



Ronald B. Clary
Manager, Nuclear Licensing
803.345-4757

June 8, 2005
RC-05-0088

Document Control Desk
U. S. Nuclear Regulatory Commission
Washington, DC 20555

Dear Sir / Madam:

Subject VIRGIL C. SUMMER NUCLEAR STATION
DOCKET NO. 50/395
OPERATING LICENSE NO. NPF-12
2004 ANNUAL FINANCIAL REPORTS

Pursuant to 10CFR50.71(b), enclosed are ten (10) copies each of South Carolina Electric & Gas Company's 2004 Annual Financial Report and South Carolina Public Service Authority's 2004 Annual Financial Report.

Please contact Ms. Donna Railey at (803) 345-4107 for additional copies.

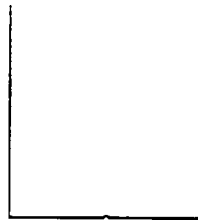
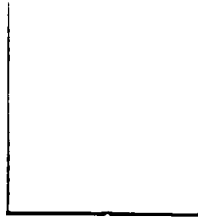
Very truly yours,

Ronald B. Clary

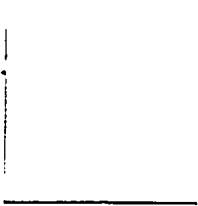
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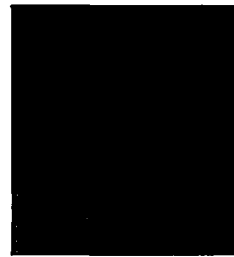
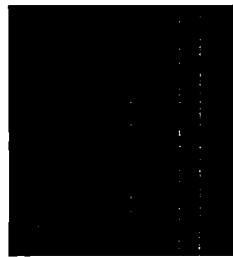
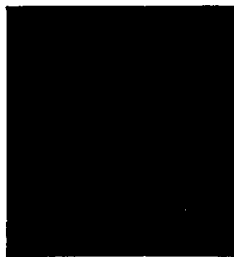
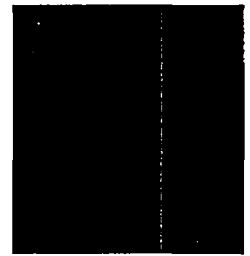
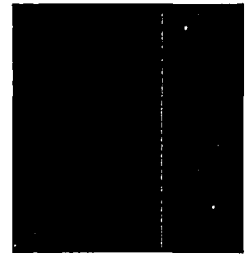
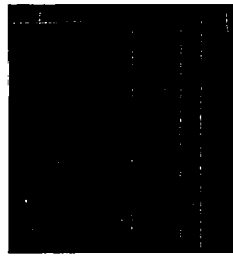
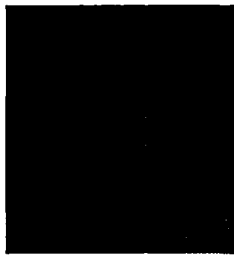
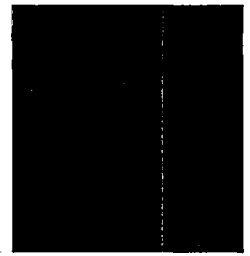
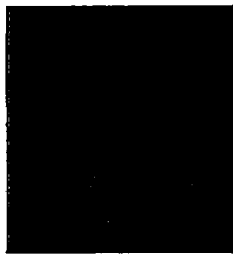
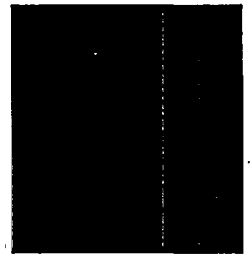
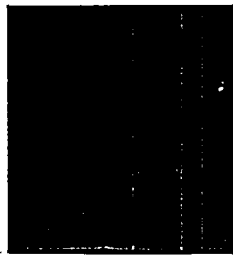
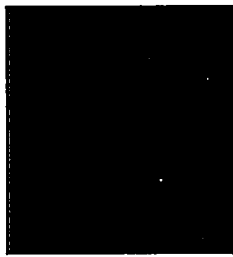
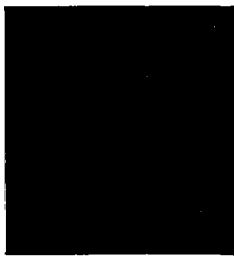
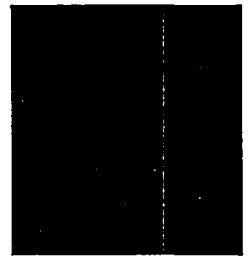
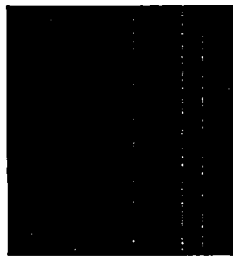
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WHAT'S IMPORTANT.





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DEPENDS ON WHO YOU ASK.



SCANA Corporation is an \$8 billion energy-based Fortune 500 company with a focus on serving all of our stakeholders well — our employees, our customers, our shareholders.

We're focused on operating a successful energy company, so you can be focused on the important things in your life.

It's not how you succeed; it's how you conduct business. It's not just about earning a profit; it's about earning customers' trust, employees' respect and shareholders' confidence. It's about planning well, taking care of customer needs and operating with integrity.

Whether you've been a shareholder for the past year, or among the many who have been with us for much longer, we think it's important for you to know that our strategy is not just for the next quarter, but for the next quarter century.

Our history reflects endurance and solid performance — a company you can count on.

And that's important.



Employees. Our frontline heroes. The kind of people you can depend on.

Whether it's taking a 6 a.m. outage call, helping a customer with a payment plan, or spending long hours in a nearby state to help restore power — our employees represent the heart of energy. From the hills of North Carolina, to the city of Atlanta, to the coastline of Charleston and Beaufort — the terrain may change, but the commitment to our customers remains the same.

We understand our employees are the key to serving our customers well. They own approximately 12.5 percent of our stock. That ownership is evident in the work they do.

Our customers can be assured we'll be there when they need us most. Whether it's reading meters, energizing a new transmission line or turning the valve for a new gas line, safety is a top priority. From post-9/11 security, to a focus on the reduction of accident frequency rates, day in and day out, safety is fundamental to our operations.

And that's important.

Living Our Values. SCANA was awarded Secretary of Labor Elaine Chao's EEO Opportunity Award. SCANA's support of our military personnel contributed to that honor, and to our receiving this year's South Carolina Governor's Family Friendly Workplace Award. These awards are a great affirmation of a team that understands the value of working together and serving our customers well.





Early Tuesday morning, Sept. 7, 2004, SCE&G sent 130 frontline employees to nearby states to aid in storm restoration. A 20-vehicle caravan drove more than 10 hours to Florida — where they spent 16-hour days for a five-day period in recovery efforts.

Our customers count on us for reliable power and professional, courteous customer service. And that's what we deliver. In a report titled "Customer Satisfaction in the Utility Industry 2004," Chartwell Inc., a leading utility industry research firm, profiled SCE&G for its consistently high customer satisfaction ratings.



Our customers. Local power for local people.

While this statement reflects a commitment to serving our electric customers well, it also represents our state of mind — and largely contributes to our success. In the competitive market of Georgia, we launched a 100% Satisfaction Guarantee, which is sure to be a new benchmark in the energy industry. In North Carolina, we have continued to expand our pipeline and have grown our business to over 400,000 natural gas customers.

SCANA is seeking to merge the recently constructed 18.5 mile interstate SCG Pipeline with South Carolina Pipeline Corporation. This merger will result in a federally regulated interstate pipeline company focusing solely on the natural gas transportation business — further streamlining these operations.

In South Carolina, we have completed a number of milestones, including bringing the 875 MW Jasper Generating Station online in May. The V.C. Summer Nuclear Plant was granted relicensing through 2042. Both of these projects have been significant contributors to the reliability of our system.

And that's important.

Doing What Is Right. During 2004, significant progress was made on the Lake Murray Dam remediation project. The backup dam is being built behind the existing dam to withstand the strongest earthquake that could be expected to strike the region. This project, which is slated for completion in Spring 2005, will help further ensure the safety of more than 150,000 customers downstream.



***Enduring Values.** SCANA has proven to be a stable investment. The financial charts on page 14 of this report vividly illustrate the relative strength and consistency of our Company's financial performance.*

Shareholders. Our investors. Those with a vested interest in our success.

The last five years have presented the world with extraordinary challenges, trials and tribulations — unlike anything experienced in recent history. Through good times and times of economic hardship, we have continued to operate in accordance with our values. Our focus has been on effectively executing and following a clear strategy. This approach has resulted in increased GAAP-adjusted net earnings, higher dividends and a growing stock price.

You told us what's important. And we've been listening.

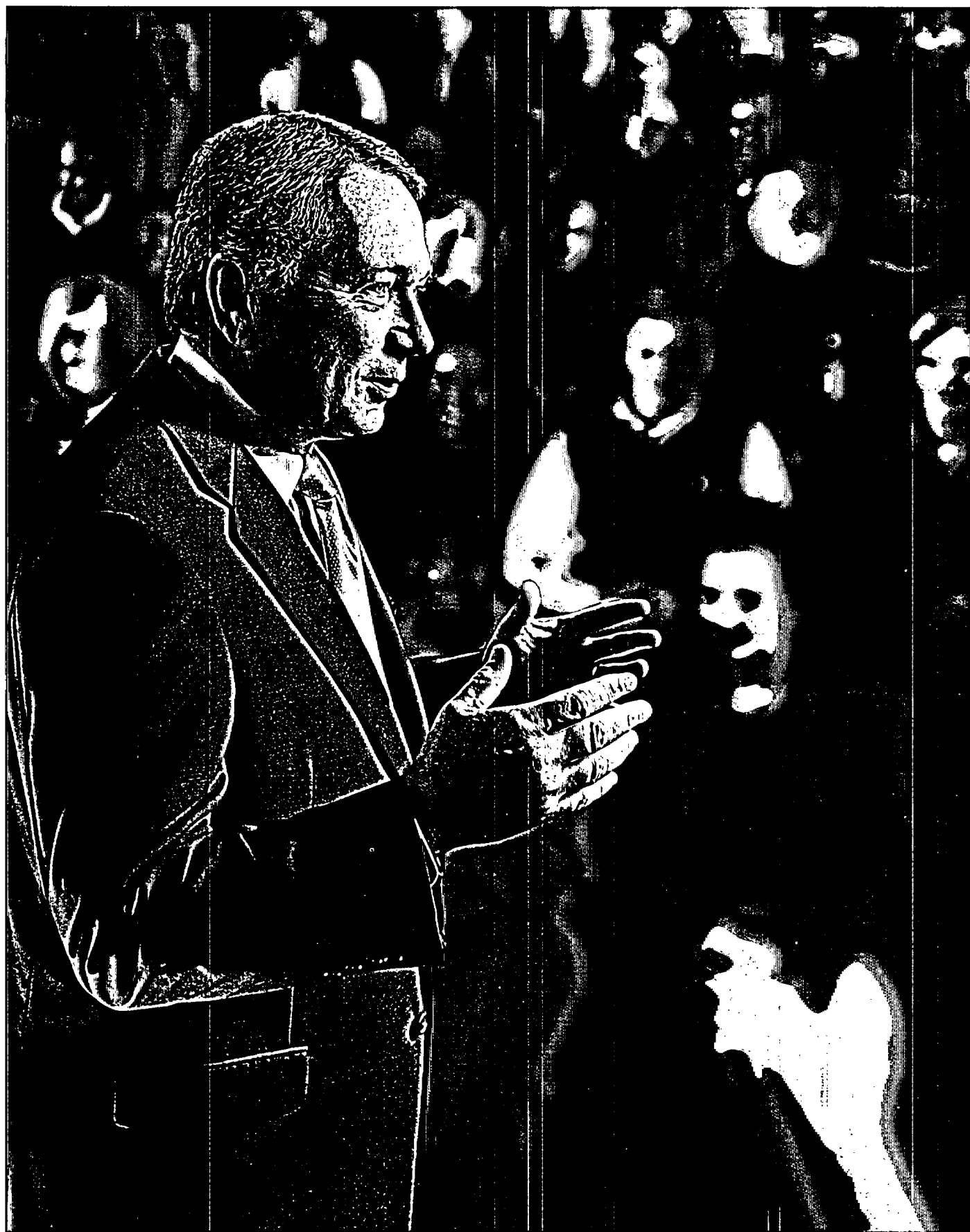
We hope your investment in SCANA continues to bring you peace of mind, so you can focus on the significant things in your life — friends, family and loved ones.

And that's important.





Our shareholders want to know their investment will be nurtured and grow strong — some pretty important people are depending on it. SCANA's five-year total return to shareholders nearly doubled the Dow Jones Utilities Index and was more than four times higher than the percentage return for the S&P Utilities index.



Letter To Shareholders

I hope you are pleased with the financial results that your Company achieved in 2004. We faced many unusual operating conditions during the year, primarily tied to an abundance of unusually severe weather. However, our employees did an excellent job adapting to the challenges and minimizing the impact on our customers. We escaped hurricane season intact. We are proud of our crews for their efforts in helping those in neighboring states who were devastated by the storms. Through it all, we remained committed to the four critical success factors which have guided our course over the past decade.

We achieved *profitable growth* for your investment by improving our service reliability and optimizing our cost structure. We developed cohesive, cost-effective solutions to customer needs. Through SCG Pipeline and a long-term contract for liquefied natural gas, we secured a cost-advantaged third source of natural gas supply for our businesses. The commercial launch of the 875 megawatt Jasper Generating Station in May gave us a state-of-the-art, highly efficient electric generating plant, and improved the balance of our electric production among nuclear, coal, natural gas and hydro generation. Finally, following our stated policy, we reflected that growth by increasing the cash dividend to you. Page 14 of this report reveals the market's positive reaction to our growth plans and our financial results.

Our focus on *customer service* also continues to pay dividends. Even in the wake of severe weather events, interrupted service was routinely restored in short order. After several years of drought, 2004's wet weather led to renewed and vigorous tree growth. We redirected resources to trim trees more frequently in our rights of way, allowing us to reduce problems with power restoration following major weather events. Our ongoing e-commerce efforts are paying off, too. More than 50,000 of our customers are now "paperless," which is more convenient for them and more cost-effective for us. Finally, customer satisfaction surveys by independent firms such as J. D. Power and TQS continue to place our Company at or near the top of industry rankings for overall customer satisfaction, corporate integrity and ease of doing business. We work tirelessly to improve our levels of service and satisfaction.

A key component of customer service is *operational reliability*. In that regard, our performance this past year was exceptional. A November 2004 report published in *Electric & Power Magazine* ranked three of our electric generating stations among the top 20 coal-fired plants nationwide for their efficiency in converting coal to electric energy.

V. C. Summer Nuclear Station continues to be an industry leader in its operating statistics as well. During 2004, V. C. Summer's capacity factor was 97.1 percent. Also in 2004, the Nuclear Regulatory Commission approved a 20-year extension of the plant operating license, meaning it can continue to produce electricity for our customers through 2042.



Similarly, the operating record of our natural gas pipelines and distribution systems was exceptional, contributing to our positive customer satisfaction results.

Only by having employees who are trained, focused and committed could we achieve the results I have described for our customers and shareholders. *Developing our people* is critical to our success. In 2004, we were recognized as the federal contractor of the year by the U.S. Department of Labor, and we won awards for our support of military reservists and National Guard personnel called away to active duty. Our employees had the lowest accident frequency rate in Company history, and one of the best in the industry. Their efforts, individually and collectively, create customer satisfaction. As a group, our employees own about 12.5 percent of the Company's common stock. Their focus on our four critical success factors is what creates our Company's visible financial value.

One final story to illustrate our commitment to our customers and our shareholders... several years ago, we were ordered by the Federal Energy Regulatory Commission to build a new dam behind the existing earthen dam at Lake Murray – a \$275 million construction project that would not generate or sell one extra kilowatt-hour of electricity. In preparing for this massive undertaking, we diligently sought ways to minimize the impact it would have on our financial statements and customer bills. I'm pleased to report that we have implemented a plan whereby our Company will utilize Federal income tax credits, earned from the use of synthetic fuels in some of our plants, to pay for the entire cost of the dam. In doing so, we avoided an estimated 3.5 percent increase to our customers' electric rates, which would have been a component of our prices for the next 30 years. Avoiding this price increase buttresses our competitive position as we pursue new industrial and large commercial loads arising from an improving service-area economy. I'd also note that by the time we hold our annual meeting in May of this year, the new dam should be substantially complete.

In the coming years, we'll face many economic, regulatory and environmental challenges. We will meet those challenges with the same diligence and focus that created the positive results outlined herein.

Respectfully submitted,



W. B. Timmerman
Chairman, President and CEO
February 21, 2005

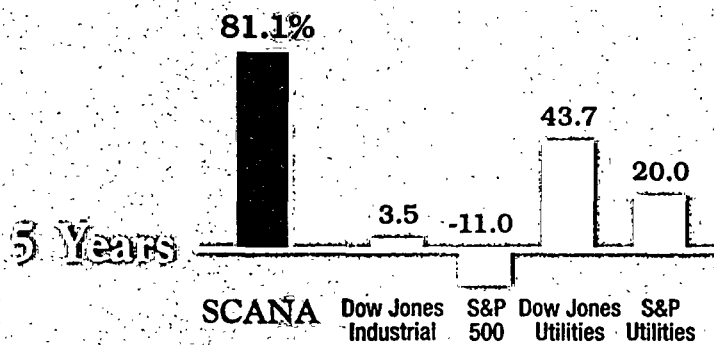
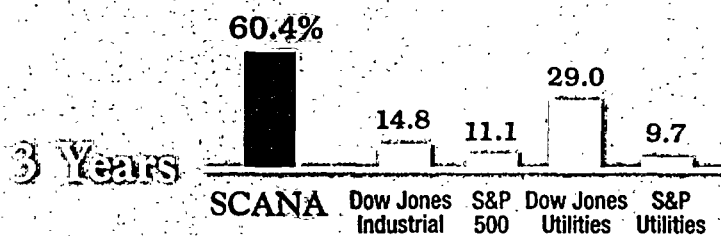
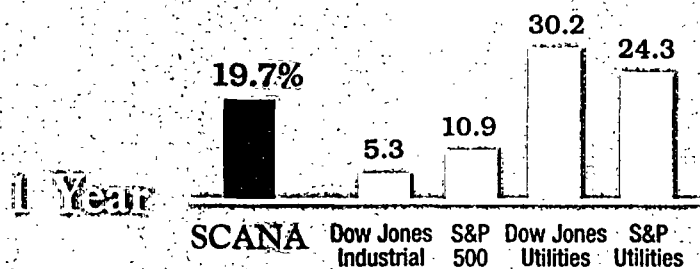




2004 Financial Review

Comparative Total Return Analysis

Change in stock price plus dividend for periods ended December 31, 2004



Our focus is providing reliable products and services
as well as a fair return to our shareholders.

For years ended December 31

\$2.30

2004 GAAP Earnings (Loss) Per Share

2003	2002	2001	2000
\$2.54	\$(1.34)	\$5.15	\$2.40

\$2.67

2004 GAAP-Adjusted Net Earnings
From Operations Per Share

2003	2002	2001	2000
\$2.50	\$2.38	\$2.15	\$2.12

25.03

2004 Total Electricity Sales
[Billions of Kilowatt Hours]

2003	2002	2001	2000
22.52	23.09	22.93	23.35

2.4

2004 Total Gas Sales
[Billions of Therms]

2003	2002	2001	2000
2.3	2.5	2.7	3.3

\$8.99

2004 Total Assets
[Billions of Dollars]

2003	2002	2001	2000
\$8.46	\$8.07	\$7.82	\$7.43

Selected Financial and Other Statistical Data

For the Years Ended December 31, [Millions of dollars, except per share amounts]	2004	2003	2002	2001	2000
Statement of Income Data					
Operating Revenues	\$ 3,885	\$ 3,416	\$ 2,954	\$3,451	\$3,433
Operating Income	596	551	514	528	554
Other Income (Expense)	(7)	75	(180)	550	44
Income Before Cumulative Effect of Accounting Change	257	282	88	539	221
Net Income (Loss)	\$ 257	\$ 282	\$ (142)	\$ 539	\$ 250
Common Stock Data					
Weighted Average Shares Outstanding [Millions]	111.6	110.8	106.0	104.7	104.5
Net Earnings (Loss) Derived from					
Operations (GAAP-Adjusted)	\$ 2.67	\$ 2.50	\$ 2.38	\$ 2.15	\$ 2.12
Gain (Loss)	(.14)	.35	.24	3.42	-
Investment Impairments	(.13)	(.31)	(1.79)	(.42)	-
Charge Related to Pending Litigation	(.10)	-	-	-	-
Cumulative Effects of Accounting Changes	-	-	(2.17)	-	.28
Basic and Diluted Earnings (Loss) Per Share (GAAP)	\$ 2.30	\$ 2.54	\$ (1.34)	\$ 5.15	\$ 2.40
Dividends Declared Per Share of Common Stock	\$ 1.46	\$ 1.38	\$ 1.30	\$ 1.20	\$ 1.15
Balance Sheet Data					
Utility Plant, Net	\$ 6,762	\$ 6,417	\$ 5,474	\$5,263	\$4,949
Total Assets	8,996	8,458	8,074	7,822	7,427
Capitalization:					
Common Equity	2,451	2,306	2,177	2,194	2,032
Preferred Stock	115	115	165	166	166
Long-term Debt, net	3,186	3,225	2,834	2,646	2,850
Total Capitalization	\$ 5,752	\$ 5,646	\$ 5,176	\$5,006	\$5,048
Other Statistics					
Electric:					
Customers [Year-End]	585,264	570,940	560,224	547,388	537,253
Total Sales [Million KWH]	25,031	22,516	23,085	22,928	23,352
Generating Capability-Net MW [Year-End]	5,817	4,880	4,866	4,520	4,544
Territorial Peak Demand-Net MW	4,574	4,474	4,404	4,196	4,211
Regulated Gas:					
Customers [Year-End]	691,067	670,770	655,669	645,749	637,018
Sales, Excluding Transportation [Thousand Therms]	1,124,555	1,205,730	1,354,400	1,183,463	1,389,975
Retail Gas Marketing:					
Retail Customers [Year-End]	472,468	415,573	374,872	385,581	431,814
Firm Customer Deliveries [Thousand Therms]	379,712	356,256	337,858	359,602	431,115
Non-regulated Interruptible Gas Deliveries [Thousand Therms]	917,875	735,902	852,608	1,119,719	1,506,057

Condensed Consolidated Balance Sheets

For the Years Ended December 31,
[Millions of dollars]

Assets

Utility Plant, net	\$ 6,762	\$ 6,417
Non-utility Property, net	104	96
Assets Held in Trust, net-Nuclear Decommissioning	49	44
Investments	63	178
Utility and Non-utility Property and Investments, net	6,978	6,735

Current Assets

Cash and temporary investments	120	117
Receivables, net	706	516
Inventories	270	213
Prepayments and other	53	47
Total Current Assets	1,149	893

Regulatory Assets and Deferred Debits

869 830

Total Assets

\$ 8,996 \$ 8,458

Capitalization and Liabilities

Common Equity	\$ 2,451	\$ 2,306
Preferred Stock [Not subject to purchase or sinking funds]	106	106
Total Shareholders' Investment	2,557	2,412

Preferred Stock, net [Subject to purchase or sinking funds]

9 9

Long-term Debt, net

3,186 3,225

Total Capitalization

5,752 5,646

Current Liabilities

Short-term borrowings	211	195
Current portion of long-term debt	204	202
Accounts payable and accrued liabilities	775	626
Total Current Liabilities	1,190	1,023

Regulatory Liabilities and Deferred Credits

2,054 1,789

Commitments and Contingencies

- -

Total Capitalization and Liabilities

\$ 8,996 \$ 8,458



Condensed Consolidated Statements of Operations

For the Years Ended December 31,
[Millions, except per share amounts]

	2004	2003	2002
Operating Revenues:			
Electric	\$ 1,688	\$ 1,466	\$ 1,380
Gas - Regulated	1,126	1,086	878
Gas - Nonregulated	1,071	864	696
Total Operating Revenues	3,885	3,416	2,954
Operating Expenses:			
Fuel used in electric generation	467	334	330
Purchased power	51	64	42
Gas purchased for resale	1,753	1,532	1,199
Other operation and maintenance	608	558	522
Depreciation and amortization	265	238	220
Other taxes	145	139	127
Total Operating Expenses	3,289	2,865	2,440
Operating Income	596	551	514
Other Income (Expense):			
Other income, including allowance for equity funds	40	67	71
Gain (Loss) on sale of assets and investments	(20)	61	40
Impairment of investments	(27)	(53)	(291)
Total Other Income (Expense)	(7)	75	(180)
Income Before Interest Charges, Income Taxes, Preferred Stock Dividends and Cumulative Effect of Accounting Change	589	626	334
Interest Charges, net of allowance for borrowed funds	202	200	199
Income Before Income Taxes, Preferred Stock Dividends and Cumulative Effect of Accounting Change	387	426	135
Income Taxes	123	135	36
Income Before Preferred Stock Dividends and Cumulative Effect of Accounting Change	264	291	99
Preferred Stock Dividends	7	9	11
Income Before Cumulative Effect of Accounting Change	257	282	88
Cumulative Effect of Accounting Change	-	-	(230)
Net Income (Loss)	\$ 257	\$ 282	\$ (142)
Basic and Diluted Earnings (Loss) Per Share of Common Stock:			
Before Cumulative Effect of Accounting Change	\$ 2.30	\$ 2.54	\$.83
Cumulative Effect of Accounting Change	-	-	(2.17)
Basic and Diluted Earnings (Loss) Per Share	\$ 2.30	\$ 2.54	\$ (1.34)
Weighted Average Shares Outstanding	111.6	110.8	106.0

Condensed Consolidated Statements of Cash Flows

For the Years Ended December 31,

[Millions of dollars]

Operating Activities:

Net income (loss)

Adjustments to reconcile net income (loss) to net cash provided from operating activities:

Cumulative effect of accounting change, net of taxes

Depreciation and amortization

Amortization of nuclear fuel

(Gain) Loss on sale of assets and investments

Impairment of investments

Hedging activities

Allowance for funds used during construction (AFC)

Other

Net Cash Provided From Operating Activities

Investing Activities:

Utility property additions and construction expenditures, net of AFC

Other investing activities

Net Cash Used In Investing Activities

Financing Activities:

Proceeds from common stock issuance

Proceeds from debt issuances

Debt repayments and stock repurchases

Dividends on preferred and common stock

Short-term borrowings, net

Net Cash Used In Financing Activities

Net Increase (Decrease) In Cash and Temporary Investments

Cash and Temporary Investments, January 1

Cash and Temporary Investments, December 31

2004 2003 2002

\$ 257 \$ 282 \$ (142)

- - 230

274 249 233

22 21 20

20 (61) (40)

27 53 291

11 4 42

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599 610 464

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117 305 150

\$ 120 \$ 117 \$ 305



Financial Summary

This Annual Report is a summary. Complete financial statements and an extensive review of SCANA's financial condition and results of operations are provided to shareholders of record as of March 10, 2005 as part of SCANA's proxy statement. They are also included in the 2004 Form 10-K filed with the Securities and Exchange Commission.

GAAP-adjusted net earnings from operations per share increased by \$.17 in 2004, from \$2.50 to \$2.67, primarily as a result of improved margins on sales of electricity and natural gas. These improvements were partially offset by increased operations and maintenance expenses, depreciation, property taxes and the dilutive effect of additional shares outstanding. In 2004, the Company also recorded losses of \$(.14) per share from the sale of its investments in Knology and ITC^DeltaCom, an impairment charge of \$(.13) per share related to its investment in Knology and a charge of \$(.10) per share related to pending litigation associated with the 1999 sale of the Company's propane assets. In 2003, the Company recorded a gain of \$.35 per share related to the sale of its investment in ITC Holding. This gain was partially offset by the recording of impairment charges of \$(.31) per share related to the investment in Knology.

Electric Operations. Sales margins increased in 2004 primarily due to an increase in off-system sales, more favorable weather, customer growth and increased consumption.

Gas Distribution. Sales margins decreased in 2004 primarily due to declines in customer usage and milder weather, partially offset by customer growth.

Gas Transmission. Sales margins in 2004 increased primarily due to higher transportation and reservation revenue as a result of new firm transportation contracts.

Retail Gas Marketing. Results of operations of Retail Gas Marketing improved in 2004 due to increased volumes and higher average retail prices.

Other Operating Expenses. Other operating expenses increased in 2004 primarily as a result of increases in labor and employee-benefit costs and operating costs associated with the Jasper County Generating Station (completed May 2004). Depreciation expense increased due to completion of the Jasper County Generating Station and other normal property additions. Other taxes increased primarily due to increased property taxes.

Other Income (Expense). Other expense in 2004 resulted primarily from losses on the sale of the Company's investments in Knology and ITC^DeltaCom, an impairment charge related to its investment in Knology and a charge related to pending litigation associated with the 1999 sale of the Company's propane assets. In 2003, the Company recorded a gain on the sale of its investment in ITC Holding, which was partially offset by the recording of impairments on the investment in Knology.

Interest Expense. Interest expense increased due to slightly higher levels of borrowings outstanding until the payment of maturing debt late in the year.

Cash Flows. In 2004 cash was provided from operations, from the sale of the Knology and ITC^DeltaCom investments and from the issuance of debt and equity securities. Cash was used to pay dividends, to repay debt and to fund construction of utility assets.



Board of Directors



Bill L. Amick
Chairman and CEO
Amick Farms, Inc.
Batesburg, SC



James A. Bennett
Executive Vice President
First Citizens Bank
Columbia, SC



William B. Bookhart, Jr.
Partner
Bookhart Farms
Elloree, SC



William C. Burkhardt
Chairman & CEO
Titan Holdings, LLC
Raleigh, NC



Elaine T. Freeman
Executive Director
ETV Endowment of SC, Inc.
Spartanburg, SC



D. Maybank Hagood
President and CEO
William M. Bird & Co., Inc.
Charleston, SC



W. Hayne Hipp
Chairman and CEO
The Liberty Corporation
Greenville, SC



Lynne M. Miller
President
Quanta Environmental
Claims Consulting
Reston, VA



Maceo K. Sloan
Chairman, President and CEO
Sloan Financial Group, Inc.
Chairman and CEO
NCM Capital Mgt. Group, Inc.
Durham, NC



Harold C. Stowe
President
Canal Holdings, LLC
Conway, SC



William B. Timmerman
Chairman, President and CEO
SCANA Corporation
Columbia, SC



G. Smedes York
President and Treasurer
York Properties, Inc.
Raleigh, NC

Directors Emeriti

William T. Cassels, Jr.; Hugh M. Chapman; James B. Edwards; Lawrence M. Gressette, Jr.; Benjamin A. Hagood; F. Creighton McMaster; Henry Ponder; John A. Warren



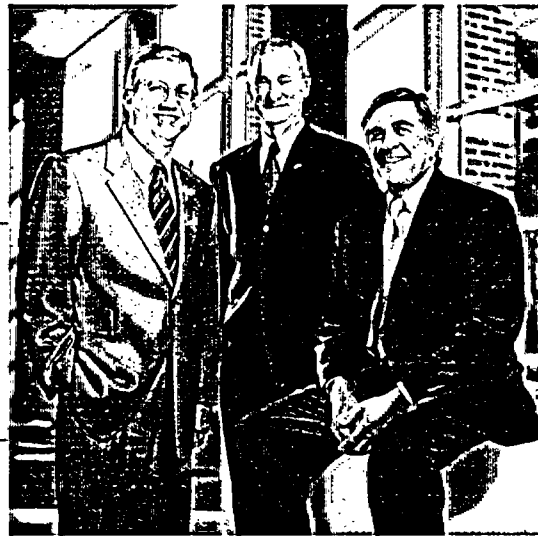
Senior Officers



Neville Lorick | Electric & Natural Gas Operations

Steve Byrne | Generation

Sharon Jenkins | Marketing & Communications



Kevin Marsh | Finance

Joe Bouknight | Human Resources

Charles McFadden | Governmental Affairs



George Bullwinkel, Jr. | Natural Gas Distribution;
Telecommunications

Paul Fant | SC Pipeline

Sarena Burch | Natural Gas/Coal Procurement and
Pipeline Capacity

Frank Mood | Legal



Investor Information

Corporate Headquarters

SCANA Corporation, 1426 Main Street, Columbia, SC 29201-2845,
Telephone: (803) 217-9000

Internet Access

Information about the Company, including stock quotes, financial reports, press releases and information on the Company's products and services, is available on SCANA's home page on the Internet at www.scana.com. Registered shareholders may also access a variety of information about their stock accounts 24-hours a day, seven days a week on the Company's Web site. From the Company's home page, click on Investor Information, then select Shareholder Online.

Annual Meeting

SCANA Corporation's 2005 Annual Meeting of Shareholders will be held at 9:00 a.m. Eastern Time on Thursday, May 5, at Leaside, 100 East Exchange Place, Columbia, South Carolina.

Common Stock

SCANA Corporation's common stock is listed and traded on the New York Stock Exchange (NYSE). The ticker symbol is SCG. Quotes may be obtained in daily newspapers under the listing SCANA. Current and historical stock price information is also available on the Company's Web site at www.scana.com.

Dividends

Dividends on SCANA's common stock and SCE&G's cumulative preferred stock are declared quarterly by the Company's board of directors, and are normally payable on the first day of January, April, July and October to shareholders of record on or about the 10th day of the preceding month.

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 shares of common stock through automatic reinvestment of all or a portion



of their cash dividends on SCANA's common stock and SCE&G's cumulative preferred stock and/or by making optional cash payments of up to \$100,000 per calendar year. The Plan also features a direct purchase provision through which investors can acquire their first shares of SCANA's common stock directly from the Company. A variety of other services, including direct deposit of dividends and safekeeping of share certificates, are also available. To receive a Plan prospectus and enrollment form, contact Shareholder Services.

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 cumulative 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.

Shareholder Services Questions

Questions concerning SCANA's 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 Shareholder Services Department:

SCANA Corporation

Attention: Shareholder Services (054)

Columbia, SC 29218-0001

(800) 763-5891 (24-hour toll-free Investor Line)

(803) 217-7817 (Columbia)

(Note: A Shareholder Services representative is available between 9:00 a.m. and 4:00 p.m. Eastern Time, Monday through Friday)

E-mail: shareholder@scana.com

Fax: (803) 217-7389



Form 10-K The Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the Securities and Exchange Commission are available free of charge on the Company's Web site at www.scana.com as soon as reasonably practical after the reports are filed. Copies of these reports may also be obtained without charge upon receipt of a written request. Requests for these reports should be directed to Shareholder Services as listed above.

Auditors

Deloitte & Touche LLP
Certified Public Accountants
1426 Main Street, Suite 820
Columbia, SC 29201-0001
Telephone: (803) 255-7000

Investor Relations Contact

H. John Winn, III
Director – Investor Relations &
Shareholder Services
Telephone: (803) 217-9240
Fax: (803) 217-7344
E-mail: jwinn@scana.com

Investors' Association

For information about this organization's activities, write to:
Assoc. of SCANA Corp. Investors
P.O. Box 32115
Charleston, SC 29417-2115

Trustee And Payment Agents

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

SCE&G First & Refunding Mortgage Bonds

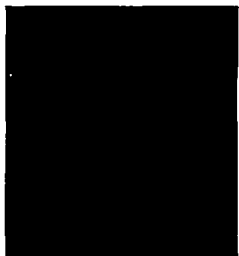
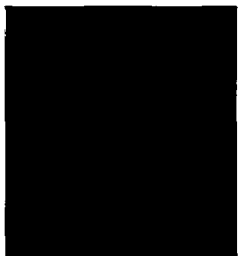
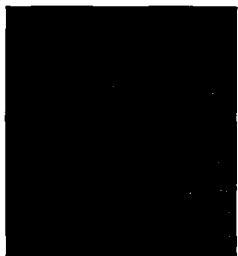
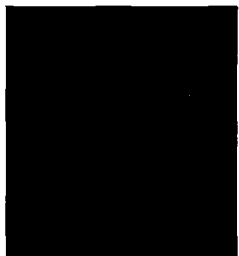
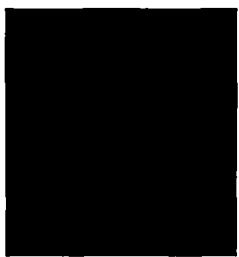
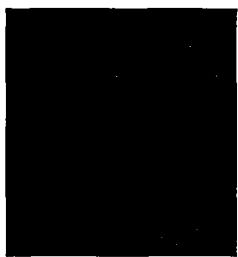
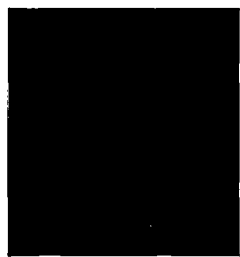
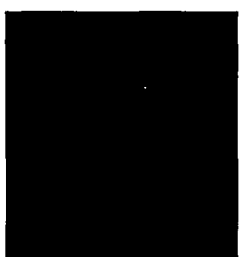
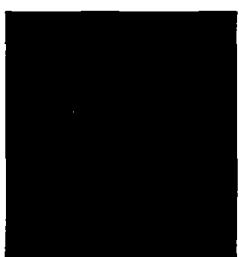
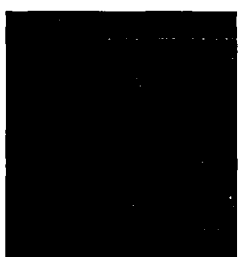
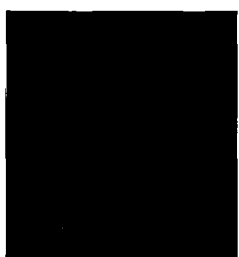
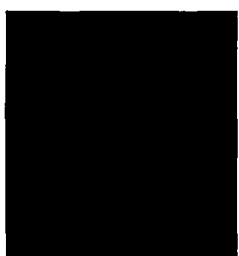
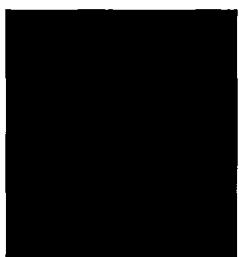
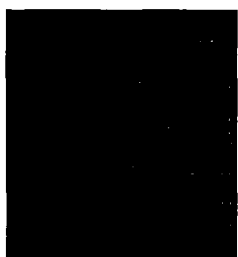
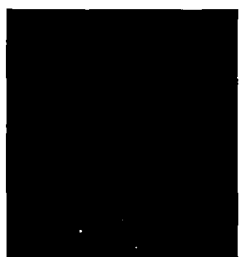
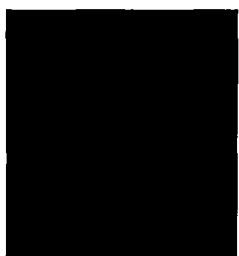
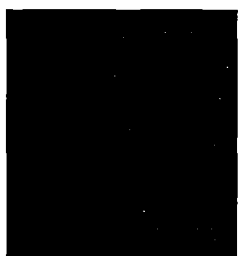
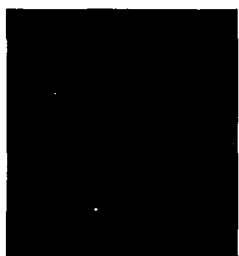
JPMorgan Chase Bank
Corporate Trust Dept - 15th Floor
4 New York Plaza
New York, NY 10004
Telephone: (800) 648-8380

SCE&G First Mortgage Bonds

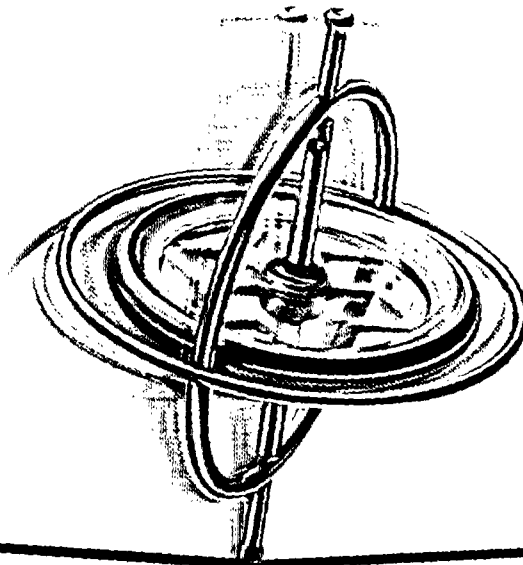
The Bank of New York, NA
101 Barclay Street, NY 10286
Telephone: (800) 254-2826

Statements included in this summary annual report which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: [1] that the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment, [2] regulatory actions or changes in the

utility and nonutility regulatory environment, [3] current and future litigation, [4] changes in the economy, especially in areas served by the Company's subsidiaries, [5] the impact of competition from other energy suppliers, including competition from alternate fuels in industrial interruptible markets, [6] growth opportunities for the Company's regulated and diversified subsidiaries, [7] the results of financing efforts, [8] changes in the Company's accounting policies, [9] weather conditions, especially in areas served by the Company's subsidiaries, [10] performance of the Company's pension plan assets, [11] inflation, [12] changes in environmental regulations, [13] volatility in commodity natural gas markets and [14] the other risks and uncertainties described from time to time in the Company's periodic reports filed with the SEC. The Company disclaims any obligation to update any forward-looking statements.







the power of balance



Santee
Cooper.

2004 Annual Report

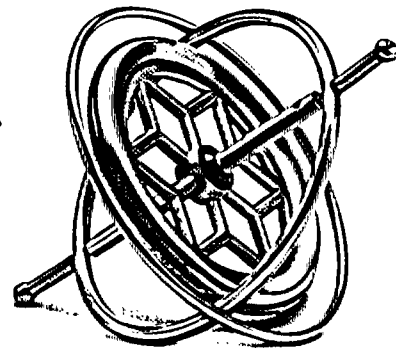
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The mission of Santee Cooper is to be the state's leading resource for improving the quality of life for the people of South Carolina.

To fulfill this mission, Santee Cooper is committed to: being the lowest cost producer and distributor of reliable energy, water and other essential services; providing excellent customer service; maintaining a quality workforce through effective employee involvement and training; operating according to the highest ethical standards; protecting our environment; and being a leader in economic development.

Staying on top of your game means preparing for change. It requires the unique business ability to balance the key operational, financial and customer issues in order to provide reliable, low-cost power with excellent customer service. At Santee Cooper, we're working hard to achieve this balance so that everyone benefits: our customers, our employees, our bondholders and our state.



Leadership working together to achieve the power of balance.

Santee Cooper, like the entire utility industry, has entered a new era. In today's environment we have the opportunity to continue providing excellent customer service while balancing the need for reliable, low-cost power and water.

This year brought forth many issues such as rising fuel costs, new generation construction, recognition of changing workforce dynamics and new regulations.

Even with the challenges facing the utility industry and Santee Cooper, we remain one of the most efficient, well-run utilities in the nation.

FINANCIAL STRENGTH

Everything is an element of balance, especially in the financial world. As a company with more than \$1 billion in revenue, it is important to remain financially strong, juxtaposed with the realities of changing business dynamics.

Santee Cooper is a stable and financially healthy utility, exemplified by positive ratings from the three major rating agencies. In 2004, we retained a rating of Aa2 from Moody's Investors Service, a rating of AA from Fitch Ratings and a rating of AA- from Standard & Poor's. Another illustration of our financial health is our debt to equity ratio, which today stands at about 70/30.

VALUE TO THE STATE

Santee Cooper provides value to the state through numerous avenues, all benefiting the people of South Carolina.

Santee Cooper does not receive any state appropriations as a state-owned utility. We continue to pay the state a sum in lieu of taxes, which is equal to 1 percent of gross revenues. This amounted to \$11.4 million in 2004.

Santee Cooper also committed to pay the state of South Carolina an additional \$13 million non-recurring payment in 2004. Installments of \$6.5 million were made in July and December.

We remain proactive in bringing industry to our service area while building relationships with our current industrial customers. We work hand in hand with Palmetto Economic Development Corporation (PEDC) to recruit industry to the state. PEDC coordinates the joint economic development efforts of Santee Cooper and the state's 20 electric cooperatives. In 2004, Santee Cooper and PEDC's economic development efforts resulted in \$486 million of new investment to the state, 4,842 new jobs and 53 megawatts of new electrical load.

Santee Cooper and the electric cooperatives of South Carolina are examining additional ways to use our resources to recruit new businesses and industries to the Palmetto State. This is just one of the many ways Santee Cooper balances its resources to continue to fulfill our mission of improving the quality of life for the people of South Carolina.

CUSTOMER GROWTH

Growth in Santee Cooper's service territory is strong. The number of customers signing up for power during the first five months of this year was equal to the total number signing up for power in all of 2003. We ended this year with 143,081 retail customers.

An example of the growth in our service territory is Carolina Forest, a development located between Myrtle Beach and Conway. It's becoming a small town with more than 7,000 Santee Cooper customers now residing in the approximately 13,500-acre development. The installation of the infrastructure needed to supply power to a new 5,000-unit phase of single and multi-unit homes in Carolina Forest is now under way. Providing core services to this development, and other such growing developments in our service area, is a cooperative effort between several agencies, making this a successful development that will benefit the local economy.

The commercial sector of Santee Cooper's customer base is experiencing similar growth patterns. Our wholesale and industrial customer segments continue to be strong. Forecasts show this level of growth continuing. Santee Cooper is balancing this growth with smart planning in all customer classes to determine generation needs.

OPERATIONAL EXCELLENCE

We're proud of the fact that we generate, transmit and deliver some of the most reliable power in the United States. Our generation availability was 91.6 percent and our transmission and distribution reliability rate was 99.995 percent. Our overall customer satisfaction rating was just as impressive at 95.2 percent.

To maintain these high marks, we must ensure we can provide and deliver the power our customers expect. To plan for future needs, Santee Cooper is undergoing one of the largest capital expenditure programs since the company began electric power generation in 1942.

The excitement regarding our construction is tempered by the reality of increasing fuel costs. Santee Cooper is working to balance fuel costs with reliable power. Increasing fuel costs will likely be the largest customer issue Santee Cooper, and the utility industry, will face for the next few years. This is a serious issue requiring ongoing and focused attention.

Environmental stewardship also deserves our attention because it is important to us. Santee Cooper is working to strike a balance between challenging new regulations regarding environmental issues and our ability to produce low-cost power.

OUR COMMITMENT

Santee Cooper continues to compare favorably with its peers on many key utility indicators such as electric operations and maintenance cost, total sales per employee, total production cost, total distribution cost and total generation cost per MWh sold.

Rest assured, we remain committed to focusing on the essentials of our business — low-cost and reliable power and water, excellent customer service, safety and value to the state.

These corporate goals remain at the heart and soul of Santee Cooper. While business factors change, one thing will always remain steady — our rock-solid desire to make Santee Cooper the best electric utility in South Carolina. On that, you have far more than our commitment to balance the business factors...you have our promise.



GUERRY E. GREEN
CHAIRMAN
BOARD OF DIRECTORS

A handwritten signature in dark ink, appearing to read "Guerry E. Green".



LONNIE N. CARTER
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

A handwritten signature in dark ink, appearing to read "Lonnie N. Carter".

DIRECT RETAIL SERVICE

At the end of 2004, Santee Cooper was serving 143,081 residential, commercial and other retail customers located in Berkeley, Georgetown and Horry counties. This was an increase of 3.8 percent over 2003. Sales to these retail customers were 3,435 gigawatt-hours, up 5.4 percent from the previous year.

WHOLESALE

Sales to Central Electric Power Cooperative Inc. and their member cooperatives remained essentially consistent. Central is Santee Cooper's largest single customer. These electric cooperatives distribute power to approximately 650,000 customers in all 46 counties of the state.

Santee Cooper also provides electricity to the municipalities of Bamberg and Georgetown. Gigawatt-hour sales to these municipalities increased 10.7 percent.

MILITARY AND LARGE INDUSTRIAL

Gigawatt-hour sales to the utility's 31 large industrial customers and the Charleston Air Force Base were up 3.1 percent over the previous year.

comparative highlights

Calendar Year	2004	2003	% Change
Total Revenues & Income	\$1,166,030	\$1,057,586	9%
Total Expenses & Interest Charges	1,073,529	973,327	9%
Other	10,373	(15,411)	249%
Reinvested Earnings	\$102,874	\$68,848	33%
Debt Service Coverage	1.81 times	1.86 times	
Debt/Equity Ratio	71/29	68/32	

Financial (in thousands of dollars)

Calendar Year	2004	2003	2002	2001	2000
Total Electric Revenue (in thousands of dollars)	1,146,578	1,043,776	1,029,124	968,795	858,457
Interdepartmental Sales of Electricity and Water	(280)	(242)	(260)	(300)	(260)
Total Electric Revenue-Net of Interdepartmental Sales (in thousands of dollars)	1,146,298	1,043,534	1,028,864	968,495	858,197
Water System	4,711	4,400	4,471	4,544	4,219
Total Operating Revenues (in thousands of dollars)	1,151,009	1,047,934	1,033,335	973,039	862,416
Operating & Maintenance Expenses Charged to Operations (in thousands of dollars)	763,161	675,276	646,403	627,493	541,515
Sums in Lieu of Taxes Charged to Operations ⁽¹⁾ (in thousands of dollars)	3,029	2,904	2,975	2,521	2,490
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	24,175	10,486	10,315	9,216	8,497
Net Operating Revenues Available for Debt Service (in thousands of dollars)	398,828	382,867	403,678	366,435	354,114
Reinvested Earnings (in thousands of dollars)	102,874	68,848	81,965	66,510	74,817
Energy Sales (in gigawatt-hours)	24,451	24,060	24,121	22,400	22,139
Number of Customers (at year end)					
Retail	143,081	137,823	134,299	130,897	128,513
Military and Large Industrial	32	32	33	33	35
Wholesale ⁽²⁾	4	4	4	5	4
Total	143,117	137,859	134,336	130,935	128,552
Summer Peak Generating Capability, (net megawatts)	4,499	4,277	4,259	3,520	3,518
Generation: Coal	19,160	19,010	18,628	18,365	19,133
Nuclear	2,745	2,445	2,455	2,243	2,113
Hydro	432	670	253	220	301
Natural Gas	1,674	1,191	2,256	174	—
Oil	31	26	35	54	106
Landfill Gas	23	22	15	4	—
Total (in gigawatt-hours)	24,065	23,364	23,642	21,060	21,653
Purchases, Net Interchanges, etc. (in gigawatt-hours)	1,070	999	583	1,445	170
Total Territorial Energy Sales (in gigawatt-hours)	25,135	24,363	24,225	22,505	21,823
Territorial Peak Demand (in megawatts)	5,088	5,373	4,795	4,803	3,876

Notes:

(1) Amounts accrued for payment to the municipalities as franchise fees are not included. Amounts totaled \$3,237,000 for 2004, \$3,114,000 for 2003, \$2,648,000 for 2002, \$2,679,000 for 2001, and \$2,544,00 for 2000.

(2) Does not include non-firm sales to other utilities.

Delivering low-cost power
by balancing supply
and demand.

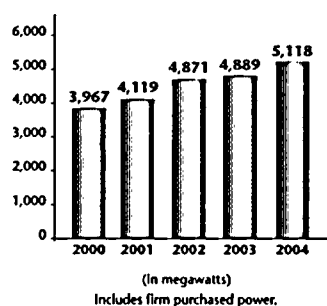


It's a balancing act —
providing reliable and
dependable power
while keeping rates low.
And the company's
customers depend on it.

To meet and properly prepare for the
power needs of the Palmetto State,
Santee Cooper uses smart planning to
find ways to provide reliable, low-cost
power and water effectively and efficiently.
That's the power of balance.

Since Feb. 17, 1942, when Santee Cooper first generated electricity, the utility has become the source of power for almost two million South Carolinians.

CAPACITY



Santee Cooper works to make South Carolina a great place to live and work by providing reliable, low-cost power. Santee Cooper's 2004 reliability factors are well above national averages.

Rising fuel costs are a major issue facing Santee Cooper today. Management stays focused on reducing these costs while balancing customers' expectations of reliable, low-cost power.

Rising fuel costs have touched every aspect of the economy, including Santee Cooper. Over the past several years, gas prices have escalated 250 percent with the cost of coal rising 80 percent. A host of external factors such as increased demand, competition, heightened volatility, a dip in production, coal company bankruptcies and transportation delivery issues has led to increased coal and oil prices.

The slow delivery of coal has, in part, contributed to a low supply of the fuel in

the stockpiles at Santee Cooper's generating stations. In mid-2004, stockpiles were lower than desired levels. With the industrious work of Santee Cooper's employees, stockpile levels have improved considerably from the summer levels.

At Santee Cooper, fuel costs are passed along to all customers, appearing on most monthly electric bills as a fuel adjustment. For the first time in many years, this line item appears as a charge, not a credit, on a customer's bill. Santee Cooper continues to cut expenses, keep employment numbers steady and communicate energy efficiency measures to help offset the rising fuel costs.

Keeping fuel expenses in check is crucial, especially since the utility's fuel mix is largely dependent on fossil fuels.

Santee Cooper is balancing the need to diversify the fuel mix. Solar, wind and nuclear power are a few technologies being researched as alternative ways to reduce

fuel costs and maintain reliability. Santee Cooper now has 6.3 percent of its fuel mix from nuclear power provided by the V.C. Summer Nuclear Station.

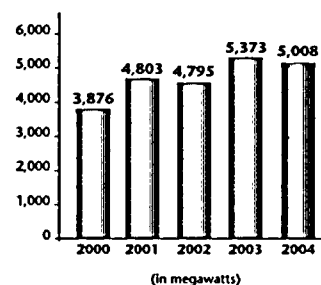
Part of the utility's fuel mix includes hydro, Santee Cooper's first source of power when it began generating electricity. The Federal Energy Regulatory Commission issues Santee Cooper's licenses to operate its hydro facilities. Santee Cooper's license for its Jefferies Hydroelectric Station expires in 2006, and the company is working to have that facility relicensed. This hydro facility is a positive example of balancing investment, quality of life and recreation.

Lake Marion and Lake Moultrie, known as the Santee Cooper Lakes, with 160,000 acres and 756 billion gallons of water, provide South Carolinians many recreational opportunities, such as fishing, hunting, swimming, camping, boating and skiing. South Carolinians can enjoy the natural wonder of these lakes because Santee Cooper balances the need for water as a source of power with the desire for recreational opportunities.

These lakes are a source of water for many South Carolinians. With water received from the Santee Cooper Regional Water System, the Lake Moultrie Regional Water Agency provides water to four governmental entities in South Carolina's Lowcountry, serving about 119,000 people. These entities are the Berkeley County Water & Sanitation Authority, city of Goose Creek, Moncks Corner Public Works Commission and Summerville Commissioners of Public Works.

A proposed Lake Marion Regional Water Agency will provide water to portions of five counties surrounding Lake Marion. Groundbreaking on the \$100 million system is set for early 2005. Santee Cooper is facilitating development of the water system.

TERRITORIAL PEAK DEMAND

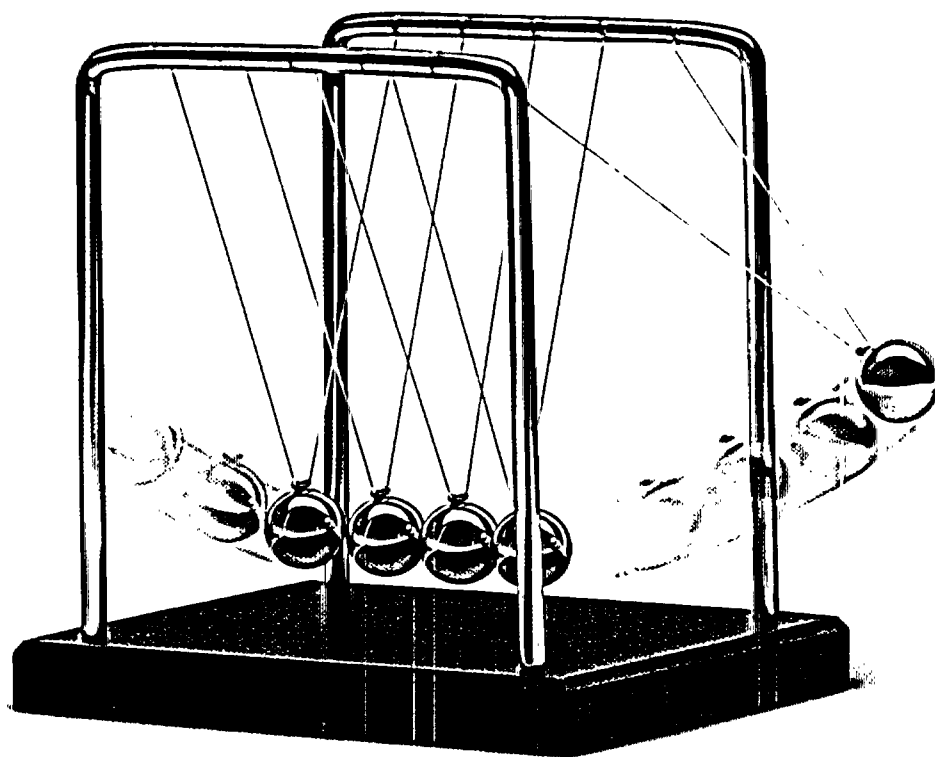


Coal and gas costs have risen dramatically over the past few years. In my position, I diligently look for ways to help trim these fuel costs so that Santee Cooper can continue to provide reliable, low-cost power to our customers.

Julie Kizer | Financial Analyst III, Wholesale Markets



Continuing the steady
balance of high bond ratings
and exemplary customer service.



Santee Cooper works hard to maintain some of the highest customer satisfaction ratings among electric utilities across the nation.

This is accomplished by trained, dedicated employees

who meet the electricity demands of all of the utility's customer classifications including retail, wholesale and industrial.

Balancing excellent customer service with favorable marks from Wall Street provides opportunities and challenges for the utility.

That's the power of balance.

Santee Cooper focuses on financial balance. Keeping bond ratings high while delivering excellent customer service remains a goal in Santee Cooper's strategic plan.

Managing assets and resources is key to Santee Cooper maintaining its financial health. With a debt to equity ratio of about 70/30, Santee Cooper's financial strength is solid.

Maintaining a strong financial position and credit rating allows Santee Cooper access to capital markets for expansion while keeping costs low.

Selling and refunding bonds allows Santee Cooper the ability to take advantage of attractive interest rates to help lower debt costs. This is looked upon favorably by Wall Street. In 2004, Santee Cooper retained a rating of Aa2 from Moody's Investors Service, a rating of AA from Fitch Ratings and a rating of AA- from Standard & Poor's. Long-term plans are in place to ensure the financial stability of Santee Cooper.

The board of directors approved the sale of approximately \$450 million in Revenue Obligation Bonds in April. The Series 2004 A and B issues included tax-exempt and taxable debt. The proceeds are primarily being used to fund construction of Cross Station's Unit 3 and Unit 4.

In summer 2004, Santee Cooper once again offered mini-bonds, an investment exempt from South Carolina and federal income taxes. The mini-bonds were sold directly to residents of South Carolina, Santee Cooper customers, members of electric cooperatives in the state and electric customers of the cities of Bamberg and Georgetown. Two types of bonds were offered: the Capital Appreciation Mini-Bond in \$200 denominations and the Current Interest Bearing Mini-Bond in \$500 denominations. More than \$27.9 million in mini-bonds were sold, and the proceeds will be used to fund portions of Santee Cooper's ongoing capital improvement program.

Then, in August, the board of directors approved the sale of more than \$125 million worth of refunding bonds. Santee Cooper refunded portions of the 1995 A, 1995 B and the 1996 A Refunding Series. This is a forward delivery, meaning the bonds sold will not be delivered until October 2005, generating \$11,555,003 in net present value savings.

Positive bond ratings balanced with low electric rates are signals of financial success. Santee Cooper's customers have come to expect low electric rates as well as excellent customer service.

The utility's customers continually give high scores for customer service as well as reliability. Santee Cooper monitors all ratings to ensure it is meeting the needs of its key audiences. This year's customer satisfaction rating for retail service was 99.4 percent. This is well above the national average of 90.1 percent.

Customer growth has been rapid since 2001, especially in the Grand Strand area of South Carolina where Santee Cooper is the service provider. This area has been named a favorite travel destination by readers of *Southern Living*. The magazine's readers also named the Grand Strand area the South's second-favorite beach and the third most-popular family destination. Horry County has been named the 13th fastest-growing area in the nation with the population growing 36 percent in the last decade.

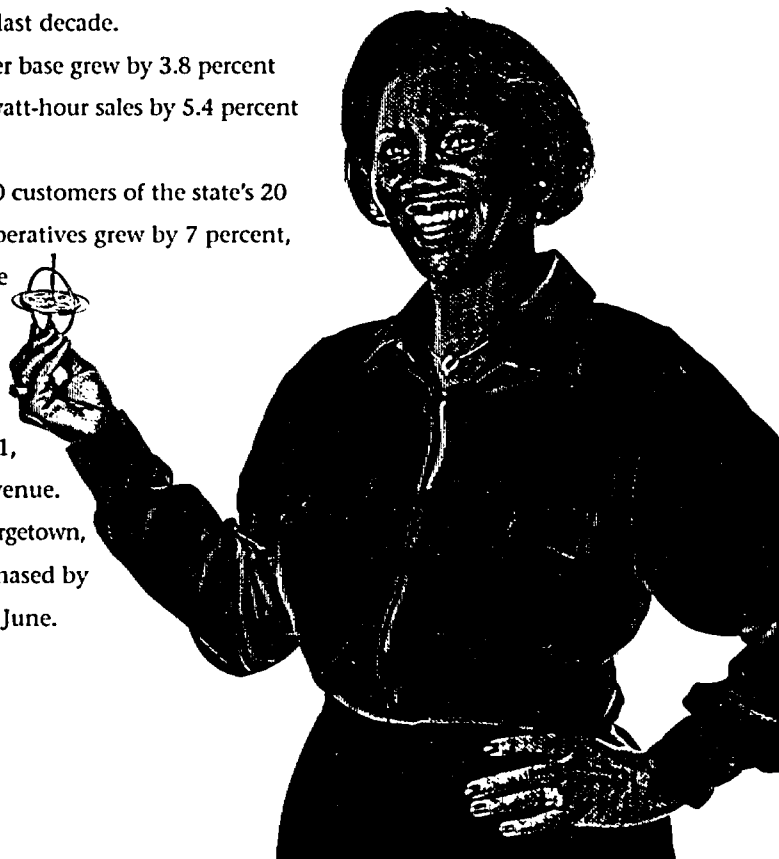
Because of the growing population, Santee Cooper's customer base grew by 3.8 percent for a total of 143,081 retail customers in 2004, increasing gigawatt-hour sales by 5.4 percent over last year.

Santee Cooper is also the source of power for almost 650,000 customers of the state's 20 electric cooperatives. Kilowatt-hour sales to these electric cooperatives grew by 7 percent, which resulted in 51 percent of Santee Cooper's electric revenue for 2004. The collaborative effort between Santee Cooper and the cooperatives is representative of the positive teamwork ensuring excellent customer service.

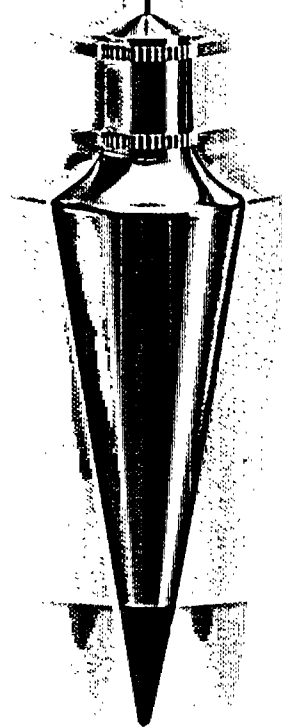
On the industrial front, the number of customers totals 31, accounting for 26 percent of Santee Cooper's 2004 electric revenue. An example of one such industrial customer is a steel mill in Georgetown, S.C. that closed in 2003. It reopened in 2004 after being purchased by the International Steel Group Inc. in a bankruptcy auction in June.

Santee Cooper consistently earns high marks for its excellent customer service. I help customers find ways to manage electricity usage and costs as well as educate them about our new services.

Bonnie Manigo
Customer Services Representative
Garden City



Preparing for the **future** with a
balance of high expectations
and steady **e x p a n s i o n**.



Providing reliable, low-cost power and water is why Santee Cooper exists.

The company focuses on building new infrastructure to meet customer demand while remaining stewards of Mother Nature.

The residents of the Palmetto State rest easy knowing Santee Cooper is planning for the future while protecting the past. That's the power of balance.

steady expansion

Public power remains just as viable today as it was when first introduced in 1882. Santee Cooper was built in the Depression era to bring electricity to rural South Carolina.

In the mid-1940s, Santee Cooper had almost 6,000 retail customers. Now, that number exceeds 143,000. In all, some 1.9 million South Carolinians use reliable, low-cost power generated by Santee Cooper.

To continue generating and delivering this reliable power to the growing customer base, Santee Cooper is investing more than \$1.4 billion to build additional generation at

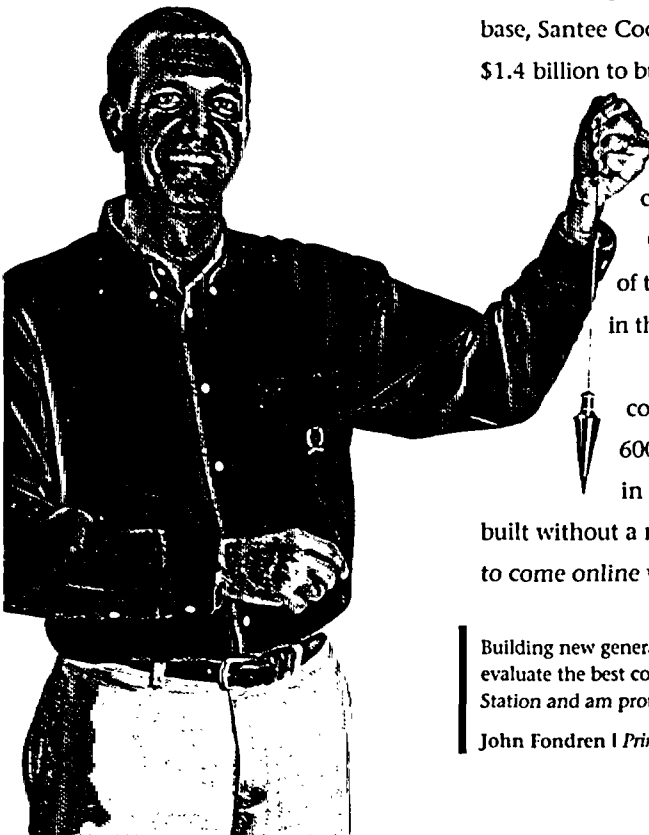
the Cross Generating Station in Cross, S.C., the largest capital expenditure in Santee Cooper's history. This is one of the largest capital investments in the state's economy and future.

Construction on the two coal-fired units, each with a 600-megawatt capacity, began in 2004. These units, being built without a rate increase, are expected to come online within budget and on time.

At the end of 2004, Unit 3's construction was on track and approximately 50 percent complete. It has an operation date of January 2007. Unit 4's construction is well underway, and will be operational in January 2009. At that time, Santee Cooper will be the largest generator of electricity in South Carolina.

This additional generation, bringing Santee Cooper's capacity to 5,700 MWs, will help lower future fuel costs by lessening the need to buy and use purchased power and natural gas.

Transmission and distribution lines, as well as substations, deliver reliable, low-cost power expected by customers. During 2004, Santee Cooper constructed and energized 15 new miles of transmission lines for a system total of 4,432 miles and 76 new miles of distribution lines for a total of 3,334 miles, all necessary to bring electricity to the Palmetto State's growing population.



Building new generation helps Santee Cooper provide the reliable power our customers expect. I work to evaluate the best combination of cost, quality and schedule of the current construction at Cross Generating Station and am proud to help meet the future energy needs of this growing state.

John Fondren | Principal Engineer, Station Construction

Santee Cooper is ever mindful of balancing the stringent expectations of being an environmental steward with reliable, low-cost power. Protecting the state's environment plays an important role in the company's planning for new facilities. Santee Cooper is proud to operate some of the cleanest coal-fired generating stations in the country. In fact, 88 percent of Santee Cooper's coal-fired generating units will have state of the art emission control equipment by 2009. Since 1999, Santee Cooper has decreased its system emissions rates by 16 percent for nitrogen oxide (NO_x) and by 21 percent for sulfur dioxide (SO₂), in part due to new emission control equipment. Of the Southeast's seven scrubbed units, five are owned and operated by Santee Cooper. Scrubbers work to remove SO₂ from power plants so that the emissions are not released into the atmosphere. Cross Station's Units 3 and 4 are being built with no net increase in NO_x or SO₂ emissions at the facility.

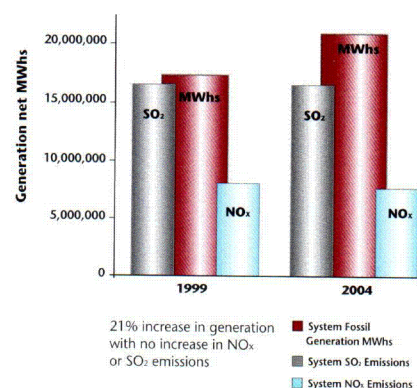
Other examples of Santee Cooper's environmental stewardship are the Give Oil For Energy Recovery (GOFER) program and Green Power. The GOFER program, in place since 1990, provides do-it-yourself oil changers a place to safely dispose of used motor oil. In 2004, Santee Cooper collected 900,000 gallons of used oil from more than 560 sites and used the oil to generate electricity.

The utility's Green Power program continues to be successful. Santee Cooper took a potent greenhouse gas, methane gas, and turned it into a fuel source. Santee Cooper currently generates 3.3 MWs of Green Power with plans for three additional methane-gas-to-electricity generating units, one each in Anderson, Lee and Richland counties, initially adding 16 MWs to Santee Cooper's grid in 2005. More than 2,600 industries, businesses and homeowners all across the state have joined the effort to protect the environment by purchasing green power. Twelve cooperatives and one municipality in South Carolina promote and sell Green Power with several more expected next year.

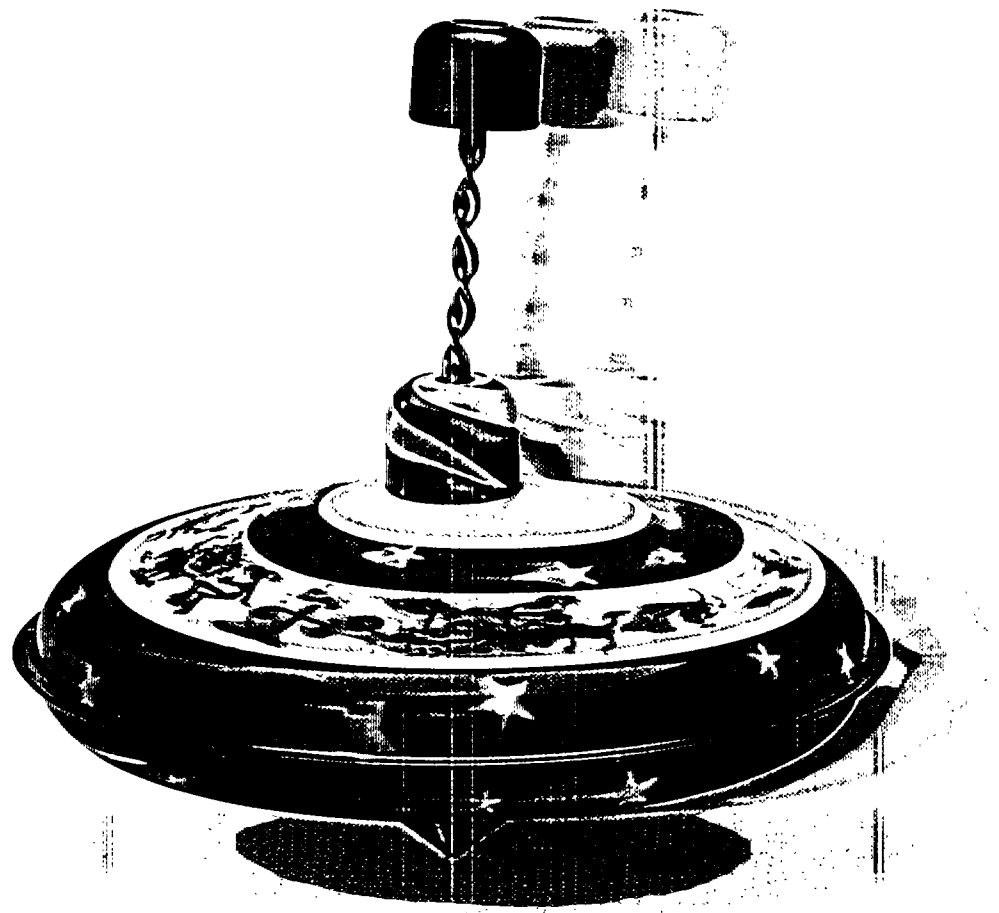
Technology plays an important role in finding ways to balance protecting the environment with generating reliable, low-cost power. Santee Cooper aims to remain a technology leader in all aspects of its business.

One such service technology being researched is broadband, a common term for a high bandwidth Internet connection. Santee Cooper is analyzing this technology to determine how and if it may help the company continue to provide reliable, low-cost power.

GENERATION VS. EMISSIONS



Balancing our workforce with
new talent and strong leaders.



Santee Cooper's
employees successfully
balance the wisdom of
tenured leaders with the
fresh thinking of new talent
to help the utility provide
reliable power to the
citizens of South Carolina.

The employees work diligently to improve
the way Santee Cooper does business and
to enhance the quality of life in the state.

It's that culture of excellence and teamwork
that makes Santee Cooper a family.

That's the power of balance.

Over the utility's 70-year history, Santee Cooper has employed dedicated people with a strong work ethic.

That still holds true today, as the company's 1,734 employees form a dependable workforce who provide reliable, low-cost power.

The challenge lies in the fact that the electric utility industry is facing an aging workforce, as is Santee Cooper. About 25 percent of current Santee Cooper employees are eligible to retire in the next five years. Since these employees hold a wealth of institutional knowledge, plans are in place to transfer this knowledge to other employees.

Santee Cooper's executive management team, with 112 collective years of public power experience, is planning for these retirements by attracting new employees. Employees entering the Career Foundations Program have the opportunity to hone their skills, to learn about the utility, and to determine a career path with the company. In 2004, five employees joined the program, bringing a variety of experience from engineering to business to procurement.

As a leader in technology, Santee Cooper is making use of the Internet to help find qualified employees. In 2004, a new Web-

based program was put into place. The system, known as e-Recruiting, helps expedite the application process for potential employees as well as provide Santee Cooper with a comprehensive database.

The utility continues its commitment to be an Equal Opportunity Employer. This is an endeavor that has not gone unrecognized. The South Carolina Human Affairs Commission has reported to the General Assembly that Santee Cooper is ranked no. 1 for obtaining 100 percent of its Affirmative Action Goals for the 2004 reporting year. Santee Cooper has maintained this achievement over the past five years and works diligently to retain it.

To remain a competitive employer, Santee Cooper offers a variety of benefits to retain employees and to entice new talent. The company affords training opportunities to help employees reach their full potential and use their skills to help Santee Cooper remain competitive. Other benefits include a tuition-aid program, an attractive insurance package and competitive compensation.

Santee Cooper makes every effort to be the place where people want to build a career, not just have a job.

Santee Cooper employees kept pace with the many events occurring during the year. During the active 2004 hurricane season, hurricanes Charley and Gaston caused considerable damage to Santee Cooper's service area. The duration of the outages caused by these storms was short due to the dedication of the employees and reliability of the electric system. New construction and customer growth added to the workload, and employees successfully balanced the requirements of the additional workload with normal work needs.

The employees of Santee Cooper will again be asked to do more with less in 2005 due to budget reductions. Employment levels will remain steady, while at the same time planning for future retirements. Even with the additional products and services Santee Cooper offers and the construction of new generation, employee numbers have remained relatively flat since 1990.

Santee Cooper's employees are the heart and soul of the company, and their safety is valued. The utility's safety record has consistently been one of the best among public power utilities. Continued success of the utility is dependent on employees' safe work practices.

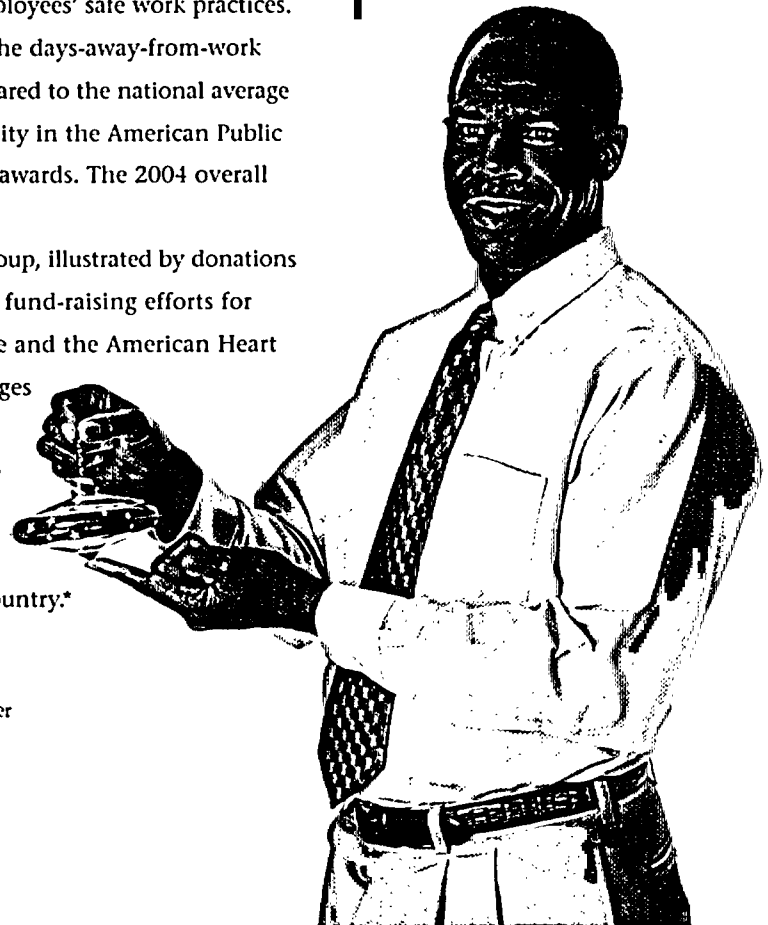
In 2004, Santee Cooper's overall incident rate was 2.4. The days-away-from-work incident rate was 0.23. These rates are consistently lower compared to the national average for electric utilities. Santee Cooper has had 40 years of eligibility in the American Public Power Association's safety contest and has earned numerous awards. The 2004 overall incident rate is the third-best record over those 40 years.

Santee Cooper employees are a generous and charitable group, illustrated by donations of their time and money. In 2004, employees participated in fund-raising efforts for the United Way, the American Cancer Society's Relay for Life and the American Heart Association's Heart Walk, just to name a few. Employee pledges for four 2005 United Way campaigns totaled \$265,000.

It is the flexible, well-trained, dedicated employees of the Santee Cooper family who make sure South Carolinians have reliable, low-cost power. They balance what it takes to make the company the second-largest public power utility in the country.*

I enjoy my volunteer work in the local schools, and I appreciate Santee Cooper for providing me these opportunities. Santee Cooper understands the importance of giving back to the communities in which it serves.

Linwood Nesmith
Supervisor
Mechanical Maintenance
Winyah Generating Station



* The ranking is based on generation, according to the American Public Power Association's 2005-06 Statistical Report.

financials

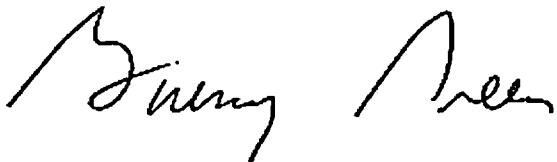


The Finance-Audit Committee of the Board of Directors is composed of five independent directors: Guerry E. Green, chairman, Paul G. Campbell, G. Dial DuBose, Keith D. Munson and one vacancy.

The Committee meets monthly with members of management and Internal Audit to review and discuss their activities and responsibilities.

The Finance-Audit Committee oversees Santee Cooper's financial reporting and internal auditing processes on behalf of the Board of Directors. Periodic financial statements and reports from management and the internal auditors pertaining to operations and representations were received. In fulfilling its responsibilities, the Committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The Committee discussed the Company's financial statements and the adequacy of its system of internal controls.

The Committee met with the independent public accountants and with the General Auditor, without management present, to discuss the results of the examination, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

A handwritten signature in black ink, appearing to read "Guerry E. Green". The signature is fluid and cursive, with the first name "Guerry" being more prominent than the last name "Green".

Guerry E. Green
Chairman
Finance-Audit Committee

management's discussion and analysis

Overview of the Financial Statements

In June 1999 the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." The objective of this Statement is to enhance the understandability and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. This Statement was effective for the Authority beginning in fiscal year 2001.

By definition within this Statement, Santee Cooper is deemed a proprietary or enterprise fund, in which a government entity operates like a business. GASB 34 requires the following components in a governmental entity's annual report.

Management's Discussion and Analysis – The purpose is to provide an objective and easily readable analysis of the Authority's financial activities based on currently known facts, decisions, or conditions.

Statement of Net Assets – Assets and liabilities of proprietary funds should be presented to distinguish between current and long-term assets and liabilities.

Statement of Revenues, Expenses and Changes in Net Assets – This statement provides the operating results of the Authority broken into the various categories of operating revenues and expenses, non-operating revenues and expenses, as well as revenues from capital contributions.

Statement of Cash Flows – Sources and uses of cash are classified using the direct method as resulting from operating, non-capital financing, capital and related financing or investing activities.

Notes to the Financial Statements – The notes are used to explain some of the information in the financial statements and provide more detailed data.

Financial Highlights		
	2004	2003
	(Thousands)	
Operating revenues	\$ 1,151,009	\$ 1,047,934
Operating expenses	<u>909,665</u>	<u>817,811</u>
Operating income	241,344	230,123
Interest charges	(163,864)	(155,516)
Costs to be recovered	10,373	(15,411)
Other income	15,021	9,652
Transfers out	<u>(24,175)</u>	<u>(10,486)</u>
Change in net assets	78,699	58,362
Ending net assets	\$ 1,201,179	\$ 1,122,480

Operating revenues for 2004 increased \$103.1 million or 10%. Total kilowatt-hour sales increased by 2% over those reported for 2003. Retail energy sales grew by 5% due to a combination of weather conditions and a 4% expansion in the number of customers. Sales to industrial customers declined due to the third largest industrial customer discontinuing operations in the fourth quarter of 2003.

This facility came under new ownership in mid-2004 and reduced the plant's operating capacity from two large melting furnaces to operating one large furnace. Wholesale sales increased 4% due to higher sales to Central Electric Cooperative, Inc. which accounted for approximately 52% of Santee Cooper's total kWh sales.

Operating expenses for 2004 increased \$91.9 million or 11%, of which \$91.0 million was attributable to higher net fuel costs between years. Santee Cooper historically establishes long-term fuel contracts for about 75% of the annual fuel requirements. In recent years, several of these coal companies have filed for bankruptcy which resulted in an increased reliance on the spot market to meet the current year's fuel needs. In 2004, fuel expense increased \$102.8 million over the prior year but was decreased by lower purchased power expense of \$11.8 million or 17%. In addition, the 2003 fuel prices were lower than usual due to the high inventory stock levels acquired due to pending transportation concerns at a time when the price of coal was lower. Remaining generation expenses to operate and maintain the units were \$0.7 million higher than the previous year. Santee Cooper continues to burn synfuel, a processed coal that is cheaper and results in savings to our customers. In 2004, this provided an estimated savings to our customers of approximately \$16.0 million which is reflected in the fuel expense and revenue reported. Minor increases across remaining categories accounted for the residual difference of \$0.2 million with no significant driver noted.

Operating income increased \$11.2 million or 5% as a result of these differences.

Interest charges for 2004 were higher by \$8.3 million or 5% compared to last year due to an increase in long-term debt. This was offset by the amortization of debt-related expenses including higher premiums resulting from the impact of the 2003 A Refunding and the 2004 A&B bond issues.

Costs to be recovered from future revenue was \$25.8 million or 167% less than last year. Beginning in 2004, this expense became an income item due primarily to the decrease in bond principal of almost \$21.0 million.

Other income increased \$5.4 million or 56%. Miscellaneous income increased \$2.8 million primarily due to increased gains on the sale of lots. Net investment income increased \$1.0 million due to higher interest rates and market conditions in 2004. The remaining balance of \$1.6 million results from non-investment related interest income such as miscellaneous notes receivable.

The change in net assets increased \$20.3 million compared to the same period last year due to these differences.

Capital Improvement Program

The purpose of the capital improvement program is to continue to satisfy the electric power and energy needs of its customers with economical and reliable service. The Authority's capital improvement program for years 2005 through 2007 is estimated to be \$1.4 billion to be expended as follows:

Capital Improvement Expenditures

	(Thousands)
Cross 3 & Cross 4	\$ 879,000
Environmental Compliance	151,000
General Improvements to the System	386,000
Total	\$ 1,416,000

The cost of the capital improvement program will be provided from revenues of the Authority, additional Revenue Obligations, Commercial Paper Notes and other short-term obligations, as determined by the Authority.

New generation consisting of Rainey Generating Station units 3, 4 and 5 went commercial on January 1, 2004. In 2005, Santee Cooper plans to have landfill generating units in Lee County, Richland County and Anderson County operational. Total generation from this Green Power source is expected to be 15 MW, or 5 MW per county site. This would further diversify Santee Cooper's fuel mix and reinforce the commitment to the environment for the State of South Carolina. Additional sources of generation in Cross Unit 3 and Cross Unit 4 are scheduled to be commercial in early 2007 and 2009, respectively.

Bond Market Transactions during 2004:

Par Amount	Type	Date Closed	Purpose	Comments
\$ 434,870,000	Revenue Obligations: 2004 Series A	04/21/2004	To finance a portion of the tax-exempt construction for Cross Unit No. 3, Cross Unit No. 4, SIP Call environmental requirements, Rainey 2002 Combined Cycle and two Simple Cycle Units, and Rainey Transmission projects.	Tax-exempt bonds. All-in true interest cost of 4.46 percent.
\$ 17,635,000	Revenue Obligations: 2004 Series B	04/21/2004	To finance a portion of the taxable construction for Cross Unit No. 4.	Taxable bonds. All-in true interest cost of 4.41 percent.
\$ 19,806,000	Revenue Obligations: 2004 Series M-Current Interest Bearing Bonds (CIBS)	08/24/2004	To finance a portion of the tax-exempt construction for Cross Unit No. 4.	Tax-exempt mini-bonds.
\$ 8,147,600	Revenue Obligations: 2004 Series M-Capital Appreciation Bonds (CABS)	08/24/2004	To finance a portion of the tax-exempt construction for Cross Unit No. 4.	Tax-exempt mini-bonds.

Bond Market Transactions during 2005: (known to date)

Par Amount	Type	Date Closed	Purpose	Comments
\$ 125,295,000	Revenue Obligations: 2005 Refunding Series A	10/04/2005 ⁽¹⁾	Refund the following: 1995 Refunding Series A (partial) 1995 Refunding Series B (partial) 1996 Refunding Series A (partial)	Gross savings of \$20.1 million over the life of the bonds.
\$ 278,005,000	Revenue Obligations: 2005 Refunding Series B	10/04/2005 ⁽²⁾	Refund the following: 1995 Refunding Series A 1995 Refunding Series B 1996 Refunding Series A 1996 Refunding Series B	Gross savings of \$58.3 million over the life of the bonds.
\$ 78,150,000	Revenue Obligations: 2005 Refunding Series C	02/24/2005	Refund 1993 Refunding Series C Bonds	Gross savings of \$14.6 million over the life of the bonds.

(1) On August 26, 2004, the Authority entered into a Forward Delivery Bond Purchase Agreement which is scheduled to close on October 4, 2005.

(2) On January 28, 2005, the Authority entered into a Forward Delivery Bond Purchase Agreement which is scheduled to close on October 4, 2005.

management's discussion and analysis

Debt Service Coverage

At December 31, debt service coverage (excluding commercial paper) was 1.81 compared to 1.86 for the prior year.

Bond ratings assigned by the various agencies have not changed compared to prior year and are as follows:

	Priority Bonds	Revenue Bonds	Revenue Obligations	Commercial Paper
Fitch Ratings	AAA	AA	AA	F1+
Moody's Investors Service, Inc.	Aa2	Aa2	Aa2	P-1
Standard & Poor's Rating Services	AAA	AA-	AA-	A1+

To the Advisory Board and Board of Directors of the South Carolina Public Service Authority:

We have audited the accompanying combined balance sheets of the South Carolina Public Service Authority (a component unit of the state of South Carolina) as of December 31, 2004 and 2003, and the related combined statements of revenues, expenses and changes in net assets, and cash flows for each of the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the combined financial position of the Authority as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis included in the annual report is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Deloitte & Touche LLP

Charlotte, North Carolina
March 24, 2005

financials

Combined Balance Sheets

South Carolina Public Service Authority
As of December 31, 2004 and 2003

ASSETS

	2004	2003
	(Thousands)	
Current assets		
Unrestricted cash and cash equivalents	\$ 38,328	\$ 27,916
Unrestricted investments	101,041	102,208
Restricted cash and cash equivalents	116,555	122,557
Restricted investments	51,405	12,993
Receivables, net of allowance for doubtful accounts of \$595 and \$673 at December 31, 2004 and 2003, respectively	141,114	117,885
Materials inventory	50,776	44,483
Fuel inventory		
Fossil fuels	33,866	38,967
Nuclear fuel-net	23,324	22,173
Interest receivable	2,044	2,902
Prepaid expenses and other current assets	18,581	6,838
Total current assets	577,034	498,922
Noncurrent assets		
Unrestricted cash and cash equivalents	2,063	14
Unrestricted investments	50,110	49,752
Restricted cash and cash equivalents	98,053	105,060
Restricted investments	402,414	292,599
Capital assets		
Utility plant	4,272,011	4,003,977
Long lived assets - asset retirement cost,		
less depreciation of \$40,597 and \$38,810	42,249	72,077
Accumulated depreciation	(1,788,051)	(1,666,952)
Total utility plant-net	2,526,209	2,409,102
Construction work in progress	636,962	513,169
Other physical property-net	2,088	2,144
Investment in associated companies	6,816	9,096
Regulatory asset - asset retirement obligation - net	101,450	96,058
Regulatory assets - derivative and hedging instruments	695	0
Deferred debits and other noncurrent assets		
Unamortized debt expenses	28,633	25,045
Costs to be recovered from future revenue	211,875	201,502
Other	41,730	30,356
Total noncurrent assets	4,109,098	3,733,897
Total assets	\$ 4,686,132	\$ 4,232,819

The accompanying notes are an integral part of these combined financial statements.

LIABILITIES

	2004	2003
	(Thousands)	
Current liabilities		
Current portion of long-term debt	\$ 80,994	\$ 74,031
Accrued interest on long-term debt	78,456	65,862
Commercial paper-net	193,317	345,050
Accounts payable	135,155	96,502
Other current liabilities	52,654	32,478
Total current liabilities	540,576	613,923
Noncurrent liabilities		
Construction fund liabilities	26,824	11,105
Asset retirement obligation liability	260,613	276,296
Total long-term debt (net of current portion)	2,764,450	2,368,654
Unamortized refunding and other costs	<u>(163,706)</u>	<u>(208,110)</u>
Long-term debt-net	2,600,744	2,160,544
Other deferred credits and noncurrent liabilities	56,196	48,471
Total noncurrent liabilities	2,944,377	2,496,416
Total liabilities	3,484,953	3,110,339

COMMITMENTS AND CONTINGENCIES (Notes 7, 8 and 9)**NET ASSETS**

Invested in capital assets, net of related debt	637,714	548,452
Restricted for debt service	111,859	109,208
Restricted for capital projects	18,294	83,281
Restricted for other	122,608	98,089
Unrestricted	310,704	283,450
Total net assets	1,201,179	1,122,480
Total liabilities and net assets	\$ 4,686,132	\$ 4,232,819

financials

Combined Statements of Revenues, Expenses and Changes in Net Assets

South Carolina Public Service Authority
Years Ended December 31, 2004 and 2003

	2004	2003
	(Thousands)	
Operating revenues		
Sale of electricity	\$ 1,135,786	\$ 1,033,275
Sale of water	4,711	4,400
Other operating revenue	10,512	10,259
Total operating revenues	1,151,009	1,047,934
Operating expenses		
Electric operating expenses		
Production	60,359	59,269
Fuel	474,947	372,109
Purchased and interchanged power	56,114	67,928
Transmission	11,456	12,897
Distribution	7,166	8,259
Customer accounts	8,160	8,944
Sales	3,217	2,545
Administrative and general	62,109	64,732
Electric maintenance expense	78,124	76,900
Water operation expense	1,188	1,192
Water maintenance expense	321	501
Total operation and maintenance expenses	763,161	675,276
Depreciation and amortization	143,475	139,631
Sums in lieu of taxes	3,029	2,904
Total operating expenses	909,665	817,811
Operating income	\$ 241,344	\$ 230,123

The accompanying notes are an integral part of these combined financial statements.

	2004	2003
	(Thousands)	
Nonoperating revenues (expenses)		
Interest and investment revenue	\$ 11,656	\$ 13,517
Net (decrease) in the fair value of investments	(496)	(4,975)
Interest expense on long-term debt	(141,981)	(130,831)
Other interest expense	(21,883)	(24,685)
Costs to be recovered from future revenue	10,373	(15,411)
Other-net	3,861	1,110
Total nonoperating revenues (expenses)	(138,470)	(161,275)
Income before transfers	102,874	68,848
Transfers out		
Distribution to the State	(11,175)	(10,486)
Non-recurring special contribution to State	(13,000)	0
Total transfers out	(24,175)	(10,486)
Change in net assets	78,699	58,362
Total net assets-beginning	1,122,480	1,064,118
Total net assets-ending	\$ 1,201,179	\$ 1,122,480

financials

Combined Statements of Cash Flows

South Carolina Public Service Authority
Years Ended December 31, 2004 and 2003

	2004	2003
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	\$ 1,127,858	\$ 1,049,661
Payments to non-fuel suppliers	(84,967)	(34,216)
Payments for fuel	(470,176)	(367,053)
Purchased power	(53,726)	(68,003)
Payments to employees	(110,305)	(109,462)
Other receipts (payments)-net	20,237	(11,623)
Net cash provided by operating activities	428,921	459,304
Cash flows from non-capital related financing activities		
Distribution to the state of South Carolina	(11,175)	(10,486)
Non-recurring special contribution to State	(13,000)	0
Net cash used in non-capital related financing activities	(24,175)	(10,486)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	480,459	335,030
Net commercial paper issuance (repayments)	(151,852)	41,946
Repayment and refunding of bonds	(71,270)	(433,875)
Interest paid on borrowings	(131,853)	(121,720)
Construction and betterments of utility plant	(412,057)	(385,125)
Debt premium	23,277	6,710
Other-net	(6,586)	(2,760)
Net cash used in capital-related financing activities	(269,882)	(559,794)
Cash flows from investing activities		
Net (increase) decrease in investments	(147,914)	106,082
Interest on investments	12,502	14,588
Net cash provided by (used for) investing activities	(135,412)	120,670
Net (decrease) increase in cash and cash equivalents	(548)	9,694
Cash and cash equivalents-beginning	255,547	245,853
Cash and cash equivalents-ending	\$ 254,999	\$ 255,547

The accompanying notes are an integral part of these combined financial statements.

	2004	2003
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 241,344	\$ 230,123
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	154,809	149,866
Impact of transactions involving associated companies	(13,574)	(22,996)
Distributions from associated companies	14,464	32,172
Advance to associated companies	(1,382)	(797)
Other income	115	145
Changes in assets and liabilities		
Accounts receivable, net	(23,229)	1,721
Inventories	(1,193)	49,064
Prepaid expenses	(11,744)	(3,367)
Other deferred debits	(12,548)	(4,209)
Deferred coal contract buy-out costs	0	3,800
Accounts payable	38,654	20,276
Other current liabilities	19,760	2,031
Other noncurrent liabilities	23,445	1,475
Net cash provided by operating activities	\$ 428,921	\$ 459,304
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	\$ 38,328	\$ 27,916
Restricted cash and cash equivalents	116,555	122,557
Noncurrent		
Unrestricted cash and cash equivalents	2,063	14
Restricted cash and cash equivalents	98,053	105,060
Cash and cash equivalents at the end of the year	\$ 254,999	\$ 255,547

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Note 1 – Summary of Significant Accounting Policies:

A. Reporting Entity – The South Carolina Public Service Authority (the “Authority” or “Santee Cooper”), a component unit of the State of South Carolina, was created in 1934 by the State legislature. The Santee Cooper Board of Directors is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by commercial paper in addition to bonds and internally generated funds. As authorized by State law, the Board of Directors sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants.

B. System of Accounts – The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with rules issued by the GASB. The Authority’s combined financial statements include the accounts of the Lake Moultrie Regional Water System after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water system. The Authority also complies with policies and practices prescribed by its Board of Directors and to practices common in both industries. As the Board of Directors is authorized to set rates, the Authority has historically followed FASB Statement No. 71 “Accounting for the Effects of Certain Types of Regulation” (FASB 71). This statement provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C. Reclassifications – Certain amounts in the prior year’s financial statements have been reclassified to conform to current year presentation.

D. Cash and Cash Equivalents – For purposes of the Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as cash and cash equivalents. In 2001, the Authority

adopted GASB Statement No. 34, which requires cash and cash equivalents to be shown as either restricted or unrestricted. “Restricted” refers to those funds limited by law, regulations or Board action as to their allowable disbursement. “Unrestricted” refers to all other funds not meeting the requirements of restricted.

E. Inventory – Material inventory and fuel inventory are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost. Fuel inventory costs for customers other than Central are billed utilizing a fuel adjustment clause based on the weighted average costs for the previous three-month period.

F. Utility Plant – Utility plant is recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Interest is only capitalized when interest payments are funded through borrowings. There was no interest capitalized in 2004 or 2003. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G. Depreciation – Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the net carrying basis of various classes of plant which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management and the Board in establishing appropriate composite depreciation rates. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.5 percent and 3.6 percent for the periods ended December 31, 2004 and 2003, respectively. Amortization of capitalized leases is also included in depreciation expense.

H. Investment in Associated Companies – The Authority is a member of The Energy Authority (TEA) along with City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), the Municipal Electric Authority of Georgia (MEAG), and Nebraska Public Power District (NPPD). The Authority is also a member of Colectric Partners (“Colectric”). In addition to the Authority, Colectric’s member participants are: JEA, MEAG, and NPPD.

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In

addition, TEA assists members with natural gas hedging activities and acts as an agent in the execution of forward gas transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority.

TEA Investment	2004	2003
	(Thousands)	
Opening balance	\$ 9,096	\$ 21,136
Reduction to power costs and increases in electric revenues	16,860	34,377
Mark-to-market gains (losses) on open gas positions – net	0	(4,975)
Funding and closing of gas trading account – net	0	(15,611)
Profit (Loss) from closed gas positions	0	8,106
Distributions from TEA	(14,463)	(32,172)
Collateral refund	(3,362)	0
Other (Includes Equity Losses)	(1,390)	(1,765)
Ending balance	\$ 6,741	\$ 9,096

During 2003, the TEA gas trading account was closed and \$15.6 million in funds was transferred to the Authority. A gas trading account was then opened in the Authority's name to carry out natural gas hedging transactions. At December 31, 2004, the Authority had a payable to TEA of \$17.5 million for power and gas purchases. In addition, at December 31, 2004, the Authority had a receivable due from TEA of approximately \$2.0 million for power sales and sales of excess gas capacity.

The Authority's exposure relating to TEA is limited to the Authority's capital investment in TEA and accounts receivable.

Currently, the Authority participates in two of Colectric's initiatives. The first involves managing the major gas turbine overhauls thereby promoting the sharing of spare parts and technical expertise. The second initiative is a joint electronic procurement program intended to achieve major equipment cost savings through collective purchasing power.

The Authority's exposure relating to Colectric is limited to the Authority's capital investment in Colectric, any accounts receivable from Colectric and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FIN 45. The Authority's initial investment in Colectric was \$413,000. The balance in the Authority's Member Equity account at December 31, 2004 was \$74,935.

I. Bond Issuance Costs and Refunding Activity – Unamortized debt discount, premium, and expense are amortized to income over the terms of the related debt issues. Gains or losses on refunded debt are amortized to income over the shorter of the remaining life of the refunded debt or the life of the new debt.

J. Deferred Coal Contract Buy-Out Costs – During 1995, the Authority exercised a buy-out option on an existing coal contract in order to take advantage of lower coal costs. The cost of the buy-out, which was approximately \$53.0 million was recorded in deferred debits and included as a component of fuel costs over the remaining life of the former contract. The balance in this account was fully amortized as of December 31, 2003.

K. Revenue Recognition and Fuel Costs – Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers that have not been billed are accrued. Accrued revenue for retail customers totaled \$9.3 million in 2004 and \$8.9 million in 2003.

Fuel costs are reflected in operating expenses as fuel is consumed.

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to be raised by the sale of certain land assets deemed not critical to the operations of the Authority.

Total payments made to the State of South Carolina (including the non-recurring special payment in 2004) totaled \$24.2 million in 2004 and \$10.5 million in 2003.

M. Accounting for Derivative Instruments – The Authority follows the requirements of FASB No. 133 “Accounting for Derivative Instruments and Hedging Activities” (FASB 133) as amended by FASB No. 149. The majority of the Authority’s derivative instruments have been determined to meet the normal purchases and normal sales exception provided by FASB 133. The Authority engages in gas hedging activity through TEA in an effort to reduce the overall cost of fuel inventories. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as the gas is consumed in the production cycle. At December 31, 2004, the Authority recorded \$458,000 in net unrealized gains from natural gas hedging transactions using mark-to-market accounting as outlined by FASB 133. During 2004, the Authority incurred \$8.6 million in net realized gains associated with natural gas transactions.

N. Retirement of Long-Lived Assets – Statement of Financial Accounting Standards No. 143 (FASB 143) “Accounting for Asset Retirement Obligations” requires the recognition, at fair value, of an asset retirement obligation (ARO) on the balance sheet for legal obligations, when such an obligation is incurred. When an ARO is initially recorded, a corresponding asset retirement cost (ARC) is also recorded as a debit to the balance sheet increasing the carrying value of the related asset. The ARC is depreciated over the expected remaining useful life of the asset. The Authority has a one-third undivided interest in a nuclear station (the V.C. Summer Nuclear Station or “Summer”) and therefore is subject to the requirements of FASB 143 due to legal and regulatory requirements related to nuclear decommissioning. Summer was placed in service in 1983 and its current operating license expires in 2042. In May 2004, the Nuclear Regulatory Commission (NRC) accepted an application for a 20-year life extension at Summer. The Authority has determined that the decommissioning obligation for Summer is the only legal removal/retirement obligation of the Authority within the scope of FASB 143.

Effective January 1, 2003, the Authority adopted the provisions of FASB 143. At December 31, 2004 and 2003, the Authority recorded an ARO of approximately \$260.6 million and \$276.3 million, respectively, related to the Authority’s one-third share of the V.C. Summer Nuclear Station and the associated obligation to decommission the plant. Of this amount, approximately \$82.9 million and \$110.9 million was recorded as an associated ARC and is recorded on the accompanying balance sheet, net of accumulated depreciation commencing on the in-service date of the facility, within “Capital assets.”

The ARO is a fair value measure and is independent of funding considerations. Footnote 3 discusses the Authority’s cash and investments and provides information on the fair value of decommissioning funds that are legally restricted for purposes of satisfying the ARO.

The Authority’s Board of Directors has provided for recovery of decommissioning costs through rates. Accordingly, the cumulative effect of adopting FASB 143, as well as the ongoing effects, will be recorded through regulatory accounts on the balance sheet.

The change in ARO balance between December 31, 2004 and 2003 is due to two factors. One is the accretion during the fiscal year on the original layer of ARO, which amounted to \$12.3 million. The second factor was an incremental layer of ARC brought on by the 20-year license extension, which reduced the ARC by \$28.0 million. This incremental layer will be depreciated over the remaining useful life of Summer (38 years). The combined ARC balance at December 31, 2004 is \$82.9 million.

O. Issued But Not Yet Effective Pronouncements – In March 2003, the Governmental Accounting Standards Board (GASB) issued Statement No. 40, “Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3.” This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement must also be disclosed. This Statement is effective for the Authority beginning in fiscal year 2005. The implementation of this Statement is not expected to have a material effect on the Authority’s financial position or results of operations.

In November 2003, GASB issued Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries” which is effective for the Authority’s 2005 financial reporting. This Statement establishes accounting and financial reporting standards for impairment of capital assets. Adoption of GASB 42 is not expected to have a material effect on the Authority’s financial position or results of operations.

In May 2004, GASB issued Statement No. 44, “Economic Condition Reporting: The Statistical Section” (GASB 44). GASB 44 enhances and updates the statistical section that accompanies a state or local government’s basic financial statements to reflect the significant changes that have taken place in government finance, including the more comprehensive government-wide financial information required by GASB Statement No. 34. The statistical section comprises schedules presenting trend information about revenues and expenses, outstanding debt, economics and demographics, and other subjects. These schedules are intended to provide financial statement users with contextual information they need to assess a government’s financial health. GASB 44 is effective for adopting companies for periods beginning after June 15, 2005. Implementation of this Statement is not expected to have a material effect on the Authority’s financial position or results of operations.

In 2004, GASB issued statements No. 43, “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” (GASB 43) and No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” (GASB 45). The purpose of

these two statements is to set new accounting standards for state and local government employers that offer retiree health benefits and other non-pension postemployment benefits. In particular, these statements require the accrual of liabilities and expenses of other postemployment benefits (OPEB) over the working career of plan members.

The effective start date of GASB 43 applies for periods beginning after December 15, 2005 for companies with total annual revenues of \$100 million or more. GASB 45 regulations come into effect one year after implementation of GASB 43.

The Authority believes that it does not fall under the requirements of GASB 43 since the South Carolina Retirement System provides certain health, dental, and life insurance benefits for retired employees of the Authority. The requirements of GASB 45 are currently still under review. The implementation of GASB 43 and GASB 45 is not expected to have a material effect on the Authority's financial position or results of operations.

Note 2 – Costs to Be Recovered from Future Revenue:

The Authority's electric rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with FASB 71, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts recorded as costs to be recovered from future revenue will coincide with the repayment of the applicable outstanding debt of the Authority.

Note 3 – Cash and Investments Held by Trustee:

Unexpended funds from the sale of bonds, debt service funds, other special funds, and cash and investments are held and maintained by trustees, and their use is designated in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities. In 1998, the Authority adopted the provisions of GASB Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 establishes standards of accounting and financial reporting for certain investments in securities and requires that all equity and debt securities be recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses, and Changes in Net Assets. As of December 31, 2004 and 2003, the Authority had investments totaling approximately \$855.9 million and \$700.1 million, respectively.

As of December 31, 2004, the Authority's cash and investments carried at fair market value included nuclear decommissioning funds of \$116.4 million including unrealized holding gains of \$14.2 million. As of December 31, 2003, decommissioning funds totaled approximately \$107.7 million including unrealized holding gains of \$14.5 million. In accordance with the provisions of

FASB 71, earnings, both realized and unrealized, on the decommissioning fund asset are credited to the Regulatory asset — asset retirement obligation and not as a separate component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets.

All the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of 10 years or less. For the year ended December 31, 2004, the Authority made investment purchases and sales at cost totaling approximately \$38.4 billion and \$38.3 billion, respectively. For the year ended December 31, 2003, the Authority made investment purchases and sales at cost totaling approximately \$30.1 billion and \$30.2 billion, respectively.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including repurchase agreements), and Reverse Repurchase Agreements," requires certain disclosures for an entity's deposit and investment portfolio as of the balance sheet date to provide information about credit and market risk. The following definitions of "Investments" and "Cash" are used in the table to follow.

Investments – Trust indentures and resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and certificates of deposit. The Authority's investments consist of U.S. government securities, certificates of deposit, and repurchase agreements.

The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. Securities underlying repurchase agreements are delivered by broker/dealers to the Authority's trust agents. At December 31, 2004, the Authority's repurchase agreements totaled approximately \$107.4 million.

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by trust agents in the Authority's name. Category 2 includes uninsured certificates of deposit which are collateralized with securities pledged to the Authority by pledging financial institutions but not held in the Authority's name.

Cash – Cash is categorized as follows: Category 1 includes bank balances entirely covered by federal depository insurance. Category 2 includes bank balances that are uncollateralized or collateralized with securities pledged to the Authority by pledging financial institutions but not held in the Authority's name.

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2004

	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
(Thousands)						
Current Assets						
Unrestricted Cash & Cash Equivalents	\$ 34,450	\$ 0	\$ 858	\$ 3,020	\$ 38,328	\$ 38,328
Unrestricted Investments	99,741	1,300	0	0	101,041	101,041
Restricted Cash & Cash Equivalents	116,543	0	12	0	116,555	116,555
Restricted Investments	51,405	0	0	0	51,405	51,405
Total Current Cash, Cash Equivalents & Investments						
	\$ 302,139	\$ 1,300	\$ 870	\$ 3,020	\$ 307,329	\$ 307,329
Noncurrent Assets						
Unrestricted Cash & Cash Equivalents	\$ 2,055	\$ 0	\$ 8	\$ 0	\$ 2,063	\$ 2,063
Unrestricted Investments	50,110	0	0	0	50,110	50,110
Restricted Cash & Cash Equivalents	97,960	0	93	0	98,053	98,053
Restricted Investments	402,414	0	0	0	402,414	402,414
Total Noncurrent Cash, Cash Equivalents & Investments						
	\$ 552,539	\$ 0	\$ 101	\$ 0	\$ 552,640	\$ 552,640
Total	\$ 854,678	\$ 1,300	\$ 971	\$ 3,020	\$ 859,969	\$ 859,969

2003

	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
	(Thousands)					
Current Assets						
Unrestricted Cash & Cash Equivalents	\$ 15,107	\$ 0	\$ 866	\$ 11,943	\$ 27,916	\$ 27,916
Unrestricted Investments	100,908	1,300	0	0	102,208	102,208
Restricted Cash & Cash Equivalents	122,554	0	3	0	122,557	122,557
Restricted Investments	12,993	0	0	0	12,993	12,993
Total Current Cash, Cash						
Equivalents & Investments	\$ 251,562	\$ 1,300	\$ 869	\$ 11,943	\$ 265,674	\$ 265,674
Noncurrent Assets						
Unrestricted Cash & Cash Equivalents	\$ 0	\$ 0	\$ 14	\$ 0	\$ 14	\$ 14
Unrestricted Investments	49,752	0	0	0	49,752	49,752
Restricted Cash & Cash Equivalents	104,933	0	127	0	105,060	105,060
Restricted Investments	292,599	0	0	0	292,599	292,599
Total Noncurrent Cash, Cash						
Equivalents & Investments	\$ 447,284	\$ 0	\$ 141	\$ 0	\$ 447,425	\$ 447,425
Total	\$ 698,846	\$ 1,300	\$ 1,010	\$ 11,943	\$ 713,099	\$ 713,099

Note 4 – Long-Term Debt Outstanding:

The Authority's long-term debt at December 31, 2004 and 2003 consisted of the following:

	2004	2003	Interest Rate(s) ⁽¹⁾	Call Price ⁽¹⁾
	(Thousands)			
Electric Revenue Bonds - Priority Obligations: (mature through 2006)	\$ 8,650	\$ 12,695	4.10%	100
Capitalized Lease Obligations (Net): (mature through 2014)	14,929	21,515	2.00-5.00	N/A
Revenue Bonds: (mature through 2032)				
1993 Refunding Series C	86,335	98,925	5.00	100
1995 Refunding Series A	77,560	77,560	6.125-6.25	102
1995 Refunding Series B	148,825	158,985	5.70-6.50	102
1996 Refunding Series A	217,030	220,595	5.75-6.50	102
1996 Refunding Series B	21,505	21,505	5.50	102
1997 Refunding Series A	206,910	206,910	4.875-5.125	101
1998 Refunding Series B	23,885	24,540	4.25-5.25	101
Total Revenue Bonds	782,050	809,020		
Revenue Obligations: (mature through 2039)				
1999 Tax-exempt Improvement Series A	187,290	192,960	4.80-5.75	101
1999 Taxable Improvement Series B	72,360	101,315	6.97-7.42	Non-callable
2001 Tax-exempt Improvement Series A	46,285	46,285	3.25-5.25	101
2001 Tax-exempt Refunding Series A	3,100	3,100	4.00	Non-callable
2002 Tax-exempt Refunding Series A	108,035	108,035	5.00-5.50	101
2002 Tax-exempt Improvement Series B	281,140	281,140	5.00-5.50	100
2002 Taxable Improvement Series C	91,775	91,775	4.46-5.51	P&I Plus Make-Whole Premium
2002 Tax-exempt Refunding Series D	434,185	439,815	4.00-5.25	100
2003 Tax-exempt Refunding Series A	335,030	335,030	4.75-5.00	100
2004 Tax-exempt Improvement Series A	434,870	0	2.50-5.00	100
2004 Taxable Improvement Series B	17,635	0	3.57-4.52	P&I Plus Make-Whole Premium
2004 Tax-exempt Improvement Series M - CIBS	19,806	0	4.25-4.90	100
2004 Tax-exempt Improvement Series M - CABS	8,304	0	4.375-5.00	Accreted Value
Total Revenue Obligations	2,039,815	1,599,455		
Less: Current Portion - Long-term Debt	80,994	74,031		
Total Long-term Debt - (Net of current portion)	\$ 2,764,450	\$ 2,368,654		

(1) Apply only to bonds outstanding as of 12/31/2004.

Maturities of long-term debt are as follows:

	Priority Obligations	Capitalized Leases	Revenue Bonds	Revenue Obligations	Total Principal	Total Interest	Total
Year Ending December 31,	(Thousands)						
2005	\$ 4,230	\$ 2,771	\$ 18,120	\$ 54,475	\$ 79,596	\$ 151,434	\$ 231,030
2006	4,420	2,672	11,065	59,700	77,857	143,174	221,031
2007	0	2,737	750	70,510	73,997	139,104	213,101
2008	0	2,561	8,585	76,475	87,621	134,966	222,587
2009	0	2,382	1,860	78,675	82,917	130,573	213,490
2010-2014	0	5,631	131,945	385,820	523,396	572,710	1,096,106
2015-2019	0	0	196,090	515,909	711,999	415,042	1,127,041
2020-2024	0	0	311,775	360,876	672,651	209,126	881,777
2025-2029	0	0	64,785	116,225	181,010	113,629	294,639
2030-2034	0	0	37,075	179,440	216,515	63,127	279,642
2035-2039	0	0	0	141,710	141,710	12,747	154,457
Less: Capital Lease Cushion of Credit Account	0	(3,825)	0	0	(3,825)	0	(3,825)
Total	\$ 8,650	\$ 14,929	\$ 782,050	\$ 2,039,815	\$ 2,845,444	\$ 2,085,632	\$ 4,931,076

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Refunded and defeased bonds outstanding, original loss on refunding, and the unamortized loss at December 31, 2004 are as follows:

Refunding Issue	Refunded Bonds	Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
(Thousands)				
Cash Defeasance	\$ 20,000 of the 1982 Series A	\$ 0	\$ 2,763	\$ 1,289
1993 Refunding Series C	\$ 167,660 of the 1977 Refunding Series 1,565 of the 1979 Series A 900 of the 1985 Refunding Series 2,390 of the 1985 Refunding Series A 6,365 of the 1986 Refunding Series A 14,905 of the 1988 Refunding Series A 100,110 of the 1991 Refunding & Improvement Series B 279,905 of the 1991 Series D	0	72,311	8,753
1995 Refunding Series A	\$ 138,505 of the 1988 Refunding Series A	0	20,024	8,297
1995 Refunding Series B	\$ 175,330 of the 1987 Refunding Series A	0	40,758	19,778
1996 Refunding Series A	\$ 257,795 of the 1986 Refunding Series C	0	92,596	48,685
1996 Refunding Series B	\$ 5,925 of the 1986 Refunding Series A 5,830 of the 1986 Refunding Series C 62,325 of the 1986 Refunding Series D 6,940 of the 1987 Refunding Series A 4,155 of the 1988 Refunding Series A	0	4,831	2,002
Cash Defeasance	\$ 14,080 of the 1992 Refunding Series A 14,955 of the 1996 Refunding Series A	12,345	4,779	1,024
1997 Refunding Series A	\$ 100,000 of the 1978 Series 68,325 of the 1991 Refunding & Improvement Series B 37,495 of the 1991 Series D	0	16,990	11,896
Commercial Paper	\$ 76,050 of the 1973 Series 105,605 of the 1977 Series 81,420 of the 1978 Series	0	2,099	997
1998 Refunding Series B	\$ 25,000 of the 1992 B Series	0	1,970	1,255
2001 Refunding Series A	\$ 10,000 of the 1991 Refunding & Improvement Series B	0	286	71
2002 Refunding Series A	\$ 113,380 of the 1992 Refunding Series A	0	23,378	17,282
2002 Refunding Series D	\$ 293,250 of the 1993 Refunding Series A 25,900 of the 1993 Refunding Series B-1 25,900 of the 1993 Refunding Series B-2 132,095 of the 1993 Refunding Series C	0	73,613	58,769
2003 Refunding Series A	\$ 336,385 of the 1993 Refunding Series C 15,750 of the 1995 Refunding Series A	0	57,064	52,498
Total		\$ 12,345	\$ 413,462	\$ 232,596

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt is approximately \$3.2 billion and \$2.9 billion at December 31, 2004 and 2003, respectively.

On April 1, 2004, the Authority's Board of Directors authorized the sale of approximately \$452.5 million Revenue Obligations, 2004 Series A & B (2004 A & B Bonds). The 2004 Tax-Exempt Series A (2004A Bonds) totaled approximately \$434.9 million. The 2004 Taxable Series B (2004B Bonds) totaled approximately \$17.6 million. The 2004B Bonds were issued as taxable bonds to comply with IRS Private Use Regulations. The 2004 A & B Bonds were issued April 21, 2004 at an all-in true interest cost of 4.46% (aggregate true interest cost) and mature between January 1, 2006 and January 1, 2039.

On August 2, 2004, the Authority's Board of Directors authorized the sale of approximately \$27.9 million Revenue Obligations, 2004 Series M (2004M Bonds). The 2004M Bonds consisted of Current Interest Bearing Bonds issued in denominations of \$500 and Capital Appreciation Bonds (CABS) issued in denominations of \$200. The accreted value of the CABS at December 31, 2004 was \$8.3 million with a final maturity value of \$16.6 million. The 2004M Bonds were issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State, and electric customers of the City of Bamberg and City of Georgetown. Interest rates ranged from 4.25% in 2015 to 5.00% on the 2024 maturity.

On August 26, 2004, the Authority's Board of Directors authorized a Forward Bond Purchase Agreement for the sale of approximately \$125.3 million Revenue Obligations, 2005 Refunding Series A (2005A Bonds) to be delivered on or about October 4, 2005. This refunding will reduce the Authority's total debt service over the life of its bonds by approximately \$20.1 million, resulting in a net present savings of approximately \$11.6 million after the bonds close. The debt will be issued at an all-in true interest cost of 4.82%. Yields ranged from 4.23% in 2014 to 4.83% on the 2022 maturity.

On January 28, 2005, the Authority's Board of Directors authorized a Forward Bond Purchase Agreement for the sale of approximately \$278.0 million Revenue Obligations, 2005 Refunding Series B (2005B Bonds) to be delivered on or about October 4, 2005. This refunding will reduce the Authority's total debt service over the life of its bonds by approximately \$58.3 million, resulting in a net present savings of approximately \$29.6 million after the bonds close. The debt will be issued at an all-in true interest cost of 4.42%. Yields ranged from 2.95% in 2008 to 4.33% on the 2023 maturity.

On February 10, 2005, the Authority's Board of Directors authorized the sale of approximately \$78.2 million Revenue Obligations, 2005 Refunding Series C (2005C Bonds). This refunding reduced the Authority's total debt service over the

life of its bonds by approximately \$14.6 million, resulting in a net present savings of approximately \$6.0 million. The debt was issued at an all-in true interest cost of 4.41%. Yields ranged from 4.02% in 2023 to 4.20% on the 2025 maturity.

All Authority debt is secured by a lien upon and pledge of the Authority's revenues. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

1. The Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements, and all costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements, and renewals thereof.
2. The Authority is restricted from issuing additional parity bonds unless certain conditions are met.

As of December 31, 2004, the Authority is in compliance with all debt covenants.

Note 5 – Commercial Paper:

The Board of Directors has authorized the issuance of commercial paper not to exceed \$500 million. The paper is issued for valid corporate purposes with a term not to exceed 270 days. For the years ended December 31, 2004 and 2003, the information related to commercial paper was as follows:

	2004	2003
Effective interest rate (at December 31)	1.80%	1.03%
Average annual amount outstanding (\$000)	\$ 250,809	\$ 324,215
Average maturity	51 days	48 days
Average annual effective interest rate	1.20%	1.03%

At December 31, 2004 the Authority had a Revolving Credit Agreement with Dexia Crédit Local and BNP Paribas for \$450 million. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings under the agreement during 2004 or 2003.

Commercial Paper outstanding at December 31, was as follows:

	2004	2003
	(Thousands)	
Commercial Paper-Gross	\$ 193,319	\$ 345,171
Less: Unamortized Discount on Taxable Commercial Paper	2	121
Commercial Paper-Net	\$ 193,317	\$ 345,050

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Note 6 – Summer Nuclear Station:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance, and decommissioning of the Summer Nuclear Station, and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. At December 31, 2004 and 2003, the plant accounts before depreciation included approximately \$487.0 million, for each year ended, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. The accumulated depreciation at December 31, 2004 and 2003 was \$245.7 million and \$231.2 million, respectively. For the years ended December 31, 2004 and 2003, the Authority's operation and maintenance expenses included \$54.9 million and \$54.1 million, respectively, for the Summer Nuclear Station.

Nuclear fuel costs are being amortized based on energy expended, which includes a component for estimated disposal costs of spent nuclear fuel which represents the unit-of-production method. This amortization is included in fuel expense and is recovered through the Authority's rates.

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2018. Further on-site storage, if required, will be accomplished through dry cask storage or other technology as it becomes available.

The Nuclear Regulatory Commission (NRC) requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2000 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of the Summer Nuclear Station equals approximately \$143.4 million in 1999 dollars. Each month, the Authority debits to FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are being recovered through the Authority's rates. The Authority credits FERC account 254 - Regulatory liabilities, including asset retirement obligation. Based on current decommissioning cost estimates developed by SCE&G, these funds, which totaled approximately \$116.4 million (adjusted to market) at December 31, 2004 along with future deposits into both the external and internal decommissioning accounts and investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

In 2004, the NRC granted a twenty-year extension to Summer Nuclear Station's operating license, extending it to August 6, 2042.

The Energy Policy Act of 1992 gave the Department of Energy (DOE) the authority to assess utilities for the decommissioning of its facilities used for the enrichment of uranium included in nuclear fuel costs. In order to decommission these facilities, the DOE estimates that it would need to charge utilities a total of \$150 million, indexed for inflation, annually for 15 years based on enrichment services used by utilities in past periods. Based on an estimate from SCE&G covering the 15 years, the Authority's remaining one-third share of the liability at December 31, 2004 totals \$540,000. Such amount has been deferred and will be recovered through rates as paid. These costs are included on the accompanying balance sheets in "Other assets-Other" and "Other deferred credits and noncurrent liabilities."

Note 7 – Leases:

The Authority has capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering a steam electric generating plant, transmission facilities, and various other facilities. The remaining lease terms range from 1 to 10 years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Utilities Service (formerly Rural Electrification Administration) for funds borrowed to construct the above mentioned facilities. The Authority has options to purchase the leased properties at any time during the period of the lease agreements for sums equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

In addition, during 2004, the Authority became a joint participant with Central Electric Power Cooperative, Inc. in the Rural Utilities Service (RUS) cushion of credit payments programs (COC). This program allows the borrower to build up a cushion of money for future application toward their debt while earning 5% interest. At December 31, 2004, the balance in the Authority's portion of the joint account was approximately \$3.8 million.

Future minimum lease payments on Central leases at December 31, 2004 were as follows:

Year ending December 31,	Amount (Thousands)
2005	\$ 3,603
2006	3,388
2007	3,335
2008	3,038
2009	2,737
2010-2014	6,201
Total minimum lease payments	\$ 22,302
Less amounts representing interest	3,548
Principal Balance	\$ 18,754
Less: Cushion of Credit Account	3,825
Net Balance at December 31, 2004	\$ 14,929

Property under capital leases and related accumulated amortization included in utility plant at December 31, 2004, totaled approximately \$90.1 million and \$77.3 million, respectively, and at December 31, 2003, totaled \$90.9 million and \$75.5 million, respectively.

Operating lease payments totaled approximately \$5.8 million and \$6.1 million during the years ended December 31, 2004, and 2003, respectively. Included in these operating leases are periodic expenses related to the leased coal cars, which are initially reflected in fuel inventory and subsequently reported in fuel expense based on the tons burned. The terms of the current coal car leases vary from one month to two years, with the two year lease expiring in 2005. The approximate lease amount for the coal cars to be paid in 2005 is \$5.3 million.

Note 8 – Contracts with Electric Power Cooperatives:

Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the "Coordination Agreement"). In addition, the Authority is the sole supplier of Central's energy needs excluding energy Central receives from the Southeastern Power Administration (SEPA).

Saluda River Electric Cooperative Inc. ("Saluda") began receiving power from the Authority on January 1, 2001. On November 22, 2002, the Authority, Central and Saluda entered into several agreements relating to the applicable terms and conditions of service under their respective agreements. The agreements received approval by the Rural Utilities Service, a subdivision of the U.S. Department of Agriculture, on April 21, 2003. The agreements, among other things, provide for the Authority to serve Saluda's load above its Catawba and SEPA resources through Central under the Coordination Agreement.

Central, under the terms of the contract with the Authority, has the right to audit costs billed to them under the cost of service contract. Differences as a result of this process are accrued if they are probable and estimable under FASB Statement No. 5, "Accounting for Contingencies" (FASB 5). To the extent that differences arise due to this process, prospective adjustments are made to the cost of service and is reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Assets. Such adjustments in 2004 and 2003 were not material to the Authority's overall operating revenue.

Note 9 – Commitments and Contingencies:

Budget – The Authority's capital budget provides for expenditures of approximately \$498.3 million during the year ending December 31, 2005 and \$ 917.6 million during the two years thereafter. These expenditures include \$ 878.9 million for new generating units being constructed to begin operation in 2007 and 2009, and \$150.7 million for environmental compliance expenditures. The total cost, including financing costs, of the new generating unit to begin operation in 2007 is \$675 million and \$755 million for the unit in 2009. Capital expenditures will be financed by internally generated funds and a combination of taxable and tax-exempt debt.

Purchase Commitments – The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2004. The disclosure of minimum obligations below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Year ending December 31,	Amount (Thousands)
2005	\$ 239,249
2006	214,475
2007	123,020
2008	53,341
2009	6,360
2010-2014	36,136
Total	\$ 672,581

The Authority's outstanding minimum obligations under two existing long-term purchased power contracts as of December 31, 2004, were approximately \$78.1 million with a remaining term of 30 years and \$10.3 million with a remaining term of 2 years.

CSX Transportation Inc. (CSX) provides substantially all rail transportation service for the Authority's coal-fired generating units. During 2002, a new agreement was signed with an effective date of January 1, 2003. This contract will continue to apply a price per ton of coal moved, with the minimum being set at four million tons per year.

The Authority has commitments for nuclear fuel enrichment and fabrication contracts which are contingent upon the operating requirements of the nuclear unit. As of December 31, 2004, these commitments total approximately \$41.7 million over the next seven years.

In 2003, the Authority amended the Rainey Generating Station Long-Term Service Agreement (LTSA) with General Electric International, Inc. in the approximate amount of \$90 million. The agreement provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators, and combustion tuning for the gas turbines. In exchange for reduced pricing and added features, the contract term was extended to 2025, but can be terminated for convenience in 2008. The previous agreement was in the approximate amount of \$76 million and was effective through 2009. The Authority's Board of Directors has approved recovery of the LTSA on a straight-line basis over the term of the agreement.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation (TRANSCO) to supply gas transportation needs for its Rainey Generating Station. This is a firm transportation contract covering a maximum of 80,000 decatherms per day for 15 years.

Risk Management – The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance

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to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Policies are subject to deductibles ranging from \$5,000 to \$1.0 million, with the exception of named storm losses which carry deductibles from \$1.0 million up to \$15.0 million. Also a \$1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2004, there were no losses incurred or reserves recorded for general liability.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of \$2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. There have been no third-party claims for environmental damages for 2004 or 2003. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

At December 31, 2004, the amount of the self-insured liabilities for auto, dental, worker's compensation and environmental remediation was approximately \$2.4 million. The liability is the Authority's best estimate based on available information.

Changes in the reported liability are as follows:

	2004	2003
	(Thousands)	
Unpaid claims and claim expenses at beginning of year	\$ 2,228	\$ 1,566
Incurring claims and claim adjustment expenses:		
Provision for insured events of the current year	2,282	2,167
Payments for current and prior years	2,135	1,505
Total unpaid claims and claim expenses at end of year	\$ 2,375	\$ 2,228

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Several State funds accumulate assets, and the State itself assumes all risks for the following:

- 1) Claims of covered employees for health benefits (Employee Insurance Program Office); not applicable for worker's compensation injuries, and
- 2) Claims of covered employees for basic long-term disability and group life insurance benefits (Retirement System).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except that additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance – The maximum liability for public claims arising from any nuclear incident has been established at \$10.9 billion by the Price-Anderson Indemnification Act. This \$10.9 billion would be covered by nuclear liability insurance of about \$300.0 million per site, with potential retrospective assessments of up to \$100.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed \$10.0 million per incident, per year). Based on its one-third interest in Summer Nuclear Station, the Authority could be responsible for the maximum assessment of \$33.5 million, not to exceed approximately \$3.3 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain with Nuclear Electric Insurance Limited (NEIL) \$500.0 million primary and \$1.5 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. In addition to the premiums paid on the primary and excess policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed 10 times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be \$3.3 million for the primary policy and \$3.2 million for the excess policy. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. This policy also carries a potential retrospective assessment of \$1.4 million.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage, or cost increases for any periods through December 31, 2004.

Clean Air Act – The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

Congress has promulgated comprehensive amendments to the Clean Air Act, including the addition of a new federal program relating to acid precipitation. The Authority has evaluated the potential impact of this legislation, including

new limits on the allowable rates of emission of sulfur dioxide and nitrogen oxides.

The Authority has been in negotiations with the Environmental Protection Agency (EPA) and South Carolina Department of Environmental Control (DHEC) related to certain environmental issues associated with its current and future coal-fired units. In March 2004, the Authority, EPA and DHEC agreed to the terms of a settlement regarding these matters. The settlement was approved by the U.S. District Court for South Carolina and a consent decree was entered on June 24, 2004. The settlement involves the payment of a civil penalty, an agreement to perform certain environmentally beneficial projects, and the expenditure of capital costs of approximately \$140.0 million to achieve emissions reductions over the period ending 2013. These capital costs are expected to be largely offset by savings resulting from a reduced need to purchase emission credits.

The EPA has finalized regulations related to ozone transport for 22 eastern states including South Carolina. These regulations (known as the "SIP call") require significant NOx emission reductions from the power industry. As a result, the Authority believes that its cost of compliance, including capital costs, will approach approximately \$263.0 million by 2005 and annual operating costs associated with such compliance could approach \$10.0 million.

Safe Drinking Water Act – The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting electrical utilities. The South Carolina Department of Health and Environmental Control (DHEC) has primacy for regulatory authority of potable water systems in South Carolina. The State Primary Drinking Water Regulation, R.61-58, governs the design, construction, and operational management of all potable water systems in South Carolina subject to and consistent with the requirements of the Safe Drinking Water Act and the implementing federal drinking water regulations. The Authority endeavors to manage its potable water systems for compliance with R.61-58.

Clean Water Act – The Authority continues to monitor for Clean Water Act (CWA) regulatory issues impacting electrical utilities. The Authority is completing updates to its Spill Prevention, Control, and Countermeasure (SPCC) program in response to recent changes to the federal SPCC regulations. The Authority is also responding to recent federal regulatory changes requirements that cooling water intake structures reflect best technology available for minimizing adverse environmental impact (Section 316b of the CWA). The Authority has two generating stations subject to the new federal Phase II 316b Rule and has initiated activities to achieve compliance with the rule.

Open Access Transmission Tariff – On April 24, 1996, the FERC issued Orders 888 and 889: the implementing rules for mandatory non-discriminatory open access over the transmission systems of jurisdictional entities. Order 888 required each jurisdictional transmission owner to file with

FERC by July 9, 1996 a pro forma open access transmission tariff (OATT).

Order 888 also requires that a non-jurisdictional utility, such as the Authority, must agree to provide comparable transmission service over its transmission facilities in order to receive service from a jurisdictional utility under its OATT.

In order to ensure it would be able to receive transmission service from jurisdictional utilities, in 1997 the Authority adopted an open access transmission tariff substantially in conformance with the tariff required to be filed by jurisdictional utilities.

Regional Transmission Organizations (RTOs) – Presently there are no active RTO development activities in the Southeastern United States. Two previous efforts to develop an RTO for the Southeastern United States have resulted in failure. In each case, the effort failed because of the lack of demonstrable benefits from forming an RTO and the lack of consensus support and acceptance from all applicable state and federal agencies for the proposed RTO structure.

Whether a new RTO development effort will arise in the Southeastern United States is unknown at this time. Any potential impact on the Authority of such a new effort is likewise unknown.

Competition – The electric industry in the United States is continuing to change as a result of legislative, regulatory and competitive factors. An early factor in the evolution of the electric industry was the Energy Policy Act of 1992 which allowed independent power producers to access a utility's transmission network and sell electric power to other utilities. Since the enactment of the Energy Policy Act, there have been various regulatory and legislative initiatives, at both the federal and state levels, to promote wholesale and retail competition in the electric industry. These initiatives have been met with varying degrees of success and failure.

The Authority has developed and is implementing a long-term strategic plan to position the Authority to compete effectively in the changing competitive environment. Consistent with the plan, the Authority is implementing initiatives to achieve more financial flexibility, reduce operating, maintenance and capital costs, increase revenue, retain customers, and strengthen employee performance and accountability. While the Authority is taking these and other actions to prepare for a deregulated market, the Authority cannot predict what effects increased competition will have on the operations and financial condition of the Authority.

Legal Matters – The Authority is a party in various claims and lawsuits that arise in the conduct of its business. Although the results of litigation cannot be predicted with certainty, in the opinion of management and Authority counsel, the ultimate disposition of these matters will not have material adverse effect on the financial position or results of operations of the Authority, except as described below.

Certain plaintiffs who are retail "Good Cents" customers of the Authority filed suit against the Authority seeking

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monetary damages arising out of a change in the "Good Cents" rate. The case has been settled and its terms will not have a material adverse effect on the Authority's financial position or its operation.

Certain other plaintiffs who are customers of members of Central have filed suit against the Authority and members of Central seeking monetary damages arising out of a change in the Good Cents rate. The plaintiffs seek to represent a class of all "Good Cents" customers of Central's members. The Authority has answered the complaint by denying the material allegations and opposing the request for class certification. No accurate prediction of the outcome or estimate of range of loss is possible at this time.

Landowners located along the Santee River contend that the Authority is liable for damage to their real estate as a result of flooding that has occurred since the U.S. Army Corps of Engineers' Cooper River Rediversion Project was completed in 1985. A jury trial held in 1997 in the U.S. District Court, Charleston, SC, returned a verdict against the Authority on certain causes of action. The Authority appealed the decision to the Fourth Circuit Court of Appeals which, after oral arguments, remanded the case to the District Court. No estimate relative to potential loss to the Authority can be made at this time. The contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the project. The Authority has filed a claim seeking that the Corps fully indemnify the Authority for all costs related to this matter. On November 30, 2001, the contracting officer of the Corps denied the Authority's claim. The Authority filed an appeal with the U.S. Army Contract Board of Appeals. The U. S. Army Contract Board of Appeals has determined that the Corps must indemnify the Authority for rediversion project related claims.

Note 10 – Retirement Plan:

Substantially all Authority regular employees must participate in one of the components of the South Carolina Retirement System (System), a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws. The payroll for active employees covered by the System for each of the years ended December 31, 2004 and 2003 was approximately \$89.5 million and \$88.2 million, respectively.

Vested employees who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service. Reduced retirement benefits are payable as early as age 55 with 25 years of service. The System also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed employees eligible for service retirement to participate in the Teacher and Employee

Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make System contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Each participant is entitled to be paid for up to 45 days of accumulated unused annual vacation leave upon retirement and again at the end of the program period for any annual vacation leave earned during the program period.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions.

Employees are required by State statute to contribute 6 percent of salary to the System. The Authority is required by the same statute to contribute 7.55 percent of total payroll for retirement and an additional 0.15 percent for group life. The contribution requirement for the years ended December 31, 2004 and 2003 was approximately \$7.5 million and \$7.3 million, respectively, from the Authority and \$5.4 million and \$5.3 million, respectively from employees. The Authority made 100 percent of the required contributions for each of the years ended December 31, 2004 and 2003.

The System issues a stand alone financial report that includes all required supplementary information. The report may be obtained by writing to: South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211.

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the System retirement plan which is a defined benefit plan. The contribution amounts are the same, (6 percent employee cost and 7.55 percent employer cost) however, 5 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 2.55 percent is to the Retirement System. As of December 31, 2004, nine of the Authority's employees were participants in the State ORP and consequently the related payments are not material.

The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such the Authority is responsible for funding its share of pension requirements for the nuclear station personnel in accordance with FASB Statement No. 87, "Employers' Accounting for Pensions" (FASB 87). The established pension plan generates earnings which are shared proportionately and used to reduce the allocated funding. As of December 31, 2004 and 2003, the Authority had over-funded its share of the plan's FASB 87 requirements due to these earnings in the amount of \$9.7 million and \$9.3 million, respectively. This receivable

will be applied to future years as additional expenditures are required to meet the Authority's funding obligation. The pre-funded amounts are in "Other" within "Deferred debits" on the balance sheet.

The Authority also provides compensation benefits to certain employees designated by management and the Board of Directors under Supplemental Executive Retirement Plans (SERP). The plans are administered by the Authority as a single employer defined benefit pension plan. Benefits are established and may be amended by the Authority's Board of Directors and include compensation for a specified number of years and life insurance benefits. The cost of these benefits is actuarially determined annually and is paid by the Authority on a pay-as-you-go basis. The cost for 2004 and 2003 was approximately \$2.2 million and \$1.9 million, respectively. The accrued liability at December 31, 2004 and 2003 was approximately \$8.4 million and \$7.3 million, respectively.

Note 11 – Other Postretirement Benefits:

The South Carolina Retirement System provides certain health, dental, and life insurance benefits for retired employees of the Authority. Substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with 28 years of service or at age 60 with at least 20 years of service. Currently, approximately 450 retirees meet these requirements. The cost of the health, dental and life insurance benefits are recognized as expense as the premiums are paid. For each of the years ended December 31, 2004 and 2003, these costs totaled approximately \$1.9 million and \$1.8 million, respectively. The Authority is the non-operating owner (one-third share) of SCE&G's V. C. Summer Nuclear Station. As such the Authority is responsible for funding its share of other post employment benefits costs for the station's employees. The liability balances as of December 31, 2004 and 2003 were approximately \$7.0 million and \$6.8 million, respectively.

During their first 10 years of service, full-time employees can earn up to 15 days vacation leave per year. After 10 years of service, employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn annually two hours per pay period, plus twenty additional hours at year-end for sick leave.

Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination, the Authority pays employees for accumulated vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their accumulated sick leave at the pay rate then in effect.

Note 12 – Credit Risk and Major Customers:

Sales to two major customers for the years ended December 31, 2004 and 2003 were as follows:

	2004	2003
	(Thousands)	
Central (including Saluda)	\$ 583,000	\$ 511,000
Alumax of South Carolina	\$ 118,000	\$ 107,000

No other customer accounted for more than 10 percent of the Authority's sales for either of the years ended December 31, 2004 or 2003.

The Authority maintains an allowance for uncollectible accounts based upon the expected collectibility of all accounts receivable.

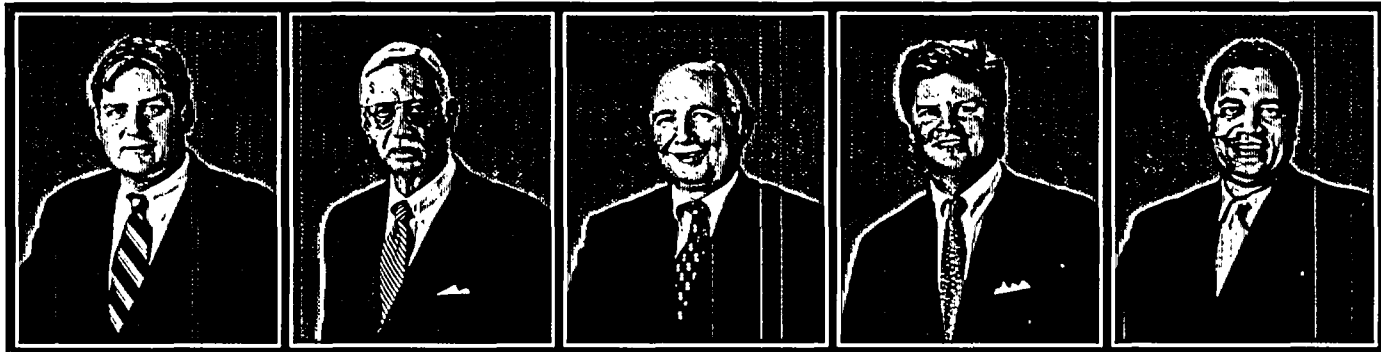
Note 13 – Storm Damage:

In August 2004, the Authority's system sustained damages from Hurricanes Charley and Gaston. As of December 31, 2004, cost estimates to repair and replace the Authority's damaged facilities are approximately \$7.9 million with approximately \$3.7 million representing damage to the Jefferies Steam and Hydro Generation facility and approximately \$2.7 million representing damage to the East and West Dams in Pinopolis. The remaining costs reflect damage to other facilities including the transmission and distribution system, seawalls at the Wampee and Somerset properties, dump truck bodies, and costs of clearing roads and subdivisions.

The Authority has filed for and anticipates disaster relief assistance from federal sources. This assistance is expected to be 75 percent of storm damage costs or approximately \$5.8 million. For 2004, O&M expense of approximately \$1.4 million was recognized net of expected reimbursement.

Through December 31, 2004, the Authority had not received any federal assistance for either hurricane. The Authority does not expect to increase rates due to the impact of Hurricanes Charley and Gaston and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

board of directors



GUERRY E. GREEN
Chairman

PATRICK T. ALLEN
Second Vice Chairman

PAUL G. CAMPBELL JR.

RICHARD H. COEN

CLARENCE DAVIS

Guerry E. Green
Chairman*
At-Large position
Pawleys Island, S.C.
Appointed: May 15, 2003

Patrick T. Allen
Second Vice Chairman**
Represents Electric Cooperatives
of South Carolina
At-Large position
Columbia, S.C.
Appointed: Sept. 6, 2000

Paul G. Campbell Jr.
Represents Berkeley County
Goose Creek, S.C.
Appointed: Aug. 8, 2003

Richard H. Coen
Represents 1st Congressional District
Mt. Pleasant, S.C.
Appointed: June 3, 2003

Clarence Davis
Represents 2nd Congressional District
Columbia, S.C.
Appointed: June 25, 2003

* Guerry E. Green was appointed chairman on Dec. 10, 2004.

** On Dec. 31, 2004, the first vice chairman position was vacant. The board of directors elected G. Dial DuBose as first vice chairman and re-elected Patrick T. Allen as second vice chairman on Jan. 24, 2005.



G. DIAL DuBOSE

CARL O. FALK

J. CALHOUN LAND IV

KEITH D. MUNSON

JAMES W. SANDERS SR.

G. Dial DuBose**
Represents 3rd Congressional District
Easley, S.C.
Appointed: May 15, 2003

J. Calhoun Land IV
Represents 6th Congressional District
Manning, S.C.
Appointed: May 19, 1999

James W. Sanders Sr.
Represents 5th Congressional District
Gaffney, S.C.
Appointed: July 29, 2003

Carl O. Falk
Represents Georgetown County
Pawleys Island, S.C.
Appointed: Dec. 10, 2004

Keith D. Munson
Represents 4th Congressional District
Greer, S.C.
Appointed: May 15, 2003

Note: The board of director position representing Horry County was vacant as of Dec. 15, 2004. Dr. John T. Molnar was appointed to that position on Feb. 16, 2005.

south carolina advisory board

Mark Sanford
Governor

Richard Eckstrom
Comptroller General

Mark Hammond
Secretary of State

Henry McMaster
Attorney General

Grady Patterson
Treasurer

executive management

President and Chief Executive OfficerLonnie N. Carter
Executive Vice President and Chief Operating OfficerBill McCall
Executive Vice President and Chief Financial Officer.....Elaine G. Peterson
Executive Vice President and Chief Legal Officer.....John S. West*
Senior Vice President, Corporate Services.....R.M. Singletary

management

Senior Vice Presidents:

Power Delivery.....Terry L. Blackwell
Generation.....Maxie C. Chaplin

Vice Presidents:

Planning and Power SupplyS. Tom Abrams
Retail Operations.....Zack W. Dusenbury
Human Resource ManagementRonald H. Holmes
Fossil and Hydro Generation.....L. Phil Pierce
Corporate Planning and Bulk Power.....Suzanne H. Ritter
Engineering and Construction ServicesByron C. Rodgers Jr.
Corporate Communications and Media Relations.....Laura G. Varn
Corporate Secretary and Manager, Community Relations.....Wm. Glen Brown Jr.
ControllerGlenda W. Gillette
TreasurerH. Roderick Murchison
Auditor.....Thomas L. Richardson

* John S. West retired from Santee Cooper on Dec. 31, 2004. James E. Brogdon Jr. joined Santee Cooper's executive management team as senior vice president and general counsel on March 1, 2005.

schedule of defeased bonds outstanding

As of December 31, 2004
(In Thousands)

Call Date	At Maturity		At Maturity	
Series	1992-A REF ⁽²⁾⁽⁶⁾		1996-A REF ⁽⁶⁾	
Original Maturity Jan. 1	Int. Rate	Amt.	Int. Rate	Amt.
2005				
2006	6.20	6,680	6 1/4	5,665
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
Totals per Series		<u>6,680</u>		<u>5,665</u>
Totals per Call Date				<u>12,345</u>

See Schedule of Bonds Outstanding for footnotes.

schedule of bonds outstanding⁽¹⁾

As of December 31, 2004
(in Thousands)

	PRIORITY BONDS		REVENUE BONDS									
	1967		1993 C		1995 A		1995 B		1996 A		1996 B	
Maturity Date	Series ⁽²⁾		Refunding Series		Refunding Series		Refunding Series		Refunding Series		Refunding Series	
Jan 1	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt
2005	4.10	4,230 *			6 1/2	10,765	6 1/4	4,645				
2006	4.10	4,420 *			6 1/2	10,350 ⁽⁴⁾						
2007												
2008					6 1/8	815 ⁽⁴⁾	5.70	3,255 ⁽⁴⁾	6 1/2	3,730 ⁽⁴⁾		
2009									5 3/4	1,035 ⁽⁴⁾		
2010					6 1/8	860 ⁽⁴⁾	5.80	3,485 ⁽⁴⁾	5 3/4	15,170 ⁽⁴⁾		
2011					6 1/8	915 ⁽⁴⁾	5.80	3,705 ⁽⁴⁾	5 3/4	6,165 ⁽⁴⁾		
2012					6 1/8	970 ⁽⁵⁾	5 7/8	3,940 ⁽⁴⁾	5 3/4	5,615 ⁽⁴⁾		
2013					6 1/8	1,025 ⁽⁵⁾	5 7/8	4,180 ⁽⁴⁾	5 3/4	5,925 ⁽⁴⁾		
2014					6 1/8	4,460 ⁽⁵⁾	5 7/8	4,430 ⁽⁵⁾	5 3/4	6,530 ⁽⁴⁾		
2015							5 7/8	4,705 ⁽⁵⁾	5 3/4	7,005 ⁽⁵⁾		
2016							5 7/8	5,000 ⁽⁵⁾	5 3/4	13,075 ⁽⁵⁾		
2017							5 7/8	5,320 ⁽⁵⁾	5 3/4	19,650 ⁽⁴⁾		
2018							5 7/8	5,685 ⁽⁵⁾	5 3/4	20,735 ⁽⁴⁾		
2019					6 1/4	8,995 ⁽⁵⁾	5 7/8	6,085 ⁽⁵⁾	5 3/4	21,875 ⁽⁴⁾		
2020					6 1/4	23,100 ⁽⁵⁾	5 7/8	6,515 ⁽⁵⁾	5 3/4	23,155 ⁽⁴⁾		
2021					6 1/4	24,915 ⁽⁵⁾	5 7/8	6,970 ⁽⁴⁾	5 3/4	38,535 ⁽⁴⁾		
2022					6 1/4	11,505 ⁽⁵⁾	5 7/8	34,165 ⁽⁴⁾	5 3/4	24,185 ⁽⁴⁾	5 1/2	11,435 **
2023			5.00	28,595 ⁽³⁾				30,270 ⁽⁴⁾			5 1/2	10,070 **
2024			5.00	28,165 ⁽³⁾								
2025			5.00	29,575 ⁽³⁾								
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
2038												
2039												
Add:												
Total Outstanding												
As of 12/31/04		8,650		86,335		77,560		148,825		217,030		21,505
Bonds Redeemed												
As of 12/31/04		42,950		76,545		46,375		28,250		44,350		61,965
Bonds Refunded												
As of 12/31/04		0		468,480		15,750		0		5,665 ⁽⁶⁾		0
Net:												
Original Issue Amt.		51,600		631,360		139,685		177,075		267,045		83,470

*Term Bonds

(1) Rounding may cause small variances.

(2) Maturities are on July 1 instead of January 1.

(3) On February 10, 2005, the Authority sold approximately \$78.1 million Revenue Obligations, 2005 Refunding Series C delivered on February 24, 2005. These bonds were called March 31, 2005.

				REVENUE OBLIGATIONS																										
1997 A		1998 B		1999 A		1999 B		2001 A			2002 A		2002 B		2002 C		2002 D		2003 A		2004 A		2004 B		2004 M					
Refunding Series		Refunding Series		Tax-Exempt Series		Taxable Series		Improvement Series		Refunding Series ⁽²⁾		Refunding Series		Tax-Exempt Series		Taxable Series		Refunding Series		Refunding Series		Tax-Exempt Series		Taxable Series		Tax-Exempt Series		Total Principal Maturities ⁽¹⁰⁾	Total Revenue Interest ⁽¹⁰⁾	Total Debt Service ⁽¹⁰⁾
Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt			
5.00	2,025	4 1/4	685	5.00	5,990	6.97	4,225	3 1/4	2,020			5.00	3,715		4.46	23,010	5.00	15,515										76,825	150,600	227,425
		4.40	715	5 3/8	6,335	7.07	4,455	3.40	2,085	4.00	3,100	5.00	3,705		4.93	16,930	5.00	22,830		2 1/2	260							75,185	142,460	217,645
		4 1/2	750	4.80	6,695	7.12	4,705	4.00	2,155			5.00	4,105		5.27	30,865	5.00	21,715		2 1/2	270							71,260	138,505	209,765
		4 1/2	785	5 1/2	7,070	7.17	4,980	4 1/2	2,240			5 1/2	7,860		5.51	20,970	4.00	28,690		5.00	4,665							85,060	134,491	219,551
		4 1/2	825	5 1/2	7,480	7.22	5,270	4 1/2	2,340			5 1/2	8,290	5.00			5.00	14,800		5.00	36,680							80,535	130,219	210,754
4 7/8	2,505	4.70	865	5 1/2	7,940	7.27	5,590 *		2,450 ⁽⁹⁾			5 1/2	8,745	5.00	6,835		5.00	30,430		5.00	6,090	3.57	2,665					93,630	125,614	219,244
4.90	9,780	4 3/4	905	5 1/2	18,325	7.27	38,390 *					5 1/2	10,110				5 1/4	5,800		3.00	505	3.89	2,750					97,350	120,153	217,503
5.00	15,040	5 1/4	955 *	5 5/8	10,910	7.32	1,465	5.00	2,565			5 1/2	11,555	5 3/8	7,175		5 1/4	30,095		5.00	6,395	4.17	2,870					99,550	114,535	214,085
5.00	15,815	5 1/4	1,010 *	5 5/8	11,540	7.37	1,580	5.00	2,690			5 1/2	12,190	5 3/8	7,565		5 1/4	36,500		5.00	6,740	4.33	2,985					109,745	108,956	218,701
5.00	16,630	5.00	1,065 *	5 3/4	12,220	7.42	1,700	5.00	2,830			5 1/2	7,310	5 3/8	7,970		5 1/4	42,160		5.00	7,070	4.47	3,115					117,490	102,880	220,370
5.00	12,980	5.00	1,120 *	5 3/4	12,940			5 1/4	2,965			5 1/2	2,155	5 3/8	8,395		5 1/4	27,645	5.00	23,575	5.00	7,430	4.52	3,250	4 1/4	13,095		127,260	96,450	223,710
5.00	9,095 *	5.00	1,180 *	5 1/2	13,690			5 1/4	3,125			5 1/2	2,315	5 3/8	8,850		5.00	18,340	5.00	27,285	5.00	18,250			4 3/8	4,904 ⁽⁹⁾		125,109	93,024 ⁽¹¹⁾	218,133
5.00	9,485 *	5.00	1,245 *	5 1/2	14,470			5 1/4	3,290			5 1/2	2,480	5 3/8	9,325		5.00	19,195	5.00	18,980	5.00	41,540						144,980	83,112	228,092
5.00	22,410 *	5.00	1,310 *	5 1/2	9,230			5 1/4	2,800			5 1/2	2,615	5 3/8	9,825		5.00	20,095	5.00	13,985	5.00	44,525						153,215	75,342	228,557
5.00	17,755 *	5.00	1,380 *	5 1/2	9,755			5 1/4	2,945			5 1/2	6,185	5.00	2,000		5.00	31,095	5.00	19,120	5.00	34,245						161,435	67,113	228,548
5.00	380 *	5.00	1,455 *	5 1/2	10,305 *			5 1/4	3,100			5 1/8	8,700				5.00	40,860	5.00	22,960	5.00	35,400						175,930	58,176	234,106
5.00	400 *	5.00	1,530 *	5 1/2	10,890 *			4 3/4	3,265 *			5 1/8	6,000				5.00	28,420	5.00	26,125	5.00	38,255						185,305	48,493	233,798
5.00	420 *	5.00	1,615 *	5 1/2	11,505 *			4 3/4	3,420 *										5.00	28,380	5.00	66,780						193,410	38,302	231,712
5.00	440 *	5.00	1,700 *																		4 3/8	3,135			4.90	6,711		80,921	30,934	111,855
5.00	465 *	5.00	1,790 *																		4 1/2	3,265			5.00	3,400 ⁽⁹⁾		37,085	33,222 ⁽¹¹⁾	70,307
5.00	485 *	5.00	1,000 *																		5.00	3,415 *						34,475	26,237	60,712
5.00	510 *																		5.00	29,920	5.00	3,585 *						34,015	24,525	58,540
5.00	6,595 *																		5.00	25,355	5.00	3,755 *						35,705	22,782	58,487
5.00	12,985 *																		4 3/4	20,565	5.00	3,945 *						37,495	20,977	58,472
5.00	13,635 *																		4 3/4	21,540	5.00	4,145 *						39,320	19,110	58,430
5 1/8	14,315 *																		4 3/4	22,555	5.00	4,345 *						41,215	17,142	58,357
5 1/8	15,050 *												5 1/8	2,555 *					4 3/4	23,630	5.00	4,570 *						45,805	15,005	60,810
5 1/8	7,710 *												5 1/8	30,280 *					4 3/4	11,055	5.00	4,790 *						53,835	12,522	66,357
													5 1/4	31,835							5.00	5,035 *						36,870	10,205	47,075
													5 1/8	33,505 *							5.00	5,285 *						38,790	8,253	47,043
													5 1/8	35,220 *							5.00	5,550 *						40,770	6,221	46,991
																					5.00	5,825 *						42,850	4,066	46,916
													5 1/8	37,025 ⁽⁸⁾							5.00	6,120 *						45,085	1,802	46,887
																					5.00	6,345 *						6,345	492	6,837
																					5.00	6,660 *						6,660	167	6,827
206,910		23,885		187,290		72,360		46,285		3,100		108,035		281,140		91,775		434,185		335,030		434,870		17,635		28,110		2,830,515	2,082,085	4,912,600
7,645		2,930		11,030		52,960		0		5,505		0		0		0		6,575		0		0		0		0		387,080		
0		0		0		0		0		0		0		0		0		0		0		0		0		0		489,895		
214,555		26,815		198,320		125,320		46,285		8,605		108,035		281,140		91,775		440,760		335,030		434,870		17,635		28,110		3,707,490		

(4) On January 28, 2005, the Authority entered into a Forward Bond Purchase Agreement for the sale of approximately \$278 million Revenue Obligations, 2005 Refunding Series B to be delivered on or about October 4, 2005. These bonds will be called January 1, 2006.

(5) On August 26, 2004, the Authority entered into a Forward Bond Purchase Agreement for the sale of approximately \$125.3 million Revenue Obligations, 2005 Refunding Series A to be delivered on or about October 4, 2005. These bonds will be called January 1, 2006.

(6) Cash defeased to maturity, \$6,680,000 of the 1992A Refunding Bonds due July 1, 2006 and \$5,665,000 of the 1996A Refunding Bonds due January 1, 2006. Bonds are subject to the original call provisions as stated in each official statement. (For Details on Calls See "Schedule of Defeased Bonds Outstanding.")
(7) The 2001A 2010 maturity has a split coupon: \$2,000,000 at 5.00% and \$450,000 at 4.00%.

(8) The 2002B 2036 maturity includes the January 1, 2036 term bond; principal \$10,000,000 at an interest rate of 5.50% and a sinker; principal \$27,025,000 at an interest rate of 5.125%.
(9) Includes accretion through December 31, 2004 on Capital Appreciation Bonds.
(10) Included in year that payment is made.
(11) Includes remaining accretion on Capital Appreciation Bonds.

Availability – The amount of time that a system is available to provide service, usually expressed in percentage, for a specific period of time such as a month or year.

Btu (British thermal unit) – The standard unit for measuring quantity of heat energy, such as the heat content of fuel. It is the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.

Capacity – The load for which a generating unit, generating station, or other electrical apparatus is rated either by the user or by the manufacturer.

Combustion turbine – A jet-type turbine engine which burns gas or oil and propels a generator to produce electricity.

Commercial customer – All nonresidential retail customers served under the General Service rate schedules. Generally, these customers have a demand less than 1,000 kW per month.

Demand – The rate at which electric energy is delivered to or by a system, part of a system or a piece of equipment. It is expressed in kilowatts at a given instant or averaged over any designated period of time. The primary source of “demand” is the power-consuming equipment of the customers.

Distribution – The process of delivering electric energy from convenient points on the transmission or bulk power system to the consumers. Also, a functional classification relating to that portion of a utility plant used for the purpose of delivering electric energy from convenient points on the transmission system to consumers, or to expenses relating to the operation and maintenance of a distribution plant.

Electric cooperative – A private business entity owned by the customers it serves that supplies electric energy to a specified area. In South Carolina, there are 20 electric distribution co-ops, all of which receive Santee Cooper-generated power.

Energy sales – The sale of electric energy to wholesale and retail customers usually expressed in kilowatt-hours.

FERC (Federal Energy Regulatory Commission) – An independent federal agency created within the Department of Energy, FERC is vested with broad regulatory authority over wholesale electric, natural gas and oil production and the licensing of hydroelectric facilities. Among other things, the agency has regulatory authority over the safety of Santee Cooper’s dams and dikes.

Fly ash – Gas-borne particles of matter resulting from the combustion of fuels and other materials.

Generating unit – A combination of equipment needed to produce electricity, such as a turbine-generator and its boiler. A generating station usually consists of several units.

Gypsum – This is both a naturally occurring and an artificially produced calcium sulfate (CaSO₄) compound. It is used for a multitude of purposes including sheetrock, fertilizer and cement production. Artificial gypsum may be produced by utilities using forced-oxidation desulfurization systems.

Heat rate – A measure of generating station thermal efficiency, generally expressed in Btu per net kilowatt-hour. It is computed by dividing the total Btu content of fuel burned for electric generation by the resulting kilowatt-hour generation. The lower the heat rate, the more efficient the production.

Industrial customer – Very large retail customers served under Santee Cooper’s Large Light and Power rate schedule (or associated riders). These customers have a demand greater than 1,000 kW.

Kilowatt (kW) – 1,000 watts.

Kilowatt-hour (kWh) – The basic unit of electric energy equal to one kilowatt (1,000 watts) of power flowing through an electric circuit steadily for one hour.

Load – The amount of electric power delivered or required at any specified point or points on a system.

Megawatt (MW) – One million watts or 1,000 kilowatts.

Megawatt-hour – The basic unit of electric energy equal to one megawatt (1,000 kilowatts) of power flowing through an electric circuit steadily for one hour.

Peak demand – The maximum amount of electricity used by a utility customer at any instant during a specific time period. The peak is used to measure the amount of electric generating capacity that is required to meet that maximum demand.

Public power – Refers collectively to those utilities owned by municipalities or the state or federal government. Although not government owned, electric cooperatives are sometimes considered within the scope of public power.

Reinvested earnings – Net revenues available for reinvestment in the business.

Residential customer – The classification of customers to whom electricity is sold for household purposes.

Retail customer – These customers are the ultimate consumer of electric energy. Includes residential, commercial, small industrial and other non-wholesale customers.

Revenue bond – A bond payable solely from net or gross non-taxable revenues derived from the operation and charges paid by users of the system.

Substation – An assembly of equipment for the purpose of switching and/or changing or regulating the voltage of electricity.

Tax-exempt financing – A form of financing employed by publicly owned utilities that allows such utilities to issue bonds where the interest paid on the bonds is not generally subject to taxation. This policy, established in law, stems from the long-standing philosophical viewpoint that publicly owned utilities (electric, water, sewer) provide basic services to the citizens they serve and thus should not be taxed.

Transmission – The process of transporting electric energy in bulk from a source or sources of supply to other principal parts of the system or to other utility systems. Also, a functional classification relating to that portion of utility plant used for the purpose of transmitting electric energy in bulk to other principal parts of the system or to other utility systems, or to expenses relating to the operation and maintenance of transmission plant.

Watt – The basic electrical unit of power or rate of doing work. The rate of energy transfer equivalent to one ampere flowing due to an electrical pressure of one volt at unity power factor. One watt is equivalent to approximately 1/746 horsepower, or one joule per second.

Wholesale customer – A customer who purchases all or part of his or her electricity from the electric utility for resale.

*customer service
offices*

Conway
100 Elm Street
Conway, SC 29526
(843) 248-5755

Garden City/Murrells Inlet
900 Inlet Square Drive
Murrells Inlet, SC 29576
(843) 651-1598

Loris
3701 Walnut Street
Loris, SC 29569
(843) 756-5541

Moncks Corner
One Riverwood Drive
Moncks Corner, SC 29461
(843) 761-4061

Myrtle Beach
1703 Oak Street
Myrtle Beach, SC 29577
(843) 448-2411

North Myrtle Beach
1000 2nd Avenue North
N. Myrtle Beach, SC 29582
(843) 249-3505

Pawleys Island
126 Tiller Road
Pawleys Island, SC 29585
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As part of Santee Cooper's corporate commitment to protecting and improving our environment, this annual report was printed with soy-based inks on paper that meets United States Environmental Protection Agency guidelines for recycled paper. We urge you to recycle this report when you are finished with it. Printed on April 15, 2005.

