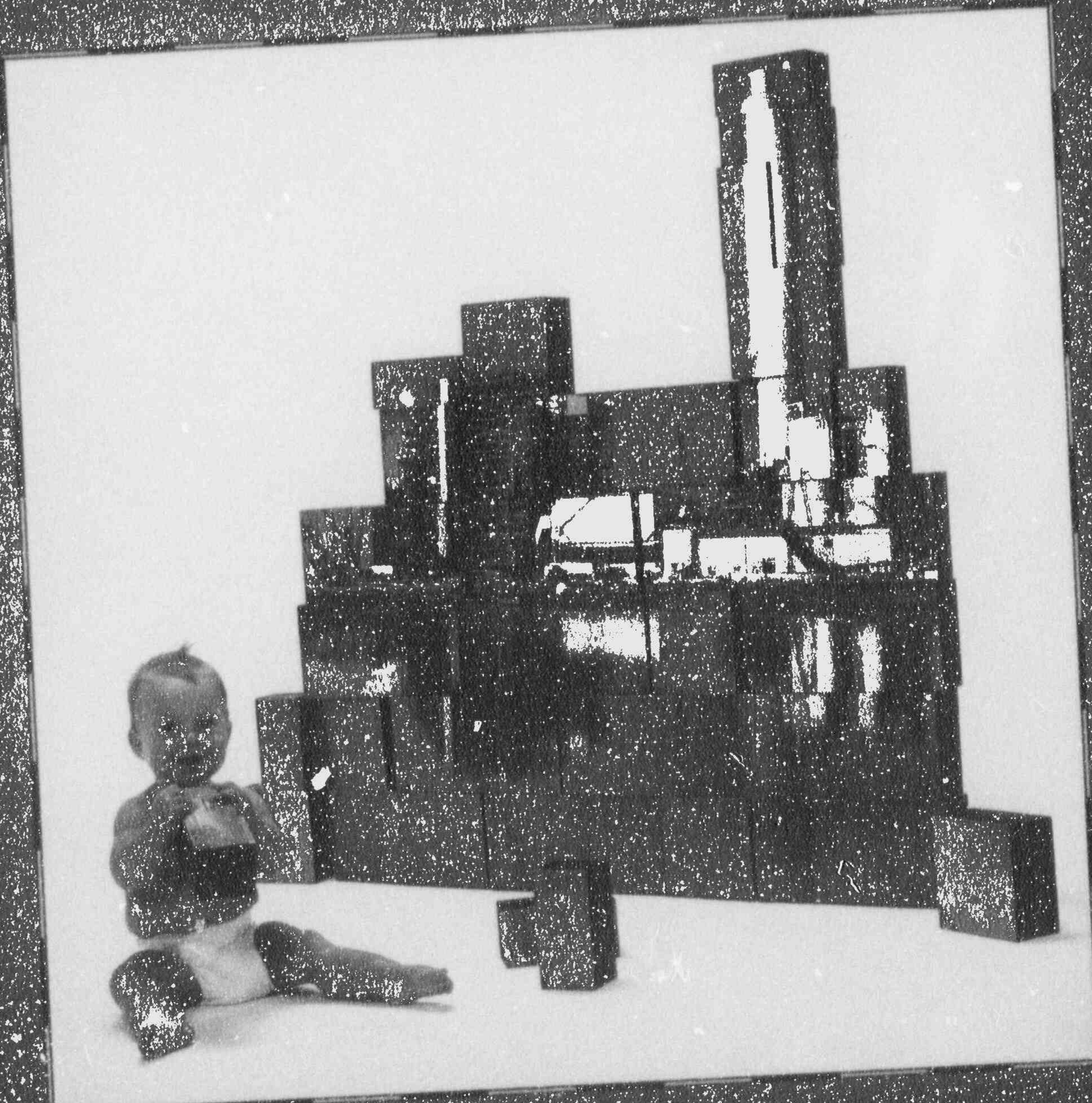
Building the next GENERATION



1993 Santee Cooper Annual Report

Contents

A member of the next generation of South Carolinians marvels at the addition at Cross Generating Station, Santee Cooper's next generation of power plants.

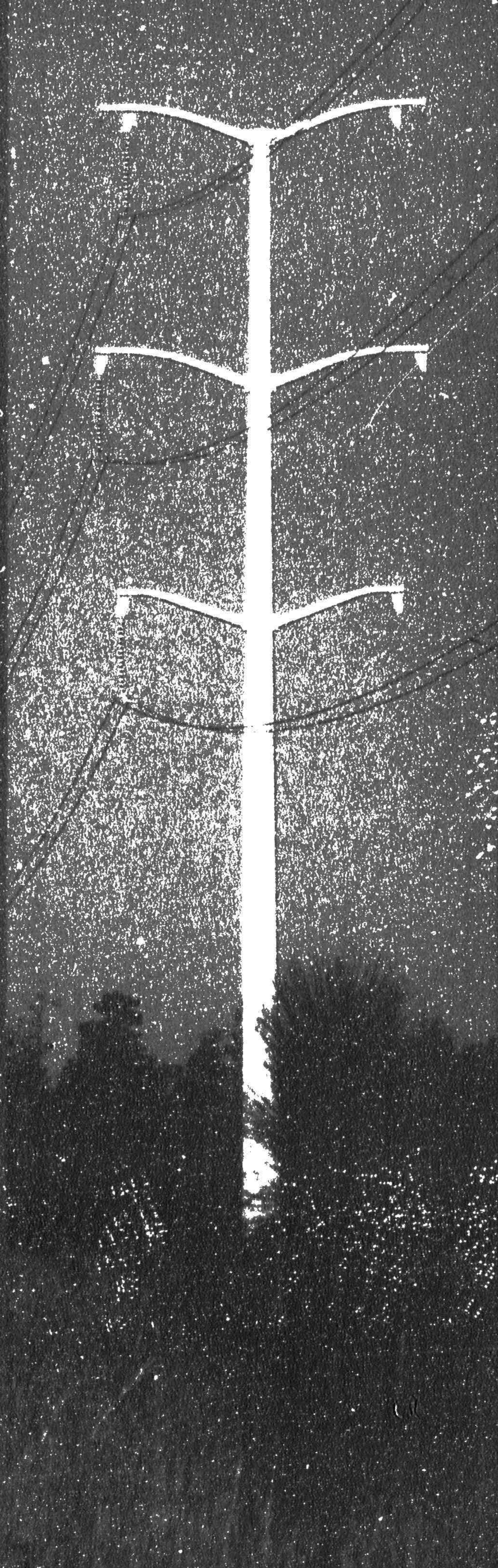
Santee Cooper is South Carolina's state owned electric utility.

began in 1939

generates

four generating stations

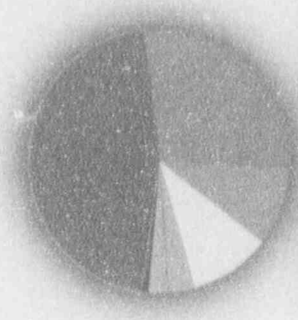
energy conservation



Santee Cooper.
Public Power
Owned by the People
of South Carolina

Sources of Income

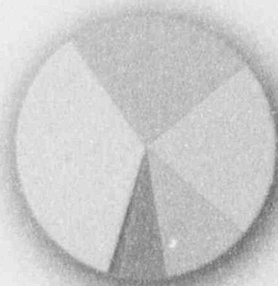
In Thousands



Sales to Electric Co-ops	$276,493	45.41%
Industrial Sales	168,339	27.65%
Commercial Sales	60,802	9.99%
Residential Sales	60,251	9.90%
Other Income	19,343	3.19%
Other Sales for Resale	16,113	2.65%
Other Electric Revenue	5,453	.90%
Public Street Lighting and Other	2,032	.32%

Distribution of Income

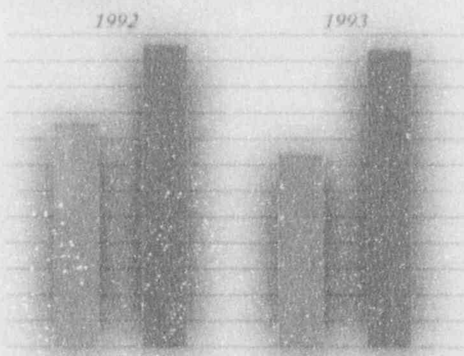
In Thousands



Fuel and Purchased Power	$ 217,418	35.71 %
Operation and Maintenance	145,694	23. 93 %
Interest	134,883	22.15 %
Additions to Plant, Inventories, Etc.	67,238	11.04 %
Retirement of Debt	35,509	5.83 %
Payment to State	5.997	.99 %
Sums in Lieu of Taxes	2,087	.35 %

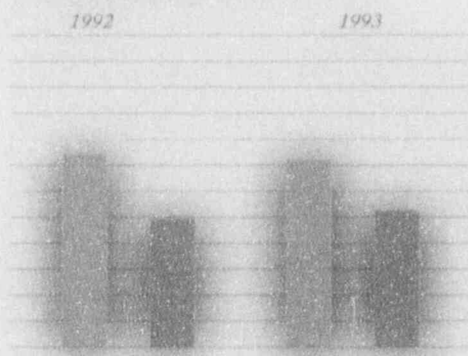
Average Residential Consumption

In Kilowatthours



Average Residential Cost

Cents Per Kilowatthour



National Average   Santee Cooper

Corporate Statistics

Calendar Year	1993	1992	1991	1990	1989
Total Utility Plant-Net Including Nuclear Fuel (at year end) (in thousands of dollars)	**2,190,396**	2,015,526	1,852,471	1,786,059	1,761,109
Bonded Indebtedness (at year end) (in thousands of dollars)	**2,677,810**	2,569,010	2,237,729	1,937,721	1,950,665
Operating Revenues (in thousands of dollars)					
Residential	**60,251**	56,958	56,884	54,356	55,236
Commercial	**60,802**	57,994	58,064	56,156	55,039
Public Street Lighting & Other	**2,032**	2,077	2,010	1,904	2,001
Industrial	**168,339**	173,278	184,707	182,662	182,453
Wholesale	**292,606**	251,418	256,071	252,988	254,849
Miscellaneous	**5,453**	5,153	4,842	5,914	5,216
Total	**589,483**	546,878	562,578	553,980	554,794
Operating & Maintenance Expenses Charged to Operations (in thousands of dollars)	**363,112**	332,018	344,320	341,743	342,009
Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)	**3,643**	3,643	3,364	3,426	3,449
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	**5,997**	5,816	5,640	5,629	5,366
Net Operating Revenues Available for Debt Service (in thousands of dollars)	**243,627**	235,324	245,706	233,179	235,147
Reinvested Earnings (in thousands of dollars)	**37,583**	29,717	40,968	40,001	43,492
Debt Service Coverage: Priority Obligation & Expansion Bonds	**2.11**	1.74	1.74	1.60	1.62
Kilowatthour Sales (in thousands)					
Residential	**1,024,861**	981,163	935,650	900,626	863,026
Commercial	**1,152,137**	1,113,505	1,062,371	1,027,319	976,504
Public Street Lighting & Other	**38,481**	40,642	36,304	34,939	35,180
Industrial	**5,155,259**	5,502,276	5,474,394	5,533,130	5,196,833
Wholesale	**7,059,116**	6,395,055	6,088,552	6,052,241	6,249,916
Total	**14,429,854**	14,032,641	13,597,271	13,548,255	13,321,459
Number of Customers (at year end)					
Residential	**80,913**	78,671	76,824	74,922	70,497
Commercial	**15,362**	15,250	15,158	14,950	14,759
Public Street Lighting & Other	**395**	294	294	298	286
Industrial	**31**	32	32	34	34
Wholesale	**5**	5	5	6	6
Total	**96,706**	94,252	92,313	90,210	85,582
Residential Statistics (average) Kilowatthour					
Consumption/Customer	**12,754**	12,449	12,151	12,071	11,885
Cents/Kilowatthour	**5.88**	5.81	6.08	6.04	6.40
Generating Capability (at year end) (megawatts)	**2,780**	2,780	2,780	2,780	2,780
Power Requirements and Supply (kilowatthours in millions)					
Generation:					
Hydro	**508**	556	598	548	545
Steam	**11,974**	10,843	11,233	11,006	11,152
Combustion Turbine	**4**	—	1	3	22
Nuclear	**2,030**	2,499	1,776	2,031	1,801
Total	**14,516**	13,898	13,608	13,588	13,520
Purchases, Net Interchanges, Etc.	**678**	713	681	615	499
Total	**15,194**	14,611	14,289	14,203	14,019
Territorial Peak Demand (megawatts)	**2,655**	2,620	2,571	2,508	2,707

Comparative Highlights

Calendar Year	1993	1992	% Change
Financial (Thousands of Dollars)			
Total Revenues & Income	**$ 608,826**	$ 569,500	6.91
Total Expenses & Interest Charges	**594,838**	563,936	5.48
Other	**23,595**	24,153	(2.31)
Reinvested Earnings	**$ 37,583**	$ 29,717	26.47
Debt Service Coverage	**1.46 times**	1.35 times	8.15
Debt / Equity Ratio	**80/20**	80/20	—
Statistical			
Retail Customers Served	**96,670**	94,215	2.61
Average Annual Residential Consumption (KWH)	**12,754**	12,449	2.45
Average Residential Cost (cents per KWH)	**5.88**	5.81	1.20
Energy Sales (MWH)	**14,429,854**	14,032,641	2.83
Territorial Peak Demand (MW)	**2,655**	2,620	1.34

"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 work force through effective employee involvement and training*
- *operating according to the highest ethical standards*
- *protecting our environment*
- *being a leader in economic development.*

T. Graham Edwards John S. Rainey

Stating that the time had come for him to pass the baton and for the company to move ahead under new leadership, President and Chief Executive Officer Ken Ford announced his retirement October 22. He explained that recovery from his recent spinal surgery was taking longer than he had anticipated. Following the advice of his doctors that optimum recovery could best be achieved by withdrawing from the day-to-day pressures of managing the company, he decided to step down.

The board of directors named Executive Vice President T. Graham Edwards as the new President and Chief Executive Officer. Edwards was in charge of the Administration and Finance department and has been with Santee Cooper for 16 years.

Subsequently, the board approved a reorganization of executive management. Robert V. Tanner was promoted to the new position of Chief Operating Officer, to be responsible for managing day-to-day operations. Bill McCall was promoted to fill Tanner's former position as Executive Vice President of Production, and Emily Brown was named Senior Vice President of Administration and Finance, filling the position previously held by Edwards.

Executive Report

In 1993, we at Santee Cooper responded to economic challenges with solid accomplishments, overcame adversity through resourcefulness, and pursued new opportunities of service for our customers and the people of South Carolina. It was also a year in which we began developing a strategic plan to chart our course for the future, and it ended with the unanticipated retirement of our President and Chief Executive Officer, the selection of a new President and Chief Executive Officer, and reorganization of executive management.

In February, U.S. Senator Ernest F. Hollings announced to a shocked Lowcountry that the Charleston Naval Base and Charleston Naval Shipyard would be on a list for closure. As the region held its breath, the Defense Base Closure and Realignment Commission revealed that the worst fears were indeed true. Despite fighting the good fight, the base, shipyard, and certain other military facilities will close by 1997.

Then, one of the biggest changes of 1993 occurred in March when the flags came down, the

A-10 aircraft made their final departures, and the gates were locked at Myrtle Beach Air Force Base, which became an early victim of the Defense Base Closure and Realignment Commission. The base had been served by Santee Cooper since 1957. Revenues from energy sales to the base in 1992, the last full year of operation, were $1.8 million, approximately one-third of 1 percent of Santee Cooper's annual revenues.

In the wake of this base closure, agreement could not be reached on development of a plan for reuse of the 2,700-acre complex and facilities left behind. In response to a request from Governor Carroll A. Campbell Jr., Santee Cooper served as the state's agent in negotiating a land swap between the Air Force and the South Carolina Forestry Commission. As a result, two parcels of land on the former base property were made available for major economic development projects.

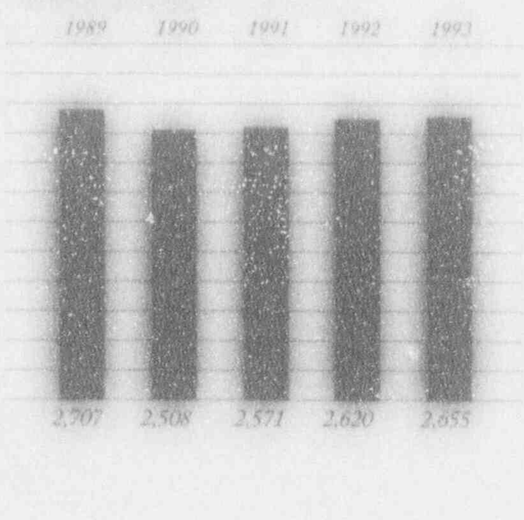
Foremost among these projects was the announcement in May by AVX Corporation of a $12 million expansion with construction of a 60,000-square-foot research and development center on a portion of the former base complex. AVX is the world's largest manufacturer of ceramic capacitors, and the expansion will eventually bring up to 1,000 new jobs to the Grand Strand.

Also in February, Alumax of South Carolina, Santee Cooper's largest industrial customer, announced a 20 percent cutback in production. World aluminum prices had tumbled, following the "dumping" of aluminum on the world market by cash-starved new republics in the former Soviet Union.

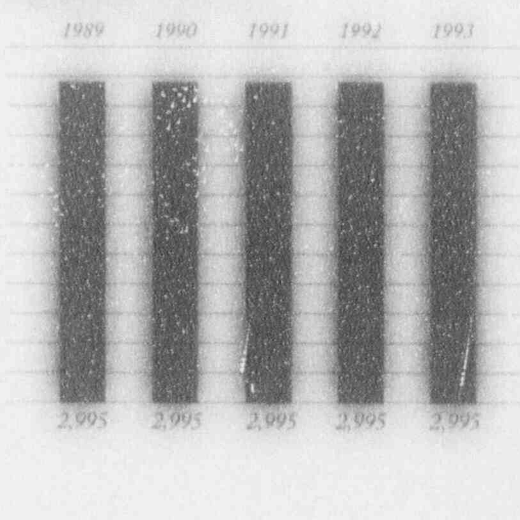
Alumax, a primary aluminum smelter, represents about 15 percent of Santee Cooper's electrical load. The cutback, permitted under their contract, did not entail job layoffs. It did, however, mean an income loss of over one-half million dollars a month to Santee Cooper. The good news is that Alumax is projected to increase production during 1994.

Even with military cutbacks, an industrial slowdown and a hesitant economic recovery, Santee Cooper recorded increases in kilowatthour sales, revenues, and reinvested earnings. Seasonable

Peak Demand *in Megawatts*

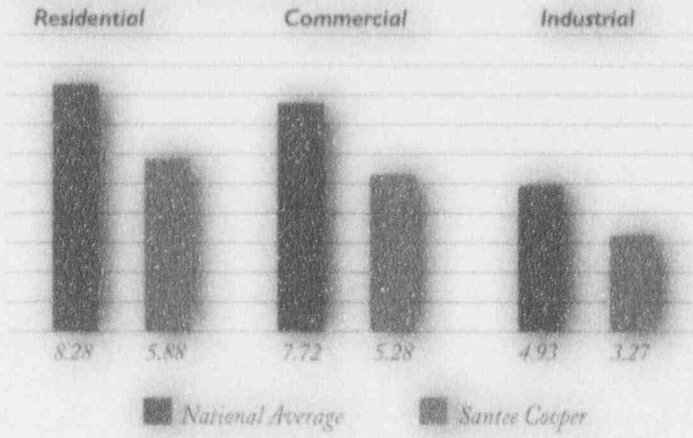


Capacity *in Megawatts*



Rates

Cents Per Kilowatthour Compared with Utilities Based on the National Average



weather along with belt-tightening by employees and savings from advance bond refundings made 1993 a good year.

On the legislative front, there were several threats that would have proposed privatizing Santee Cooper. None was successful. Santee Cooper was excluded from the state's reorganization plan. It was recommended and approved by the legislature that Santee Cooper remain an independent, quasi-state agency.

These many challenges being successfully met and the new opportunities seized, Santee Cooper will continue to be a major player in the parade of progress that is uniquely South Carolina's role in the Sunbelt's New South.

To fulfill this role, we have begun to build for the next generation.

Santee Cooper is well-positioned to build for the next generation because of our aggressive and timely decision to increase electric generating capacity, a skilled and dedicated work force, a strong management team, and a commitment to serve in the best interests of our customers, bondholders, and the people of South Carolina.

We have been responsive in and responsible for meeting the ever increasing demand for electric service by our retail customers and the 15 electric cooperatives that receive Santee Cooper power. Energy usage has increased 38 percent and area population has grown 30 percent since 1985.

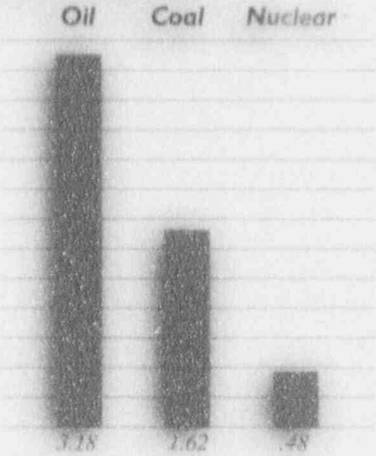
In May, a new load study presented to management and the board of directors projected continued growth for Santee Cooper. The 20-year growth in energy sales is projected to be about 4.1 billion kilowatthours or about 28.5 percent. This translates into an average annual compound growth rate of 1.33 percent.

As we move toward the need for increased capacity to generate electricity, the board of directors' wisdom in 1990 to build Cross 1 becomes more apparent with each passing day. The nearly one-half billion dollar investment is the single biggest financial decision Santee Cooper has ever made.

Cross 1 is being built at a cost of $818 per installed kilowatt, considerably below today's

Fuel Generating Cost

Cents per Kilowatthour



national average of $1,200 per kilowatt. Cost savings are being realized on a prepurchased steam generator, favorable interest rates and a buyer's market for materials and labor.

To pay for this investment, the board of directors in December approved a three-step rate increase effective April 1, 1994, 1995 and 1996. The overall increases among all customer classes is 9.8 percent. Phasing in the increases lessens the impact on customers, particularly those on limited or fixed incomes.

It is important to note that Santee Cooper's last rate increase was nearly nine years ago. It must be remembered that even with all the increases in place, Santee Cooper is projected to remain the overall least-cost provider of electric power of any generating utility in South Carolina and among the lowest in the Southeast.

A new time-of-use rate will be offered for residential customers willing to adjust their energy consumption patterns, concentrating power use in off-peak hours. The off-peak rate is projected to save customers approximately 25 percent on their electric bills. In addition, a pilot real-time power rate will be offered to industrial customers, providing them the opportunity to view prices for electricity from hour to hour and adjust their operations and power consumption for greatest savings.

Energy

In 1993, energy sales totalled 14.4 billion kilowatthours of electricity, an increase of 397 million KWH over last year. Peak demand for 1993 reached 2,655 megawatts, compared to 2,620 in 1992. Due to weather conditions, heating and cooling degree days for the year increased 13 percent from 1992.

In terms of energy consumption, Santee Cooper experienced increases of 4.5 percent by residential customers, 3.5 percent by commercial customers, 10.6 percent by Central Electric Power Cooperative, and an increase of 4.0 percent by the municipalities of Bamberg and Georgetown. Public street lighting and other sales decreased .3 percent. Industrial sales decreased by 6.3 percent. Growth in the number of customers was steady. A total of 2,242 residential and 112 commercial customers was added, which represents increases of 2.8 and 0.7 percent respectively.

Operations

Construction on Unit 1 of the Cross Generating Station, a 540-megawatt coal-fired companion to Unit 2, neared 75 percent completion by year's end. It is scheduled for testing in November 1994 with commercial operation set for May 1995. Total projected cost for the unit is $484 million.

Construction of the Santee Cooper Regional Water System began in February 1993 and is on schedule, with a September 1994 completion date. At that time, four Lowcountry water entities will begin receiving water taken, treated and transported from Lake Moultrie. The $36 million system will have the capability to provide up to 24 million gallons of potable water a day to a continually developing region.

The system will serve 30,000 customers who receive water from the Berkeley County Water and Sanitation Authority, Moncks Corner Public Works Commission, Summerville Commissioners of Public Works and the City of Goose Creek. The 23 miles of transmission lines have been installed and a one-million gallon water tank in Berkeley County near Carnes Crossroads has been completed. Water holds the key for unlocking sustainable growth for the Lowcountry.

The Santee Cooper Board of Directors approved the Santee Cooper Water Project's first operating budget, which totaled $1.3 million.

Economic Development

Statewide, South Carolina industries announced plans for industrial construction or expansion representing $2.5 billion in new investment. This is projected to bring 12,582 jobs to the state. This was the fifth best year for capital investment in South Carolina's history.

Business and industrial growth in Santee Cooper's service territory increased. Economic growth remained steady in the areas served by Santee Cooper and Central Electric Power Cooperative Inc. for which it generates power. During the past year, 20 firms announced significant new facilities and expansions within the 35-county electric cooperative service area. Those announcements represent future capital investments in excess of $261 million and more than 1,400 new job opportunities.

In Santee Cooper's direct service territory of Berkeley, Georgetown, and Horry counties, industrial and commercial projects announced or under construction in 1993 will result in over $500 million in capital investment with approximately 5,350 new jobs.

Growth continues to be the economic palette from which Santee Cooper can paint a favorable financial picture.

Finance

Successful financial management helped maintain Santee Cooper's competitive edge in 1993. Total savings in long-term financing of more than $105.0 million were realized over the life of $932.6 million of outstanding bonds which were advance refunded. Average annual savings over the life of the new bonds will be approximately $3.2 million.

Total revenues were $589.5 million, up 7.8 percent from 1992, and electric operating expenses increased 8.4 percent to $445.1 million. Reinvested earnings were $37.6 million, up 26.5 percent from 1992.

Santee Cooper's financial stability was maintained, with revenue bond ratings of A-1 with Moody's and A+ with Standard & Poor's and Fitch Investors Services. Santee Cooper maintained a debt service coverage of 1.46 times.

Santee Cooper Mini-Bonds continued to be in high demand by our customers and citizens of South Carolina, who invested $29.5 million in the issue. Of that total, just over $24 million were in current interest bearing bonds and $5.5 million were in capital appreciation bonds. This brings the total of mini-bonds sold since first offered in 1988 to $151 million.

Environment

Our Give Oil For Energy Recovery or GOFER program is essentially complete. At year's end, there were 244 GOFER tanks statewide with 42 of the state's 46 counties having at least one 275-gallon collection tank. Nearly 360,000 gallons of used motor oil from do-it-yourselfers were collected in 1993 and 600,000 gallons have been collected since the first gallon was poured on July 30, 1990. According to the S.C. Used Oil Partnership, Santee Cooper's GOFER program collected about 70 percent of all the used motor oil collected in the state last year.

The GOFER program has won six major environmental awards. Working with electric cooperatives, county and municipal governments and even regional councils of governments, we have turned an environmental problem into usable electric power at our generating stations.

Santee Cooper is well-positioned to meet current or future state and federal environmental compliance standards. We continue making strides for meeting Phase 1 requirements of the 1990 Clean Air Act, effective Jan. 1, 1995. Much of our generation is relatively new. We are in a much more favorable position to meet long-term environmental standards compared to most other utilities in the Southeast. Cost compliance for cleaner air and other statutory environmental mandates will be relatively minimal and manageable.

Building The Next Generation

"Building The Next Generation" is the theme of this annual report. In addition to a description of progress experienced during the past year, the report features perspectives of why and how Santee Cooper is accomplishing its mission.

John S. Rainey
Chairman, Board of Directors

T. Graham Edwards
President and Chief Executive Officer

Energy Sales

At the end of 1993, Santee Cooper was serving 96,670 residential, commercial, and other retail customers located in Berkeley, Horry, and Georgetown counties. This was an increase of 2,455 or 2.6 percent over 1992. Of this increase, 2,242 were residential and 213 were commercial & others. There was no change in public street lights.

Sales to these retail customers were 2,215 gigawatthours, up 3.8 percent over the previous period.

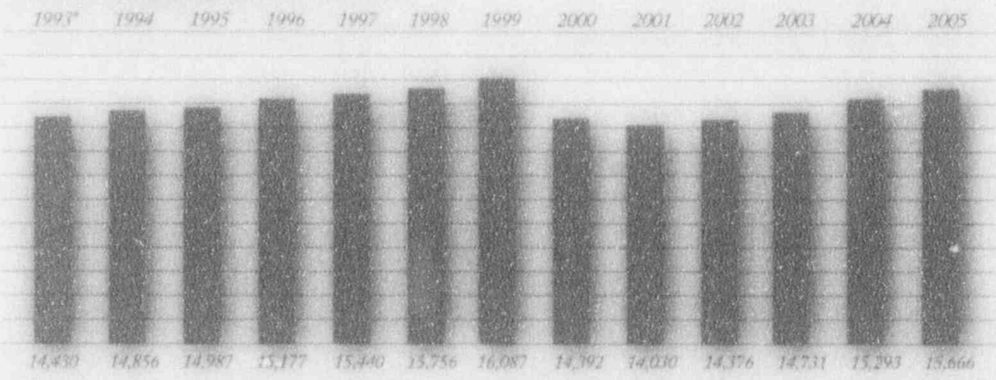
The average annual consumption of electricity by Santee Cooper residential customers increased to 12,754 kilowatthours, 2.5 percent more than 1992.

Industrial's were 5,155 gigawatthours, down 6.3 percent over the previous year. The average cost of power to industrial customers was 3.27 cents per kilowatthour, 3.8 percent more than in 1992 and 33.7 percent lower than the national average.

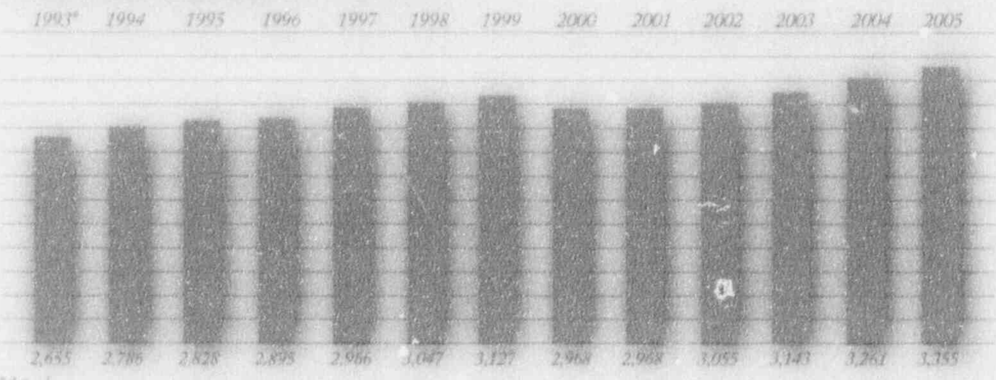
Sales to Central Electric Power Cooperative Inc. to its 15 members co-ops increased 10.6 percent to 6,813 gigawatthours. Central is Santee Cooper's largest single customer. The electric cooperatives distribute power to approximately 350,000 customers in 35 counties.

Sales to the municipalities of Bamberg and Georgetown increased 4.0 percent.

Total Energy Sales *(in Gigawatts)*



Total Peak Demand *(in Megawatts)*



*Actual

When

Santee Cooper's customers learn that we're building the next generation of power plants, they naturally wonder why.

The answer is

growth.

BUILDING THE NEXT GENERATION is more than constructing power plants. It also means attracting, retaining and expanding business and industry. South Carolina continues to evolve from an economic foundation built on textiles and agriculture, to a service-based economy demanding highly educated workers for increasingly competitive world markets.

Assisting the state through this economic evolution is Santee Cooper, South Carolina's state-owned electric utility. Whether it's along the Grand Strand, in Berkeley or Georgetown counties, or a statewide mission, Santee Cooper is there. It's not unusual to find Santee Cooper **doing more than providing low-cost electric power.** The state has benefited and will continue to benefit from technical assistance for economic development and jobs for South Carolinians today and tomorrow.

IN THE LAST 12 YEARS, the number of customers served by Santee Cooper has doubled...and with the growth of business, industry, and population comes an increased demand for reliable, affordable electricity. So when the question, "Why are we building the next generation of power plants?" arises, the answer is simple: Growth. We want the next generation of South Carolinians to enjoy a bright and promising future.

Tourism is marching toward becoming the state's number one industry. For years it has become apparent that economic diversification should become a priority. Hard work is paying off. Leaders know putting all our economic eggs in one basket offers nothing but dependence on a singular way of life.

The world has changed. The military economy, once considered a paragon of stability, recession-proof, and possessing permanent inoculation from inflation, is downsizing. In February, the Defense Base Closure and Realignment Commission or BRAC, announced that Charleston Naval Base, Charleston Naval Shipyard, and other facilities were on a list for closure. The very next month, based on a previous BRAC closure schedule, Myrtle Beach Air Force Base closed its doors.

The BRAC Commission came to Charleston and heard the often-impassioned testimony. But the decision was made to close the base and shipyard. The Navy and its influence will largely leave the Lowcountry, despite fighting the good fight.

The Naval Base and Naval Shipyard have been Santee Cooper customers for over a half century. Santee Cooper's military ties run deep. Declared a National Defense Project in early 1941, as European war clouds ominously gathered across the Atlantic, Santee Cooper's first power, in February 1942,

Myrtle Beach Air Force Base, a fixture on the Grand Strand scene since the 1940s, officially closed its gates on March 31, 1993. The closure has ignited the redevelopment of thousands of acres of land at the former military base.

Santee Cooper's largest industrial customer, Alumax of S.C., announced a production cutback but plans to increase aluminum production in 1994.

Benedict Rosen, president of AVX Corp. (left) and Governor Carroll A. Campbell Jr., announced a $12 million expansion at its Myrtle Beach facility. With 2,100 employees, the capacitor manufacturer is Horry County's largest employer.

went to a manufacturer of ferrochrome alloys for the war effort.

Alumax of South Carolina, Santee Cooper's largest industrial customer, announced on Feb. 18 a decision to temporarily adjust aluminum production to 80 percent of capacity at their Mount Holly plant in Berkeley County. The production adjustment is in response to market conditions resulting from economic recovery.

Another factor is the increased availability of aluminum on the world market from Russia and the Commonwealth of Independent States at below market prices. The production adjustment has not affected employment at the plant, and Alumax plans to **increase production during 1994**.

In the post Cold War era, Americans must seek new answers to age-old questions: how to better educate its children, provide good jobs for its young people, and maintain and enhance the state's quality of life.

With a state committed to the future, Santee Cooper is poised to embrace new horizons with the promise of an even better world built upon unlimited possibilities—the possibilities of the next generation.

The year in industry produced solid evidence of economic diversification. Despite gloomy military news, there were bright spots there, too.

In June, Conway's Conbraco Industries announced a $16 million expansion that will result in up to **300 new jobs** at a facility that already employs 350. Conbraco, based in Matthews, N.C., is one of the nation's leading makers of boiler-trimming valves, bronze and stainless-steel water gauges, and safety and relief valves. In 1993, Conbraco's annual payroll at the Conway facility was $7 million.

In October, Santee Cooper announced that it will play a role in the management and redevelopment of land at the closed Myrtle Beach Air Force Base. Santee Cooper's involvement was in response to a request by Governor Carroll A. Campbell Jr.

By midyear, base redevelopment also occurred on another front—this time at the Charleston Naval Base and Charleston Naval Shipyard. The Building Economic Solutions Together, or BEST committee, was formed after the BRAC group voted to close those facilities in 1996. Santee Cooper has representatives on this tri-county panel, which is studying ways to redevelop the properties.

Perhaps the biggest economic news in Santee Cooper's service area was the **$12 million expansion** announced in September by AVX Corp. With 2,100 employees, the ceramic capacitor manufacturer is Horry County's largest employer.

The expansion will include building a 60,000-square-foot research and development center. Approximately 150 scientists and technicians will be needed as a result of the expansion. AVX President Benedict Rosen says plans include the construction of additional buildings for new products and consolidations, and the need for up to **1,000 new employees**

AVX purchased 67 acres of property at the former Myrtle Beach Air Force Base in a land swap. It was the first reuse of the 3,800 acres at the now-closed base. The governor of South Carolina and Santee Cooper Chairman John S. Rainey were on hand for the announcement. In 1992, AVX moved its corporate headquarters from New York to Myrtle Beach.

West of the Grand Strand, rural development made great strides. In October, **the 180-acre Loris Industrial Park was announced** The Horry County Development Board, the Greater Loris/Northern Horry County Development Commission, the S.C. Dept. of Commerce, and Santee Cooper officials were on hand. Diversified development will be promoted at the site, which will be served by Santee Cooper.

The military news in the Lowcountry was, by no means, all bad. On June 14, the C-17, the newest cargo aircraft to enter U.S. military service, arrived at the Charleston Air Force Base before a crowd of 2,000 onlookers. **As many as 50 of the C-17s** may eventually be based in Charleston. The advanced aircraft is designed to replace the Air Force's aging fleet of C-141 Starlifters.

More than half of the state's new industrial jobs come from existing industrial expansions. In 1993, more than **6,200 new jobs and $1.8 billion in capital investment** can be attributed to expansions of South Carolina industries. That's according to the S.C. Dept. of Commerce. A significant amount of the new industrial growth and expansion occurred in the areas served by the electric cooperatives distributing Santee Cooper-generated power, according to Palmetto Economic Development Corp. Headquartered in Columbia, PEDC is an economic development effort of Santee Cooper and Central Electric Power Cooperative Inc. Central represents the 15 electric co-ops to which Santee Cooper provides power.

The most expansion has occurred in Aiken County, in areas served by Aiken Electric Cooperative Inc. Beaulieu of America, the nation's second-largest carpet maker, announced plans to locate an $85 million polypropylene plant that will employ up to 450 workers. The facility is now operating in its new 400,000-square-foot building.

Metal Service and Supply announced plans to build a **40,000-square-foot facility east of Aiken** that would employ 20 people. Now in full operation, the plant receives large coils of steel and aluminum directly from mills by rail or truck.

The firm then reprocesses coils into small coils or blanks for use by customers. State-of-the-art equipment is used to handle coils of steel weighing up to 50,000 pounds and measuring up to 72 inches wide. The equipment works with tolerances as small as two-thousandths of an inch wide.

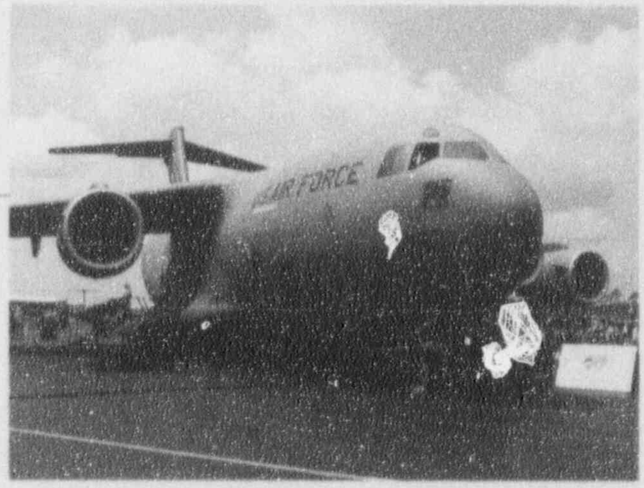
Menardi-Criswell, a division of Hosokawa International, **opened a new 100,000-square-foot facility** in southern Edgefield County. The supplier of industrial filtration media, Menardi-Criswell employs 300 people.

Operations include manufacturing, and research and development. The firm will ultimately consolidate operations now located in Augusta, Ga. and McAllen, Texas, to the South Carolina site.

In Aiken and Edgefield counties alone, the economic development scorecards show **$250 million in new capital investment and 1,400 new manufacturing jobs**

In Newberry County, Knight Industries opened a $1.2 million facility on a 12-acre site that launders

In a public ceremony held June 14 at the Charleston Air Force Base, the C-17 Globemaster III cargo aircraft was welcomed to the Lowcountry by local, state, and federal dignitaries.



America's global airlift capability was strengthened when Charleston Air Force Base took delivery of the first operational C-17.

cloth and **employs 100 people**. The plant is served by Newberry Electric Cooperative Inc.

Also in Newberry, Precision Fiberglass Industries completed a 25,000-square-foot expansion, doubling its size. The firm produces fiberglass rods and tubes. The added space will be used for production and warehousing. This will allow the firm to add new product lines.

Commercial growth for the next generation, at least along the Grand Strand, is being built for a song.

American music meccas have always struck the right chord, capturing the imagination of musicians dreaming of making it big and music lovers who flock to hear it.

But just as regions change and grow, a reflection of a changing American economy, the musical landscape has followed suit. On the pop/rock scene, it wasn't long ago that Athens, Ga. was the center of "college rock."

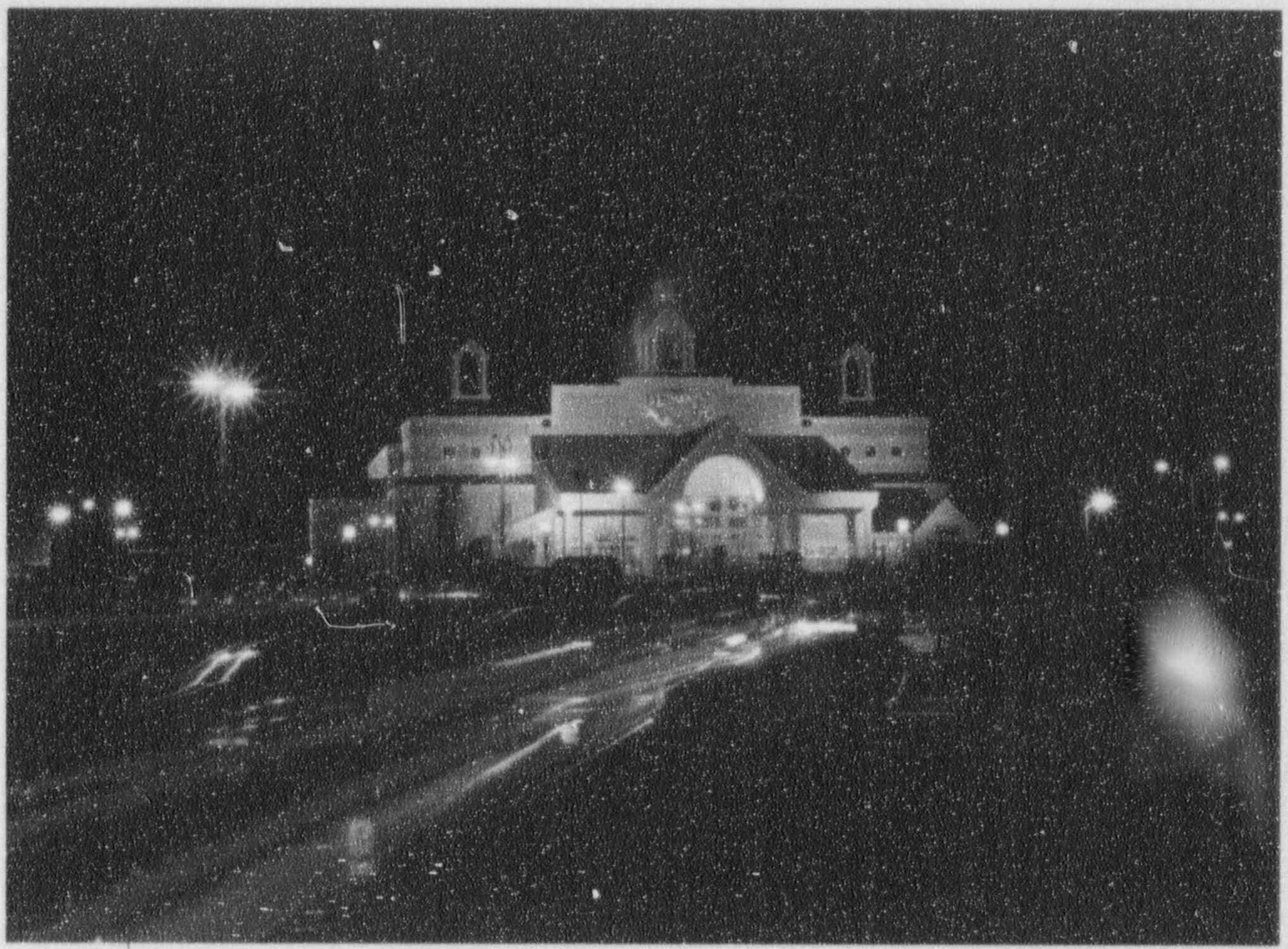
Then, Austin, Texas, gradually assumed the unofficial title of the hip hangout for live music and new talent of any variety. Seattle, Wash., known for its brand of now-commercially acceptable "grunge rock," commands the national musical consciousness.

But perhaps the biggest story of all is how in less than five years, Nashville, Tenn. just doesn't have a legitimate claim to the often-used title, "Music City, U.S.A." While there will always be a Grand Ole Opry, it's luster has dimmed of late by the rows upon rows of music halls in Branson, Mo., owned by the biggest names in country music. The Ozarks have never been the same.

And, in the last several years, neither has Myrtle Beach. They're calling the crown jewel of the Grand Strand **"Branson by the Sea."** These days, big-name entertainers have built facilities that rival the elegance and stateliness of the old Ocean Forest Hotel.

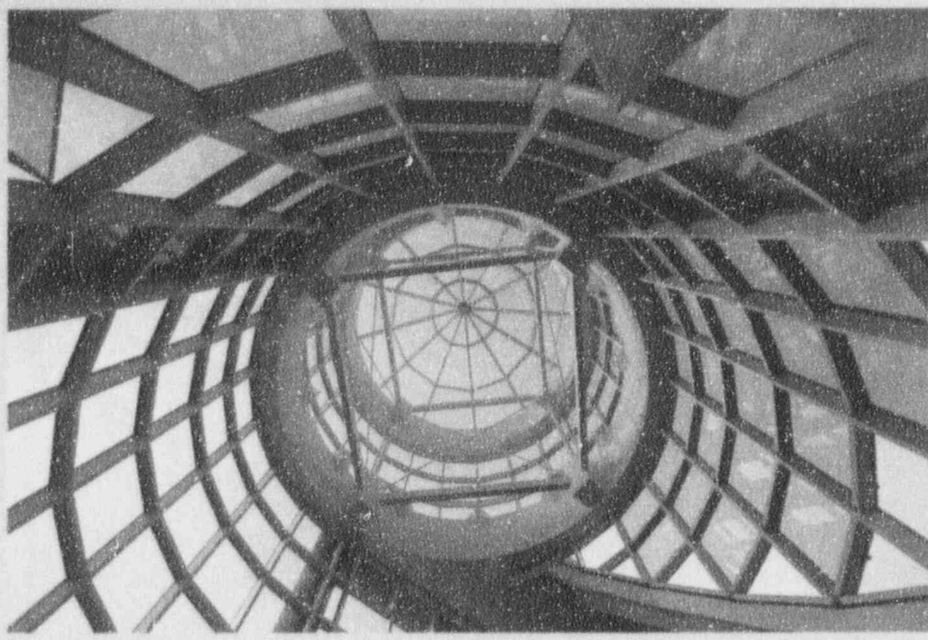
From Surfside Beach to North Myrtle Beach, the Grand Strand offers a potpourri of family entertainment. It all began in the 1970s when a group began playing in a small nightclub near the famous Myrtle Beach Pavilion. The nightclub was The Bowery, and the group, Alabama, has gone on to become one of the most famous groups in the history of country music.

Alabama now has their own theater at the Grand Strand, as does Dolly Parton. Investment in the five theaters represents a **$20 million industry**. Sand, surf, and country music are an all-American combination that's hard to beat.



Country music supergroup Alabama opened its theater at Barefoot Landing joining four other venues featuring family-style entertainment along the Grand Strand.

Sunshine, sand, and surf continue to attract hundreds of thousands of visitors each year to South Carolina's number one vacation destination, Myrtle Beach.



The recently expanded Myrtle Beach Convention Center provides modern, spacious meeting facilities for trade shows, concerts, and other cultural events.

The ever-changing Myrtle Beach skyline is dramatic testimony to the demand for additional accommodations.

In 1993, Santee Cooper provided energy conservation information to customers in the Myrtle Beach area. Also, all customers received a Power Tips booklet that detailed money-saving measures.

Tourism statewide continues to march toward becoming South Carolina's number one industry. Santee Cooper powers the star-studded nightlife along the Grand Strand and the retirement, golf and traditional vacation hot spots on Hilton Head Island. Of course, Myrtle Beach is no slouch when it comes to golf.

In Berkeley County, the commercial growth continued, despite the military situation. U.S. Highway 52 in Moncks Corner, the county seat, is an enterprise zone with recent openings of new retail outlets and expansions of current businesses. In the last few years, Taco Bell and Captain D's restaurants and BiLo opened new facilities, with Wal-Mart and Kmart adding square footage to accommodate growth. In 1993, Advance Auto Parts put the finishing touches on a new store for an early 1994 opening.

In Myrtle Beach, Santee Cooper' s $1.2 million, 14,000-square-foot customer service center is only **the tip of an economic iceberg**. Carolina First, the Greenville-based savings and loan, began construction on a $1 million, 16,000-square-foot main branch office for its Myrtle Beach headquarters at the corner of 21st Ave. North and Oak St. Opening in May, the building will occupy the old Santee Cooper office site. The Grand Strand parade of progress continues.

Residential growth has come from a segment of the population one might not associate with growth—retirees.

Americans are living longer and looking for places to spend their golden years in a relaxed lifestyle, free from life's hectic pace. South Carolina is filling the bill. In case you haven't noticed, there is an increasing touch of gray in our citizenry as retirees increasingly bypass Florida and relocate in the Grand Strand and Waccamaw Neck.

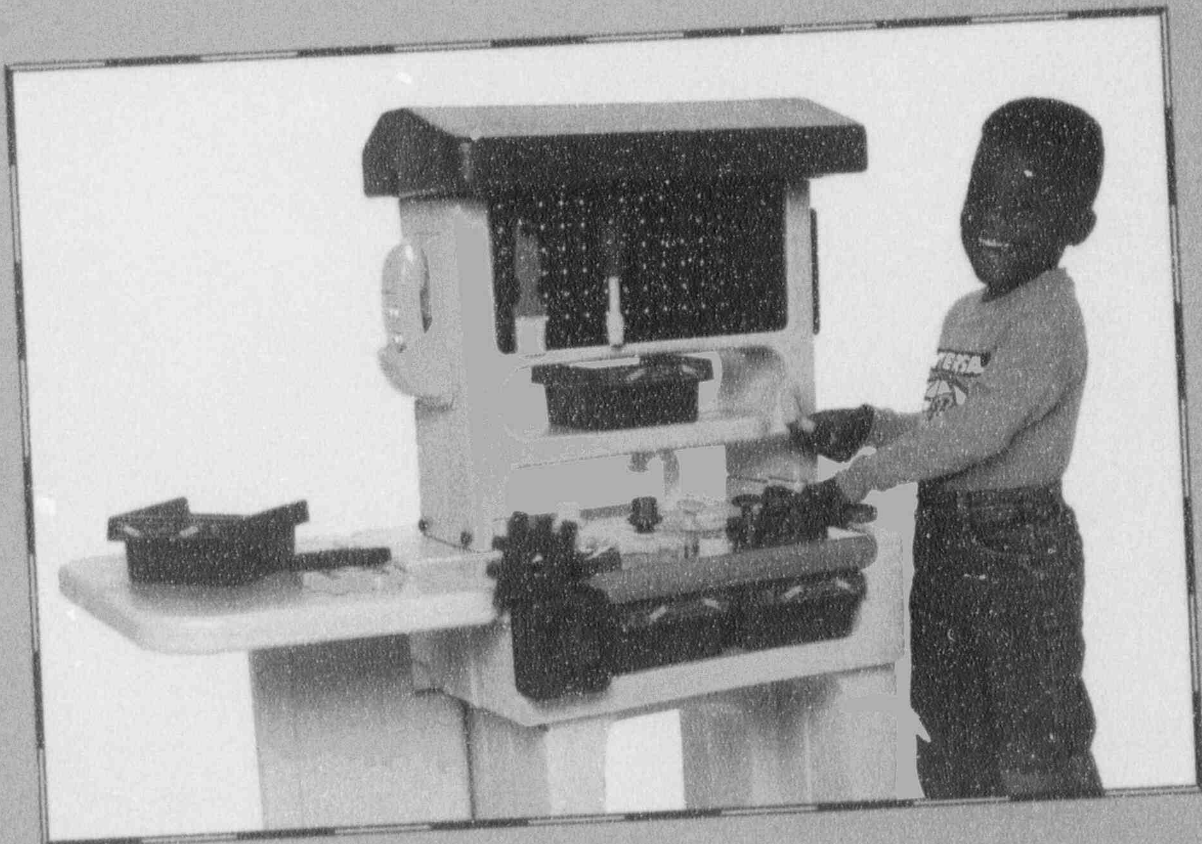
Rural development is ongoing as evidenced by the180-acre Loris Industrial Park on U.S. Highway 701. The Horry County Development Board, the Greater Loris/Northern Horry Development Commission, S.C. Department of Commerce, and Santee Cooper officials were on hand for the Oct. 5 announcement. Diversified development will be promoted at the site which will be served by Santee Cooper.

[illegible] **why**

we are building to meet

the electrical demands

for the next generation



[illegible] **how**

[illegible]

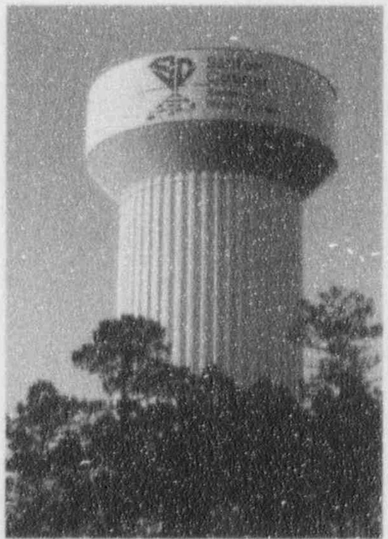
OUR NEXT GENERATION *of power plants is being constructed as an addition to the Cross Generating Station in Berkeley County. It is a 540-megawatt, coal-fired unit that will meet our customers' needs well into the next century. The process of constructing the new unit has been a model of efficiency.* **THIS HIGH-TECH PLANT** *is being constructed for well below the national average on a per kilowatt cost...and in fact will come in at 25 percent below our original budget.* **ALTHOUGH** *the next generation of South Carolinians won't remember how we built this new generating station, they'll certainly be glad we did.*

The $36 million Santee Cooper Regional Water System ended 1993 **on budget and slightly ahead of schedule**. The 24 million gallons per day system will distribute water via 23 miles of pipelines to four Lowcountry water utilities which constitute the Lake Moultrie Water Agency.

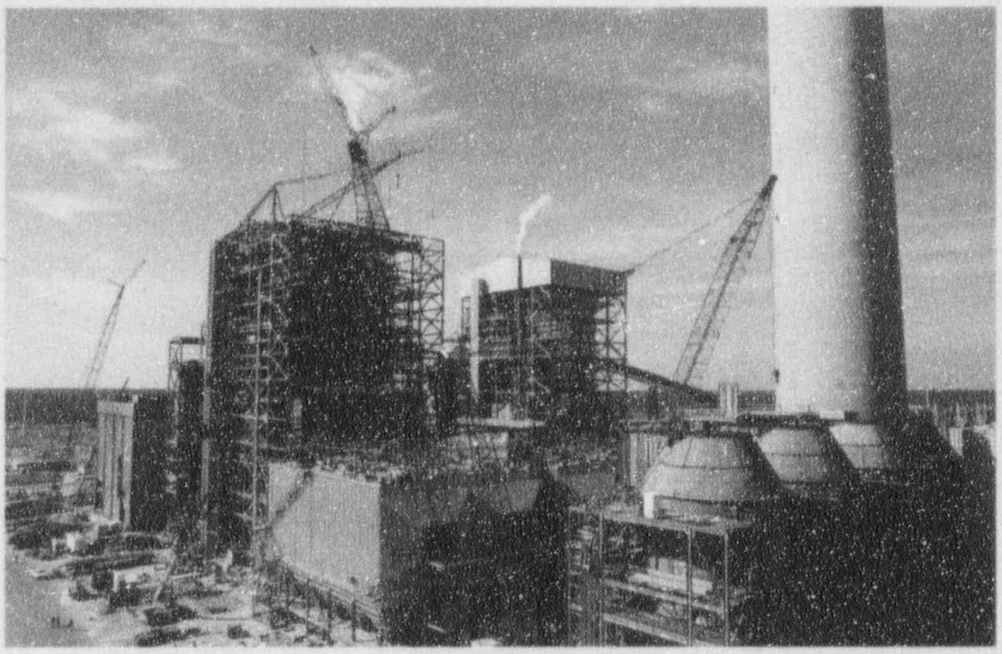
They are the Berkeley County Water and Sanitation Authority, the Moncks Corner Public Works Commission, the Summerville Commissioners of Public Works, and the city of Goose Creek. An intake and water treatment plant on Lake Moultrie near Moncks Corner will process the potable water. The water system is accounted for separately from Santee Cooper's electric system.

At year's end, the 540-megawatt Unit 1 **expansion** at the Cross Generating Station in Berkeley County was approximately 75 percent

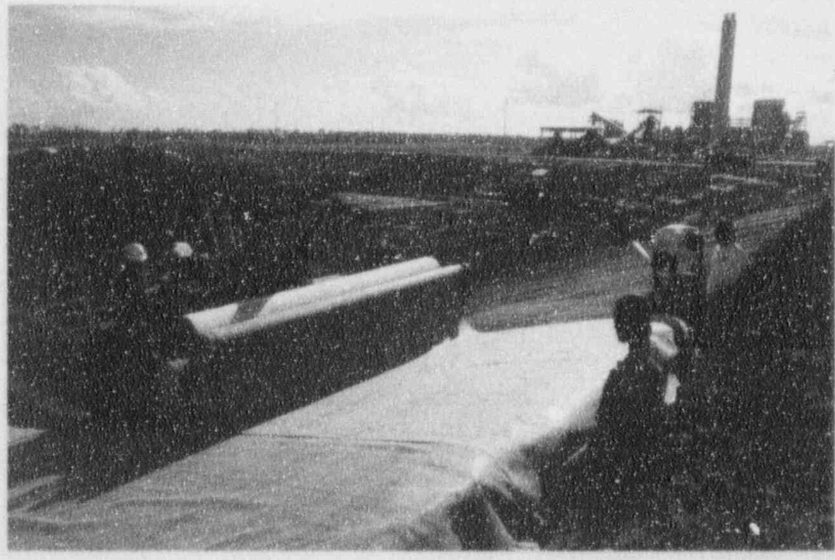
A 2.5-million gallon clearwell is one element of the surface water treatment plant under construction located adjacent to Lake Moultrie near Moncks Corner. Water will be delivered to four Lowcountry water systems in September 1994.



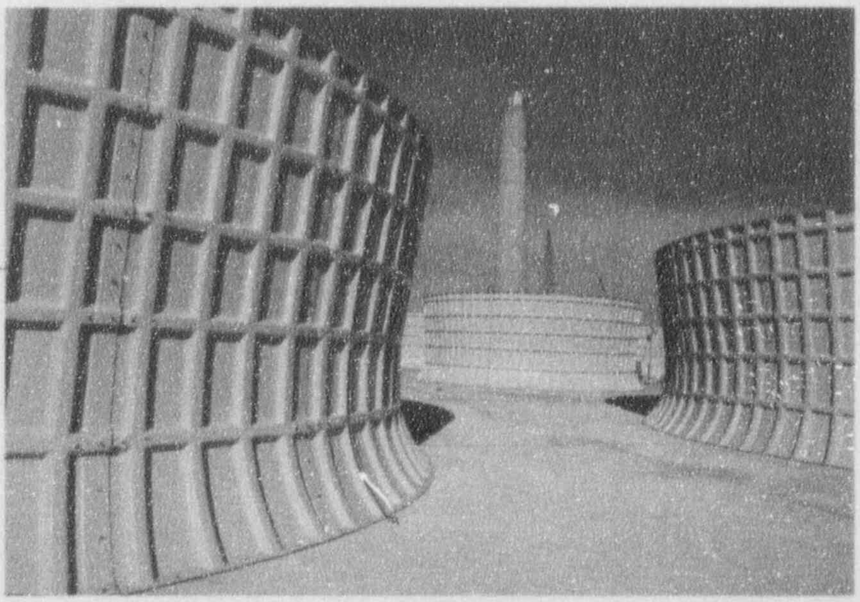
This one-million gallon elevated water storage tank, located between Moncks Corner and Summerville, is part of the Santee Cooper Regional Water System.



At year's end, construction of the additional generating unit at Cross Station was approximately 75 percent complete.



Approximately one of every four dollars spent on Cross 1 will be for environmental protection. The 85-acre ash pond dike was lined with a geotextile protective barrier which helps the unit meet permitting requirements and strict federal and state air quality standards. The bottom of the pond will also be lined with the same material.



The new cooling towers for Cross 1 will provide the primary heatsink for the new unit.

Do-it-yourself oil changers in South Carolina contributed approximately 360,000 gallons of used motor oil to Santee Cooper's Give Oil For Energy Recovery program.

A contracted helicopter pilot trims tree limbs along transmission lines on the Santee Cooper system.

complete. Including transmission facilities, coal stockpile, and aluminum railcars, the new unit's cost is approximately $484 million. A commercial operating date is set for May 1995.

Santee Cooper began an in-house **recycling program** and named a waste management administrator. Certain types of paper have been identified for recycling. Each area or floor at the Moncks Corner complex has several recycling coordinators to fully implement the system. The program will be expanded to include other work locations.

The Give Oil For Energy Recovery or GOFER program passed the **one-half-million gallon mark** in used motor oil collections from do-it-yourself oil changers. Seventy-nine GOFER tanks were added to the system, bringing the total to 244 in 1993. Santee Cooper added a 3,500-gallon oil collection truck to its fleet. GOFER tanks are located in 42 or the state's 46 counties.

Two electric vehicles, converted GMC S-15 pickup trucks, were placed into service in Moncks Corner and Myrtle Beach. They are primarily used by meter readers.

Santee Cooper completed several **major transmission line projects** in 1993. The planning, engineering, and implementation of new transmission line construction, or existing transmission line rebuilds, are key indications that Santee Cooper power continues to be much in demand.

Expenditures for transmission line construction or maintenance typically represent considerable annual capital outlay by electric utilities. Ratepayers and bondholders should view these expenditures as a necessary investment. This investment serves to ensure a reliable supply of electric power for today's customers—and those of tomorrow.

Recreation continues to be an increasingly important byproduct of Santee Cooper's hydroelectric beginnings. **Forty-six lake facilities**, which include marinas, fish camps, boat landings, and the Santee Canal State Park, are all part of Santee Cooper's commitment to recreation, either directly or through cooperative ventures.

In October, Santee Cooper opened a second stump-free channel on Lake Marion. The 100-foot-wide, five-mile-long channel connects the Goat Island area of Clarendon County with the mouth of Wyboo Creek near the Santee Dam.

The new Wyboo Channel connects with the lake's first stump-free channel, providing an unobstructed path from Wyboo Creek in Clarendon County to Eutaw Springs in Orangeburg County.

The project took five months to complete and was **a joint effort** of Santee Cooper and the S.C. Wildlife and Marine Resources Department. Divers used special underwater chain saws to clear trees and underwater stumps posing a hazard to safe boating.

In December, the **largest public boat landing in the state** opened on Lake Marion at Taw Caw Creek. The John C. Land III Boating and Sportfishing Facility, named for Clarendon County Sen. John C. Land III, has six launch ramps, four boarding docks, a paved parking lot for 170 cars, and a 120-foot pier.

The facility, designed to attract and accommodate large fishing tournaments, was constructed with funds from a variety of state and federal sources, including Santee Cooper.

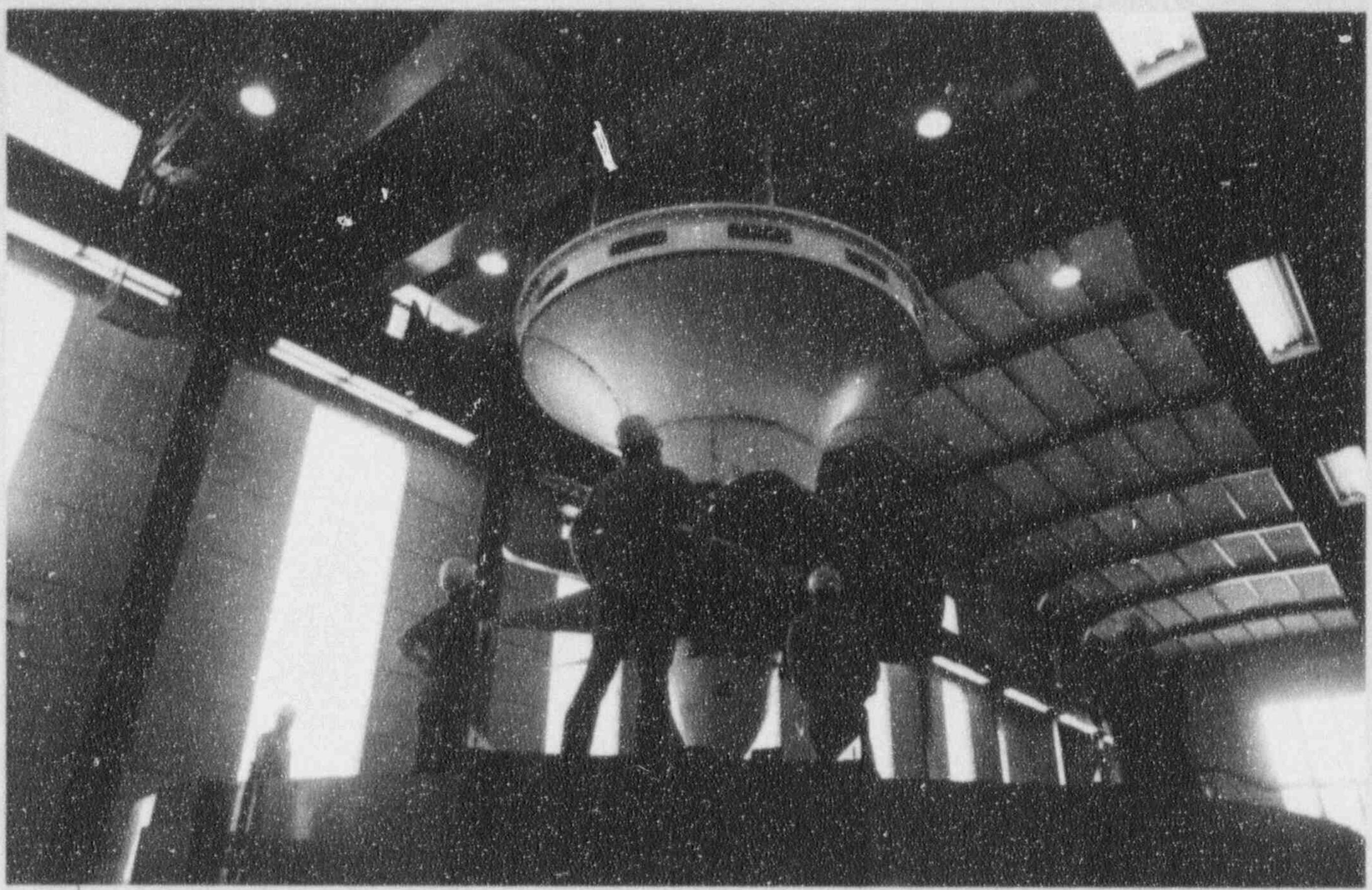
Lakes Marion and Moultrie have an estimated annual economic impact of **$187 million and 3,000 tourism-related jobs**. Golf, retirement living, and hunting augment the fishing culture that began more than a half century ago.

Santee Cooper has several **demand-side management programs** in place including: (1) A Residential Good Cents program, which promotes energy-efficient homes with a reduced electric rate; (2) A Commercial Good Cents program, which promotes the construction of new energy-efficient commercial buildings; (3) A loan program at an attractive interest rate for energy-efficient home improvements; (4) An off-peak storage water heating program, which provides rebates and monthly credits to customers for allowing Santee Cooper to control their operation during peak periods; and (5) Audits of homes or commercial buildings to provide recommendations on energy-conservation measures.

Residential Good Cents, Commercial Good Cents, and off-peak storage water-heating programs are also offered to the direct-service customers of Central Electric Power Cooperative Inc. and municipalities.

Santee Cooper is currently evaluating and developing additional programs to obtain demand savings as recommended.

BUILDING THE NEXT GENERATION... is responding to not only the needs of Santee Cooper customers, but all the state's citizens. Meeting the demand for low-cost, reliable electric power will always be the cornerstone of our mission. But our commitment goes beyond that. Santee Cooper has always helped our state grow by providing an array of services and resources. The investments made today will pay dividends for the coming tomorrows as **we prepare to embrace the 21st century**.

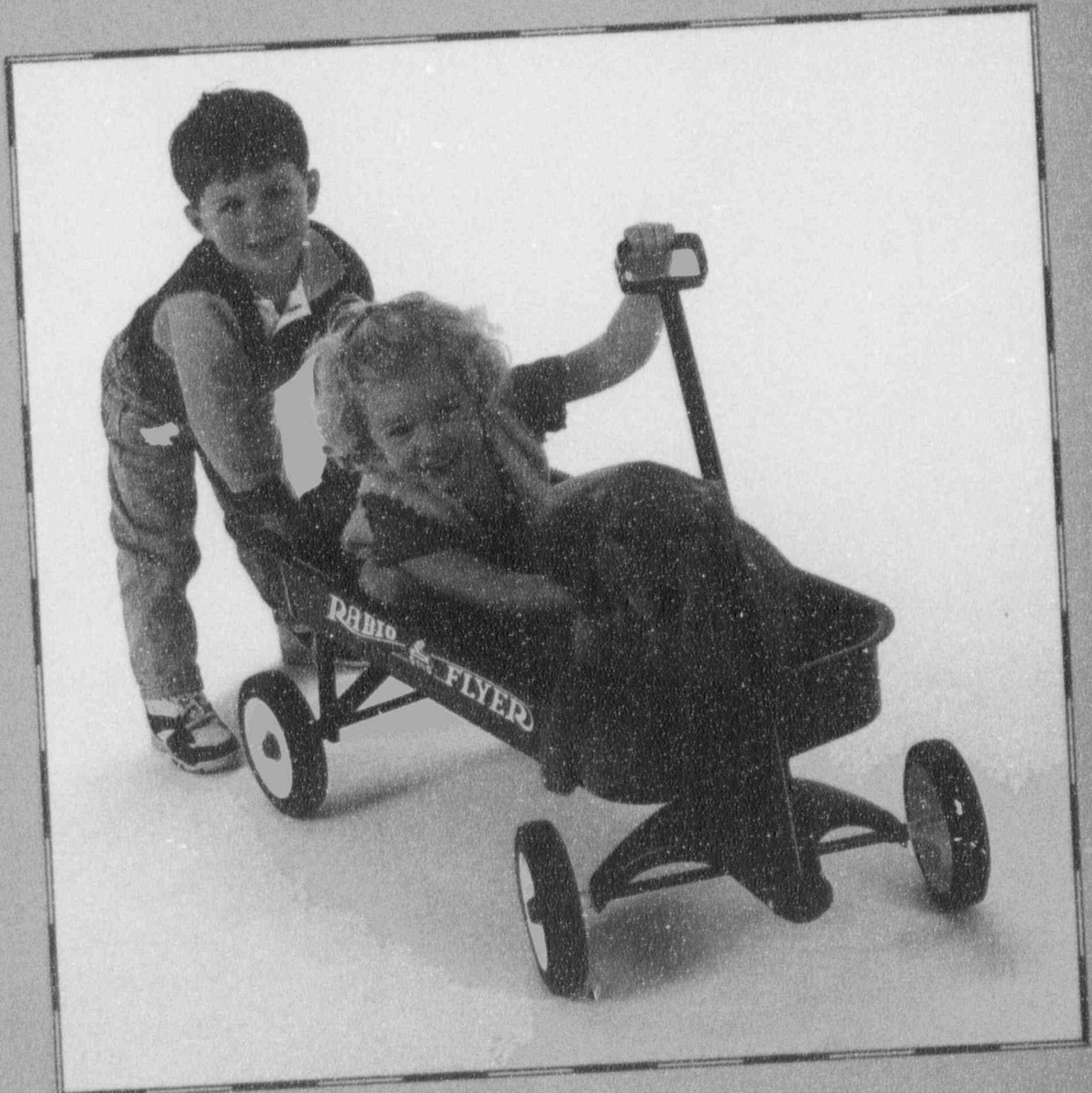


For over half a century, Jefferies Hydro Unit 3 has been a source of reliable electric power. The unit was rebuilt in 1993 for the first time in its 51-year history.

Boating safety on Lake Marion improved when the new stump-free Wyboo Channel opened in October. It provides an unobstructed path from Wyboo Creek in Clarendon County to Eutaw Springs in Orangeburg County.

Santee Cooper began experimenting with alternatively powered vehicles when the engines of two GMC S-15 pickups were replaced with electric motors. The trucks are used by meter readers in the Berkeley and Horry-Georgetown districts.

Santee Cooper is a company
with LOFTY GOALS... *and it takes*
teamwork *to accomplish those goals.*



We are, of course, very proud of the many achievements made by Santee Cooper employees during 1993. Individually, our people conquer their day-to-day tasks. Together, they make Santee Cooper's dreams become realities. It's the kind of example we believe needs to be set for the next generation of South Carolinians.

Aquaculture

The Aquaculture unit spent most of 1993 constructing production and grow out ponds and refurbishing an existing metal building into a fish hatchery. A wet and dry laboratory, an environmental room, hatching tanks, aquaria, air and water systems, agro lights, and necessary plumbing and filter systems were installed. This hatchery facility will be used to produce genetically modified (sterile) triploid grass carp used for biological control of the noxious aquatic plant Hydrilla in the Santee Cooper Lakes.

Two 10-acre grow out ponds, six half-acre fingerling production ponds, and five quarter-acre fry production ponds were built to raise the fish to an eight- to 12-inch stocking size.

For control of filamentous algae, 20,000 Tilapia fish were stocked in the Winyah Station cooling reservoir. Tilapia were spawned at the Georgetown hatchery facility for stocking next year in the Winyah cooling reservoir.

Building Services

A 3,000-square-foot service and shop building was constructed to house maintenance and repair operations by Building Services personnel.

A manpower/space study was completed for the Moncks Corner corporate facilities. The study was developed to forecast growth, space, and strategies for dealing with the future development of the corporate facilities over the next 10 years.

Corporate Communications

Corporate Communications developed a quarterly video magazine to inform employees of company progress, changes, and challenges. Produced by Santee Cooper's in-house video unit, the production focuses on employees and is used to address major issues affecting Santee Cooper.

Video and audio-visual production were also expanded in support of other areas at Santee Cooper and in community outreach efforts related to the United Way, Berkeley County Water and Sanitation Authority, Berkeley County School District, Junior Achievement, Berkeley County Kids Who Care About Our Environment, business education partnerships, and Berkeley County Chamber of Commerce.

The Santee Cooper Environmental Essay Contest for South Carolina's seventh-graders was conducted for the third year. The 1993 theme was "Trees—Our Valuable Resource." Almost 3,000 students submitted entries in the contest with a first and second place winner selected from each congressional district and one statewide winner.

A new corporate procedure was also introduced to provide company-wide coordination and tracking of all advertising and public relations efforts.

Santee Cooper's 1992 Annual Report, corporate identity ads, and photography for publications received first place recognition in competitions sponsored by the Advertising Federation of Charleston and the Carolinas Association of Business Communicators. The 1992 Annual Report was also judged second place in the competition sponsored by the American Public Power Association, and earned a Silver Wing Certificate of Merit from the S.C. Chapter of the Public Relations Society of America.

Other major accomplishments include the implementation of photographic editing and enhancement software and photo imaging hardware to improve publication quality.

Customer Services

Construction began on a 14,000-square-foot customer service retail facility in Myrtle Beach. Completion of the facility is expected by April 1994. The former retail office site was sold in August 1993.

A business analysis of the customer information system was completed in 1993. The analysis provided recommendations to enhance the efficiency of current customer service operations. These enhancements include introducing new rates, redesigning the retail computer displays, and adding other related customer service programs. Results of the analysis include the development of appropriate system infrastructures to access critical information regarding customer accounts.

A customer satisfaction survey was completed in conjunction with the Corporate Goals Program, and it shows Santee Cooper continues to receive excellent ratings from its customers.

Though satisfaction with Santee Cooper was already high, as shown in the previous year's survey, the high ratings continued even in the face of the 1994 rate increase announcement.

Two electric vehicles added to Santee Cooper's fleet are being used by Customer Services in the Berkeley and Horry-Georgetown districts. The use of these vehicles and electric golf carts increases Santee Cooper's experience with this rapidly developing technology.

Design Engineering

Design was completed on 17 major transmission lines, four major substation projects, and numerous related Communications and Supervisory Control and Data Acquisition (SCADA) design projects. These projects were necessary to meet increased customer demand on Santee Cooper's system.

Survey completed a major portion of the surveying and plat preparation for the lands included in the proposed land swap between the S.C. Forestry Commission near Shaw Air Force Base and the U.S. Air Force at the now closed Myrtle Beach Air Force Base.

Drafting has prepared numerous drawings and plans for the acquisition of the Myrtle Beach Air Force Base's distribution system and other existing facilities.

Maps and Records completed the Digital Transmission Corridor Mapping Project, which will be used as a base for the development of the Transmission Electrical Facilities Information System.

Maps and Records also assisted with the evaluations of hardware devices that will be critical components within the Corporate Internetwork Design and Implementation Project.

Distribution

Santee Cooper provided distribution and retail service to 96,670 customers in Berkeley, Horry, and Georgetown counties, compared to last year's total of 94,215, for an increase of 2.6 percent. Energy sales for retail customers were 2,215,479 megawatthours, with revenues of $123,085,000 for the year. Retail energy sales increased 3.8 percent, and retail revenues were up 5.2 percent.

Berkeley District – The Berkeley District provided new service to 159 residential and 15 commercial customers in the Moncks Corner, St. Stephen, and Bonneau Beach areas, including underground service to the new Moncks Corner Town Hall and Fire Department. The district reliability factor, a measurement of available power service, exceeded the targeted amount of having service to customers 99.988 percent of the time per year, with an average interruption time of not more than 11 minutes per outage, per customer. Major projects completed during the year included:

- Finishing the post-Hurricane Hugo rebuild of the distribution feeders in the St. Stephen and Bonneau Beach areas;
- Completing the expansion of the St. Stephen 34-12 KV Substation and adding two new breakers and a station circuit switcher for improved reliability and flexibility;
- Beginning construction on the low-profile 115-12 KV Eastside Substation that will replace the older existing 34-12 KV facility on Jenkins Street in Moncks Corner;
- Installing 10 SCADA controlled distribution capacitor banks to reduce line losses;
- Installing underground primary distribution circuits in the expansion of First St. Johns, Sterling Oaks, and Stony Landing subdivisions in Moncks Corner, as well as providing new underground service to Woodland Park in St. Stephen;
- Extending and designing facilities for the new Santee Cooper Regional Water System;
- Adopting directional pruning techniques, prolonging the tree trimming cycle to three years.

As the post-Hurricane Hugo facility improvements have been completed in the St. Stephen and Bonneau Beach areas, efforts are being concentrated in the Moncks Corner area. In 1993, overhead service to subdivisions, such as Land-O-Pines, and sections of the main feeders have been reconstructed in conjunction with completion of the fuse coordination project and the two-year distribution system improvement plan.

A new retail office is in the planning stages for the Berkeley District.

Horry-Georgetown Division – A vegetation management program for distribution was implemented in 1993, establishing an integrated and systematic approach for clearing and maintaining the distribution right-of-way. The new program uses directional pruning techniques to direct future limb growth away from conductors and supports healthier tree growth. The overall result of this program has been a reduction of tree-related service interruptions.

Also introduced in 1993 was the Trade-a-Tree program which provides replacement trees for those customers who allow removal of trees from under the lines.

The Horry-Georgetown Division provided new service to 1,396 single-family and multifamily homes and 258 commercial customers. Projects completed during the year included:

- Installing 278,847 feet of overhead primary for new construction and rebuilds of existing lines;
- Installing 156,919 feet of underground primary for new construction and replacement of existing lines;
- Installing new services or additions to existing services to Alabama Theater at Barefoot Landing, Myrtle Beach Convention Center, AVX Industries, Conbraco, Lowe's at Seaboard Commons, Champus Business Center, Waccamaw Riverfront Project in Conway, Horry County Industrial Park, Debordieu Plantation, Wild Wing Plantation, Hidden Woods commercial complex, Outback Steak House, Denny's, Bojangles, Spring House Restaurant, Myrtle Beach Pavilion, and Waccamaw Pottery;

• Installing new steel towers and replacing and upgrading overhead primary at the Intracoastal Waterway near Waccamaw Pottery;

• Relocating existing overhead primary along Oak Street in Myrtle Beach for road improvements;

• Replacing and upgrading facilities in Windjammer Village in Garden City, Inlet Harbor, Debordieu Plantation, Inlet Pointe in Garden City Beach , Brookgreen Gardens, and George Bishop Boulevard at Waccamaw Pottery;

• Installing metering facilities at Myrtle Beach Air Force Base for redevelopment;

• Replacing overhead facilities with underground service at Lakewood Campground.

Distribution Planning began the transfer of software and data from the MicroVAX II computer system to the IBM RS6000 computer system installed in 1992. The answering portion of the Santee Cooper trouble call software was successfully installed resulting in faster response to customers during power outages. A distribution system contingency study was completed to ensure sufficient distribution line and substation capacities are available to serve all customers in the event of the failure of a substation power transformer. The 1994-95 Distribution System Improvement Plan was initiated.

Total electrical peak for the summer load in the Horry-Georgetown Division increased by six megawatts over 1992, from 533 MW to 539 MW. This was remarkable considering the closure of the Myrtle Beach Air Force Base and the loss of its 9.8 MW load. Had the base not closed, the total increase in the load would have been 16 MW. To meet future load growth, a new distribution substation, Forestbrook, was energized. Also, two new distribution breakers at Little River and Racepath substations were energized to serve the distribution load more efficiently. Bucksport 34-12 KV Substation was retired from service in the Conway area.

Several major transmission projects were completed to improve the reliability and availability of power to the Grand Strand. The three existing 150 MVA power transformers at Perry Road 230-115 KV Substation were replaced with two 250 MVA transformers with load-tap-changing capability, which will provide increased capacity and better voltage control. The Red Bluff to Nixon's Crossroads 115 KV Line was energized, providing additional support to the North Myrtle Beach area.

The distribution SCADA System controls and monitors 43 distribution and 12 transmission substations within the Horry-Georgetown Division and Berkeley District. The weather monitoring system for storm and hurricane tracking was improved with the addition of a direct satellite connection and enhanced display and graphic capabilities.

Economic Development

Santee Cooper's commitment to economic development continued to provide significant capital investment and job creation both in areas served directly by Santee Cooper and throughout 35 counties served by the 15 electric cooperatives which receive power from Santee Cooper.

The industrial and commercial projects announced or under construction in 1993 in Santee Cooper's direct service area in Berkeley, Georgetown, and Horry counties will result in capital investment of over $500 million and will create approximately 5,350 new jobs upon completion.

New industrial plant locations and expansions in Santee Cooper's direct service area accounted for over 1,350 new jobs and approximately $50 million in capital investment in 1993. The largest of the new facilities is the construction of a Claims Processing Center by Blue Cross and Blue Shield in Horry County, with 550 new jobs and an $8 million investment. Major plant expansions already begun in Horry County by AVX and Conbraco Industries will provide 550 new jobs and over $31 million in expanded plant facilities.

The Grand Strand area continues to attract significant commercial development with two major announcements during 1993. The first is the proposed 1,000-acre theme park and resort complex to be developed by Timberland Properties Inc. on a portion of the now closed Myrtle Beach Air Force Base. The overall project is a $300 million capital investment and will create approximately 3,000 jobs when completed. The proposed project, larger than Disney World's Magic Kingdom, includes two hotels, a 27-hole golf course with a golf instructional school, and villa accommodations.

Also announced is the development of a 200-acre tract by WCI Investments of Myrtle Beach. Total capital investment is estimated at $150 million and creates 1,000 new jobs. Phase One will include a $7.5 million Gatlin Brothers Theater seating 2,000 people and a Magic on Ice Theater that will seat 1,000 at a cost of $4 million. Phase One of the development will be located on the Intracoastal Waterway adjacent to Outlet Park at Waccamaw. When completed, it will include four hotels, a dozen theme restaurants, and over 200,000 square feet of retail shops.

Santee Cooper continues to support the economic development of the rural areas in the state through the Santee Cooper Economic Development Investment Fund (SCEDIF). Since the program's inception in 1988, 127 projects have been funded totaling over $4.35 million. The SCEDIF program is administered through the Palmetto Economic Development Corporation, a non-profit organization jointly funded by Santee Cooper and Central Electric Power Cooperative Inc. In many instances, these member cooperatives have provided matching funds which proved to be instrumental in either the expansion of an existing industry or the location of new facilities in their respective service areas. Since 1988, the combined efforts of these member cooperatives have resulted in the creation of 7,017 new jobs and added in excess of $1.3 billion in capital investment in the rural areas of South Carolina.

Employee Relations

The Employee Handbook was updated with new information on company policies and programs and the Americans with Disabilities and Family and Medical Leave acts.

All full-time employees received personal benefit statements which detailed their health, dental, leave, and retirement plans. Employee premiums for the primary health insurance program remained the same for the third consecutive year. Mandatory utilization review of health insurance claims continued.

The company actively recruited qualified applicants at high schools, colleges, and military job fairs throughout the year. Area colleges visited included Trident Technical College, Clemson University, South Carolina State University, Charleston Southern University, and North Carolina A&T.

In 1993, 128 new employees were hired and 199 employees were promoted to positions of greater responsibility. At year's end, the company had a total of 1,776 regular employees.

The annual company picnic was held for employees, retirees, and their families in Myrtle Beach with over 2,600 people attending. Also held during 1993 were various employee golf, volleyball, softball, and bowling activities.

Other projects completed were the degendering of job titles and the evaluation of early retirement incentive programs.

Equal Opportunity Administration

The focus of strengthening Santee Cooper's cultural diversity in the work force and purchasing was concentrated by assembling information to enhance management awareness. These reports closely monitored systems and processes that were previously implemented. In 1993, 348 reports were completed.

An automated hiring analysis report was designed and implemented to cut the completion time to half that of manual reporting. Supervision used these reports to help increase the level of overall diversity goal achievement to its largest annual change in over seven years. A pilot diversity program course was held and will be customized before training employees.

The efforts of the Equal Opportunity Procurement Program began to achieve statewide recognition. Request for speakers about this program from regional and state-wide organizations increased during the year. Membership and attendance in these organizations also increased to better facilitate minority and women-owned business participation.

Flood Control

As a result of heavy rainfall which began in October 1992 and continued through the first week of April 1993, two spilling operations were conducted for a total of 100 days. The first operation, which lasted 29 days, began on Jan. 8 and continued through Feb. 5. During this operation, a total of 1,370,999 acre-feet was spilled, with a maximum daily average discharge of 55,292 cubic feet per second (cfs), which occurred on January 13. The volume of water which flowed into the lake system, measured at Camden and Columbia, was 2,576,862 acre-feet during this period, with a peak daily average inflow of 78,957 cfs, which occurred on Jan. 23.

The second operation, which lasted 71 days, began on Feb. 10 and continued through April 21. During this period, a total of 2,170,124 acre-feet was spilled, with a maximum daily average discharge of 50,000 cfs, which occurred on April 2. The volume of water which flowed into the lake system during this period was 5,556,619 acre-feet, with a peak daily average inflow of 97,806 cfs, which occurred on March 28.

Fuel Procurement & Transportation

During 1993, Fuel Procurement and Transportation continued efforts to minimize the cost of fuel. Two major endeavors were the renegotiation of a long-term coal contract and a long-term transportation contract.

Coal contract negotiations resulted in a more competitive price per ton, which should result in significant fuel cost savings over the balance of the contract term. Fuel Procurement resolved coal transportation issues concerning the base rate and private railcar volume discounts. The resolution reached as a result of this negotiation has helped ensure a consistent and competitive long-term coal transportation rate over the life of the contract.

The expansion of the Railcar Repair Shop at Winyah Station will allow a yearly increase of 50 percent in the quantity of privately owned railcars Santee Cooper can repair and maintain in-house. This will continue to help reduce the overall delivery cost of coal.

General Counsel

The second South Carolina Environmental Symposium, held in March 1993, provided South Carolina's business, environmental, and academic leaders a forum to discuss how industry and environment can work together.

With the theme "Common Ground: Environmental Leadership and Economic Success," the conference was cohosted by Santee Cooper, National Wildlife Federation, College of Charleston, and the University of South Carolina.

For the third year, Santee Cooper sponsored the Summer Internship Program for 10 rising college seniors. This program emphasizes environmental and educational concerns and provides valuable hands-on educational experiences for the students who spend nine weeks learning about Santee Cooper while rotating through four major areas of operation.

General Construction

Pilings used for navigation markers in the Santee Cooper lake system are typically installed by outside contractors. This year, due to newly acquired technology and equipment and an increasing need for this type of work, General Construction installed and replaced navigation markers on the lakes.

General Construction coordinated with Property Management and the S.C. Wildlife and Marine Resources Dept. to construct a new 5-mile-long, stump-free navigation channel along the northern shore of Lake Marion. This channel provides a 100-foot-wide corridor that has been cleared to a 10-foot depth of stumps and snags for safer boating travel in the lake.

The same technology used in the lake system to install the markers was applied at Winyah Station to construct foundations for relocated oil supply and waste oil recovery tanks. Pilings were installed to support the large loads associated with these structures.

General Construction provided support to Grainger Station to significantly improve the performance of dikes impounding its ash ponds. By using an innovative combination of portable barges and heavy excavation equipment, General Construction was able to transfer large quantities of water from Grainger's inactive ash pond to its present pond, reducing the water levels and the need for continuous monitoring of the idle impoundment.

General Construction was involved in a number of environmentally supportive projects this year. A new closed-loop, heavy equipment wash facility was constructed at Camp II, Lake Marion Maintenance, to prevent contaminated runoff from entering the adjacent lake system.

General Construction assisted Environmental Services in removing underground fuel storage tanks.

Site preparation for a new Material Reclamation Center at the Moncks Corner corporate facilities was completed in December.

General Construction also built a new parking facility at the Moncks Corner corporate facilities and completed the work ahead of schedule and within budget.

Site work was also completed for a new crew quarters at Aiken, which will enhance Santee Cooper's ability to respond to customers in that part of South Carolina.

The issue of seismic stability of the East Pinopolis Dam was addressed throughout the year, with completion of the Phase II Study and the commencement of Phase III Investigations. The purpose of the Phase II Study was to define, through extensive geotechnical investigations, the extent of any seismicity problems at the East Dam and the East Dam Extension.

General Construction is applying a methodical, analytical, and collaborative approach to this review while coordinating each step with the Federal Energy Regulatory Commission, which licenses the Santee Cooper Proj

Generation and Load Growth

Santee Cooper facilities, which include one-third ownership of the V.C. Summer Nuclear Station, generated 14,515,949 net megawatthours of electricity this year. This was an increase of 618,072 megawatthours, or 4 percent, over last year.

Of the total energy generated, 82.2 percent was produced using coal, 14.0 percent by nuclear, 3.5 percent by hydroelectric, and 0.3 percent by oil. The peak hourly demand for the year of 2,655 MW occurred on July 29. This was an increase of 1 percent over 1992.

Management Information Systems

In 1993, Management Information Systems (MIS) implemented a Fuels Management Information System, co-sponsored the business process re-engineering efforts for redesign of the Customer Information System, and responded to over 12,000 internal requests for assistance with computer related technical issues (i.e. computer installs, Help Desk calls, consulting requests, and programming assistance).

The Fuels Management Information System will process the myriad of functions that are required to account for the acquisition, consumption, inventory, and quality control of fossil fuels used by the company. Strengths of this system include enhanced audit trails, contract administration, and reduced turnaround time for processing quality checks on fuel and payment to vendors.

The re-engineering effort associated with customer service business processing was performed, in part, to improve computer system support. This will enhance customer service and make the new rate structures more functional. Total estimated savings associated with the computer system enhancements are approximately $250,000 within two years.

MIS supported internal management and staff with support of computer systems and voice and data network enhancements. All buildings within the Moncks Corner corporate facilities are now connected with fiber optic cable to enhance communication speeds and response time within the computer system network. This will improve reliability and provide company employees with better response capabilities as they perform their job functions.

MIS successfully tested disaster recovery procedures twice during 1993. These procedures were first developed at the time of Hurricane Hugo in 1989 and have been enhanced annually. MIS also developed disaster recovery plans for the voice network.

Working with the Corporate Information Resources Council (CIRC), MIS produced the third annual Corporate Information Resources Plan. This document identified critical corporate technology needs and allowed CIRC to prioritize and approve all major projects. This process ensures corporate computing standards are followed and low cost solutions are implemented.

Marketing

One of Santee Cooper's corporate goals is to promote the efficient use of electricity through load management and energy conservation. To help customers reduce energy costs and live more comfortably, Santee Cooper offers a number of load management and conservation programs.

The Good Cents Home Program, for example, offers discount electric rates to retail and wholesale customers who build or improve their homes to meet certain energy efficiency standards. In 1993, 2,951 customers built or purchased homes using Good Cents New Home Standards. That brings the total of homes since the program began in 1987 to 10,381. In the existing home market, 961 customers made the necessary changes in their homes to qualify for Good Cents Improved Home certification for a total of 5,740 since inception. At the end of 1993, over 16,121 retail and wholesale customers had participated in Santee Cooper's Good Cents Program.

The Good Cents Loan Program is an incentive for retail customers to improve or retrofit their homes to reduce energy costs. Spurred by low interest rates in 1993, 177 customers responded to low-interest loans during the past year to help finance various conservation measures. Since it began in 1982, the Good Cents Loan Program has loaned over $4.4 million.

Santee Cooper's H_2O Advantage Program also continued to make marked gains in 1993. Designed to decrease peak demand for hot water, the program offers a rebate of $150 toward the purchase of an 80-gallon or larger high-efficiency water heater and a $5 monthly credit for up to 10 years. The program uses special timers in conjunction with a larger heated water storage capacity to maintain customer convenience while reducing system peak demand. By the end of 1993, more than 12,823 Santee Cooper retail and wholesale customers had joined the program, for a total of 30,663 installations since its introduction in 1990.

To help retail customers conserve water and reduce their power bills, Santee Cooper introduced its Water Miser Program Kit in 1993. The program offers customers a Water Miser Conservation Kit which includes an energy-efficient showerhead and several other items to help conserve energy and water. By limiting the amount of hot water they use, customers conserve water which protects a vital natural resource, holds down water and sewer costs, and adds savings to electric bills. During 1993, 734 customers participated in this program.

For commercial customers, Santee Cooper offers the Commercial Good Cents Program for new buildings. In 1993, 24 customers participated in the program. The total square footage of commercial building space constructed to Good Cents standards is 293,767 since the program's inception in 1991.

Santee Cooper's involvement as a U.S. Environmental Protection Agency Greenlights Electric Utility Ally continued to progress. A survey of Santee Cooper's facilities was completed, and a plan was developed to retrofit lighting that is both economical and more efficient.

Santee Cooper's Energy Education Program is designed to teach young people to use energy efficiently and safely. During the 1993 school year, 25 schools in Berkeley, Georgetown, and Horry counties participated in conservation and safety programs. More than 25,000 publications were distributed and 10,000 presentments were made.

Senior vocational students were honored by Santee Cooper at luncheons in Berkeley, Georgetown, and Horry counties. Local business representatives and motivational speakers spoke and shared experiences with the students.

Santee Cooper conducted energy education seminars in July and August for approximately 70 teachers and administrators.

In the spring of 1993, a plan was developed to inform Santee Cooper customers about the April 1994 rate increase. Information on how to best communicate the proposed rate increase to the utility's customers was gathered from focus group meetings held with small customer groups throughout Santee Cooper's service area.

A plan was developed to communicate the proposed rate increase as clearly as possible and to inform customers about conservation methods they can use to reduce their power consumption and the impact of the rate increase. Included in the plan were a special report explaining the rate increase and two booklets devoted to power use tips. One was designed for residential customers, and the other was for business owners and managers. Both were filled with money-saving ideas to help customers keep their homes and businesses more comfortable and energy-efficient.

Mosquito Abatement

The Mosquito Abatement program emphasized source reduction management techniques during 1993. These techniques consist of the permanent elimination of mosquito breeding habitat on Santee Cooper property, which will provide a long-term, "environment-friendly" control.

More than 136,324 acres of project lands and waters were treated with approved chemical and biological agents to provide disease vector control and nuisance insect management. Emphasis was placed on biological control, using the mosquito fish, *Gambusia affinis*, and the bacterial spore suspension of *Bacillus thuringensis* in all feasible areas.

Testing was conducted to determine the resistance of target mosquitoes to the chemical pesticides used in the adult control operations.

More than 2,400 inspections were conducted to acquire entomological data from throughout the lakes.

Nuclear Operations

The V.C. Summer Nuclear Station, an 885-megawatt generating station jointly owned with S.C. Electric and Gas Co., was a safe, reliable, and economic contributor to Santee Cooper's energy supply in 1993.

Santee Cooper's one-third share of Summer Station's generation was slightly more than two billion kilowatthours of electricity, or 14 percent of the company's total generation.

For the second year in a row, Summer Station was selected by the Nuclear Regulatory Commission as one of the safest and best operated nuclear plants in the United States. Only five of the 79 nuclear plant complexes were singled out for such an honor.

The Institute of Nuclear Power Operations has selected Summer Station to be evaluated in 1994 by an international panel from the World Association of Nuclear Operators (WANO). The WANO evaluation replaces the normal INPO operational evaluation. Being selected for the WANO evaluation is reserved for those plants which have demonstrated consistent superior performance in all aspects of operation. Stations undergoing a WANO evaluation will retain the INPO 1 rating for the next evaluation period. During 1993, Summer Station completed a successful 58-day refueling outage. The next refueling outage is scheduled for September 1994. The outage is scheduled to last 90 days, as the three steam generators will be replaced.

Occupational Safety and Health Management

In 1993, construction was completed on a mobile Power Line Hazards Awareness Demonstration unit designed to help educate individuals about the hazards of contact with overhead and underground power lines.

Since April, demonstrations have been presented to 23 schools, fire departments, and other community groups located in Charleston, Berkeley, Dorchester, and Horry counties. In addition, demonstrations have been made to 11 Santee Cooper groups.

With almost 2,000 individuals in attendance, the full-scale unit has proven to be an asset in promoting Santee Cooper's public and employee safety programs.

Out of 3,846,863 work hours of exposure, Santee Cooper experienced 58 recordable injuries. The incidence rate for days away from work was .31 percent, well below the national average for electric utilities. Total injury rate was 3.01, the lowest ever recorded at Santee Cooper.

Santee Cooper was awarded third place for its 1992 safety record by the American Public Power Association in March. Santee Cooper competed with other APPA utilities with two million or more work hours.

The National Safety Council presented awards to 46 units, and 42 units earned awards from the South Carolina Occupational Safety Council. The President's Safety Award for crew safety was awarded to 93 crews or sections.

Safe service awards were presented to 282 employees for working five years or more without a disabling injury. Safe driver awards were presented to 129 employees for driving five or more years without having a preventable motor vehicle accident. Six employees were cited for avoiding injury by wearing protective devices or equipment. Six units were recognized for completing the year with no recordable employee injuries, and two units were recognized for completing 20 or more years without a disabling injury. Industrial Hygiene trained 452 employees to use respirators. Collection of 353 samples was made to monitor for possible contaminants in the work place. Hazard Communication refresher training was also conducted for all Santee Cooper employees. In addition, Industrial Hygiene assisted in training 752 employees in confined space regulations.

In 1993, Occupational Health conducted annual medical surveillance examinations for 1,634 employees and 264 pre-placement applicants. Health briefings regarding hypertension and exercise were conducted for 316 employees.

In compliance with federal and state Occupational Safety and Health Administration (OSHA) regulations, information and training on the blood-bourne pathogens standard was provided to 1,510 employees.

The hepatitis B vaccine was provided for 228 of those employees determined to be at potential risk.

Information on the prescription safety glasses program in regards to American National Standards Institute standards and OSHA regulations was presented at seven locations within the company.

As part of Santee Cooper's wellness program, 761 flu vaccine injections were administered. Individual health counseling was provided to 301 employees, and 737 referrals were made to other community health care providers.

Performance and Environmental Services

Wide Area Network connectivity was completed for the Winyah, Cross, and Jefferies on-line performance monitoring systems. Performance-related data are now available from the individual systems concurrently, continuously transmitted to the Moncks Corner corporate facilities, and archived on a laser optical mass storage device, and then available to Performance Services engineers for analysis.

Thirty baseline nitrous oxide (NOx) emission tests were conducted for all nine of Santee Cooper's coal-fired units in support of the effort to establish nominal NOx emission levels as part of the Low-NOx Technology Study test program. The results of these tests will be used to determine a compliance strategy for meeting NOx emission regulatory requirements.

Pre-outage and post-outage turbine performance tests were also performed on seven units at Santee Cooper's four generating stations.

A series of cooling tower capability tests at Cross Unit 2 provided baseline data for the chemical treatment program that is being conducted to evaluate tower performance since the unit was cleaned to remove heavy silting found in October 1992.

The Performance Services Calibration Lab performed 1,519 calibrations in 1993, a 261 percent increase over 1992. Test grade pressure and temperature instruments, data acquisition equipment, and field calibration equipment were calibrated in support of performance testing. An increased number of instruments and meters were calibrated or repaired.

Particulate emissions tests were conducted to demonstrate Santee Cooper's compliance with the applicable regulations. All permits were renewed based on the results of these tests.

Several permits which determine, regulate, or restrict possible environmental impact were issued for the Santee Cooper Regional Water System, Aquaculture Center, generating stations, and substations.

Several environmental programs such as UST and Used Oil Management, were also continued or implemented this year. Spill Prevention Control and Countermeasure Plans were updated and reissued to all applicable substations to inform employees how to prevent, control, and cleanup oil spills which may occur at their facility.

Santee Cooper also initiated projects for reimbursement for excavating, removing, and disposing of leaking underground storage tanks. During the year, 16 USTs were removed.

Environmental Services managed used oil collection, implemented new site collection stations, and tracked the progress of Santee Cooper's Give Oil For Energy Recovery Program. Since its conception in 1990, nearly 600,000 gallons of GOFER used motor oil have been collected, with approximately 360,000 gallons collected in 1993. There are 244 GOFER collection sites throughout the state with at least one site in 42 of South Carolina's 46 counties.

Solid waste management at Santee Cooper is also being studied. One study was initiated to determine if ash by-products produced from burning coal could be utilized as construction fill material or as a secondary raw material for other products. Newly proposed industrial waste landfill regulations, another area of concern for Santee Cooper operations, were followed closely throughout the year.

Power Supply

Power Supply lowered system operating costs by engaging in economy sales and purchases with neighboring utilities.

System controllers purchased 152,003 megawatthours of economy energy from the interconnected utilities in 1993 to displace higher cost generation. This resulted in savings of approximately $487,000. Also, 171,406 megawatthours of energy were sold to the interconnected utilities for a total of $3.3 million.

Santee Cooper's transmission SCADA system was expanded in transmission substations, switching stations, and generating stations to provide system controllers greater remote control and monitoring of the power system.

New remote terminal units were installed at the Hilton Head 115 KV Switching Station, Winyah Generating Station, Sycamore 69 KV Switching Station, and Pinewood 115-69 KV Substation. SCADA capabilities were expanded or updated at South Bethune 230-69 KV Switching Station, Flat Creek 230-69 KV Substation, Darlington 230-69 KV Substation, Perry Road 230-115 KV Substation, and St. Stephen Powerhouse.

Final plans were made for procurement of a new SCADA/EMS computer and associated software, which is scheduled for installation by the fall of 1994.

Production Engineering and Construction Management

Construction of the 540-megawatt Unit 1 at Cross Station continued with major progress being made toward meeting the scheduled initial operation date of November 1994. Construction of the unit began in the summer of 1991.

The project is under the management of Santee Cooper's Station Construction unit and Gilbert/Commonwealth, an engineering firm located in Reading, Penn. Major efforts this year were focused on supporting the construction activities. Santee Cooper and Gilbert/Commonwealth relocated all lead personnel to the job site to facilitate timely communications between the construction contractors and the project team.

Construction activity intensified throughout the year. At the start of 1993, the project was 26 percent complete, with a construction work force of approximately 300. The peak of the construction came in November 1993 with over 1,000 workers.

At the year's end, the project completion stands at 75 percent, with emphasis shifting from construction to the start-up and test activities.

As the project approaches completion, it continues to be an economic success. The budget remains unchanged and reflects an expected construction cost of $818 per installed kilowatt. With only two contracts scheduled to be awarded in the spring of 1994, the project cost is projected to be less than the approved budget.

Construction of the Santee Cooper Regional Water System began in February.

Items completed in 1993 include approximately 23 miles of transmission pipelines, a one million gallon elevated storage tank, two 2.5 million gallon ground storage tanks, and four metering stations. All remaining facilities were on schedule at year's end. This system, when completed in September 1994, will provide up to 24 million gallons of potable water per day to the Lake Moultrie Water Agency comprised of the city of Goose Creek, Berkeley County Water and Sanitation Authority, Summerville Commissioners of Public Works, and Moncks Corner Public Works Commission.

The project is under the management of Santee Cooper's Capital Projects unit and Hobbs, Upchurch, PA., an engineering firm located in Southern Pines, N.C.

A program to study NOx emissions was initiated in 1993 in response to the U.S. EPA's pending NOx reduction legislation. The study involved performing base-line NOx testing on all coal-fired units to determine present emissions levels. The final report, due in early 1994, will include recommendations on how Santee Cooper may implement a NOx reduction program in an economically sound manner.

Ash Pond B at Winyah Station is nearing the end of its present design life. A recently completed study indicates the dikes forming this pond may be raised to provide for additional storage at approximately one-third the cost of the same amount of storage in a new pond. Final designs for the pond dike raising were completed in 1993 with implementation set for early 1994.

The flue-gas desulfurization system at Winyah Station's Unit 4 was upgraded with new stainless steel module linings, a new stainless steel reheat duct, and a new alloy reheat damper to better resist the extremely corrosive nature of the system.

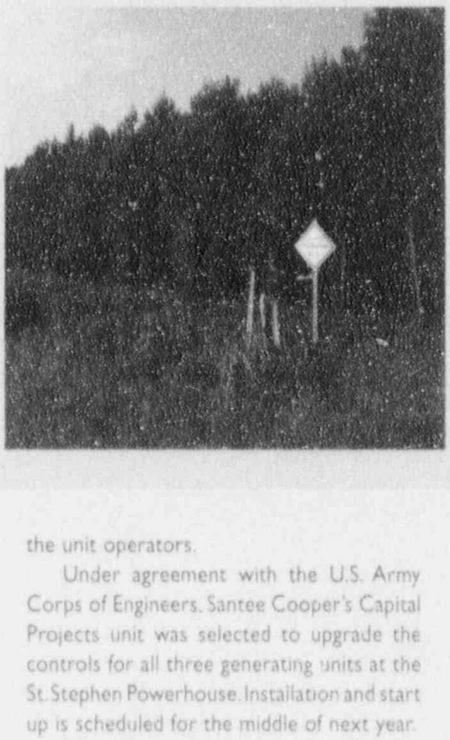
An ignition fuel oil tank at Winyah Station's Unit 1 was relocated for increased fire safety at the station. This relocation included the addition of new tanks for receiving waste oil from Santee Cooper's GOFER Program and the necessary pipelines and pumps to operate the system.

Construction management was provided for the 102-space parking lot built at the Moncks Corner corporate facilities.

A computerized burner management safety system was installed on Unit 2 at Grainger Station. Identical to the Unit 1 system which was installed last year, this system continuously monitors furnace flame, pressure, and fuel flow of the steam generator and will sound alarms or shut down the unit if unsafe operating conditions occur.

Following the success of a similar project last year on Jefferies Unit 3, the obsolete pneumatic boiler controls on Unit 4 were replaced with a computerized electronic control system. This new control system operates faster and more reliably and can keep the boiler much closer within its operating parameters, providing better fuel efficiency with less wear and tear on equipment.

A plant-wide data acquisition system for Winyah units was completed with the installation of the Unit 4 equipment. This system monitors temperatures, pressures, and flow rates throughout the units, checks for alarm conditions, and displays the information to the unit operators.



Under agreement with the U.S. Army Corps of Engineers, Santee Cooper's Capital Projects unit was selected to upgrade the controls for all three generating units at the St. Stephen Powerhouse. Installation and start up is scheduled for the middle of next year.

To meet the requirements of the Clean Air Act, work began on design, procurement, and installation of continuous emissions monitoring systems for eight coal-fired units. This should be completed in 1994 with an estimated total cost of $4 million.

Production Operations Management

Santee Cooper's power generation increased 4.4 percent over 1992. Santee Cooper finished the year with a heat rate on coal-fired units of 9,978 BTU/KWH, a decrease of 75 BTU/KWH over the previous year.

Santee Cooper maintained a high level of unit availability, with an average of 90.49 percent.

Sales of fly ash, one of the byproducts of generation, were $147,377. Fly ash marketing efforts will continue to increase the use of this resource.

Cross Station won the Production Department's Goals Program competition by meeting nine of the 10 goals. Winyah Station won the heat rate category with a 155 BTU/KWH improvement, equating to an approximate annual savings of $1.3 million.

Production Operations performed several major maintenance outages during 1993 to ensure continued reliability and efficiency of generating units.

Grainger Station completed an outage on Unit 1, which included the installation of a new boiler high temperature reheater. An outage was also completed on Unit 2, which included a complete rebuild and upgrade of the electrostatic precipitators to ensure continued high particulate collection efficiency.

Jefferies Station completed a boiler outage on Steam Unit 4 and a major overhaul on Hydro Unit 3. The hydro overhaul was significant because it was the first in the unit's 51-year history. This overhaul included removal of the waterwheel and repairs to the thrust bearing, wicket gates, and generator field.

Winyah Station completed major turbine and boiler outages on Units 1, 2, and 4. Units 1 and 2 HP/IP turbines were completely disassembled, inspected, and repaired to restore operating efficiency and ensure high reliability. Units 1 and 2 boilers and condensers were non-destructive tested and repaired to ensure their reliability. A new stainless steel, high-pressure feedwater heater was installed on Unit 2 to improve efficiency and reduce maintenance. A six-year turbine generator inspection and maintenance outage was completed on Unit 4. Components were inspected and repaired to maintain high reliability and efficiency. In addition, new controls of modern design were installed on the Unit 4 sulfur dioxide scrubber.

A major inspection was completed on Myrtle Beach Combustion Turbine Unit 1, which included a complete overhaul of the turbine/compressor and application of special coatings for performance improvements.

The Central Maintenance Complex at Winyah Station provided major machine shop services to all generating stations and, most notably, supported turbine maintenance work from Jefferies Hydro Unit 3; Myrtle Beach Unit 1; and Winyah Units 1, 2, and 4.

Program For Employee Participation

Emphasizing Santee Cooper's corporate culture of employee involvement and participative management to meet its future goals and remain competitive, PEP teams in 1993 achieved an estimated net annual savings of $1,192,291.

During the year, 1,523 employees participated on 251 teams, with a cumulative participation rate of 85 percent, exceeding the corporate goal of 75 percent participation. Teams were encouraged to focus on efficiency and effectiveness in daily work routines with continuous improvement as a theme.

The teams have placed more emphasis on selecting projects relating to corporate goals as the following projects demonstrate:

• The Tower Spotters, an employee team from Engineering and Operations, recommended the purchase of PLS-CADD software to assist in designing transmission lines. The software would improve budget estimates, reduce the number of design criteria violations, decrease material waste, and improve safety and quality. The estimated tangible savings of this project totals $612,489.

• The SWAT Team of Mosquito Abatement completed a project that reduces the crew's travel time by 18 percent. This represents an annual savings of $18,225 in fleet operation costs and increased production time.

• The Performance Investigators reduced performance test set-up and teardown time by 70 percent which enhanced testing safety and increased testing capabilities by 100 percent.

The fourth PEP survey was mailed to all employees with an excellent response rate of 43 percent. Results of the survey indicated employee involvement continues to strengthen communication and teamwork, and employee involvement is becoming a natural part of Santee Cooper's corporate culture.

Project Administration

Major transmission projects completed in 1993 include the 33-mile rebuild of the Elloree to St. George 69 KV Line and completion of the Sycamore 69 KV Switching Station with fold-ins of the Bamberg-Stevens and Bamberg-Varnville lines. Other major improvements were the completion of the 23-mile South Bethune to Flat Creek 230 KV line and 230 KV facilities at the Flat Creek and South Bethune stations.

The $25 million Cross to Dalzell 230 KV line project continued toward an October 1994 in-service date to coincide with completion of Cross Unit 1. Work is progressing on the two remaining transmission line segments along with the 230 KV facilities at the Dalzell Station.

Consideration of future needs for Central Electric Power Cooperative Inc. and its member cooperatives was provided for by the completion of several projects. The Aiken-Neeses Lake 115 KV Line was rebuilt, and the facilities for service to Beaulieu of America for Aiken Electric Cooperative Inc. was completed. Also, the line from the Hemingway Substation to Santee Electric Cooperative's Hemingway Substation was upgraded to 115 KV.

In the Horry-Georgetown Division, key projects completed included the Forest Brook 115-12 KV Substation, upgrade of the Red Bluff to Nixons line to 115 KV, and the replacement of two transformers at the Perry Road 230-115 KV Substation.

Property Management

Santee Cooper's reservoirs, Lake Marion and Lake Moultrie, have a combined surface area of approximately 154,075 acres. Through its land management programs, Property Management administered 39,895 acres of land surrounding these lakes. An additional 10,535 acres associated with generating and transmission facilities located throughout South Carolina were also managed by Property Management. Approximately 4,450 parcels of property were leased for residential, commercial, public, and various miscellaneous uses. Revenues from these leases totaled $745,000 during the year.

One hundred ninety-four access signs are maintained on major roadways in areas surrounding the lakes to guide the public to various points of access.

In cooperation with the S.C. Wildlife and Marine Resources Dept., Property Management provides maintenance and repairs on 18 public boat launching ramps and parking areas.

An anti-littering program, "Pack It In - Pack It Out," was expanded to include additional public use areas and boat launching facilities. The program encourages users of Santee Cooper lands to be responsible for proper disposal of their trash. Another program initiated by Property Management encourages local groups and clubs to accept responsibility for cleanup of trash and litter at various public boat launching facilities. Dubbed "Adopt-A-Landing," this program has demonstrated a cooperative effort between Santee Cooper and local community groups to ensure litter-free recreational facilities.

In cooperation with the S.C. Wildlife and Marine Resources Dept., Santee Cooper developed the John C. Land III Boating and Sportfishing Facility, the largest in South Carolina. Located on the Clarendon County side of Lake Marion, the facility has six launching ramps, four boarding docks, a 120-foot event pier, and a paved parking area to accommodate 170 vehicle and boat trailer units. An adjoining grass overflow parking area accommodates an additional 200 vehicles. The facility was designed to accommodate state and national professional fishing tournaments, with the first sport fishing tournament scheduled for May 1994.

An additional 2,257 acres of prime wildlife and waterfowl habitat were included in the Wildlife Management Area Program administered by the S.C. Wildlife and Marine Resources Dept. Approximately 21,000 acres are leased to the S.C. Wildlife and Marine Resources Dept. on a gratis basis for use as part of the State's Wildlife Management Area program.

The wood duck nesting program, in cooperation with the S.C. Waterfowl Association, has been expanded to include an additional 700 wood duck nest boxes on Santee Cooper lands and waters. A total of 1,200 boxes will be in place by 1996.

Santee Cooper's Property Management Division, in cooperation with the S.C. Wildlife and Marine Resources Dept., designed and constructed a 1.4-mile nature trail on the Santee Cooper Wildlife Management Area in Orangeburg County. The trail, located near Eutaw Springs, is open from March through August. Outdoor enthusiasts, school children, and the general public can enjoy the interrelationship between sound forest management activities and various wildlife habitats.

Approximately 104 acres were prepared for planting in conjunction with Santee Cooper's reforestation program. A relatively new machine, the Bracke Scarifier/Mounder, was used and its effectiveness evaluated in reforestation activities on Santee Cooper's woodlands. This method of reforestation causes minimal disturbance to the topsoil while eliminating competing vegetation and providing a debris-free area for planting seedlings.

Other forest management activities include the treatment of vegetation to release natural pine regeneration from competition on 527 acres. Also, the planting of 39,000 genetically improved loblolly pine seedlings, 15,000 longleaf pine seedlings, and 36,000 hardwood seedlings of six different species was accomplished on 185 acres. Some of these new trees will reclaim borrow areas and abandoned agricultural fields and provide timber and wildlife habitat for future generations.

Rates & Forecasting

In 1992, Rates & Forecasting personnel began working with Resource Management International to develop a new load forecast to plan Santee Cooper's 20-year demand and energy requirements. The load forecast is to serve as the foundation for all of Santee Cooper's long-range planning such as the Integrated Resource Plan, financial forecasts, and rate studies.

In the spring of 1993, Rates & Forecasting, in conjunction with R.W. Beck and Associates, began working on a rate study to place new rates into effect beginning April 1, 1994, 1995, and 1996.

In August, the proposed rates were presented to Santee Cooper's Board of Directors for their review. Details of the proposed rates were placed at each of Santee Cooper's retail offices for review by customers. Also, during October, public meetings were held to communicate the proposed rate increase and to receive questions and comments from customers.

In preparing the proposed rates, Santee Cooper worked closely with its large industrial customers to develop rates which would maintain their competitiveness in today's global marketplace and to improve the efficient use of Santee Cooper's generating resources. As a result, a pilot economy power rate was introduced. This rate allows customers to purchase power and energy requirements on an hour-by-hour basis, based on Santee Cooper's costs to produce the power in each hour. This real-time power purchasing system allows large customers to respond to Santee Cooper's variable cost of producing power. As costs increase and Santee Cooper begins to reach a peak condition, customers may choose to restrict their use of power. As the cost of power decreases and the generating resources are not being used to their fullest extent, customers may choose to use additional power. Santee Cooper expects this response to price to benefit all customers through a more efficient use of our total resources.

Another innovative pilot rate is the residential time-of-use rate. This rate prices energy differently to residential customers depending on whether they use power during an on-peak or an off-peak period.

Reliability

Santee Cooper is one of 30 member organizations in the Southeastern Electric Reliability Council (SERC), which includes power suppliers in the region with a generating capacity of 25 megawatts or more. The council assists member systems in their coordination of planning and operations to achieve maximum reliability of power supply.

Santee Cooper is also one of eight power systems in the Virginia-Carolinas Reliability Group (VACAR), which also includes S.C. Electric & Gas Co., Carolina Power & Light Co., Duke Power Co., Virginia Power, Yadkin, Nantahala Power and Light Co., and the Southeastern Power Administration. The member systems maintain a coordination agreement to safeguard the reliability of their service.

Santee Cooper maintains interconnections with the Southern Co. and the Southeastern Power Administration at the R.B. Russell Dam; with the Southern Co. at McIntosh; with South Carolina Electric & Gas Co. at Bushy Park, North Charleston, St. George, Mateeba, Columbia, and the V.C. Summer Nuclear Station; with the Southeastern Power Administration, Duke Power Co., South Carolina Electric & Gas Co., and the Southern Co. at Lake Thurmond; and with Carolina Power & Light Co. at Darlington, Hemingway, Kingstree, Lugoff, and the Darlington County Plant.

To further strengthen the ability to provide reliable service to customers, formal interchange agreements were established with Cajun Electric Power Cooperative in Baton Rouge, La. and Oglethorpe Power Corp. in Tucker, Ga.

Right of Way Management

With the excellent reclearing conditions prevalent throughout the summer and fall, production during that period overcame the poor first quarter that was plagued by wet weather problems. Acreage totals for Santee Cooper crews increased 5.6 percent over 1992 with 11,428 acres recleared across the transmission system. Costs per acre decreased by 6.7 percent, and total expenditures fell slightly.

Contract reclearing in the form of mowing and helicopter application of selective herbicides combined for clearing of an additional 3,400 acres. The proportion of total acreage maintained through contracts has slowly increased (from 26.6 percent in 1989 to 30.8 percent in 1993) and should continue to grow at a modest rate.

The contract to remove the threat of damage to Santee Cooper's transmission lines from trees off the right of way met established schedules in the 175 miles that were maintained. During the year, all lines in the Western Transmission District were completed with the subsequent relocation of the clearing operations to the Central Transmission District in midyear. For the second consecutive year, no outages occurred despite the hazardous conditions of removing trees in close proximity to energized conductors. It is anticipated that by the end of 1994, all rights of way will have had danger tree maintenance performed, meeting the 12-year removal cycle established in 1983.

Erosion control measures were undertaken on several rights of way in the Northern and Western Transmission Districts. In conjunction with these operations, Right-of-Way Management, working with Clemson University, the U.S. Soil Conservation Service, the Nature Conservancy, the Audubon Society, and civic groups, experimented successfully with various seeding compositions including many wildflower plantings to enhance visually sensitive areas.

System Operations-Technical

During 1993, System Operations-Technical personnel constructed a new substation at Sycamore and were involved in 27 other projects which included constructing additional bays at several substations, the addition of capacitor banks, upgrading of transformers, and the addition of SCADA and fault recorder equipment at several other substations. One new industrial customer, Beaulieau of America, was added to the system in the Aiken area.

Other noteworthy projects included the installation of a new telephone switchboard and radio console in the Energy Control Center for expanded communication capabilities and the installation of upgraded metering packages in cooperative and industrial substations. All 258 cooperative substations were equipped with the new metering packages which allow remote data reading capabilities. Upgrading of the metering packages in industrial substations began and is scheduled to be completed in 1994.

Several environmental projects were expanded during the year. These included the reprocessing of substation equipment oil, the recovery of freon from substation air conditioners, and phase-out of the use of freon-based products in meter cleaning operations.

System Planning

System Planning continued rese[illegible] ways to make significant reductions [illegible]e cost of future transmission, communications, and SCADA construction projects while maintaining the current level of system reliability. Efforts to implement long-range expansion plans for Santee Cooper's 230 KV transmission system were further refined.

Extensive studies were performed to analyze alternatives for establishing a 230 KV interconnection at Duke Power Company's Hodges Substation in Greenwood County. This project, scheduled for completion in the fall of 1994, will enable increased power transfers to be made with Duke Power Co. at a lower cost than is currently possible.

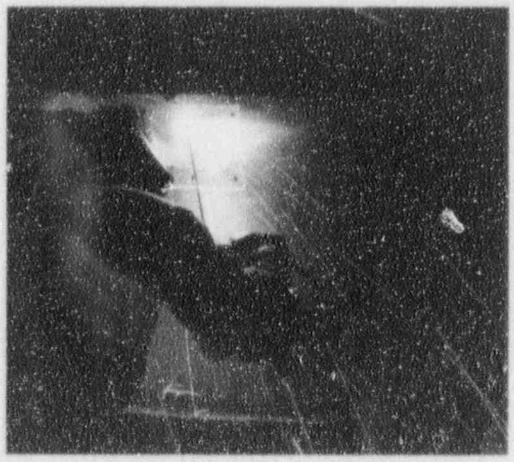
Through joint efforts of System Planning and Corporate Forecasting, Rates and Marketing, with information provided by all departments and divisions of Santee Cooper, the 1993 Integrated Resource Planning Report was developed. The report outlined the latest efforts to formulate and maintain a least-cost integrated resource plan incorporating both supply and demand-side options capable of meeting customer requirements through 2013. The planning efforts also included the development of initial strategies for achieving least-cost compliance with the Clean Air Act of 1990.

Training and Development

A total of 2,283 internal and external training programs were conducted in 1993. Subject areas included management, professional, technical, computer, and skills development. Employee attendance, including federally mandated programs, was 8,548. Listings of corporate training programs, containing 199 courses, were revised and updated in the comprehensive course catalog which was distributed throughout the company.

Courses leading to two-year, four-year or graduate college degrees were completed by 129 employees through the tuition aid program, with nine employees receiving their degrees.

Santee Cooper and the Berkeley County School District collaborated on the construction of an experimental outdoor challenge course. The ROPES course is used by students, educators, and Santee Cooper employees for hands-on training stressing team building, problem solving, and personal development. This course is the only one in Berkeley County.



Transmission Operations

Transmission Operations inspected and maintained the Santee Cooper transmission system, which covers two-thirds of South Carolina. Through ongoing preventative maintenance programs, a 99.997 reliability index was achieved for the transmission system, surpassing the 1993 corporate goal.

Major projects completed during the year included:

• Relocating transmission facilities to allow for the upgrade of S.C. Highway 278 on Hilton Head Island;

• Relocating transmission facilities on Hilton Head Island for the construction of a new shopping complex;

• Constructing 230 KV additions to the South Bethune Switching Station;

• Upgrading the line between Hemingway and Hemingway Cooperative Substation to 115 KV;

• Constructing a 115 KV bay at Aiken No. 1 Substation and a 115 KV line from Aiken No. 1 Substation to Piper Day industrial site, which will serve Beaulieu of America, a new industrial customer.

Treasury

During 1993 Santee Cooper sold two refunding bond issues totalling $1,016,485,000. These issues had an average interest cost of 5.81 percent and 5.37 percent, respectively. These issues resulted in savings to the ratepayers over the life of the bonds of $105,183,000, or an average annual savings of $3,169,000.

In addition, Santee Cooper offered its sixth annual Mini-Bond issue. Mini-Bond sales totaled $29,509,800, with $5,454,800 in capital appreciation bonds and $24,055,000 in current interest bearing bonds.

Water Quality Management

Santee Cooper entered into a joint agreement with the University of South Carolina and conducted cooperative research to develop a computerized ecosystem model of Lake Marion.

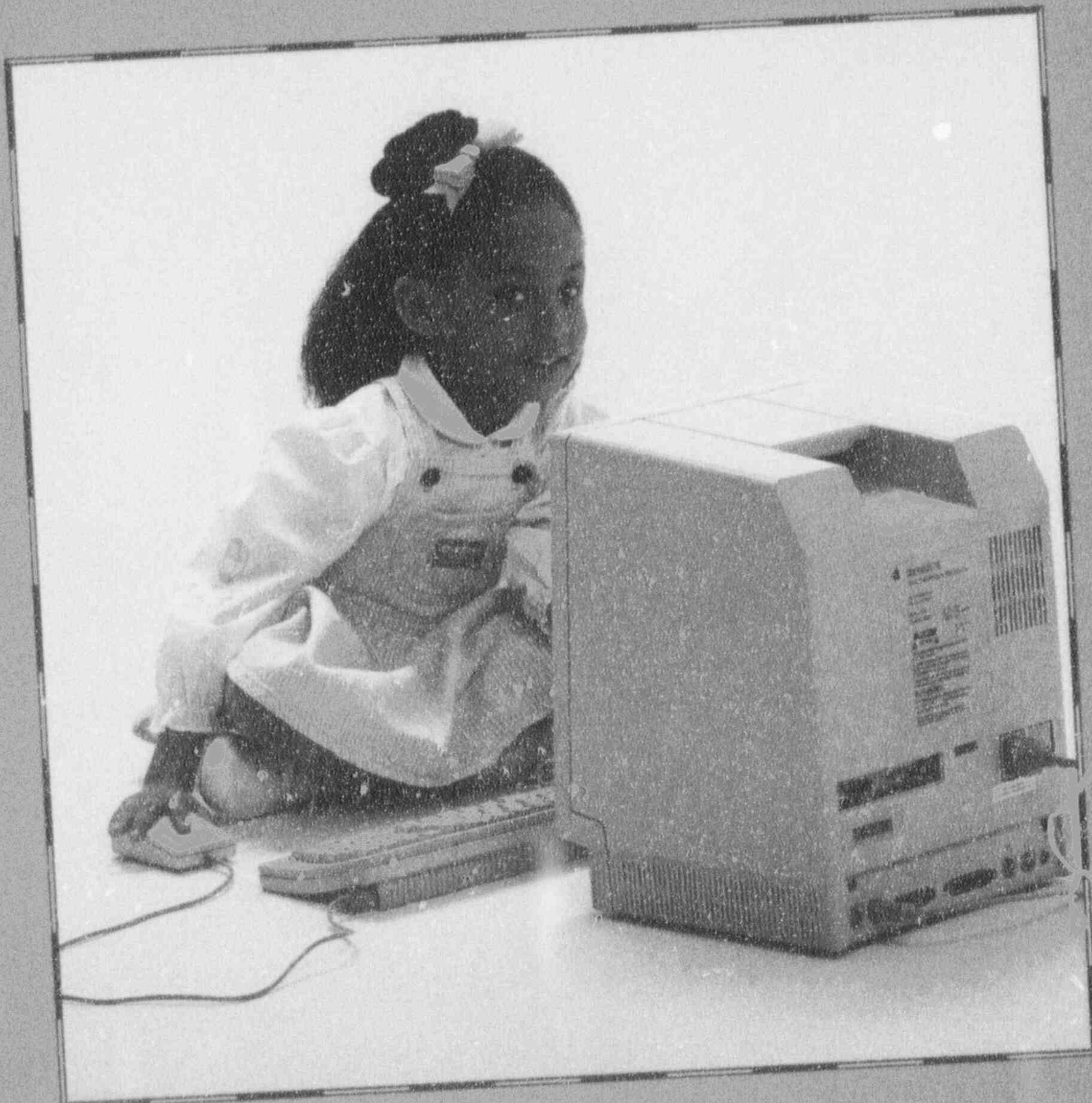
In 1993, this unit initiated a Zebra Mussel monitoring program in the Santee Cooper Lakes. Water Quality Management also began work with the Berkeley County Health Department to address the continuing problem of the disposal of fish remains in the lakes by commercial landings.

The in-house laboratory provides service to units throughout Santee Cooper. During the year, the laboratory conducted 20,250 analyses on 2,090 water samples.

Using federally approved herbicides, Environmental Resources personnel chemically treated 6,825 acres of noxious aquatic vegetation throughout the Santee Cooper Lakes at a cost of $1.6 million. Aerial applications were completed on 6,415 acres, while the remaining 410 acres were treated using ground-based equipment. This was the largest amount of acreage ever treated in a single year at Santee Cooper.

Assisted by the U. S. Army Corps of Engineers, Santee Cooper personnel treated 73 acres of noxious aquatic vegetation in the stilling basin of the St. Stephen Powerhouse.

With assistance from the U.S. Army Corps of Engineers and the S.C. Water Resources Commission, Santee Cooper stocked 50,000 sterile grass carp in Lake Moultrie. To date, more than 450,000 grass carp have been stocked in the two lakes.



At Santee Cooper, we are committed to passing on to the **next generation** *a public power company that is* **financially strong.** *Each year our financial status is audited and* **reported to the people of South Carolina.**

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
Other Physical Property (Net of Accumulated Depreciation)	1,748	1,497
Cash and Investments Held by Trustee (Designated)	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 Debits 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 debits 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 (Thousands)	1991
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	**17,439**	(11,437,	(644)
Prepaid expenses	**(326)**	70	19
Other deferred debits	**(7,659)**	(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)	$ 76,4[illegible]	$ 76,519
Debt Service Reserve Funds	162,850	0	0	235	163,0[illegible]	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:

	Priority Obligations	Expansion Bonds	Capitalized Leases	Revenue Bonds	Total
Year Ending December 31,			(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

	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.

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

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 33⅓% and 66⅔%, 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 33⅓% 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 re---red in two phases. In general, Phase I compliance must be impiemented 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 wil' 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 electicity to other utilities, thus enhancing their incentive to build gene:ation 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 Arthority.

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 effect of projected salary increases, estimated to be payable in the fi ure 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.

Audit Committee Chairman's Letter

The Finance-Audit Committee of the Board of Directors is composed of four independent directors: Leon S. Goodall, chairman; B.L. Hendricks; D. Gene Rickenbaker; and Johnnie (Joe) Young. 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. Monthly briefings on the financial statements and periodic 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 accountant. The Committee discussed the Company's financial statements and the adequacy of its internal controls.

The Committee met with the independent public accountant 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.

Leon S. Goodall, Chairman

Finance-Audit Committee

John S. Rainey
Chairman

Robert D. Bennett
First Vice Chairman
Represents the Electric Cooperatives

Leon S. Goodall
Second Vice Chairman
Represents 2nd Congressional District

W. Melvin Brown
Represents 1st Congressional District

Ralph H. Ellis
Represents Horry County

J. Mac Walters
Represents 4th Congressional District

B.L. Hendricks
Represents 3rd Congressional District

John D. Trout
Represents Berkeley County

D. Gene Rickenbaker
Represents 5th Congressional District

Henry B. Rickenbaker
Represents 6th Congressional District

J. Joseph Young
Represents Georgetown County

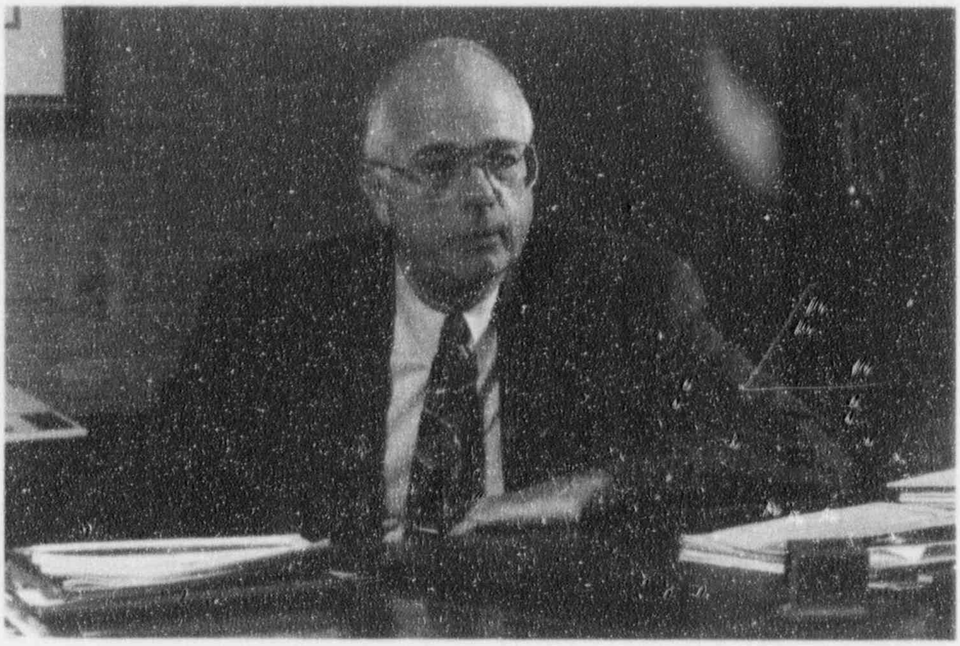
In 1993, three changes occurred on the Santee Cooper Board of Directors.

John D. Trout, who represents Berkeley County, replaced Eugene F. Oliver.

J. Mac Walters, who represents the 4th Congressional District, replaced A. Clint Gossett.

W. Melvin Brown, who represents the 1st Congressional District, replaced Harold Robertson.

With Record of Accomplishment, Ken Ford Steps Down as President



Stating that the time had come for him to pass the baton and for the company to move ahead to new challenges, President and Chief Executive Officer Ken Ford announced his retirement Oct. 22. "I felt that passing of the baton would be best done when Santee Cooper is in its strongest position," he told employees.

He explained that recovery from his recent spinal surgery was taking longer and was more taxing than he had anticipated. Following the advise of his doctors that optimum recovery could best be achieved by withdrawing from the day-to-day pressures of managing a major corporation, he stated, "If I can't give the full 100 percent to the company, it's best to step aside and allow someone capable of doing so to take the reins."

With a sense of great optimism, Ford said that Santee Cooper was the strongest it had ever been financially and faced some of the greatest challenges and greatest opportunities for serving its customers and the people of South Carolina. "I know Santee Cooper is in very good hands with the strong leadership of the board, its chairman and the new management team."

Ford said he projects a bright future for Santee Cooper, resulting from a strong and interactive management-employee relationship. "I think the development, through a team concept, of the goals program and the strategic plan has had a solidifying impact on senior management, and those programs will have the same influence throughout the entire organization."

Examining his career at Santee Cooper that began in 1978 as its chief financial officer, Ford recalled how Santee Cooper "came of age," evolving from a relatively small utility with 1,312 megawatts of generation and less than 45,000 customers to a major South Carolina energy and

> "I know Santee Cooper is in very good hands with the strong leadership of the board, its chairman, and the new management team."

economic resource that by the end of 1994 will be operating with over 3,200 megawatts of generation and serving more than 100,000 customers.

"We should all be very proud because when you look at the total picture by counting electric co-op customers, Santee Cooper power is today used by one of every three South Carolinians, and with our new regional water system, we are probably in the position we were 50 years ago with electricity."

Santee Cooper's new President and Chief Executive Officer T. Graham Edwards commends Ford for his dedication and leadership.

"Ken Ford contributed tremendously to this organization and the people we serve. He came in at a time in 1989 when circumstances were somewhat rocky for Santee Cooper with lots of changes and challenges facing us. We had to rebound from a devastating hurricane that flattened our transmission system; we were facing challenges from the legislature and legal battles involving fuel contracts and other matters; and we were preparing for the economic impact of military downsizing affecting our service area. it seemed like everything was just going on at one time, and Ken provided the stable force needed for this organization. He was probably one of the few people who could step in and provide the leadership and stability that were needed."

Ford said that his greatest pride at Santee Cooper came from what its employees have shown in sticking together during some difficult times over the past five years.

"Whether it was Hurricane Hugo, the coal contract situation or threat of privatization, the employees and their families have always stood shoulder to shoulder in addressing these challenges."

Ford concluded by repeating what he told employees following Santee Cooper's successful recovery from Hurricane Hugo. "No person was too big and no job was too small to meet the challenges we faced, and I'll never forget that. I feel that same spirit of commitment has applied throughout the organization during my term as president and CEO."

Advisory Board

Carroll A. Campbell Jr.
Governor

James M. Miles
Secretary of State

T. Travis Medlock
Atorney General

Earle E. Morris
Comptroller General

Grady L. Patterson Jr.
State Treasurer

Management

T. Graham Edwards
President and Chief Executive Officer

Robert V. Tanner
Chief Operating Officer

Bill McCall Jr.
Executive Vice President Production

Robert E. Rainear
Executive Vice President
Engineering and Operations

John H. Tiencken Jr.
Executive Vice President
General Counsel

Emily S. Brown
Senior Vice President
Administration and Finance

Maxie C. Chaplin
Vice President
Production Operations

Zack W. Dusenberry
Vice President
Horry-Georgetown Division

Ron H. Holmes
Vice President
Human Resources

Robert F. Petracca
Vice President
Property and Transportation

Byron C. Rodgers Jr.
Vice President, Engineering and
Construction Management

Jerry L. Stafford
Vice President
Corporate Communications

William R. Sutton
Vice President
Planning and Power Supply

L.F. "Butch" Volf
Vice President
System Operations–
Transmission and Construction

Elaine G. Peterson
Controller

H. Roderick Murchison
Treasurer

Changes in Executive Management

In October, President and CEO **Kenneth R. Ford** announced his resignation and retirement for health reasons associated with spinal surgery. **T. Graham Edwards** was named the new President and CEO.

Along with the change at the top, other reorganizational changes took place in October. Santee Cooper's Board of Directors named **Robert V. Tanner** to the position of Chief Operating Officer.

Also, **Bill McCall** was promoted to Executive Vice President of Production, and **Emily S. Brown** was promoted to Senior Vice President of Administration and Finance.

Schedule of Refunded Bonds Outstanding

As of December 31, 1993
(In Thousands)

Call Date	January 1, 1994		July 1, 1995		July 1, 1995		January 1, 1996		July 1, 1996		July 1, 2001		July 1, 2002	
Series	1979-A REF		1985 REF		1985-A REF		1988-A REF		1986-A & B REF		1991-B & C REF		1991-D	
Original Maturity Date July 1	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
1994														
1995														
1996	6.10	1,565												
1997			8.80	900	8.60	2,390								
1998			9.00	1,060	8.70	4,980								
1999			9.05	1,160	8.75	5,405			7.80	6,365				
2000			9.10	1,150					7.80	13,200				
2001									7.90	835	6.60	15,370	5.90	5,870
2002									7.90	900			6.00	6,215
2003					9.00	32,500*			8.00	4,695				
2004									8.00	5,070				
2005			9 3/8	5,000*					8.00	5,475				
2006									8.00	5,910				
2007									8.10	6,390	7.00	4,025		
2008									8.10	6,905				
2009											7.00	8,915*		
2010														
2011														
2012											7.00	25,610*		
2013														
2014														
2015														
2016														
2017														
2018														
2019									8.00	65,565*				
2020									7.00	23,675*				
2021					9.20	120,890*	7 7/8	37,460*			7.10	135,705*		
2022			9 1/2	160,510*										
2023														
2024													6.50	130,275*
2025														
2026											6 1/2	61,560*		
2027														
2028														
2029														
2030														
2031													6 5/8	149,630*
Totals Per Series		$1,565		$169,780		$166,165		$37,460		$144,985		$251,185		$291,990
Totals Per Call Date		$1,565		$335,945				$37,460		$144,985		$251,185		$291,990

*Term Bonds

Schedule of Bonds Outstanding

As of December 31, 1993
(In Thousands)

Maturity Date July 1	1967 Series		1973 Series		1974 Series		1977 Series		1978 Series		1979A Series		1982 Refunding Series		1985 Refunding Series		1985A Refunding Series	
	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.
1994	4.10	2,605*	$5\frac{3}{4}$	1,700*	6.40	1,910	5.20	720	$5\frac{1}{4}$	1,440	6.00	1,425	$8\frac{3}{4}$	750	8.20	705	8.00	510
1995	4.10	2,720*	$5\frac{3}{4}$	1,795*	6.40	2,035	5.30	785	5.30	1,515	6.05	1,490			8.40	765	8.20	2,425
1996	4.10	2,845*	$5\frac{3}{4}$	1,900*	6.40	2,155	5.40	830	5.35	1,585					8.60	825	8.40	2,030
1997	4.10	2,975*	$5\frac{3}{4}$	2,010*			5.45	890	5.40	1,670								
1998	4.10	3,105*	$5\frac{3}{4}$	2,125*			$5\frac{1}{2}$	935	5.40	1,760								
1999	4.10	3,245*	$5\frac{3}{4}$	2,245*			$5\frac{1}{2}$	1,005	5.70	1,850*								
2000	4.10	3,395*	$5\frac{3}{4}$	2,375*			5.55	1,065	5.70	1,940*								
2001	4.10	3,545*	$5\frac{3}{4}$	2,510*			5.60	1,130	5.70	2,045*								
2002	4.10	3,705*	$5\frac{3}{4}$	2,655*			5.60	1,220	5.70	2,145*								
2003	4.10	3,870*	$5\frac{3}{4}$	2,810*			$5\frac{3}{4}$	1,295*	5.70	2,260*								
2004	4.10	4,045*	$5\frac{3}{4}$	2,970*			$5\frac{3}{4}$	1,380*	5.70	2,380*								
2005	4.10	4,230*	$5\frac{3}{4}$	3,140*			$5\frac{3}{4}$	1,460*	5.70	2,500*								
2006	4.10	4,420*	$5\frac{3}{4}$	3,325*			$5\frac{3}{4}$	1,570*	5.70	2,630*								
2007			$5\frac{3}{4}$	3,515*			$5\frac{3}{4}$	1,795*	5.70	7,385*								
2008			$5\frac{3}{4}$	3,715*			$5\frac{3}{4}$	1,945*	5.70	7,845*								
2009			$5\frac{3}{4}$	3,930*			$5\frac{3}{4}$	2,080*	$5\frac{7}{8}$	8,330*								
2010			$5\frac{3}{4}$	4,155*			$5\frac{3}{4}$	2,225*	$5\frac{7}{8}$	8,845*								
2011			$5\frac{3}{4}$	11,520*			$5\frac{3}{4}$	2,180*	$5\frac{7}{8}$	9,390*								
2012			$5\frac{3}{4}$	12,180*			$5\frac{3}{4}$	2,300*	$5\frac{7}{8}$	9,980*								
2013			$5\frac{3}{4}$	12,880*			$5\frac{3}{4}$	2,500*	$5\frac{7}{8}$	10,590*								
2014							$5\frac{3}{4}$	2,640*	$5\frac{7}{8}$	11,250*								
2015							$5\frac{3}{4}$	21,065*	$5\frac{7}{8}$	11,950*								
2016							$5\frac{3}{4}$	21,235*	$5\frac{7}{8}$	12,555*								
2017							$5\frac{3}{4}$	34,580*	$5\frac{7}{8}$	13,190*								
2018									$5\frac{7}{8}$	50,600*								
2019																		
2020																		
2021																		
2022																		
2023																		
2024																		
2025																		
2026																		
2027																		
2028																		
2029																		
2030																		
2031																		
2032																		
Add: Total Outstanding As of 12/31/93		44,705		83,455		6,100		108,830		187,630		2,915		750		2,295		4,965
Bonds Redeemed As of 12/31/93		6,895		16,545		16,720		6,170		12,370		12,160		3,865		4,140		6,715
Bonds Refunded As of 12/31/93		0		0		86,180		0		0		94,925		289,385		169,780		166,165
Less: Accreted Value As of 12/31/93		–		–		–		–		–		–		–		–		–
Net: Original Issue Amt.		51,600		100,000		109,000		115,000		200,000		110,000		294,000		176,215		177,845

*Term Bonds
(1)Includes accretion on Capital Appreciation Bonds through 12/31/93.
(2)Maturities are on January 1 instead of July 1.

(For Details on Calls See "Schedule of Refunded Bonds Outstanding.")

(3) These are floating auction tax-exempt ("FLOATs") and residual interest tax-exempt ("RITES") bonds which have a semiannual bond equivalent yield of 5.40% per annum on those maturing 6/30/2006 and 5.60% per annum on those with a final maturity of 6/28/2013.

(4) $10,210,000 are serial bonds and $9,000,000 are term bonds.

(5) Included in year that payment is made. (Exclusive of Funded and Accrued Interest.)

Santee
Cooper.

One Riverwood Drive, Moncks Corner, South Carolina 29461-2901

For Additional Information Contact:

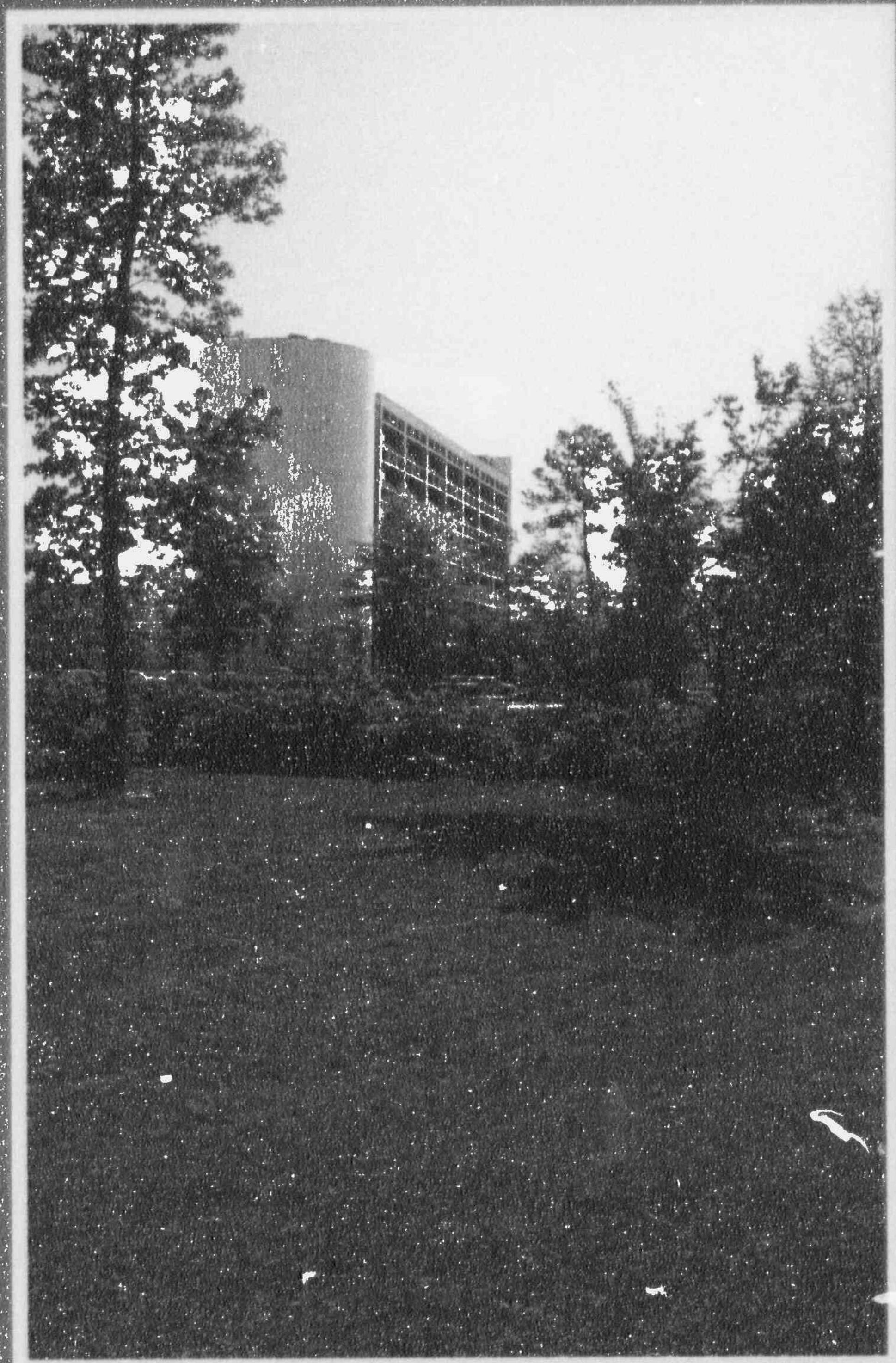
Jerry L. Stafford, Vice President
Corporate Communications
Santee Cooper
One Riverwood Drive
Moncks Corner, S.C. 29461-2901
(803) 761-4051

Beth Oliver, Santee Cooper
Beth Oliver and Willard Strong, Santee Cooper

Jim Huff, Santee Cooper
Lee Helmer, Advertising Service Agency

1986A&B Refunding Series Int. Rate	Amt.	1986C&D Refunding Series Int. Rate	Amt.	1987A Refunding Series Int. Rate	Amt.	1988M Mini-Bond Series Int. Rate	Amt.	1988A Refunding Series Int. Rate	Amt.	1989M Mini-Bond Series Int. Rate	Amt.	1990M Mini-Bond Series Int. Rate	Amt.	1991A,B&C Refunding & Improvement Series Int. Rate	Amt.	1991M Mini-Bond Series Int. Rate	Amt.	1991 D Series Int. Rate	Amt.
7.30	7,890	6.00	1,030	5.90	1,025			7.00	965					5.70	4,680				
7.40	6,580	6.20	1,095	5.90	1,080			7.00	1,840					6.00	18,480				
$7\frac{1}{2}$	7,645	6.40	1,160	5.90	1,140			7.00	3,895										
7.60	7,995	6.60	1,235	6.00	1,205			7.00	4,155									5.30	4,730
7.70	5,925	6.70	1,320	6.10	1,280			7.10	6,635					$6\frac{1}{4}$	2,935			5.50	4,980
		6.80	1,400	$6\frac{1}{4}$	1,350			7.20	7,110					6.30	3,120			5.65	5,255
		6.90	1,505	6.40	1,435			7.30	7,650					6.40	4,205			5.80	5,550
		7.00	1,6[illegible]	$6\frac{1}{2}$	2,875			7.40	8,220										
		7.05	1,715	$6\frac{1}{2}$	4,280			7.40	13,520					6.70	6,240				
		7.10	3,510	6.60	4,575	$7\frac{3}{4}$	16,622	7.50	330										
		7.10	4,920	$6\frac{3}{4}$	20,390			7.50	365	7.00	18,615 (1)								
		7.10	5,265	$6\frac{3}{4}$	16,795			7.60	5,385			7.30	15,444						
		7.20	5,625	$6\frac{3}{4}$	2,350			$7\frac{3}{4}$	320*			7.30	6,741 (1)	7.00	3,760			6.40	6,590
		7.20	6,000	$6\frac{3}{4}$	2,525			$7\frac{3}{4}$	340*							$6\frac{7}{8}$	20,825		
		7.00	6,415*	$6\frac{7}{8}$	2,715*			$7\frac{3}{4}$	365*							$6\frac{7}{8}$	7,205 (1)		
		7.00	6,850*	$6\frac{7}{8}$	2,925*			$7\frac{3}{4}$	395*										
		7.00	7,310*	$6\frac{7}{8}$	3,140*			$7\frac{3}{4}$	420*										
		7.00	6,025*	$6\frac{7}{8}$	3,380*			$7\frac{3}{4}$	460*									6.50	7,010*
		7.00	6,430*	$6\frac{7}{8}$	3,625*			$7\frac{3}{4}$	490*									6.50	7,470*
		7.30	6,870*	6.90	3,880*			$7\frac{3}{4}$	525*									6.50	7,955*
		7.30	7,915*	6.90	4,150*			$7\frac{3}{4}$	7,315*									6.50	8,470*
		7.30	8,145*	6.90	4,465*			$7\frac{3}{4}$	8,210*										
		7.30	20,430*	6.90	4,785*			$7\frac{7}{8}$	275*										
		7.30	21,875*	6.90	5,160*			$7\frac{7}{8}$	300*										
		7.30	23,425*	6.90	5,575*			$7\frac{7}{8}$	325*										
		7.30	25,080*	6.90	6,030*			$7\frac{7}{8}$	19,610*										
		7.30	27,005*	6.90	6,520*			$7\frac{7}{8}$	25,995*										
		7.30	56,985*	6.90	7,040*			$7\frac{7}{8}$	23,945*										
		$6\frac{3}{8}$	62,325*	7.00	61,025*														
														6.00	12,120*				
														6.00	12,850*				
														6.00	13,620*				
														6.00	14,435*				
														6.00	15,300*				
	36,035		330,470		186,720		16,622		149,360		18,615 (1)		22,185 (1)		111,745		28,030 (1)		58,010
	14,935		5,160		5,940		390		1,755		334		291		7,480		170		0
	144,985		0		0		0		37,460		0		0		251,185		0		291,990
	–		–		–		–		–		1,478		1,408		–		1,042		–
	195,955		335,630		192,660		17,012		188,575		17,471		21,068		370,410		27,158		350,000

1992 A Refunding Series Int. Rate	Amt.	1992 M Mini-Bond Series (2) Int. Rate	Amt.	1992 B Series Int. Rate	Amt.	1993 A&B Refunding Series Int. Rate	Amt.	1993 C Refunding Series (2) Int. Rate	Amt.	1993 M Mini-Bond Series (2) Int. Rate	Amt.	Total Principal Maturities (5)	Total Revenue Interest (5)	Total Debt Service (5)
$4\frac{1}{4}$	1,115							2.70	2,010			30,480	124,564	155,044
4.70	1,165							3.40	7,525			51,295	128,705	180,000
4.90	1,220							3.60	9,450			36,680	137,135	173,815
5.10	1,280							3.80	12,370			40,515	145,010	185,525
5.30	2,405							4.00	5,480			38,885	148,140	187,025
$5\frac{1}{2}$	7,940							4.20	6,955			41,475	145,537	187,012
5.60	2,385			5.20	335	4.80	16,995	4.30	4,055			52,890	143,259	196,149
5.70	22,505			5.30	360	5.00	6,990	4.40	455			52,240	140,677	192,917
80	7,400			5.50	380	5.00	9,810	$4\frac{1}{2}$	3,625			56,695	137,284	193,979
.00	5,940			5.60	405	5.20	6,280	$4\frac{1}{2}$	12,030			59,927	133,952	193,879
				5.70	435	5.20	10,115	$4\frac{1}{2}$	12,590			78,205 (1)	136,189	214,394 (1)
.20	6,290			5.80	460	5.30	7,080	$4\frac{5}{8}$	6,4 0			74,489	126,121	200,610
6.20	6,680			5.90	490	5.40	10,400 (3)	$4\frac{3}{4}$	13,310			68,211 (1)	130,743	198,954 (1)
6.20	7,100	$6\frac{1}{4}$	10,048	5.90	525	5.50	8,410	$4\frac{7}{8}$	11,755			80,223	117,401	197,624
6.20	7,540	$6\frac{1}{4}$	10,109	6.00	555	5.50	10,920	5.00	18,230			77,559 (1)	124,039	201,598 (1)
$6\frac{3}{8}$	8,005*	$6\frac{1}{4}$	19,659 (1)	6.00	595	5.50	9,765	5.00	1,470			64,004 (1)	122,866	186,870 (1)
$6\frac{3}{8}$	8,515*			6.00	630	5.50	11,480	5.10	19,210 (4)	5.35	10,758 (1)	76,688 (1)	108,632	185,320 (1)
$6\frac{3}{8}$	10,835*			6.00	670	5.50	11,240	5.10	16,740*	5.35	10,805 (1)	90,255 (1)	104,557	194,812 (1)
$6\frac{3}{8}$	11,520*			6.00	715	5.60	12,100 (3)	5.00	19,040*	5.35	8,034	93,884	95,589	189,473
$6\frac{3}{8}$	12,265*			6.00	765	5.60	29,300 (7)	5.00	16,645*			104,175	90,190	194,365
$6\frac{3}{8}$	1,935*			6.00	810	5.50	38,255*	5.00	9,255*			91,995	84,343	176,338
$6\frac{3}{8}$	2,055*			6.10	865*	5.50	18,905*	5.00	15,825*			91,485	78,6[illegible]6	170,131
$6\frac{3}{8}$	[illegible]275*			6.10	920*	5.50	19,880*	5.00	23,265*			105,620	72,993	178,613
$6\frac{3}{8}$	2,400*			6.10	98[illegible]	5.50	20,920*	5.00	19,045*			118,450	66,839	185,289
$6\frac{3}{8}$	2,570*			6.10	1,045*	5.50	22,000*	5.00	14,055*			119,595	59,908	179,503
$5\frac{7}{8}$	9,570*			6.10	1,115*	5.50	43,270*	$5\frac{1}{8}$	18,555*			123,230	52,550	175,780
$[illegible]\frac{3}{8}$	7,695*			6.10	1,185*	5.50	42,015*	$5\frac{1}{8}$	23,880*			134,295	44,614	178,909
$6\frac{3}{8}$	6,870*			6.10	1,260*	5.50	18,995*	$5\frac{1}{8}$	27,120*			142,215	35,965	178,180
				6.10	1,345*			5.00	29,460*			154,155	26,443	180,598
				6.10	1,430*			5.00	28,595*			30,025	16,664	46,689
				6.10	1,525*			5.00	28,165*			29,690	15,158	44,848
				6.10	1,625*			5.00	29,575*			31,200	13,622	44,822
				6.10	1,730*			$5\frac{1}{8}$	31,055*			32,785	11,987	44,772
				6.10	1,845*			$5\frac{1}{8}$	26,585*			40,550	10,405	50,955
								$5\frac{1}{8}$	21,890*			34,740	8,323	43,063
								$5\frac{1}{8}$	23,010*			36,630	6,401	43,031
								$5\frac{1}{8}$	24,185*			38,620	4,375	42,995
								$5\frac{1}{8}$	25,425*			40,725	2,237	42,962
								$5\frac{1}{8}$	13,030*			13,030	334	13,364
	167,475		39,816 (1)		25,000		385,125		631,360		29,597 (1)	2,677,810 (1)	3,[illegible]52,397	5,830,207 (1)
	1,070		96		0		0		0		0	123,201		
	0		0		0		0		0		0	1,532,055		
	–		733		–		–		–		87	4,748		
	168,545		39,179		25,000		385,125		631,360		29,510	4,328,318		



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1993 ANNUAL REPORT

Fellow Shareholders:

I am pleased

to provide you

with the

1993 Annual Report

for SCANA Corporation,

which reflects

THE MOST SUCCESSFUL

YEAR IN THE COMPANY'S

147-YEAR HISTORY.

SCANA

~~9404060164~~

Utility Customer Profile

Steam Generation
Canadys
McMeekin
Urquhart
Wateree
Williams

Hydro Generation
Columbia Canal
Fairfield Pumped Storage
Neal Shoals
Parr
Saluda
Stevens Creek

Internal Combustion Generation
Burton
Canadys
Coit
Faber Place
Hagood
Hardeeville
Parr
Urquhart
Williams

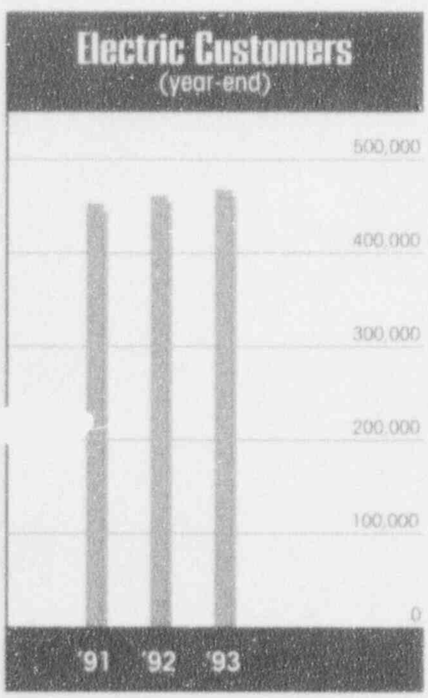
Nuclear Generation
Summer Station

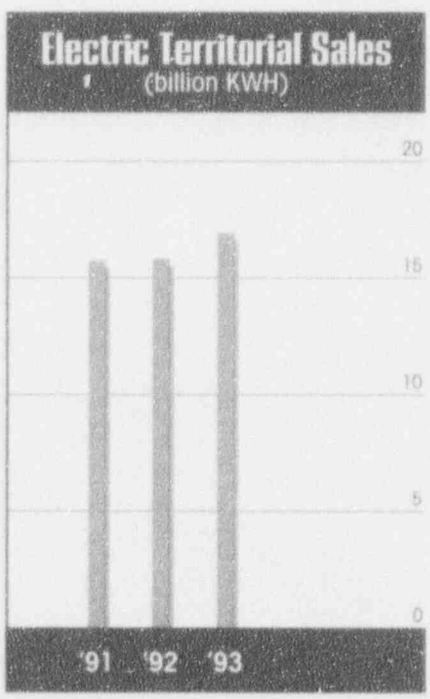
Electric

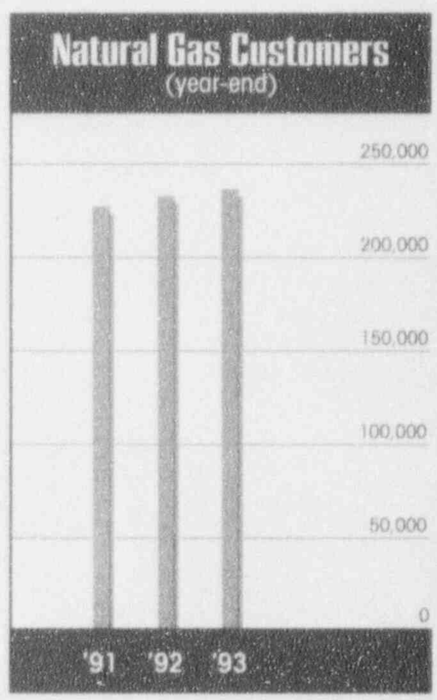
During 1993 we added 6,974 net new customers, raising the total electric customer base by 1.5% to 468,874 at year end. Territorial sales of electricity in 1993 totaled 16.9 billion kilowatt-hours (KWH), a 6.9% increase from 1992. Sales to ultimate consumers represented 93% of KWH sales in 1993 while sales to wholesale customers accounted for 7%.

Natural Gas

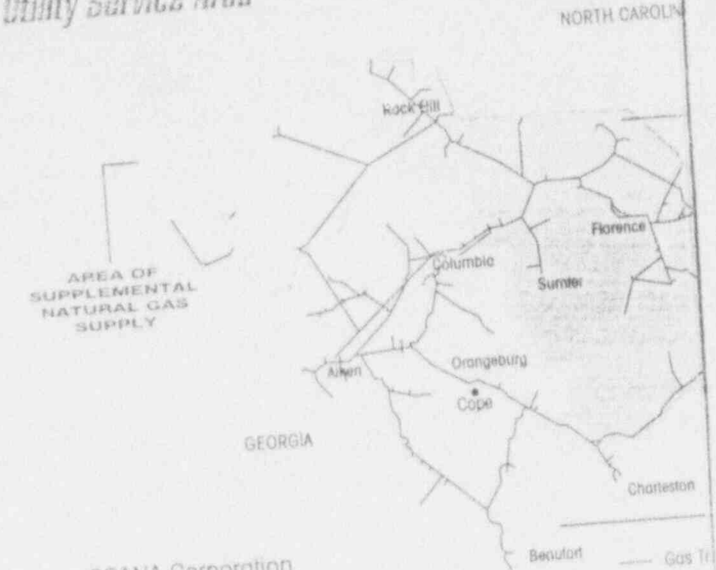
During 1993 we added 3,853 net new customers, bringing the consolidated natural gas customer base to 234,736 at year-end, a 1.6% increase over 1992. Residential customers comprise 90% of the consolidated natural gas customer base. Consolidated sales of natural gas totaled 717 million therms in 1993, a 5.8% decrease from 1992. Approximately 73% of consolidated therm sales in 1993 were to ultimate consumers while sales to wholesale consumers accounted for 27%.







Utility Service Area



SCANA Corporation, headquartered in Columbia, SC, is a $4 billion energy-based holding company which, through eleven direct wholly owned subsidiaries, engages principally in electric and natural gas utility operations and other energy-related businesses.

SCANA's principal subsidiary, South Carolina Electric & Gas Company (SCE&G), is a regulated public utility engaged in the generation, transmission, distribution and sale of electricity and in the purchase and sale, primarily at retail, of natural gas in South Carolina. SCE&G provides electric service to approximately 469,000 customers in a 15,000 square-mile area in the central, southern and southwestern portions of the state. Natural gas service is provided to approximately 221,000 customers over a 19,000 square-mile service area. Through the combined operations of SCE&G and South Carolina Pipeline Corporation, SCANA's gas transmission subsidiary, natural gas services are provided throughout the state on a direct or supplemental basis. The total population of the Company's utility service areas is approximately three million. SCE&G also provides urban bus service in the metropolitan areas of Columbia and Charleston.

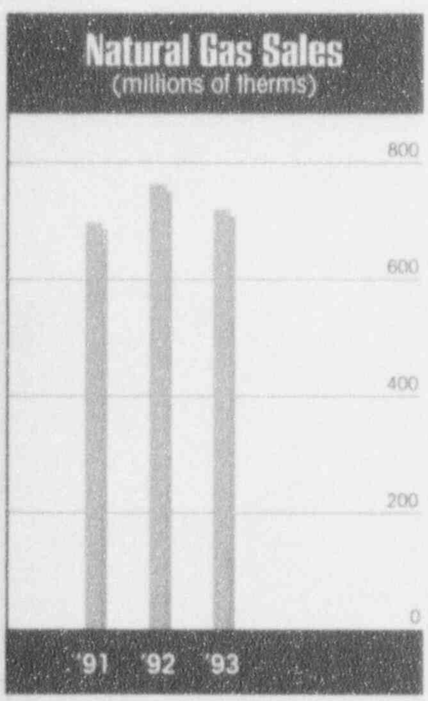
SCANA's nonregulated diversified operations extend beyond South Carolina and include acquiring and operating oil and gas producing properties; marketing natural gas and light hydrocarbons; producing, storing, distributing and selling propane; providing fiber optic, video and radio communications; and power plant management and maintenance services. At year-end 1993, the Company and its subsidiaries had 4,788 employees.

This annual report was printed on paper recycled from SCE&G's waste. By creating this paper from our own trash instead of producing new paper from trees, over 60 cubic yards of landfill space, 140,000 gallons of water and enough energy to power 82 homes for a month was saved. SCE&G recycles about 200,000 pounds of paper annually.

Table of Contents

Financial & Operating Highlights

	1993	1992	% Increase (Decrease)
	(Millions of dollars except statistics and per share amounts)		
Common Stock Data			
Earnings Per Weighted Average Share of Common Stock	$ 3.72	$ 2.84	31.0
Dividends Declared Per Share of Common Stock	$ 2.74	$ 2.68	2.2
Book Value Per Share of Common Stock (Year-End)	$ 28.59	$ 26.46	8.0
Market Price Per Share of Common Stock (Year-End)	$ 49.75	$ 40.50	22.8
Common Stockholders' Equity (Year-End)	$ 1,333.0	$ 1,161.9	14.7
Common Stock Outstanding:			
Average (Thousands)	45,203	41,475	9.0
Year-End (Thousands)	46,619	43,911	6.2
Total Company			
Total Operating Revenues	$ 1,264.2	$ 1,138.4	11.0
Total Operating Expenses	$ 1,018.9	$ 928.6	9.7
Net Income	$ 168.0	$ 117.6	42.9
Property Additions and Construction Expenditures	$ 526.0	$ 387.9	35.6
Utility Plant, Net	$ 3,004.1	$ 2,810.3	6.9
Electric Operations			
Electric Operating Revenues	$ 940.1	$ 829.5	13.3
Electric Operating Income	$ 222.0	$ 180.6	22.9
Territorial Sales (Million KWH)	16,880	15,794	6.9
Customers (Year-End)	468,874	461,900	1.5
Generating Capability - Net MW (Year-End)	3,864	3,912	(1.2)
Territorial Peak Demand - Net MW	3,557	3,380	5.2
Gas Utility Operations			
Gas Operating Revenues	$ 320.2	$ 305.3	4.9
Gas Operating Income	$ 29.4	$ 34.9	(15.8)
Sales (Thousand Therms)	717,417	761,721	(5.8)
Customers (Year-End)	234,736	231,153	1.6



About the Cover

SCANA Corporation's common stock is owned by more than 42,000 shareholders who reside in all 50 states and several foreign countries. Of the more than 46 million common shares outstanding, 11.4% is owned by active and retired SCANA employees.

Through its Shareholder Services Department, SCANA offers a variety of services to shareholders, including direct deposit of dividends, seasonal addresses for Company mailings, consolidation of multiple stock accounts, transfer of stock certificates, and a toll-free number (1-800-763-5891) for shareholder inquiries.

The Company also offers a Dividend Reinvestment and Stock Purchase Plan. Participants may purchase shares of common stock through automatic reinvestment of cash dividends and/or by making optional cash payments of up to $36,000 in any calendar year, without brokerage commissions or service charges. The Plan features a direct purchase option which permits any U.S. resident to make a first-time purchase of stock directly from the Company.

Fellow Shareholders:

I am pleased to provide you with the 1993 Annual Report for SCANA Corporation, which reflects the most successful year in the Company's 147-year history. This success is attributable in part to purposeful changes in the Company initiated over the past several years as well as to the efforts of highly skilled and dedicated employees. I am excited to be able to outline the progress that has been made and hope you will get a sense of the momentum we are building.

Earnings for 1993 were $3.72 per common share, a significant increase over the $2.84 per share reported for the previous year. In 1992 earnings were reduced from $3.11 to $2.84 per share as a result of a nonrecurring, cumulative electric rate refund stemming from a South Carolina Supreme Court decision. Thus a better comparison from continuing operations shows an increase in 1993 earnings per share of 20%, despite a 9% increase in the average number of common shares outstanding. The specific reasons for the increase in earnings are explained in some detail elsewhere in the report. However, it is worth noting that earnings from our natural gas exploration and production company contributed $.25 per share in 1993, up $.20 per share from 1992. This is a relatively new business for SCANA Corporation and reflects the growth potential available to us as we continue to seek and focus on opportunities in energy-related businesses beyond our traditional electric and natural gas utility businesses.

The indicated annual dividend rate was raised 2.9% effective April 1, 1994 to $2.82 per common share. The magnitude of the increase reflects the fundamental progress of our businesses in sales and earnings. SCANA Corporation has increased its dividend 19 years in a row, and 41 of the last 42 years.

Record cold weather in January 1994 placed substantial demands on each of SCANA's energy subsidiaries. All were more than equal to the task. New records were set for electric energy sales and we had a new winter peak demand for the system. All generating plants performed well, and we experienced no voltage reductions or rotating blackouts as was the case with several other companies. Peak demand and total sales of natural gas to residential and commercial customers also set records. Our natural gas pipeline system, including the two liquefied natural gas storage facilities, worked flawlessly. Despite supply limitations, the pipeline company and propane company managed inventories and flowing supplies to keep energy available to industries which were without an alternate fuel source, thereby allowing them to continue operations. In retrospect, it was our employees' dedication, competence and "can do" attitude, together with the wisdom of our supply strategies and some very long work days, which enabled our customers to have the energy they needed during the crisis.

Construction continues significantly ahead of schedule and on budget for our new Cope Electric Generating Station, with commercial operation scheduled for early 1996. With supply shortages of electricity occurring on many systems affected by the recent cold weather, I am pleased that we have this additional 385 megawatts of baseload capacity under construction in order to meet our customers' future needs.

In addition to the outstanding operating performance mentioned above, South Carolina Electric & Gas Company continued its preparations for a less regulated, more competitive business environment. Through the formation of strategic business units and completion of organizational effectiveness reviews, SCE&G has become more decentralized operationally and more focused on its various customers. Despite an overall electric rate increase of 7.4% which went into effect June 1, 1993, our electric rates are among the lowest in the Southeast, and we enjoy a significant competitive price advantage over our neighboring regulated utilities and most electric cooperatives.

In January 1994 we settled the litigation with Westinghouse Electric Corporation concerning the steam generators it furnished for our V. C. Summer Nuclear Station. As I previously reported, these generators have experienced unusual wear and maintenance requirements which made it necessary for us to replace them with new equipment. While the terms of the settlement were sealed by the court, I am satisfied that the result will provide substantial benefits to our customers without the expense and risk of a trial. New generators will be installed during a refueling outage scheduled for the fourth quarter of 1994.

SCANA senior staff from left to right:
Lawrence M. Gressette, Jr., Cathy B. Novinger, A. H. Gibbes, Max Earwood, Bruce D. Kenyon, W. B. Timmerman

In January 1994 the Supreme Court of South Carolina issued a decision which upholds prior rulings of the state's Public Service Commission that permit industrial interruptible natural gas sales to be regulated on the basis of "value of service" rather than a strict cost of service. This ruling is very important in that it affirms a 30-year practice of our natural gas companies to negotiate sales prices directly with industrial customers which can use alternate fuels in price competition with natural gas. This very progressive ruling takes on added significance when viewed in light of the increasing deregulation and price competition in the electric industry, particularly for industrial loads.

In 1994 we will complete the divestiture of SCANA Development Corporation, which will conclude our direct participation in the real estate development business. During my tenure, a key goal for SCANA Corporation has been to focus on energy and energy-related businesses. I am pleased that after this transaction, we will have substantially achieved that goal.

Many positive things have occurred in the past twelve months which are outlined in some detail in this report. While the energy industry in general, and the electric industry in particular, continue to change and become more competitive, SCANA Corporation is moving forward with great success, adapting to the new realities while continuing to meet the needs of our customers, shareholders, and employees.

As a group, active and retired employees own 11.4% of the common stock of our Company. Their level of financial investment is unique. Much more importantly, however, it is the cumulative commitment to success, the expertise and hard work of our employees which moves us forward every day.

I am very proud of the progress outlined in this report and with the momentum which we have achieved. It will not be easy to surpass the best year in our Company's history, but we have outstanding human resources, a strong financial condition and a history of operational excellence to drive us forward.

Respectfully submitted,

Lawrence M. Gressette, Jr.

Lawrence M. Gressette, Jr.
Chairman of the Board, President and
Chief Executive Officer
February 7, 1994

SCANA Corporation is a family of companies with investments concentrated in energy-related businesses. We generate and deliver electricity. We maintain and operate power plants for third parties. We own, develop and produce natural gas reserves. We market and transport natural gas. We sell propane. We are leaders in the field of fiber optic telecommunications. And we encourage community and economic development through matching grant and loan programs. SCANA provides the energy and services that help South Carolina and the nation grow. Our strategy of diversifying into energy-related fields has a proven track record in 27 states throughout the country, as 1993 proved to be a successful and profitable year. We will continue to focus our efforts on energy-related businesses. We are proud of our accomplishments and excited about the future.

South Carolina Electric & Gas Company

Electric Operations

SCANA's largest subsidiary continues on a fast track preparing for competition in the electric utility industry. We are transforming our company from a successful, regulated utility into an excellent free-market competitor. During 1993 we laid important structural groundwork for the changes we must make. We fully implemented a strategic business unit concept and continued to refine our control processes to better track and minimize costs.

A strengthened commitment to research and technology transfer opportunities provides us with expanded business opportunities and new services. In collaboration with the Electric Power Research Institute, we are developing programs to recycle more waste products, refine high speed circuit breaker technology and generate interest in solar-powered photovoltaic panels.

Another important part of our transformation is targeting customer service and new technologies. We are committed to a customer focused, continuous improvement concept that stresses customer service and the highest standards of performance. To that end we are streamlining our customer inquiry services to make it easier for our customers to do business with us.

Our fossil/hydro and substation operations are taking advantage of thermographic technology to improve our predictive maintenance plan. A video camera allows on-the-spot analysis of equipment and systems, locating high temperature areas and potential problems.

During 1993 construction of a new $450 million baseload generating station near Cope, SC continued ahead of schedule and on budget. The 385-megawatt coal-fired facility is the sixth fossil plant on SCE&G's system. It also will be one of the most environmentally-sensitive plants ever constructed when it begins operations in 1996.

SCE&G was granted a two-phase increase in retail electric base rates in 1993 totaling $60.5 million or 7.4 percent on an annual basis. The additional revenue will allow us to recover carrying costs associated with the ongoing construction of the new plant. This represented our first electric rate increase in nearly four years. However, during the remainder of the decade, we will incur capital expenditures that could require additional rate actions. These expenditures involve completion of the plant Cope and compliance with requirements of the Clean Air Act. We will maintain our competitive position by controlling costs, selling aggressively, and pursuing economic development opportunities.

Nuclear Operations

One of the most significant short-term challenges we face involves replacing the steam generators at the V.C. Summer Nuclear Station. These three large heat exchangers have experienced tube cracks and leaks since the beginning of plant operations in 1984 and must be replaced to ensure continued reliability. The work will be done in conjunction with a refueling outage scheduled for the fall of 1994 and represents the largest modification anticipated during the life of the plant. In a related matter, we reached a settlement with Westinghouse Electric Corporation in January 1994 that resolved a dispute over the steam generators. SCE&G filed suit in May 1990 against Westinghouse in the U.S. District Court for South Carolina seeking compensation for damages to Summer Station. Terms of the settlement are confidential and have been sealed by the court. However, it is our opinion that the settlement was in the best interest of all parties and avoided what could have been a costly and uncertain trial.

During 1993 Summer Station continued its tradition of operational excellence. For the fourth consecutive time the plant was recognized as having one of the highest safety performance records in the nation. The Nuclear Regulatory Commission granted this latest "excellent" rating to only five of the 109 nuclear power plants operating in the United States. In addition, the Commission's latest Systematic Assessment of Licensee Performance (SALP) report rated Summer Station's overall performance as "excellent" for the 18-month period from September 1991 through February 1993.

Natural Gas Operations

We continue moving aggressively to increase off-peak and nonweather-related sales of natural gas. We envision going beyond the meter to offer services for appliances and other equipment. Substantial opportunities exist to capture new markets in space and water heating and air conditioning. Particularly promising is a new market for natural gas vehicles. The Comprehensive National Energy Policy Act of 1992 included mandates for government fleets and others to convert to alternative fuels. We

SCE&G has opened its first publicly accessible fueling station for natural gas vehicles in Columbia, South Carolina.

succeeded in making progress during 1993 for natural gas to be the fuel of choice for this conversion. We reached an agreement with the federal government to be the fuel supplier for 275 natural gas vehicles ordered for its Savannah River Site facility.

Restructuring of the natural gas industry continues. The Federal Energy Regulatory Commission's Order 636 will result in cost shifting among some customer classes and a greater responsibility to be a reliable supplier of natural gas to our utility markets. We will systematically evaluate our gas purchasing and delivery practices as the evolution of the natural gas industry continues.

During 1993 we completed construction of a $24 million liquefied natural gas facility near Salley, SC that provides additional storage capacity and greater reliability as well as lower costs. The tank's reserves can be converted back into a gaseous state to supplement deliveries to our customers during cold periods of peak demand. This facility reduces the need for expensive purchases of firm capacity.

South Carolina Pipeline Corporation

Order 636 will have a substantial impact on SCANA's gas transmission subsidiary as well by changing the method by which we contract to receive natural gas. While Pipeline Corporation still has an obligation to be a supplier (as it is still regulated by The Public Service Commission of South Carolina), over time we will become primarily a transportation vehicle for natural gas. The ownership and sale of the gas will be handled by unregulated suppliers dealing directly with end-users. Our current mission is to match natural gas supplies with prices our customers will pay. We have structured the company to operate successfully in this increasingly competitive environment, and have implemented a natural gas supply plan that includes flexible sales agreements.

This strategy aligns our wellhead commitments with stored gas and spot purchases to create the proper volume of natural gas available at the proper times for our customers, while minimizing its cost. We also are considering expansion into North Carolina markets as part of a growth plan.

SCANA Petroleum Resources, Inc.

SCANA's largest non-regulated subsidiary is capitalizing on attractive new business opportunities by acquiring high value oil and natural gas reserves as restructuring occurs in the domestic exploration and production industry. We nearly doubled our reserves in 1993 with the purchase of NICOR Exploration and Production Company of Denver. Petroleum Resources now ranks among the largest independent oil and natural gas producers in the country. Houston-based Petroleum Resources now owns approximately 238 billion cubic feet equivalent of proven natural gas reserves, representing a total investment of about $248 million. None of these reserves is delivered to South Carolina, thereby forcing geographic diversity and growth. We will continue to seek attractive acquisitions that complement our existing domestic reserve base.

SCANA Hydrocarbons, Inc.

Order 636 allows direct sales of natural gas to end-users. SCANA Hydrocarbons operates in this capacity. Our advantage over competitors is our knowledge of end-users' needs and our reputation as a high-quality marketing company. We continue to build that advantage by maintaining our reputation with existing customers and working to develop relationships with new customers that are mutually beneficial.

With offices in Columbia and Houston, SCANA Hydrocarbons is handling expanded marketing responsibilities for Petroleum Resources. We sold approximately 57.3 billion cubic feet of natural gas in 1993 from Petroleum Resources and other third-party suppliers to customers in 27 states. These sales represent a 119 percent increase over 1992.

Suburban Propane Group, Inc.

Aggressive marketing is the thrust of Suburban Propane Group, fully integrated now from the merger of three separate companies in prior years. This subsidiary serves 30,000 customers primarily in South Carolina. Our focus is on providing the highest level of service at a competitive price. We continue to add customers in the areas we already serve, while pursuing growth through additional acquisitions of other retail propane operations. During 1993 we added two new offices in Columbia and Darlington, SC to sell propane and gas appliances. We now sell, install and repair all types of natural and propane gas appliances from 19 separate stores. Propane sales in 1993 totaled approximately 20 million gallons.

Primesouth, Inc.

We curtailed Primesouth's construction activities in 1993 to better focus its expertise on maintaining and operating power plants for third parties. Construction projects in South Carolina and North Carolina are being completed but no new projects will be undertaken. We also operate power plants for clients in Pennsylvania, New York, Michigan and Virginia.

MPX Systems, Inc.

SCANA's telecommunications subsidiary operates a fiber optic-based network consisting of more than 600 miles of fiber optics in South Carolina, Georgia and Alabama. We lease these facilities to major carriers in those states. We expanded in 1993 by building additional capacity in Georgia and Alabama and continue to look for new communications-related ventures in other southeastern states.

We also developed and are marketing an emergency radio network that will make common communication available to all public safety and law enforcement agencies within the state of South Carolina. This public safety network can provide independent communications for individual agencies. But more importantly, it ties together all emergency service providers in the event of a natural disaster or other emergency situations. Approximately 40 percent of the state is currently covered by this system. We will continue to aggressively market this critical public safety network throughout the rest of the state. By utilizing the public safety network as our wireless platform and capitalizing on our fiber infrastructure, we will be uniquely positioned to vigorously pursue new markets as applications unfold that are driven by the "information super highway."

SCANA Development Corporation

Consistent with our strategic plan to concentrate our efforts on core energy businesses, we have entered into an agreement to sell in 1994 substantially all of the assets of SCANA Development Corporation, our real estate subsidiary. Upon completion of the sale, SDC operations will be discontinued. The sale will not have a material impact on results of operations.

DIRECTORS

SCANA Corporation

B. L. Amick 2,4,5
Chairman of the Board and
Chief Executive Officer
Amick Farms, Inc.
Batesburg, South Carolina

W. B. Bookhart, Jr. 2,4,5
Partner
Bookhart Farms
Elloree, South Carolina

W. T. Cassels, Jr. 2,3,5
Chairman of the Board
Southeastern Freight Lines, Inc.
Columbia, South Carolina

H. M. Chapman 1,3,5
Chairman
NationsBank South
Atlanta, Georgia

J. B. Edwards, DMD 1,4,5
President
Medical University of South Carolina
Charleston, South Carolina

Elaine T. Freeman 2,4,5
Executive Director
ETV Endowment of South Carolina
Spartanburg, South Carolina

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

B. A. Hagood 2,3,5
Chairman of the Board
William M. Bird and Company, Inc.
Charleston, South Carolina

W. H. Hipp 1,3,5
President and Chief Executive Officer
The Liberty Corporation
Greenville, South Carolina

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

F. C. McMaster 1,4,5
President
Winnsboro Petroleum Company
Winnsboro, South Carolina

Henry Ponder, Ph.D. 2,3,5
President
Fisk University
Nashville, Tennessee

J. B. Rhodes 2,3,5
Chairman and Chief Executive Officer
Rhodes Oil Company, Inc.
Walterboro, South Carolina

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

E. C. Wall, Jr. 1,3,5
President
Canal Industries, Inc.
Conway, South Carolina

John A. Warren 4,5,6
Chairman of the Board Emeritus
SCANA Corporation
Columbia, South Carolina

COMMITTEES OF THE BOARD OF DIRECTORS
1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Management Development and Corporate Performance Committee
4 Member of Nuclear Oversight Committee
5 Member of Long-Term Compensation Committee
6 Chairman of Executive Committee

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

SCANA OFFICERS

SCANA Corporation

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

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

W. B. Timmerman
Senior Vice President, Chief Financial Officer, Controller and Assistant Secretary (2)

K. B. Marsh
Vice President- Finance, Treasurer and Secretary (3)

A. H. Gibbes
General Counsel and Assistant Secretary

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

OFFICERS OF PRINCIPAL SUBSIDIARIES

South Carolina Electric & Gas Company

B. D. Kenyon
President and Chief Operating Officer

G. J. Bullwinkel, Jr.
Senior Vice President
Fossil and Hydro Production

R. W. Stedman
Senior Vice President
Administrative Support Group

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

J. E. Addison
Vice President and Controller

W. A. Darby
Vice President
Gas Operations

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

Johnny Kinloch
Vice President
Transit and Fleet Maintenance and Community Affairs

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

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

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

J. L. Skolds
Vice President
Nuclear Operations

Patricia T. Smith
Vice President and General Counsel

M. S. Tibshrany
Vice President
Power Delivery

South Carolina Pipeline Corporation

Max Earwood
President and Treasurer

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

B. J. MacInnis
Vice President

SCANA Petroleum Resources, Inc.

Max Earwood
President and Treasurer

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

R. L. Easterwood
Vice President

SCANA Hydrocarbons, Inc.

Max Earwood
President and Treasurer

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

B. J. MacInnis
Vice President

Primesouth, Inc.

J. M. Woods, III
President and Treasurer

J. C. Chapman
Senior Vice President and Assistant Secretary

MPX Systems, Inc.

L. M. Gressette, Jr.
President

M. D. Blackwell
Executive Vice President and General Manager

Suburban Propane Group, Inc.

W. B. Timmerman
President

D. L. Sharp
Executive Vice President and General Manager

J. M. Clark, Jr.
Vice President

SCANA Development Corporation

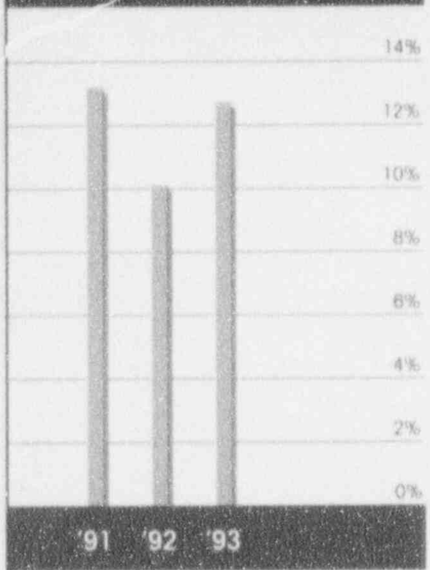
A. H. Gibbes
President and Treasurer

Judith H. Battle
Vice President- Finance and Accounting, Controller and Assistant Secretary

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

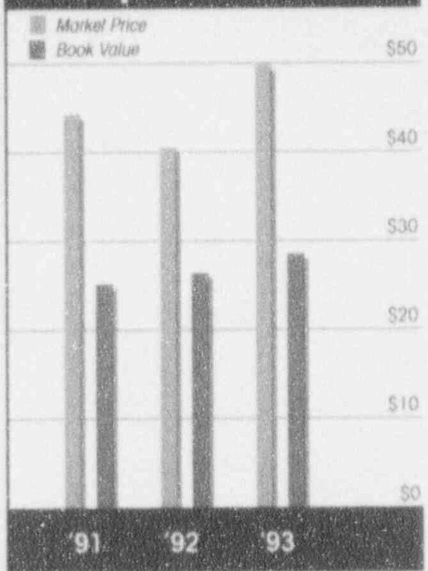
B. S. Samuel
Vice President
Residential Development

Return on Common Equity
(year-end)



A higher electric sales margin and additional nonoperating income from SCANA Petroleum Resources, Inc. led to a 31% increase in earnings per share.

Market Price and Book Value per Common Share



The market price of SCANA's common stock increased nearly 23% during 1993, pushing the market-to-book ratio to 174% at year-end.

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Management Report

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

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

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

WBTimmerman

W.B. Timmerman
Senior Vice President, Controller
and Chief Financial Officer
February 7, 1994

Independent Auditors' Report

SCANA CORPORATION:

We have audited the Consolidated Balance Sheets and Consolidated Statements of Capitalization of SCANA Corporation and subsidiaries (Company) as of December 31, 1993 and 1992 and the related Consolidated Statements of Income and Retained Earnings and of Cash Flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

Deloitte & Touche

Deloitte & Touche
Columbia, South Carolina
February 7, 1994

Consolidated Balance Sheets

December 31,	1993	1992
ASSETS	(Thousands of Dollars)	
Utility Plant (Notes 1, 3 and 4):		
Electric	$3,328,915	$3,203,849
Gas	451,493	411,564
Transit	3,769	3,287
Common	72,804	65,124
Total	3,856,981	3,683,844
Less accumulated depreciation and amortization	1,259,689	1,192,873
Total	2,597,292	2,490,971
Construction work in progress	349,530	250,229
Nuclear fuel, net of accumulated amortization	29,087	39,916
Acquisition adjustment-gas, net of accumulated amortization	28,166	29,163
Utility Plant, Net	3,004,075	2,810,279
Nonutility Property and Investments (net of accumulated depreciation and depletion)(Note 8)	393,728	250,084
Current Assets:		
Cash and temporary cash investments (Note 8)	20,766	32,050
Receivables	174,121	138,684
Inventories (at average cost):		
Fuel (Notes 3 and 4)	62,977	52,598
Materials and supplies	46,890	46,274
Prepayments	21,826	22,628
Accumulated deferred income taxes	8,607	—
Total Current Assets	335,187	292,234
Deferred Debits:		
Unamortized debt expense	13,076	10,104
Accumulated deferred income taxes (Notes 1 and 7)	—	45,599
Unamortized deferred return on plant investment (Note 1)	14,860	19,106
Nuclear plant decommissioning fund (Note 1)	25,103	20,841
Other (Notes 1 and 10)	254,497	109,474
Total Deferred Debits	307,536	205,124
Total	$4,040,526	$3,557,721

December 31,	1993	1992
CAPITALIZATION AND LIABILITIES	*(Thousands of Dollars)*	
Stockholders' Investment (Note 5):		
Common equity	$1,333,045	$1,161,896
Preferred stock (Not subject to purchase or sinking funds)	26,027	26,027
Total Stockholders' Investment	1,359,072	1,187,923
Preferred Stock, Net (Subject to purchase or sinking funds)(Notes 6 and 8)	52,840	56,154
Long-Term Debt, Net (Notes 3, 4 and 8)	1,424,399	1,204,754
Total Capitalization	2,836,311	2,448,831
Current Liabilities:		
Short-term borrowings (Notes 8 and 9)	43,019	41,156
Current portion of long-term debt (Note 3)	34,322	24,704
Current portion of preferred stock (Note 6)	2,504	2,485
Accounts payable	129,495	101,785
Estimated rate refunds and related interest (Note 2)	2,509	17,811
Customer deposits	13,498	14,102
Taxes accrued	50,063	65,004
Interest accrued	21,784	29,295
Dividends declared	33,637	31,302
Other	12,649	8,438
Total Current Liabilities	343,480	336,082
Deferred Credits:		
Accumulated deferred income taxes (Notes 1 and 7)	568,172	539,439
Accumulated deferred investment tax credits (Notes 1 and 7)	94,981	98,639
Accumulated reserve for nuclear plant decommissioning (Note 1)	25,103	20,841
Other (Note 1)	172,479	113,889
Total Deferred Credits	860,735	772,808
Commitments and Contingencies (Note 10)	—	—
Total	$4,040,526	$3,557,721

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income and Retained Earnings

For the Years Ended December 31,	1993	1992	1991
		(Thousands of Dollars except per share amounts)	
Operating Revenues (Notes 1 and 2):			
Electric	$ 940,121	$ 829,477	$ 867,215
Gas	320,195	305,275	276,742
Transit	3,851	3,623	3,869
Total Operating Revenues	1,264,167	1,138,375	1,147,826
Operating Expenses:			
Fuel used in electric generation	228,688	206,151	224,867
Purchased power	13,057	7,323	9,816
Gas purchased for resale	209,743	191,577	171,869
Other operation (Note 1)	223,239	215,800	208,614
Maintenance (Note 1)	67,652	65,442	61,599
Depreciation and amortization (Note 1)	112,844	108,315	102,669
Income taxes (Notes 1 and 7)	90,007	60,947	77,562
Other taxes	73,626	73,040	68,470
Total Operating Expenses	1,018,856	928,595	925,466
Operating Income	245,311	209,780	222,360
Other Income (Note 1):			
Other income, net of income taxes	21,147	6,388	8,201
Allowance for equity funds used during construction	8,929	5,495	3,454
Total Other Income	30,076	11,883	11,655
Income Before Interest Charges and Preferred Stock Dividends	275,387	221,663	234,015
Interest Charges (Credits):			
Interest on long-term debt, net	98,695	93,052	88,690
Other interest expense	8,672	8,819	7,648
Allowance for borrowed funds used during construction (Note 1)	(6,178)	(4,271)	(4,880)
Total Interest Charges, Net	101,189	97,600	91,458
Income Before Preferred Stock Cash Dividends of Subsidiary	174,198	124,063	142,557
Preferred Stock Cash Dividends of Subsidiary (At stated rates)	(6,217)	(6,473)	(6,706)
Net Income	167,981	117,590	135,851
Retained Earnings at Beginning of Year	462,893	457,393	428,626
Common Stock Cash Dividends Declared (Note 5)	(124,494)	(112,090)	(105,868)
Other	—	—	(1,216)
Retained Earnings at End of Year	$ 506,380	$ 462,893	$ 457,393
Net Income	$ 167,981	$ 117,590	$ 135,851
Weighted Average Number of Common Shares Outstanding (Thousands)	45,203	41,475	40,361
Earnings Per Weighted Average Share of Common Stock	$3.72	$2.84	$3.37

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the Years Ended December 31,	1993	1992	1991
		(Thousands of Dollars)	
Cash Flows From Operating Activities:			
Net income	$167,981	$117,590	$135,851
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation, depletion and amortization	158,024	126,695	117,402
Amortization of nuclear fuel	18,156	23,190	18,384
Deferred income taxes, net	65,205	(10,783)	30,199
Deferred investment tax credits, net	(3,658)	(3,667)	(3,646)
Net regulatory asset - adoption of SFAS No. 109	(31,531)	—	—
Dividends declared on preferred stock of subsidiary	6,217	6,473	6,706
Allowance for funds used during construction	(15,107)	(9,766)	(8,334)
Unamortized loss on reacquired debt	(17,063)	(81)	171
Nuclear refueling accrual	(6,086)	11,862	(6,192)
Equity in (earnings) losses of investees	(319)	652	412
Over (under) collections, fuel adjustment clause	(14,308)	7,482	(1,207)
Changes in certain current assets and liabilities:			
(Increase) decrease in receivables	(35,244)	(8,918)	(2,506)
(Increase) decrease in inventories	(10,995)	(234)	7,785
Increase (decrease) in accounts payable	28,109	7,282	6,978
Increase (decrease) in estimated rate refunds and related interest	(15,302)	17,811	—
Increase (decrease) in taxes accrued	(14,941)	1,691	9,095
Increase (decrease) in interest accrued	(7,511)	663	4,410
Other, net	3,955	12,354	3,567
Net Cash Provided From Operating Activities	275,582	300,296	319,075
Cash Flows From Investing Activities:			
Utility property additions and construction expenditures	(322,381)	(277,636)	(239,140)
Increase in nonutility property and investments:			
Acquisition of oil and gas producing properties	(122,621)	(74,766)	(3,167)
Nonutility property	(81,044)	(35,462)	(20,750)
Investments	(4,066)	(2,591)	4,895
Repurchase/reissuance of common stock for immaterial acquisition, net of cash acquired	—	—	(25,514)
Principal noncash item:			
Allowance for funds used during construction	15,107	9,766	8,334
Net Cash Used For Investing Activities	(515,005)	(380,689)	(275,342)
Cash Flows From Financing Activities:			
Proceeds:			
Issuance of mortgage bonds	600,000	—	300,000
Issuance of common stock	129,066	126,809	—
Issuance of notes	85,000	150,900	—
Issuance of bank notes and loans	63,059	3,354	80,000
Other long-term debt	3,005	—	—
Repayments:			
Mortgage bonds	(430,000)	(35,890)	(8,000)
Notes	(71,700)	(95,217)	(81,015)
Other long-term debt	(1,535)	(310)	(76,649)
Repurchase of common stock	—	—	(3,656)
Preferred stock	(3,295)	(3,199)	(2,6[illegible]4)
Dividend payments:			
Common stock	(122,129)	(109,383)	(104,910)
Preferred stock	(6,247)	(6,558)	(6,718)
Short-term borrowings, net	1,863	20,390	(113,304)
Fuel financings, net	(18,948)	(6,628)	(4,292)
Net Cash Provided By (Used For) Financing Activities	228,139	44,268	(21,167)
Net Increase (Decrease) in Cash and Temporary Cash Investments	(11,284)	(36,125)	22,566
Cash and Temporary Cash Investments, January 1	32,050	68,175	45,609
Cash and Temporary Cash Investments, December 31	$ 20,766	$ 32,050	$ 68,175
Supplemental Cash Information:			
Cash paid for - Interest	$113,010	$100,340	$ 90,623
- Income taxes	93,337	81,819	45,357
Noncash Financing Activities:			
Capital lease obligations recorded	—	—	2,864
Department of Energy Decontamination and Decommissioning Obligation	4,965	—	—

See Notes to Consolidated Financial Statements.

Consolidated Statements of Capitalization

December 31,	1993		1992	
	(Thousands of Dollars)			
Common Equity (Note 5):				
Common stock, without par value, authorized 75,000,000 shares; issued and outstanding, 1993 - 46,619,457 shares and 1992 - 43,910,631 shares	$ 826,665		$ 699,003	
Retained earnings	506,380		462,893	
Total Common Equity	1,333,045	47%	1,161,896	48%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Not subject to purchase or sinking funds)(Note 5):

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

	Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993		1992	
$100 Par	8.40%	197,668	197,668	102.80	11-30-96	101.00	19,767		19,767	
$ 50 Par	5.00%	125,209	125,209	52.50	—	52.50	6,260		6,260	
Total Preferred Stock (Not subject to purchase or sinking funds)							26,027	1%	26,027	1%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Subject to purchase or sinking funds)(Notes 6 and 8):

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

Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993	1992
7.70%	92,992	96,000	101.00	—	101.00	9,299	9,600
8.12%	131,899	136,265	102.03	—	102.03	13,190	13,626
	224,891	232,265					

$ 50 Par Value - Authorized 1,639,886 shares

Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993	1992
4.50%	20,800	22,400	51.00	—	51.00	1,040	1,120
4.60%	3,834	5,334	50.50	—	50.50	192	267
4.60%(A)	30,052	32,052	51.00	—	51.00	1,503	1,602
4.60%(B)	81,600	85,000	50.50	—	50.50	4,080	4,250
5.125%	74,000	75,000	51.00	—	51.00	3,700	3,750
6.00%	89,600	92,800	50.50	—	50.50	4,480	4,640
8.72%	160,000	192,000	51.00	12-31-98	50.00	8,000	9,600
9.40%	197,191	203,678	51.175	—	51.175	9,860	10,184
	657,077	708,264					

$ 25 Par Value - Authorized 2,000,000 shares; None outstanding in 1993 and 1992

	1993		1992	
Total Preferred Stock (Subject to purchase or sinking funds)	55,344		58,639	
Less: Current portion, including sinking fund requirements	2,504		2,485	
Total Preferred Stock, Net (Subject to purchase or sinking funds)	52,840	2%	56,154	2%

December 31,	Series	Year of Maturity	1993		1992	
Long-Term Debt (Notes 3, 4 and 8):			*(Thousands of Dollars)*			
SCANA Corporation:						
Bank Notes, due 1995 (various rates between 3.875% and 3.89%)			60,000		60,000	
Medium-term Notes:	5.76%	1998	20,000		—	
	7.17%	1999	42,400		42,400	
	6.60%	1999	30,000		30,000	
	6.15%	2000	20,000		—	
	6.51%	2003	20,000		—	
South Carolina Electric & Gas Company:						
First Mortgage Bonds:						
	6%	2000	100,000		—	
	6 1/4%	2003	100,000		—	
	7 1/8%	2013	150,000		—	
	7 1/2%	2023	150,000		—	
	7 5/8%	2023	100,000		—	
First and Refunding Mortgage Bonds:						
	4 7/8%	1995	16,000		16,000	
	5.45%	1996	15,000		15,000	
	6%	1997	15,000		15,000	
	6 1/2%	1998	20,000		20,000	
	8%	1999	—		35,000	
	9 1/8%	1999	—		15,000	
	8%	2001	—		35,000	
	7 1/4%	2002	30,000		30,000	
	9%	2006	145,000		145,000	
	9 1/8%	2006	—		50,000	
	8.40%	2006	—		50,000	
	8 3/8%	2007	—		30,000	
	8.90%	2008	—		30,000	
	10 1/8%	2009	—		35,000	
	9 7/8%	2009	—		50,000	
	8 3/4%	2017	—		100,000	
	8 7/8%	2021	155,000		155,000	
Pollution Control Facilities Revenue Bonds:						
5.95% Series, due 2003			6,760		6,855	
Fairfield County Series 1984, due 2014 (6.50%)			56,820		56,820	
Richland County Series 1985, due 2014 (6.50%)			5,210		5,210	
Fairfield County Series 1986, due 2014 (6.50%)			1,090		1,090	
Colleton and Dorchester Counties Series 1987, due 2014 (6.60%)			4,365		4,365	
Capitalized Lease Obligations, due 1991-1997 (various rates between 5 3/4% and 10%)			2,897		4,875	
Installment Note Payable, due 1996			2,277		—	
Department of Energy Decontamination and Decommissioning Obligation			4,634		—	
South Carolina Generating Company, Inc.:						
Berkeley County Pollution Control Facilities Revenue Bonds, due 2014 (6.50%)			35,850		35,850	
Note, 7.78%, due 2011			71,100		74,800	
South Carolina Fuel Company, Inc.:						
Nuclear and Fossil Fuel Liability			36,750		55,698	
South Carolina Pipeline Corporation:						
Notes, 6.72% due 2013			25,000		—	
Note, 9.27%, due 1991-1994			8,000		16,000	
SCANA Development Corporation, Inc.:						
Notes, due 1994-2004 (various rates between 8.5% and 12.0%)			1,770		1,384	
Bank Loans, due 1994-1998 (various rates between 6% and 6.25%)			13,839		10,952	
Primesouth:						
Term Loan and Capitalized Lease Obligation			—		902	
Total Long-Term Debt			1,464,762		1,233,201	
Less - Current maturities, including sinking fund requirements			34,322		24,704	
- Unamortized discount			6,041		3,743	
Total Long-Term Debt, Net			1,424,399	50%	1,204,754	49%
Total Capitalization			$2,836,311	100%	$2,448,831	100%

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Principles of Consolidation

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

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

Regulated utilities

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

Nonregulated businesses

SCANA Petroleum Resources, Inc. (Petroleum Resources)
SCANA Hydrocarbons, Inc.
Suburban Propane Group, Inc.
SCANA Development Corporation
MPX Systems, Inc.
Primesouth, Inc.
SCANA Capital Resources, Inc.

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

In January 1994 the Company signed an agreement to sell in 1994 substantially all of the real estate assets of SCANA Development Corporation to Liberty Properties Group, Inc. of Greenville, South Carolina for $91.5 million. Under the terms of the agreement, a portion of the sales price will be received in cash at the time of closing. The remainder of the sales price, which is related to certain projects currently under construction, will be received in cash as those projects are completed. The transaction will not have a material impact on results of operations.

B. System of Accounts

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

C. Utility Plant

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

SCE&G, operator of the V. C. Summer Nuclear Station (Summer Station), and the South Carolina Public Service Authority (PSA) are joint owners of Summer Station in the proportions of two-thirds and one-third, respectively. The parties share the operating costs and energy output of the plant in these proportions. Each party, however, provides its own financing. Plant in service related to SCE&G's portion of Summer Station was approximately $920.2 million and $916.0 million as of December 31, 1993 and 1992, respectively. Accumulated depreciation associated with SCE&G's share of Summer Station was approximately $285.3 million and $262.2 million as of December 31, 1993 and 1992, respectively. SCE&G's share of the direct expenses associated with operating Summer Station is included in the Company's "Other operation" and "Maintenance" expenses.

D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC), a noncash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost, of the costs of debt and equity capital dedicated to construction investment. AFC is included in rate base investment and depreciated as a component of plant cost in establishing rates for utility services. The Company's regulated subsidiaries calculated AFC using composite rates of 9.3%, 9.6% and 9.7% for 1993, 1992 and 1991, respectively. These rates do not exceed the maximum allowable rate as calculated under FERC Order No. 561. Interest on nuclear fuel in process is capitalized at the actual interest amount.

E. Deferred Return on Plant Investment

Commencing July 1, 1987, as approved by a PSC order on that date, SCE&G ceased the deferral of carrying costs associated with 400 MW of electric generating capacity previously removed from rate base and began amortizing the accumulated deferred carrying costs on a straight-line basis over a ten-year period. Amortization of deferred carrying costs, included in "Depreciation and amortization," was approximately $4.2 million for each of 1993, 1992 and 1991.

F. Revenue Recognition

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

Fuel costs for electric generation are collected through the fuel component in retail electric rates. The fuel component contained in electric rates is established by the PSC during semiannual fuel cost hearings. Any difference between actual fuel cost and that contained in the fuel component is deferred and included when determining the fuel cost component during the next semiannual fuel cost hearing. At December 31, 1993 and 1992 SCE&G had overcollected through the electric fuel clause component approximately $9.2 million and $17.7 million, respectively, which are included in "Deferred Credits-Other."

Customers subject to the gas cost adjustment clause are billed based on a fixed cost of gas determined by the PSC during annual gas cost recovery hearings. Any difference between actual gas cost and that contained in the rates is deferred and included when establishing gas costs during the next annual gas cost recovery hearing. At December 31, 1993 and 1992 the Company had undercollected through the gas cost recovery procedure approximately $12.0 million and $6.2 million, respectively, which are included in "Deferred Debits-Other."

G. Depreciation, Depletion and Amortization

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

	1993	1992	1991
SCE&G	2.97%	3.00%	2.97%
GENCO	2.64%	2.63%	2.59%
Pipeline Corporation	2.39%	2.62%	2.62%
Aggregate of Above	2.92%	2.96%	2.94%

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

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

Depreciation, depletion and amortization of the capitalized costs of oil and gas producing properties is provided for on the units-of-production basis. Units-of-production rates are based on estimated proven reserves.

H. Nuclear Decommissioning

Decommissioning of Summer Station is presently projected to commence in the year 2022 when the operating license expires. The expenditures (on a before-tax basis) related to SCE&G's share of decommissioning activities are currently estimated, in 2022 dollars assuming a 4.5% annual rate of inflation, to be approximately $545.3 million including partial reclamation costs. SCE&G is providing for its share of estimated decommissioning costs of Summer Station over the life of Summer Station. SCE&G collected through rates $2.5 million and $1.6 million in 1993 and 1992, respectively. The amounts collected are deposited in an external trust fund in compliance with the financial assurance requirements of the Nuclear Regulatory Commission. Management intends for the fund, including earnings thereon, to provide for all eventual decommissioning expenditures on an after-tax basis.

In addition, pursuant to the National Energy Policy Act passed by Congress in 1992, SCE&G has recorded a liability for its estimated share of amounts required by the U.S. Department of Energy for its decommissioning fund. SCE&G will recover the costs associated with this liability, totaling $4.6 million at December 31, 1993, through the fuel cost component of its rates; accordingly, these amounts have been deferred and are included in "Deferred Debits-Other" and "Long-term Debt, Net."

I. Income Taxes

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

The Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," effective January 1, 1993. Prior years' financial statements have not been restated. Deferred tax assets and liabilities were adjusted from the amounts recorded at December 31, 1992 under prior standards to the amounts required at January 1, 1993 under Statement No. 109 at currently enacted income tax rates. The adjustments were charged or credited to regulatory assets or liabilities if the Company expects to recover the resulting additional income tax expense from, or pass through the resulting reductions in income tax expense to, customers of the Company's regulated subsidiaries; otherwise they were charged or credited to income tax expense. The cumulative effect of adopting Statement No. 109 on retained earnings as of January 1, 1993, as well as the effect of adoption on net income for the year ended December 31, 1993, was not material. The combined effect of adopting Statement No. 109 and adjusting deferred tax assets and liabilities for the change in 1993 of the corporate Federal income tax rate from 34% to 35% resulted in balances of $100.8 million in regulatory assets (included in "Deferred Debits-Other") and $69.3 million in regulatory liabilities (included in "Deferred Credits-Other") for the Company's regulated subsidiaries.

In accordance with Statement No. 109, deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the book and tax basis of assets and liabilities at currently enacted tax rates. Deferred tax assets and liabilities are adjusted for changes in such rates through charges or credits to regulatory assets or liabilities if they are expected to be recovered from, or passed through to, customers of the Company's regulated subsidiaries; otherwise, they are charged or credited to income tax expense.

Prior to the adoption of Statement No. 109 on January 1, 1993, the Company recorded a deferred income tax provision on all material timing differences between the inclusion of items in pretax financial income and taxable income each year, except for those which were expected to be passed through to, or collected from, customers of the Company's regulated subsidiaries. Accumulated deferred income taxes were generally not adjusted for changes in enacted tax rates.

J. Pension Expense

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

Net periodic pension cost, as determined by an independent actuary, for the years ended December 31, 1993, 1992 and 1991 included the following components:

	1993	1992	1991
	(Thousands of Dollars)		
Service cost-benefits earned during the period	$ 7,629	$ 7,174	$ 6,367
Interest cost on projected benefit obligation	20,413	19,628	18,334
Adjustments: Return on plan assets	(50,389)	(28,607)	(51,440)
Net amortization and deferral	25,936	8,096	36,263
Net periodic pension cost	$ 3,589	$ 6,291	$ 9,524

The following table sets forth the funded status of the plan, as determined by an independent actuary, at December 31, 1993 and 1992:

	1993	1992
	(Thousands of Dollars)	
Actuarial present value of benefit obligations:		
Vested benefit obligation	$204,794	$177,930
Nonvested benefit obligation	14,085	17,110
Accumulated benefit obligation	$218,879	$195,040
Projected benefit obligation	$295,718	$258,440
Plan assets at fair value (invested primarily in equity and debt securities)	351,648	304,114
Plan assets greater than projected benefit obligation	55,930	45,674
Unrecognized net transition liability	10,713	11,555
Unrecognized prior service costs	9,294	10,563
Unrecognized net gain	(64,607)	(63,633)
Pension asset recognized in Consolidated Balance Sheets	$ 11,330	$ 4,159

The accumulated benefit obligation is based on the plan's benefit formulas without considering expected future salary increases. The following table sets forth the assumptions used in the amounts shown above for the years 1993, 1992 and 1991.

	1993	1992 and 1991
Annual discount rate used to determine benefit obligations	7.25%	8.0%
Expected long-term rate of return on plan assets	7.25%	8.0%
Discount rate used in determining pension cost	8.0%	8.0%
Assumed annual rate of future salary increases for projected benefit obligation	4.75%	5.5%

The change in the annual discount rate used to determine benefit obligations from 8.0% to 7.25% as of December 31, 1993 increased the projected benefit obligation and reduced the unrecognized net gain by approximately $4.1 million.

In addition to pension benefits, the Company provides certain health care and life insurance benefits to active and retired employees. On January 1, 1993 the Company adopted Statement No. 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions." The Statement requires that the cost of postretirement benefits other than pensions be accrued during the years the employees render the service necessary to be eligible for the applicable benefits. The Company previously expensed these benefits, which are primarily health care, as claims were incurred. The accumulated obligation for these benefits at January 1, 1993 was approximately $68 million (transition liability) and the annualized increase in expenses (net of payments to current retirees), including the amortization of the transition liability over approximately 20 years as provided for by the Statement, is approximately $4.7 million. In its June 1993 electric rate order (see Note 2A) the PSC approved the inclusion in rates of the portion of increased expenses related to electric operations. Such expenses had been deferred through May 31, 1993 pursuant to a December 10, 1992 accounting directive allowing deferral pending consideration of recovery in future rate proceedings. The Company expensed approximately $4.3 million, net of payments to current retirees, for the year ended December 31, 1993.

Net periodic postretirement benefit cost, as determined by an independent actuary for the year ended December 31, 1993 included the following components (thousands of dollars):

Service cost-benefits earned during the period	$ 1,908
Interest cost on accumulated postretirement benefit obligation	5,502
Adjustments: Return on plan assets	—
Amortization of unrecognized transition obligation	3,344
Other net amortization and deferral	—
Net periodic postretirement benefit cost	$ 10,754

The following table sets forth the unfunded status of the plan, as determined by an independent actuary, at December 31, 1993 (thousands of dollars):

Accumulated postretirement benefit obligations for:	
Retirees	$ 40,865
Other fully eligible participants	25,767
Other active participants	6,841
Accumulated postretirement benefit obligation	73,473
Plan assets at fair value	—
Plan assets less accumulated postretirement benefit obligation	(73,473)
Unrecognized net transition liability	64,925
Unrecognized prior service costs	—
Unrecognized net (gain) loss	4,248
Postretirement benefit liability recognized in Consolidated Balance Sheet	$ (4,300)

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

Assumed health care cost trend rate used to measure expected 1994 costs	12.25%
Ultimate health care cost trend rate (to be achieved in 2004)	5.25%
Discount rate used in determining postretirement benefit costs	7.25%
Assumed annual rate of salary increases	4.75%

The effect of a one-percentage-point increase in the assumed health care cost trend rate for each future year on the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended December 31, 1993 and the accumulated postretirement benefit obligation as of December 31, 1993 would be to increase such amounts by $60,000 and $1.7 million, respectively.

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

Long-term debt premium, discount and expense are being amortized as components of "Interest on long-term debt, net" over the terms of the respective debt issues. Gains or losses on reacquired debt that is refinanced are deferred and amortized over the term of the replacement debt.

L. Environmental

The Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date for site assessments and cleanup relate primarily to regulated operations; such amounts have been deferred and are being amortized and recovered through rates over a ten-year period. Such amounts totaled $19.6 million and $18.3 million at December 31, 1993 and 1992, respectively, and are included in "Deferred Debits-Other."

M. Gas Futures Contracts

The Company sells gas futures contracts to hedge price risks for a portion of Petroleum Resources' production. Gains and losses on such contracts, which are not material, are recognized concurrently with the revenue from the associated gas sales.

N. Postemployment Benefits

In November 1992 the Financial Accounting Standards Board issued Statement No. 112 "Employers' Accounting for Postemployment Benefits." The Statement, which is effective for calendar year 1994, establishes certain conditions for the recognition of costs of benefits to former employees after employment but before retirement. The Statement requires recognition of the obligation to provide postemployment benefits if such obligation is attributable to services previously rendered, the obligation relates to rights which vest, payment of the benefits is probable, and the amount of such benefits can be reasonably estimated. The Company does not anticipate that application of this Statement will have a significant impact on results of operations [illegible] al position.

O. Tempo[illegible] vestments

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

P. Reclassifications

Certain amounts from prior periods have been reclassified to conform with the 1993 presenta[illegible]

2. RATE MATTERS:

A. On June 7, 1993 the PSC issued an order on the Company's pending electric rate proceeding allowing an authorized return on common equity of 11.5%, resulting in a 7.4% annual increase in retail electric rates, or a projected $60.5 million annually based on a test year. These rates are to be implemented in two phases over a two-year period: phase one, effective June 1993, producing $42.0 million annually, and phase two, effective June 1994, producing $18.5 million annually, based on a test year.

B. On September 14, 1[illegible] PSC issued an order granting SCE&G a $.25 increase in tra[illegible]s from $.50 to $.75 in both Columbia and Charleston, Sou[illegible]arolina; however, the PSC also required $.40 fares for low income customers and denied SCE&G's request to reduce the number of routes and frequency of service. The new rates were placed into effect on October 5, 1992. SCE&G has appealed the PSC's order to the Circuit Court. During oral arguments in February 1994 the Circuit Court retained jurisdiction and remanded the decision to the PSC for the limited purpose of answering questions concerning the applicable regulatory principles used by the PSC in determining these transit rates.

C. Since November 1, 1991 SCE&G's gas rate schedules for its residential, small commercial and small industrial customers have included a weather normalization adjustment (WNA). The WNA minimizes fluctuations in gas revenues due to abnormal weather conditions and has been approved through November 1994 subject to an annual review by the PSC. The PSC order was based on a return on common equity of 12.25% (see Note 2G). The WNA became effective the first billing cycle in December 1991.

D. In May 1989 the PSC approved a volumetric and direct billing method for Pipeline Corporation to recover take-or-pay costs incurred from its interstate pipeline suppliers pursuant to FERC-approved final and nonappealable settlements. In December 1992 the South Carolina Supreme Court (Supreme Court) approved Pipeline Corporation's full recovery of the take-or-pay charges imposed by its suppliers and treatment of these charges as a cost of gas. However, the Supreme Court declared the PSC-approved "purchase deficiency" methodology for recovery of these costs to be unlawful retroactive ratemaking and remanded the docket to the PSC to reconsider its recovery methodology. The Company believes that the elimination of the purchase deficiency method of recovery will affect the timing for recovery of take-or-pay charges and shift the allocations among Pipeline Corporation's customers (including SCE&G) but that all such charges should be ultimately recovered. The case has been remitted to the PSC by the Supreme Court and the Company anticipates the PSC will issue an Order authorizing full recovery of incurred take-or-pay costs on a prospective volumetric basis after the completion of accounting verification by the PSC Staff of the principal and associated interest costs.

E. On August 8, 1990 the PSC issued an order, effective November 1, 1990, approving changes in Pipeline Corporation's gas rate design for sales for resale service and upholding the "value-of-service" method of regulation for its direct industrial service. Direct industrial customers seeking "cost-of service" based rates initiated two separate appeals to the Circuit Court, which reversed and remanded to the PSC its August 8, 1990 order. Pipeline Corporation appealed that decision to the Supreme Court which reversed the two Circuit Court decisions and reinstated the PSC Order. The Supreme Court held that the industrial customer group's appeal was premature and failed to exhaust administrative remedies. Additionally, the Supreme Court interpreted the rate-making statutes of South Carolina to give discretion to the PSC in selecting the methodology to be used in setting rates for natural gas service.

F. On July 3, 1989 the PSC granted SCE&G approximately $21.9 million of a requested $27.2 million annual increase in retail electric revenues based upon an allowed return on common equity of 13.25%. The Consumer Advocate appealed the decision to the Supreme Court which, on August 31, 1992, found that the evidence in the record of that case did not support a return on common equity higher than 13.0% and remanded to the PSC a portion of its July 1989 order for a determination of the proper return on common equity consistent with the Supreme Court's opinion. On January 19, 1993 the PSC issued an order allowing a return on common equity of 13.0%, approving a refund based on the difference in rates created by the difference between the 13.0% and the 13.25% return on common equity and making other non-material adjustments to the calculation of cost-of-service. The total refund, before interest and income taxes, was approximately $14.6 million and was charged against 1992 "Electric Revenues." The refund plus interest was made during 1993.

G. On November 28, 1989 the PSC granted SCE&G an increase in firm retail natural gas rates, effective November 30, 1989, designed to increase annual revenues by $10.1 million, or 89.5% out of the requested increase of approximately $11.3 million. In its order the PSC authorized a 12.75% return on common equity. The Consumer Advocate appealed to the Supreme Court which on August 31, 1992 remanded the order to the PSC for redetermination of the proper amount of litigation expenses to include in the test period. In January 1993 the PSC reduced the amount of litigation expense and ordered a refund totaling approximately $163,000 which was charged against 1992 "Gas Revenues." The refund was made during 1993.

3. LONG-TERM DEBT:

The annual amounts of long-term debt maturities, including the amounts due under the nuclear and fossil fuel agreement (see Note 4), and sinking fund requirements for the years 1994 through 1998 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1994	$34,322	1997	$34,591
1995	94,067	1998	59,228
1996	69,269		

Approximately $10.9 million of the current portion of long-term debt for 1994 may be satisfied by either deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits, or by deposit of cash with the Trustee.

During 1993 certain issues of SCE&G's First and Refunding Mortgage Bonds were redeemed and replaced with SCE&G's First Mortgage Bonds.

In January 1994 the Company arranged for unsecured bank loans totaling $60 million, due January 13, 1995 at interest rates between 3.875% and 3.89%. Proceeds from the loan were used to repay a $60 million bank loan due January 14, 1994; accordingly, such loan is included in long-term debt at December 31, 1993.

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

4. FUEL FINANCINGS:

Nuclear and fossil fuel inventories are financed through the issuance of short-term commercial paper. These short-term borrowings are supported by an irrevocable revolving credit agreement which expires July 31, 1996. Accordingly, the amounts outstanding have been included in long-term debt. The credit agreement provides for a maximum amount of $75 million that may be outstanding at any time.

Commercial paper outstanding totaled $36.8 million and $55.7 million at December 31, 1993 and 1992 at weighted average interest rates of 3.47% and 3.81%, respectively.

5. STOCKHOLDERS' INVESTMENT (Including Preferred Stock Not Subject to Purchase or Sinking Funds):

The changes in "Common Stock," without par value, during 1993, 1992 and 1991 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1990	40,882,176	$575,251
Repurchase of common stock	(1,000,000)	(37,425)
Acquisition of propane operations	902,311	33,769
Other	(160)	2
Balance December 31, 1991	40,784,327	571,597
Issuance of common stock	3,126,304	127,406
Balance December 31, 1992	43,910,631	699,003
Issuance of common stock	2,708,826	127,662
Balance December 31, 1993	46,619,457	$826,665

The Restated Articles of Incorporation of the Company do not limit the dividends that may be payable on its common stock. However, the Restated Articles of Incorporation of SCE&G and the Indenture underlying its First and Refunding Mortgage Bonds contain provisions that may limit the payment of cash dividends on its common stock. In addition, with respect to hydroelectric projects, the Federal Power Act may require the appropriation of a portion of the earnings therefrom. At December 31, 1993 approximately $10.6 million of retained earnings were restricted as to payment of cash dividends on common stock.

Cash dividends on common stock were declared at an annual rate per share of $2.74, $2.68 and $2.62 for 1993, 1992 and 1991, respectively.

6. PREFERRED STOCK (Subject to Purchase or Sinking Funds):

The call premium of the respective series of preferred stock in no case exceeds the amount of the annual dividend. Retirements under sinking fund requirements are at par values.

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

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the years 1994 through 1998 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1994	$2,504	1997	$2,440
1995	2,515	1998	2,440
1996	2,482		

The changes in "Total Preferred Stock (Subject to purchase or sinking funds)" during 1993, 1992 and 1991 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1990	1,050,201	$64,460
Shares Redeemed:		
$100 par value	(628)	(63)
50 par value	(51,169)	(2,559)
Balance December 31, 1991	998,404	61,838
Shares Redeemed:		
$100 par value	(6,098)	(610)
50 par value	(51,777)	(2,589)
Balance December 31, 1992	940,529	58,639
Shares Redeemed:		
$100 par value	(7,374)	(737)
50 par value	(51,187)	(2,558)
Balance December 31, 1993	881,968	$55,344

7. INCOME TAXES:

Total income tax expense for 1993, 1992 and 1991 is as follows:

	1993	1992	1991
		(Thousands of Dollars)	
Current taxes:			
Federal	$59,590	$67,240	$43,485
State	6,409	8,146	5,284
Total current taxes	65,999	75,386	48,769
Deferred taxes, net:			
Federal	23,219	(11,888)	25,548
State	6,003	413	4,653
Total deferred taxes	29,222	(11,475)	30,201
Investment tax credits:			
Amortization of amounts deferred (credit)	(3,659)	(3,659)	(3,645)
Total income tax expense	$91,562	$60,252	$75,325

Total income taxes differ from amounts computed by applying the statutory Federal income tax rate of 35% for 1993 and 34% for 1992 and 1991 to pretax income as follows:

	1993	1992	1991
	(Thousands of Dollars)		
Net income	$167,981	$117,590	$135,851
Total income tax expense:			
Charged to operating expenses	90,007	60,947	77,562
Charged (credited) to other income	1,555	(695)	(2,237)
Preferred stock dividends	6,217	6,473	6,706
Total pretax income	$265,760	$184,315	$217,882
Income taxes on above at statutory Federal income tax rate	$ 93,016	$ 62,667	$ 74,080
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(3,125)	(1,868)	(1,174)
Deferred return on plant investment, net of amortization	1,486	1,444	1,444
Depreciation differences	2,794	2,129	1,613
Amortization of investment tax credits	(3,659)	(3,659)	(3,645)
State income taxes (less Federal income tax effect)	8,068	5,649	6,559
Deferred income tax flowback at higher than statutory rates	(4,411)	(5,565)	(3,226)
Alternate fuel production tax credit	(1,373)	(275)	—
Other differences, net	(1,234)	(270)	(326)
Total income tax expense	$ 91,562	$ 60,252	$ 75,325

The Omnibus Budget Reconciliation Act was signed into law on August 10, 1993, increasing the corporate tax rate from 34% to 35% effective January 1, 1993. The impact of this change on the Company's financial position and results of operations was not material.

The tax effects of significant temporary differences comprising the Company's net deferred tax liability of $559.6 million at December 31, 1993 determined in accordance with Statement No. 109 (see Note 1I) are as follows (thousands of dollars):

Deferred tax assets:	
Unamortized investment tax credits	$ 58,839
Cycle billing	15,084
Nuclear operations expenses	4,908
Deferred compensation	5,315
Uncollectible accounts	1,892
Other postretirement benefits	1,631
Injuries and damages	722
Other	8,488
Total deferred tax assets	96,879
Deferred tax liabilities:	
Accelerated depreciation and amortization	604,091
Intangible drilling costs	15,768
Reacquired debt	7,574
Property taxes	6,406
Pension expense	6,286
Take-or-pay contracts	4,528
Nuclear system maintenance	2,965
Early retirement programs	1,981
Nuclear decontamination fund	1,417
Other	5,468
Total deferred tax liabilities	656,444
Net deferred tax liability	$559,565

"Total deferred taxes" charged (credited) to income tax expense result from timing differences in recognition of the following items:

	1992	1991
	(Thousands of Dollars)	
Charged (credited) to expense:		
Accelerated depreciation and amortization	$ 2,313	$23,900
Deferred fuel accounting	(2,958)	461
Property taxes	562	1,692
Cycle billing	(1,321)	3,608
Take-or-pay contracts	(1,118)	(1,099)
Intangible drilling costs	5,122	276
Nuclear refueling accrual	(4,430)	2,052
Electric rate refund	(6,571)	—
Injuries and damages	(1,377)	—
Other, net	(1,697)	(689)
Total deferred taxes	$(11,475)	$30,201

The Internal Revenue Service has examined and closed consolidated Federal income tax returns of the Company through 1989 and is currently examining the 1990 and 1991 Federal income tax returns. No adjustments are currently proposed by the examining agent. The Company does not anticipate that any adjustments which might result from this examination will have a significant impact on the earnings or financial position of the Company.

8. FINANCIAL INSTRUMENTS:

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1993 and 1992 are as follows (thousands of dollars):

	1993		1992	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and temporary cash investments	$ 20,766	$ 20,766	$ 32,050	$ 32,050
Investments	5,312	15,235	5,066	10,195
Short-term borrowings	43,019	43,019	41,156	41,156
Total Long-Term Debt	1,458,721	1,551,873	1,229,458	1,272,922
Total Preferred Stock (Subject to purchase or sinking funds)	55,344	51,618	58,639	53,771
Gas futures contracts	137	650	338	260

The information presented herein is based on pertinent information available to the Company as of December 31, 1993 and 1992. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such financial instruments have not been comprehensively revalued since December 31, 1993 and the current estimated fair value may differ significantly from the estimated fair value at that date.

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

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

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

Short-term borrowings are valued at their carrying amount.

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

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

9. SHORT-TERM BORROWINGS:

The Company pays 'ees to banks as compensation for its lines of credit. Commercial paper borrowings are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1993, 1992 and 1991 and for the years then ended are as follows:

	1993	1992	1991
		(Millions of Dollars)	
Authorized lines of credit at year-end	$175.0	$153.9	$141.7
Unused lines of credit at year-end	$148.0	$127.8	$141.6
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	$304.8	$143.0	$134.0
Average outstanding	$117.2	$ 75.3	$ 74.3
Weighted average daily interest rates:			
Bank loans	3.57%	4.47%	6.32%
Commercial paper	3.13%	3.69%	6.31%
Short-term borrowings outstanding at year-end:			
Bank loans	$ 42.0	$ 41.1	$ 20.7
Weighted average interest rate	3.71%	4.49%	5.89%
Commercial paper	$ 1.0	—	—
Weighted average interest rate	3.50%	—	—

10. COMMITMENTS AND CONTINGENCIES:

A. Construction

SCE&G entered into a contract with Duke/Fluor Daniel in 1991 to design, engineer and build a 385 MW coal-fired electric generating plant near Cope, South Carolina in Orangeburg County. Construction of the plant began in November 1992 and commercial operation is expected in late 1995 or early 1996. The estimated price of the Cope plant, excluding financing costs and AFC but including an allowance for escalation, is $450 million. In addition, the transmission lines for interconnection with the Company's system are expected to cost $26 million.

Under the Duke/Fluor Daniel contract SCE&G must make specified monthly minimum payments. These minimum payments do not include amounts for inflation on a portion of the contract which is subject to escalation (approximately 34% of the total contract amount). The aggregate amount of such required minimum payments remaining at December 31, 1993 is as follows (thousands of dollars):

1994	$168,152
1995	59,766
1996	5,603
Total	$233,521

Through December 31, 1993 SCE&G paid $142.0 million under the contract.

B. Nuclear Insurance

The Price-Anderson Indemnification Act, which deals with public liability for a nuclear incident, currently establishes the liability limit for third-party claims associated with any nuclear incident at $9.4 billion. Each reactor licensee is currently liable for up to $79.3 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than $10 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be approximately $52.9 million per incident, but not more than $6.7 million per year.

SCE&G currently maintains policies (for itself and on behalf of the PSA) with Nuclear Electric Insurance Limited (NEIL) and American Nuclear Insurers (ANI) providing combined property and decontamination insurance coverage of $1.4 billion for any losses in excess of $500 million pursuant to existing primary coverages (with ANI) on Summer Station. SCE&G pays annual premiums and, in addition, could be assessed a retroactive premium not to exceed 7 1/2 times its annual premium in the event of property damage loss to any nuclear generating facilities covered by NEIL. Based on the current annual premium, this retroactive premium would not exceed $8.1 million.

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

C. Litigation

In January 1994 SCE&G, acting on behalf of itself and the PSA (as co-owners of Summer Station), reached a settlement with Westinghouse Electric Corporation (Westinghouse) resolving a dispute involving steam generators provided by Westinghouse to Summer Station which are defective in design, workmanship and materials. Terms of the settlement are confidential by agreement of the parties and order of the court. SCE&G had filed an action in May 1990 against Westinghouse in the U.S. District Court for South Carolina; an order dismissing this suit was issued on January 12, 1994.

D. Environmental

As described in Note 1L, the Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date for site assessments and cleanup relate primarily to regulated operations; such amounts have been deferred and are being amortized and recovered through rates over a ten-year period.

11. SEGMENT OF BUSINESS INFORMATION:

Segment information at December 31, 1993, 1992 and 1991 and for the years then ended is as follows:

1993

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 940,121	$320,195	$ 3,851	$1,264,167
Operating expenses, excluding depreciation and amortization	620,291	275,984	8,737	906,012
Depreciation and amortization	97,849	14,820	175	112,844
Total operating expenses	718,140	290,804	8,912	1,018,856
Operating income (loss)	$ 221,981	$ 29,391	$(6,061)	245,311
Add - Other income, net				30,076
Less - Interest charges				101,189
- Preferred stock dividends				6,217
Net income				$ 167,981
Capital expenditures: Identifiable	$ 279,082	$ 28,761	$ 604	$ 308,447
Utilized for overall Company operations				13,934
Total				$ 322,381
Identifiable assets at December 31, 1993:				
Utility plant, net	$2,628,374	$312,437	$ 1,673	$2,942,484
Inventories	77,805	22,019	463	100,287
Total	$2,706,179	$334,456	$ 2,136	3,042,771
Assets utilized for overall Company operations				997,755
Total assets				$4,040,526

1992

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 829,477	$305,275	$ 3,623	$1,138,375
Operating expenses, excluding depreciation and amortization	554,897	256,178	9,205	820,280
Depreciation and amortization	93,978	14,174	163	108,315
Total operating expenses	648,875	270,352	9,368	928,595
Operating income (loss)	$ 180,602	$ 34,923	$(5,745)	209,780
Add - Other income, net				11,883
Less - Interest charges				97,600
- Preferred stock dividends				6,473
Net income				$ 117,590
Capital expenditures: identifiable	$ 234,918	$ 33,495	$ 346	$ 268,759
Utilized for overall Company operations				8,877
Total				$ 277,636
Identifiable assets at December 31, 1992:				
Utility plant, net	$2,456,691	$299,591	$ 1,240	$2,757,522
Inventories	82,717	8,155	481	91,353
Total	$2,539,408	$307,746	$ 1,721	2,848,875
Assets utilized for overall Company operations				708,846
Total assets				$3,557,721

1991

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 867,215	$276,742	$ 3,869	$1,147,826
Operating expenses, excluding depreciation and amortization	580,265	233,509	9,023	822,797
Depreciation and amortization	88,803	13,720	146	102,669
Total operating expenses	669,068	247,229	9,169	925,466
Operating income (loss)	$ 198,147	$ 29,513	$(5,300)	222,360
Add - Other income, net				11,655
Less - Interest charges				91,458
- Preferred stock dividends				6,706
Net income				$ 135,851
Capital expenditures: identifiable	$ 205,704	$ 25,380	$ 89	$ 231,173
Utilized for overall Company operations				7,967
Total				$ 239,140
Identifiable assets at December 31, 1991:				
Utility plant, net	$2,333,877	$280,805	$ 1,073	$2,615,755
Inventories	83,637	7,242	476	91,355
Total	$2,417,514	$288,047	$ 1,549	2,707,110
Assets utilized for overall Company operations				598,752
Total assets				$3,305,862

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

1993

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$321,840	$280,382	$359,453	$302,492	$1,264,167
Operating income (000)	63,714	45,370	84,638	51,589	245,311
Net income (000)	45,110	26,909	64,427	31,535	167,981
Earnings per weighted average share of common stock as reported	1.02	.61	1.41	.68	3.72

1992

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$297,414	$255,343	$305,594	$280,024	$1,138,375
Operating income (000)	56,978	40,203	64,486	48,113	209,780
Net income (000)	34,132	16,753	39,643	27,062	117,590
Earnings per weighted average share of common stock as reported	.83	.41	.96	.64	2.84

LIQUIDITY AND CAPITAL RESOURCES

The cash requirements of the Company arise primarily from SCE&G's operational needs, the Company's construction program and the need to fund the activities or investments of the Company's nonregulated subsidiaries. The ability of the Company's regulated subsidiaries to replace existing plant investment, as well as to expand to meet future demand for electricity and gas, will depend upon their ability to attract the necessary financial capital on reasonable terms. The Company's regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and the regulated subsidiaries expand their construction programs, it is necessary to seek increases in rates. As a result the Company's future financial position and results of operations will be affected by the regulated subsidiaries' ability to obtain adequate and timely rate relief.

Due to continuing customer growth, SCE&G entered into a contract with Duke/Fluor Daniel in 1991 to design, engineer and build a 385 MW coal-fired electric generating plant near Cope, South Carolina in Orangeburg County. Construction of the plant began in November 1992 with commercial operation expected in late 1995 or early 1996. The estimated price of the Cope plant, excluding financing costs and allowance for funds used during construction (AFC) but including an allowance for escalation, is $450 million. In addition, the transmission lines for interconnection with the Company's system are expected to cost $26 million. Until the completion of the new plant, SCE&G is contracting for additional capacity as necessary to ensure that the energy demands of its customers can be met.

As discussed in Note 2A of Notes to Consolidated Financial Statements, on June 7, 1993 The Public Service Commission of South Carolina (PSC) issued an order granting SCE&G a 7.4% annual increase in retail electric rates to be implemented in two phases of $42.0 million annually effective June 1993 and $18.5 million annually effective June 1994, based on a test year.

Approximately 28% of total cash requirements (excluding dividends) was provided from internal sources in 1993 as compared to 40% in 1992.

The Company has in effect a medium-term note program for the issuance from time to time of unsecured medium-term debt securities. The proceeds from the sales of these securities may be used to fund additional business activities in nonutility subsidiaries, to reduce short-term debt incurred in connection therewith or for general corporate purposes. In 1993 the Company issued $60 million of such medium-term notes. The proceeds from the sales of these securities were used for the funding of nonutility subsidiary activities. At December 31, 1993 the Company has available for issuance $67.6 million under the current registration statement.

SCE&G's First and Refunding Mortgage Bond Indenture, dated April 1, 1945 (Old Mortgage), contains provisions prohibiting the issuance of additional bonds thereunder (Class A Bonds) unless net earnings (as therein defined) for 12 consecutive months out of the 15 months prior to the month of issuance is at least twice the annual interest requirements on all Class A Bonds to be outstanding (Bond Ratio). For the year ended December 31, 1993 the Bond Ratio was 3.70. The issuance of additional Class A Bonds is restricted also to an additional principal amount equal to 60% of unfunded net property additions (which unfunded net property additions totaled approximately $219.9 million at December 31, 1993), Class A Bonds issued on the basis of retirements of Class A Bonds (which retirement credits totaled $10.9 million at December 31, 1993), and Class A Bonds issued on the basis of cash on deposit with the Trustee.

SCE&G has placed a new bond indenture (New Mortgage) dated April 1, 1993 on substantially all of its electric properties under which its future mortgage-backed debt (New Bonds) will be issued. New Bonds are expected to be issued under the New Mortgage on the basis of a like principal amount of Class A Bonds issued under the Old Mortgage which have been deposited with the Trustee of the New Mortgage (of which $157 million were available for such purpose as of December 31, 1993), until such time as all presently outstanding Class A Bonds are retired. Thereafter, New Bonds will be issuable on the basis of property additions in a principal amount equal to 70% of the original cost of electric and common plant properties (compared to 60% of value for Class A Bonds under the Old Mortgage), cash deposited with the Trustee, and retirement of New Bonds. New Bonds will be issuable under the New Mortgage only if adjusted net earnings (as therein defined) for 12 consecutive months out of the 18 months immediately preceding the month of issuance are at least twice the annual interest requirements on all outstanding bonds (including Class A Bonds) and New Bonds to be outstanding (New Bond Ratio). For the year ended December 31, 1993 the New Bond Ratio was 5.0.

On April 29, 1993 the Securities and Exchange Commission (SEC) declared effective a registration statement for the issuance of up to $700 million of First Mortgage Bonds by SCE&G under the New Mortgage. The following series, aggregating $600 million, have been issued under such registration statement:

- On June 9, 1993, $100 million, 7 5/8% Series due June 1, 2023 to repay short-term borrowings in a like amount.
- On July 1, 1993, $100 million, 6% Series due June 15, 2000; and $150 million, 7 1/8% Series due June 15, 2013; and on July 20, 1993, $150 million, 7 1/2% Series due June 15, 2023, to redeem, on July 20, 1993, $382,035,000 of First and Refunding Mortgage Bonds maturing between 1999 and 2017 and bearing interest at rates between 8% and 9 7/8% per annum.
- On December 20, 1993, $100 million, 6 1/4% Series due December 15, 2003 to repay short-term borrowings in a like amount.

The following additional financing transactions have occurred since December 31, 1992:

- On January 15, 1993 the Company closed on an unsecured bank loan in the principal amount of $60 million, due January 14, 1994, and used the proceeds to pay off a loan in a like amount. The interest rate is the three month LIBOR plus 30 basis points and is reset quarterly. On January 14, 1994 the Company refinanced the loan with unsecured bank loans totaling $60 million, due January 13, 1995 at interest rates between 3.875% and 3.89%.
- On April 15, 1993 the Company arranged for a $15 million term loan, due April 14, 1994, to repay short-term borrowings in a like amount. The interest rate is the three month LIBOR plus 16 basis points and is reset quarterly.
- On June 1, 1993 SCE&G redeemed the following amounts of First and Refunding Mortgage Bonds: $35 million, 10 1/8% Series due 2009 and $13 million, 9 7/8% Series due 2009.
- On June 2, 1993 the Company entered into a $123 million 90-day bank loan (90-day bank loan) to finance the acquisition by Petroleum Resources of approximately 125 billion cubic feet equivalent of natural gas reserves through the purchase of NICOR Exploration and Production Company. (NICOR).
- On July 1, 1993 the Company issued $60 million of medium-term notes bearing interest at the following rates and maturing on the following dates in the following amounts: $20 million, 5.76%, due July 1, 1998; $20 million, 6.15%, due July 3, 2000; $20 million, 6.51%, due July 1, 2003. The proceeds were used to repay a portion of the 90-day bank loan discussed above.

• In early August 1993 the Company issued 1,467,000 shares of common stock with net proceeds totaling $69,345,090. The proceeds were used to repay the remainder of the 90-day bank loan previously discussed and for general corporate purposes.
• On September 30, 1993 Pipeline Corporation sold unsecured promissory notes totaling $25 million, 6.72% due September 30, 2013. The proceeds were used to repay short-term borrowings in a like amount.

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

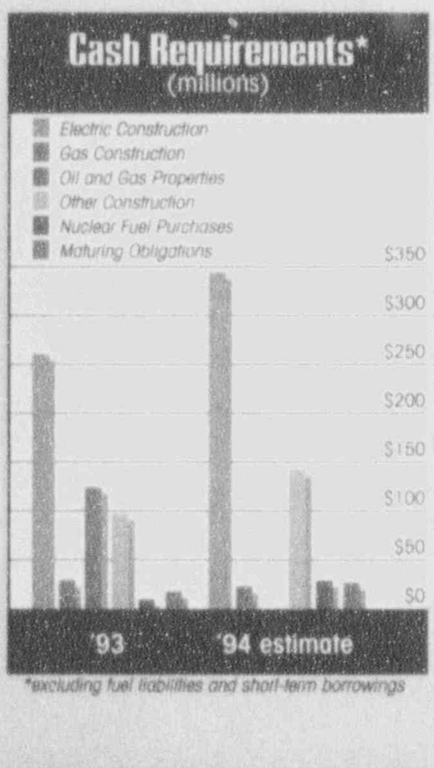
Pursuant to Section 204 of the Federal Power Act, SCE&G and GENCO must obtain FERC authority to issue short-term indebtedness. The FERC has authorized SCE&G to issue up to $200 million of unsecured promissory notes or commercial paper with maturity dates of 12 months or less but not later than December 31, 1995. GENCO has not sought such authorization.

The Company has $175.0 million authorized lines of credit and has unused lines of credit of $148.0 million at December 31, 1993. In addition, the Company has a credit agreement for a maximum of $75 million to finance nuclear and fossil fuel inventories, with $38.2 million available at December 31, 1993.

SCE&G's Restated Articles of Incorporation prohibit issuance of additional shares of preferred stock without consent of the preferred stockholders unless net earnings (as defined therein) for the 12 consecutive months immediately preceding the month of issuance is at least one and one-half times the aggregate of all interest charges and preferred stock dividend requirements (Preferred Stock Ratio). For the year ended December 31, 1993 the Preferred Stock Ratio was 2.52.

On October 12, 1993 the Company registered with the SEC 2,000,000 additional shares of the Company's common stock to be issued and sold under the Dividend Reinvestment and Stock Purchase Plan (DRP).

During 1993 the Company issued 529,954 shares of the Company's common stock under the DRP. In addition, the Company issued 705,498 shares of its common stock pursuant to its Stock Purchase-Savings Plan (SPSP). The Company has authorized and reserved for issuance, and registered under effective registration statements, 2,065,824 and 872,420 shares of common stock pursuant to the DRP and the SPSP, respectively.



*excluding fuel liabilities and short-term borrowings

In January 1994 the Company signed an agreement to sell in 1994 substantially all of the real estate assets of SCANA Development Corporation (Development Corporation) to Liberty Properties Group, Inc. of Greenville, South Carolina for $91.5 million. Under the terms of the agreement, a portion of the sales price will be received in cash at the time of closing. The remainder of the sales price, which is related to certain projects currently under construction, will be received in cash as those projects are completed. The net proceeds from the sale will be used to retire Development Corporation's debt and for general corporate purposes, including the funding of other nonutility subsidiaries' business activities. The transaction will not have a material impact on results of operations.

Estimated capital requirements for construction in the year 1994 are reflected in the Cash Requirements chart.

The Company anticipates that its 1994 cash requirements of $559.7 will be met through internally generated funds (approximately 38% excluding dividends), the sales of additional equity securities and the incurrence of additional short-term and long-term indebtedness. The timing and amount of such financing will depend upon market conditions and other factors. Actual 1994 expenditures may vary from the estimates set forth above due to factors such as inflation and economic conditions, regulation and legislation, rates of load growth, environmental protection standards and the cost and availability of capital.

The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements.

Environmental Matters

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

The Company is continuing to refine a compliance plan that must be filed with the U.S. Environmental Protection Agency (EPA) by January 1, 1996. The Company currently estimates that air emissions control equipment will require capital expenditures of $252 million over the 1994-1998 period to retrofit existing facilities and an increased operation and maintenance cost of $31 million per year. To meet compliance requirements through the year 2003, the Company anticipates total capital expenditures of $275 million.

The South Carolina Solid Waste Policy and Management Act of 1991 requires promulgation of regulations addressing specified subjects, one of which affects the management of industrial solid waste. This regulation will establish minimum criteria for industrial landfills as mandated under the Act. The proposed regulation, if adopted as a final regulation in its present form, could significantly impact SCE&G's and GENCO's engineering, design and operation of existing and future ash management facilities. Potential cost impacts could be substantial.

As described in Note 1L of Notes to Consolidated Financial Statements, the Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date ($19.6 million) for site assessments and cleanup of regulated operations have been deferred and are being amortized and recovered through rates over a ten-year period. Estimates to date include, among other things, the costs estimated to be associated with the matters discussed in the following paragraphs.

The Company and its principal subsidiary, SCE&G, each own two decommissioned manufactured gas plant sites which contain residues of by-product chemicals. The Company and SCE&G have each maintained an active review of their respective sites to monitor the nature and extent of the residual contamination.

In September 1992 the EPA notified SCE&G, the City of Charleston and the Charleston Housing Authority of their potential liability for the investigation and cleanup of the Calhoun Park Area Site in Charleston, South Carolina. This site originally encompassed approximately 18 acres and included properties which were the locations for industrial operations, including a wood preserving (creosote) plant and one of SCE&G's decommissioned manufactured gas plants. The original scope of this investigation has been expanded to approximately 30 acres including adjacent properties owned by the National Park Service and City of Charleston, and private properties. The site has not been placed on the National Priority List, but may be added before cleanup is initiated. The potentially responsible parties (PRP) have agreed with the EPA to participate in an innovative approach to site investigation and cleanup called "Superfund Accelerated Cleanup Model," allowing the pre-cleanup site investigations process to be compressed significantly. The PRPs have negotiated an administrative order by consent for the conduct of a Remedial Investigation/Feasibility Study (RI/FS) and a corresponding Scope of Work. Actual field work began November 1, 1993 after final approval and authorization was granted by EPA. SCE&G is also working with the City of Charleston to investigate potential contamination from the manufactured gas plant at the city's aquarium site.

During 1993 SCE&G settled its obligations at the Yellow Water Road Superfund Site near Jacksonville, Florida, the Spencer Transformer and Equipment Site in West Virginia and Elliott's Auto Parts in Benton, Arkansas. No further expenses are anticipated for these sites.

SCE&G has been listed as a PRP and has recorded liabilities, which are not considered material, for the Macon-Dockery waste disposal site near Rockingham, North Carolina, the Aqua-Tech Environmental, Inc. site in Greer, South Carolina and a landfill owned by Lexington County in South Carolina.

Litigation

In January 1994 SCE&G, acting on behalf of itself and the PSA (as co-owners of Summer Station), reached a settlement with Westinghouse resolving a dispute involving steam generators provided by Westinghouse to Summer Station which are defective in design, workmanship and materials. Terms of the settlement are confidential by agreement of the parties and order of the court. SCE&G had filed an action in May 1990 against Westinghouse in the U.S. District Court for South Carolina; an order dismissing this suit was issued on January 12, 1994.

Regulatory Matters

On June 7, 1993 the PSC issued an order on SCE&G's pending electric rate proceeding allowing an authorized return on common equity of 11.5%, resulting in a 7.4% annual increase in retail electric rates, or a projected $60.5 million annually on a test year basis. These rates are to be implemented in two phases over a two-year period: phase one, effective June 1993, producing $42.0 million annually, and phase two, effective June 1994, producing $18.5 million annually, on a test year basis.

The Company's regulated business operations are likely to be impacted by the National Energy Policy Act (NEPA) and FERC Order No. 636. NEPA is designed to create a more competitive wholesale power supply market by creating "exempt wholesale generators" and by potentially requiring utilities owning transmission facilities to provide transmission access to wholesalers. Order No. 636 is intended to deregulate the markets for interstate sales of natural gas by requiring that pipelines provide transportation services that are equal in quality for all gas suppliers whether the customer purchases gas from the pipeline or another supplier. In the opinion of the Company, it will be able to meet successfully the challenges of these altered business climates.

Other

In November 1992 the Financial Accounting Standards Board issued Statement No. 112 "Employers' Accounting for Postemployment Benefits." The Statement, which is effective for calendar year 1994, establishes certain conditions for the recognition of costs of benefits to former employees after employment but before retirement. The Statement requires recognition of the obligation to provide postemployment benefits if such obligation is attributable to services previously rendered, the obligation relates to rights which vest, payment of the benefits is probable and the amount of such benefits can be reasonably estimated. The Company does not anticipate that application of this Statement will have a significant impact on results of operations or financial position.

RESULTS OF OPERATIONS

Earnings and Dividends

Earnings per share of common stock, the percent increase (decrease) from the previous year and the rate of return earned on common equity for the years 1991 through 1993 were as follows:

	1993	1992	1991
Earnings per share	$3.72	$2.84	$3.37
Percent increase (decrease) in earnings per share	31.0%	(15.7%)	(24.1%)
Return earned on common equity (year-end)	12.6%	10.1%	13.2%

- **1993** Earnings per share and return on common equity increased in 1993 primarily due to a higher electric sales margin and additional nonoperating income.
- **1992** Earnings per share and return on common equity in 1992 decreased primarily due to the recording of an $11.1 million (after interest and income taxes) reserve against earnings related to the August 31, 1992 retail electric rate ruling from the South Carolina Supreme Court (see Note 2F of Notes to the Consolidated Financial Statements) and increases in other operating and interest expenses.

The Company's financial statements include AFC. AFC is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction (which is shown on the balance sheet as construction work in progress) is capitalized. Both an equity and debt portion of AFC are included in nonoperating income as noncash items which have the effect of increasing reported net income. AFC represented approximately 5.8% of income before income taxes in 1993, 5.5% in 1992 and 3.9% in 1991.

In 1993 the Company's Board of Directors raised the quarterly cash dividend on common stock to 68.5 cents per share from 67 cents per share. The increase, effective with the dividend payable on April 1, 1993, raised the indicated annual dividend rate to $2.74 per share from $2.68. The Company has increased the dividend rate on its common stock in 40 of the last 41 years.

Electric Operations

• **1993** The increase in electric sales margin from 1992 to 1993 is primarily a result of increased residential and commercial KWH sales due to weather and customer growth, an increase in retail electric rates beginning in June 1993 and the recording in 1992 of a $14.6 million reserve as discussed below.

• **1992** The 1992 electric sales margin decreased from 1991 due to the recording of a $14.6 million reserve, before interest and income taxes, related to the August 31, 1992 ruling from the South Carolina Supreme Court (see Note 2F of Notes to Consolidated Financial Statements) and a $1.9 million billing-related litigation settlement included in 1991 electric operating revenues.

Warmer weather and an increase in the number of electric customers resulted in an all-time peak demand record of 3,557 MW on July 29, 1993. The previous year's record of 3,380 MW was set on July 13, 1992.

Gas Operations

• **1993** In 1993 the gas sales margin decreased from 1992 as a result of higher gas prices which reduced Pipeline Corporation's sales due to the competitiveness of alternative fuels. This reduction was partially offset by increases in higher margin residential and commercial sales and increased transportation volumes.

• **1992** The gas sales margin for 1992 increased from 1991 as a result of recoveries of $4.2 million allowed under a weather normalization adjustment which became effective the first billing cycle in December 1991; increases in residential usage due to cooler weather during 1992; and increased transportation volumes.

Other Operating Expenses

• **1993** Other operation and maintenance expenses increased for 1993 primarily due to the implementation of Financial Accounting Standards Board Statement No. 106 (see Note 1J of Notes to Consolidated Financial Statements) pursuant to the June 1993 PSC electric rate order and the amortization of environmental expenses. The depreciation and amortization increase reflects additions to plant in service. The increase in income taxes corresponds to the increase in income and reflects the increase in the corporate tax rate from 34% to 35% retroactive to January 1, 1993.

• **1992** Other operation and maintenance expenses increased for 1992 primarily due to increases in administrative and general expenses, increases in nuclear regulatory fees and nuclear and transmission systems maintenance. The increase in depreciation and amortization expense reflects additions to plant in service. Income taxes decreased primarily due to the tax impact of the rate refund (see Note 2F of Notes to Consolidated Financial Statements) and to other decreases in income. Other taxes increased primarily from higher property taxes caused by property additions and increased millage rates. In addition to the above, other taxes increased due to increases in state license fees.

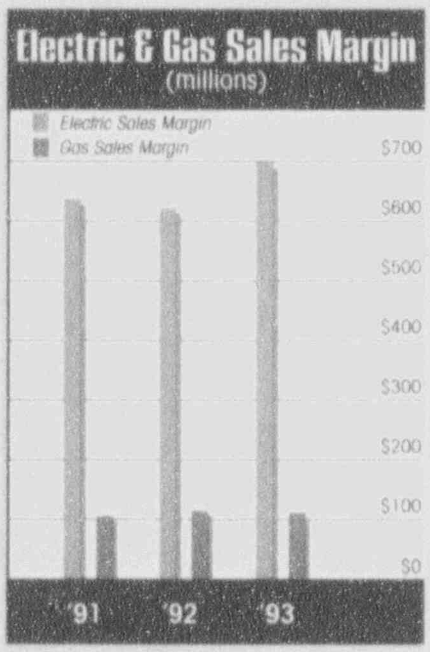
Other Income

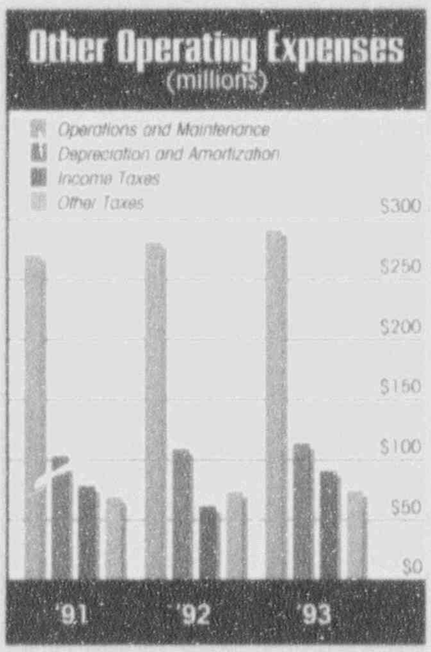
Other income, net of income taxes, increased approximately $14.7 million in 1993 primarily due to additional income from Petroleum Resources related to higher natural gas prices and additional income resulting from the acquisition of NICOR in June 1993.

Interest Expense

• **1993** Interest on long-term debt increased approximately $5.6 million in 1993 compared to 1992 due to the issuance of $72.4 million medium-term notes during the latter part of 1992 and $60 million medium-term notes in July 1993 to finance acquisitions of natural gas reserves and the issuance of $200 million of SCE&G's First Mortgage Bonds to finance utility construction. The resulting increases more than offset the interest savings resulting from the redemption of $382 million of First and Refunding Mortgage Bonds with the proceeds from the issuance of $400 million of First Mortgage Bonds by SCE&G at lower interest rates.

• **1992** Interest on long-term debt increased approximately $4.4 million in 1992 compared to 1991 due to the issuances of $145 million and $155 million of First and Refunding Mortgage Bonds on July 24, 1991 and August 29, 1991, respectively, which more than offset the decreases in interest expense resulting from the repayment of debt and lower interest rates on remaining debt.





Selected Financial Data

For the Years Ended December 31,	1993	1992	1991	1990	1989	1983
Statement of Income Data	*(Thousands of Dollars except statistics and per share amounts)*					
Operating Revenues:						
Electric	$ 940,121	$ 829,477	$ 867,215	$ 851,146	$ 841,453	$636,319
Gas	320,195	305,275	276,742	292,380	297,069	337,282
Transit	3,851	3,623	3,869	4,033	4,102	3,242
Total Operating Revenues	1,264,167	1,138,375	1,147,826	1,147,559	1,142,624	976,843
Operating Expenses:						
Fuel used in electric generation and purchased power	241,745	213,474	234,683	223,972	241,352	272,716
Gas purchased for resale	209,743	191,577	171,869	191,939	212,112	277,091
Other operation and maintenance	290,891	281,242	270,213	265,887	249,464	125,231
Depreciation and amortization	112,844	108,315	102,669	97,801	102,296	45,000
Taxes	163,633	133,987	146,032	142,003	124,216	106,932
Total Operating Expenses	1,018,856	928,595	925,466	921,602	929,440	826,970
Operating Income	245,311	209,780	222,360	225,957	213,184	149,873
Other Income	30,076	11,883	11,655	54,874	7,125	11,571
Income Before Interest Charges and Preferred Stock Dividends	275,387	221,663	234,015	280,831	220,309	161,444
Interest Charges, Net	101,189	97,600	91,458	92,317	90,421	57,506
Preferred Stock Cash Dividends of Subsidiary	6,217	6,473	6,706	6,911	7,263	17,186
Net Income	$ 167,981	$ 117,590	$ 135,851	$ 181,603	$ 122,625	$ 86,752
Percent of Operating Income (Loss) Before Income Taxes						
Electric	90%	85%	89%	89%	91%	93%
Gas	13%	18%	14%	14%	12%	10%
Transit	(3%)	(3%)	(3%)	(3%)	(3%)	(3%)
Common Stock Data						
Weighted Average Number of Common Shares Outstanding (Thousands)	45,203	41,475	40,361	40,882	40,296	37,844
Earnings Per Weighted Average Share of Common Stock	$3.72	$2.84	$3.37	$4.44	$3.04	$2.29
Dividends Declared Per Share of Common Stock	$2.74	$2.68	$2.62	$2.52	$2.46	$2.00
Common Shares Outstanding (Year-End) (Thousands)	46,619	43,911	40,784	40,882	40,296	38,728
Book Value Per Share of Common Stock (Year-End)	$28.59	$26.46	$25.23	$24.56	$22.79	$18.33

For the Years Ended December 31,	1993	1992	1991	1990	1989	1983
Balance Sheet Data		*(Thousands of Dollars except statistics and per share amounts)*				
Utility Plant, Net	$3,004,075	$2,810,279	$2,664,651	$2,549,763	$2,444,278	$2,018,942
Total Assets	$4,040,526	$3,557,721	$3,305,862	$3,144,936	$2,984,507	$2,365,777
Common Equity	$1,333,045	$1,161,896	$1,028,990	$1,003,877	$ 918,235	$ 709,908
Preferred Stock (Not Subject to Purchase or Sinking Fund Requirements)	26,027	26,027	26,027	26,027	26,027	26,262
Preferred Stock, Net (Subject to Purchase or Sinking Fund Requirements)	52,840	56,154	59,469	62,704	66,099	157,589
Long-Term Debt, Net	1,424,399	1,204,754	1,122,396	938,933	1,003,972	796,518
Total Capitalization	$2,836,311	$2,448,831	$2,236,882	$2,031,541	$2,014,333	$1,690,277
Other Statistics						
Electric:						
Customers (Year-End)	468,874	461,900	453,660	446,516	435,004	366,424
Territorial Sales (Million KWH)	16,880	15,794	15,695	15,385	14,885	12,063
Residential:						
Average annual use per customer (KWH)	14,077	13,037	13,246	13,330	12,891	12,009
Average annual rate per KWH	$.0707	$.0695	$.0700	$.0707	$.0699	$.0642
Generating Capability - Net MW (Year-End)	3,864	3,912	3,912	3,891	3,891	3,359
Territorial Peak Demand - Net MW	3,557	3,380	3,300	3,222	3,144	2,700
Gas:						
Customers (Year-End)	234,736	231,153	225,819	220,817	205,657	187,638
Sales (Thousand Therms)	717,417	761,721	694,801	711,821	714,585	671,429
Residential:						
Average annual use per customer (therms)	605	577	521	497	575	610
Average annual rate per therm	$.76	$.74	$.77	$.77	$.69	$.65
Transit:						
Number of Coaches	93	95	102	109	84	112
Revenue Passengers Carried (Thousands)	4,568	5,837	6,395	6,788	6,430	9,744

Common Stock Information

	1993				1992			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (a)								
High	52 1/4	51 7/8	48 3/8	46 1/2	43 1/8	44 3/4	41 3/4	44 3/8
Low	47 7/8	47 5/8	45	40 1/8	39 3/8	40 1/2	38 5/8	38 5/8

Dividends Per Share:

1993	Amount	Date Declared	Date Paid
First Quarter	$.685	February 16, 1993	April 1, 1993
Second Quarter	.685	April 29, 1993	July 1, 1993
Third Quarter	.685	August 25, 1993	October 1, 1993
Fourth Quarter	.685	October 19, 1993	January 1, 1994

1992	Amount	Date Declared	Date Paid
First Quarter	$ .67	February 18, 1992	April 1, 1992
Second Quarter	.67	April 22, 1992	July 1, 1992
Third Quarter	.67	August 26, 1992	October 1, 1992
Fourth Quarter	.67	October 20, 1992	January 1, 1993

	December 31,	
	1993	1992
Number of common shares outstanding	46,619,457	43,910,631
Number of common stockholders of record	41,564	42,937

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

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

SECURITIES RATINGS (As of December 31, 1993)

	SCANA CORPORATION	SOUTH CAROLINA ELECTRIC & GAS COMPANY			
Rating Agency	Medium-Term Notes	First Mortgage Bonds	First and Refunding Mortgage Bonds	Preferred Stock	Commercial Paper
Duff & Phelps	NR	A+	A+	A	NR
Moody's	A3	A1	A1	a1	P-1
Standard & Poor's	A-	A	A	A-	A-1

NR - Not Rated

Notice of Annual Meeting

SCANA Corporation's 1994 Annual Meeting of Stockholders will be held in Columbia, SC on Thursday, April 28. The meeting will begin at 10:00 a.m. in the Ballroom of the Adam's Mark Hotel (formerly the Columbia Marriott Hotel), 1200 Hampton Street. A formal notice of the meeting and a proxy statement will be mailed to all stockholders in March. Stockholders who are unable to attend the Annual Meeting should return their proxy card promptly by mail.

Mailing Address

SCANA Corporation, Columbia, SC 29218

Corporate Headquarters

1426 Main Street, Columbia, SC 29201
Phone: (803) 748-3000

Stock Exchange Listings

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

Expected 1994 Common Stock Dividend Dates

Declaration Date	Ex-Dividend Date	Dividend Record Date	Dividend Payment Date
Feb. 15	Mar. 4	Mar. 10	Apr. 1
Apr. 28	Jun. 6	Jun. 10	Jul. 1
Aug. 24	Sep. 2	Sep. 9	Oct. 1
Oct. 18	Dec. 5	Dec. 9	Jan. 1 (95)

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

Stockholder Inquiries

Stockholders with questions about stock transfer requirements, replacement of lost or stolen stock certificates, dividend payments (including replacement of lost or stolen dividend checks), direct deposit of dividends, address changes, elimination of duplicate mailings or other stock ownership matters may write the Shareholder Services Department (Mail Code 054) at the Company's mailing address, or call (800) 763-5891. Calls not received during normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday) will be recorded and handled the next business day.

Dividend Reinvestment Plan

The Plan provides stockholders and other investors with a convenient and economical method of purchasing shares of SCANA's common stock without brokerage commissions or service charges. Participants in the Plan may purchase shares through automatic reinvestment of cash dividends and/or by making optional cash payments of up to $36,000 during a calendar year. Persons not presently owning shares of the Company's common stock may join the Plan by making an initial cash investment of at least $250 but not more than $36,000. A Prospectus describing the Plan and enrollment information are available upon request.

Stock Recordkeeping and Transfer

SCANA Corporation maintains stockholder records, issues dividend checks and acts as Transfer Agent and Registrar for the Company's common stock and SCE&G's preferred stock. Stockholders may send certificates directly to the Company's Shareholder Services Department (Mail Code 054) 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.

Bondholder Inquiries

Questions concerning replacement of interest checks, tax information, transfers and other bond account information should be directed to the appropriate Bond Trustee and Paying Agent listed below. A listing of issues under each classification of SCE&G bonds is shown under the heading "Long-Term Debt" on page 17 of this report.

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

SCE&G First Mortgage Bonds:
NationsBank of Georgia, N.A.
715 Peachtree Street, NE - 6th Floor, Atlanta, GA 30308
Phone: (800) 848-8198

Auditors

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

Investor Communications

Interim reports providing summary financial statements and Company news are mailed to stockholders following the close of the first, second and third quarters. **A copy of SCANA's 1993 Annual Report on Form 10-K (as filed with the Securities and Exchange Commission) and the Statistical Supplement to the 1993 Annual Report to Stockholders are available without charge.** Inquiries concerning activities of SCANA Corporation and its subsidiaries and requests for Company publications should be addressed to the Investor Relations Department (Mail Code 054) at the Company's mailing address.

Investor Contact

H. John Winn, III
Manager - Investor Relations and Shareholder Services
Phone: (803) 748-3240, FAX: (803) 733-2887

Investors' Association

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

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

SCANA
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