH)	**18,010**	17,583	16,838	16,880	15,794
Residential:					
Average annual use per customer (KWH)	**14,149**	13,859	13,048	14,077	13,037
Average annual rate per KWH	**$.0785**	$.0747	$.0743	$.0707	$.0695
Generating Capability - Net MW (Year-End)	**4,316**	4,282	3,876	3,864	3,912
Territorial Peak Demand - Net MW	**3,698**	3,683	3,444	3,557	3,380
Gas:					
Customers (Year-End)	**248,681**	243,523	238,614	234,736	231,153
Sales (Thousand Therms)	**896,294**	882,511	781,109	717,417	761,721
Residential:					
Average annual use per customer (Therms)	**639**	570	543	605	577
Average annual rate per therm	**$.74**	$.82	$.84	$.76	$.74

Common Stock Information

	1996				1995			
	4th Qtr.	**3rd Qtr**	**2nd Qtr.**	**1st Qtr.**	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (a)								
High	**28**	**28 1/4**	**28 1/4**	**28 5/8**	28 5/8	24 1/4	23 3/8	22 1/2
Low	**25 3/8**	**25 1/2**	**25 1/4**	**25 1/2**	24 1/8	21 1/8	20 3/4	20 1/2

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

Officers

SCANA Corporation

William B. Timmerman
Chairman of the Board, President and Chief Executive Officer (1)

Cathy B. Novinger
Senior Vice President—Administration, Governmental and Public Affairs

H. Thomas Arthur, II
Vice President and General Counsel, Assistant Secretary

Asbury H. Gibbes
Group Executive— SCANA Gas Group

Kevin B. Marsh
Vice President— Finance, Chief Financial Officer and Controller (2)

David N. Vannort
Vice President— Corporate Compliance

Belton T. Zeigler
Vice President (3)

Lynn M. Williams
Secretary (4)

Mark R. Cannon
Treasurer (5)

(1) Also Chairman and Chief Executive Officer of all subsidiaries
(2) Also Chief Financial Officer of all subsidiaries
(3) Also General Counsel of SCE&G
(4) Also Secretary of all subsidiaries
(5) Also Treasurer of SCE&G and SCANA Communications, Inc.

Principal Subsidiaries

South Carolina Electric & Gas Company

John L. Skolds
President and Chief Operating Officer

George J. Bullwinkel, Jr.
Senior Vice President—Retail Electric

Warren A. Darby
Senior Vice President Gas Operations— SCANA Gas Group

James H. Young, Jr.
Senior Vice President—Business Development

Jimmy E. Addison
Vice President and Controller

Kristin L. Aebersold
Vice President—Marketing

Paul V. Fant
Vice President—Support Services

Fred N. Hanna
Vice President—Customer Service

W. Keller Kissam
Vice President—Gas Operations - SCANA Gas Group

Neville O. Lorick
Vice President—Fossil and Hydro Operations

Charles B. McFadden
Vice President—Electric Service

S.C. McMeekin, Jr.
Vice President—Customer Relations

Martin K. Phalen
Vice President—Electric Operational Support

Gary J. Taylor
Vice President—Nuclear

Mitchell S. Tibshrany
Vice President—Industrial Strategic Business Unit

South Carolina Pipeline Corporation

Max Earwood
Vice Chairman

Asbury H. Gibbes
President

George Fasano, Jr.
Vice President and Controller

SCANA Petroleum Resources, Inc.

Max Earwood
Vice Chairman

Jim N. Cantwell
President

Charles C. Morgan
Controller

Suburban Propane Group, Inc.

Dabney L. Sharp
President

James M. Clark, Jr.
Vice President

SCANA Energy Marketing, Inc.

Max Earwood
Vice Chairman

Charles A. Rampey, Jr.
President

Jim N. Cantwell
Vice President

Robert G. Edwards
Vice President

SCANA Propane Services, Inc.

Dabney L. Sharp
President

James M. Clark, Jr.
Vice President

SCANA Communications, Inc.

William B. Timmerman
President

ServiceCare, Inc.

Warren A. Darby
President

Judith H. Battle
Vice President— Finance and Controller

Richard E. Batton
Vice President

Steve Burns
Vice President

Primesouth, Inc.

Jeff C. Chapman
President and Treasurer

Dean Bain
Vice President

Leslie Withycombe
Controller

SCANA Resources, Inc.

John L. Skolds
President

SCANA's Senior Staff, seated from left: Berry Gibbes, Cathy Novinger, Kevin Marsh; standing from left: Jack Skolds, Tom Arthur, Bill Timmerman.

Board Of Directors

Bill L. Amick
Chairman of the Board and Chief Executive Officer
Amick Farms, Inc. Batesburg, SC
(a vertically integrated broiler operation)

William B. Bookhart, Jr.
Partner
Bookhart Farms Elloree, SC
(a general farming business)

William T. Cassels, Jr.
Chairman of the Board
Southeastern Freight Lines, Inc. Columbia, SC
(a trucking business)

Hugh M. Chapman
Chairman
NationsBank South Atlanta, GA

Elaine T. Freeman
Executive Director
ETV Endowment of South Carolina, Inc.
Spartanburg, SC
(a non-profit organization)

Lawrence M. Gressette, Jr.
Chairman of the Board Emeritus
SCANA Corporation Columbia, SC

W. Hayne Hipp
President and Chief Executive Officer
The Liberty Corporation Greenville, SC
(an insurance and broadcasting holding company)

F. Creighton McMaster
President and Manager
Winnsboro Petroleum Company Winnsboro, SC
(a wholesale distributor of petroleum products)

John B. Rhodes
Chairman and Chief Executive Officer
Rhodes Oil Company, Inc. Walterboro, SC
(a distributor of petroleum products)

William B. Timmerman (NOT PICTURED)
Chairman of the Board, President and
Chief Executive Officer
SCANA Corporation Columbia, SC


Bill L. Amick


William B. Bookhart, Jr.


William T. Cassels, Jr.


Hugh M. Chapman


Elaine T. Freeman


Lawrence M. Gressette, Jr.


W. Hayne Hipp


F. Creighton McMaster


John B. Rhodes


E. Craig Wall, Jr.

In Memoriam

E. Craig Wall, Jr. of Conway, a SCANA director since 1982, died March 5, 1997 at the age of 59. Chairman and Chief Executive Officer of Canal Industries, a forest products company, Mr. Wall served on the SCANA Board of Directors' Executive and the Management Development and Corporate Performance Committees. He also served on the board of directors of Sonoco Products, NationsBank, Ruddick Corporation and Blue Cross and Blue Shield of South Carolina. SCANA Corporation will sorely miss his counsel and leadership on the Board. We extend our sincere sympathy to his wife, Judith; children; and other family and friends.

DIRECTORS EMERITI: William R. Bruce, Sr., Kenneth W. French, Jack F. Hassell, Jr., John H. Lumpkin, Sr., Allan C. Mustard, Edwin W. Pike, Jr., Virgil C. Summer, John A. Warren

Investor Information

Annual Meeting

The 1997 Annual Meeting of SCANA Corporation's shareholders will be held at 10:00 a.m. on Thursday, April 24, in the Ballroom of the Adams Mark Hotel, 1200 Hampton Street in Columbia, SC. A notice of the meeting, proxy statement and proxy will be mailed to shareholders in March.

Corporate Offices

SCANA Corporation
1426 Main Street
Columbia, SC 29201-2845
(803) 748-3000

Stock Exchange Listings

SCANA Corporation's common stock is listed on the New York Stock Exchange. The trading symbol is *SCG*. The newspaper listing is *SCANA*.

The 5% Series cumulative preferred stock of South Carolina Electric & Gas Company (SCE&G) is also listed on the New York Stock Exchange. The trading symbol is *SAC Pr*. The newspaper listing is *SCrE pf*. SCE&G's other series of preferred stock are not listed and market prices are not published.

SCANA Investor Plus Plan

The Plan provides investors a convenient and economical means of acquiring, holding and transferring shares of SCANA's common stock. Participants may purchase additional common shares through automatic reinvestment of all or a portion of their cash dividends on SCANA's common stock and SCE&G's preferred stock and/or by making optional cash payments of up to $100,000 per year. The Plan also features a direct purchase provision through which investors can acquire their first shares of SCANA common stock directly from the Company. A variety of other services, including direct deposit of dividends and safekeeping of share certificates, are also available. A Plan prospectus and enrollment card are available upon request.

Shareholder Inquiries

Questions concerning the SCANA Investor Plus Plan, stock transfer requirements, replacement of lost or stolen stock certificates or dividend checks, address changes, direct deposit of dividends, elimination of duplicate mailings, or other account services should be directed to the Company's Shareholder Services Department:

By writing:
SCANA Corporation
Attention: Shareholder Services (054)
Columbia, South Carolina 29218-0001

By calling:
(800) 763-5891 (toll-free Investor Line)
(803) 733-6817 (in Columbia)
(803) 343-2389 (fax)

Transfer Agent and Registrar

SCANA Corporation maintains shareholder records, issues dividend checks and acts as Transfer Agent and Registrar for the Company's common stock and SCE&G's preferred stock. Shareholders may send stock certificates directly to the Company's Shareholder Services Department for transfer. There is no charge for this service. The Company recommends that certificates be mailed by registered or certified mail. Signatures required for transfer must be guaranteed by an official of a financial institution that is an approved member of a Medallion Signature Guarantee Program.

Bond Trustee and Paying Agent

Questions concerning replacement of interest checks, tax information, transfers and other bond account information should be directed to the appropriate Bond Trustee and Paying Agent:

SCE&G First and Refunding Mortgage Bonds
Chase Manhattan
Corporate Trust Department - 15th Floor
450 West 33rd Street
New York, NY 10001-2697
(800) 648-8380

SCE&G First Mortgage Bonds
Bank of New York
100 Asheford Center North
Suite 520
Atlanta, GA 30338
(770) 698-5188

Auditors

Deloitte & Touche LLP
Certified Public Accountants
1426 Main Street
Columbia, SC 29201

Additional Information

Publications: The Company provides a quarterly report to shareholders highlighting financial and operating results in the first, second and third quarters. **A copy of SCANA's 1996 Annual Report on Form 10-K (as filed with the Securities and Exchange Commission) is available without charge.** Requests for these and other financial publications should be directed to the Investor Relations Department.

Internet: Information about the Company, including financial reports, press releases and descriptions of customer products and services, is available on SCANA's home page on the World Wide Web at http://www.scana.com.

Investor Line: In addition to information on a variety of shareholder account services, the latest information on dividends, financial results and other significant Company developments is available by calling SCANA's 24-hour, toll-free Investor Line at 1-800-763-5891.

Investor Relations Contact:
H. John Winn, III
Manager - Investor Relations and Shareholder Services (054)
(803) 748-3240
(803) 343-2344 (fax)

Investors' Association:
For information about this organization's activities, please write to:
Association of SCANA Corporation Investors
c/o Paul Quattlebaum, Jr.
22 Broughton Road Charleston, SC 29407-7529

Expected 1997 Common Stock Dividend Dates

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Declaration	February 18	April 24	August 20	October 21
Ex-Dividend	March 6	June 6	September 8	December 8
Record	March 10	June 10	September 10	December 10
Payment	April 1	July 1	October 1	January 1, 1998

Note: Dividend declaration, record and payment dates are subject to the discretion of the Board of Directors. Dates shown are based on the assumption that past patterns will prevail. Dividends on SCE&G's preferred stock issues are paid quarterly on the same dates as the common stock dividends.

SCANA Corporation
Columbia, South Carolina 29218