South Carolina Electric & Gas Company
Virgil C. Summer Nuclear Station
P.O. Box 88
Jenkinsville, SC 29065
(803) 345-5209
(803) 534-2011

10CFR140.21
10CFR50.54

S. R. Hunt
Acting General Manager,
Nuclear Safety

SCE&G

March 27, 1992

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

Attention: Mr. Robert S. Wood

Gentlemen:

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

In compliance with 10CFR50.54(w)(3) and 10CFR140.21(e) respectively, South Carolina Electric & Gas Company (SCE&G), acting for itself and as agent for South Carolina Public Service Authority (PSA), herewith submits a summary of the present levels of property insurance and a cash flow statement for the Virgil C. Summer Nuclear Station. In addition, the 1991 Annual Financial Statements for SCE&G and PSA are enclosed.

Very truly yours,

S. R. Hunt

DWF:JLS:lcd
Enclosures

c: O. W. Dixon Jr. (w/o Enclosures)
R. R. Mahan (w/o Enclosures)
R. J. White
S. D. Ebneter
G. F. Wunder
General Managers (w/o Enclosures)
NRC Resident Inspector
J. B. Knotts Jr.
J. B. Buford (M/C 056)
NSRC
RTS (ANN 2500) (w/o Enclosures)
File (818.02-4)

020028

9204030021 920327
PDR ADOCK 05000395
I PDR

A004
1/1

SOUTH CAROLINA ELECTRIC & GAS COMPANY

Summary of Nuclear Insurance
As of January 1, 1992

Type of Insurance and Insurer(s)	Policy Number(s)	Limits	Term & Expiration	Premium
NUCLEAR				
PRIMARY ALL RISK NUCLEAR PROPERTY		$500,000,000 Excess of $250,000 Deductible		
ANI	91217	$400,000,000 Part of $500,000,000		$1,334,654.00
MAELU	91217	$100,000,000 Part of $500,000,000	08/08/91 - 08/08/92	$354,782.00
Provides All Risk Coverage for all real property, contents and non-automotive equipment at V. C. Summer Nuclear Station.				
SECONDARY NUCLEAR PROPERTY				
		$500,000,000 and Deductible		$1,534,245.00
NEIL II	X91-052	$1,125,000,000 Excess of Primary Policy	11/15/91 - 11/15/92	
Provides Second Excess Nuclear Property Coverage				
NUCLEAR PUBLIC LIABILITY				
ANI	NF-252	$155,000,000 Part of $200,000,000	Continuous until Cancelled	$390,151.00
MAELU	MF-108	$45,000,000 Part of $200,000,000	01/01/92 to 12/31/92	$110,367.00
Provides Primary Liability Coverage for the Nuclear Hazard.				
SECONDARY FINANCIAL PROTECTION				
ANI	N-78	$7,807,250,000 Excess of $200,000,000	Continuous until Cancelled	$5,813.00
MAELU	M-78		01/01/92 to 12/31/92	$1,687.00
Provides Excess Liability Coverage for the Nuclear Ha...d (Administered by ANI).				
NUCLEAR SUPPLIERS AND TRANSPORTERS				
ANI	NS-420	$10,000,000	Continuous until Cancelled 01/01/92 to 12/31/92	$6,115.0[illegible]
Provides Liability Coverage for the Nuclear Hazard for nuclear materials, suppliers, and transporters who are economically unable to obtain such coverage.				
Nuclear Workers' Policy				
ANI	NW-149	$155,000,000 Part of 200,000,000	01/01/92 to 12/31/92	$17,903.00
MAELU	MW-78	$45,000,000 Part of 200,000,000		$5,197.00
Provides coverage for worker claims arising from occupational disease and radiation exposures.				

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

17-Mar-92

(THOUSANDS OF DOLLARS)

	PRIOR YEAR 1991 ACTUAL TOTAL	PROJECTION YEAR 1992 TOTAL
NET INCOME AFTER TAXES	$ 122836	$ 113167
LESS DIVIDENDS PAID	$ 103706	$ 103770
RETAINED EARNINGS	$ 19130	$ 9397
ADJUSTMENTS		
DEPRECIATION AND AMORTIZATION	$ 110002	$ 125926
DEFERRRED INCOME TAXES AND INVESTMENT TAX CREDITS	$ 25904	$ -1939
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	$ -6255	$ -9164
TOTAL ADJUSTMENTS	$ 129651	$ 114823
INTERNAL CASH FLOW	$ 148781	$ 124220
AVERAGE QUARTERLY CASH FLOW	$ 37195	$ 31055

FINANCIAL PLANNING

Financial Statement

South Carolina Public Service Authority

Calendar Year 1991

REPORT OF INDEPENDENT AUDITORS

The Advisory Board and Board of Directors
South Carolina Public Service Authority

We have audited the accompanying balance sheets of the South Carolina Public Service Authority as of December 31, 1991 and 1990, and the related statements of accumulated earnings reinvested in the business, reinvested earnings, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The financial statements of the South Carolina Public Service Authority are intended to present the financial position, results of operations and cash flows of proprietary fund types of only that portion of the funds and account groups of the State of South Carolina that is attributable to the transactions of the South Carolina Public Service Authority.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Public Service Authority at December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles.

Ernst + Young

Greenville, South Carolina
February 19, 1992

BALANCE SHEETS

South Carolina Public Service Authority
December 31, 1991 and 1990

ASSETS	1991	1990
	(Thousands)	
Utility Plant At Cost:		
Electric plant in service	$ 2,372,535	$ 2,276,237
Construction in Progress	150,649	120,100
Total	2,523,184	2,396,337
Less accumulated depreciation	689,810	630,155
Electric plant - net	1,833,374	1,766,182
Nuclear fuel - net	19,097	19,877
Utility plant - net	1,852,471	1,786,059
Other Physical Property (Net of Accumulated Depreciation)	927	897
Cash and Investments Held by Trustee (Designated)	525,863	282,522
Current Assets:		
Cash and investments held by trustee	50,023	53,960
Accounts receivable, less allowance for doubtful accounts of $1,336,000 in 1991 and $1,224,000 in 1990	45,596	52,446
Accrued interest receivable	4,090	3,994
Inventories, at average cost:		
Fuel (coal and oil)	32,228	36,515
Materials and supplies	33,441	28,510
Prepaid expenses	1,056	1,075
Total current assets	166,434	176,500
Deferred Debits:		
Unamortized debt expense	16,924	13,992
Unamortized loss on refunded debt	217,712	223,271
Costs to be recovered from future revenue	317,328	292,865
Other	23,322	28,491
Total deferred debits	575,286	558,619
Total	$ 3,120,981	$ 2,804,597

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

LIABILITIES AND CAPITALIZATION	1991	1990
	(Thousands)	
Long-Term Debt:		
Electric Revenue Bonds-Priority Obligations	$ 49,705	$ 52,095
Electric System Expansion Revenue Bonds	1,695,100	1,762,295
Subtotal	1,744,805	1,814,390
Electric System Revenue Bonds	40,500	67,500
Capitalized lease obligations	58,871	61,832
Revenue Bonds	368,910	—
Total long-term debt	2,213,086	1,943,722
Less:		
Reacquired debt	5,655	4,556
Unamortized debt discount and premium - net	40,256	21,317
Long-term debt - net	2,167,175	1,917,849
Accrued Interest on Long-Term Debt	72,296	64,056
Construction Fund Liabilities - Accounts Payable	3,861	3,273
Other Non-Current Liabilities	23,396	18,831
Current Liabilities:		
Commercial paper notes	124,000	120,000
Mini-Bonds	83,514	55,831
Accounts payable	29,091	36,327
Customer deposits	5,276	5,111
Accrued sums in lieu of taxes	1,835	1,837
Accrued nuclear fuel reload	983	5,274
Customer's credits	2,640	2,432
Other	4,273	3,252
Total current liabilities	252,512	230,064
Commitments and Contingencies Deferred Credits:		
Unamortized gain on reacquired debt	873	822
Nuclear fuel settlement	233	4,395
Total deferred credits	1,106	5,217
Capital Contributions - U.S. Government Grants	34,438	34,438
Accumulated Earnings Reinvested in the Business	566,197	530,869
Total	$ 3,120,981	$ 2,804,597

STATEMENTS OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

South Carolina Public Service Authority
Years Ended December 31, 1991, 1990, and 1989

	1991	1990 (Thousands)	1989
Accumulated earnings reinvested in the business - beginning of year	**$ 530,869**	$ 496,497	$ 458,371
Reinvested earnings for the year	**40,968**	40,001	43,492
Total	**571,837**	536,498	501,863
Distribution to the State of South Carolina (See note below)	**5,640**	5,629	5,366
Accumulated earnings reinvested in the business - end of year	**$ 566,197**	$ 530,869	$ 496,497

Note: The distribution to the State of South Carolina is determined utilizing a calculation formula required under the Indenture which is based essentially on operating cash flows and mandatory reserve requirements. Such calculation varies substantially from reinvested earnings for the year principally due to costs to be recovered from future revenue and working capital requirements.

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

STATEMENTS OF REINVESTED EARNINGS

South Carolina Public Service Authority

Years Ended December 31, 1991, 1990, and 1989

	1991	1990	1989
		(Thousands)	
Operating Revenues:			
Sales of electricity	**$ 557,736**	$ 548,066	$ 549,578
Other operating revenues	**4,842**	5,914	5,216
Total operating revenues	**562,578**	553,980	554,794
Operating Expenses:			
Operation expense:			
Production	**232,219**	241,682	248,231
Purchased and interchanged power - net	**9,220**	5,170	8,007
Transmission	**3,028**	2,708	2,375
Distribution	**3,698**	3,048	2,696
Customer accounts	**3,639**	4,650	3,531
Sales	**1,266**	1,263	735
Administrative and general	**41,037**	40,711	38,873
Maintenance expense	**50,213**	42,511	37,561
Total operation and maintenance expense	**344,320**	341,743	342,009
Depreciation	**70,846**	67,538	69,570
Sums in lieu of taxes	**3,364**	3,426	3,449
Total operating expenses	**418,530**	412,707	415,028
Operating Income:	**144,048**	141,273	139,766
Other Income:			
Interest income	**29,302**	22,858	24,461
Other - net	**52**	14	(41)
Total other income	**29,354**	22,872	24,420
Subtotal	**173,402**	164,145	164,186
Interest Charges:			
Interest on long-term debt	**133,619**	131,197	133,606
Other	**23,279**	19,474	15,881
Total interest charges	**156,898**	150,671	149,487
Subtotal	**16,504**	13,474	14,699
Other:			
Costs to be recovered from future revenue	**24,464**	26,527	28,793
Reinvested Earnings	**$ 40,968**	$ 40,001	$ 43,492

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

STATEMENTS OF CASH FLOWS

South Carolina Public Service Authority
Years Ended December 31, 1991, 1990, and 1989

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1991	1990	1989
		(Thousands)	
Cash Flows From Operating Activities:			
Net Operating Income	**$ 144,048**	$ 141,273	$ 139,766
Adjustments to reconcile reinvested earnings to net cash provided by operating activities:			
Depreciation and amortization	**70,846**	67,538	69,570
Amortization of bond-related expenses	**12,439**	9,957	10,145
Net interest income	**(6,493)**	(8,360)	(7,263)
Nuclear fuel settlement	**(4,162)**	(3,654)	201
Changes in assets and liabilities:			
Accounts receivable	**6,850**	9,441	(13,299)
Inventories	**(644)**	(268)	(20,608)
Prepaid expenses	**19**	(132)	(92)
Other deferred debits	**(7,202)**	613	(3,898)
Accounts payable	**(4,508)**	511	3,969
Other current liabilities	**3,354**	(8,036)	14,616
Other non-current liabilities	**4,563**	3,539	4,796
Net cash provided by operating activities	**219,110**	212,422	197,903
Cash Flows From Investing Activities:			
Net (Increase) decrease in investments	**(137,668)**	(29,897)	(49,878)
Interest on investments	**22,544**	19,471	20,875
Net cash (used in) provided by investing activities	**(115,124)**	(10,426)	(29,003)
Cash Flows From Noncapital-Related Financing Activities:			
Distribution to the State of South Carolina	**(5,640)**	(5,629)	(5,366)
Net cash used for noncapital related financing activities	**(5,640)**	(5,629)	(5,366)
Cash Flow From Capital-Related Financing Activities:			
Proceeds from sale of bonds	**398,093**	21,416	17,403
Proceeds from sale of commercial paper	**4,000**	70,000	—
Repayment and refunding of bonds	**(99,934)**	(35,571)	(34,570)
Construction and betterments of utility plant	**(136,466)**	(92,473)	(85,153)
Interest paid on borrowings	**(141,703)**	(139,399)	(134,279)
Proceeds from sale of plant assets	**(822)**	438	509
Unamortized bond-related expenses	**(28,700)**	399	420
Decrease (Increase) in other deferred debits	**12,372**	(8,777)	(7,969)
(Decrease) Increase in construction fund liabilities	**(1,240)**	2,236	451
Other	**(2,211)**	(2,877)	(2,811)
Net cash used for capital-related financing activities	**3,389**	(184,608)	(245,999)

	1991	1990	1989
Net (Decrease) Increase in Cash and Cash Equivalents	**101,735**	11,759	(82,465)
Cash and Cash Equivalents at the Beginning of the Year	**127,348**	115,589	198,054
Cash and Cash Equivalents at the End of the Year	**$ 229,083**	$ 127,348	$ 115,589
Reconciliation of Cash and Cash Equivalents:			
Cash and investments held by trustee (designated)	**$ 525,863**	$ 282,522	$ 253,955
Cash and investments held by trustee	**50,023**	53,960	40,869
Less investments, not considered cash and cash equivalents	**346,803**	209,134	179,235
Cash and cash equivalents at the end of the year	**$ 229,083**	$ 127,348	$ 115,589

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity – The South Carolina Public Service Authority (the "Authority"), a component unit of the State of South Carolina, was created by the 1934 State Legislature. The Board of Directors is appointed by the Governor of South Carolina. The purpose of the Authority is to provide electric power to the people of South Carolina. Capital projects are funded by bonds issued by the Authority and internally generated funds. The Board of Directors sets rates charged to customers to pay debt service, operating expenses and provide funds required under bond covenants.

B. System of Accounts – The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

C. Utility Plant Capitalization and Maintenance – Additions to plant are recorded at cost, which includes material, labor, overhead, and interest capitalized during construction. The costs of repairs and minor replacements are charged to appropriate operating and maintenance expense. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

D. Depreciation – Depreciation is computed on a straight line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percent of average depreciable utility plant in service, were approximately 3.3% for each of the three years in the period ended December 31, 1991. Amortization expense of capitalized leases is included in depreciation expense.

E. Revenue Recognition – Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues from retail customers are recognized as billed on a monthly cycle basis. Fuel costs are reflected in operating expenses as consumed.

F. Amortization – Unamortized debt discount, premium and expense are amortized to income over the terms of the related debt issues. Unamortized gains or losses on refunded debt are amortized to income as impacted through the rate-making process, generally over the terms of the new debt issues.

G. Cash Equivalents – For purposes of the statements of cash flows, the Authority considers highly liquid investments with an original maturity of less than three months as cash equivalents. In 1991, the Authority changed the definition of cash equivalents to include certain Cash and Investments Held by Trustee (Designated). Consequently, the prior years' financial statements are presented on a basis consistent with that of 1991.

Note 2 - Costs to be Recovered from Future Revenue:

The Authority's electric rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation. This results in timing differences between costs as defined in the rate-making process and costs determined in accordance with generally accepted accounting principles. These differences are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

For the years ended December 31, 1991, 1990 and 1989, costs to be recovered from future revenue included in the statement of reinvested earnings consists principally of the difference between depreciation and debt service requirements.

Note 3 - Cash and Investments Held by Trustee (Designated):

Unexpended funds from the sale of expansion bonds, debt service funds, other special funds and cash and investments are held and maintained by trustees and their use designated in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities carried at amortized cost.

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

Investments - Trust indentures and resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and certificates of deposit. The Authority's investments consist of U.S. Government securities, certificates of deposit and repurchase agreements. The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. Securities underlying repurchase agreements are delivered by broker dealers to the Authority's trust agents. At December 31, 1991, the Authority's repurchase agreements totalled $165,025,000.

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

	1991					
	Investments		Cash		Total	
	Category 1	Category 2	Category 1	Category 2	Carrying Value	Market Value
	(Thousands)					
Cash and Investments						
Held by Trustee (Designated):						
General Improvement Funds	$ 117,911	$ 200	$ 38	$ 843	$ 118,992	$ 119,332
Debt Service and Special Funds						
Indentured Bonds						
Interest Fund	990	—	—	—	990	990
Bond Fund	1,231	—	—	—	1,231	1,231
Reserve	8,898				8,898	9,078
Expansion Bonds						
Interest Fund	—	—	—	57,218	57,218	57,218
Bond Fund	11,784	—	—	305	12,089	12,166
Reserve	121,921	—	81	—	122,002	129,687
Subordinated Bonds						
Interest Fund	—	—	—	1,661	1,661	1,661
Bond Fund	6,564	—	100	73	6,737	6,781
Reserve	3,219	1,200	—	36	4,455	4,463
Revenue Bonds						
Interest Fund	7,314	—	1	—	7,315	7,316
Bond Fund	758	—	23	—	781	789
Reserve	13,980	—	11	—	13,991	15,099
Mini-Bonds						
Interest 1988 & 1989	5	—	—	1,098	1,103	1,103
Debt Service						
1988 & 1989 Issue	1,112	—	—	1	1,113	1,154
Funded Interest 1991 Issue	44,120	—	1	—	44,121	45,647
Other Special Funds	139,836	—	—	(16,670)	123,166	121,942
Total	361,732	1,200	217	43,722	406,871	416,325
Total Cash and Investments						
Held by Trustee (Designated)	$ 479,643	$ 1,400	$ 255	$ 44,565	$ 525,863	$ 535,657
Cash and Investments Held by Trustee:						
Revenue Fund	$ 28,594	$ —	$ —	$ 14,025	$ 42,619	$ 42,777
Special Reserve Fund	7,309	—	100	(5)	7,404	7,588
Total Cash and Investments						
Held by Trustee	$ 35,903	$ —	$ 100	$ 14,020	$ 50,023	$ 50,365

	1990					
	Investments		Cash		Total	
	Category 1	Cate 2	Category 1	Category 2	Carrying Value	Market Value
	(Thousands)					
Cash and Investments						
Held by Trustee (Designated):						
General Improvement Funds	$ 25,175	$ 100	$ 14	$ 399	$ 2[illegible]688	$ 25,69[illegible]
Debt Service and Special Funds						
Indentured Bonds						
Interest Fund	1,026	—	—	—	1,026	1,026
Bond Fund	1,196	—	—	—	1,196	1,196
Reserve	8,899	—	—	—	8,899	9,033
Expansion Bonds						
Interest Fund	—	—	—	60,068	60,068	60,068
Bond Fund	10,881	—	—	2	10,883	10,883
Reserve	127,899	—	—	18	127,917	130,958
Subordinated Bonds						
Interest Fund	—	—	—	2,768	2,768	2,768
Bond Fund	6,750	—	—	—	6,750	6,750
Reserve	3,639	1,400	—	—	5,039	5,049
Revenue Bonds						
Interest Fund				307	307	307
Reserve	769				769	769
Mini-Bonds Interest 1988 & 1989	1,110	—	—	—	1,110	1,1[illegible]0
Debt Service						
1989 & 1989 Issue	1,113	—	—	—	1,113	1,113
Other Special Funds	37,136	—	—	(8,147)	28,989	26,248
Total	200,418	1,400	—	55,016	256,834	257,278
Total Cash and Investments Held by Trustee (Designated)	$ 225,593	$ 1,500	$ 14	$ 55,415	$ 282,522	$282,977
Cash and Investments Held by Trustee:						
Revenue Fund	$ 37,473	$ —	$ —	$ 2,141	$ 39,614	$ 39,666
Special Reserve Fund	14,232	—	100	14	14,346	14,443
Total Cash and Investments Held by Trustee	$ 51,705	$ —	$ 100	$ 2,155	$ 53,960	$ 54,109

Note 4 - Long-Term Debt Outstanding:

	December 31, 1991	1990
	(Thousands)	
Electric Revenue Bonds - Priority Obligations:		
Series of 1950, bearing interest at 2.70% and due 1992 to 1993	**$ 4,065**	$ 6,015
Series of 1967, bearing interest at 4.10% and due 1992 to 2006	**45,640**	46,080
Total Electric Revenue Bonds - Priority Obligations	**49,705**	52,095
Electric System Expansion Revenue Bonds:		
1973 Series, bearing interest from 5.40% to 5.75% and due 1992 to 1993 and 2013	**86,600**	88,055
1974 Series, bearing interest from 6.30% to 6.75% and due 1992 to 1999 and 2014	**95,770**	97,360
1977 Refunding Series, bearing interest from 5.40% to 6.00% and due 1992 to 1997 and 2002 and 2016	**175,955**	179,785
1977 Series, bearing interest from 5.00% to 5.75% and due 1992 to 2002 and 2017	**110,115**	110,705
1978 Series, bearing interest from 5.15% to 5.875% and due 1992 to 1998 and 2008 and 2018	**190,270**	191,490
1979 Series A, bearing interest from 5.90% to 6.875% and due 1992 to 2003 and 2009 and 2019	**100,500**	101,740
* 1980 Series A, bearing interest at 9.30% and due 1992	**1,350**	7,440
* 1981 Series A, bearing interest at 8.60% and due 1992	**1,165**	10,290
* 1981 Series C, matured 1991	**—**	1,185
* 1982 Series A, matured 1991	**—**	2,105
* 1982 Series B, bearing interest at 11.25% and due 1992	**1,195**	2,255
* 1982 Refunding Series, bearing interest from 8.40% to 8.75% and due 1992 to 1994	**2,075**	2,660
* 1985 Refunding Series, bearing interest from 7.75% to 9.10% and due 1992 to 2000	**7,820**	8,385
* 1985 Refunding Series A, bearing interest from 7.50% to 8.75% and due 1992 to 1999	**18,650**	51,560
1986 Refunding Series A&B, bearing interest from 7.00% to 8.10% and due 1992 to 2008 and 2019 and 2020	**194,065**	195,955
1986 Refunding Series C&D, bearing interest from 5.60% to 7.30% and due 1992 to 2007 and 2012 and 2021 and 2022	**332,370**	333,245
1987 Refunding Series A, bearing interest from 5.00% to 7.00% and due 1992 to 2007 and 2012 and 2021 and 2022	**188,625**	189,505
1988 Refunding Series A, bearing interest from 7.00% to 7.875% and due 1992 to 2005 and 2015 and 2021	**188,575**	188,575
Total Electric System Expansion Revenue Bonds	**1,695,100**	1,762,295
* Electric System Revenue Bonds, 1985 Series, bearing interest from 8.00% to 8.40% and due 1992 to 1994	**40,500**	67,500
Capitalized Subordinated Lease Contracts, payable 1992 to 2015	**58,871**	61,832
Revenue Bonds, 1991 Refunding and Improvement Series A, B, & C, bearing interest from 5.00% to 7.10% and due 1992 to 1997 to 2002, 2006 and 2014, 2024 and 2031	**368,910**	—
Total Long-Term Debt	**$2,213,086**	$1,943,722

*See schedule for refunded debt.

The Authority refunds and defeases debt primarily as a means of reducing debt service, thereby postponing or reducing future electric rate adjustments. In 1991, the Authority issued $370,410,000 in 1991 Series A, B and C Revenue Bonds. The 1991 Refunding Series A Bonds totalled $33,915,000 and refunded $32,500,000 of the 1985A Refunding Bonds. The 1991 Refunding and Improvement Series B Bonds totalled $323,140,000. Of this amount, $13,405,000 was used to refund $13,500,000 of the 1985 Subordinated Bonds. The 1991 Refunding Series C Bonds totalled $13,355,000 and refunded $4,855,000 of the 1980 Series A Bonds and $8,075,000 of the 1981 Series A Bonds.

The par amount of the refunding bonds less an original issues discount of $400,000 totalled $60,275,000 and bear an average interest rate of 7.28%, while the original bonds refunded averaged 8.98%. Expenses for issuance costs and reserve requirements reduced the proceeds to $57,677,000. The net proceeds, $57,677,000 plus an additional $6,611,000 of the Authority funds were used to purchase U. S. Government securities, of which, $50,400,000 were placed in an irrevocable trust to provide for all future debt service payments on the original bonds, which are now considered defeased and the liability has been removed from the Authority's accounts. The remaining portion of the U. S. Government securities, $13,888,000 was set aside to meet previously existing bond maturities on July 1, 1991.

Although the refundings resulted in a deferred accounting loss of approximately $4,856,000, the Authority was able to reduce its total debt service by approximately $6,283,000 and obtain an economic gain of approximately $7,799,000.

Amounts outstanding, original loss on refunding, and the unamortized loss at December 31, 1991 follow:

Refunding Issue	Refunded Bonds	Refunded Amount Outstanding	Original Loss	Unamortized Loss
			(Thousands)	
1977 Refunding	1971 and 1976 Series	$ —	$ 11,244	$ 5,829
1982 Refunding	$ 100,000 of the 1981 Series C and $ 127,000 of the 1982 Series A	—	52,588	1,641
1985 Refunding	$ 150,000 of the 1982 Series B	150,000	30,570	7,309
1985A Refunding	$ 139,000 of the 1981 Series B and $ 40,000 of the 1981 Series C	—	27,853	698
Cash Defeasance	$ 20,000 of the 1982 Series A	—	2,763	2,247
1986 A&B Refunding	$ 42,725 of the 1980 Series A $ 42,000 of the 1981 Series A $ 61,000 of the 1981 Series B $ 4,420 of the 1981 Series C $ 7,820 of the 1982 Series A $ 9,010 of the 1982 Series B	9,010	43,736	39,364
1986 C&D Refunding	$ 280,275 of the 1982 Refunding Series	280,275	97,109	86,755
1987 A Refunding	$ 160,510 of the 1985 Refunding Series	160,510	48,038	41,314
1988 A Refunding	$ 18,220 of the 1980 Series A $ 18,315 of the 1981 Series A $ 9,110 of the 1982 Refunding Series $ 5,000 of the 1985 Refunding Series $ 120,890 of the 1985 Refunding Series A	135,000	28,644	27,934
1991 A,B&C Refunding & Improvement Series	$ 4,855 of the 1980 Series A $ 8,075 of the 1981 Series A $ 13,500 of the 1985 Series $ 32,500 of the 1985 Refunding Series	46,000	4,856	4,621
Total		$ 780,795	$ 357,401	$ 217,712

The Authority's bond indentures provide for certain restrictions, the most significant of which are:

1. The Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements, and renewals thereof.

2. The Authority is restricted from issuing additional parity bonds unless certain conditions are met.

As of December 31, 1991, the Authority is in compliance with all debt covenants.

Bonds maturing during the years ending December 31, 1992 through 1996, are as follows:

	Priority Obligations & Expansion Bonds	Electric Revenue Bonds	Revenue Bonds	Total
	(Thousands)			
December 31, 1992	$ 26,685	$ 13,500	$ 1,565	$ 41,750
December 31, 1993	25,635	13,500	4,415	43,550
December 31, 1994	27,155	13,500	4,680	45,335
December 31, 1995	28,835	—	18,480	47,315
December 31, 1996	32,570	—	—	32,570
Total	$ 140,880	$ 40,500	$ 29,140	$ 210,520

Note 5 - Summer Nuclear Station:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interests of 33 1/3% and 66 2/3%, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance, and decommissioning of the Summer Nuclear Station, and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3% of the net electricity generated. At December 31, 1991 and 1990, the plant accounts included approximately $438,771,000 and $428,779,000, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. For each of the three years ended December 31, 1991, 1990 and 1989 the Authority's operation and maintenance expenses included $30,880,000, $33,167,000 and $37,663,000, respectively, for operation and maintenance expenses of the Summer Nuclear Station.

Nuclear fuel costs are being amortized based on energy expended which includes a component for estimated disposal costs of spent nuclear fuel. These amortizations are included in fuel expense and are recovered through the Authority's rates. Beginning 1990, the Authority adjusted its provision for decommissioning costs to comply with NRC regulation and has provided a Certificate of Financial Assurance for its 1/3 share of the station's estimated decommissioning expenses. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates. The funding amounts will be adjusted annually, if necessary. A new site specific decommissioning study was completed in 1991. The study indicates approximately $76,266,000 (the Authority's one-third share) in 1990 dollars will be required to decommission Summer Nuclear Station commencing in the year 2023.

SCE&G has determined that the Summer Nuclear Station steam generators must be replaced due to stress corrosion cracking. SCE&G estimates replacement of the steam generators will cost approximately $156 million of which, the Authority's share will be approximately $52 million exclusive of the Authority's indirect costs. Replacement of the generators is scheduled for 1996. SCE&G has filed suit against the manufacturer of the generators seeking damages for the replacement of the generators. The ultimate outcome of the claim cannot be determined at this time, accordingly no benefit has been recorded in the financial statements.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of the contract provisions, and a final settlement was reached and approved by all parties in April 1980. By terms of the settlement, the Authority has received approximately $10,243,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of uranium, long-term deliveries of equipment and services (including conversion and fuel fabrication) at a discount. The cash and discounts received (and related interest earned) which approximated $16,572,000, were recorded as deferred credits. During 1991, deferred credits and related interest of approximately $4,299,000 were used to offset the additional fuel costs associated with replacement energy during the Summer Nuclear Station refueling outage. The remaining deferred credits of $233,000 will be used during scheduled refueling outages in future years.

Note 6 - Commercial Paper and Mini-Bonds:

The Board of Directors authorized the issuance of commercial paper not to exceed $150,000,000. The paper is issued for valid corporate purposes with a term not to exceed 270 days. As of December 31, 1991 and 1990, the effective interest rate on outstanding borrowings was 4.20% and 6.02%, respectively. During 1991 and 1990, the average amount outstanding was $123,880,000 and $96,410,000, respectively; the average maturity was 44 and 37 days, respectively; the average effective interest rate was 4.60% and 6.06%, respectively.

At December 31, 1991 the Authority had a Revolving Credit Agreement of $150,000,000. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings during 1991.

In 1988 and 1989 the Authority issued bonds which are due on demand by the registered owner in small denominations under a Mini-Bond Resolution. In 1990 the Revenue Bond Resolution was adopted and all senior debt including the existing 1988 and 1989 Mini-Bonds were frozen except for Refunding purposes. Under the Revenue Bond Resolution, small denomination bonds due on demand (Series M Bonds) were issued. The Mini-Bonds and the Series M Bonds are collectively referred to as "Mini-Bonds" because they retain the same characteristics even though they are different lien levels. The pledge of revenues securing Revenue Bonds are junior and subordinate to the pledge of revenues securing the Priority Obligation, Electric System Expansion Revenue Bonds, 1985 Subordinated Bonds, and the 1988 and 1989 Mini-Bonds and Capital Lease Obligation, but are superior to the lien and pledge of revenues securing the Commercial Paper Notes, payments to the Contingency Fund, Capital Improvement Fund, Special Reserve Fund and payments to the State.

Commercial Paper and Mini-Bonds outstanding for the years ending December 31, are:

	1991	1990
	(Thousands)	
Commercial Paper	**$ 124,000**	$ 120,000
Mini-Bonds:		
1988 Series, bearing interest at 7.75% and due 2003	**16,711**	16,841
1989 Series, bearing interest at 7.00% and due 2004	**18,018**	17,816
Total Mini-Bonds	**34,729**	34,657
Revenue Bonds:		
1990 Series M, bearing interest at 7.30% and due 2005 and 2006	**21,495**	21,174
1991 Series M, bearing interest at 6.875% and due 2007 and 2008	**27,290**	—
Total Revenue Bonds	**48,785**	21,174
Total Commercial Paper and Mini-Bonds	**$ 207,514**	$ 175,831

Note 7 - Contracts with Central Electric Power Cooperative, Inc.:

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

Future minimum lease payments on Central leases, at December 31, 1991 were:

Years ending December 31	Amount
	(Thousands)
1992	$ 5,259
1993	5,259
1994	5,240
1995	5,233
1996	5,228
Thereafter	56,832
Total minimum lease payments	83,051
Less, amounts representing interest	24,180
Balance at December 31, 1991	$ 58,871

Lease property under capitalized leases and related accumulated amortization included in utility plant at December 31, 1991 totalled $101,400,000 and $51,900,000, respectively, and at December 31, 1990 totalled $102,000,000 and $49,500,000, respectively.

Power supply and transmission services are provided to Central in accordance with the Power System Coordination and Integration Agreement dated January 19, 1981, and amended as of March 31, 1988. The amendment provides for a change in the Authority's rate-making methodology for Central. In addition, the Authority will be the sole supplier of Central's energy needs excluding what Central receives from the Southeastern Power Administration and SCE&G. The agreement allows Central to audit all charges by the Authority. Audits for the period July 1986 through December 1989 were presented to management and have been discussed with Central. Management does not believe there will be any material effect to the Authority as a result of these audits.

Note 8 - Commitments and Contingencies:

Budget - The Authority's capital budget provides for expenditures of approximately $276,500,000 during the year ending December 31, 1992, and $532,900,000 during the two years thereafter.

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

The estimated cost of construction is expected to total approximately $508.7 million which includes $466.6 million for the generating unit, $25.9 million for related transmission facilities, $9.3 million for coal cars and $6.9 million for the initial coal stockpile.

Property Acquisitions - The Authority is obligated to acquire certain properties under the terms of a FERC mandated Comprehensive Emergency Action Plan (EAP). The cost of the acquisitions cannot be determined at this time, however, the acquisitions are currently underway and are scheduled to be finalized by March 1992. All other requirements of the EAP have been completed.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with outstanding minimum obligations at December 31, 1991 aggregating approximately $170.8 million through December 31, 2000. In addition, the Authority has entered into short-term agreements to purchase 1,311,000 tons of coal through June 30, 1992. The Authority expects to finalize new long-term contracts prior to June 1992.

The Authority is involved in litigation with two coal companies regarding long-term coal contracts (not included in the minimum obligations mentioned above). The contracts provide for delivery of 4.25 million tons of coal during the period from 1991 to 2004. As a result of the litigation, coal deliveries were suspended by the vendors on August 14, 1991. The Authority has determined that sources of coal are available to purchase replacement coal at competitive prices on an as needed basis.

The litigation against the two coal companies involves multiple claims and counter claims. Motions are pending in the South Carolina Supreme Court and the United States Court of Appeals. Pursuant to Warrants of Attachment issued by the Berkeley County Clerk of Court, payments on deliveries of coal from April through August 14, 1991 totalling approximately $33,063,000 have been placed in an interest bearing account at the South Carolina National Bank pending outcome of the litigation. The Authority is unable to predict the outcome of this litigation, accordingly, nothing relative to this litigation has been recorded in the financial statements.

The Authority's outstanding minimum obligations under existing purchased power contracts as of December 31, 1991 were approximately $145.7 million through March 2035.

The Authority has commitments of approximately $12.3 million under the joint ownership agreement with SCE&G for the purchase, conversion, enrichment and fabrication of uranium.

Note 9 - Retirement Plan:

Substantially all Authority full-time employees must participate in the South Carolina Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for each of the years ended December 31, 1991, 1990 and 1989 was $57,125,000 $53,355,000 and $51,869,000, respectively.

Employees who retire at or after age 65 or have 30 years of service are entitled to a retirement benefit, payable monthly for life equal to 1.82 percent of their average final compensation. Benefits fully vest on reaching five years of service. Vested employees may retire at 60 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

Employees are required by State statute to contribute 6 percent of salary. The Authority is required by the same statute to contribute 7.55 percent of total payroll. The contribution requirement for each of the years ended December 31, 1991, 1990 and 1989 was $4,449,000 $4,109,000 and $3,780,000 from the Authority for all retirement benefits and $3,431,000, $3,198,000 and $3,112,000 from employees.

An actuarial valuation is performed for the System annually. At the most recent valuation date, June 30, 1990, the pension benefit obligation for retired and active members was approximately $10.3 billion. The amortized cost of assets of the System was approximately $7.5 billion. The unfunded pension obligation was approximately $2.8 billion. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure, which is an actuarial present value of credited projected benefits, is intended to help users assess the System funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The System does not make separate measurements of assets and benefits payable for individual employers. The Authority's contribution represented approximately two percent of the total contribution to the System.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1991 comprehensive annual financial report.

Note 10 - Other Post-Retirement Benefits:

The Authority provides certain health care, dental, and life insurance benefits for retired persons. Substantially all of the Authority's employees may become eligible for these benefits if they are age 65 or have completed 30 years of employment. The cost of retiree health care, dental, and life insurance benefits is recognized as expense as the premiums are paid. For 1991, 1990 and 1989, these costs totalled $329,000, $279,000 and $215,000, respectively.

The Authority also provides deferred compensation benefits to certain employees who are eligible to retire with ten years of service and have reached the age of 50. The cost of these benefits are accrued on an actuarially determined basis. As of December 31, 1991, there were 45 active participants. The actuarial accrued liability at December 31, 1991 and 1990 was approximately $2,676,000 and $2,307,000, respectively.

Note 11 - Credit Risk and Major Customers:

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

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

	1991	1990	1989
		(Thousands)	
Central Electric Power Cooperative, Inc.	**$ 242,000**	$ 225,000	$ 221,000
Alumax of South Carolina, Inc.	**$ 88,000**	$ 84,000	$ 82,000

During the three-year period ended December 31, 1990, Alumax of South Carolina, Inc. was entitled to receive, under the contract amendment dated January 1, 1986, rate relief up to $17.6 million per year. The rate reduction is available if the average monthly price of aluminum is $.62 (1986 dollars) per pound or below provided Alumax operates at a specified load. Alumax must begin to repay the rate relief if the price of aluminum is $.72 (1986 dollars) per pound or more. During the period 1991 through 1993, Alumax is required to repay such granted net rate relief in the monthly amount of $1.467 million for any month in which the price of aluminum equals or exceeds $.72 (1986 dollars) per pound.

No rate relief was granted to Alumax in 1991, relief granted totalled $4.4 million for 1990 and there was no rate relief in 1989.

Note 12 - Storm Damage:

On September 21, 1989, the Authority's system was substantially damaged by Hurricane Hugo. Through December 1991, the Authority has incurred approximately $22.4 million to repair and replace damaged facilities and systems. Substantially all such costs have been funded by insurance proceeds and Federal Emergency Assistance grants.

The Authority does not expect to increase rates due to the impact of Hurricane Hugo and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

Note 13 - 1991 Revenue Bonds:

On December 21, 1991 the Authority's Board of Directors authorized the sale of $350,000,000 Revenue Bonds, 1991 Series D (1991 D Bonds). The 1991 D Bonds were closed on January 16, 1992. The 1991 D Bonds proceeds plus accrued interest of $2,834,259 will be used for the construction of the Cross No. 1 unit at the Cross generating station. Bond proceeds of approximately $30,000,000 will be used to retire outstanding Commercial Paper notes issued previously for the Cross No. 1 project.

The 1991 D Bonds were sold at an all end true interest cost of 6.73% and are due July 1992 to 1997 to 2002, 2006, and 2014, 2024 and 2031.