



South Carolina Electric & Gas Company
Virgil C. Summer Nuclear Station
P. O. Box 88
Jenkinsville, SC 29065
(803) 345-4215

David A. Lavigne
General Manager
Nuclear Safety

March 31, 1994
Refer to: RC-94-0094

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

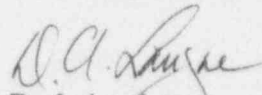
Attention: Mr. Robert S. Wood

Gentlemen:

Subject: VIRGIL C. SUMMER NUCLEAR STATION
DOCKET NO. 50/395
OPERATING LICENSE NO. NPF-12
ANNUAL 10CFR50.54(W)(3) AND 10CFR140.21(E) REPORT

In compliance with 10CFR50.54(w)(3) and 10CFR140.21(e) respectively, South Carolina Electric & Gas Company (SCE&G), acting for itself and as agent for South Carolina Public Service Authority (PSA), herewith submits a summary of the present levels of property insurance and a cash flow statement for the Virgil C. Summer Nuclear Station. In addition, the 1993 Annual Financial Statements for SCE&G and PSA are enclosed.

Very truly yours,


D. A. Lavigne

DWR:lcd
Enclosures

c: O. W. Dixon (w/o Enclosures)
R. R. Mahan (w/o Enclosures)
R. J. White
S. D. Ebner
NRC Resident Inspector

J. B. Knotts Jr.
NSRC
Central File System (CFS)
RTS (ANN 2500) (w/o Enclosures)
File (818.02-4)

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NUCLEAR EXCELLENCE - A SUMMER TRADITION!

SCANA Corporation
 Summary of Insurance
 1/4/94

TYPE OF INSURANCE	CARRIER	POLICY NUMBER	LIMITS	TERM	PREMIUM	RECEIVED POLICY
AIRCRAFT POLICY	U.S. Aviation Insurance Group		1,000,000 Hull 20,000,000 Pass.	01/23/94-01/23/95		
ALL RISK PROPERTY Primary Layer	Price Forbes (London) JFS (London)	J310224 93A0249 93A0250	15,000,000 part of 25,000,000 2,500,000 part of 25,000,000	10/31/93-10/31/94	\$699,600 \$118,600	
	Westchester Fire Royal Indemnity	3205554372 RHD303388	5,000,000 part of 25,000,000 2,500,000 part of 25,000,000		\$207,000 \$103,500	
Second Layer	CIGNA	EUTF0734008-4	125,000,000 xs of 25,000,000	10/31/93-10/31/94	\$335,000	
Third Layer	Fireman's Fund Royal Indemnity	XER2381546 RHD303389	85,000,000 part of 100,000,000 15,000,000 part of 100,000,000 xs of 150,000,000	10/31/93-10/31/94	\$85,000 \$15,000	
Offshore Coverage	JFS (London)	93A0249 93A0250	25,000,000 - pipelines, platforms, etc. 50,000,000 - offshore EED 10,000,000 - onshore EED 35,000,000 - OCSLA covg.	10/31/93-10/31/94	\$1,411,102	
COMMERCIAL PESTICIDE APP. BOND	INA	K04307720	25,000	07/01/93-07/01/94	\$250	continuous
COMPREHENSIVE CRIME	Federal Insurance Company		20,000,000	10/31/93-10/31/94	\$48,500	
CONSTABLE BOND	CIGNA	K71059856	2,000	09/23/93-09/23/94	\$850	continuous
CONTRACTORS EQUIPMENT	Marine Office of America Corp.		value of equip.	12/31/93-12/31/94	\$26,430	
D & O LIABILITY - Primary	AEGIS	DO210A1A93	35,000,000 Each wrongful act 35,000,000 agg. xs retentions 200,000 reimburs. (non-nuc) 3,000,000 reimburs. (nuclear)	10/31/93-10/31/94	\$572,400	12/21/93
D & O LIABILITY - Excess	EIM	900214-93D0	15,000,000 xs of 35,000,000	10/31/93-10/31/94	\$130,000	12/21/93
EXCESS WORKERS COMPENSATION	AEGIS	CO210A1A93	25,000,000	10/31/93-10/31/94	\$110,304	12/21/93
FIDUCIARY & EMPLOYEE BENEFITS	AEGIS	FO210A1A93	35,000,000	10/31/93-10/31/94	\$36,464	12/21/93
GAS INSTALLATION BOND	Reliance Insurance Company	B1724333	2,000	10/14/93-10/14/94	\$100	9/14/93
GA W. C. LETTER OF CREDIT	Wachovia Bank of Georgia	LCB70-021812	250,000	04/30/93-04/30/94	\$2,781	continuous

TYPE OF INSURANCE	CARRIER	POLICY NUMBER	LIMITS	TERM	PREMIUM	RECEIVED POLICY
GENERAL LIABILITY						
Primary Layer	AEGIS	X0210A1A93	35,000,000	10/31/93-10/31/94	\$1,621,130	12/21/93
Secondary Layer	EIM	500329-93GL	100,000,000 xs of 35,000,000	10/31/93-10/31/94	\$448,062	12/21/93
NUCLEAR						
All Risk Nuclear Property - Primary	ANI MAELU	93217 93217	400,000,000 part of 500,000,000 100,000,000 part of 500,000,000	08/08/93-08/08/94	\$958,483 \$441,090	received received
Nuclear Property - Secondary	NEIL II	X93-052	1,400,000,000 xs of 500,000,000	11/15/93-11/15/94	\$1,625,787	12/1/93
Nuclear Public Liability - Facility Form	ANI MAELU	NF-252 MF-108	155,000,000 part of 200,000,000 45,000,000 part of 200,000,000	01/01/94-12/31/94		
Secondary Financial Protection	ANI MAELU	N-78 M-78	9,395,900,000 xs of 200,000,000	01/01/94-12/31/94		
Nuclear Suppliers and Transporters	ANI	NS-420	10,000,000	01/01/94-13/31/94		
Nuclear Workers Policy	ANI MAELU	NW-149 MW-78	155,000,000 part of 200,000,000 45,000,000 part of 200,000,000	01/01/94-12/31/94		
PUBLIC WEIGHMASTERS BOND	INA	K02542377	1,000	07/01/93-07/01/94	\$50	continuous
S.C. LICENSED PETROLEUM GAS BOND	INA	K02541713	100,000	07/01/93-07/01/94	\$1,500	continuous
S.C. W.C. LETTER OF CREDIT	National Bank of South Carolina	883	1,400,000	06/09/93-06/09/94	\$1,750	continuous
TRANSFER AGENTS INDEMNITY BOND	Seaboard Surety	188924-94	1,000,000	01/01/94-01/01/95		

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SOUTH CAROLINA ELECTRIC AND GAS COMPANY
INTERNAL CASH FLOW PROJECTION
FOR V.C. SUMMER NUCLEAR POWER STATION

29-Mar-94

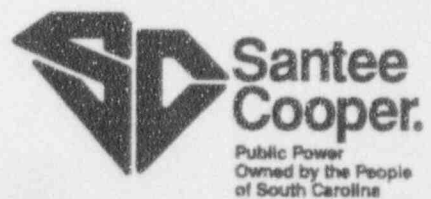
(THOUSANDS OF DOLLARS)

	PRIOR YEAR 1993 ACTUAL TOTAL	PROJECTION YEAR 1994 TOTAL
NET INCOME AFTER TAXES	\$ 145968	\$ 147947
LESS DIVIDENDS PAID	\$ <u>116517</u>	\$ <u>121349</u>
RETAINED EARNINGS	\$ 29451	\$ 26598
ADJUSTMENTS		
DEPRECIATION AND AMORTIZATION	\$ 119239	\$ 121917
DEFERRRED INCOME TAXES AND INVESTMENT TAX CREDITS	\$ 12872	\$ 7697
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	\$ <u>-12782</u>	\$ <u>-14737</u>
TOTAL ADJUSTMENTS	\$ <u>119329</u>	\$ <u>114877</u>
INTERNAL CASH FLOW	\$ <u>148780</u>	\$ <u>141475</u>
AVERAGE QUARTERLY CASH FLOW	\$ <u>37195</u>	\$ <u>35369</u>

FINANCIAL PLANNING

Financial Statements

South Carolina Public Service Authority
Calendar Year 1993



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying balance sheets of the South Carolina Public Service Authority (a component unit of the State of South Carolina—Note 1) as of December 31, 1993 and 1992 and the related statements of accumulated earnings reinvested in the business, reinvested earnings, and cash flows for each of the two 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. The financial statements of the South Carolina Public Service Authority for the year ended December 31, 1991, were audited by other auditors whose report dated February 19, 1992 expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Public Service Authority as of December 31, 1993 and 1992, and the results of its operations and its cash flows for the two years then ended in conformity with generally accepted accounting principles.

Arthur Andersen + Co.

Charlotte, North Carolina

February 18, 1994

BALANCE SHEETS

South Carolina Public Service Authority
December 31, 1993 and 1992

ASSETS	1993	1992
	(Thousands)	
Utility Plant – At Cost:		
Electric plant in service	\$ 2,540,433	\$ 2,475,764
Less accumulated depreciation	814,425	746,749
Electric plant in service	1,726,008	1,729,015
Construction in Progress	450,306	267,411
Nuclear fuel – at amortized cost	14,082	19,100
Utility plant – net	2,190,396	2,015,526
<i>Other Physical Property (Net of Accumulated Depreciation)</i>	1,748	1,497
<i>Cash and Investments Held by Trustee (Designated)</i>	440,427	607,112
Current Assets:		
Cash and investments held by trustee	50,794	46,536
Bond funds – current portion	90,031	99,205
Accounts receivable – net of allowance for doubtful accounts of \$2,907,000 and \$2,522,000 in 1993 and 1992, respectively	57,339	50,288
Accrued interest receivable	3,203	3,329
Inventories, at average cost:		
Fuel (coal and oil)	26,901	46,506
Materials and supplies	32,716	30,600
Prepaid expenses	1,312	986
Total current assets	262,296	277,450
Deferred Debts and Other Assets:		
Unamortized debt expense	25,838	21,518
Unamortized loss on refunded debt	305,131	223,429
Costs to be recovered from future revenue	365,075	341,481
Other	31,754	29,645
Total deferred debts and other assets	727,798	616,073
Total	\$ 3,622,665	\$ 3,517,658

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

LIABILITIES AND CAPITALIZATION	1993	1992
	(Thousands)	
Long-Term Debt:		
Electric Revenue Bonds – Priority Obligations	\$ 42,100	\$ 44,705
Electric System Expansion Revenue Bonds	1,079,455	1,516,440
Capitalized lease obligations	49,448	52,673
Revenue Bonds	1,370,910	852,950
Total long-term debt (net of current portion)	2,541,913	2,466,768
Less:		
Reacquired debt	10,550	5,345
Unamortized debt discount and premium – net	55,268	42,537
Long-term debt: – net	2,476,095	2,418,886
Current Liabilities:		
Current portion of long-term debt	33,704	34,266
Accrued interest on long-term debt	68,362	80,506
Commercial paper notes	108,250	121,750
Mini-Bonds and Revenue Bonds (Series M)	154,865	123,795
Accounts payable	29,179	28,129
Other	18,794	24,490
Total current liabilities	413,154	412,936
Deferred Credits and Other Non-Current Liabilities:		
Construction fund liabilities	32,233	25,576
Nuclear decommissioning costs	27,756	24,361
Unamortized gain on reacquired debt	470	566
Other	16,835	10,797
Total deferred credits and other non-current liabilities	77,294	61,300
Commitments and Contingencies		
Capital Contributions – U.S. Government Grants	34,438	34,438
Accumulated Earnings Reinvested in the Business	621,684	590,098
Total	\$ 3,622,665	\$ 3,517,658

STATEMENTS OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

South Carolina Public Service Authority
Years Ended December 31, 1993, 1992, and 1991

	1993	1992 (Thousands)	1991
Accumulated earnings reinvested in the business – beginning of year	\$ 590,098	\$ 566,197	\$ 530,869
Reinvested earnings for the year	37,583	29,717	40,968
Total	627,681	595,914	571,837
Distribution to the State of South Carolina	5,997	5,816	5,640
Accumulated earnings reinvested in the business – end of year	\$ 621,684	\$ 590,098	\$ 566,197

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

STATEMENTS OF REINVESTED EARNINGS

South Carolina Public Service Authority
 Years Ended December 31, 1993, 1992, and 1991

	1993	1992	1991
		(Thousands)	
Operating Revenues:			
Sale of electricity	\$ 584,030	\$ 541,725	\$ 557,736
Other operating revenues	5,453	5,153	4,842
Total operating revenues	589,483	546,878	562,578
Operating Expenses:			
Operation expense:			
Production	237,685	217,223	232,219
Purchased and interchanged power – net	12,863	10,425	9,220
Transmission	4,068	3,197	3,028
Distribution	3,594	3,810	3,698
Customer accounts	3,571	3,919	3,639
Sales	1,618	1,295	1,266
Administrative and general	48,087	39,784	41,037
Maintenance expense	51,626	52,365	50,213
Total operation and maintenance expense	363,112	332,018	344,320
Depreciation and amortization	78,329	75,025	70,846
Sums in lieu of taxes	3,643	3,643	3,364
Total operating expenses	445,084	410,686	418,530
Operating Income	144,399	136,192	144,048
Other Income:			
Interest income	17,493	21,980	29,302
Other – net	1,850	642	52
Total other income	19,343	22,622	29,354
Interest Charges:			
Interest on long-term debt	122,557	129,894	133,619
Other	27,197	23,356	23,279
Total interest charges	149,754	153,250	156,898
Costs to be recovered from future revenue	23,595	24,153	24,464
Reinvested Earnings	\$ 37,583	\$ 29,717	\$ 40,968

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

STATEMENTS OF CASH FLOWS

South Carolina Public Service Authority
 Years Ended December 31, 1993, 1992, and 1991

	1993	1992 (Thousands)	1991
Cash Flows From Operating Activities:			
Operating Income	\$ 144,399	\$ 136,192	\$ 144,048
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	86,913	85,602	79,180
Other Income	1,850	33	52
Changes in assets and liabilities:			
Accounts receivable, net	(7,051)	(4,692)	6,850
inventories	17,489	(11,437)	(644)
Prepaid expenses	(326)	70	19
Other deferred debits	(2,659)	(4,380)	(7,202)
Accounts payable	1,050	(1,253)	(4,508)
Other current liabilities	(6,612)	6,174	3,302
Other non-current liabilities	16,090	33,244	(839)
Net cash provided by operating activities	251,143	239,553	220,258
Cash Flows From Investing Activities:			
Net Decrease (Increase) in investments	106,127	(215,041)	(144,161)
Interest on investments	29,379	39,769	22,544
Net cash provided by (used in) investing activities	135,506	(175,272)	(121,617)
Cash Flows From Noncapital-Related Financing Activities:			
Distribution to the State of South Carolina	(5,997)	(5,815)	(5,640)
Cash Flows From Capital-Related Financing Activities:			
Proceeds from sale of bonds	978,435	544,843	398,808
(Repayments) Proceeds net from sale of commercial paper	(13,500)	(2,250)	4,000
Repayment and refunding of bonds	(969,868)	(228,003)	(99,184)
Interest paid on borrowings	(183,548)	(167,613)	(141,703)
Construction and betterments of utility plant	(240,513)	(235,279)	(145,622)
Bond issuance costs	(15,021)	(7,699)	(4,604)
Other	(3,148)	(3,052)	(2,961)
Net cash (used in) provided by capital-related financing activities	(447,163)	(99,053)	8,734
Net (Decrease) Increase in Cash and Cash Equivalents	(66,511)	(40,587)	101,735
Cash and Cash Equivalents at the Beginning of the Year	188,496	229,083	127,348
Cash and Cash Equivalents at the End of the Year	\$ 121,985	\$ 188,496	\$ 229,083

	1993	1992	1991
	(Thousands)		
Reconciliation of Cash and Cash Equivalents:			
Cash and investments held by trustee (designated)	\$ 440,427	\$ 607,112	\$ 430,419
Cash and investments held by trustee	50,794	46,536	50,023
Bond funds – current portion	90,031	99,205	95,444
Less investments, not considered cash and cash equivalents	459,267	564,357	346,803
Cash and cash equivalents at the end of the year	\$ 121,985	\$ 188,496	\$ 229,083

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

NOTES TO FINANCIAL STATEMENTS

Note 1

Summary of Significant Accounting Policies:

A - *Reporting Entity* - The South Carolina Public Service Authority (the "Authority"), a component unit of the State of South Carolina, was created in 1934 by the State Legislature. The Board of Directors is appointed by the Governor of South Carolina. The purpose of the Authority is to provide electric power to the people of South Carolina. Capital projects are funded by bonds issued by the Authority and internally generated funds. 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 in accordance with generally accepted accounting principles applicable to governmental entities (Note 12) and are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

C - *Utility Plant* - Utility plant is recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. The costs of 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.

D - *Depreciation* - Depreciation is computed on a straight-line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.3% for each of the three years in the period ended December 31, 1993. Amortization of capitalized leases is also included in depreciation expense.

E - *Revenue Recognition and Fuel Costs* - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Prior to 1992, revenues from retail customers were recognized as billed on a monthly cycle basis. Beginning in 1992 any revenues for electricity delivered to retail customers which has not been billed is being accrued. Fuel costs are reflected in operating expenses as fuel is consumed.

F - *Bond Issuance Costs* - Unamortized debt discount, premium and expense are amortized to income over the terms of the related debt issues. Unamortized gains or losses on refunded debt are generally deferred and amortized to income over the terms of the refunding debt issues.

G - *Cash and Cash Equivalents* - For purposes of the statements of cash flows, the Authority considers highly liquid investments with original maturities of less than three months and cash on deposit with financial institutions as cash and cash equivalents.

H - *State Distribution* - The distribution to the State of South Carolina is determined utilizing a formula required under the 1949 Indenture which is based essentially on operating cash flows and mandatory reserve requirements. Such calculation

varies substantially from reinvested earnings for the year principally due to costs to be recovered from future revenue and working capital requirements.

I - *Reclassifications* - Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2

Regional Water System:

In 1992, the Authority's Board of Directors authorized the construction of a regional water system. The Authority executed a contract with the Lake Moultrie Water Agency, a joint municipal water system consisting of the following members: City of Summerville Commission of Public Works, Town of Moncks Corner Commission of Public Works, City of Goose Creek and the County of Berkeley. The Lake Moultrie Water Agency will purchase all of the capacity of the water system and sell such capacity to the four members. The water system is estimated to commence initial operation in September 1994 and begin commercial operation in January 1995. The estimated construction costs for the water system are approximately \$36,000,000. The construction costs incurred as of December 31, 1993 totalled approximately \$26,989,000.

Note 3

Costs to be Recovered from Future Revenue:

The Authority's electric rates are established based upon debt service and operating fund requirements. Straight-line depreciation is not considered in the cost of service calculation used to design rates. The differences between debt principal maturities (adjusted for the effects of premiums, discounts and amortizations of deferred gains and losses) and straight-line depreciation are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

Note 4

Cash and Investments Held by Trustee (Designated):

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 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 carried at amortized cost.

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 held by pledging financial institutions but not in the Authority's name.

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, 1993, the Authority's repurchase agreements totalled \$80,477,000.

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 held by the pledging financial institution but not in the Authority's name.

	1993					
	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
(Thousands)						
Cash and Investments						
Held by Trustee (Designated)						
General Improvement Funds	\$ 57,568	\$ 1,650	\$ 55	\$ 205	\$ 59,478	\$ 59,292
Debt Service Reserve Funds	162,729	0	0	55	162,784	172,038
Other Special Funds	157,066	0	0	28	157,094	157,151
Funded Interest	61,067	0	0	4	61,071	61,908
Total Cash and Investments						
Held by Trustee (Designated)	\$ 438,430	\$ 1,650	\$ 55	\$ 292	\$ 440,427	\$ 450,389
Cash and Investments						
Held by Trustee (Undesignated)						
Revenue Fund	\$ 44,764	\$ 0	\$ 0	\$ (2,098)	\$ 42,666	\$ 42,643
Special Reserve Fund	7,616	0	100	412	8,128	8,143
Total Cash and Investments						
Held by Trustee (Undesignated)	\$ 52,380	\$ 0	\$ 100	\$ (1,686)	\$ 50,794	\$ 50,786
Bond Funds - Current Portion						
Interest	\$ 24,120	\$ 0	\$ 0	\$ 36,686	\$ 60,806	\$ 60,806
Bond Principal	16,245	0	0	0	16,245	16,247
Funded Interest	12,542	0	0	0	12,542	12,542
Lease	438	0	0	0	438	438
Total Bond Funds - Current Portion						
	\$ 53,345	\$ 0	\$ 0	\$ 36,686	\$ 90,031	\$ 90,033

	1992					
	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
(Thousands)						
Cash and Investments						
Held by Trustee (Designated)						
General Improvement Funds	\$ 75,558	\$ 1,400	\$ 51	\$ (582)	\$ 76,427	\$ 76,519
Debt Service Reserve Funds	162,850	0	0	235	163,085	170,917
Other Special Funds	269,519	0	0	77	269,596	268,376
Funded Interest	98,004	0	0	0	98,004	99,251
Total Cash and Investments						
Held by Trustee (Designated)	\$ 605,931	\$ 1,400	\$ 51	\$ (270)	\$ 607,112	\$ 615,063
Cash and Investments						
Held by Trustee (Undesignated)						
Revenue Fund	\$ 42,680	\$ 0	\$ 0	\$ (1,260)	\$ 41,420	\$ 41,424
Special Reserve Fund	4,742	0	100	274	5,116	5,145
Total Cash and Investments						
Held by Trustee (Undesignated)	\$ 47,422	\$ 0	\$ 100	\$ (986)	\$ 46,536	\$ 46,569
Bond Funds - Current Portion						
Interest	\$ 14,870	\$ 0	\$ 0	\$ 51,119	\$ 65,989	\$ 65,989
Bond Principal	15,554	0	0	6	15,560	15,654
Funded Interest	17,217	0	0	0	17,217	17,217
Lease	439	0	0	0	439	439
Total Bond Funds - Current Portion						
	\$ 48,080	\$ 0	\$ 0	\$ 51,125	\$ 99,205	\$ 99,299

Note 5*Long-Term Debt Outstanding:*

The Authority's long-term debt at December 31, 1993 and 1992 consisted of the following:

	December 31,	
	1993	1992
(Thousands)		
Electric Revenue Bonds - Priority Obligations: (mature through 2006)		
Interest rate 4.10%	\$ 44,705	\$ 47,245
Electric System Expansion Revenue Bonds: (mature through 2022)		
Interest rates vary from 5.20% - 8.75%	1,099,525	1,539,535
Capitalized lease obligations: (mature through 2015)		
Interest rates vary from 2.00% - 5.00%	52,672	55,819
Revenue Bonds: (mature through 2032)		
Interest rates vary from 2.70% - 7.00%	1,378,715	858,435
Total Long-Term Debt	2,575,617	2,501,034
Current Portion - Long-Term Debt	33,704	34,266
Total Long-Term Debt - Net	\$ 2,541,913	\$ 2,466,768

Maturities of long-term debt through 1998 are as follows:

Year Ending December 31,	Priority Obligations	Expansion Bonds	Capitalized Leases	Revenue Bonds	Total
	(Thousands)				
1994	\$ 2,605	\$ 20,070	\$ 3,224	\$ 7,805	\$ 33,704
1995	2,720	21,405	3,318	27,170	54,613
1996	2,845	23,165	3,418	10,670	40,098
1997	2,975	19,160	3,527	18,380	44,042
1998	3,105	19,980	3,609	15,800	42,494
Total	\$ 14,250	\$ 103,780	\$ 17,096	\$ 79,825	\$ 214,951

The fair value of the Authority's debt is estimated based on the 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 tax-exempt bonds and other debt with similar terms and average maturities, the fair value of debt is approximately \$2.85 billion and \$2.8 billion at December 31, 1993 and 1992, respectively.

The Authority refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future

rate adjustments.

In 1993, the Authority issued \$385,125,000 in 1993 Refunding Series A&B Bonds and \$631,360,000 in 1993 Refunding Series C Bonds. These refundings reduced the Authority's total debt service over the life of its bonds by approximately \$66,501,000, resulting in an economic gain over the life of the bonds of approximately \$30,249,000 after adjusting for funds used from the refunding of other than the 1993 Refunding Series A&B Bond proceeds and the 1993 Refunding Series C Bond proceeds.

Amounts outstanding, original loss on refunding, and the unamortized loss at December 31, 1993 are as follow:

Refunding Issue	Refunded Bonds	Refunded Amount Outstanding	Original Loss	Unamortized Loss
			(Thousands)	
1982 Refunding	\$ 100,000 of the 1981 Series C and \$ 127,000 of the 1982 Series A	—	62,588	350
1985 Refunding	\$ 150,000 of the 1982 Series B	—	30,570	1,901
Cash Defeasance	\$ 20,000 of the 1982 Series A	—	2,763	2,100
1986 A&B Refunding	\$ 42,725 of the 1980 Series A \$ 42,000 of the 1981 Series A \$ 61,000 of the 1981 Series B \$ 4,420 of the 1981 Series C \$ 7,820 of the 1982 Series A \$ 9,010 of the 1982 Series B	—	43,736	5,595
1986 C&D Refunding	\$280,275 of the 1982 Refunding Series	—	97,109	83,474
1987 A Refunding	\$160,510 of the 1985 Refunding Series	160,510	48,038	38,397
1988 A Refunding	\$ 18,220 of the 1980 Series A \$ 18,315 of the 1981 Series A \$ 9,110 of the 1982 Refunding Series \$ 5,000 of the 1985 Refunding Series \$120,890 of the 1985 A Refunding Series	125,890	28,644	19,623
1991 A,B&C Refunding & Improvement Series	\$ 4,855 of the 1980 Series A \$ 8,075 of the 1981 Series A \$ 13,500 of the 1985 Series \$ 32,500 of the 1985 A Refunding Series	32,500	4,856	2,585
Commercial Paper	\$ 27,000 of the 1985 Subordinate Series	2,579	495	83
1992 A Refunding	\$ 3,370 of the 1985 Refunding Series \$ 5,405 of the 1985 A Refunding Series \$ 100,010 of the 1986 Refunding Series A \$ 22,555 of the 1988 Refunding Series A \$ 15,370 of the 1991 Refunding Series B \$ 12,085 of the 1991 Series D	158,795	42,188	39,842
1993 A&B Refunding	\$ 86,180 of the 1974 Series \$ 93,360 of the 1979 Series A \$ 4,980 of the 1985 A Refunding Series \$ 14,935 of the 1986 Refunding Series A \$ 23,675 of the 1986 Refunding Series B \$135,705 of the 1991 Refunding & Improvement Series B and C	179,295	38,870	38,870
1993 C Refunding	\$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 A Refunding Series \$ 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 and C \$279,905 of the 1991 Series D	406,140	72,311	72,311
Total		\$1,065,709	\$ 472,168	\$ 305,131

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, 1993, the Authority is in compliance with all debt covenants.

Note 6

Commercial Paper and Mini-Bonds:

The Board of Directors has authorized the issuance of commercial paper not to exceed \$150,000,000. The paper is issued for valid corporate purposes with a term not to exceed 270 days. For the years ended December 31, 1993, 1992, and 1991, the information related to commercial paper was as follows:

	1993	1992	1991
Effective interest rate (at December 31)	2.52%	2.69%	4.20%
Average annual amount outstanding	\$117,700,000	\$115,410,000	\$123,880,000
Average annual maturity	52 days	62 days	44 days

Commercial Paper and Mini-Bonds outstanding at December 31, are:

	1993	1992
	(Thousands)	
Commercial Paper	\$ 108,250	\$ 121,750
Mini-Bonds:		
1988 Series, bearing interest at 7.75% and due 2003	\$ 16,622	\$ 16,641
1989 Series, bearing interest at 7.00% and due 2004	18,615	18,299
Total Mini-Bonds	\$ 35,237	\$ 34,940
Revenue Bonds (Series M):		
1990 Series bearing interest at 7.30% and due 2005, and 2006	\$ 22,185	\$ 21,842
1991 Series bearing interest at 6.875% and due 2007, and 2008	28,030	27,671
1992 Series bearing interest at 6.25% and due 2007, 2008, and 2009	39,816	39,342
1993 Series bearing interest at 5.35% and due 2010, 2011, and 2012	29,597	—
Total Revenue Bonds (Series M)	\$ 119,628	\$ 88,855
Total Mini-Bonds and Revenue Bonds (Series M)	\$ 154,865	\$ 123,795
Total Commercial Paper, Mini-Bonds, and Revenue Bonds (Series M)	\$ 263,115	\$ 245,545

	1993	1992	1991
Average annual effective interest rate	2.40%	2.96%	4.48%

At December 31, 1993 the Authority had a Revolving Credit Agreement with NationsBank for \$150,000,000. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings under the agreement during 1993 or 1992.

In 1988 and 1989 the Authority issued bonds (Mini-Bonds) in small denominations which are due on demand by the registered owner under a Mini-Bond Resolution. In 1990 the Revenue Bond Resolution was adopted and all senior debt including the existing 1988 and 1989 Mini-Bonds were frozen except for Refunding purposes. Under the Revenue Bond Resolution, small denomination bonds due on demand (Series M Bonds) were issued. The pledge of revenues securing Revenue Bonds is junior and subordinate to the pledge of revenues securing the Priority Obligations, Electric System Expansion Revenue Bonds, and the 1988 and 1989 Mini-Bonds and capital lease obligation, but is superior to the lien and pledge of revenues securing the Commercial Paper payments to the Contingency Fund, Capital Improvement Fund, Special Reserve Fund and the payments to the State.

At December 31, 1993, the Authority had two Revolving Credit Agreements with NationsBank for \$40,000,000. These agreements are used to provide liquidity for the put feature on all outstanding Mini-Bonds. There were no borrowings under these agreements in 1993 or 1992.

Note 7*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 $\frac{1}{3}$ % and 66 $\frac{2}{3}$ %, 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 $\frac{1}{3}$ % of the net electricity generated. At December 31, 1993 and 1992, the plant accounts included approximately \$438,514,000 and \$436,409,000, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. For each of the three years ended December 31, 1993, 1992 and 1991, the Authority's operation and maintenance expenses included \$38,772,000, \$41,431,000 and \$30,880,000, 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. This amortization is included in fuel expense and is recovered through the Authority's rates.

SCE&G has an on-site spent fuel storage capability until at least 2008 and expects to be able to expand its storage capacity to accommodate the spent fuel output for the life of the plant through rod consolidation, dry cask storage or other technology as it becomes available. In addition, there is sufficient on-site storage capacity over the life of Summer Nuclear Station to permit storage of the entire reactor core in event that complete unloading should become desirable or necessary for any reason.

The Nuclear Regulatory Commission (NRC) has published final regulations on decommissioning of nuclear facilities that require 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 1991 and the NRC's imposed minimum requirement. Santee Cooper's one-third share of the estimated decommissioning costs of the Summer Nuclear Station equals approximately \$76,266,000 in 1990 dollars. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates.

Based on current decommissioning cost estimates developed by SCE&G, these funds, which totalled approximately \$25,073,000 at December 31, 1993, 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.

SCE&G has determined that the Summer Nuclear Station

steam generators must be replaced due to stress corrosion cracking. SCE&G estimates replacement of the steam generators will cost approximately \$156 million of which, the Authority's share will be approximately \$52 million, exclusive of the Authority's indirect costs. Replacement of the generators is scheduled for 1994. SCE&G has filed suit against the manufacturer of the generators seeking damages for the replacement of the generators. In January 1994, SCE&G and the Authority reached a settlement agreement with the manufacturer of the steam generators resolving the dispute involving the steam generators. Terms of the settlement will remain confidential and there will be no material adverse impact on the Authority. An order dismissing this suit was entered by the judge on January 12, 1994.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of the contract provisions, and a final settlement was reached and approved by all parties in April 1980. By terms of the settlement, the Authority has received approximately \$10,243,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of uranium, long-term deliveries of equipment and services (including conversion and fuel fabrication) at a discount. The cash and discounts received (and related interest earned) which approximated \$16,572,000, were recorded as deferred credits. During prior refueling outages deferred credits and related interest were used to offset additional fuel costs associated with replacement energy during the Summer Nuclear Station refueling outages. The remainder of the deferred credits was used during the scheduled refueling outage in 1993.

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 \$150,000,000 annually for fifteen (15) years based on enrichment services to date. Based on an estimate from SCE&G covering the fifteen years, the Authority's one-third share of the liability totalled \$2,483,000. Such amount has been deferred and will be recovered through rates as paid. These costs are included on the balance sheet in deferred credits and other noncurrent liabilities.

The maximum liability for public claims arising from any nuclear incident has been established at \$9.4 billion by the Price-Anderson Indemnification Act. This \$9.4 billion would be covered by nuclear liability insurance of about \$200 million per site, with potential retrospective assessments of up to \$79.275 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed \$10 million per incident, per year). Based on its one-third interest in Summer Nuclear Station, the Authority would be responsible for the maximum assessment of \$26.425 million, not to exceed approximately \$3.3 million per incident, per year. This amount is subject to further increases to reflect the increase 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 American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL) \$500 million primary and \$1.4 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 excess policy, SCE&G and the Authority could also be assessed a retroactive premium, not to exceed 7.5 times the annual premium, in the event of property damage to any nuclear generating facility covered by NEIL. Based on the current annual premium and the Authority's one-third interest, the Authority's maximum retroactive premium would be \$4.1 million.

The Authority is self-insured for any retroactive premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power.

Note 8

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 lease terms range from three to twenty-three years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the above-mentioned facilities. The Authority has 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.

Future minimum lease payments on Central leases, at December 31, 1993 were:

Years ending December 31:	Amount (Thousands)
1994	\$ 5,240
1995	5,233
1996	5,229
1997	5,229
1998	5,198
Thereafter	46,405
Total minimum lease payments	72,534
Less, amounts representing interest	19,862
Balance at December 31, 1993	\$ 52,672

Property under capitalized leases and related accumulated amortization included in utility plant at December 31, 1993 totalled \$100,207,000 and \$56,672,000, respectively, and at December 31, 1992 totalled \$100,995,000 and \$54,491,000, respectively.

Operating lease payments during the years ended December

31, 1993, 1992, and 1991, totalled \$753,000, \$1,021,000, and \$1,431,000, respectively.

Note 9

Contract with Central Electric Power Cooperative, Inc.:

Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement. In addition, the Authority will be the sole supplier of Central's energy needs excluding energy Central receives from the Southeastern Power Administration and SCE&G.

Note 10

Commitments and Contingencies:

Budget - The Authority's capital budget provides for expenditures of approximately \$224,545,000 during the year ending December 31, 1994, and \$320,256,000 during the two years thereafter. These projects will be financed by internally generated funds and additional borrowings.

Future Generation - The Authority's Board of Directors approved the construction of a second 540-megawatt coal-fueled electric generating unit at the Cross Plant with power generation to begin no later than May 1995.

The estimated cost of construction is expected to total approximately \$484.0 million which includes \$441.5 million for the generating unit, \$25.9 million for related transmission facilities, \$9.3 million for coal cars and \$7.3 million for the initial coal stockpile.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with outstanding minimum obligations at December 31, 1993 as follows:

Years ending December 31:	Amount (Thousands)
1994	\$ 103,162
1995	103,162
1996	103,162
1997	103,162
1998	83,516
Thereafter	360,351
Total	\$ 856,515

The Authority's outstanding minimum obligations under existing purchased power contracts as of December 31, 1993 were approximately \$130.7 million. The terms of the contracts range from 1 to 42 years.

The Authority has commitments of approximately \$130.1 million for its one-third share under the joint ownership agreement with SCE&G for the purchase, conversion, enrichment and fabrication of uranium.

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 oxide. While the legislation contains a number of new restrictions, the most significant new requirements, relating to acid precipitation, would not begin to impact the Authority until the year 2000.

Under the Clean Air Act, among other things, specific reductions in sulfur dioxide and nitrogen oxide emissions from fossil-fueled generating units will be required in two phases. In general, Phase I compliance must be implemented by January 1, 1995 and Phase II compliance by January 1, 2000. Specific regulations, rules and procedures for implementing the Clean Air Act are currently being promulgated by the EPA. The Authority currently projects it can meet Clean Air Act compliance with its existing units but may need to environmentally dispatch the order of operation. The Authority estimates that approximately \$28 million through the year 2000 may be necessary for continuous emissions monitoring equipment and the installation of low nitrous oxide burner technology.

Energy Policy Act of 1992 - The Energy Policy Act of 1992 (Energy Act) promotes energy efficiency, alternative fuel use, and increased competition for electric utilities and will have a significant impact on the utility industry. Under the Energy Act, Independent Power Producers (IPPs) are allowed access to a utility's transmission lines to sell their electricity to other utilities, thus enhancing their incentive to build generation plants for the utility's large industrial and commercial customers. At this time, the Authority is not able to determine what impact open transmission access will have on the financial results of the Authority.

Note 11

Retirement Plan:

Substantially all Authority full-time employees must participate in the South Carolina Retirement System ("System"), a cost-sharing, multiple-employer public employee retirement system. The payroll for employees covered by the System for each of the years ended December 31, 1993, 1992 and 1991, was \$65,727,000, \$61,558,000, and \$57,125,000, respectively.

Vested employees who retire at age 65 or with 30 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. The System also provides death and disability benefits. Benefits are established by state statute.

Employees are required by State statute to contribute 6 percent of salary. The Authority is required by the same statute to contribute 7.55 percent of total payroll. The contribution requirement for each of the years ended December 31, 1993, 1992 and 1991, was \$5,063,000, \$4,742,000 and \$4,449,000 from the Authority and \$3,944,000, \$3,689,000 and \$3,431,000 from employees.

An actuarial valuation is performed for the System annually. According to the South Carolina Retirement Systems, June 30,

1993, financial statements the pension benefit obligation for retired and active members was approximately \$12.6 billion. The amortized cost of assets of the System was approximately \$9.3 billion. The unfunded pension obligation was approximately \$3.2 billion. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is an actuarial present value of credited projected benefits, is intended to help users assess the System funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The System does not make separate measurements of assets and benefits payable for individual employers. The Authority's contribution represented approximately one and a half percent of the total contribution to the System.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1993 Comprehensive Annual Financial Report.

The Authority also provides deferred compensation benefits to certain employees who are eligible to retire with ten years of service and have reached the age of 50. The cost of these benefits are accrued on an actuarially determined basis. As of December 31, 1993, there were 37 active participants and 22 retirees. The actuarial accrued liability at December 31, 1993, 1992 and 1991, was approximately \$3,255,000, \$2,956,000 and \$2,676,000, respectively.

Note 12

Other Post-Retirement Benefits:

The Authority provides certain health, dental and life insurance benefits for retired employees. Substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with 30 years of service or at age 60 with at least 20 years of service. Currently, approximately 242 retirees meet these requirements. The cost of the health, dental and life insurance benefits are recognized as expense as the premiums are paid. For the years ended December 31, 1993, 1992 and 1991, these costs totalled \$515,000, \$371,000 and \$329,000, respectively.

During their first ten years of service, full-time permanent employees can earn up to 15 days vacation leave per year. After ten years of service, employees earn an additional day vacation leave for each year of service over ten until they reach the maximum of 25 days per year. Employees earn annually a half day per month plus three additional days 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. These costs are carried as a deferred debit and a liability on the balance sheet and will be recovered through rates as they are paid.

Note 13*Credit Risk and Major Customers:*

Concentrations of credit risk with respect to the receivables are limited due to the large number of customers in the Authority's customer base and their dispersion across different industries. The Authority maintains an allowance for uncollectible accounts losses based upon the expected collectibility of all accounts receivable.

Sales to two major customers for the years ended December 31, were:

	1993	1992	1991
	(Thousands)		
Central Electric Power			
Cooperative, Inc.	\$ 277,000	\$ 236,000	\$ 242,000
Alumax of South			
Carolina, Inc.	\$ 72,000	\$ 82,000	\$ 88,000

During calendar years 1988 through 1990, Alumax received rate relief of \$4.4 million which was subject to repayment if the monthly price of aluminum was \$.72 per pound or more as stated in 1986 dollars. Alumax is not eligible for any additional rate relief. On December 31, 1993, Alumax's obligation to repay such rate relief ended.

In February, 1993, Alumax announced a 20 percent reduction in production at their plant served by the Authority. The reinvested earnings impact on the Authority for 1993 is estimated to be \$5.6 million.