

*South Carolina Electric
& Gas Company*

1982 Annual Report

Dup 83-4180387

ABOUT THE COMPANY

South Carolina Electric & Gas Company is a combination utility primarily concerned with the generation, transmission and distribution of electric power and the transmission, distribution and sale of natural gas. The Company also renders urban transportation service in the metropolitan areas of Charleston and Columbia, South Carolina.

The Company's electric operations area encompasses 25 of the state's 46 counties. Within this area the Company provides electric service to approximately 357 thousand customers in 115 incorporated towns and surrounding areas. Electricity is provided at wholesale to five cooperatives, one public power body and three municipalities for resale.

The Company's gas operations area encompasses 43 counties in which natural gas service is provided to more than 186 thousand retail customers. Natural gas is sold at wholesale to 11 resale customers who distribute natural gas at retail. The Company and its subsidiaries operate more than 1,600 miles of gas transmission lines in this area.

The Company has five wholly-owned subsidiaries: (1) Carolina Energies, Inc., a holding company with six wholly-owned subsidiaries owning over 1,000 miles of natural gas pipeline as well as propane transmission lines and storage facilities and engaged primarily in the transmission and sale of natural gas and the storage and distribution of propane in South Carolina (2) South Carolina LNG Company, Inc., organized to own and operate liquefied natural gas storage facilities (3) South Carolina Fuel Company, Inc., organized to acquire, own and provide for financing of the Company's nuclear and fossil fuel (4) Energy Subsidiary, Inc., engaged in real estate development associated with presently held properties and (5) South Carolina Electric & Gas Finance N.V., organized under the laws of the Netherlands Antilles for the primary purpose of obtaining funds outside the United States.

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FINANCIAL AND OPERATING HIGHLIGHTS

no new capacity until 1990

future Capital Mktcs 1982

how much new equity funds

1982 1981 % Increase (Decrease)
(Millions of Dollars except statistics and per share amounts)

Financial

Earnings Per Share of Common Stock	Equity 39%	\$ 2.32	\$ 2.19	5.9
Dividends Declared Per Share of Common Stock		\$ 1.92	\$ 1.82	5.5
Operating Revenues		\$ 859.0	\$ 746.3	15.1
Operating Expenses	upto 41% in two years now?	\$ 711.5	\$ 636.0	11.9
Earnings Available for Common Stock		\$ 79.8	\$ 61.6	29.5
Common Stock Outstanding:				
Average (Thousands)		34,387	28,139	22.2
Year-End (Thousands)		36,526	29,690	23.0
Construction Expenditures	Coverage 2 1/2 times	\$ 200.1	\$ 184.1	8.7
Gross Utility Plant	200	\$ 2,411.5	\$ 2,131.7	13.1
Common Stockholders' Equity	4%	\$ 667.4	\$ 545.9	22.3
Book Value Per Share of Common Stock (Year-End)		\$ 18.27	\$ 18.39	(.7)

Electric Operations

Electric Operating Revenues	5/10	\$ 596.0	\$ 555.7	6.2
Sales (Million KWH)	130	11,496	11,763	(2.3)
Customers (Year-End)		356,709	350,596	1.7
Generating Capability — Net MW (Year-End)		3,359	3,359	—
Territorial Peak Demand — Net MW		2,463	2,557	(3.7)

Gas Operations

Gas Operating Revenues		\$ 266.4	\$ 188.2	41.6
Sales (Thousand Therms)		590,257	493,305	19.7
Customers (Year-End)		186,320	169,294	10.1

Notes: (1) Includes transactions of Carolina Energies, Inc. since April 1, 1982.

(2) 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

Earnings per Common Share

(dollars)

Dividends Declared per Common Share

(dollars)

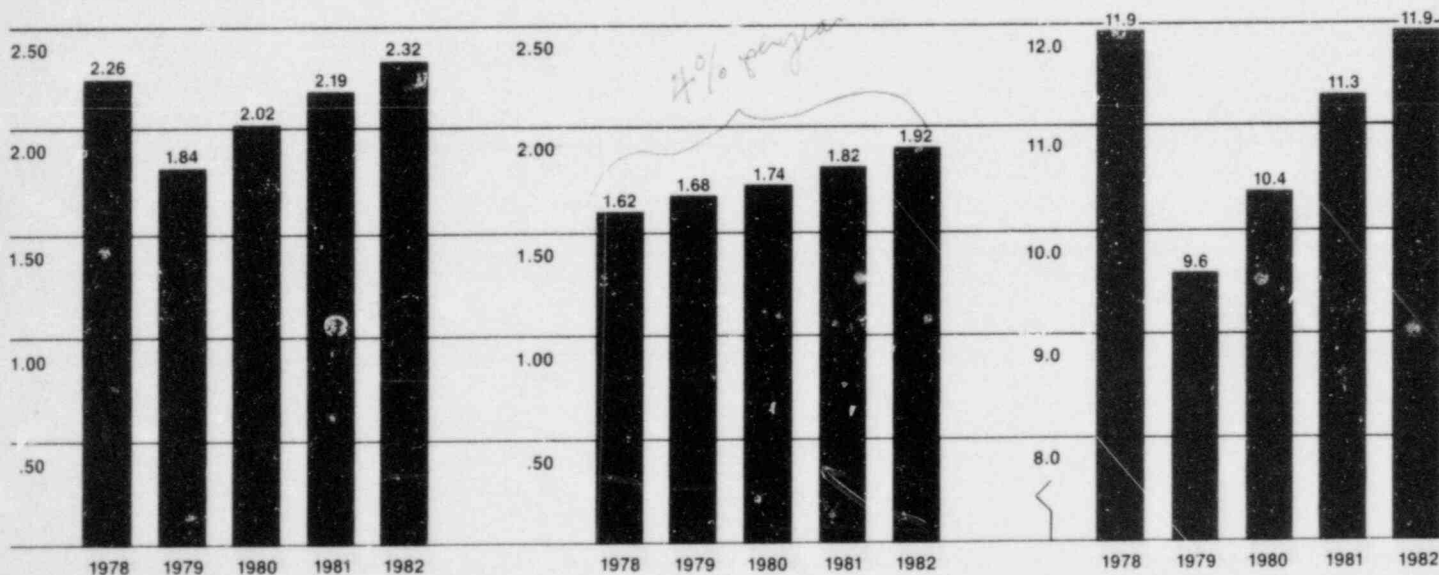
Return on Year-End Common Equity

(percent)

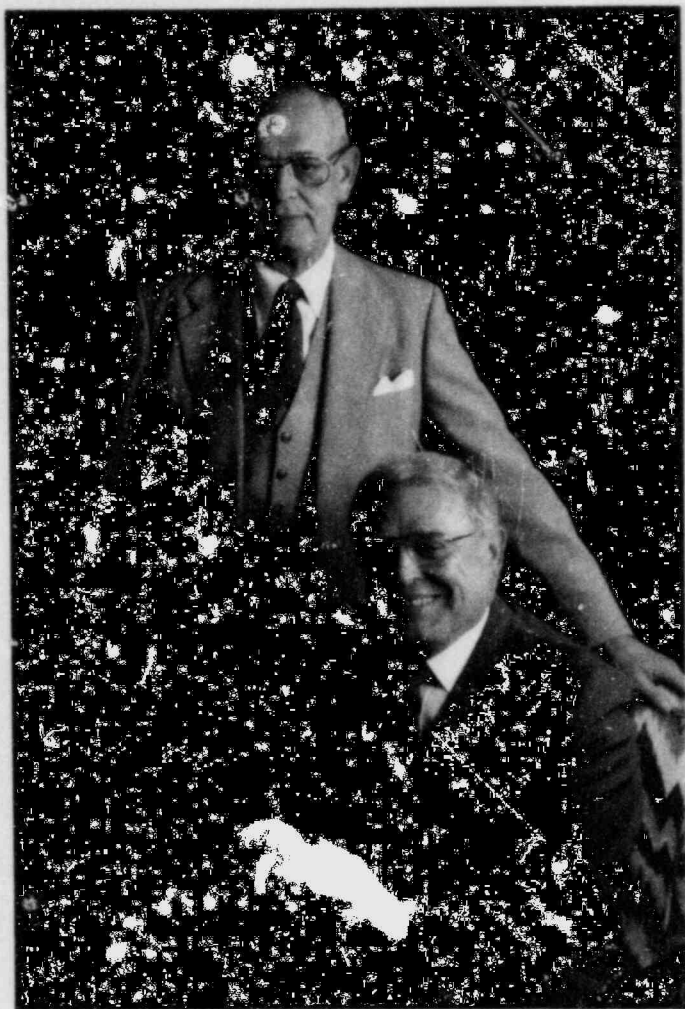
3.00

3.00

13.0



FELLOW SHAREHOLDERS:



John A. Warren and Virgil C. Summer

1982 was a year of managed transition in your Company during which a number of well-conceived plans were carried to successful conclusion.

Earnings rose to \$2.32 per common share, up from \$2.19 a share for 1981. At its January 1983 meeting the Board of Directors approved an increase in the Company's quarterly common stock dividend rate from \$.48 to \$.50 per share. This increases the indicated annual rate from \$1.92 to \$2.00 per share.

In the fall of 1982 the Company completed the V.C. Summer Nuclear Station, its largest single construction project. The Nuclear Regulatory Commission issued a full power license for the 900 megawatt generating station November 12. Summer Station is expected to be operating at full power during the summer of

1983, adding an additional 600 megawatts of capacity to the SCE&G system. The remaining 300 megawatts will go to the South Carolina Public Service Authority, which owns one-third of the station. Completing this huge project brought to a close more than 11 years of hard work. We now look forward to operating this state-of-the-art plant efficiently and safely and to producing electric energy at one-third the fuel cost of coal.

We have continued to seek reasonable pricing for our services on a timely basis. The South Carolina Public Service Commission (PSC) granted \$10.3 million, or 63% of our requested increase in natural gas rates in September 1982, approving a rate of return of 14.5% on common equity. Also the PSC approved an increase in bus fares which is expected to increase transit revenues by about \$715,000 a year.

Hearings before the PSC into the Company's request to increase electric rates began January 24, 1983 and ended in late February 1983. As a result of improvements in financial markets and a drop in property taxes because of a statewide reassessment program, the Company was able to reduce its original electric revenue request by \$15 million. The updated request, filed with the Commission on the first day of hearings, would provide an additional \$86.2 million in annual retail electric revenue and allow a return on common equity of 16.75%. The Commission has until August 1, 1983 to issue a ruling.

In August the PSC ordered that a mandatory management audit be performed on the Company by a PSC-selected outside consultant. The firm of Cresap, McCormick and Paget Inc. began the audit in January 1983 and expects to have it completed in the summer of 1983. The Company views this as an excellent opportunity to demonstrate its effectiveness in providing reliable and efficient service to the citizens of South Carolina.

We feel particularly well prepared for such an audit since the Company has worked with a management consultant for several years to increase its operating efficiency. One of the most significant improvements we have made has been the implementation of an extensive strategic planning program. It has allowed management to take an even closer look at the influence and impact such factors as the economy, financing costs, construction costs and the training and utilization of our manpower have on our operations.

In this process, strategic plans are developed to address issues that are expected to affect the Company in the future. Developing these plans draws on the talent, knowledge and experience of employees

throughout our Company. This employee involvement is one of the strongest points of our planning process. Employees' willingness to participate in changes is enhanced when they have helped formulate them.

From our strategic plans, we have developed operating plans for the immediate future. Our overall budget reflects the objectives set forth in our operating and strategic plans.

The Board approved this summer the creation of several new vice presidential positions. This realignment was made to ensure smooth management succession and to bring fresh ideas for capitalizing on the opportunities and challenges that face public utilities in today's business and economic climate. This reorganization brought talented younger men and women to positions of leadership and responsibility with the intention of preparing them to operate the Company effectively and efficiently in the future. The average age of our vice presidents is now 45 years with an average of 16 years of utility experience.

In late 1982 the Board approved the establishment of a one-time early retirement program, available to employees who met certain age and length of service requirements. This program was in keeping with our corporate plan and our desire to realign certain supervisory and management positions.

The Company is making significant progress in increasing productivity and cutting non-essential costs. Our budgeting process is guided by our operational plans and allows individual departments to develop budgets which satisfy their missions and objectives, while simultaneously reducing expenditures in many areas.

A long-range plan conceived in 1979 to improve efficiency at our Canadys generating station produced an estimated 1982 savings of some \$8.8 million. The refurbishing of pollution control equipment at Wateree Station is expected to produce an annual savings of more than \$1.1 million. Total productivity and efficiency improvements in the power production and operation departments should produce savings this year in excess of \$12.6 million.

These savings demonstrate management's response to current economic conditions and a commitment to controlling non-essential costs by increasing productivity and efficiency. This vigorous program of strategic planning and implementation of cost-saving measures benefits both ratepayers and stockholders.

To further reduce future operating costs, construction began in December to convert the Company's 580 megawatt Williams Station from an oil-fired to a

coal-fired plant. Williams Station is the largest and most efficient single fossil fuel generating unit in the Company's system. This project is scheduled for completion in June 1984 and is expected to save our customers millions of dollars in fuel costs over the life of the plant.

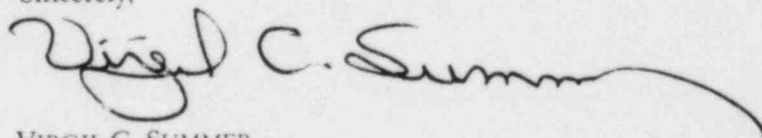
We also are completing the incorporation of facilities and management personnel at Carolina Energies, Inc. (CEI) into those of SCE&G. Acquired in April 1982, CEI is primarily a natural gas pipeline company which also operates a propane business and a retail gas system. The transmission facilities of SCE&G and CEI have been combined into one operation, resulting in improved efficiency and the elimination of some duplicate facilities. The combined systems now provide primary gas service to approximately 80% of South Carolina.

Partially as a result of the merger with CEI, we are investigating the development of a holding company and the expansion of various operating companies under it.

Following the annual meeting of stockholders in April 1982 the Board of Directors elected Virgil C. Summer chairman and chief executive officer and John A. Warren president and chief operating officer. The Board also elected the following additional directors: John A. Warren, formerly vice chairman, president and chief operating officer of Carolina Energies, Inc. in Columbia; Francis M. Hipp, chairman of The Liberty Corporation in Greenville and E. Craig Wall Jr., president of Canal Industries Inc. in Conway. These new directors had previously served as directors of Carolina Energies, Inc. The Board also named Arthur M. Williams chairman emeritus.

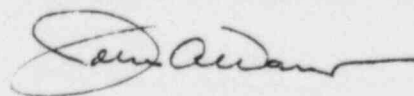
The past year has been one of exciting changes and unique opportunities that have reinforced our position as a leader in efficient energy production and management. This would not have been possible without the willing support and assistance of our employees who have consistently met the challenge of change with hard work and thought.

Sincerely,



VIRGIL C. SUMMER

Chairman of the Board and Chief Executive Officer



JOHN A. WARREN

President and Chief Operating Officer

CORPORATE AND FINANCIAL REVIEW

EARNINGS AND DIVIDENDS Earnings per share of common stock in 1982 were \$2.32, which includes 41 cents per common share from a retail electric rate increase in effect, subject to refund, at year-end. Earnings per common share in 1981 were \$2.19, after restatement to reflect the effect on earnings of an April 1982 rate order from The Public Service Commission of South Carolina (PSC). In that order, the PSC approved 76% of the Company's February 1981 request for increased retail electric rates.

Earnings available for common stock in 1982 were \$79.8 million, of which \$14.2 million was related to the pending retail electric rate request and is therefore subject to refund. Earnings available for common stock in 1982 were up 29% over the \$61.6 million earned in 1981, and provided an 11.9% return on common equity, up from 11.3% in 1981. The improvement in earnings during 1982 was due primarily to the retail electric rate increase filed in July 1982 and phased into effect, subject to refund, beginning in August 1982.

In January 1983 the Company announced a \$15 million reduction in the \$101.2 million retail electric rate increase request filed in July 1982. The reduction was made possible primarily by improved conditions in the financial markets since July 1982 which have lowered the Company's cost of capital. The Company's 1982 earnings have been adjusted to reflect effects of the reduced rate request.

The number of weighted average common shares outstanding during 1982 rose by 22%. The increase stemmed from the public sale of 2.5 million shares in March, the issuance of 2.6 million shares in April as part of the acquisition of Carolina Energies, Inc., and the issuance of 1.7 million shares during the year through employee stock purchase plans and the Company's Dividend Reinvestment and Stock Purchase Plan. At year-end 1982 the Company's common equity component of total capitalization had improved to 39% from 37% at year-end 1981. Further discussion of the Company's financial condition and operating results for 1982 begins on page 18.

Dividends declared on common stock in 1982 totaled \$1.92 per share, a 5.5% increase over 1981. All dividends paid to stockholders by the Company during 1982 represent taxable income for federal income tax purposes except as noted on page 8 under "Dividend Reinvestment Plan." In January 1983 the Company's Board of Directors declared a quarterly common stock dividend of 50 cents per share. This is a 4.2% increase over the previous quarterly dividend rate. The indicated annual dividend rate increased from \$1.92 to \$2.00 per common share. The Company's common stock dividend rate has been increased in 30 of the last 31 years. The new quarterly dividend will be payable on April 1, 1983 to common stockholders of record on March 10, 1983.

V.C. SUMMER NUCLEAR STATION On August 6, 1982 the Nuclear Regulatory Commission (NRC) issued an operating license for the V.C. Summer Nuclear Station. The license allowed the Company to load fuel into the nuclear reactor and begin low-power testing. The Company completed fuel loading one week later and on October 22 started the plant's nuclear reactor for the first time.

On November 12 the NRC issued a full-power operating license for the Summer Station authorizing the Company to increase the plant's power output to 50% of its reactor power. Generation for testing reached that level on December 12. Before the plant may exceed 50% of reactor power, Westinghouse Electric Corporation must modify the plant's three steam generators to correct a vibration problem which has caused tube failures in foreign nuclear

plants with Westinghouse steam generators of the same model as the Company's.

The NRC previously had stated that it considered this problem to be of safety significance. On the basis of recent studies made by Westinghouse, the Company, other utilities and the NRC staff, the Company believes that Westinghouse has developed a modification that will correct the vibration problem in the steam generators. Westinghouse is scheduled to begin installing the modification in March 1983. The work will take approximately three months, during which time the nuclear plant will be out of service. Upon completion of the work, the Company will resume normal testing procedures and make whatever additional tests that will be required to insure that the steam generators are functioning properly. The Company currently expects to place the Summer Station into full-power operation during the summer of 1983. However, due to the uncertainties concerning the plant's steam generators, the Company is unable to predict the exact date that Summer Station will be placed into commercial operation.

The Company built Summer Station in conjunction with the South Carolina Public Service Authority, which is responsible for one-third of the construction and operating costs and will receive one-third of the plant's output. SCE&G is the operator of the Station. Although Summer Station is not expected to begin full power operation until the summer of 1983, electricity generated as a result of testing the plant's nuclear reactor has already begun to flow to homes, businesses and industries in the Company's service area.

If commercial operation were to commence in October 1983, the estimated total completed cost of Summer Station would be approximately \$1.3 billion, or \$1,459 per kilowatt. The Company's share of the total cost would be approximately \$858 million. Any delay in commercial operation of Summer Station beyond October 1983 would result in its total cost increasing by approximately \$11.5 million per month, of which the Company's share would be approximately \$7.7 million.

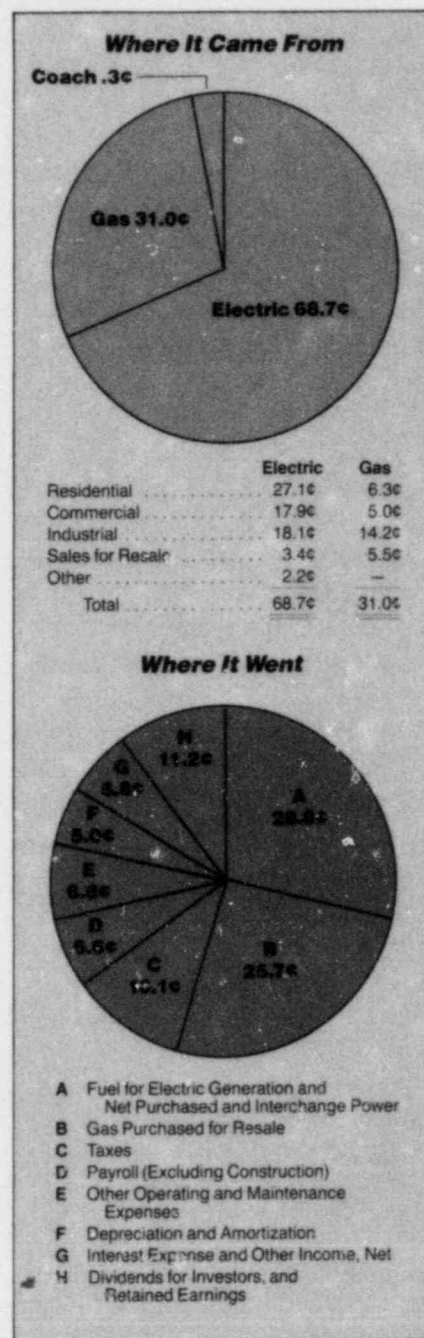
MERGER COMPLETED In April 1982 the shareholders of Carolina Energies, Inc. (CEI) approved the merger of their company into a wholly-owned subsidiary of SCE&G. This acquisition cost approximately \$69.4 million. Cash payments totaled \$26.6 million, and approximately 2.6 million shares of SCE&G common stock, valued at \$42.8 million, were issued to former CEI stockholders. The merger nearly doubled the Company's natural gas service area, which now covers 80% of South Carolina.

CEI is a holding company which owns six subsidiaries that supply natural gas, propane and energy-related services to residential, commercial and industrial customers primarily in the rural areas of northern and eastern South Carolina. The Company currently is integrating its natural gas operations to enhance productivity and its ability to serve the natural gas and propane needs of virtually the entire State of South Carolina. The financial and operating statistics in this annual report include the operations of CEI since April 1, 1982. (See Note 11, page 32.)

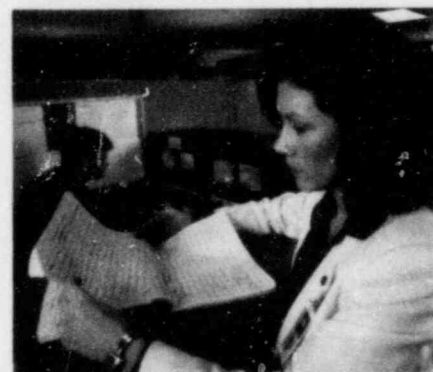
REGULATION AND RATE ACTIVITY The Public Service Commission of South Carolina (PSC) regulates the Company's retail electric rates, natural gas rates and coach fares. The PSC also sets accounting practices, approves the construction of new generating and transmission facilities, determines the boundaries of the Company's service area and approves the issuance of some securities. The Federal Energy Regulatory Commission (FERC) regulates the Company's transmission of electric energy in interstate commerce and its sales of electric energy for resale. The FERC also has jurisdiction with respect to licensed

CHART 1

SCE&G's 1982 Revenue Dollar
(cents per dollar of revenue)



Cathy B. Novinger, vice president, Corporate Affairs, at the security desk in SCE&G's computer services center.



hydroelectric projects and certain other matters, including accounting and the issuance of short-term indebtedness.

The Company's rate-making philosophy is to request rates which cover the full, reasonable costs of providing its customers with safe and reliable service, including the cost of capital. On April 1, 1982 the PSC granted the Company \$56.4 million in additional annual retail electric revenues, a 12.8% increase, which was approximately 76% of the amount requested. The PSC's order was based on a test year ended December 31, 1980 and allowed a return on common equity of 14.7%. The Company had requested a 17% return on common equity.

On April 29, 1982 the FERC approved a settlement agreement between the Company and its wholesale electric customers. The approved settlement results in an increase of approximately \$3.8 million, or 16.5%, in annual wholesale electric revenues, based on a 15.9% return on common equity.

On May 28, 1982 Carolina Natural Gas Corporation, a subsidiary of CEI, filed a \$1.1 million natural gas rate increase application with the PSC. On August 20 the PSC approved an increase of \$745,000 annually, or 66% of the amount requested, based on a 15.0% return on common equity.

On July 1, 1982 the Company filed petitions with the PSC requesting increases in retail electric rates, natural gas rates and coach fares. The \$101.2 million retail electric rate application sought an 18.2% increase in annual revenues based on a test year ended March 31, 1982. The Company requested the opportunity to earn an 18% return on its common equity. The proposed electric rates were placed in effect, subject to refund, over a three-month period beginning August 1, 1982.

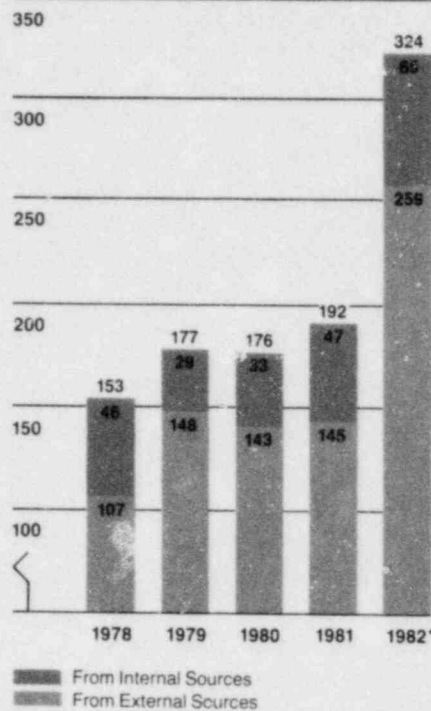
In January 1983 the Company reduced the retail electric rate increase request to \$86.2 million. That amount was based on a 16.75% return on common equity and lower property tax expense. Public hearings on this rate increase request began in January 1983 and were completed in late February. A final decision from the PSC is expected by August 1, 1983.

The natural gas rate application requested a \$16.4 million, or 14.5%, increase in annual revenues. The increase was based on a test year ended March 31, 1982 and requested a return on common equity of 18%. On September 29, 1982 the PSC granted the Company an increase of \$10.3 million. The approved increase represented approximately 63% of the Company's request and was based on a 14.5% return on common equity.

The Company requested increases in coach fares in Columbia and Charleston, South Carolina, that would produce approximately \$1.8 million in additional annual revenues. On September 29, 1982 the PSC granted less than half of the Company's request. The approved fares are expected to generate approximately \$715,000 in additional annual revenues.

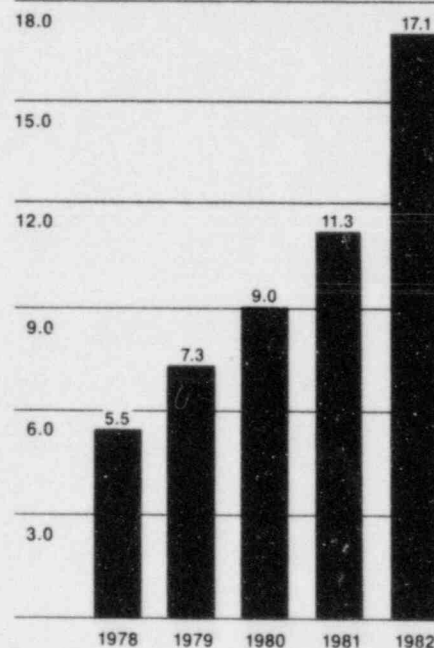
In August 1982 certain industrial customers of Carolina Pipeline Company (CPC), a subsidiary of CEI, filed a petition with the PSC seeking to obtain a tariff for firm and interruptible natural gas service presently provided to such customers on the basis of mutually negotiated contracts containing competitive fuel clauses. On December 20, 1982 the PSC denied the request for a tariff and authorized continuance of the mutually negotiated contracts containing competitive fuel clauses; however, the PSC placed a ceiling on the price for firm and interruptible natural gas service to such customers. Petitions for rehearing of the decision filed by CPC and the customers have been denied. Currently the price of competitive fuels generally is below the ceiling prices established by the order. The Company is unable to predict the impact, if any, on the results of operations of CPC or the Company.

CHART 2
**Sources of Cash Requirements
for Construction and Maturing
Securities**
(millions of dollars)



*Includes acquisition of Carolina Energies, Inc.

CHART 3
**New Equity Capital Raised
Through Dividend Reinvestment
And Stock Purchase Plan**
(millions of dollars)



CONSTRUCTION AND FINANCING PROGRAM The Company's 1982 construction cash expenditures totaled \$154 million, up 8% over 1981. The 1982 figure includes \$90 million for the V.C. Summer Nuclear Station and \$3 million in nuclear fuel purchases. The acquisition of CEI cost about \$69 million. An additional \$101 million was needed to retire maturing obligations and meet cash sinking fund requirements. This brought total 1982 cash requirements of the Company and its subsidiaries to \$324 million (see Chart 2). Total cash requirements for 1983 are estimated to be \$210 million. This includes \$181 million for construction, \$18 million for nuclear fuel purchases and \$11 million for maturing obligations and sinking fund requirements.

During 1982 \$65 million, or 20% of total cash requirements of the Company and its subsidiaries was generated internally (see Chart 2). The balance came from the sale of long- and short-term debt, preferred stock and common stock. In March the Company sold 2.5 million shares of common stock to the public at a price of \$16 per share. Net proceeds to the Company were \$38.6 million. In April the Company sold 250,000 shares of 13.88% preferred stock at a price of \$100 per share. Net proceeds to the Company from this sale were \$24.9 million. The Company raised an additional \$25 million in May through the sale of 15-5/8% first mortgage bonds. In order to obtain long-term funds at the lowest cost, the Company's Finance N.V. subsidiary sold \$60 million of 15-1/2% guaranteed notes in April in the European market. Compared to prevailing domestic interest rates at that time, the interest costs of this issue will be at least \$3.5 million less during the seven-year life of the notes. The Company also raised \$17.1 million through the sale of 1.1 million shares of common stock during the year to participants in the Dividend Reinvestment and Stock Purchase Plan (see Chart 3), and \$9.8 million from the sale of 592,000 shares of common stock through employee stock purchase plans.

Proceeds from the sale of these securities were used to repay short-term debt incurred in connection with the Company's construction program, to finance the acquisition of CEI and to refund outstanding long-term debt. Short-term capital needs were satisfied primarily through the sale of commercial paper. There was approximately \$21.8 million in commercial paper outstanding at year-end 1982.

The Company anticipates that it will generate internally approximately 65% of its 1983 total cash requirements. Current plans call for the remaining cash requirements to be obtained through obligations issued by the Company's fuel subsidiary, from the sale of common stock through the Company's Dividend Reinvestment and Stock Purchase Plan and employee stock purchase plans, and from short-term borrowings.

As of December 31, 1982 the Company had improved its capital structure to 50% long-term debt, 11% preferred stock and 39% common equity (see Chart 4). The Company's long-term goal is to increase common stock equity to 40-45% of total capitalization. Earnings coverage of fixed charges, under the SEC method, improved to 2.52 times in 1982 compared to 2.22 times in 1981 (see Chart 5). Management's long-term objective is to achieve and maintain a fixed charges coverage ratio of at least 3.50 times.

WILLIAMS STATION CONVERSION Construction began in late November 1982 to convert the Company's 580 megawatt Williams Station from oil-fired to coal-fired generation. Completed in 1973, Williams Station is the Company's newest conventional steam plant, but has been operated infrequently in recent years due to the high cost of residual fuel oil.

Contractors are converting the plant under a fixed price, turn-key contract at a cost of \$118 million. The work should be completed by June 1, 1984 but payment for the conversion is not due until the later of December 31, 1984 or final acceptance.

CHART 4
Capitalization
(percent)

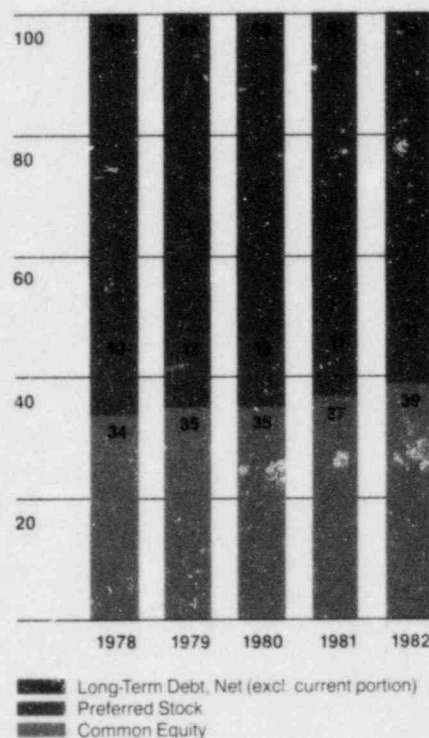
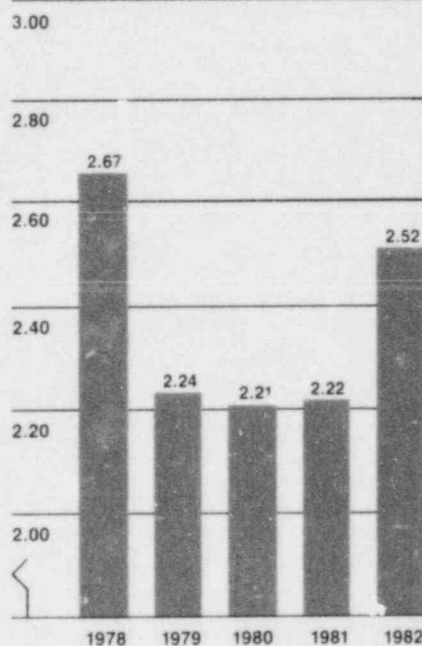


CHART 5
Earnings Coverage of Fixed Charges—SEC Method
(before income taxes)



The conversion of Williams Station from oil-fired to coal-fired operation is expected to save the Company's customers millions of dollars in fuel costs over the life of the plant. Following conversion, Williams Station can be used either as a coal-fired generating plant or an oil-fired generating plant with minor modifications. The Company will utilize the converted Williams Station as a base-load generating plant, thereby improving overall system efficiency.

NEW CORPORATE OFFICES Construction continued during 1982 on the Palmetto Center, a hotel-office-convention center complex located in downtown Columbia. The development will consist of a 13-story hotel managed by the Marriott Corporation, a 21-story office tower, a multi-story parking garage and a 3-story convention center with meeting rooms and other facilities. SCF&G will be the major tenant of the office building, which is scheduled for completion in December 1983. The new office building will allow the Company to consolidate in one location a majority of its offices which are presently scattered in 13 locations throughout the city of Columbia.

INDUSTRIAL DEVELOPMENT Despite the continuing economic recession, South Carolina had its best industrial development year during 1982. Total announced investment in new and expanded industrial facilities was \$2.4 billion, a slight increase over the previous record set in 1981. These new investments are expected to create about 11,600 new jobs. About \$1.9 billion, or 79%, of these investments will occur in the Company's electric or natural gas service area, creating about 7,100 new jobs.

The economic base in the Company's service area continues to diversify. During the decade ended in 1982, industries announced investments of more than \$12.8 billion in new and existing facilities in South Carolina. The Company's service area (excluding the area served by CEI) received about 47% of that growth. This impressive record of investment by new and existing industry reflects, among other attractive assets, the state's excellent business climate and adequate, reliable sources of electricity and natural gas for industrial growth and expansion. The Company continues to work closely with state and local development groups to bring new industry to South Carolina.

STOCKHOLDERS At December 31, 1982 there were 63,715 holders of record of the Company's common stock, a 7% increase from year-end 1981. In addition, there were several thousand shareholders who owned common stock held by banks, brokers, investment trusts or other nominees. South Carolina continues to rank first in the number of common shareholders and second (behind New York State) in the number of shares held. The Company is not aware of any stockholder who owned beneficially more than 5% of the Company's outstanding common stock as of December 31, 1982.

In 1978 a group of the Company's stockholders formed the Association of SCE&G Investors. Acting independently of the Company, the Association works to advance the interests of all SCE&G investors. For information concerning the Association's activities, write to: Association of SCE&G Investors, 63 East Bay Street, Charleston, SC 29401.

DIVIDEND REINVESTMENT PLAN The Company offers its common stockholders the opportunity to acquire additional shares of common stock through a Dividend Reinvestment and Stock Purchase Plan. Participants in the Plan may have all or a portion of their cash dividends automatically reinvested, and may make additional quarterly cash payments of up to \$10,000 to purchase



James H. Young Jr., vice president, Power Supply, and George J. Bullwinkel Jr., vice president, Customer Operations, Southern Division, at Williams Station, currently being converted from an oil-fired unit to a coal-fired generating station.



The 21-story Palmetto Center, the tallest structure in Columbia's skyline and the future corporate headquarters of SCE&G, to be completed in 1983.

stock at the market price. There are no brokerage commissions or service charges on such purchases.

Enactment of the Economic Recovery Tax Act of 1981 made the Plan more attractive to investors. Under provisions of this Act, stockholders participating in the Plan during the period 1982-1985 may elect to defer federal income taxes on up to \$750 annually (\$1,500 on a joint return) of dividend income reinvested in new shares of common stock. During 1982 participation in the Company's Plan increased to 33% of the total eligible stockholders, up from 21% at year-end 1981.

The Tax Equity and Fiscal Responsibility Act of 1982 requires the Company to withhold tax on interest and dividends paid to investors beginning July 1, 1983. Certain individuals and institutions may be exempt from the withholding provisions and be able to provide the Company with an exemption certificate. Participants in the Company's dividend reinvestment plan are exempt from the tax withholding requirement. Stockholders may wish to consult with their tax advisors regarding these new withholding provisions.

Inquiries concerning the Dividend Reinvestment and Stock Purchase Plan should be directed to South Carolina Electric & Gas Company, Stockholder Relations Department (I-56), P.O. Box 764, Columbia, SC 29218.

EMPLOYEES At year-end 1982 the Company had 3,699 full-time employees, an increase of 9.4% over 1981. Staffing of the V. C. Summer Nuclear Station and the acquisition of CEI accounted for the majority of the increase.

Approximately 1,200 employees were represented by three unions at December 31, 1982. Wage negotiations with each union were completed during 1982 in accordance with terms of the three-year contracts signed in 1980.

In an effort to restrain the growth of payroll costs, the Company instituted a hiring freeze in August 1982 that remains in effect. Except for critical staffing needs, new hires have been kept at a minimum. Justified replacements have been filled primarily through transfers within the Company.

An early retirement program was offered in December 1982 to employees meeting certain age and service requirements. Qualified employees must decide by February 28, 1983 whether or not they will retire. Approximately 6.5% of the Company's employees qualify for the program. The purpose of the program is to reduce staffing levels as a part of the Company's continued emphasis on cost reduction and control.

CUSTOMER ASSISTANCE The Customer Assistance Department set records for helping needy customers during 1982. Since 1979 approximately 32,000 low-income, elderly and handicapped customers have received some \$4.5 million in federal energy assistance funds to help pay their energy bills. Much of this assistance resulted from personal home visits and intervention by the department's representatives. The department's activities also foster a closer working relationship between the Company and federal and state agencies, the Governor's office, and community organizations dedicated to helping the needy.

During 1982 concerned Company employees established an Employee Good Neighbor Fund. This Fund enables employees to make contributions of money, food and clothing that are used to help needy citizens in the Company's service area. Membership in the Fund is voluntary and administration of the Fund is handled by a board of directors elected by the membership. At year-end 1982 more than 1,250 Company employees had participated in the Fund with combined pledges of approximately \$50,000 annually. The Fund provided such vital necessities as food, medicine, clothing and shelter to more than 150 families in emergency situations during 1982.



V. R. Coward Jr., vice president, Corporate Communications, and Robert D. Hazel, assistant vice president, Planning, at the construction site of the Palmetto Center, SCE&G's new corporate headquarters.

Patricia T. Marcotsis, vice president, Governmental and Regulatory Affairs, and William B. Timmerman, vice president, Finance, in the hearing room of the South Carolina Public Service Commission.



ELECTRIC OPERATIONS

SALES AND CUSTOMERS Sales of electricity in 1982 totaled 11.5 billion kilowatt-hours (KWH), a 2.3% decrease from 1981. Milder weather, weak economic conditions and increased customer conservation efforts contributed to the decline. Sales of electricity by customer class are shown in the following table:

Customer Class	Sales of Electricity (Millions of KWH)			Number of Customers (Year-end)		
	1982	1981	% Increase (Decrease)	1982	1981	% Increase (Decrease)
Residential	3,620	3,705	(2.3)	311,919	306,847	1.7
Commercial	2,855	2,784	2.6	41,885	40,866	2.5
Industrial	3,898	4,163	(6.4)	811	823	(1.5)
Sales for Resale	771	775	(.5)	13	13	—
Other	346	336	3.0	2,081	2,047	1.7
Total	11,490	11,763	(2.3)	356,709	350,596	1.7

At year-end 1982 the Company was serving 356,709 electric customers, a 1.7% increase over 1981 (see Chart 6). Despite a 1.7% increase in the Company's residential customer base, average annual residential usage of electricity declined by 3.9%, from 12,183 KWH in 1981 to 11,712 KWH in 1982 (see Chart 7). Current Company projections indicate that the total electric customer base will grow at an average annual rate of 1.9% over the five-year period through 1987. Total sales of electricity are projected to increase 3.7% each year during the same period.

GENERATING CAPABILITY The Company's peak generating capability at year-end 1982 was 3,359 megawatts, unchanged from 1981. Approximately 49% of that capacity is in four steam plants which burn coal, 20% in two steam plants fueled by residual fuel oil, and 23% in six hydroelectric plants. Sixteen internal combustion turbines and one combined cycle generator which burn either distillate fuel oil or natural gas provide the remaining 8%. The Company's peak generating capability will increase by 600 megawatts when the V.C. Summer Nuclear Station begins commercial operation.

In 1982 coal was used to generate about 89% of the electricity produced by the Company, hydroelectric power 8% and oil 2% (see Chart 8). In addition, electricity generated as a result of testing at the V. C. Summer Nuclear Station provided about 1% of the Company's total 1982 generating requirements. Electric generation in 1983 is projected to be provided in the following proportions: 74% coal, 18% nuclear, 7% hydroelectric and 1% oil and natural gas.

FUEL SUPPLY During 1982 the Company burned a total of 4.0 million tons of coal, a 2.3% decrease from 1981. The weighted average cost of coal burned during 1982 was \$1.95 per million BTU, a 10.2% increase over 1981. At year-end 1982 the Company had approximately a 75-day supply of coal on hand. The Company has approximately 94% of its projected 1983 coal requirements under long-term contract, and plans to purchase the remaining requirements on the spot market.

Lower generating requirements allowed the Company to burn on about 270,000 barrels of residual fuel oil during 1982, an 81% decrease from 1981. The weighted average cost of residual oil burned during 1982 was \$4.15 per million BTU, a 14% increase over 1981. Effective December 31, 1982 the Company cancelled a long-term contract for the residual oil burned at Williams Station. Based on projected generating requirements for 1983, the Company has sufficient supplies of residual oil in storage for use at Williams Station. The conversion of Williams Station to coal-fired generation will significantly

CHART 6
Total Customers—Year-End
(thousands)

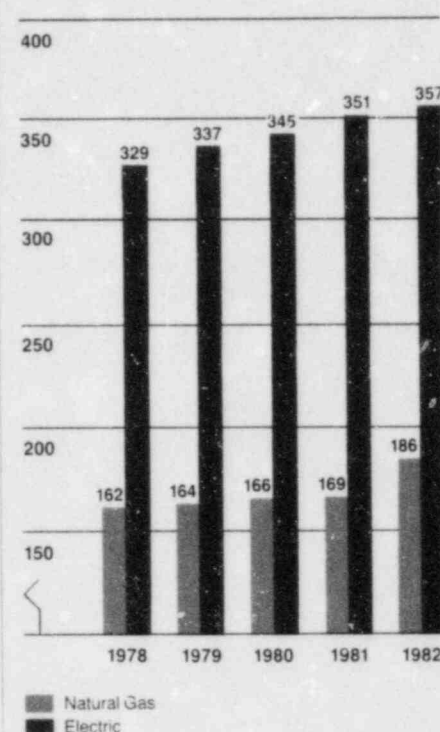
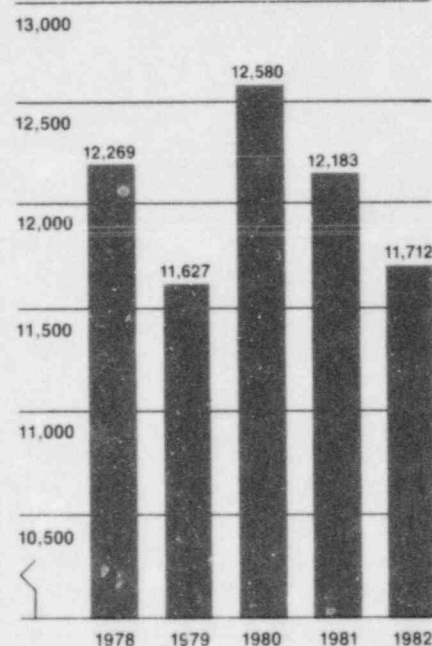
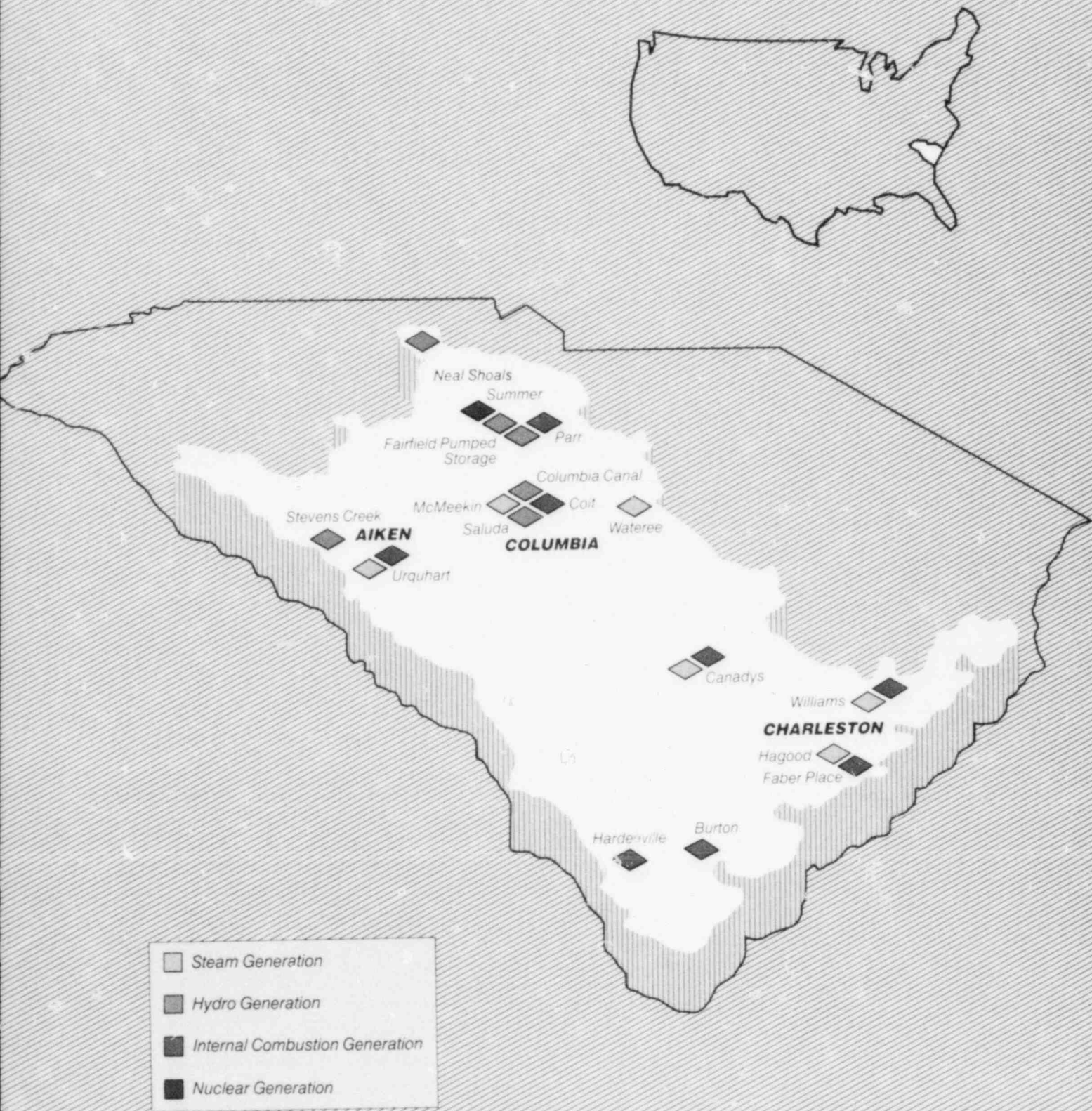


CHART 7
Average Annual Use per Residential Electric Customer
(kilowatt-hours)



ELECTRIC OPERATIONS AREA



reduce future requirements for residual oil. The Company has a separate contract for the residual oil burned at Plant Hagood.

The Company has in storage or under contract sufficient quantities of nuclear fuel and related services to operate the V.C. Summer Nuclear Station through 1989. Westinghouse Electric Corporation is supplying approximately 77% of the uranium requirements under contract. The Company does not expect to have difficulty obtaining additional nuclear fuel to meet its total requirements. Provisions have been made to store spent nuclear fuel on-site for at least ten years of operation.

In January 1983 federal legislation established guidelines and procedures for permanent away-from-reactor storage of high-level nuclear waste. This legislation includes a fee of one mill per KWH generated at nuclear plants to be paid by utilities to the Department of Energy. The fee covers, among other things, the costs of siting, licensing, and construction of a permanent waste storage site, construction of a monitored retrievable storage facility, and other activities involving the removal and transportation of spent fuel from those utilities' nuclear power stations.

PEAK DEMAND The territorial peak demand is the maximum requirement for electricity placed on the Company by its customers (excluding other utilities) for any one-hour period during the year. The 1982 peak occurred on August 25, when customer demand reached 2,463 megawatts (see Chart 9). This peak was 3.7% lower than the 1981 peak and represented the first year-to-year decline in SCE&G's summer territorial peak demand. The lack of any sustained period of hot weather during the summer and the economic recession's effect on industrial usage of electricity contributed to the decline. The territorial peak demand had grown at an average annual rate of 5.1% from 1976 to 1981.

The Company bases its plans for the construction of new electric generating facilities on the expected growth in the annual territorial peak demand. Current Company projections estimate that peak demand will grow at an average annual rate of 3.1% through 1987. The Company anticipates that no additional base load generating capacity will be needed until the early 1990's.

CONSERVATION AND LOAD MANAGEMENT The Company is vitally interested in energy conservation and load management as a means of reducing energy costs and the need for additional generating capacity. During 1982 the Company continued the Residential Conservation Service Program, which offers energy conservation assistance and advice to homeowners primarily by means of a home energy audit. These audits are conducted by specially-trained Company personnel for a nominal fee to the customer. Each audit involves a comprehensive, computer-assisted, on-site survey of the various uses of energy in the home. Recommendations are offered on ways to reduce energy usage through improved insulation, energy-efficient appliances and other conservation measures.

During 1982, 2,900 customers requested an on-site audit. The Company received requests from 6,200 additional customers for a do-it-yourself audit package. The Company expects to conduct approximately 3,000 home energy audits during 1983.

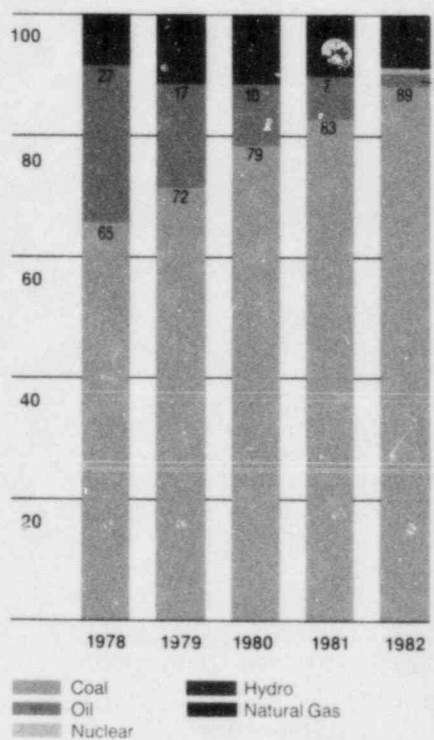
During 1982 the Company received approval from the PSC to offer two new conservation rates to its residential electric customers. The Residential Energy Conservation rate provides a discount to customers whose homes meet specific construction and insulation requirements. By year-end 1982 more than 300 customers had qualified for this rate.

A Residential Time-of-Use Rate was made available to customers in the metropolitan Columbia and Charleston areas. This rate prices electricity higher



Osmund W. Dixon, vice president, Nuclear Operations, and Thomas C. Nichols Jr., senior vice president, Power Operations, on the grounds of Summer Station near Jenkinsville.

CHART 8
Sources of Electric Generation
(percent)



during periods of peak demand and lower during off-peak periods, providing a discount to customers who are willing to change their energy use habits.

The Company also offers an interruptible rate to its large industrial electric customers. Customers on this rate agree to allow the Company to interrupt their service during peak energy-use periods. In return, they pay a reduced rate.

The Company currently has three ongoing load management studies. One analyzes the effects of increased levels of insulation in residential homes. A second study is looking at heat-recovery systems for residential water heating, while a third is investigating the benefits of direct load control at commercial establishments. The results of these studies will help shape a load management strategy that will be most beneficial to the Company and its customers.

ENVIRONMENTAL PROTECTION During 1982 the Company spent approximately \$2.0 million on pollution control facilities to minimize the impact of the Company's operations on the environment. Over the five-year period 1983-87, the Company anticipates spending some \$87 million on pollution control facilities, including \$1.9 million in 1983.

GAS OPERATIONS

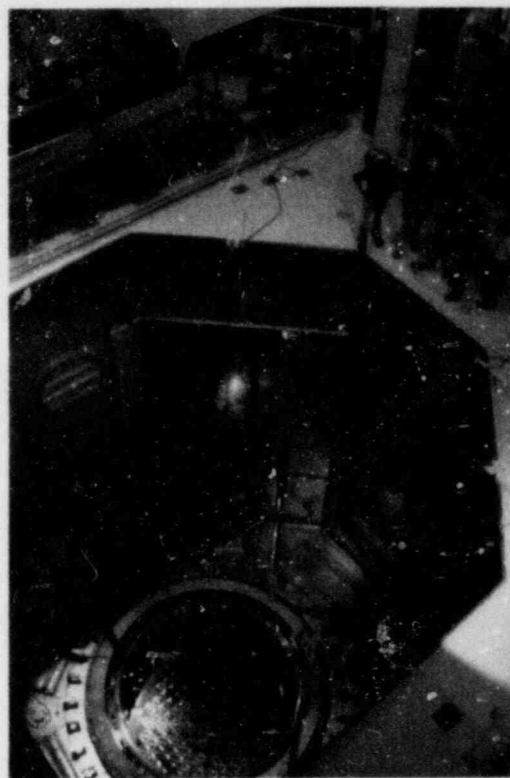
The highlight of the Company's 1982 gas operations was the acquisition in April of Carolina Energies, Inc. (CEI). CEI is a holding company which provides natural gas transmission service to resale and industrial customers in the northern half of South Carolina and distributes natural gas at retail to approximately 15,000 residential and small commercial customers primarily in the northeastern section of South Carolina. In addition, CEI is involved in propane storage and sales activities.

The process of integrating the Company's gas operations (the South system) and CEI's gas operations (the North system) is well underway. Natural gas transmission pipeline operations, gas purchasing and dispatching have been centralized. Additionally, two of the major transmission lines have been interconnected, resulting in an improvement in overall system reliability. Combining the management and technical expertise of personnel from both systems has enhanced operating efficiencies and system reliability for all of the Company's natural gas customers.

The South system primarily serves residential customers with some commercial and industrial load. The North system primarily serves wholesale and industrial customers. The combined systems have a load profile which is better balanced and therefore stronger than either had as individual systems.

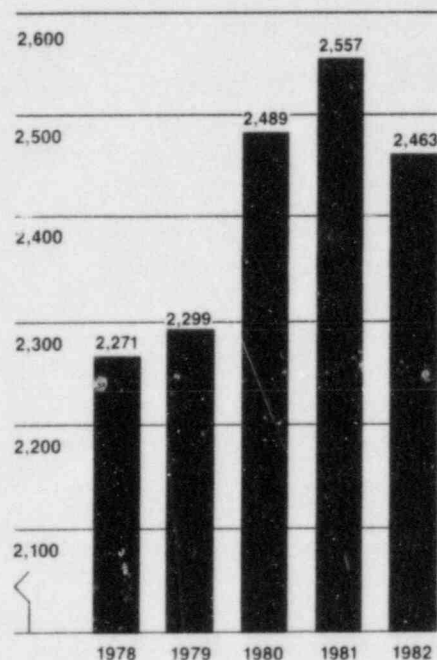
Management believes there still exists significant potential for expansion in residential, commercial and certain industrial markets in the combined service area. Current supplies of natural gas are adequate to meet existing customer demands for service and to accommodate growth. During 1983 the Company will implement a program to inform potential natural gas customers of the availability of natural gas at competitive prices. While the availability of competitively-priced alternate fuels has and may continue to adversely affect the Company's sales to low-margin, large-volume industrial boiler fuel customers, natural gas continues to be the most efficient and economical energy source for residential, commercial and certain industrial uses throughout SCE&G's service area.

SALES AND CUSTOMERS Total sales of natural gas in 1982 were 590 million therms, a 20% increase over 1981. The addition of the market served by CEI



Summer Station technicians watch as the last nuclear fuel element is lowered into the reactor vessel.

CHART 9
Electric Territorial Peak Demand
(megawatts)



accounted for the increase. Otherwise, milder weather, weak economic conditions, increased customer conservation efforts and the changeover of certain industrial customers to lower-priced alternate fuels resulted in a 17% decrease in sales on the SCE&G system during 1982. Sales by customer class are summarized in the following table:

Customer Class	Sales of Natural Gas (Thousands of Therms)				Number of Customers (Year-End)			
	Combined*		SCE&G Only		Combined*		SCE&G Only	
	1982	1982	1981	% Increase (Decrease)	1982	1982	1981	% Increase (Decrease)
Residential	95,993	92,438	102,676	(10.0)	170,321	157,714	156,447	.8
Commercial	94,146	87,963	85,946	2.3	15,440	12,696	12,501	1.6
Industrial	280,259	194,333	268,994	(27.8)	548	408	344	18.6
Sales for Resale	119,859	35,005	35,689	(1.9)	11	2	2	—
Total	590,257	409,739	493,305	(16.9)	186,320	170,820	169,294	.9

*Includes operations of Carolina Energies, Inc. since April 1, 1982.

At year-end 1982 the Company was serving a combined total of 186,320 natural gas customers (see Chart 6). The Company indirectly supplies natural gas to thousands of other residential, commercial and industrial customers through its resale customers. The average annual usage of natural gas by the Company's residential customers declined in 1982 for the fourth consecutive year (see Chart 10). Milder weather and conservation efforts were the primary factors. Total sales of natural gas are projected to grow at an average annual rate of 3.2% through 1987.

SUPPLY The Company purchases natural gas under contracts with Southern Natural Gas Company (Southern) and Transcontinental Gas Pipeline Corporation (Transco). The volume of gas which the Company is entitled to receive through these contracts is shown below:

Supplier	System	Maximum Daily Contract Demand (MCF)
Southern	South	165,000
Southern	North	45,000
Transco	North	29,300
Total		239,300

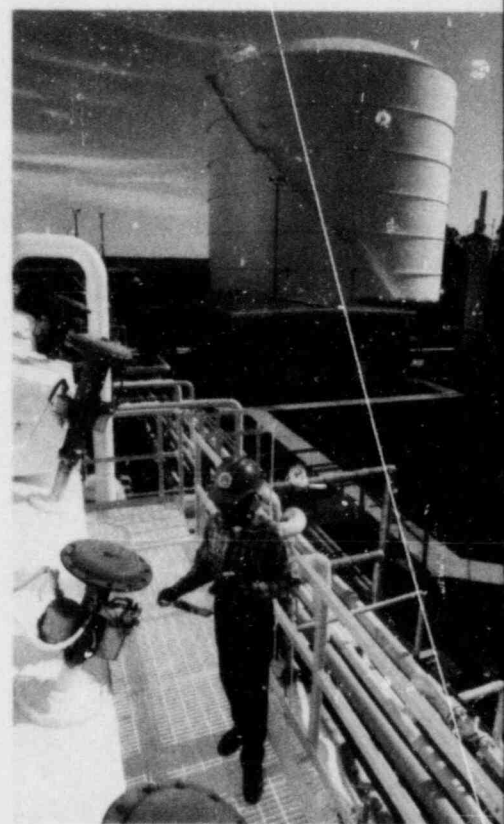
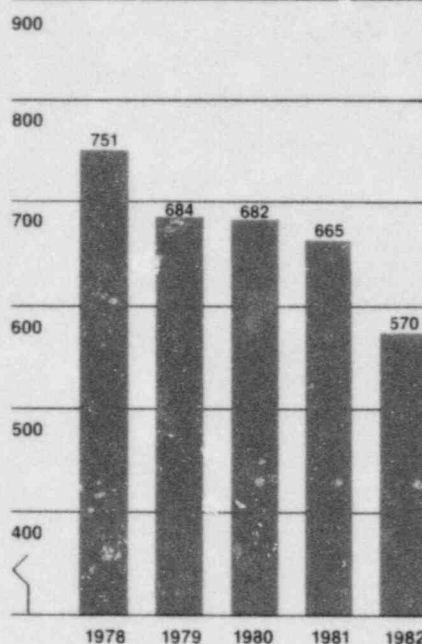
These quantities are subject to curtailment plans approved by the Federal Energy Regulatory Commission (FERC). During 1982 full contract gas volumes were available when needed. Ample supplies of natural gas are expected to be available well into the future due to increased exploration and production by natural gas producers and increased customer conservation efforts.

To meet the requirements of its high priority natural gas customers during periods of maximum demand, the Company supplements its supplies of natural gas from a liquefied natural gas (LNG) plant and from propane storage facilities as shown below:

Type	System	Maximum Daily Capability (MCF)
LNG	South	60,000
Propane	South	55,000
Propane	North	15,000
Total		130,000

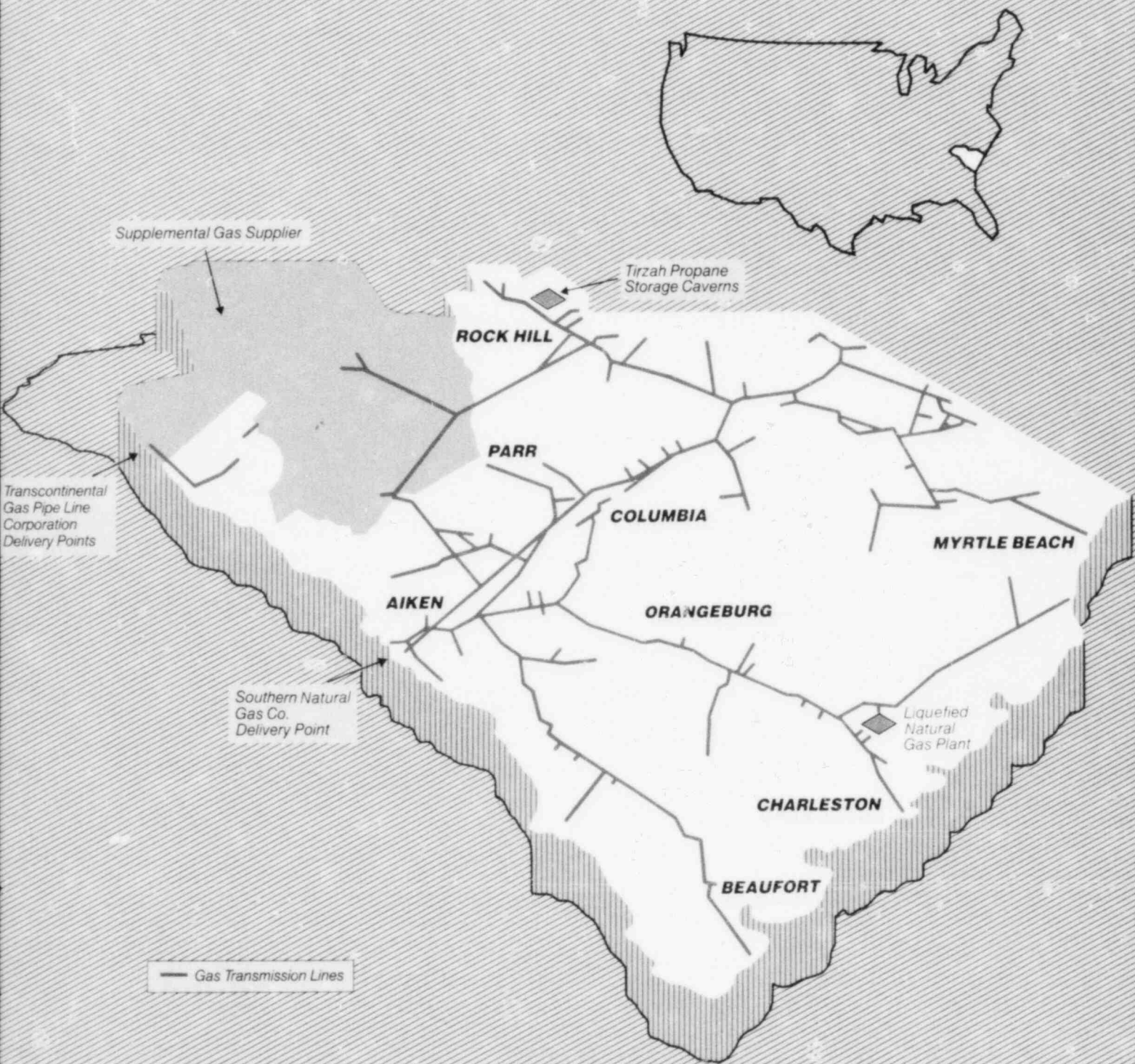
The LNG storage tanks, which are capable of storing up to 1,000,000 MCF of liquefied natural gas, are filled by liquefying natural gas from incoming pipeline supply during off-peak periods. During peak periods the plant can regasify up to 60,000 MCF per day. Propane storage facilities located throughout the Company's service area can supplement the supply of natural gas by approximately 70,000 MCF per day. The Company also has 1.3 million MCF of natural gas in storage fields.

CHART 10
**Average Annual Use per
Residential Natural Gas Customer**
(therms)



SCE&G's liquefied natural gas (LNG) plant
near Charleston.

GAS OPERATIONS AREA



The improved gas supply, together with storage and peaking facilities, should allow the Company to meet the needs of existing high priority natural gas customers without curtailment while expanding natural gas operations in the years ahead.

GAS DECONTROL The Natural Gas Policy Act of 1978 (NGPA) is gradually decontrolling the wellhead price of natural gas discovered after February 1977. On January 1, 1985 all price controls on "new" natural gas will be eliminated, but controls on "old" gas will remain. The goal of the NGPA was to promote greater exploration and development of new natural gas resources through increased price incentives. By phasing in decontrol over a period of several years, price increases were expected to occur in an orderly and gradual fashion.

Certain provisions in the contracts governing the purchase of natural gas by the Company's suppliers, together with the decontrol features of the NGPA, have put upward pressure on natural gas prices which would not otherwise be expected in the current economic environment. The FERC, which regulates pipeline suppliers' prices to the Company, recently issued an order which calls into question current pipeline purchasing arrangements and pricing practices. Congress also has reviewed the impact of the NGPA and legislation has been proposed. This matter is filled with uncertainty, and current conditions may change. Since the cost of natural gas sold is about 80% of every dollar generated by the sale of natural gas, the Company is vitally interested in this ongoing controversy and intends to protect its interests in this area.

The weighted average cost of natural gas purchased during 1982 was 36.5 cents per therm, a 22% increase from 1981 (see Chart 11). The Company anticipates that the cost of natural gas will continue to increase as a result of the phased in decontrol of gas prices under the NGPA. The Company is allowed to pass through to customers increases or decreases in the cost of gas from suppliers. The ability of the Company to pass along increases in the cost of gas to certain industrial and resale customers is limited by the existence of alternate fuel capabilities.

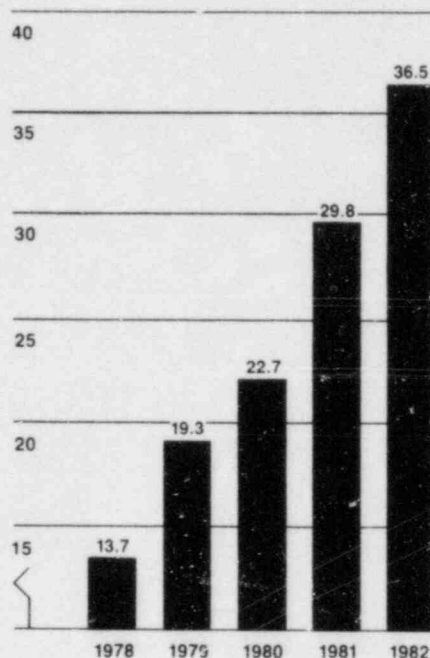
PROPANE OPERATIONS As a result of the acquisition of CEI, the Company has significantly expanded its involvement in propane operations. Three of CEI's six operating subsidiaries are involved in propane gas operations or related services. Carotane, Inc., is a retail propane operation which serves residential and small commercial customers located beyond the Company's natural gas service mains. At year-end 1982 Carotane was serving approximately 4,200 customers. The retail propane distribution business should continue to grow, creating additional opportunities for the Company to expand and improve this portion of its business.

CEI through subsidiaries owns a 50% interest in three joint ventures with Transco Companies, Inc. Two of these joint ventures own and operate an 80-million gallon underground storage facility and a 62-mile propane pipeline. Space in the cavern, which is the largest of its kind in the free world, is leased to customers for the storage of propane until needed as an alternate fuel when natural gas supplies are curtailed. Since the supply of natural gas has been adequate over the last several winter seasons, the demand for propane storage services has been reduced.



William N. Ackerman, executive vice president of Carolina Energies, Inc., and Max Earwood, president of Carolina Energies, Inc., in the gas transmission dispatching office near Columbia.

CHART 11
Cost of Natural Gas Purchased
(cents per therm - weighted average)



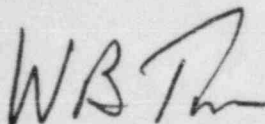
MANAGEMENT REPORT

The Management of South Carolina Electric & Gas 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 to a regulated utility. In situations that prevent exact accounting measurements, management has used informed judgments and estimates in establishing accounting and reporting practices for such items. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

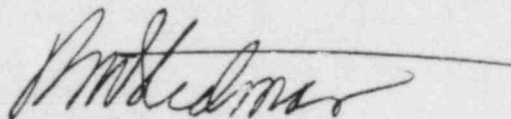
The Company maintains and relies upon a system of internal accounting controls which is designed to provide reasonable assurance that all transactions are properly recorded in the books and records and that assets are protected from unauthorized use. The degree of internal accounting control is based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

The Board of Directors, through an Audit Committee composed of non-employee directors, provides oversight for the preparation of these financial statements. The Audit Committee meets periodically with internal and independent auditors and representatives of management to review their activities and responsibilities. The internal and independent auditors have full and free access to the Committee to discuss internal accounting control, auditing and financial reporting matters.

The Company engaged Deloitte Haskins & Sells as independent auditors to report as to the fair presentation of management's Consolidated Financial Statements and their report appears on page 33 in this Annual Report. Their examination is conducted in accordance with generally accepted auditing standards and is based upon their performing procedures which include maintaining an understanding of the Company's system of internal accounting control and such tests and other auditing procedures as they believe to be necessary.



W. B. Timmerman
Vice President—Finance



R. W. Stedman
Controller

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to finance its construction program and meet its working capital requirements is dependent upon rates sufficient to provide funds from internal sources and to support the issuance of securities on reasonable terms. The Company's liquidity and its ability to obtain funds through short and long-term borrowings and equity securities is subject to certain earnings tests and market conditions.

The Company's construction expenditures aggregated approximately \$682 million for the five years ended December 31, 1982. Approximately \$402 million of these expenditures were associated with the construction of the V.C. Summer Nuclear Station (Summer Station). The Company's estimated cash requirements for its 1983 construction program, excluding Allowance for Funds Used During Construction (AFC) but including nuclear fuel purchases, are approximately \$199 million. In addition to cash required for construction, approximately \$11 million will be required during 1983 to retire maturing obligations and fulfill sinking fund requirements. The Company anticipates that approximately 65% of such cash requirements in 1983 will be obtained from internally generated funds.

The Company periodically reviews its capital requirements, conditions in the financial markets and its capitalization goals to determine the amounts, timing and types of external financings.

RESULTS OF OPERATIONS

Earnings

Earnings per share of common stock, based on the weighted average number of shares outstanding, were \$2.32 in 1982 (\$1.41 subject to refund) compared to \$2.19 in 1981 and \$2.02 in 1980. The increases in per share earnings are primarily attributable to various rate increases placed in effect during 1981 and 1982. The following table sets forth certain information with respect to significant current and previous rate cases for 1981 and 1982.

Service	Date Filed	REQUESTED		Effective Date	APPROVED	
		Amount (Millions)	% Increase Requested(1)		Amount (Millions)	% Of Request Granted(1)
Electric						
Retail	2/27/81	\$74.2	16.8%	4/1/82	\$56.4	76.0%
Wholesale	5/1/81	\$4.2	18.2%	4/29/82	\$3.8	90.0%
Retail	7/1/82	\$86.2	15.5%	Pending		
Gas						
Retail	7/1/82	\$16.4	14.5%	9/29/82	\$10.3	63.0%

(1) Based on test year used in rate case.

For additional information concerning rate matters see Note 2 of Notes to Consolidated Financial Statements.

An accounting practice in the utility industry which has had a major effect on the Company's results of operations in recent years is AFC. AFC is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction is capitalized (which is shown on the balance sheet as construction work in progress) instead of being expensed in the period of incurrence. Both the equity and the debt portion of AFC are non-cash items of non-operating income which have the effect of increasing the Company's reported net income by their full amounts. Due to the high level of construction activity in recent years (principally related to Summer Station) a substantial portion of the Company's earnings has been attributable to AFC. For the years 1982, 1981 and 1980, AFC contributed approximately 58%, 67% and 66%, respectively, of Earnings Available for Common Stock. AFC will decline significantly after the Summer Station is placed in commercial operation. This decline in AFC, as well as higher levels of depreciation expense and property taxes created by the addition of Summer Station to the Company's plant-in-service, will result in a reduction in net income until rate relief provides additional revenues to offset these factors.

Electric Sales

The percent increase (decrease) from the prior year in electric sales (KWH) by customer class was as follows:

Customer Class	Increase (Decrease) from Prior Year	
	1982	1981
Residential	(2.3)%	(1.0)%
Commercial	2.6	2.9
Industrial	(6.4)	2.2
Sales for Resale	(.5)	(19.3)
Other	3.0	2.3
Total	(2.3)	(.4)

The overall decrease in KWH sales is primarily the result of milder weather, weak economic conditions and increased customer conservation. The substantial percentage decrease in the *Sales for Resale* classification in 1981 was the result of the expiration in late 1980 of two contracts with neighboring utilities.

Electric operating revenues increased each year as follows:

Classification	Increase from Prior Year (Millions of Dollars)	
	1982	1981
Sales:		
Residential	\$16.0	\$28.7
Commercial	14.3	22.0
Industrial	.6	27.5
Sales for Resale	1.6	4.1
Other	1.5	2.7
Other Operating Revenues	.3	.2
Total	\$34.3	\$85.0

The increases in electric revenues are primarily the result of various retail and wholesale rate increases placed in effect in 1981 and 1982.

Gas Sales

The percent increase (decrease) from the prior year in gas sales (therms) by customer class was as follows:

Customer Class	Increase (Decrease) from Prior Year	
	1982	1981
Residential	(6.5)%	(.6)%
Commercial	9.5	(.3)
Industrial	4.2	(3.5)
Sales for Resale	235.9	(6.7)
Total	19.7	(2.6)

Lower unit sales of gas in 1981 were a result of milder weather, weak economic conditions, increased customer conservation, and the changeover of certain industrial customers to competing fuels. Although 1982 gas sales were adversely affected by the same factors, the overall increase in gas sales for 1982 was the result of the inclusion in the results of operations, since April 1, 1982, of the gas sales of Carolina Energies, Inc. (see Note 11 of Notes to Consolidated Financial Statements.)

Gas operating revenues increased (decreased) each year as follows:

Classification	Increase (Decrease) from Prior Year (Millions of Dollars)	
	1982	1981
Sales:		
Residential	\$ 2.6	\$ 6.5
Commercial	9.6	6.1
Industrial	29.7	16.0
Sales for Resale	36.4	1.8
Other Operating Revenues	(.1)	.1
Total	\$78.2	\$30.5

The increases in gas revenues are primarily attributable to the recovery of the increased cost of gas, which is passed along to gas customers through a purchased gas adjustment clause, increased retail gas rates placed in effect August 1, 1982 and the inclusion of natural gas sales of Carolina Energies, Inc. since April 1, 1982.

Operating Expenses

Increases or (decreases) in operating expenses, excluding taxes, from prior years are presented in the following table:

Classification	Increase (Decrease) from Prior Year (Millions of Dollars)	
	1982	1981
Fuel used in electric generation	\$(19.6)	\$29.3
Power purchased, net	16.2	3.4
Gas purchased for resale	66.0	32.9
Other operation and maintenance	13.1	14.0
Depreciation and amortization	3.7	2.9
Total	\$79.4	\$82.5

The increase in *Fuel used in electric generation* expense in 1981 was primarily the result of the increased average cost of fuel burned (\$1.98 per million BTU in 1981 versus \$1.77 in 1980). The decrease in such expense in 1982 was primarily the result of decreased generation (9.1%) as a result of reduced customer demand, the purchase of less costly off-peak power from other utilities and an 82% decrease in electric generation from No. 6 fuel oil. *Power purchased, net* expense has continued to rise as a result of the Company purchasing power, where available, at costs lower than the Company would incur through generation at its own plants. Increases in *Gas purchased for resale* expense are a reflection of the continued upward trend in the price of natural gas from the Company's suppliers and since April 1, 1982 the inclusion of the cost of natural gas of Carolina Energies, Inc. *Other operation and maintenance* expenses continue to rise as a result of higher payroll costs and related employee benefits, maintenance of generating units and the impact of inflation on the costs of materials and supplies. The increases in *Depreciation and amortization* expenses are consistent with the increased amount of plant-in-service.

Interest Charges

Interest charges, excluding the credit for allowance for borrowed funds used during construction, increased \$3.8 million in 1982 and \$16.6 million in 1981. These increases are a result of increased debt outstanding and a higher average rate of interest on such debt.

Inflation

Supplementary financial information showing the estimated effects of inflation on the Company's operations is shown on pages 36-37.

CONSOLIDATED BALANCE SHEETS

SOUTH CAROLINA ELECTRIC & GAS COMPANY
December 31, 1982 and 1981

ASSETS	1982	1981
	<i>(Thousands of Dollars)</i>	
Utility Plant (Notes 1, 3 and 4):		
Electric	\$1,237,972	\$1,195,475
Gas	210,398	150,670
Transportation (coach)	4,618	4,567
Common	19,344	16,497
Total	1,472,332	1,367,209
Less accumulated depreciation and amortization	459,417	399,505
Total	1,012,915	967,704
Construction work in progress	831,123	706,801
Nuclear fuel	68,133	57,679
Acquisition adjustment — gas (Note 11)	39,891	—
Utility Plant, Net	1,952,062	1,732,184
 Other Property and Investments:		
Nonutility property (substantially at cost)	11,264	10,548
Investments in unconsolidated subsidiaries and joint ventures (Note 1)	23,227	10,259
Other investments and special funds (at cost or less)	108	97
Total Other Property and Investments	34,599	20,904
 Current Assets:		
Cash, temporary cash investments and special deposits (Note 8)	18,553	3,235
Receivables	75,306	70,242
Inventories (at average cost):		
Fuel	73,602	83,694
Materials and supplies	7,626	7,786
Prepayments	6,846	6,299
Total Current Assets	181,933	171,256
 Deferred Debits:		
Unamortized debt expense	6,651	4,649
Funds on deposit (Note 9)	8,589	15,610
Other	10,593	14,169
Total Deferred Debits	25,833	34,428
 Total	\$2,194,427	\$1,958,772

See Notes to Consolidated Financial Statements.

CAPITALIZATION AND LIABILITIES	1982	1981
	<i>(Thousands of Dollars)</i>	
Stockholders' Investment (Excluding Preferred Stock Subject to Purchase or Sinking Funds) (Note 5):		
Common Equity:		
Common stock (Authorized 50,000,000 shares)		
Outstanding 1982 — 36,526,499 shares		
1981 — 29,690,064 shares	\$ 164,369	\$ 133,605
Premium on common stock	344,571	267,049
Other paid-in capital	4,882	4,687
Capital stock expense (debit)	(6,662)	(6,175)
Retained earnings	160,280	146,775
Total Common Equity	667,440	545,941
Preferred Stock (Not Subject to Purchase or Sinking Funds)	26,262	26,262
Total Stockholders' Investment	693,702	572,203
Preferred Stock (Subject to Purchase or Sinking Funds) (Note 6)	163,619	141,217
Long-Term Debt (Notes 3 and 4):		
Principal amounts	855,897	766,415
Less unamortized discount and premium, net	1,053	1,444
Long-Term Debt, Net	854,844	764,971
Total Capitalization	1,712,165	1,478,391
Current Liabilities:		
Short-term borrowings (Note 8)	21,966	23,248
Current portion of long-term debt	16,873	75,733
Accounts payable	58,012	71,067
Customer deposits	7,255	6,592
Taxes accrued	6,633	9,968
Interest accrued	21,164	15,914
Dividends declared	21,863	17,039
Tax collections payable	915	988
Other	1,755	1,201
Total Current Liabilities	156,436	221,750
Deferred Credits:		
Accumulated deferred investment tax credits (Note 1)	109,792	92,644
Accumulated deferred income taxes (Note 1)	183,422	140,971
Funds held in escrow (Note 9)	8,589	15,610
Other	24,023	9,406
Total Deferred Credits	325,826	258,631
Commitments and Contingencies (Notes 2 and 9)		
Total	\$2,194,427	\$1,958,772

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

CONSOLIDATED STATEMENTS OF INCOME

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
	<i>(Thousands of Dollars except per share amounts)</i>		
Operating Revenues (Notes 1 and 2):			
Electric	\$590,044	\$555,716	\$470,765
Gas	266,389	188,167	157,643
Transportation (coach)	2,603	2,429	2,338
Total Operating Revenues	859,036	746,312	630,746
Operating Expenses:			
Fuel used in electric generation	214,617	234,243	204,948
Power purchased, net	32,501	16,271	12,860
Gas purchased for resale	220,502	154,502	121,642
Other operation	76,615	68,353	58,044
Maintenance	38,724	33,895	30,226
Depreciation and amortization (Note 1)	43,406	39,691	36,822
Taxes — other than income	33,453	34,672	31,219
Taxes — income (Notes 1 and 7)	51,635	54,377	42,137
Total Operating Expenses	711,453	636,004	537,898
Operating Income	147,583	110,308	92,848
Other Income (Note 1):			
Allowance for equity funds used during construction	6,618	4,530	6,003
Income tax — credit (Note 7)	—	16,792	12,683
Other income (loss), net of income taxes	(1,388)	(227)	212
Total Other Income	5,230	21,095	18,898
Income Before Interest Charges	152,813	131,403	111,746
Interest Charges (Credits):			
Interest on long-term debt	89,949	84,232	69,518
Amortization of debt premium, discount and expense, net	671	573	605
Other interest expense	5,591	7,604	5,649
Allowance for borrowed funds used during construction (Note 1)	(39,519)	(36,889)	(27,726)
Total Interest Charges, Net	56,692	55,520	48,046
Net Income	96,121	75,883	63,700
Dividends on Preferred Stock	16,371	14,245	12,949
Earnings Available for Common Stock	\$ 79,750	\$ 61,638	\$ 50,751
Weighted Average Number of Common Shares Outstanding (Thousands)	34,387	28,139	25,148
Earnings Per Share of Common Stock	\$2.32	\$2.19	\$2.02

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
	(Thousands of Dollars)		
Working Capital Provided:			
Net income	\$ 96,121	\$ 75,883	\$ 63,700
Charges (credits) to income not requiring (providing) working capital:			
Depreciation and amortization	43,406	39,691	36,822
Deferred income taxes, net	34,021	17,697	9,274
Investment tax credit, net	15,034	19,128	13,187
Allowance for funds used during construction (AFC)	(46,137)	(41,419)	(33,729)
Other, net	5,284	1,215	500
Total from Operations	147,729	112,195	89,754
Sale of securities:			
Mortgage bonds, net of discounts and commissions	—25,000	84,388	49,563
Guaranteed notes	60,000	—	—
Preferred stock	25,000	—	20,000
Common stock	65,512	48,983	30,217
Issuance of common stock for acquisition	42,774	—	—
Issuance of secured notes — banks, net	15,000	—	30,000
Increase in:			
Nuclear fuel liability, net	11,096	12,026	1,647
Fossil fuel liability, net	3,325	3,722	21,350
Decrease in:			
Other property and investments	872	1,495	—
Other non-current funds, net	17,423	—	5,888
Total Working Capital Provided	413,641	262,809	248,419
Working Capital Applied:			
Acquisition of Carolina Energies, Inc.:			
Net assets acquired	69,339	—	—
Less: working capital provided	8,112	—	—
Remainder representing the excess of gas utility plant (\$67,430, including acquisition adjustment of \$39,891) and other assets (\$16,109) over long-term debt (\$10,546) and other liabilities (\$11,766)	61,227	—	—
Utility plant additions (excluding AFC but including nuclear fuel)	154,010	142,682	119,869
Cash dividends declared:			
Preferred stock	16,371	14,245	12,949
Common stock	66,245	51,104	44,019
Reduction of long-term debt	37,199	67,253	44,948
Retirement of preferred stock	2,598	3,432	1,715
Increase in:			
Other property and investments	—	—	844
Other non-current funds, net	—	1,012	—
Total Working Capital Applied	337,650	279,728	224,344
Increase (Decrease) in Working Capital	\$ 75,991	\$ (16,919)	\$ 24,075
Increase (Decrease) in Working Capital by Component:			
Cash, temporary cash investments and special deposits	\$ 15,318	\$ (5,240)	\$ 1,514
Receivables	5,064	11,964	(2,120)
Inventories	(10,252)	7,705	16,860
Prepayments	547	(3,683)	5,879
Short-term borrowings	1,282	18,032	(5,125)
Current portion of long-term debt	58,860	(21,867)	11,624
Accounts payable and accruals	5,172	(23,830)	(4,557)
Increase (Decrease) in Working Capital	\$ 75,991	\$ (16,919)	\$ 24,075

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

SOUTH CAROLINA ELECTRIC & GAS COMPANY
December 31, 1982 and 1981

1982 1981

(Thousands of Dollars)

Common Equity (Note 5):

Common Stock, \$4.50 par value, authorized 50,000,000 shares, issued and outstanding: 1982 — 36,526,499 shares, 1981 — 29,690,064 shares

\$164,369 \$133,605

Premium on common stock

344,571 267,049

Other paid-in capital

4,882 4,687

Capital stock expense (debit)

(6,662) (6,175)

Retained earnings

160,280 146,775

Total Common Equity

667,440 39% 545,941 37%

Preferred Stock (Not Subject to Purchase or Sinking Funds) (Cumulative)

Shares Outstanding

Redemption Price

	1982	1981	Current	Through	Eventual Minimum		
\$100 Par 8.40%	200,000	200,000	106.50	11-30-86	101.00	20,000	20,000
50 Par 5%	125,234	125,234	52.50	—	52.50	6,262	6,262

Total Preferred Stock (Not Subject to Purchase or Sinking Funds)

26,262 1% 26,262 2%

Preferred Stock (Subject to Purchase or Sinking Funds) (Cumulative) (Note 6)

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

Shares Outstanding

Redemption Price

Series	1982	1981	Current	Through	Eventual Minimum		
7.70%	126,000	126,080	103.85	6-30-87	101.00	12,600	12,608
8.12%	180,400	184,800	104.06	6-30-86	102.03	18,040	18,480
10-3/4%	174,000	187,000	110.75	10-01-85	100.00	17,400	18,700
11.08%	200,000	200,000	111.08	10-01-85	100.00	20,000	20,000
13.88%	250,000	—	113.88	7-01-87	100.00	25,000	—

\$50 Par Value — Authorized, 1982 — 1,779,586 shares;

1981 — 1,792,286 shares

Shares Outstanding

Redemption Price

Series	1982	1981	Current	Through	Eventual Minimum		
4.50%	38,400	40,000	51.00	—	51.00	1,920	2,000
4.60%	20,334	21,834	50.50	—	50.50	1,017	1,092
4.60% (A)	52,052	54,052	51.00	—	51.00	2,602	2,702
4.60% (B)	119,000	122,400	50.50	—	50.50	5,950	6,120
5.125%	85,000	86,000	51.00	—	51.00	4,250	4,300
6%	124,800	128,000	50.50	—	50.50	6,240	6,400
8%	300,000	300,000	56.00	1-31-84	50.00	15,000	15,000
8.72%	400,000	400,000	54.36	1-01-84	50.00	20,000	20,000
9.40%	272,000	276,300	52.55	10-01-85	51.175	13,600	13,815

\$25 Par Value — Authorized 2,000,000 shares

Outstanding

— — — — —

Total Preferred Stock (Subject to Purchase or Sinking Funds)

163,619 10% 141,217 9%

1982

1981

Long-Term Debt*(Thousands of Dollars)*

First and Refunding Mortgage Bonds:

Series	Year of Maturity			
7%	1982	—	50,000	
4-1/8%	1983	2,500	2,560	
9-5/8%	1984	25,000	25,000	
3-1/2%	1985	3,275	3,275	
14-3/8%	1986	15,000	15,000	
15-5/8%	1987	25,000	—	
5-1/2%	1987	6,850	6,850	
4-7/8%	1988	10,000	10,000	
10-1/2%	1990	10,800	11,400	
5%	1990	10,000	10,000	
5%	1991	8,000	8,000	
4-7/8%	1993	16,000	16,000	
5.45%	1996	15,000	15,600	
6%	1997	15,000	15,000	
6-1/2%	1998	20,000	20,000	
8%	1999	35,000	35,000	
9-1/8%	1999	15,000	15,000	
8%	2001	35,000	35,000	
7-1/4%	2002	30,000	30,000	
9-1/8%	2006	50,000	50,000	
8.40%	2006	50,000	50,000	
8-3/8%	2007	30,000	30,000	
8.90%	2008	30,000	30,000	
10-1/8%	2009	35,000	35,000	
9-7/8%	2009	50,000	50,000	
12.15%	2010	50,000	50,000	
16%	2011	70,000	70,000	
Pollution Control Facilities				
Revenue Bonds:				
4-1/2% Series, bearing interest at 70-75% of applicable prime rate until maturity in 1987		5,155	5,155	
5.95% Series, due 2003		7,500	7,500	
5% Consolidated Mortgage Gold Bonds, due 1999 (non-callable)		1,050	1,054	
Bank Notes — Secured		15,000	45,000	
First Mortgage Bonds — South Carolina LNG Company, Inc.,				
10-1/2% Series, due 1990		7,360	8,050	
South Carolina Fuel Company, Inc.:				
Nuclear fuel liability		68,364	57,358	
Fossil fuel liability		28,397	25,072	
South Carolina Electric & Gas Finance N.V.,				
15-1/2% Guaranteed Notes due 1989		60,000	—	
Carolina Energies, Inc.:				
First Mortgage Bonds:				
10% Series B, due 1985		1,050	—	
6% Series A, due 1988		4,302	—	
Term Loan, 9%, due 1985		4,699	—	
Sinking Fund Notes:				
6-1/4%, due 1983		40	—	
16%, due 1988		450	—	
Lease obligation, 5-3/4%, due 1997		300	—	
Capitalized lease obligations — vehicles		6,678	4,874	
Total		872,770	842,148	
Less:				
Current portion of long-term debt		16,873	75,733	
Unamortized discount and premium, net		1,053	1,444	
Total Long-Term Debt (Notes 3 and 4)		854,844	50%	764,971 52%
Total Capitalization		\$1,712,165	100%	\$1,478,391 100%

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

SOUTH CAROLINA ELECTRIC & GAS COMPANY
For the Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
	(Thousands of Dollars)		
Balance at Beginning of Year	\$146,775	\$136,241	\$129,509
Add — Net Income	96,121	75,883	63,700
Total	242,896	212,124	193,209
Deduct — Cash dividends declared:			
Preferred stock (at stated rates)	16,371	14,245	12,949
Common stock (at an annual per share rate of \$1.92, \$1.82 and \$1.74 for 1982, 1981 and 1980, respectively)	66,245	51,104	44,019
Total Deductions	82,616	65,349	56,968
Balance at End of Year (Note 5)	\$160,280	\$146,775	\$136,241

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. System of Accounts

The accounting records of the Company are maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and The Public Service Commission of South Carolina (PSC).

B. Principles of Consolidation

The accounts of the Company's wholly-owned subsidiaries are consolidated in the accompanying Consolidated Financial Statements except for investments in its real estate subsidiary, Energy Subsidiary, Inc., and certain investments of Carolina Energies, Inc. in joint ventures (see Note 11) which are reported using the equity method of accounting. Significant intercompany transactions have been eliminated.

C. Utility Plant

Utility plant is stated substantially at original cost. The cost 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 charged, with the cost of removal, less salvage, to accumulated depreciation. The cost of repairs, replacements and renewals of items of property determined to be less than a unit of property is charged to maintenance expense.

D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC), a non-cash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost (construction work in progress), of amounts of AFC which will ultimately be included in rate base in establishing rates for utility charges. The Company has calculated AFC using a 6.5% rate (except for nuclear fuel which is capitalized at the actual interest amount), which is less than the maximum allowable rate as calculated under FERC Order No. 561.

E. Depreciation

The Company provides for depreciation for financial reporting purposes on a straight-line basis over the estimated useful lives of utility plant. Annual rates averaged 3.16%, 3.12% and 3.02% for 1982, 1981 and 1980, respectively.

F. Income Taxes

Deferred income taxes, arising principally from the use of accelerated amortization and depreciation, are charged to income currently with corresponding credits to accumulated deferred income taxes. Deferred income taxes are credited to income in appropriate amounts when subsequent income tax liabilities are greater as a result of this practice.

Pursuant to an agreement with FERC effective January 1, 1982, the tax deductions related to interest expense arising principally from investments in construction work in progress, which previously resulted in an income tax-credit under "Other Income," are accounted for in "Taxes-income" under "Operating Expenses".

Investment tax credits on eligible property are being amortized over the useful lives of the respective assets. The Company has approximately \$5.0 million of unused 1982 investment tax credits available for carryover to future years.

The Company's Federal income tax returns have been examined by the Internal Revenue Service (IRS) through 1981 and have been closed through 1974; however, final reports have not been received for 1975-1981 returns.

G. Pension Plan

The Company has pension plans covering all employees. Total pension contributions, including amortization of unfunded prior service cost over a twenty-year period ending in the year 2000, were approximately \$7.8 million, \$6.7 million and \$5.8 million for 1982, 1981 and 1980, respectively. The Company's policy is to fund pension costs accrued.

Based on the latest actuarial valuation at January 1, 1982, the actuarial present value of accumulated plan benefits, assuming a 7% rate of return, was approximately \$68.4 million for vested benefits and approximately \$7.6 million for nonvested benefits and plan net assets available for benefits were approximately \$60.5 million.

H. Revenue Recognition

Customers' meters are read and bills are rendered on a monthly cycle basis. Base rate revenue is recorded during the accounting period when the meters are read. Revenue attributable to gas costs (to the extent collectible through adjustment clauses) is accrued and recorded in the month during which the gas is used rather than when the revenue is billed.

The Company collects projected fuel costs in electric base rates, as established by the PSC during semi-annual hearings. Any resulting over-recoveries or under-collections will be included during the next PSC hearing to consider if any adjustment is necessary in the fuel component in electric base rates. At December 31, 1982, the Company had over-recovered fuel costs of approximately \$8.4 million which are included in "Deferred Credits—Other".

I. Debt Premium, Discount and Expense

Long-term debt premium, discount and expense are being amortized over the terms of the respective debt issues.

2. RATE MATTERS:

On July 1, 1982, the Company filed an application with the PSC for an increase in retail electric rates. The original proposed electric rates would have generated approximately \$101.2 million annually in additional electric revenues (18.2%) based on the test year ended March 31, 1982. On January 24, 1983, the Company reduced its original request by approximately \$15.0 million. If approved by the PSC, the Company's revised request would generate approximately \$86.2 million annually in additional electric revenues (15.5%) based on the test year ended March 31, 1982. The 1982 Consolidated Financial Statements reflect the effect of the January 24, 1983 revised rate request. The total

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

amount collected relating to the electric rate increase is subject to refund with interest on any portion not approved by the PSC. At December 31, 1982, the amount of revenues included in 1982 operations subject to refund was approximately \$28.0 million. There can be no assurance that all or any part of the requested electric rate increase will be granted.

On April 1, 1982, the PSC granted an electric retail rate increase amounting to approximately \$56.4 million annually, or approximately 76% of the amount requested in 1981. The Company made refunds to its customers during May 1982. The accompanying Consolidated Financial Statements have been restated to reflect the effect of the refund in the proper periods as follows:

	Year Ended December 31, 1981		
	Previously Reported	Adjustment	As Adjusted
	<i>(Millions of Dollars except per share amounts)</i>		
Total electric operating revenues	\$569.1	\$(13.4)	\$555.7
Operating income (net of income tax effect)	116.9	(6.6)	110.3
Net income	82.9	(7.0)	75.9
Earnings available for common stock	68.6	(7.0)	61.6
Earnings per share of common stock	2.44	(.25)	2.19
Retained earnings	153.8	(7.0)	146.8

3. LONG-TERM DEBT:

The Company's bank note (\$15 million due March 9, 1984) is secured by a like principal amount of First and Refunding Mortgage Bonds, 14 1/2 % Series. Interest on the note is pegged to various prime rates at the option of the Company and the interest rate was 9.7% at December 31, 1982.

The 15 1/2 % Guaranteed Notes of South Carolina Electric & Gas Finance N.V. due 1989 are secured by First and Refunding Mortgage Bonds.

Substantially all utility plant and fossil fuel inventories are pledged as collateral in connection with the various issues of long-term debt. Approximately \$8.6 million of the current portion of long-term debt for 1983 may be satisfied by deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits.

The annual amounts of long-term maturities, including sinking fund requirements and amounts due under

nuclear fuel and fossil fuel agreements (see Note 4), for the calendar years 1983 through 1987 are summarized as follows:

Year	Amount	Year	Amount
	<i>(Thousands of Dollars)</i>		
1983	\$ 16,873	1986	\$104,731
1984	82,593	1987	27,201
1985	29,297		

4. FUEL FINANCINGS:

The Company has assigned to South Carolina Fuel Company, Inc. all of its rights and interests in its various contracts relating to the acquisition and ownership of nuclear fuel and fossil fuel. That subsidiary finances these investments through the issuance of short-term commercial paper supported by an irrevocable letter of credit (nuclear fuel) which expires in 1986 and an irrevocable bank line of credit (fossil fuel) which expires in 1984. Due to these arrangements which support the commercial paper borrowings, the amounts outstanding have been included in long-term debt. The agreements, as amended, provide for maximum amounts (\$70 million related to nuclear fuel and \$30 million related to fossil fuel) that may be outstanding at any time.

At December 31, 1982, the amount outstanding for nuclear fuel was approximately \$68.4 million at a weighted average interest rate of 8.94% and the amount outstanding for fossil fuel was approximately \$28.4 million at a weighted average interest rate of 8.98%.

5. STOCKHOLDERS' INVESTMENT (EXCLUDING PREFERRED STOCK — SUBJECT TO PURCHASE OR SINKING FUNDS):

Increases in "Premium on common stock" for 1982 (approximately \$77.5 million), 1981 (approximately \$33.6 million) and 1980 (approximately \$20.9 million) represent the premium on issuance of additional shares of stock as follows:

	1982	1981	1980
Common stock — public sale	2,500,000	2,000,000	1,000,000
Common stock — Carolina Energies, Inc. acquisition	2,618,400	—	—
Stock Purchase — Savings Program for Employees	398,169	312,660	248,524
Dividend Reinvestment and Stock Purchase Plan	1,126,350	845,898	651,046
Employee Stock Ownership Plan	193,516	270,249	166,824
Total Shares Issued	6,836,435	3,428,807	2,066,394

The Restated Articles of Incorporation of the Company and the indentures underlying certain bond issues contain provisions that limit the payment of cash dividends on common stock. Approximately \$116.2 million of retained earnings were not restricted as to payment of cash dividends on common stock at December 31, 1982.

The increase (decrease) in Stockholders' Investment (Excluding Preferred Stock Subject to Purchase or Sinking Funds) is summarized as follows:

	1982	1981	1980
	<i>(Thousands of Dollars)</i>		
Balance at Beginning of Year	\$572,203	\$512,420	\$475,659
Changes in Common stock:			
Stock Purchase-Savings Program for Employees	1,792	1,407	1,118
Employee Stock Ownership Plan	871	1,216	751
Dividend Reinvestment and Stock Purchase Plan	5,068	3,806	2,930
Public sale	11,250	9,000	4,500
Acquisition of Carolina Energies, Inc.	11,783	—	—
Changes in Premium on common stock:			
Stock Purchase-Savings Program for Employees	4,765	3,017	2,502
Employee Stock Ownership Plan	2,337	2,542	1,647
Dividend Reinvestment and Stock Purchase Plan	12,054	7,495	6,049
Public sale	27,375	20,500	10,720
Acquisition of Carolina Energies, Inc.	30,991	—	—
Changes in Other paid-in capital, net	195	378	150
Changes in Capital stock expense, net	(487)	(112)	(338)
Changes in Retained earnings:			
Net income	96,121	75,883	63,700
Cash dividends:			
Preferred stock (at stated rates)	(16,371)	(14,245)	(12,949)
Common stock (at an annual per share rate of \$1.92, \$1.82 and \$1.74 for 1982, 1981 and 1980, respectively)	(66,245)	(51,104)	(44,019)
Balance at End of Year	\$693,702	\$572,203	\$512,420

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, the Company 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. The Company 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 moneys 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 calendar years 1983 through 1987 are summarized as follows:

Year	Amount	Year	Amount
	<i>(Thousands of Dollars)</i>		
1983	\$3,015	1986	\$4,415
1984	3,015	1987	7,415
1985	5,815		

The increase (decrease) in "Preferred Stock (Subject to Purchase or Sinking Funds)" outstanding is summarized as follows:

	1982	
	Number of Shares	Thousands of Dollars
Issued:		
\$100 par value	250,000	\$25,000
50 par value	—	—
Redeemed:		
\$100 par value	(17,480)	(1,748)
50 par value	(17,000)	(850)
Total	215,520	\$22,402

	1981	
	Number of Shares	Thousands of Dollars
Issued:		
\$100 par value	—	\$ —
50 par value	—	—
Redeemed:		
\$100 par value	(23,320)	(2,332)
50 par value	(22,000)	(1,100)
Total	(45,320)	\$(3,432)

	1980	
	Number of Shares	Thousands of Dollars
Issued:		
\$100 par value	200,000	\$20,000
50 par value	—	—
Redeemed:		
\$100 par value	(7,400)	(740)
50 par value	(19,500)	(975)
Total	173,100	\$18,285

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INCOME TAX EXPENSE:

The Company's income taxes differ from amounts computed by applying the Federal income statutory rate of 46% to pre-tax income as follows:

	1982	1981	1980
	(Thousands of Dollars)		
Net income	\$ 96,121	\$ 75,883	\$ 63,700
Add (deduct) components of income tax expense:			
Income tax expense charged to operating expenses (income taxes and credits and investment tax credits, net)	51,635	54,377	42,137
Income tax credited to other income	—	(16,792)	(12,683)
Income tax expense charged to other income, net	1,321	902	102
Total income tax expense	52,956	38,487	29,556
Total pre-tax income	\$149,077	\$114,370	\$93,256
Income taxes on above at statutory Federal income tax rate	\$ 68,575	\$ 52,610	\$42,898
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(17,374)	(15,024)	(12,712)
Depreciation differences	1,924	1,858	1,333
Amortization of investment tax credits	(1,706)	(1,374)	(1,167)
State income taxes (less Federal income tax effect)	5,057	3,040	2,174
Taxes, pensions and other items capitalized on books	(2,437)	(2,403)	(2,175)
Other differences, net	(1,083)	(220)	(795)
Income tax expense	\$ 52,956	\$ 38,487	\$29,556
Income tax expense is composed of:			
Provision (credit) for current taxes:			
Federal	\$ 1,866	\$ (427)	\$ 4,520
State	1,655	2,089	2,575
Foreign	380	—	—
Total current taxes, net	3,901	1,662	7,095
Deferred taxes, net:			
Federal	29,316	15,324	8,497
State	4,705	2,373	777
Total deferred taxes, net	34,021	17,697	9,274
Investment tax credits:			
Amount deferred	16,740	20,502	14,354
Amortization of amounts deferred (credit)	(1,706)	(1,374)	(1,167)
Total investment tax credits	15,034	19,128	13,187
Total income tax expense	\$ 52,956	\$ 38,487	\$29,556

Provision for deferred taxes, net results from timing differences in recognition of the following items:

	1982	1981	1980
	(Thousands of Dollars)		
Accelerated depreciation and amortization	\$ 37,941	\$ 10,065	\$ 8,518
Interest on nuclear fuel	3,562	4,312	3,000
Deferred fuel revenue	(6,532)	3,580	815
Other, net	(950)	(260)	(3,059)
Total provision for deferred income taxes, net	\$ 34,021	\$ 17,697	\$ 9,274

8. SHORT-TERM BORROWINGS:

The Company maintains compensating balances of up to 10% for certain of its bank lines and pays fees in lieu of balances in connection with its other lines of credit. The lines supported by compensating balances may be reduced or withdrawn at the banks' options, with all compensating balances available for use as general operating funds. Bank loans are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1982, 1981 and 1980 and for the years then ended are as follows:

	December 31,		
	1982	1981	1980
	(Dollars in Millions)		
Lines of credit at end of year	\$130.7	\$134.2	\$89.0
Borrowings against credit line at end of year	—	—	\$ 6.0
Average bank balances during the year	\$ 3.4	\$ 4.8	\$ 3.1
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	\$ 64.8	\$ 74.0	\$74.5
Average outstanding	\$ 36.2	\$ 32.7	\$41.6
Weighted daily average interest rates:			
Bank loans	11.88%	15.44%	13.29%
Commercial paper	12.96%	16.78%	13.49%
Notes payable outstanding at end of year:			
Bank loans	—	\$.6	\$ 8.2
Weighted average interest rate	—	12.13%	18.22%
Commercial paper	\$ 21.8	\$ 22.5	\$32.2
Weighted average interest rate	9.02%	15.09%	18.98%
Other	\$.2	\$.1	\$.9
Weighted average interest rate	9.5%	9.35%	11.11%

9. COMMITMENTS AND CONTINGENCIES:

A. Construction

The Company and the South Carolina Public Service Authority (a public corporation of the State of South Carolina) are joint owners (two-thirds and one-third, respectively) of the 900 megawatt V.C. Summer Nuclear Station (Summer Station). The parties share in financing, costs of construction, costs of operation, and in energy output on this basis. The total cost of construction of the Summer Station was approximately \$1,203.5 million at December 31, 1982 and the Company's share was approximately \$800.3 million which is included in construction work in progress.

In addition to routine commitments for operating materials and supplies, the Company at December 31, 1982 had major construction commitments of approximately \$158.3 million for construction of the Summer Station, the conversion of the 580 megawatt Williams Station from oil-fired to coal-fired operation and the acquisition of nuclear fuel.

On November 12, 1982, the Nuclear Regulatory Commission issued a full power operating license for the Summer Station, which restricted generating capacity to 50% until certain modifications are made to the Westinghouse steam generators. The Summer Station reached 50% of generating capacity in December 1982. Modifications to the steam generators are scheduled to begin in March 1983 and will take approximately three months to complete. The Company presently expects to place Summer Station in commercial operation in October 1983, subject to satisfactory completion and testing of the modifications and the completion of power ascension to 100% of generating capacity.

B. Westinghouse Fuel Settlement

During 1982, the IRS determined that the cash proceeds received as a result of the settlement in 1980 of the uranium supply law-suit with Westinghouse Electric Corporation, should be treated as income for income tax purposes. The determined tax liability was paid in December 1982 from funds held on deposit.

C. Leases

Minimum lease commitments as of December 31, 1982 under all non-cancellable non-capitalized leases are not material. The present value of minimum lease commit-

ments at December 31, 1982 with respect to non-capitalized financing leases is less than five percent of the total capitalization of the Company.

D. Lease Commitment

During January 1982, the Company entered into an agreement to lease a building currently being constructed in downtown Columbia for use as its corporate headquarters. The Company has also entered into a financing agreement under which the owner could require the Company either to purchase the building, at cost, not to exceed \$50 million, or lease it, if certain conditions are not met.

10. SEGMENT OF BUSINESS INFORMATION:

Segment information at December 31, 1982, 1981 and 1980 and for the years then ended is as follows:

	1982			Total
	Electric	Gas	Transportation (coach)	
	(Thousands of Dollars)			
Operating revenues	\$ 590,044	\$266,389	\$ 2,603	\$ 859,036
Operating expenses, excluding depreciation and amortization	412,252	250,284	5,511	668,047
Depreciation and amortization	36,146	7,049	211	43,406
Total operating expenses	448,398	257,333	5,722	711,453
Operating income (loss)	\$ 141,646	\$ 9,056	\$ (3,119)	147,583
Add — Other income, net				5,230
Less — Interest charges				56,692
Net income				\$ 96,121
Capital expenditures:				
Identifiable (Includes acquisition of Carolina Energies, Inc.)	\$ 186,871	\$ 71,947	\$ 44	\$ 258,862
Utilized for overall Company operations				2,512
Total				\$ 261,374
Identifiable assets at December 31, 1982:				
Utility plant, net	\$1,763,203	\$170,631	\$ 1,458	\$1,935,292
Inventories	71,947	7,847	176	79,970
Total	\$1,835,150	\$178,478	\$ 1,634	2,015,262
Assets utilized for overall Company operations				179,165
Total assets				\$2,194,427

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

1981(a)				
	Electric	Gas	Trans- portation (coach)	Total
(Thousands of Dollars)				
Operating revenues	\$ 555,716	\$188,167	\$ 2,429	\$ 746,312
Operating expenses, excluding depreciation and amortization	413,266	177,984	5,063	596,313
Depreciation and amortization	33,889	5,593	209	39,691
Total operating expenses	447,155	183,577	5,272	636,004
Operating income (loss)	\$ 108,561	\$ 4,590	\$(2,843)	110,308
Add—Other income, net				21,095
Less—Interest charges				55,520
Net income				\$ 75,883
Capital expenditures:				
Identifiable	\$ 173,833	\$ 8,840	\$ 145	\$ 182,818
Utilized for overall Company operations				1,283
Total				\$ 184,101
Identifiable assets at December 31, 1981:				
Utility plant, net	\$1,616,249	\$ 99,327	\$ 1,598	\$1,717,174
Inventories	83,955	6,032	147	90,134
Total	\$1,700,204	\$105,359	\$ 1,745	1,807,308
Assets utilized for overall Company operations				151,464
Total assets				\$1,958,772

(a) Restated—see Note 2.

1980				
	Electric	Gas	Trans- portation (coach)	Total
(Thousands of Dollars)				
Operating revenues	\$ 470,765	\$157,643	\$ 2,338	\$ 630,746
Operating expenses, excluding depreciation and amortization	352,598	144,047	4,431	501,076
Depreciation and amortization	31,417	5,241	164	36,822
Total operating expenses	384,015	149,288	4,595	537,898
Operating income (loss)	\$ 86,750	\$ 8,355	\$(2,257)	92,848
Add—Other income, net				18,898
Less—Interest charges				48,046
Net income				\$ 63,700
Capital expenditures:				
Identifiable	\$ 143,376	\$ 6,836	\$ 699	\$ 150,911
Utilized for overall Company operations				2,687
Total				\$ 153,598
Identifiable assets at December 31, 1980:				
Utility plant, net	\$1,476,730	\$ 96,185	\$ 1,642	\$1,574,557
Inventories	76,556	5,655	111	82,322
Total	\$1,553,286	\$101,840	\$ 1,753	1,656,879
Assets utilized for overall Company operations				145,513
Total assets				\$1,802,392

11. ACQUISITION OF CAROLINA ENERGIES, INC.:

In April 1982, a wholly-owned subsidiary of the Company acquired all the stock of Carolina Energies, Inc. (CEI). The stockholders of CEI received approximately \$26.6 million in cash and 2,618,400 shares of the Company's common stock with a market value of approximately \$42.8 million. CEI is a holding company engaged through its six wholly-owned subsidiaries in the purchase, transmission and distribution of natural gas at wholesale and retail, retail distribution of propane and other related activities including oil and gas exploration through joint ventures.

The acquisition has been accounted for under the purchase method of accounting and the accompanying Consolidated Statements of Income include the results of CEI's operations from date of acquisition.

The acquisition adjustment (approximately \$39.9 million), included in Gas Utility Plant at December 31, 1982, is expected to be amortized over a forty-year period using the straight-line method.

Had the acquisition of CEI been consummated as of the beginning of each of the years shown below, pro-forma operating results, excluding amortization of the acquisition adjustment, would have been as follows:

	1982	1981
(Thousands of Dollars except per share amounts)		
Operating revenues	\$900,978	\$876,801
Operating income	149,073	117,872
Other income, net	7,016	21,226
Income before interest charges	156,089	139,098
Net income	97,292	82,426
Preferred dividends	16,371	14,245
Earnings available for common stock	\$ 80,921	\$ 68,181
Weighted average number of common shares outstanding (000)	35,194	30,758
Earnings per share of common stock	\$2.30	\$2.22

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following data have not been audited, but in the opinion of the Company, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of such amounts. Amounts for the second, third and fourth quarters of 1981 have been restated to reflect the effect of an electric retail rate refund. (see Note 2.)

	1982				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total operating revenues (000)	\$200,171	\$197,256	\$232,385	\$229,224	\$859,036
Operating income (000)	35,696	28,832	44,474	38,581	147,583
Net income (000)	22,933	16,062	30,783	26,343	96,121
Earnings available for common stock (000)	19,425	11,898	26,416	22,011	79,750
Earnings per share of common stock	.64	.34	.74	.60	2.32

	1981				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Total operating revenues (000)	\$176,961	\$173,512	\$217,831	\$178,008	\$746,312
Operating income (000)	25,069	26,466	38,085	20,688	110,308
Net income (000)	16,367	16,984	30,580	11,952	75,883
Earnings available for common stock (000)	12,784	13,416	27,015	8,423	61,638
Earnings per share of common stock	.48	.49	.93	.28	2.19

13. ACCOUNTING FOR CHANGING PRICES (UNAUDITED):

In compliance with Financial Accounting Standards Board Statement No. 33, "Financial Reporting and Changing Prices", the Company has prepared certain supplementary financial statement data in constant and current dollars (as defined). See pages 36 and 37 for constant and current dollar supplementary financial statement data.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

South Carolina Electric & Gas Company:

We have examined the Consolidated Balance Sheets and Consolidated Statements of Capitalization of South Carolina Electric & Gas Company and consolidated subsidiaries ("Companies") as of December 31, 1982 and 1981 and the related Consolidated Statements of Income, Retained Earnings and Changes in Financial Position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Note 2 to the Consolidated Financial Statements, 1982 electric revenues include amounts which are subject to refund pending the outcome of a rate hearing before the South Carolina Public Service Commission.

In our report dated February 8, 1982, our opinion on the 1981 Consolidated Financial Statements was qualified as being subject to the effects, if any, of final determination of a request for electric rate increases filed with the South Carolina Public Service Commission. As explained in Note 2 to the Consolidated

Financial Statements, that matter has now been resolved and the 1981 Consolidated Financial Statements have been restated. Accordingly, our present opinion on the 1981 Consolidated Financial Statements, as expressed herein, is different from that expressed in our previous report.

In our opinion, subject to the effects, if any, on the 1982 Consolidated Financial Statements of final determination of the matter referred to in the second preceding paragraph, such Consolidated Financial Statements present fairly the financial position of the Companies at December 31, 1982 and 1981 and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

DELOITTE HASKINS & SELLS
Columbia, South Carolina
February 7, 1983

SELECTED FINANCIAL DATA

SOUTH CAROLINA ELECTRIC & GAS COMPANY

	1982	1981	1980	1979	1978	1977	1972
Statement of Income Data (Thousands of Dollars Except Statistics and Per Share Amounts)							
Operating Revenues:							
Electric	\$590,044	\$555,716	\$470,765	\$401,281	\$382,370	\$344,964	\$143,190
Gas	266,389	188,167	157,643	138,386	101,804	78,405	35,240
Transportation (coach)	2,603	2,429	2,338	2,146	1,927	2,023	1,953
Total Operating Revenues	859,036	746,312	630,746	541,813	486,101	425,392	180,383
Operating Expenses:							
Fuel used in electric generation	214,617	234,243	204,948	185,624	184,047	155,132	45,440
Gas purchased for resale	220,502	154,502	121,642	110,702	73,455	51,321	19,042
Other operation and maintenance	147,840	118,519	101,130	67,963	55,352	50,144	34,570
Depreciation and amortization	43,406	39,691	36,822	35,444	32,643	30,339	18,197
Taxes	85,088	89,049	73,356	62,008	65,853	66,684	23,317
Total Operating Expenses	711,453	636,004	537,898	461,741	411,350	353,620	140,566
Operating Income	147,583	110,308	92,848	80,072	74,751	71,772	39,817
Other Income:							
Allowance for funds used during construction:							
Borrowed and equity	—	—	—	—	—	—	6,230
Equity	6,618	4,530	6,003	16,608	18,340	16,610	—
Other	(1,388)	16,565	12,895	10,548	10,935	8,956	2,197
Total Other Income	5,230	21,095	18,898	26,956	29,275	25,566	8,427
Income Before Interest Charges	152,813	131,403	111,746	107,028	104,026	97,338	48,244
Interest Charges (Credits):							
Interest	96,211	92,409	75,772	64,263	54,527	46,881	21,461
Allowance for borrowed funds used during construction	(39,519)	(36,889)	(27,726)	(12,916)	(10,848)	(7,878)	—
Total Interest Charges, Net	56,692	55,520	48,046	51,347	43,679	39,003	21,461
Net Income	96,121	75,883	63,700	55,681	60,347	58,335	26,783
Dividends on Preferred Stock	16,371	14,245	12,949	12,315	10,600	10,653	5,682
Earnings Available for Common Stock	\$ 79,750	\$ 61,638	\$ 50,751	\$ 43,366	\$ 49,747	\$ 47,682	\$ 21,101
Weighted Average Number of Common Shares Outstanding (Thousands)	34,387	28,139	25,148	23,540	22,029	19,833	10,669
Earnings Per Share of Common Stock	\$2.32	\$2.19	\$2.02	\$1.84	\$2.26	\$2.40	\$1.98
Dividends Declared Per Share of Common Stock	\$1.92	\$1.82	\$1.74	\$1.68	\$1.62	\$1.56	\$1.38
Percent of Operating Income (Loss) Before Income Taxes:							
Electric	98	101	95	97	94	94	88
Gas	5	2	8	6	9	8	14
Transportation (coach)	(3)	(3)	(3)	(3)	(3)	(2)	(2)

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

	1982	1981	1980	1979	1978	1977	1972
Balance Sheet Data (Thousands of Dollars Except Statistics and Per Share Amounts)							
Gross Utility Plant	\$2,411,479	\$2,131,689	\$1,952,309	\$1,804,289	\$1,661,880	\$1,489,111	\$812,098
Total Assets	\$2,194,427	\$1,958,772	\$1,802,392	\$1,650,395	\$1,522,707	\$1,361,222	\$711,667
Capitalization:							
Common equity	\$ 667,440	\$ 545,941	\$ 486,158	\$ 449,397	\$ 417,471	\$ 366,813	\$201,827
Preferred stock:							
Not subject to purchase or sinking funds	26,262	26,262	26,262	26,262	26,262	26,262	6,262
Subject to purchase or sinking funds	163,619	141,217	144,649	126,364	128,019	109,794	82,329
Long-term debt (excludes current portion)	854,844	764,971	731,007	672,958	641,457	585,307	313,441
Total Capitalization	\$1,712,165	\$1,478,391	\$1,388,076	\$1,274,981	\$1,213,209	\$1,088,176	\$603,859
Common Shares Outstanding (Year-End) (Thousands)	36,526	29,690	26,261	24,195	22,440	20,359	11,679
Book Value Per Share of Common Stock (Year-End)	\$18.27	\$18.39	\$18.51	\$18.57	\$18.60	\$18.02	\$17.28
Other Statistics							
Electric:							
Customers (Year-End)	356,709	350,596	344,588	336,700	328,797	320,476	278,610
Sales (Million KWH)	11,490	11,763	11,809	11,252	11,621	11,155	9,845
Residential:							
Average annual use per customer (KWH)	11,712	12,183	12,580	11,627	12,269	12,146	10,324
Average annual rate per KWH	\$.0656	\$.0577	\$.0499	\$.0464	\$.0437	\$.0412	\$.0221
Generating Capability — Net MW (Year-End)	3,359	3,359	3,359	3,359	3,364	2,852	2,456
Territorial Peak Demand — Net MW	2,463	2,557	2,489	2,299	2,271	2,216	1,646
Gas:							
Customers (Year-End)	186,320	169,294	166,470	164,277	162,412	161,850	147,546
Sales (Thousand Therms)	590,257	493,305	506,528	545,387	501,273	468,786	433,933
Residential:							
Average annual use per customer (therms)	570	663	682	684	751	734	714
Average annual rate per therm	\$.56	\$.49	\$.44	\$.34	\$.31	\$.26	\$.16
Transportation (coach):							
Number of Coaches	104	104	102	96	96	96	102
Revenue Passengers Carried (Thousands)	10,720	10,820	10,357	9,548	8,658	8,971	9,044

Note: 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

SUPPLEMENTARY FINANCIAL STATEMENTS ADJUSTED FOR CHANGING PRICES (UNAUDITED)

Financial statements prepared in accordance with generally accepted accounting principles have traditionally provided a quantifiable basis for assessing financial results. Because these reports reflect dollars of varying purchasing power, the traditional financial statements are not designed to furnish data necessary to evaluate inflation's impact. The following constant dollar and current cost supplementary financial statement data are presented in an attempt to provide certain information regarding the estimated effect of inflation on the Company's operations. The constant dollar presentation indicates the estimated effect of the general rate of inflation on the Company.

The current cost amounts reflect changes in specific prices of the Company's property, plant and equipment. The data presented were developed in accordance with the partial restatement provisions of Financial Accounting Standards Board Statement No. 33, and are not intended to adjust actual reported earnings nor do they provide a basis for income tax reporting or rate-making.

See the accompanying Notes to Supplementary Financial Statements for additional information.

SUMMARY STATEMENT OF INCOME ADJUSTED FOR CHANGING PRICES

For the Year Ended December 31, 1982

	Historical Cost As Reported	Constant Dollar In Average 1982 Dollars	Current In Average 1982 Dollars
		<i>(Thousands of Dollars)</i>	
Operating Revenues	\$859,036	\$859,036	\$ 859,036
Expenses:			
Fuel used in electric generation	214,617	214,617	214,617
Gas purchased for resale	220,502	220,502	220,502
Depreciation and amortization (a)	43,406	101,902	110,127
Other operation and maintenance	181,293	181,293	181,293
Income taxes	51,635	51,635	51,635
Interest charges	56,692	56,692	56,692
Other income, net (a)	(5,230)	(5,474)	(5,442)
Total expenses, net	762,915	821,167	829,424
Net Income	\$ 96,121	\$ 37,869(b)	\$ 29,612
Inflation adjustments:			
Reduction of plant to lower recoverable value		\$ (31,923)	\$ (109,154)
Unrealized gain resulting from decrease in purchasing power of net monetary liabilities		75,051	75,051
Increase in current cost of property, plant and equipment (c)			\$ 87,636
Effect of increase in general price level			171,533
Increase in general prices over specific prices			83,897
Inflation adjustments, net		43,128	49,704
Net income after inflation adjustments		\$ 80,997	\$ 79,406

(a) As permitted in Financial Accounting Standards Board Statement No. 33, items in the summary statement of income, other than depreciation expense, were not adjusted.

(b) Including the reduction to net recoverable cost, net income on a constant dollar basis would have been \$5,946 for 1982.

(c) At December 31, 1982, the current cost of net utility plant was \$3,957,225 while net historical cost or net cost recoverable through depreciation was \$1,952,062.

**FIVE YEAR COMPARISON OF SELECTED SUPPLEMENTARY FINANCIAL DATA
ADJUSTED FOR EFFECTS OF CHANGING PRICES (AVERAGE 1982 DOLLARS)**

	Years Ended December 31,				
	1982(b)	1981(b)	1980	1979	1978
	<i>(Thousands Except Per Share Amounts and Consumer Price Index)</i>				
Net income					
(excluding net inflation adjustments, other than depreciation):					
As Reported	\$ 96,121	\$ 75,883	\$ 63,700	\$ 55,681	
Constant Dollars	37,869	25,802	26,027	30,365	
Current Cost	29,612	15,803	15,232	15,972	
Income per share of common stock					
(after dividend requirements on preferred stock and excluding net inflation adjustments other than depreciation):					
As Reported	\$ 2.32	\$ 2.19	\$ 2.02	\$ 1.84	
Constant Dollars	.63	.41	.44	.59	
Current Cost	.39	.06	.002	(.01)	
General Information					
Operating revenues:					
As Reported	\$859,036	\$746,312	\$630,746	\$541,813	\$486,101
Constant Dollars	859,036	791,837	738,821	720,328	719,142
Unrealized gain resulting from decrease in purchasing power of net monetary liabilities	75,051	101,802	144,675	160,190	
Net assets at year-end at net recoverable cost (a)	686,072	594,852	573,211	593,757	
Increase in general price level over specific prices	83,897	113,434	(14,623)	(95,278)	
Cash dividends declared per share of common stock:					
As Reported	1.92	1.82	1.74	1.68	1.62
Constant Dollars	1.92	1.93	2.04	2.24	2.40
Market price per share of common stock at year-end:					
As Reported	18.00	15.00	14.25	14.75	17.00
Constant Dollars	17.80	15.41	15.95	18.56	24.21
Average Consumer Price Index (CPI-U) (c)	289.1	272.4	246.8	217.4	195.4

(a) Excluding preferred stock (subject to purchase or sinking funds).

(b) 1981 Restated; 1982 includes amounts subject to refund — see Note 2 of Notes to Consolidated Financial Statements.

(c) 1967 = 100.

NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

1. Plant and equipment The data adjusted for general inflation were determined by converting historical costs of utility plant and certain non-utility property into dollars of the same general purchasing power using the Consumer Price Index for All Urban Consumers (CPI-U). This method shows the effect of general inflation on the Company (constant dollars).

The current cost data reflect the cost of currently replacing existing plant assets. These costs were determined through use of the Handy Whitman Index of Public Utility Construction Costs and other valuation methods tailored specifically to the type asset being restated. Even so, replacement of some existing plant and equipment will take place over a period of time and may not result in replacement which would duplicate existing facilities.

2. Accumulated depreciation The related accumulated depreciation for calculating current cost of net property, plant and equipment was developed by applying the same percentage relationship that existed between gross plant and accumulated depreciation by functional groups on a historical cost basis at December 31, 1982 and 1981, to the respective balances of the restated depreciable plant.

3. Depreciation expense Depreciation expense for both the constant dollar and current cost methods was determined by applying the same rates and methodology used in computing historically booked depreciation to the restated depreciable plant.

4. Reductions of plant to lower recoverable value The rate regulatory process limits the Company to the recovery of the historical costs of plant and equipment. Therefore, the value of the plant and equipment determined under the constant dollar and current cost methods must be reduced to the lower recoverable amount, which is historical cost.

5. Unrealized gain resulting from decrease in purchasing power of net monetary liabilities The Company, by holding monetary assets such as cash and receivables, loses purchasing power during periods of inflation because these items will purchase less at a future date. Alternatively, by incurring monetary liabilities, primarily long-term debt, the Company benefits because the payment in the future will be made with dollars having less purchasing power. Because the Company has significant amounts of long-term debt outstanding, this results in a net monetary gain. This gain does not represent an exchange of cash at present or in the future, but represents the effect of the changing value of the dollar.

6. Increase in general price level over specific prices This results from the value of the particular plant and equipment held by the Company increasing at a lesser rate than the rate of general inflation as measured by the CPI-U.

7. Other Fuel inventories, the cost of fuel used in electric generation and gas purchased for resale have not been restated from their historical cost in nominal dollars. Regulation allows the recovery of fuel and purchased gas costs through the operation of adjustment clauses or adjustments in basic rate schedules to actual costs.

DIRECTORS AND OFFICERS

DIRECTORS

J. K. Addy
President, Addy Dodge, Inc.
Lexington, South Carolina

W. B. Bookhart Jr.
Partner, W. B. Bookhart Farms
Elloree, South Carolina

W. R. Bruce*
Chairman and Chief Executive Officer
The Seibels Bruce Group, Inc.
Columbia, South Carolina

K. W. French
Retired Plant Manager
E. I. duPont de Nemours & Co.
Savannah River Plant
Aiken, South Carolina

J. B. Guess III
Owner, Edisto Farms
Denmark, South Carolina

B. A. Hagood
President, Wm. M. Bird and Co., Inc.
Charleston, South Carolina

J. F. Hassell Jr.
Chairman of the Board and President
Pre-Stress Concrete Company, Inc.
Charleston, South Carolina

F. M. Hipp*
Chairman of the Board
The Liberty Corporation
Greenville, South Carolina

Avram Kronsberg
President, Edwards, Inc.
Charleston, South Carolina

J. H. Lumpkin
Of Counsel to the firm of Boyd,
Knowlton, Tate & Finlay
Columbia, South Carolina

F. C. McMaster*
President and Manager
Winnsboro Petroleum Company
Winnsboro, South Carolina

E. W. Pike Jr.
President
Colonial Development Company
Beaufort, South Carolina

J. B. Rhodes
President, Rhodes Oil Company, Inc.
Walterboro, South Carolina

J. E. Schachte Jr.*
President, Schachte Agency, Inc.
Real Estate and Insurance
Charleston, South Carolina

Virgil C. Summer*
Chairman of the Board and
Chief Executive Officer
of the Company
Columbia, South Carolina

W. H. Taylor
Chairman of the Board and President
Twin City Motor Company, Inc.
Batesburg, South Carolina

E. C. Wall Jr.
President
Canal Industries
Conway, South Carolina

J. A. Warren*
President and Chief Operating Officer
of the Company
Columbia, South Carolina

Arthur M. Williams
Chairman Emeritus
South Carolina
Electric & Gas Company
Columbia, South Carolina

Oscar S. Wooten
Executive Vice President—Finance
of the Company
Columbia, South Carolina

DIRECTORS EMERITI

D. H. Banks
W. B. Bookhart
W. J. Keenan Jr.
Edward Kronsberg
F. R. McMeekin
A. C. Mustard
W. J. Ready
John C. B. Smith

**Member of the Executive Committee*

OFFICERS

V. C. Summer
Chairman of the Board and
Chief Executive Officer
(62)* [45]†

J. A. Warren
President and
Chief Operating Officer
(57) [25]

EXECUTIVE VICE PRESIDENTS

C. J. Fritz
(64) [42]

G. C. Meetze
Operations
(63) [44]

O. S. Wooten
Finance
(59) [28]

SENIOR VICE PRESIDENTS

E. H. Crews Jr.
Engineering and Construction
(60) [36]

G. H. Fischer
Legal and Governmental Affairs
(59) [23]

M. C. Johnson
Special Assignments
(63) [43]

T. C. Nichols Jr.
Power Operations
(54) [30]

C. L. Rye
Customer Operations
(53) [30]

VICE PRESIDENT AND GROUP EXECUTIVES

H. G. Boylston Jr.
Rate Regulation and Purchasing
(58) [37]

T. M. Groetzing
Accounting and Computer Services
(55) [30]

B. M. Smith Jr.
Marketing
(51) [24]

H. B. Speisegger Jr.
Customer Operations
(57) [35]

J. W. Wedding
Corporate Planning and
Management Services
(57) [13]

H. W. Weldon
Automotive and Transit Operations
(61) [36]

VICE PRESIDENTS

G. J. Bullwinkel Jr.
Customer Operations-
Southern Division
(34) [11]

V. R. Coward Jr.
Corporate Communications
(44) [17]

G. C. Croft Jr.
Transmission and
Distribution Engineering
(57) [33]

O. W. Dixon Jr.
Nuclear Operations
(52) [12]

D. E. Hay Jr.
Customer Operations-
Northern Division
(58) [32]

J. W. Huggins
Property Management
and Facilities Planning
(60) [13]

Patricia T. Marcotisis
Governmental and Regulatory Affairs
(35) [7]

Cathy B. Novinger
Corporate Affairs
(33) [12]

E. C. Roberts
General Counsel
(45) [15]

W. B. Timmerman
Finance
(36) [4]

J. H. Young Jr.
Power Supply
(45) [20]

ASSISTANT VICE PRESIDENTS

E. F. Frick Jr.
Auditing
(57) [24]

R. D. Hazel
Planning
(46) [26]

B. T. Horton Jr.
Finance
(39) [4]

S. C. McMeekin Jr.
Assistant to the President
(40) [11]

OTHER OFFICERS

H. M. Bryant
Secretary
(61) [37]

H. H. Gaddis
Treasurer
(57) [30]

R. W. Stedman
Controller
(41) [10]

ASSISTANT OFFICERS

Betty C. Bissell
Assistant Secretary
(50) [25]

J. G. Black II
Assistant Treasurer
(44) [19]

Harriett M. Gardner
Assistant Secretary
(48) [26]

S. W. Holmes
Group Manager and Assistant Secretary
(50) [22]

T. R. Lide
Assistant Treasurer
(62) [36]

CAROLINA ENERGIES, INC.

Max Earwood
President and General Manager
(50) [25]

EXECUTIVE VICE PRESIDENT

W. N. Ackerman
(55) [33]

VICE PRESIDENT AND TREASURER

T. H. Hearn
(56) [24]

* (age as of December 31, 1982)

† (years of service as of December 31, 1982)

CORPORATE STOCK INFORMATION

Common Stock (a)	1982				1981			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (b)								
High	19-1/8	18-1/8	17-5/8	16-1/8	16	15-1/8	15-3/8	14-5/8
Low	16-5/8	15	15-1/2	14-1/2	13-3/4	13-3/4	12-1/2	13-1/8
Dividends Per Share:								
Declared	\$.48	\$.48	\$.48	\$.48	\$.455	\$.455	\$.455	\$.455
Paid	\$.48	\$.48	\$.48	\$.455	\$.455	\$.455	\$.455	\$.435

December 31,

	1982	1981
Number of common shares outstanding	36,526,499	29,690,064
Number of common stockholders of record	63,715	59,494

(a) The principal market for SCE&G common stock (SCG) is the New York Stock Exchange.

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

Preferred Stock

Series	7.70%	8.12%	8.40%	11.08%	13.88%	4.50%	5%	8.72%	9.40%
Valuation Price — Year-End 1982	\$62.557	\$66.285	\$68.571	\$98.00	\$113.50	\$18.367	\$20.00	\$38.50	\$38.367

SUPPLEMENTAL INVESTOR INFORMATION

Annual Meeting and Solicitation of Proxies

The annual meeting of stockholders will be held at Seawell's at the Fairgrounds, 1200 Rosewood Drive, Columbia, South Carolina on Wednesday, April 27, 1983. Proxies will be requested for such meeting and will be sent to stockholders in March 1983.

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 offer or solicitation of offers to buy or sell, any securities.

Form 10-K

A copy of the Company's 1982 Form 10-K report as filed with the Securities and Exchange Commission is available to stockholders upon request.

Statistical Supplement

A copy of the Statistical Supplement to this report is available upon request.

Please call or address your request for any of the above reports or information concerning financial and operating data to H. John Winn III, manager—Investor Relations, (803) 748-3240.

Dividend Reinvestment and Stock Purchase Plan

For information contact:
South Carolina Electric & Gas Company
Post Office Box 764
Columbia, South Carolina 29218
Attention: Stockholder Relations Department (I-56)

CORPORATE INFORMATION

Mailing Address

P.O. Box 764
Columbia, South Carolina 29218

Corporate Headquarters

328 Main Street
Columbia, South Carolina
(803) 748-3000

Independent Certified Public Accountants

Deloitte Haskins & Sells
Columbia, South Carolina

Transfer Agents

Common Stock:
Manufacturers Hanover Trust Company
New York, New York

The South Carolina National Bank
Columbia, South Carolina

South Carolina Electric & Gas Company
Stockholder Relations
(Record Keeping and Dividend Paying only)

Cumulative Preferred Stock:

The Chase Manhattan Bank, N.A.
New York, New York

The South Carolina National Bank
Columbia, South Carolina

Registrars

Common Stock:
Manufacturers Hanover Trust Company
New York, New York

The Citizens and Southern
National Bank of South Carolina
Columbia, South Carolina

Cumulative Preferred Stock:

The Chase Manhattan Bank, N.A.
New York, New York

The Citizens and Southern
National Bank of South Carolina
Columbia, South Carolina

Trustee and Paying Agent

First and Refunding Mortgage Bonds:
Manufacturers Hanover Trust Company
New York, New York

Dividend Reinvestment Agent

South Carolina Electric & Gas Company
Stockholder Relations

The Company's common stock and 5% cumulative preferred stock are listed on the New York Stock Exchange (NYSE). Company Stock Symbol — SCE