1987 ANNUAL REPORT

SCANA

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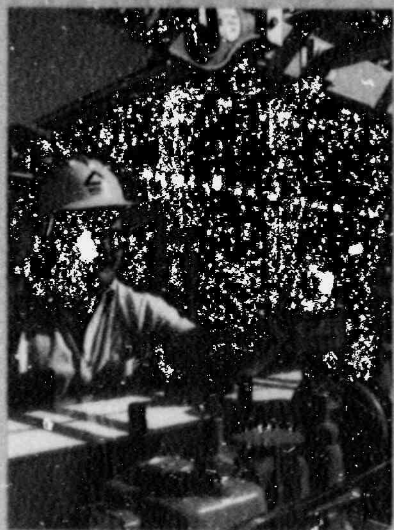
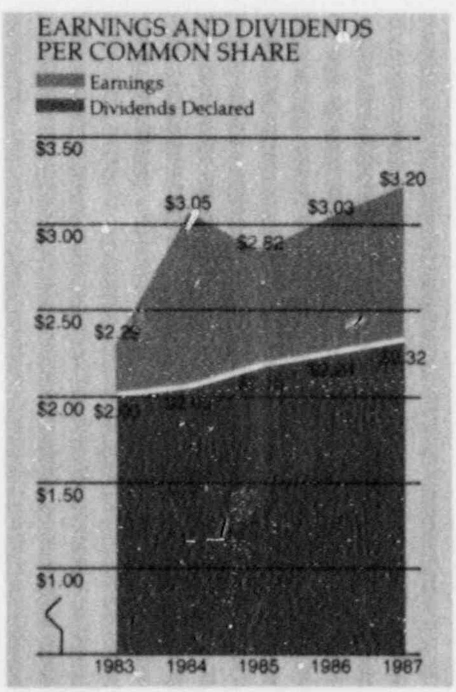
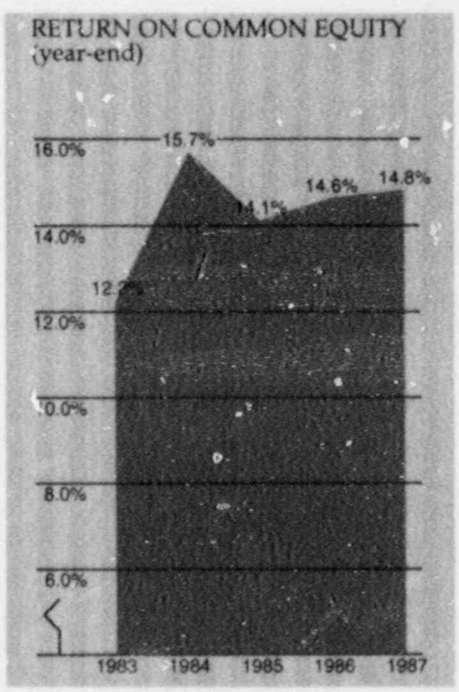


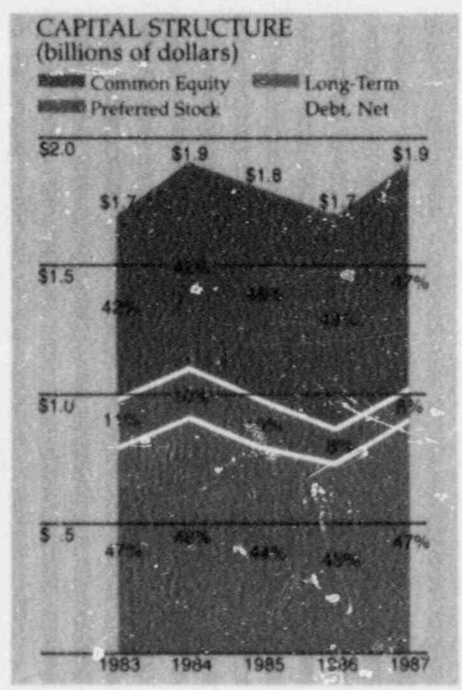
	1987	1986	% Increase (Decrease)
	(Millions of Dollars except statistics and per share amounts)		
Financial			
Total Operating Revenues	$ 1,116.0	$ 1,102.0	1.3
Total Operating Expenses	$ 911.6	$ 903.3	0.9
Earnings Available for Common Stock	$ 128.9	$ 122.2	5.6
Earnings Per Share of Common Stock	$ 3.20	$ 3.03	5.6
Dividends Declared Per Share of Common Stock	$ 2.32	$ 2.24	3.6
Book Value Per Share of Common Stock (Year-End)	$ 21.63	$ 20.77	4.1
Market Price Per Share of Common Stock (Year-End)	$ 28.50	$ 36.625	(22.2)
Common Stockholders' Equity (Year-End)	$ 871.6	$ 836.9	4.1
Common Stock Outstanding (Thousands; Year-End)	40,296	40,296	—
Construction Expenditures	$ 173.3	$ 144.2	20.2
Gross Utility Plant	$ 3,099.9	$ 2,959.5	4.7
Electric Operations			
Electric Operating Revenues	$ 806.8	$ 809.5	(0.3)
Sales (Million KWH)	14,314	13,704	4.5
Customers (Year-End)	417,778	406,511	2.8
Generating Capability — Net MW (Year-End)	3,890	3,890	—
Territorial Peak Demand — Net MW	2,943	2,853	3.2
Gas Operations			
Gas Operating Revenues	$ 306.0	$ 289.4	5.7
Sales (Thousand Therms)	734,145	671,881	9.3
Customers (Year-End)	195,338	192,941	1.2
Transit Operations			
Transit Operating Revenues	$ 3.2	$ 3.1	3.2
Revenue Passengers Carried (Thousands)	8,668	8,699	(.4)



EARNINGS AND DIVIDENDS PER COMMON SHARE



RETURN ON COMMON EQUITY (year-end)



CAPITAL STRUCTURE (billions of dollars)

Fellow Stockholders:

We are pleased to present this annual report which outlines the successes of SCANA Corporation during the past year. It is very gratifying to note that most of the significant achievements during 1987 resulted from our employees' diligent implementation of long range strategies over the past few years.

Earnings per common share were $3.20, an increase of 5.6% over the $3.03 earned in 1986. Earnings for both years reflect record electric customer usage as a result of record heat waves. We estimate the abnormal summer weather contributed approximately 21¢ per share in 1987 and approximately 23¢ per share in 1986.

On February 24, 1988, the Board of Directors authorized an increase in the indicated annual dividend from $2.32 to $2.40 per common share. The new dividend rate will be reflected in the quarterly dividends to be paid April 1, 1988 to holders of record March 10, 1988.

South Carolina Electric & Gas Company, our principal subsidiary, met several significant challenges during the past year. The abnormally hot summer established several records for peak demand on our system, with the new record set on August 10, 1987, when the peak was 2,943 megawatts, an increase of 3.2% over the prior year's peak set July 9. These peaks were met from our own generation, and all our plants functioned well during this period of heavy demand. Over the past few years, SCE&G has made significant expenditures to extend the useful life of our existing fossil and hydro power plants. Although this program is not complete, it is already paying dividends in improved reliability during high load conditions.

The V.C. Summer Nuclear Station continued its history of superior operations, receiving very high marks in its various inspections and reviews, and getting full accreditation of its training programs from the Institute of Nuclear Power Operations. The plant was taken out of service for a scheduled refueling in March 1987. The next scheduled outage for refueling is in the fall of 1988. Since the plant began commercial operation in 1984, it has achieved a capacity factor of 70%, as compared to an industry average capacity factor of 61%.

For the past few years, SCE&G has aggressively pursued several strategies to improve its competitive position. One major strategy implements a renewed marketing program. Its major features include new choices in rates, information about price-value relationships of our products, primarily provided through our Energy Info Centers, and significant improvements in our levels of customer service. Cost containment and cost reduction is the focus of a second major strategy, which has had the most direct effect on current electric rates. Aggressive renegotiation of coal supply contracts and purchase of spot market coal, decreases in corporate tax rates, redemptions of high cost bonds and preferred stock together with efforts by all employees to reduce the growth rate of non-fuel operating and maintenance expenses have resulted in significant rate reductions. Finally, a strategy addressing operational excellence fosters superior performance as typified by the record of V.C. Summer Nuclear Station. These strategies have been successful in making SCE&G's rates among the lowest in the southeast for investor-owned utilities. Since March 1984, SCE&G's residential retail electric rates have declined from $76.91 per 1,000 kilowatt hours (kwh) to $67.72 per 1,000 kwh, a decrease of 11.9%. We believe that SCE&G's customer base will continue to grow approximately 3% annually over the next few years, and that the combination of our marketing emphasis and hard-won competitive position will permit us to maximize the potential from such growth.

South Carolina Pipeline Corporation completed another successful year. Total system throughput increased 9.4%, to 78.8 million dekatherms. South Carolina Pipeline Corporation continued to purchase significant volumes of natural gas on the spot market, thereby maintaining good margins on its sales to industrial customers despite general weakness in the price of competitive energy supplies. Unfortunately, the outlook for natural gas sales during the next few years is uncertain. After several years of diminished exploration activity and partial deregulation, the industry is struggling to cope with overhanging costs of past contractual relationships in a significantly different, very competitive marketplace. South Carolina Pipeline Corporation has skillfully taken advantage of opportunities created by these changes. We believe it will continue to be successful as the industry adapts to a deregulated environment.

While we are striving to improve the operating results in our principal subsidiaries, we recognize that they are regulated and there is a limit to the growth in earnings which can occur based on their operations. Your management decided several years ago to begin a selective diversification program with the objective of having this program provide additional earnings growth while, to the extent possible, helping develop the economy within our utilities' franchised service area.

John A. Warren
Chairman and
Chief Executive Officer

Lawrence M. Gressette, Jr.
President

Because SCANA had no substantive experience with such a program, our first investments have been purposely small. The total investment in these ventures was less than $55 million at December 31, 1987. We are continuing to expand this part of the business, but it will be a few more years before net income from diversification makes a substantial contribution to consolidated net income.

We believe the future prospects for SCANA are excellent. As you will see in the succeeding pages of this report, the economic progress of our service area is moving rapidly toward higher skill employment and further industrial development. SCANA intends to capitalize on this growth in several ways. Our utility subsidiaries will continue to follow those strategies which keep our prices competitive, while we market our products and services to an expanding customer base. We will expand our diversification activities to augment our utility earnings.

The results of operations for the past two years have been excellent. Certainly, weather patterns and a strong local and national economy have been major factors in our achievements. However, the determined efforts of all of our employees to provide excellent customer service, to control our costs of operation and to expand the Company's business opportunities really are the foundations of our recent successes.

John A. Warren

Lawrence M. Gressette, Jr.

February 24, 1988

Foundations to build on. Opportunities for the taking. These are the advantages South Carolina has to offer. And momentum is on our side. Greater educational opportunities are available today than ever before. Hundreds of thousands of tourists flock to our mountain hideaways, beach resorts and historic cities each year. Our foremost colleges and universities are becoming leaders in emerging fields of technology, opening doors of promise both immediate and future. And yet, much of the state's economic and human potential remains untapped.

At SCANA Corporation, our goal is to help South Carolina maximize every opportunity and realize every potential. We want a better way of life for our customers, and we want the state's businesses and industries to grow so that we can grow with them.

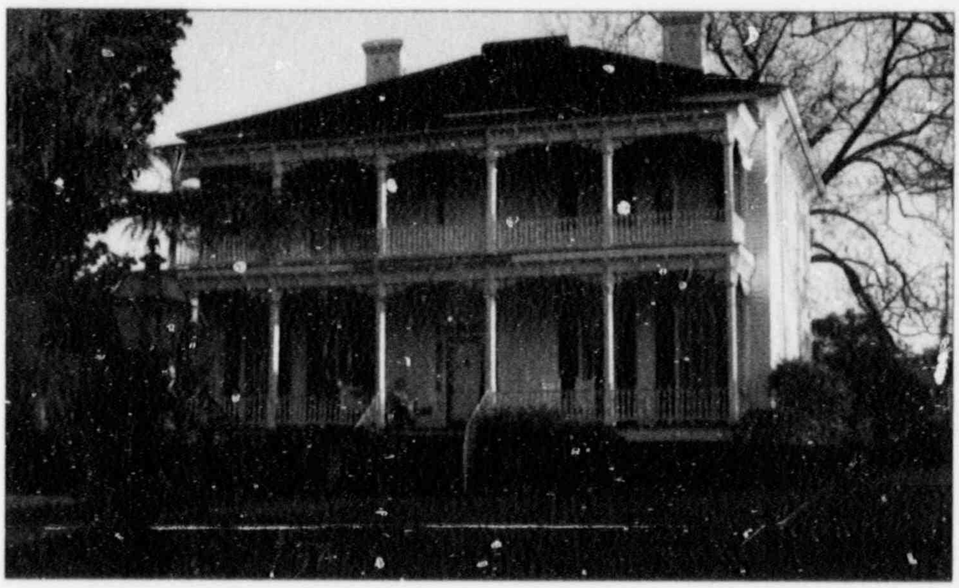
The Sky's The Limit

A profile of South Carolina is easy enough with the help of a few statistics: It is a proud state located on the southern Atlantic coast of the United States with a population of approximately 3.5 million . . . The median age is 28 . . . More than 50,000 young people will reach the age of 18 every year through the end of this decade . . . Between 1970 and 1986, the population increased by 31.9%, making South Carolina the second fastest growing state in the Southeast . . . Roughly 54% of the people live in an urban area . . . More than half of the people work in retail jobs . . . South Carolina ranked 14th in the nation in the creation of new jobs in the latest *Inc.* magazine ratings . . . State and local taxes are among the lowest in the nation . . . The work stoppage rate has been the lowest in the country for most of the past quarter century . . . Construction costs are among the lowest in the nation . . . More than 150 of the Fortune 500 companies have offices or plants in the state . . . More than half of the people age 25 and over hold high school degrees . . . Thirteen percent of the people over age 25 hold college degrees.

Reading, Writing And Arithmetic

The importance of having a better educated workforce cannot be understated. A fundamentally sound and successful educational system is essential if South Carolina is to capitalize on economic opportunities in the years ahead.

The high school graduation rate is twice what it was 10 years ago. The number of college graduates is also up considerably. State-supported technical schools are turning out and placing skilled workers in record numbers, and the state of South Carolina is committing more money and resources to improve its public school system than ever before.



Demand For Jobs Intensifying

As success greets our efforts to upgrade the educational levels of the people, more and better jobs will be needed. South Carolina has fared well in years past attracting new industry and 1987 was no different. Once again, SCE&G took a leadership role in this recruitment.

More than 20,000 new manufacturing jobs were announced in the state during the year, and capital investments amounted to $2.3 billion. About $1.3 billion, or 57%, will occur in SCANA's service area.

Examples of companies that have moved to South Carolina in the last year and a half read like a who's who in industry: Mack Trucks. Dana Corporation. The Allied Division of Grumman Corporation.

Just as impressive is the growth being experienced by companies which arrived earlier. Michelin Tire Corporation, with four major manufacturing facilities in the state, broke ground in Greenville in 1987 for its new North American headquarters. Pirelli announced plans for a research and development facility next to its fiber optic cable manufacturing plant outside Columbia. NCR Corporation unveiled its newest business computer, which represented a $30 million investment in its West Columbia plant. Robert Bosch Company, a subsidiary of the West German automotive supplier, began a four-year, $170 million expansion of its South Carolina plants.

SCE&G's economic development team works with local and state agencies to recruit new investment from around the world. However, we also help prepare communities in our own backyard for presentations to prospective industries.

Hastening Economic Development

Corporate gifts play a role in hastening economic growth as well, and two in particular are expected to pay big dividends to the state's economy in future years. SCE&G donated much of the land and buildings for the University of South Carolina's Swearingen Engineering Complex, which will boast a powerful new supercomputer that will be installed in 1988. A three-year, $600,000 grant to Clemson University will be used to stimulate projects related to energy and economic development at Clemson's new Emerging Technology Development and Marketing Center.

Beaches, Parks, Zoos And Museums

South Carolina, with historic Charleston, the Myrtle Beach Grand Strand, Hilton Head Island and the Blue Ridge Mountains, certainly doesn't need any help attracting tourists. More than 36 million people visit the state each year and spend about $3.5 billion.

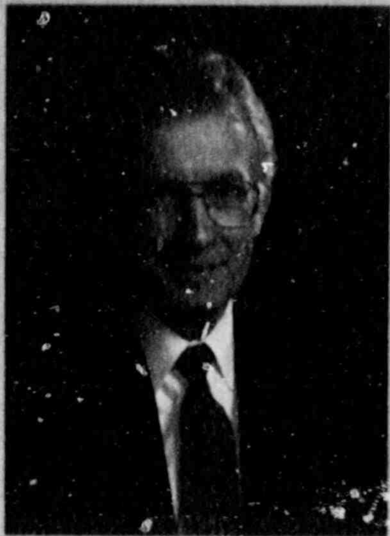
One of the biggest draws is Spoleto USA, Charleston's international arts festival, which annually brings more than 150,000 visitors to the famous port city.

Riverbanks Zoo in Columbia, one of the top 10 zoos in the United States according to *Parade* magazine, delights over a half million people each year.

Lake Murray covers 50,000 acres in central South Carolina and powers one of SCE&G's hydroelectric generating plants. It is also home to thousands of year-round residents and attracts 200,000 water-sport enthusiasts annually.

A new attraction will be added in 1988 when the South Carolina State Museum opens. The building that will house the Museum was the first electrically-powered textile mill in the world. The electricity was produced at a hydroelectric plant that later became part of SCE&G.

What once were merely promising opportunities have become realities for many South Carolinians. Educationally, economically and technologically, the state is stronger today than ever before and getting stronger. SCANA is proud to be a part of this success and excited about the challenges ahead.



"The future of South Carolina Electric & Gas Company rests on a strong foundation of customer satisfaction backed by the technically competent and sound management of its resources. Our customers and stockholders will not tolerate less."

T.C. Nichols, Jr.
President & Chief Operating Officer
South Carolina Electric & Gas Company

Record Electric Usage

SCE&G customers used record amounts of electricity in 1987, establishing three historical peaks in a one-month period, with the all-time record demand of 2,943 megawatts (MW) occurring August 10. This series of records broke the previous record of 2,853 MW set July 9, 1986.

Systemwide sales rose 4.5% over the previous year, totaling 14.3 billion kilowatt-hours (KWH). Residential sales were up 4.1%, commercial sales 5.1% and industrial sales 4.2%. Wholesale and other electric sales increased 4.7%.

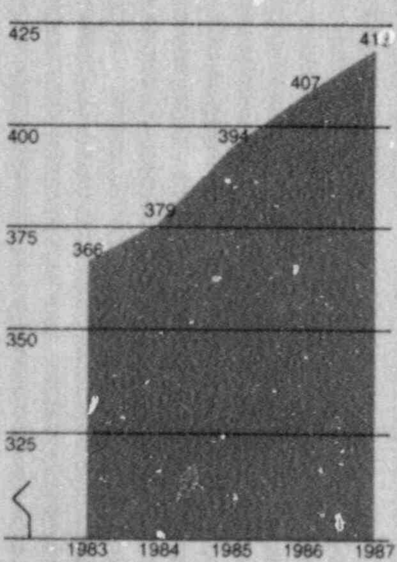
An increase of 2.8% over 1986 in electric customers contributed to the higher electric sales. SCE&G was serving 417,778 electric customers at year-end. Distribution system projects were undertaken to meet the resulting load growth and to improve service reliability.

Rate stability is one of the primary goals and proudest accomplishments at SCE&G. In July 1987, 400 megawatts of electric generating capability were restored to the rate base without the need for a rate increase. In December 1987, the S.C. Public Service Commission (PSC) ordered a $27.6 million, or 3.7%, reduction in retail electric rates. This reduction reflected tax savings expected to be realized by SCE&G as a result of the Tax Reform Act of 1986, and a lowering of the company's allowed return on common equity from 14.25% to 13.25% effective January 1, 1988. The PSC had previously reduced SCE&G's retail electric rates by $25 million, or 3%, in February 1987 to reflect lower income taxes established in the Act.

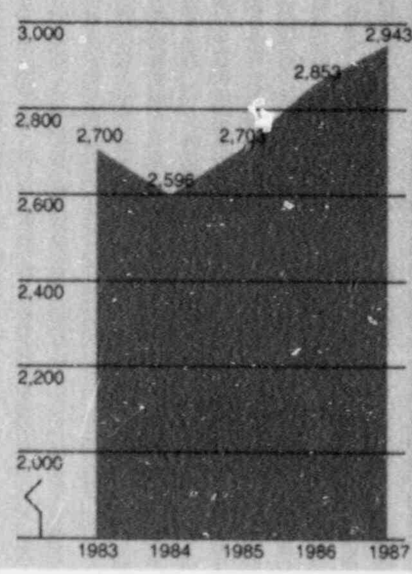
Since March 1984, SCE&G's residential electric rates have fallen 11.9%, while average annual residential usage has risen 6.6%.

Bar codes make meters easily identifiable by a scanner, which records each code, entering the data into a computer for inventory purposes.

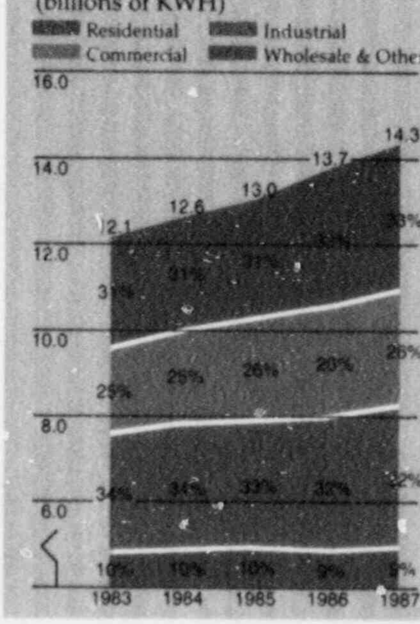
ELECTRIC CUSTOMERS
(thousands; year-end)



ELECTRIC TERRITORIAL PEAK DEMAND
(megawatts)



CONSOLIDATED ELECTRIC SALES
(billions of KWH)




Accessory Code Menu
ESC to Exit...
Code List
code
F2 Search for
code
F4 Delete
This is the Meter Accessory Code Sub-Menu. It allows selection of a code for use by the barcode print process and other related functions.
SELECT A FUNCTION...

Efficient Generation Gets Even Better

SCE&G continues to improve its already excellent record of efficiency in the generation of electricity. The company's 1987 system heat rate for fossil plants was 9,920 BTU/KWH, marking the fifth consecutive year this important measure of generating efficiency has improved. In *Electric Light & Power* magazine's latest annual survey of the country's 100 largest investor-owned utilities, SCE&G had the eighth best fossil heat rate for 1986. SCE&G has ranked in the survey's top 10 for the last five years and eight of the last nine.

Total system generation in 1987 was 15.4 billion KWH, up 5.7% from 1986. That included all electricity produced by the A.M. Williams Station in Charleston, which is owned by another SCANA subsidiary, South Carolina Generating Company, Inc. The total generation mix in 1987 was 74% coal, 21% nuclear and 5% hydroelectric.

The peak generating capability stood at 3,890 MW as of January 1, 1988. Generation from coal accounted for 56% of this capacity; hydroelectric 20%; nuclear 15%; and oil and natural gas 9%.

Maintenance, Life Extension Programs Benefit Customers

SCE&G's superb record of generating efficiency can be linked to aggressive programs to maintain and upgrade existing generating plants and transmission and distribution equipment.

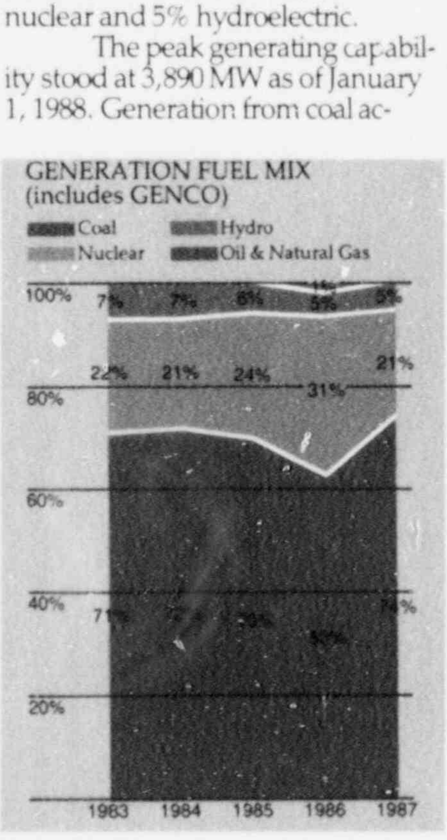
Especially noteworthy is the installation of a computerized maintenance planning and scheduling system at SCE&G's fossil plants. Although the project will not be completed at all plants until the summer of 1989, benefits are already being realized in tracking work orders, scheduling preventive maintenance and measuring productivity. Refurbishments continued at five steam plants as part of the company's on-going life extension program for existing electric generating facilities.

Coal is SCE&G's primary generation fuel. Our fossil plants burned 4.6 million tons of coal in 1987, a 24.1% increase from 1986.

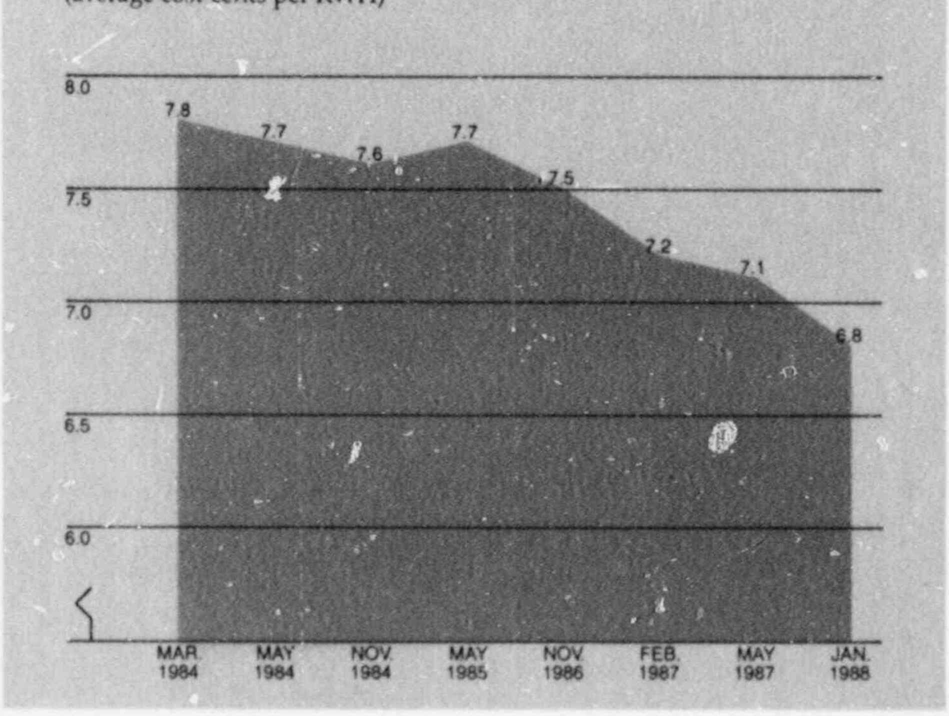
Efforts to reduce the costs associated with coal have paid off in significant savings for our customers over the last few years. The delivered cost of coal has dropped from $53.27 a ton in 1984 to $42.60 a ton at year-end 1987. SCE&G achieved these savings by buying more coal at lower cost on the spot market and by renegotiating several long-term purchase and shipping contracts.

McMeekin Station consistently ranks as one of the most efficient generating plants in the United States.

GENERATION FUEL MIX
(includes GENCO)



RESIDENTIAL RATE CHANGES
(average cost-cents per KWH)



"1987 was a strong year for South Carolina's economy. We enjoyed the second best year on record for job creation and an all-time record for foreign investment. This was due to a multitude of factors, not the least of which was tremendous cooperation between local and state officials and the private sector. The future is bright for South Carolinians and South Carolina companies such as SCANA. By working together, we can continue creating opportunities for all our people."

The Honorable Carroll A. Campbell, Jr.
Governor
State of South Carolina

Choices For A Better Way Of Life

Customer service means more than just providing a good product at a reasonable price. It also means offering options and conveniences that complement an individual's lifestyle or a company's approach to business. SCE&G is doing that in a number of ways.

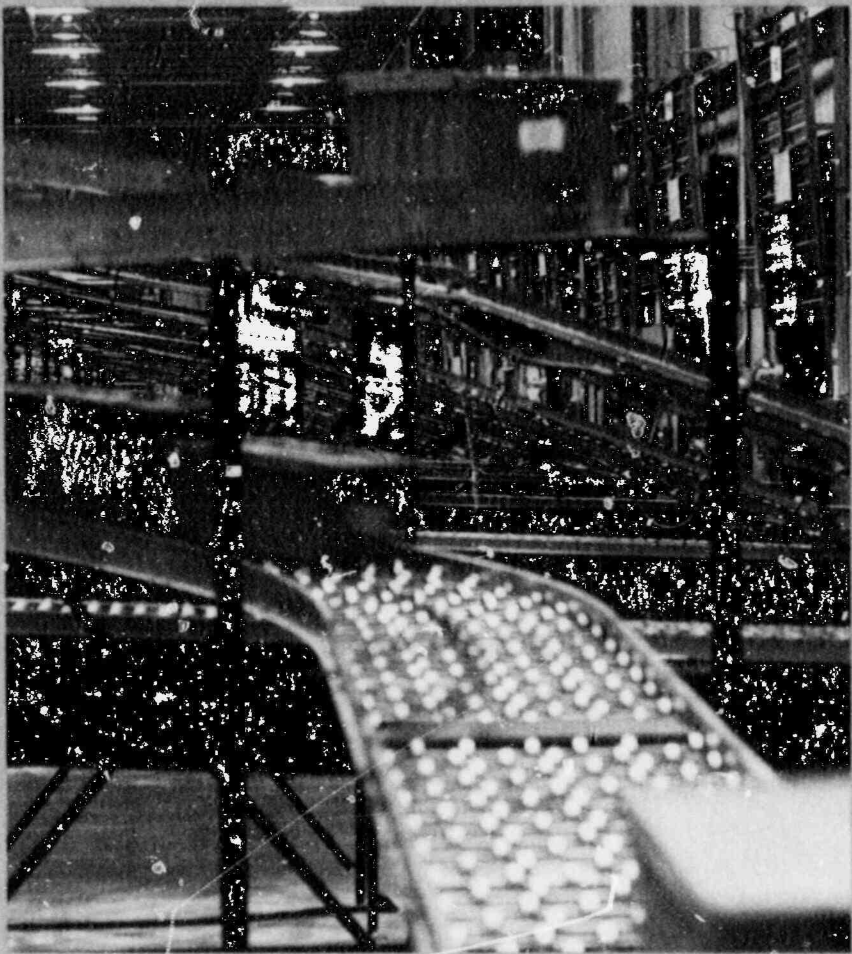
The majority of our residential electric customers are billed at a standard rate. But others with nontraditional lifestyles or those who are willing to alter their electric usage patterns can save with our low-use and time-of-use rates. Residential customers who build or retrofit their homes to meet stringent conservation standards can save with a reduced rate.

A time-of-use rate is also available for businesses and industries which shift their usage to off-peak hours. A combination of firm and interruptible rates offers attractive savings to companies which allow SCE&G to discontinue their service during peak situations.

By encouraging conservation and off-peak usage, SCE&G can delay the need for new generating plants and maintain rate stability. But rates aren't the only options available.

During 1987 SCE&G certified 574 new homes under the Good Cents energy-efficiency program and at year's end an additional 900 were under construction.


Bush River Rd
Columbia S.C

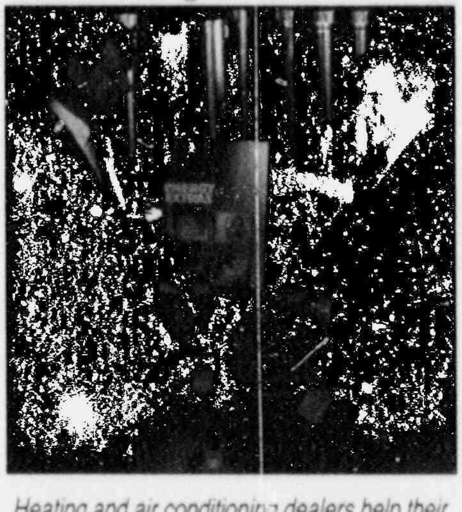


Rite Aid opened a new distribution center in Winnsboro in May 1987. The 277,000 square-foot facility provides service to Rite Aid pharmacies in a six-state area.

Marketing Programs Offer More Options

SCE&G's residential customers who qualify can receive a rebate if they replace their old heating and cooling systems with more efficient appliances. SCE&G also offers a security lighting program and an easy payment plan where budget-minded customers are billed in equal monthly installments.

Also, a new multi-faceted power conditioning program is being offered to residential, commercial and industrial customers. Lightning arrestors and surge protectors are available to better protect home appliances from electrical damage. Commercial and industrial customers can take advantage of custom-designed back-up equipment to assure an uninterruptible power source for sensitive, critical microprocessing equipment during temporary service interruptions or extended outages.



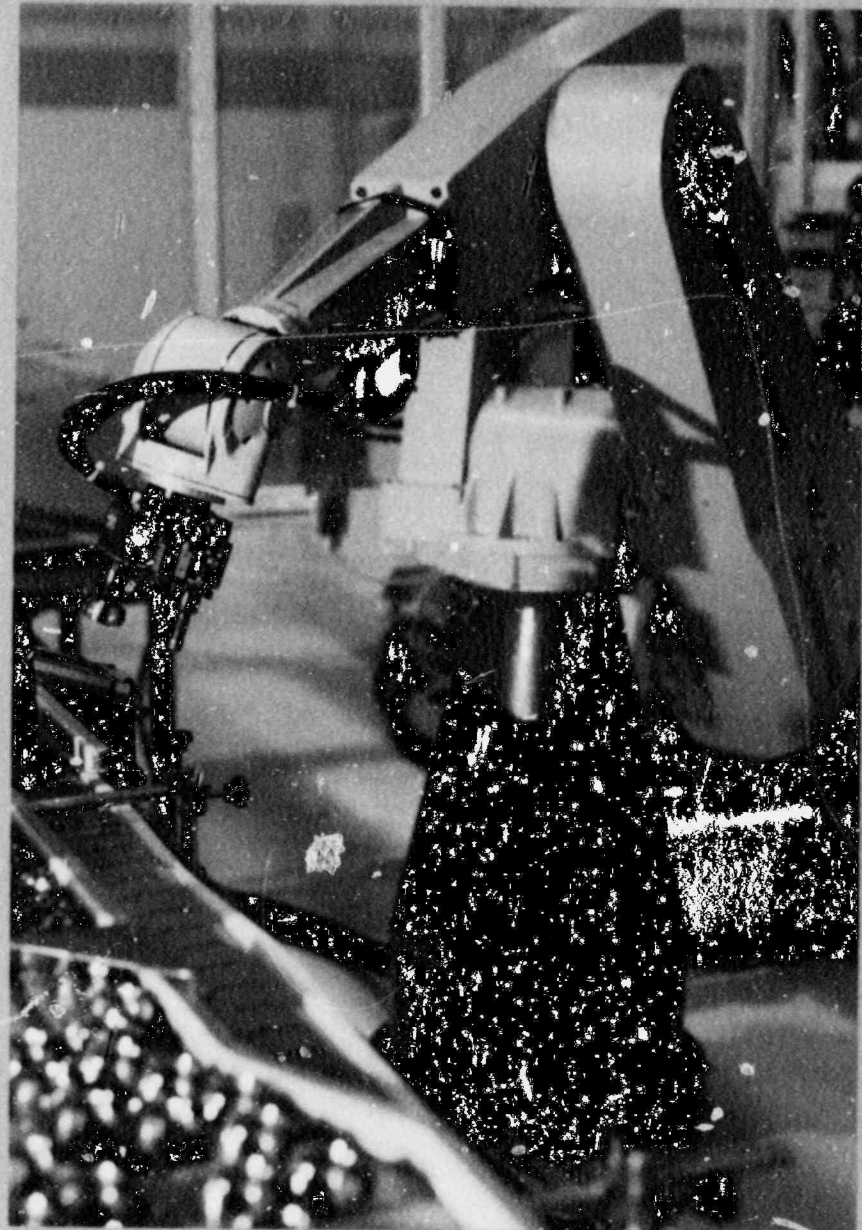
Heating and air conditioning dealers help their customers qualify for SCE&G's Energy Extras programs that provide financial incentives for improving the efficiency of major home appliances.

Reaching Out To Senior Citizens

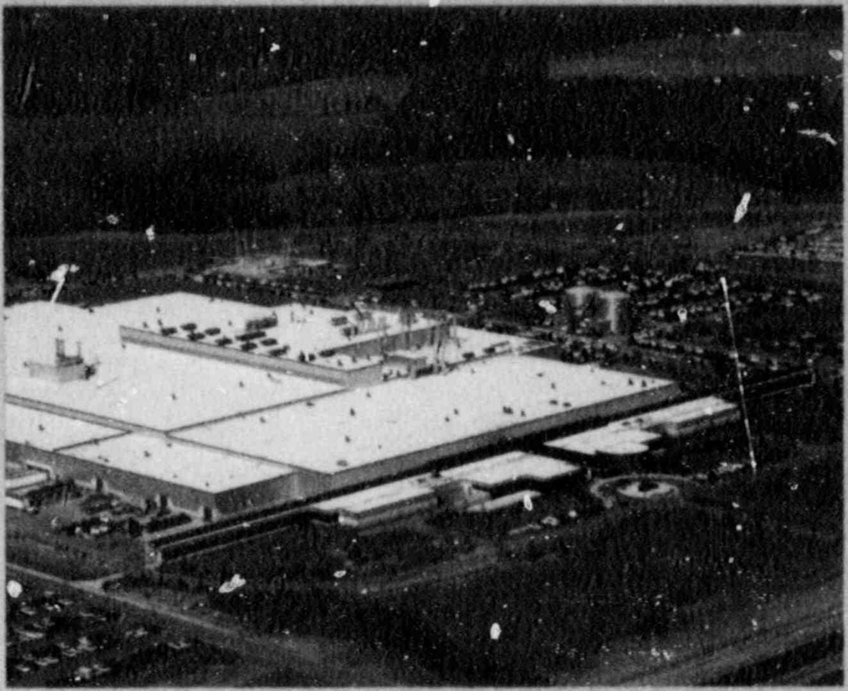
SCE&G has developed a number of corporate social responsibility programs to help meet the needs of the communities we serve. The purposes of the programs vary, but the company's dedication to each one is strong.

One of the more successful programs is called Project SHARE. A voluntary donation program supported by nearly 20,000 SCE&G customers, Project SHARE provides direct financial assistance to the needy during crisis situations. These funds help qualified people buy heating fuels to stay warm during the winter and to pay for heating equipment repairs. Project SHARE got its start from seed money donated by SCANA stockholders. In 1987, community action agencies distributed more than $217,000 in Project SHARE funds to 1,353 deserving families and individuals.

An increased emphasis is being placed on meeting the specific needs of our senior citizens. In cooperation with the local Council on Aging in Columbia, the Customer Assistance Department is participating in a pilot program aimed specifically at elderly patients recently released from hospitals. Home visits by nursing and pharmacology students from the University of South Carolina will ensure that medicine is being taken properly and bandages are kept clean.



Robots make up the majority of the work force at the Dana Corporation plant located in the Carolina Research Park. The lightly manned robotics technology manufactures front wheel drive systems for automotive applications.



In August 1987 Mack Trucks opened its new $80 million Winnsboro assembly plant. The first customer-ordered truck was presented to SCE&G three months later on November 10 during official dedication ceremonies for the state-of-the-art facility.

Summer Station Gets High Marks

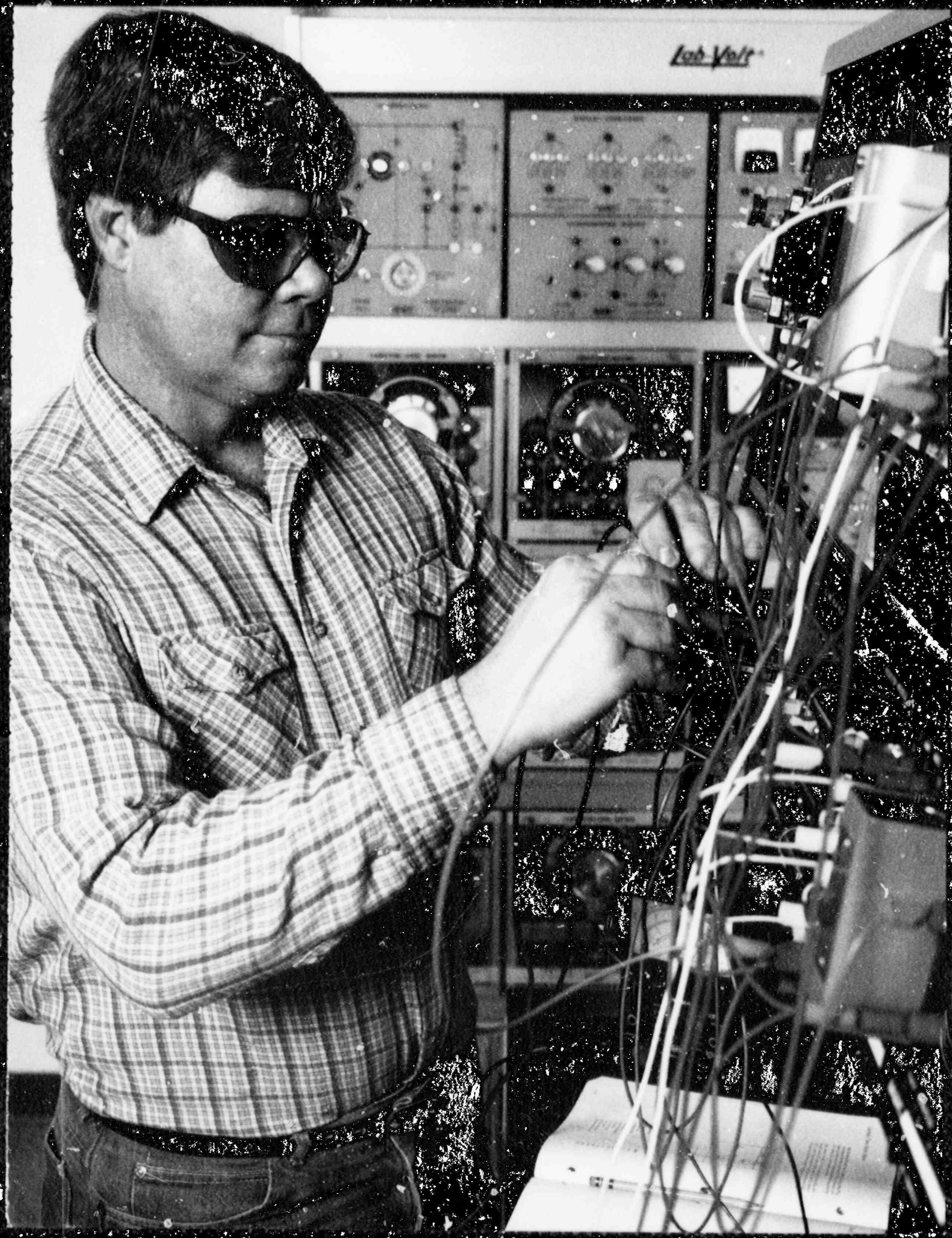
SCE&G received good news from the Nuclear Regulatory Commission (NRC) in 1987 when the agency released its latest assessment of performance at the V.C. Summer Nuclear Station.

In a letter to SCE&G, the NRC commended the company for its "high level of improved performance" and "aggressive management posture towards nuclear safety" identified in the report, which covered the period January 1, 1986 through July 31, 1987.

The NRC noted that SCE&G had taken a number of steps to improve plant operations during that time, including the establishment of a management review board to review all unplanned shutdowns of the reactor. This review board's work resulted in a reduction of the number of unplanned shutdowns compared with an earlier period.

The company received even more good news when the Institute of Nuclear Power Operations (INPO) accredited the remaining four training programs at Summer Station. By having all 10 of its training programs accredited, SCE&G became the 24th utility to be granted full membership in INPO's National Academy for Nuclear Training.

Summer Station electricians can now get additional "hands on" experience in recently completed labs that make training for craft employees more realistic.


Lab-Volt

NCR Corporation's newest business computer, the Tower 32/800, was unveiled in February 1987. The computer was designed, developed and is manufactured at the NCR plant in West Columbia.

Refueling Outage A Success

Summer Station also successfully completed its third refueling, maintenance and testing outage during the spring. The most significant activity during the three-month outage involved the "shot peening" of steam generator tubes, making them less susceptible to cracking.

Because of the refueling outage, Summer Station's capacity factor was 66.5% for 1987. That was down from the previous year's 92.4%, when the plant did not undergo refueling, but still better than the national average for nuclear units. Capacity factor is the amount of electricity a generating plant produces compared to the maximum it could produce if operated uninterrupted year-round.

Transit System Allowed Higher Fare

SCE&G's fleet of 108 buses carried more than 8.7 million revenue passengers in 1987, about 31,700 less than in 1986.

SCE&G continued to lose money on its transit operations in 1987 despite on-going programs to reduce costs. Total revenue was $3.2 million, while operating expenses were $8.1 million. SCE&G is required by franchise agreements with the cities of Charleston and Columbia to provide public transportation.

In October 1987, SCE&G petitioned the PSC for an increase in the 25 cent base fare — the lowest in the country. In December 1987, the PSC approved an increase to 50 cents effective January 1, 1988.

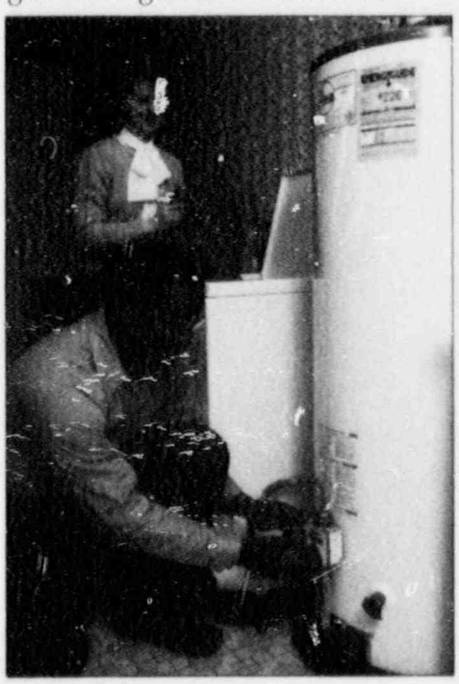
Although this increase will help reduce transit losses, it was disappointing that the requested increase to $1 was not granted. SCE&G continues to seek the establishment of publicly subsidized Regional Transportation Authorities to reduce its role in providing public transportation.

Natural Gas Sales Stressed Through Sales Force, Marketing

The number of natural gas customers on SCE&G's system increased by 1.2% over 1986 to 195,177 at year-end 1987. Total retail sales were up 9.3% to 300.2 million therms. Residential, commercial and industrial sales rose 15.5%, 8.1% and 3.8%, respectively.

SCE&G's natural gas operations underwent a complete reorganization during the fall of 1987 as part of a new strategy to increase residential sales along the company's 5,399-mile distribution system.

A special sales force was formed, trained and challenged to identify and recruit new customers. The sales force, working on a commission basis, will focus on three target groups: Customers with gas lines near their homes will be told about the merits of gas appliances; and developers and builders in fast-growing areas where natural gas is available will be encouraged to include gas appliances in their plans. Additionally, in 1988, SCE&G began offering rebates to customers who replace their old electric water heaters with more economical gas water heaters.



Training Efforts Improve Service To Gas Customers

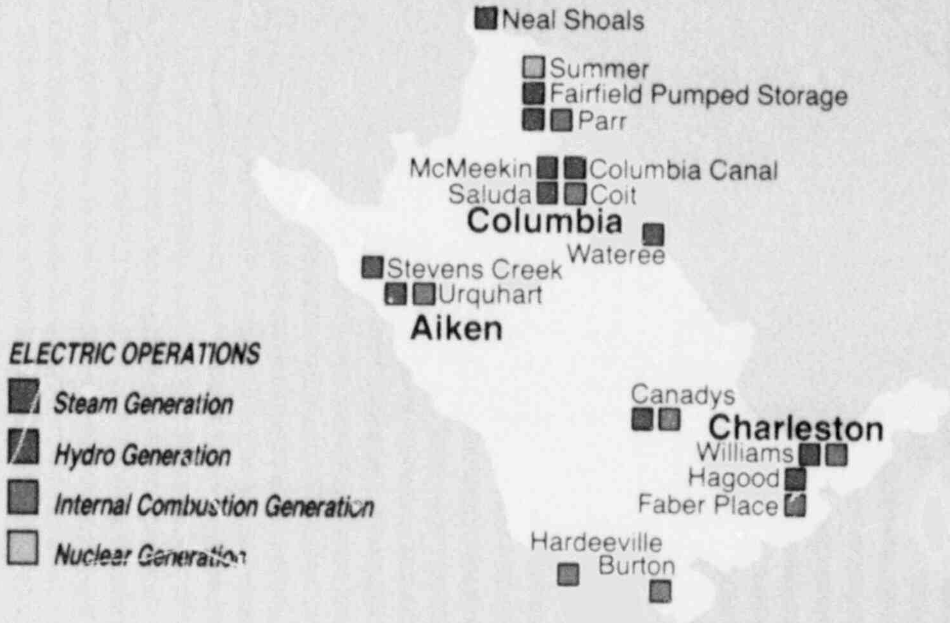
SCE&G expanded its training efforts into new and exciting frontiers in 1987. Under a program that requires 160 hours of intensive training, gas servicemen are now being qualified to service all types of household appliances. And to stay abreast of the latest in technology in the metering and pressure regulation of natural gas, experts are brought in on a regular basis to conduct training classes.

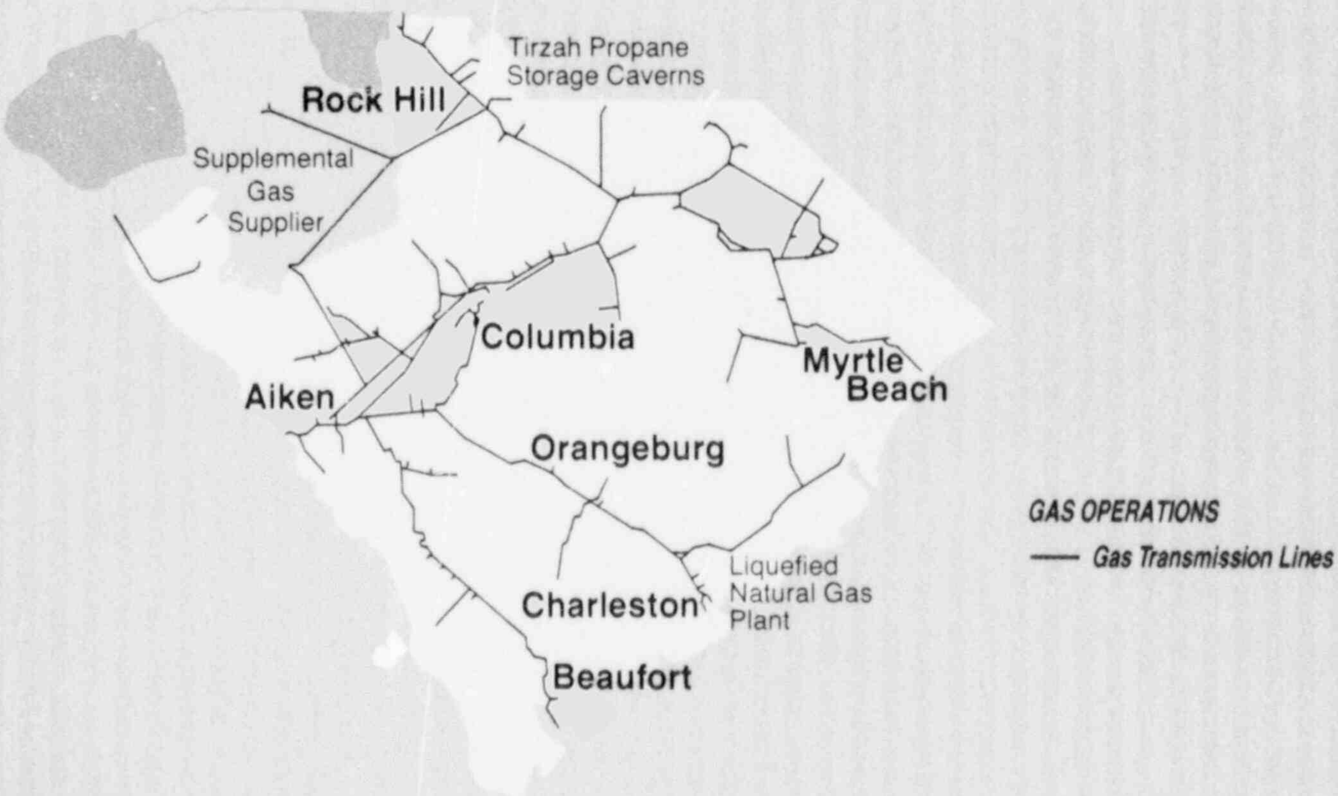
SCE&G is also taking advantage of new technology in other areas as it becomes available. Computer software is making it easier to identify equipment problems and quickly find solutions. Faster emergency repairs to plastic pipe are also possible by utilizing a process called "electrofusion," where electric current is used to bond the pipe.

System improvements continued in 1987 as a $30 million project to replace more than 600 miles of mains and service connections in the Columbia area moved nearer to completion. Propane air plants in Columbia and Charleston were rebuilt and their capacity doubled to meet peak-day supply needs.

Because revenues were not keeping pace with investments to expand and improve the system, in June 1987, the company requested a 5.7% increase in natural gas rates. Following a public hearing in September, the PSC approved a $4.3 million, or 3.8%, increase in annual revenues based on a 12.75% return on common equity, effective December 1, 1987.

The new gas sales team is working closely with builders and encouraging them to include gas appliances in the homes they construct.

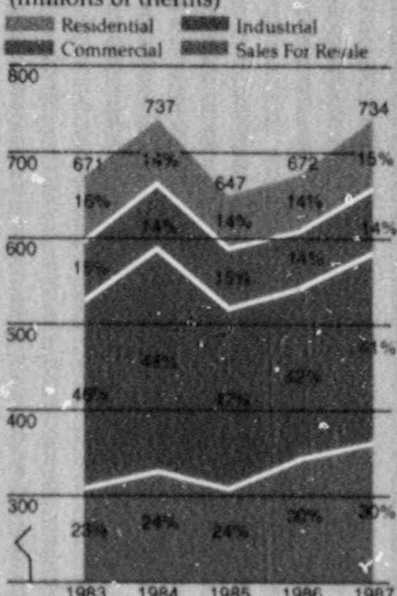

Neal Shoals
Summer
Fairfield Pumped Storage
Parr
McMeekin
Columbia Canal
Saluda
Coit
Columbia
Wateree
Stevens Creek
Urquhart
Aiken
ELECTRIC OPERATIONS
Steam Generation
Hydro Generation
Internal Combustion Generation
Nuclear Generation
Canadys
Charleston
Williams
Hagood
Faber Place
Hardeeville
Burton


Tirzah Propane
Storage Caverns
Rock Hill
Supplemental
Gas
Supplier
Columbia
Myrtle
Beach
Aiken
Orangeburg
Liquefied
Natural Gas
Plant
Charleston
Beaufort
GAS OPERATIONS
Gas Transmission Lines

"The restructuring of the natural gas industry presents South Carolina Pipeline Corporation with a crucial challenge: To continue providing the excellent service our customers have come to expect in an increasingly competitive environment. We welcome this challenge."

Max Earwood
President
South Carolina Pipeline Corporation

CONSOLIDATED NATURAL GAS SALES
(millions of therms)



S.C. Pipeline Corporation Responds To Competition

South Carolina Pipeline Corporation (SCPC) is SCANA's intrastate natural gas transmission subsidiary that serves resale and industrial customers in all but two of South Carolina's 46 counties. Resale customers include city and county gas authorities and other gas utilities. At year-end 1987, SCPC was serving approximately 146 direct customers, including SCE&G.

Purchases of gas on the spot market continued to help SCPC remain competitive with alternate fuel suppliers in 1987. Total sales increased by 8.4% over 1986 to 72.4 million MCF. Industrial sales were up by 4.6% while sales to resale customers increased by 10%. The amount of gas transported for resale customers and end-users rose 32.4% compared to 1986.

Southern Natural Gas Company (Southern) and Transcontinental Gas Pipeline Corporation (Transco) provide SCPC's contract gas requirements. The contract demand is 210,900 MCF per day with Southern and 29,300 MCF per day with Transco. SCPC also purchases significant volumes of spot market gas that is transported by Transco and Southern on an interruptible basis. This arrangement assures SCPC customers of a reliable supply of gas and allows the company flexibility in purchasing.

Total natural gas purchased for resale, including spot market purchases, totaled approximately 72.0 million MCF in 1987, up from 65.4 million MCF in 1986. The cost per MCF declined from $3.30 in 1986 to $3.09 in 1987.

Satellite Monitoring Of Pipeline Passes Test

During 1987, SCPC became the first gas transmission utility in the nation to employ a satellite telemetering system for monitoring and controlling the pipeline. The very small aperture terminal (VSAT) system exceeded all expectations during extensive testing and is expected to become fully operational during 1988.

The system will be installed in two phases. Phase 1 involves the placement of 25 small terminals to transmit information about gas volume and flow from remote points along SCPC's 1,657 miles of pipeline. Phase 2 calls for an additional 15 terminals to be installed.

The financial benefits of this system will be immediate. The cost to transmit this information across local telephone lines has been steadily increasing. Because of its fixed costs, VSAT will quickly pay for itself.

SCPC is taking advantage of satellite technology to monitor its gas transmission system.

Construction, Real Estate Companies Active

Primesouth, Inc., SCANA's construction and design subsidiary, ended 1987 on a successful note by signing a major contract as an authorized builder for American Buildings Company, one of the largest manufacturers of metal building systems in the world. Contracts awarded to Primesouth during 1987 included a new U.S. Post Office in Charleston; a major addition to the headquarters of a regional bank; significant renovations at a county hospital; a 145,000 square foot research and development facility; and an air cargo building for the Columbia Metropolitan Airport. Primesouth achieved profitability in 1987, its first full year of operation.

South Carolina Real Estate Development Company, Inc. (SCRED) continued its involvement during 1987 in businesses ranging from major industrial parks to single-family residential developments. SCRED completed a shopping center and a business park in Columbia, and an office building in Charleston. Another office building is under construction in Charleston.

Aggressive Marketing Pays Off For SCANA Software

SCANA Software Services, Inc. began aggressive marketing of its products and services in 1987, and this effort is proving successful.

During 1987, SCANA Software signed contracts with several utilities for the sale of a Fleet Management System, which allows companies to manage and analyze their equipment purchases and maintenance activities more cost effectively. In addition, SCANA Software contracted with a gas utility to provide a customized Distribution Construction Information System to satisfy specific construction management requirements. As a result of this project, SCANA Software will have a new gas system to add to its product portfolio.

SCANA Software also established an international presence during 1987. The Severn-Trent Water Authority of Birmingham, England signed a contract for a specially adapted version of the construction information system to meet its needs in the United Kingdom.

This aggressive sales posture, based on quality products and excellence in service, is positioning SCANA Software for continued growth. In addition to holding great promise for the future, this high-technology venture has contributed to the economic development of South Carolina through the creation of 70 new jobs.

MPX Continues Growth Strategy

Another high-tech subsidiary — MPX Systems, Inc., a provider of fiber optic telecommunications services — also had a good year in 1987. MPX increased its investment in SouthernNet, an interstate carrier that provides telecommunications services to Washington, D.C. and seven southeastern states, to a 15% interest as of December 31, 1987. Equity earnings from this investment and income from the fiber optic lines built and operated by MPX made a positive contribution to SCANA's earnings in 1987. Plans are being made to add approximately 70 miles of fiber optic lines in South Carolina.

...me, in many situations, can be cut in half by crews ...ng electronic and computer-enhanced equipment like this T-1000, while greatly increasing accuracy.

Directors

J. K. Addy[1,2]
President
Addy Dodge, Inc.
Lexington, South Carolina

W. B. Bookhart, Jr.[3,5]
Partner
W. B. Bookhart Farms
Elloree, South Carolina

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

L. M. Gressette, Jr.
President
SCANA Corporation
Columbia, South Carolina

J. B. Guess, III[2,3]
Owner
Edisto Farms
Denmark, South Carolina

B. A. Hagood[3,4]
President
Wm. M. Bird and Co., Inc.
Charleston, South Carolina

J. F. Hassell, Jr.[2,3]
Retired Chairman and
Chief Executive Officer
Pre-Stress Concrete Company, Inc.
Charleston, South Carolina

W. H. Hipp[2,4]
President and Chief Executive Officer
The Liberty Corporation
Greenville, South Carolina

Avram Kronsberg[2,4]
President
Harrison & Company, Inc.
Charleston, South Carolina

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

T. C. Nichols, Jr.
President
South Carolina Electric &
Gas Company
Columbia, South Carolina

E. W. Pike, Jr.[1,4]
President
Colonial Development Company
Beaufort, South Carolina

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

J. B. Rhodes[4,5]
Chief Executive Officer
Rhodes Oil Company, Inc.
Walterboro, South Carolina

V. C. Summer[3,5]
Chairman of the Board Emeritus
SCANA Corporation
Columbia, South Carolina

E. C. Wall, Jr.[1,4]
President
Canal Industries, Inc.
Conway, South Carolina

John A. Warren[1]
Chairman and
Chief Executive Officer
SCANA Corporation and Subsidiaries
Columbia, South Carolina

Directors Emeriti

W. R. Bruce
K. W. French
F. M. Hipp
J. H. Lumpkin
A. C. Mustard
J. E. Schachte, Jr.
A.M. Williams
John C. B. Smith
deceased (1-3-88)
W. H. Taylor
deceased (2-10-88)

Officers

John A. Warren[6]
Chairman of the Board and
Chief Executive Officer

L. M. Gressette, Jr.[7]
President and Treasurer

Cathy B. Novinger
Senior Vice President
Administration and
Governmental Affairs

W. B. Timmerman
Senior Vice President and Controller
Chief Financial Officer

C. B. McFadden
Vice President
Planning and Corporate Services

F. F. Frick
Assistant Vice President
Internal Audit

Barbara D. Blair[8]
Secretary

Harriett M. Gardner
Assistant Secretary

[1] Member of Executive Committee
[2] Member of Audit Committee
[3] Member of Corporate Performance and Strategic Planning Committee
[4] Member of Investment, Compensation and Management Development Committee
[5] Member of Nuclear Oversight Committee
[6] Also Chairman and CEO of all subsidiaries
[7] Also Vice Chairman of all subsidiaries where he is not President
[8] Secretary for all subsidiaries

South Carolina Electric & Gas Company

T. C. Nichols, Jr.[9]
President and
Chief Operating Officer

O. W. Dixon, Jr.
Executive Vice President
Operations

C. L. Rye
Senior Vice President
Power Delivery and Transportation

B. M. Smith, Jr.
Senior Vice President
Corporate and
Economic Development

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

G. J. Bullwinkel, Jr.
Vice President
Customer Relations-
Southern Division

V. R. Coward, Jr.
Vice President
Support Services

G. C. Croft, Jr.
Vice President
Transmission and Distribution
Engineering

W. A. Darby
Vice President
Gas Operations

R. D. Hazel
Vice President
Personnel and Corporate
Communications

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

John Kinloch
Vice President
Transit and Fleet Maintenance

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

D. C. McNamara
Vice President
Marketing

D. A. Nauman
Vice President
Nuclear Operations

E. C. Roberts
Vice President and General Counsel

Patricia T. Smith
Vice President
Purchasing and Regulatory Affairs

W. E. Moore
Assistant Vice President
Production Engineering

K. B. Marsh
Controller

J. G. Black, II
Assistant Treasurer

South Carolina Pipeline Corporation

Max Earwood[10]
President

R. M. Kightlinger
Vice President
Supply and Engineering

B. J. MacInnis
Vice President
Operations

Primesouth, Inc.

E. H. Crews, Jr.
President

J. M. Woods
Vice President

J. C. Chapman
Vice President

South Carolina Real Estate Development Company, Inc.

J. W. Wedding
President

A. H. Gibbes
Vice President

SCANA Software Services, Inc.

R. W. Stedman
President

J. D. Gregg
Vice President
Operations

[9] Also President of South Carolina Generating Company, Inc., South Carolina Fuel Company, Inc., and Carotane, Inc.

[10] Also Vice President of SCE&G and President of minor propane subsidiaries

MANAGEMENT REPORT

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

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

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

W B Tim

W. B. Timmerman
Senior Vice President
Chief Financial Officer

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Deloitte Haskins+Sells

Suite 820
1426 Main Street
Columbia, South Carolina 29201

SCANA CORPORATION:

We have examined the Consolidated Balance Sheets and Consolidated Statements of Capitalization of SCANA Corporation and consolidated subsidiaries ("Company") as of December 31, 1987 and 1986 and the related Consolidated Statements of Income and Retained Earnings and of Sources of Funds for Gross Property Additions for each of the three years in the period ended December 31, 1987. 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.

In our opinion, such Consolidated Financial Statements present fairly the consolidated financial position of the Company at December 31, 1987 and 1986 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells

February 8, 1988

December 31,	1987	1986
ASSETS	*(Thousands of Dollars)*	
Utility Plant (Notes 1, 2, 3 and 4):		
Electric	$ 2,574,138	$ 2,475,332
Gas	292,990	277,292
Transit	4,024	4,188
Common	37,102	23,622
Total	2,908,254	2,780,434
Less accumulated depreciation and amortization	797,752	722,996
Total	2,110,502	2,057,438
Construction work in progress	95,013	92,379
Nuclear fuel, net of accumulated amortization	62,445	51,535
Acquisition adjustment — gas, net of accumulated amortization	34,148	35,146
Utility Plant, Net	2,302,108	2,236,498
Other Property and Investments:		
Nonutility property (substantially at cost)	40,789	30,331
Investments (Note 1)	29,076	19,213
Total Other Property and Investments	69,865	49,544
Current Assets:		
Cash, temporary cash investments and special deposits	22,195	10,913
Receivables	105,041	107,078
Inventories (at average cost):		
Fuel (Note 3)	61,025	54,768
Materials and supplies	24,541	18,433
Prepayments	13,307	15,323
Total Current Assets	226,109	206,515
Deferred Debits:		
Unamortized debt expense	6,790	5,474
Accumulated deferred income taxes (Notes 1 and 7)	17,843	11,208
Unamortized deferred return on plant investment (Notes 1 and 2)	40,335	36,395
Nuclear plant decommissioning fund (Note 1)	7,238	5,128
Other	32,081	24,570
Total Deferred Debits	104,287	82,775
Total	$ 2,702,369	$ 2,575,332

See Notes to Consolidated Financial Statements.

December 31,	1987	1986
CAPITALIZATION (See Consolidated Statements of Capitalization)	*(Thousands of Dollars)*	
Stockholders' Investment:		
Common Equity	$ 871,620	$ 836,913
Preferred Stock (Not Subject to Purchase or Sinking Funds)	26,029	26,029
Total Stockholders' Investment	897,649	862,942
Preferred Stock (Subject to Purchase or Sinking Funds)	84,632	117,542
Long-Term Debt, Net	886,993	745,451
Total Capitalization	1,869,274	1,725,935
LIABILITIES		
Current Liabilities:		
Short-term borrowings (Note 8)	21,565	80,576
Current portion of long-term debt, net (Note 3)	24,719	21,930
Accounts payable	82,789	82,068
Customer deposits	15,260	13,417
Taxes accrued	36,400	45,836
Interest accrued	16,684	12,147
Dividends declared	25,621	25,966
Other	6,790	3,715
Total Current Liabilities	229,828	285,655
Deferred Credits:		
Accumulated deferred investment tax credits (Notes 1 and 7)	117,177	119,766
Accumulated deferred income taxes (Notes 1 and 7)	416,700	388,789
Accumulated reserve for nuclear plant decommissioning (Note 1)	7,238	5,128
Other	62,152	50,059
Total Deferred Credits	603,267	563,742
Commitments and Contingencies (Note 9)	—	—
Total	$ 2,702,369	$ 2,575,332

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME & RETAINED EARNINGS

For the Years Ended December 31,	1987	1986	1985
	(Thousands of Dollars except per share amounts)		
Operating Revenues (Notes 1 and 2):			
Electric	$ 806,826	$ 809,488	$ 787,796
Gas	305,934	289,429	318,856
Transit	3,212	3,119	3,689
Total Operating Revenues	1,115,972	1,102,036	1,110,341
Operating Expenses:			
Fuel used in electric generation	227,877	216,076	229,249
Power purchased, net	(12,486)	(2,823)	(8,821)
Gas purchased for resale	222,319	215,928	246,760
Other operation	169,336	155,588	143,016
Maintenance	57,995	56,864	60,836
Depreciation and amortization (Note 1)	92,583	90,627	86,899
Income taxes (Notes 1 and 7)	95,051	119,108	105,783
Other taxes	58,892	51,952	49,021
Total Operating Expenses	911,587	903,320	912,743
Operating Income	204,385	198,716	197,598
Other Income (Note 1):			
Allowance for equity funds used during construction	2,063	1,264	1,086
Deferred return on plant investment (Note 2)	6,063	12,450	12,881
Other income (loss), net of income taxes	(1,731)	(3,889)	1,754
Total Other Income	6,395	9,825	15,721
Income Before Interest Charges and Preferred Stock Dividends	210,780	208,541	213,319
Interest Charges (Credits):			
Interest on long-term debt, net	68 119	68,180	83,817
Other interest expense	5,155	5,771	1,789
Allowance for borrowed funds used during construction (Note 1)	(1,796)	(2,017)	(2,388)
Total Interest Charges, Net	71,478	71,934	83,218
Preferred Stock Cash Dividends of Subsidiary (At stated rates)	10,437	14,443	16,541
Net Income	128,865	122,164	113,560
Retained Earnings at Beginning of Year	262,671	230,549	202,988
Common Stock Cash Dividends Declared (Note 5)	(93,487)	(90,263)	(87,040)
Other Capital Stock Transactions, Net	(929)	221	1,041
Retained Earnings at End of Year	$ 297,120	$ 262,671	$ 230,549
Earnings Available for Common Stock	$ 128,865	$ 122,164	$ 113,560
Common Shares Outstanding (Thousands)	40,296	40,296	40,296
Earnings Per Share of Common Stock	$ 3.20	$ 3.03	$ 2.82

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SOURCES OF FUNDS FOR GROSS PROPERTY ADDITIONS

For the Years Ended December 31,	1987	1986	1985
SOURCES OF FUNDS		*(Thousands of Dollars)*	
Internally Generated:			
Net income	$ 128,865	$ 122,164	$ 113,560
Charges (credits) to income not requiring (providing) funds:			
Depreciation and amortization	92,583	90,627	86,899
Amortization of nuclear fuel	17,196	30,529	22,612
Deferred income taxes, net	20,627	33,635	42,497
Deferred investment tax credits, net	(2,589)	(9,593)	821
Allowance for funds used during construction	(3,859)	(3,281)	(3,474)
Deferred return on plant investment	(6,063)	(12,450)	(12,881)
Other, net	1,991	2,020	1,444
Funds provided from operations	248,754	253,651	251,478
Deduct cash dividends declared on common stock	93,487	90,263	87,040
Internally Generated Funds, Net	155,267	163,388	164,438
External Financing:			
Mortgage bonds sold	100,000	—	—
Pollution control bonds sold	4,365	1,100	5,500
Bank note sold	40,000	—	—
Increase (decrease) in fuel financings, net	13,938	(19,813)	(8,256)
Reduction of long-term debt	(13,001)	(89,459)	(44,966)
Retirement of preferred stock	(32,910)	(35,205)	(4,275)
Increase (decrease) in short-term borrowings, net	(59,011)	78,188	1,915
Funds from External Financing	53,381	(65,189)	(50,082)
Other Sources (Uses):			
(Increase) decrease in working capital, excluding short-term borrowings and current portion of long-term debt	(19,199)	29,273	15,048
Other changes in noncurrent balance sheet items, net	(19,990)	13,424	(4,371)
Other Sources (Uses)	(39,189)	42,697	10,677
Funds for Property Additions	169,459	140,896	125,033
Allowance for Funds Used During Construction	3,859	3,281	3,474
Gross Property Additions	$ 173,318	$ 144,177	$ 128,507

See Notes to Consolidated Financial Statements.

December 31,	1987		1986	
	(Thousands of Dollars)			
Common Equity (Note 5):				
Common stock, no par value, authorized 75,000,000 shares, issued and outstanding; 1987 and 1986 - 40,296,147 shares	$574,500		$574,242	
Retained earnings	297,120		262,671	
Total Common Equity	871,620	47%	836,913	49%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Not Subject to Purchase or Sinking Funds):

	Series	Shares Outstanding 1987	Shares Outstanding 1986	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1987		1986	
$100 Par	8.40%	197,668	197,668	104.70	11-30-91	101.00	19,767		19,767	
$50 Par	5.00%	125,234	125,234	52.50	—	52.50	6,262		6,262	
Total Preferred Stock (Not Subject to Purchase or Sinking Funds)							26,029	1%	26,029	1%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Subject to Purchase or Sinking Funds)(Note 6):

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

Series	Shares Outstanding 1987	Shares Outstanding 1986	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1987	1986
7.70%	108,000	113,894	101.00	—	101.00	10,800	11,389
8.12%	153,986	162,086	102.03	—	102.03	15,399	16,209
13.88%	—	250,000	—	—	—	—	25,000
	261,986	525,980					

$50 Par Value — Authorized, 1987 — 1,716,086 shares;
1986 — 1,728,786 shares

Series	Shares Outstanding 1987	Shares Outstanding 1986	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1987	1986
4.50%	30,400	32,000	51.00	—	51.00	1,520	1,600
4.60%	12,834	14,334	50.50	—	50.50	642	717
4.60% (A)	42,052	44,052	51.00	—	51.00	2,102	2,202
4.60% (B)	102,000	105,400	50.50	—	50.50	5,100	5,270
5.125%	80,000	81,000	51.00	—	51.00	4,000	4,050
6.00%	108,800	112,000	50.50	—	50.50	5,440	5,600
8.00%	240,000	300,000	50.50	1-30-88	50.00	12,000	15,000
8.72%	315,125	365,400	53.00	12-31-88	50.00	15,756	18,270
9.40%	237,456	244,692	51.175	—	51.175	11,873	12,235
	1,168,667	1,298,878					

	1987		1986	
Total Preferred Stock (Subject to Purchase or Sinking Funds)	84,632	5%	117,542	7%

See Notes to Consolidated Financial Statements.

December 31,	Year of Maturity	1987		1986	
		(Thousands of Dollars)			
Long-Term Debt (Notes 3 and 4):					
South Carolina Electric & Gas Company:					
First and Refunding Mortgage Bonds:					
Series					
5-1/2%	1987	—		6,176	
4-7/8%	1988	10,000		10,000	
10-1/2%	1990	7,800		8,400	
5%	1990	10,000		10,000	
5%	1991	8,000		8,000	
4-7/8%	1995	16,000		16,000	
5.45%	1996	15,000		15,000	
6%	1997	15,000		15,000	
6-1/2%	1998	20,000		20,000	
8%	1999	35,000		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	35,890		35,890	
8-3/4%	2017	100,000		—	
Pollution Control Facilities Revenue Bonds:					
4-1/2% Series, due 1987		—		1,031	
5.95% Series, due 2003		7,220		7,285	
Fairfield County Series 1984, due 2014 (variable rate — 5.0% through 8/31/88)		57,000		57,000	
Richland County, due 2014 (variable rate — 5.0% through 8/31/88)		5,210		5,500	
Fairfield County Series 1986, due 2014 (variable rate — 5.375% through 8/31/88)		1,100		1,100	
Colleton and Dorchester Counties Series 1987, due 2014 (variable rate — 5.375% through 8/31/88)		4,365		—	
Consolidated Mortgage Gold Bonds 5% Series, due 1999 (noncallable)		949		949	
Lease Obligation, 5-3/4%, due 1997		225		240	
South Carolina Generating Company, Inc.:					
Berkeley County Pollution Control Facilities Revenue Bonds, due 2014 (variable rate — 5.875% through 9/30/88)		35,850		35,850	
Bank Note, due 1990 (variable rate — 7.75% at 12/31/87)		75,500		78,500	
South Carolina LNG Company, Inc.:					
10-1/2% Series First Mortgage Bonds, due 1990		3,450		4,600	
South Carolina Fuel Company, Inc.:					
Nuclear fuel liability		63,883		52,991	
Fossil fuel liability		20,129		17,083	
South Carolina Pipeline Corporation:					
6% Series A First Mortgage Bonds, due 1988		675		1,319	
South Carolina Real Estate Development Company, Inc.:					
Notes, due 1987-1991 (at various rates)		47		77	
SCANA Corporation:					
Bank Note, 8.32%, due 1989		40,000		—	
Total		913,293		767,991	
Less — Long-term debt maturities, including sinking fund requirements		24,719		21,930	
Unamortized discount		1,581		610	
Total Long-Term Debt		886,993	47%	745,451	43%
Total Capitalization		$1,869,274	100%	$1,725,935	100%

See Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies:

A. Organization and Principles of Consolidation

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

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

Regulated utilities

South Carolina Electric & Gas Company (SCE&G)
South Carolina Generating Company, Inc. (GENCO)
South Carolina Fuel Company, Inc.
South Carolina Pipeline Corporation (Pipeline Corporation) which wholly-owns South Carolina LNG Company, Inc. and Carolina Exploration Corporation

Non-regulated businesses

Carolina LPG Corporation
Carolina Propane Storage Corporation
Carotane, Inc.
MPX Systems, Inc.
Primesouth, Inc.
SCANA Capital Resources, Inc.
SCANA Software Services, Inc.
South Carolina Real Estate Development Company, Inc.
Tirzah Corporation

Investments in an interstate telecommunications carrier and in real estate, propane storage and transmission joint ventures are reported using the equity method of accounting. Significant intercompany balances and transactions have been eliminated in consolidation.

B. System of Accounts

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

C. Utility Plant

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

SCE&G, operator of the V. C. Summer Nuclear Station (Summer Station), and the South Carolina Public Service Authority (a public corporation of the State of South Carolina) are joint owners of Summer Station in the proportions of two-thirds and one-third, respectively. The parties share the operating costs and energy output of the plant in these proportions. The total cost of the construction of Summer Station was approximately $1.3 billion, or about $1,461 per kilowatt, of which SCE&G's share was approximately $877 million. Accumulated depreciation associated with SCE&G's share of Summer Station was approximately $130.1 million and $96.1 million as of December 31, 1987 and 1986, respectively. SCE&G's share of the direct expenses associated with operating Summer Station is included in the Company's "Other operation" and "Maintenance" expenses.

D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC), a noncash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost (construction work in progress), of the costs of debt and equity capital dedicated to construction investment. AFC will ultimately be included in rate base investment and depreciated as a component of plant cost in establishing rates for utility services. The Company's regulated subsidiaries calculated AFC using the following overall rates (computed on an after-tax basis):

	1987	1986	1985
SCE&G	8.4%	6.3%	9.5%
GENCO	5.3%	5.3%	5.7%
Pipeline Corporation	8.6%	8.6%	9.5%

These rates do not exceed the maximum allowable rate as calculated under FERC Order No. 561. Interest on nuclear fuel in process (refinement, conversion, enrichment and fabrication) is capitalized at the actual interest amount.

E. Deferred Return on Plant Investment

Commencing July 1, 1987, as approved by a July 1, 1987 PSC order, SCE&G ceased deferring carrying costs associated with 400 MW of electric generating capacity previously removed from rate base and began amortizing the accumulated deferred carrying costs (approximately $40.3 million at December 31, 1987) on a straight-line basis over a ten-year period (see Note 2A). Amortization of deferred carrying costs, included in "Depreciation and amortization", was approximately $2.1 million for 1987.

SCE&G's deferred return on plant investment meets the criteria for financial accounting recognition as prescribed by the Financial Accounting Standards Board (FASB) Statement No. 92 "Regulated Enterprises — Accounting for Phase-in Plans".

F. Depreciation and Amortization

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

	1987	1986	1985
SCE&G	3.34%	3.45%	3.42%
GENCO	2.67%	2.65%	2.66%
Pipeline Corporation	2.43%	3.37%	3.27%
Overall	3.26%	3.38%	3.35%

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

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

G. Nuclear Decommissioning

Decommissioning of Summer Station is projected to commence in the year 2014, and the expenditures (on a before-tax basis) related to SCE&G's share of decommissioning activities are currently estimated to be approximately $211 million (in 2014 dollars). SCE&G is providing for estimated decommissioning costs over the life of Summer Station and has established a reserve for this purpose. SCE&G is presently funding the reserve with amounts collected through electric rates (approximately $.8 million annually, net of taxes), and intends for the fund, including earnings, to provide for all eventual decommissioning expenditures on an after-tax basis.

H. Income Taxes

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

Because tax laws and financial accounting standards differ in their recognition and measurement of economic events, differences arise between (1) the amount of taxable income and reported pre-tax financial income for a year and (2) the tax bases of assets or liabilities and their reported amounts in financial statements. Accordingly, the Company provides deferred income taxes for substantially all timing differences, principally accelerated tax depreciation, except for certain basis differences arising prior to 1982. Deferred income tax provisions are included in income currently with corresponding credits or charges to accumulated deferred income taxes.

Investment tax credits are generally deferred and amortized over the useful lives of the respective assets. The Tax Reform Act of 1986 (the Tax Act) eliminated the generation of any significant amount of investment tax credits subsequent to December 31, 1985, except for credits relating to certain "transition property".

In December 1987, the FASB issued Statement No. 96, "Accounting for Income Taxes", effective for fiscal years beginning after December 15, 1988. This Statement requires the use of the "liability method" whereby a current or noncurrent deferred tax liability or asset would be recognized for deferred tax consequences of all temporary differences. Temporary differences include all existing differences that will result in taxable or deductible amounts in future years. Specifically, this Statement (1) requires that a deferred tax liability or asset be adjusted for the effect of a change in tax law or rates, (2) prohibits net-of-tax accounting and reporting, and (3) requires recognition of a deferred tax liability for tax benefits that are flowed through to customers when temporary differences originate and for the equity component of AFC. The Company must apply Statement No. 96 no later than January 1989 and does not anticipate a significant impact on net income. The balance sheet will require certain reclassifications to comply with the provisions of this Statement.

(See Note 2 – Rate Matters and Management's Discussion and Analysis of Financial Condition and Results of Operation for a further discussion of the effects of the Tax Act.)

I. Pension Expense

The Company has a noncontributory defined benefit plan covering substantially all employees. Benefits are based on years of accredited service and the employee's average annual earnings received during the last 3 years of employment. The Company's policy has been to fund pension costs accrued to the extent permitted by the applicable Federal income tax regulations as determined by independent actuaries.

The Company adopted FASB Statement No. 87, "Employers' Accounting for Pensions", as of January 1, 1987, which requires, among other things, the use of the projected unit credit actuarial cost method for determining net periodic pension cost for financial reporting purposes. The adoption of the new accounting standard did not have a significant effect upon the Company's financial position or results of operations. The new standard was adopted prospectively, and accordingly, pension related disclosures for prior years have not been restated. Total pension cost for 1987, 1986 and 1985 was approximately $9.6 million, $10.4 million and $8.3 million, respectively.

Net periodic pension cost, as determined by an independent actuary in accordance with the provisions of Statement No. 87, for the year ended December 31, 1987, included the following components:

Year Ended December 31,	1987
	(Thousands of Dollars)
Service cost-benefits earned during the period	$ 6,057
Interest cost on projected benefit obligation	14,204
Less: Return on plan assets	5,058
Net amortization and deferral	5,560
Net periodic pension cost	$ 9,643

The following table sets forth the funded status of the plan, as determined by an independent actuary, at December 31, 1987:

Year Ended December 31,	1987
	(Thousands of Dollars)
Actuarial Present Value of Benefit Obligations:	
Vested benefit obligation	$142,589
Nonvested benefit obligation	7,584
Accumulated benefit obligation	150,173
Projected benefit obligation	184,353
Plan assets at fair value	167,487
Plan assets less than projected benefit obligation	(17,366)
Unrecognized net transition liability	21,812
Unrecognized net gain	(6,089)
Pension asset (liability) recognized in Consolidated Balance Sheets	$ (1,643)

The accumulated benefit obligation is based on the plan's benefit formulas without considering expected future salary increases. The projected benefit obligation considers future salary increases, at an assumed annual rate of 5.5%. Both benefit obligations were determined using an annual discount rate of 8.0%. The expected long-term rate of return on plan assets (primarily equity securities and government bonds) and discount rate used in determining pension cost for 1987 were 8.0% and 7.5%, respectively.

The unrecognized net transition liability represents the effect of adopting Statement No. 87. Such obligation (approximately

$23.9 million at January 1, 1987), was calculated by taking the difference between the fair value of plan assets and the projected benefit obligation. This liability is not recognized in the Company's consolidated financial statements, but is being amortized as a component of pension cost on a straight-line basis over the average remaining service period (19.6 years) of employees expected to receive benefits under the plan, except for approximately $7.5 million of prior service costs being amortized over a six-year period. The unamortized liability was $21.8 million at December 31, 1987.

Based on the application of accounting principles in existence prior to the adoption of Statement No. 87 estimated accumulated plan benefits, as determined by an independent actuary, and actual plan net assets at January 1, 1986, were as follows:

January 1,	1986
	(Thousands of Dollars)
Actuarial present value of accumulated plan benefits:	
Vested	$ 80,253
Nonvested	7,364
Retirees (Prior to June 1983)	45,473
Total	$133,090
Net assets available for benefits	$134,947

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7%; except for assets dedicated to fund benefits for Retirees prior to June 1983 which are valued at 11%.

In addition to pension benefits, the Company provides certain health care and life insurance benefits to active and retired employees. Such benefits are generally charged to expense when claims and premiums are paid. The costs of providing such benefits to retired employees are not significant.

J. Revenue Recognition

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

Revenue attributable to gas costs (to the extent collectible through adjustment clauses) is accrued and recorded in the month during which the customers' meters are read.

Projected fuel costs for electric generation are collected through the fuel component in retail electric rates, as established by the PSC during semiannual fuel cost hearings. Any differences between actual and projected fuel costs are deferred and included when estimating the fuel cost component during the next semiannual fuel cost hearing. At December 31, 1987, SCE&G had over-collected approximately $1.5 million through the electric fuel clause component, which is included in "Deferred Credits - Other".

K. Debt Premium, Discount and Expense

Long-term debt premium, discount and expense are being amortized as components of "Interest on long-term debt, net" over the terms of the respective debt issues.

2. Rate Matters:

A. In an order dated July 1, 1987, the PSC approved SCE&G's January 30, 1987 request to restore to its rate base, effective July 1, 1987, the net production investment (approximately $102.5 million at July 1, 1987) associated with 400 MW of electric generating capacity previously removed by the PSC in its order dated March 2, 1984. The 1987 order also approved SCE&G's proposal to include in rate base the associated accumulated deferred carrying costs (approximately $42.5 million at July 1, 1987) and to begin amortizing these costs over a ten-year period commencing July 1, 1987 (see Note 1E). The July 1, 1987 PSC order has been appealed by the Consumer Advocate of South Carolina. While the outcome of this matter is uncertain, the Company believes the probability of any significant change in the rate order is unlikely and accordingly, has not recorded any provision for refunds.

B. On January 15, 1987, the PSC directed SCE&G to reduce its retail electric rates approximately $25 million annually, or 3%, due to anticipated income tax savings associated with the Tax Act as reported in SCE&G's study based on the results of operations for the year ended December 31, 1985. Rates implementing this reduction were placed in effect with the first billing cycle in February 1987.

On July 15, 1987, the PSC issued an order which required a hearing to be held on November 10, 1987 to receive evidence on whether SCE&G's electric retail rates could be lowered as a result of the Tax Act and also to review its earnings. On December 30, 1987, the PSC ordered a reduction, effective January 1, 1988, of $27.6 million annually, or 3.7%. This reduction was primarily due to the additional tax savings resulting from the Tax Act and a change in the method of recovery of municipal franchise taxes. The order set the return on common equity at 13.25%.

C. On January 11, 1988, the South Carolina Supreme Court denied the State Consumer Advocate's appeal of approximately $34 million of the March 2, 1984 order of the PSC granting SCE&G approximately $132.6 million annually in increased retail electric rates.

D. On December 1, 1987, the PSC issued an order granting SCE&G approximately $4.3 million of the $6.7 million annual increase in retail natural gas rates requested in an application filed on June 5, 1987. The order approved an allowed return on common equity of 12.75%. The new rates, which will provide an increase of approximately 3.8% in annual retail natural gas revenues, were placed into effect December 1, 1987.

E. In an order dated July 31, 1987, the FERC affirmed an Administrative Law Judge's decision relating to GENCO's filing of a cost of service formula rate for the sale of power and energy to SCE&G, with certain modifications to the appropriate rate of return. As a result of this order, GENCO has filed a revised rate schedule reflecting the effects of this decision and has requested a rehearing. The FERC has granted a rehearing, but no decision has been rendered. The Company believes that the outcome of the proceedings will not have a significant effect on its results of operations.

F. On December 22, 1987, the PSC issued an order granting SCE&G an increase in its transit rates in both Columbia and Charleston, South Carolina from a fare of $.25 to $.50. The new rates were placed into effect on January 1, 1988.

3. Long-Term Debt:

SCE&G's annual tender Pollution Control Facilities Revenue Bonds (which do not include the 5.95% series, due 2003) are secured by like principal amounts of its First and Refunding Mortgage Bonds.

GENCO's annual tender Pollution Control Facilities Revenue Bonds are secured by an irrevocable letter of credit expiring in 1991.

These annual tender Bonds bear interest at a rate, which will be set between 80% and 120% of an index rate based on one-year yield evaluations of comparable tax-exempt obligations, or equal to 65% of one-year yield evaluations of U. S. Treasury Bonds at par, but, in any case, not more than 15% per annum. The interest rate is adjusted annually, but may become fixed until maturity. These Bonds also provide that the holders may require the Bonds to be purchased at par upon each annual adjustment of the interest rate or at the time the interest rate becomes fixed until maturity. If the Bonds are tendered by the holders, the Company intends to reoffer the Bonds to the public. Due to the irrevocable letter of credit and provisions of the Bond Indentures, which permit the Company to purchase the Bonds in lieu of redemption and resell them, and to substitute other security arrangements, the Bonds are classified as long-term debt.

The annual amounts of long-term debt maturities, including the amounts due under nuclear and fossil fuel agreements (see Note 4), and sinking fund requirements for the years 1988 through 1992 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1988	$ 24,719	1991	$17,478
1989	54,129	1992	9,442
1990	180,791		

Approximately $9.2 million of the current portion of long-term debt for 1988 may be satisfied by either deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits, or by deposit of cash with the Trustee.

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

4. *Fuel Financings:*

Nuclear and fossil fuel inventories are financed through the issuance of short-term commercial paper. These short-term borrowings are supported by irrevocable bank lines of credit which expire in 1990. Accordingly, the amounts outstanding have been included in long-term debt. The bank lines provide for maximum amounts ($75 million related to nuclear fuel and $25 million related to fossil fuel) that may be outstanding at any time.

At December 31, 1987, the amount outstanding for nuclear fuel was approximately $63.9 million at a weighted average interest rate of 8.05% and the amount outstanding for fossil fuel was approximately $20.1 million at a weighted average interest rate of 8.11%.

5. *Stockholders' Investment (Including Preferred Stock Not Subject to Purchase or Sinking Funds):*

The changes in "Common stock", without par value, during 1987, 1986 and 1985 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance January 1, 1985	40,296,147	$575,263
Other		343
Balance December 31, 1985	40,296,147	575,606
Other		(1,364)
Balance December 31, 1986	40,296,147	574,242
Other		258
Balance December 31, 1987	40,296,147	$574,500

The Company's employee stock benefit plans' trustee and agent for its Dividend Reinvestment and Stock Purchase Plan purchase previously issued and outstanding shares of the Company's common stock in the open market.

The Restated Articles of Incorporation of the Company do not limit the dividends that may be payable on its common stock. However, the Restated Articles of Incorporation of SCE&G and the indentures underlying certain of its bond issues contain provisions that limit the payment of cash dividends on common stock. Accordingly, $286.8 million of consolidated retained earnings were not restricted as to payment of cash dividends on common stock at December 31, 1987.

Cash dividends on common stock were declared at an annual rate per share of $2.32, $2.24 and $2.16 for 1987, 1986 and 1985, respectively.

6. *Preferred Stock (Subject to Purchase or Sinking Funds):*

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

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

On May 29, 1987, SCE&G's Board of Directors called for the redemption of all the issued and outstanding shares of that company's 13.88% Series, $100 par value, cumulative preferred stock. On July 1, 1987, all 250,000 shares outstanding were redeemed at a price of 106.18%.

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the years 1988 through 1992 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1988	$ 5,948	1991	$2,515
1989	9,270	1992	2,515
1990	2,515		

The changes in "Preferred Stock (Subject to Purchase or Sinking Funds)" during 1987, 1986 and 1985 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance January 1, 1985	2,246,186	$156,789
Shares Redeemed:		
$100 par value	(20,550)	(2,055)
50 par value	(44,408)	(2,220)
Balance December 31, 1985	2,181,228	152,514
Shares Redeemed:		
$100 par value	(343,070)	(34,307)
50 par value	(13,300)	(665)
Balance December 31, 1986	1,824,858	117,542
Shares Redeemed:		
$100 par value	(263,994)	(26,399)
50 par value	(130,21[illegible])	(6,5[illegible])
Balance December 31, 1987	1,430,653	$ 84,632

7. Income Taxes:

Total income tax expense for 1987, 1986 and 1985 is as follows:

	1987	1986	1985
		(Thousands of Dollars)	
Current income taxes:			
Federal	$66,850	$ 82,637	$ 57,680
State	10,117	9,845	8,687
Foreign	—	(177)	674
Total current taxes	76,967	92,305	67,041
Deferred taxes, net:			
Federal	16,361	28,257	37,289
State	4,266	5,378	5,208
Total deferred taxes	20,627	33,635	42,497
Investment tax credits:			
Deferred	2,821	(1,486)	6,887
Amortization of amounts deferred (credit)	(5,410)	(8,107)	(6,065)
Other	241	500	694
Total investment tax credits	(2,348)	(9,093)	1,516
Total income tax expense	$95,246	$116,847	$111,054

Total income taxes differ from amounts computed by applying the statutory Federal income tax rate of 40% for 1987 and 46% for 1986 and 1985 to pre-tax income as follows:

	1987	1986	1985
		(Thousands of Dollars)	
Net income	$128,865	$122,164	$113,560
Total income tax expense:			
Charged to operating expenses	95,051	119,108	105,783
Charged to other income	195	(2,261)	5,271
Preferred stock dividends	10,437	14,443	16,541
Total pre-tax income	$234,548	$253,454	$241,155
Income taxes on above at statutory Federal income tax rate	$ 93,819	$116,589	$110,931
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(825)	(1,053)	(707)
Deferred return on plant investment, net of amortization	(1,575)	(5,727)	(5,925)
Depreciation differences	620	5,309	5,325
Amortization of investment tax credits	(5,410)	(8,107)	(6,065)
State income taxes (less Federal income tax effect)	8,630	8,220	7,503
Other differences, net	[illegible]	1,616	(8)
Total income tax expense	$ 95,246	$116,847	$111,054

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

	1987	1986	1985
		(Thousands of Dollars)	
Charged to expenses:			
Accelerated depreciation and amortization	$31,543	$40,367	$46,084
Deferred fuel revenue	(2,041)	(4,616)	(801)
Other, net	(8,875)	(2,116)	(2,786)
Total provision for deferred income taxes, net	$20,627	$33,635	$42,497

The Internal Revenue Service has examined the consolidated Federal income tax returns of the Company through 1984 and has closed all years through 1980. A final report has been received for 1981 and all issues resolved. In addition, a final report for 1982 through 1984 has been received and all issues resolved, except those pertaining to the deductibility of certain nuclear liability insurance premiums. The Company does not anticipate any significant effect on its results of operation or financial position resulting from the resolution of these issues.

At December 31, 1987, the cumulative net amount of income tax timing differences on which deferred taxes have not been provided totaled approximately $95 million.
(See Note 1H.)

8. Short-Term Borrowings:

The Company pays fees to banks as compensation for its lines of credit. Bank loans are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1987, 1986 and 1985 and for the years then ended are as follows:

	December 31,		
	1987	1986	1985
	(Dollars in Millions)		
Lines of credit at year-end	$ 90.2	$133.2	$87.9
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	$133.1	$111.2	$ 4.5
Average outstanding	$ 39.1	$ 45.7	$ 1.1
Weighted daily average interest rates:			
Credit lines	7.07%	7.40%	8.53%
Commercial paper	6.65%	6.36%	—
Short-term borrowings outstanding at year-end:			
Credit lines	$ 2.25	$ 2.25	$ 2.25
Weighted average interest rate	8.76%	6.25%	8.57%
Commercial paper	$ 19.2	$ 78.2	—
Weighted average interest rate	8.30%	6.67%	—

9. Commitments and Contingencies:

A. Leases

SCE&G leases certain equipment, office furniture and an office building under long-term operating leases with lease terms (excluding various renewal options) expiring in 1996, 1991 and 2009, respectively.

Total rent expense was approximately $5.1 million, $4.4 million, and $5.0 million for 1987, 1986 and 1985, respectively.

Future minimum rental payments as of December 31, 1987 are as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1988	$4,989	1991	$ 5,820
1989	6,918	1992	5,060
1990	7,124	1993-2009	112,320

B. Nuclear Insurance

The Price-Anderson Indemnification Act (the Act) which deals with SCE&G's public liability for a nuclear incident, expired on August 1, 1987. In late July 1987, Congress extended the protection provided by the Act until new legislation is passed. The Act currently limits the liability for third-party claims to $720 million per incident. The Act provides that all owners of nuclear reactors may be liable for up to $5 million per reactor owned for each nuclear incident occurring at any reactor in the United States with a limit of two assessments per year (a retroactive premium). SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be approximately $6.7 million per year.

Proposed legislation is currently pending in the House of Representatives and Senate. One proposed version would raise the liability limit for third-party claims associated with any nuclear incident to $7 billion. Under this proposal, each reactor licensee may be liable for up to $63 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than $10 million of this liability would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be approximately $42 million per incident, but not more than $6.7 million per year. SCE&G is unable to predict what action Congress might ultimately take regarding the Act and what effect such action might have on SCE&G's potential liability.

SCE&G currently maintains policies with Nuclear Electric Insurance Limited (NEIL) and American Nuclear Insurers (ANI) providing combined property and decontamination insurance coverage of $895 million for any losses in excess of $500 million pursuant to existing primary coverages (with ANI) on Summer Station. SCE&G pays annual premiums and, in addition, could be assessed a retroactive premium not to exceed 7½ times its annual premium, in the event of property damage loss to any nuclear generating facilities covered by NEIL. Based on the current annual premium, this retroactive premium would be approximately $5.3 million.

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

10. Segment of Business Information:

Segment information at December 31, 1987, 1986 and 1985 and for the years then ended is as follows:

1987	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$ 806,826	$305,934	$ 3,212	$1,115,972
Operating expenses, excluding depreciation and amortization	539,604	271,644	7,756	819,004
Depreciation and amortization	82,758	9,519	306	92,583
Total operating expenses	622,362	281,163	8,062	911,587
Operating income (loss)	$ 184,464	$ 24,771	$(4,850)	204,385
Add — Other income, net				6,395
Less — Interest charges				71,478
— Preferred stock dividends				10,437
Net income				$ 128,865
Capital expenditures: Identifiable	$ 146,281	$ 21,034	$ 333	$ 167,648
Utilized for overall Company operations				5,670
Total				$ 173,318
Identifiable assets at December 31, 1987:				
Utility plant, net	$2,039,752	$225,503	$ 1,783	$2,267,038
Inventories	74,977	6,859	374	82,210
Total	$2,114,729	$232,362	$ 2,157	2,349,248
Assets utilized for overall Company operations				353,121
Total assets				$2,702,369

1986	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$ 809,488	$289,429	$ 3,119	$1,102,036
Operating expenses, excluding depreciation and amortization	544,067	261,712	6,914	812,693
Depreciation and amortization	80,825	9,557	245	90,627
Total operating expenses	624,892	271,269	7,159	903,320
Operating income (loss)	$ 184,596	$ 18,160	$(4,040)	198,716
Add — Other income, net				9,825
Less — Interest charges				71,934
— Preferred stock dividends				14,443
Net income				$ 122,164
Capital expenditures: Identifiable	$ 110,249	$ 20,981	$ 247	$ 131,477
Utilized for overall Company operations				12,700
Total				$ 144,177
Identifiable assets at December 31, 1986:				
Utility plant, net	$1,988,769	$214,299	$ 1,778	$2,204,846
Inventories	62,930	6,845	320	70,095
Total	$2,051,699	$221,144	$ 2,098	2,274,941
Assets utilized for overall Company operations				300,391
Total assets				$2,575,332

1985	Electric	Gas	Transit	Total
	(Thousands of Dollars)			
Operating revenues	$ 787,796	$318,856	$ 3,689	$1,110,341
Operating expenses, excluding depreciation and amortization	528,773	289,868	7,203	825,844
Depreciation and amortization	77,658	9,033	208	86,899
Total operating expenses	606,431	298,901	7,411	912,743
Operating income (loss)	$ 181,365	$ 19,955	$(3,722)	197,598
Add — Other income, net				15,721
Less — Interest charges				83,218
— Preferred stock dividends				16,541
Net income				$ 113,560
Capital expenditures: Identifiable	$ 97,525	$ 24,091	$ 609	$ 122,225
Utilized for overall Company operations				6,282
Total				$ 128,507
Identifiable assets at December 31, 1985:				
Utility plant, net	$1,988,372	$203,060	$ 2,159	$2,193,591
Inventories	51,356	7,337	298	58,991
Total	$2,039,728	$210,397	$ 2,457	2,252,582
Assets utilized for overall Company operations				291,117
Total assets				$2,543,699

11. *Quarterly Financial Data (Unaudited):*

1987	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$309,294	$258,146	$296,061	$252,471	$1,115,972
Operating income (000)	57,007	42,978	68,039	36,361	204,385
Net income (000)	40,978	23,873	47,537	16,477	128,865
Earnings per share of common stock as reported	1.02	.59	1.18	.41	3.20

1986	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$301,445	$247,363	$289,857	$263,371	$1,102,036
Operating income (000)	56,010	40,546	62,920	39,240	198,716
Net income (000)	34,343	23,922	41,942	21,957	122,164
Earnings per share of common stock as reported	.85	.59	1.04	.55	3.03

COMMON STOCK INFORMATION

	1987				1986			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (a)								
High	33	34-1/2	35-1/8	40	39-7/8	42-7/8	36-3/4	33-1/4
Low	26-1/2	30-5/8	30-7/8	34-3/8	36	34-1/2	31-1/4	27-1/8

Dividends Per Share:

1987	Amount	Date Declared	Date Paid
First Quarter	$.58	January 28, 1987	April 1, 1987
Second Quarter	.58	April 22, 1987	July 1, 1987
Third Quarter	.58	August 26, 1987	October 1, 1987
Fourth Quarter	.58	October 28, 1987	January 1, 1988

1986	Amount	Date Declared	Date Paid
First Quarter	$.56	January 22, 1986	April 1, 1986
Second Quarter	.56	April 23, 1986	July 1, 1986
Third Quarter	.56	July 23, 1986	October 1, 1986
Fourth Quarter	.56	October 22, 1986	January 1, 1987

	December 31, 1987	December 31, 1986
Number of common shares outstanding	40,296,147	40,296,147
Number of common stockholders of record	49,932	51,738

The principal market for SCANA common stock is the New York Stock Exchange (stock symbol-SCG).

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

Liquidity And Capital Resources

The capital needs of the Company arise primarily from the capital requirements of SCE&G's operations and construction program. Because rates for regulated services are based on historical cost amounts, to the extent inflation occurs and rates are not appropriately adjusted on a timely basis, the Company's regulated subsidiaries may not recover all costs of providing services. Therefore, the Company's future financial position and results of operations could be impacted by future inflationary trends.

The ability of the Company's regulated subsidiaries to replace existing plant investment, as well as to expand to meet future demand, will depend upon its ability to attract the necessary financial capital on reasonable terms. The ability to attract such capital will, in turn, depend upon the regulated subsidiaries' ability to obtain adequate and timely rate relief.

During 1987, the PSC issued orders requiring SCE&G to reduce its retail electric rates to reflect income tax savings associated with the Tax Act (see Note 2B of Notes to Consolidated Financial Statements). The tax savings result from a reduction in the Federal corporate income tax rate from 46% to 34%, effective July 1, 1987. Because the Company is fully normalized with respect to investment tax credit and tax depreciation, the Company does not anticipate a significant effect on its results of operations or financial position, but internal cash flow will be reduced in future years primarily due to the repeal of the investment tax credit retroactive to January 1, 1986, and the lengthening of depreciable lives for certain utility property. The impact of this reduction will depend upon the level of construction expenditures in future years. In addition, the inclusion of unbilled revenues and contributions in aid of construction in current taxable income, the treatment of certain expenses which now must be capitalized for tax purposes and other provisions in the Tax Act could further restrict cash flow in 1988 and subsequent years.

Continued growth in the Company's nonutility operations, along with future economic expansion throughout the utility service territory, could have a positive impact on total Company earnings.

The primary cash requirements for 1987 were, and as estimated for 1988 are, as follows:

	1988	1987
	(Thousands of Dollars)	
Construction expenditures, excluding allowance for funds used during construction (AFC)	$172,677	$142,337
Nuclear fuel expenditures	10,931	27,122
Maturing obligations, redemptions and sinking and purchase fund requirements	21,466	104,922
Total	$205,074	$274,381

During 1987, approximately 56.6% of total cash requirements were provided from internal sources as compared to 57.3% in 1986. External funds for 1987 were provided through the issuance of $100 million principal amount of First and Refunding Mortgage Bonds, 8-3/4% Series due February 1, 2017, the sale of $4.365 million in tax-exempt annual tender Pollution Control Facilities Revenue Bonds due 2014 and a $40 million Bank Note due 1989.

The Company anticipates that 1988 cash requirements will be met primarily through internally generated funds, short-term borrowings and the sale of commercial paper. Actual 1988 construction and nuclear fuel expenditures may vary from the estimates set forth above due to factors such as inflation and economic conditions, regulation and legislation, rates of load growth, environmental protection standards and the cost and availability of capital.

SCE&G presently has in effect a shelf registration statement under which it can issue an additional $100 million of First and Refunding Mortgage Bonds. Whether additional securities will be sold and the timing and amount of such sales will depend primarily upon market conditions and other factors.

For information relating to operations of the Company's subsidiaries see pages 8 through 25.

Results Of Operations

Earnings and Dividends

Earnings per share of common stock, the percent increase (decrease) from the previous year and the rate of return earned on common equity for the years 1985 through 1987 were as follows:

	1987	1986	1985
Earnings per share	$3.20	$3.03	$2.82
Percent increase (decrease) in earnings per share	5.6%	7.4%	(7.5%)
Return earned on common equity (year-end)	14.8%	14.6%	14.1%

Earnings per share increased from 1986 primarily as a result of higher sales of electric energy and natural gas and a reduction in preferred stock dividends associated with early redemptions of preferred stock issues (see Note 6 of Notes to Consolidated Financial Statements). The increase in earnings per share for 1986 resulted primarily from higher electric energy sales related to the 1986 summer heat wave, lower interest charges and reduced dividend requirements on preferred stock.

AFC is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction (which is shown on the balance sheet as construction work in progress) is capitalized. Both the equity and the debt portions of AFC, are noncash items of nonoperating income which have the effect of increasing reported net income. AFC represented approximately 3% of Earnings Available for Common Stock in 1987, 1986 and 1985.

During the period March 1984 through June 1987, the Company recorded carrying costs (including equity return) associated with the production investment, net of accumulated depreciation, relating to 400 MW of electric generating capacity removed from rate base. Total deferred carrying costs, a noncash item included under "Other Income" as "Deferred return on plant investment" represent approximately 5%, 10% and 11% of Earnings Available for Common Stock for the years 1987, 1986 and 1985, respectively. Commencing July 1, 1987, the Company ceased deferring carrying costs and began amortizing the accumulated deferred carrying costs over a ten year period. (See Notes 1E and 2A of Notes to Consolidated Financial Statements.)

In February 1988, the Company's Board of Directors raised the quarterly cash dividend on common stock to 60 cents per share from 58 cents per share. The increase, effective with the dividend payable on April 1, 1988, raised the indicated annual dividend rate to $2.40 per share, up from $2.32. The Company has increased the dividend rate on its common stock in 35 of the last 36 years.

Operating Margins

Electric operating margins for 1987, 1986 and 1985 were as follows:

	1987	1986	1985
	(Millions of Dollars)		
Electric operating revenues	$806.8	$809.5	$787.8
Less - Fuel used in electric generation	227.9	216.1	229.2
- Power purchased, net	(12.5)	(2.8)	(8.8)
Total	$591.4	$596.2	$567.4

The 1987 operating margin remained relatively unchanged from 1986 because sales associated with increased kilowatt-hour consumption were offset by reduced retail electric rates placed in effect in February 1987. (See Note 2B of Notes to Consolidated Financial Statements.) The increase in the 1986 operating margin resulted primarily from increased kilowatt-hour consumption by residential and commercial customers. Such increase was largely due to the addition of residential (3.1%) and commercial (4.4%) customers.

Increases (decreases) in electric customers and megawatt-hour (MWH) sales volume by classes of customers are presented in the following table:

	Increase (Decrease) From Prior Year			
	Customers		Volume (MWH)	
Classification	1987	1986	1987	1986
Residential	8,936	10,584	181,840	434,464
Commercial	2,296	2,092	184,359	233,748
Industrial	(32)	(17)	186,217	31,956
Sale for resale	—	(1)	50,524	(59,688)
Other	67	43	7,035	22,765
Total	11,267	12,701	609,975	663,245

The increase in Fuel used in electric generation expense for 1987 was due primarily to additional fossil fuel requirements (at unit costs higher than nuclear generation) associated with increased electric generation resulting from an overall increase in customer demand and the scheduled refueling of V. C. Summer Nuclear Station from March 6 through June 7, 1987. The decrease for 1986 was primarily attributable to a reduction in the average cost of fuel burned ($1.45 and $1.63 per million BTU in 1986 and 1985, respectively), primarily attributable to nuclear fuel. Power purchased, net decreased for 1987 largely due to greater demand for electricity by other utilities and increased for 1986 primarily because of lower demand for electricity by other utilities.

As a result of unusually hot weather and an increase in the number of electric customers, the Company set a series of peak demand records during the summer of 1987, with the highest peak of 2,943 MW occurring on August 10, 1987, the previous year's record of 2,853 MW having been set on July 9, 1986.

Gas operating margins for 1987, 1986 and 1985 were as follows:

	1987	1986	1985
	(Millions of Dollars)		
Gas operating revenues	$306.0	$289.4	$318.9
Less - Gas purchased for resale	222.3	215.9	246.8
Total	$ 83.7	$ 73.5	$ 72.1

The increases in gas operating margins are primarily the result of increases in customers and decatherm (DT) sales of natural gas as presented in the following table:

	Increase (Decrease) From Prior Year			
	Customers		Volume (DT)	
Classification	1987	1986	1987	1986
Residential	1,791	1,442	1,466,477	487,447
Commercial	586	532	768,576	207,888
Industrial	12	(35)	2,080,800	(2,353,490)
Sale for resale	8	—	1,910,585	4,124,761
Total	2,397	1,939	6,226,438	2,466,606

The increase in Gas purchased for resale in 1987 reflects increased customer demand for natural gas. The decrease for 1986 reflects reductions in the cost of gas purchased from the Company's suppliers.

Other Operating Expenses

Increases (decreases) in other operating expenses, including taxes, are presented in the following table:

	Increase (Decrease) From Prior Year	
Classification	1987	1986
	(Millions of Dollars)	
Other operation and maintenance	$ 14.9	$ 8.6
Depreciation and amortization	2.0	3.7
Income taxes	(24.1)	13.3
Other taxes	6.9	2.9
Total	$ (.3)	$28.5

Other operation and maintenance expenses for 1987 increased primarily because of additional operating expenses for outside professional services relating to the refueling at Summer Station. The increase in 1986 was largely due to the settlement of certain claims relating to injuries and damages and moderate increases in other administrative and general expenses. Increases in Depreciation and amortization expense for 1987 and 1986 reflect additions to plant in service and the amortization of deferred carrying costs beginning July 1, 1987 (see Note 1E of Notes to Consolidated Financial Statements). The increase for 1987 was partially offset by the effect of lower electric depreciation rates beginning July 1, 1987. The decrease in Income tax expense for 1987 results primarily from a reduction in the Federal corporate income tax rate effective July 1, 1987 and lower pre-tax income resulting from a reduction in retail electric rates. The increase in 1986 was largely due to an increase in pre-tax income. Increases in Other taxes for 1987 and 1986 primarily reflect additional property taxes.

Interest Charges

Interest on long-term debt decreased $.1 million in 1987 and $15.6 million in 1986 compared to the respective previous years. The decreases in 1987 and 1986 resulted from the early redemption of $60 million principal amount of the 15-1/2% Guaranteed Notes of South Carolina Electric & Gas Finance, N.V. in April 1986. The decrease for 1987 was offset by interest associated with the issuance of $100 million principal amount of 8-3/4% Series First and Refunding Mortgage Bonds in February 1987.

Other interest expense decreased $.6 million in 1987 and increased $4.0 million in 1986 compared to the respective previous years. These changes reflect the decrease and increase, respectively, in short-term borrowings from the previous year.

For the Years Ended December 31,	1987	1986	1985	1984	1983	1982	1977
	(Thousands of Dollars except statistics and per share amounts)						
Statement of Income Data							
Operating Revenues:							
Electric	$ 806,826	$ 809,488	$ 787,796	$ 746,745	$634,127	$574,113	$344,964
Gas	305,934	289,429	318,856	378,491	337,282	266,389	78,405
Transit	3,212	3,119	3,689	3,178	3,2[illegible]2	2,603	2,023
Total Operating Revenues	1,115,972	1,102,036	1,110,341	1,128,41[illegible]	974,651	843,105	425,392
Operating Expenses:							
Fuel used in electric generation	227,877	216,076	229,249	223,768	260,381	214,617	155,132
Gas purchased for resale	222,319	215,928	246,7[illegible]0	289,212	277,091	220,502	51,321
Other operation and maintenance	214,865	209,629	195,031	187,448	135,374	147,840	50,144
Depreciation and amortization	92,583	90,627	86,899	74,914	45,000	43,406	30,339
Taxes	153,943	171,060	154,804	153,776	106,932	77,033	66,684
Total Operating Expenses	911,587	903,320	912,743	929,118	824,778	703,398	353,620
Operating Income	204,385	198,716	197,598	199,296	149,873	139,707	71,772
Total Other Income	6,395	9,825	15,721	17,647	11,571	5,230	25,566
Income Before Interest Charges and Preferred Stock Dividends	210,780	208,541	21[illegible],319	216,943	161,444	144,937	97,338
Total Interest Charges, Net	71,478	71,934	83,218	78,248	57,506	57,121	39,003
Preferred Stock Cash Dividends of Subsidiary	10,437	14,443	16,541	16,877	17,186	16,371	10,653
Net Income	$ 128,865	$ 122,164	$ 113,560	$ 121,818	$ 86,752	$ 71,445	$ 47,682
Common Shares Outstanding (Thousands)	40,296	40,296	40,296	39,900	37,844	34,387	19,833
Earnings Per Share of Common Stock	$3.20	$3.03	$2.82	$3.05	$2.29	$2.08	$2.40
Dividends Declared Per Share of Common Stock	$2.32	$2.24	$2.16	$2.05	$2.00	$1.92	$1.56
Percent of Operating Income (Loss) Before Income Taxes							
Electric	91	93	92	87	93	98	94
Gas	12	9	10	15	10	5	8
Transit	(3)	(2)	(2)	(2)	(3)	(3)	(2)

December 31,	1987	1986	1985	1984	1983	1982	1977
Balance Sheet Data	*(Thousands of Dollars except statistics and per share amounts)*						
Gross Utility Plant	$3,099,860	$2,959,494	$2,859,117	$2,764,809	$2,509,581	$2,411,479	$1,489,111
Total Assets	$2,702,369	$2,575,332	$2,543,699	$2,499,694	$2,358,134	$2,202,755	$1,361,222
Common Equity	$ 871,620	$ 836,913	$ 806,155	$ 778,251	$ 709,908	$ 659,135	$ 366,813
Preferred Stock Subject to Purchase or Sinking Fund Requirements	84,632	117,542	152,514	156,789	160,604	163,619	109,794
Preferred Stock Not Subject to Purchase or Sinking Fund Requirements	26,029	26,029	26,262	26,262	26,262	26,262	26,262
Long-Term Debt, Net	886,993	745,451	785,021	893,950	789,216	854,844	585,307
Total Capitalization	$1,869,274	$1,725,935	$1,769,952	$1,855,252	$1,685,990	$1,703,860	$1,088,176
Common Shares Outstanding (Year-End) (Thousands)	40,296	40,296	40,296	40,296	38,728	36,526	20,359
Book Value Per Share of Common Stock (Year-End)	$21.63	$20.77	$20.01	$19.31	$18.33	$18.05	$18.02
Other Statistics							
Electric:							
Customers (Year-End)	417,778	406,511	393,810	378,960	366,424	356,709	320,476
Sales (Million KWH)	14,314	13,704	13,041	12,590	12,063	11,490	11,155
Residential:							
Average annual use per customer (KWH)	12,988	12,821	11,992	12,061	12,[illegible]39	11,712	12,146
Average annual rate per KWH	$.0724	$.0759	$.0774	$.0757	$.0642	$.0637	$.0412
Generating Capability - Net MW (Year-End)	3,890	3,890	3,959	3,959	3,359	3,359	2,852
Territorial Peak Demand - Net MW	2,943	2,853	2,703	2,596	2,700	2,463	2,216
Gas:							
Customers (Year-End)	195,338	192,941	191,002	189,544	187,6[illegible]	186,320	161,850
Sales (Thousand Therms)	734,145	671,881	647,215	737,059	671,429	590,257	468,786
Residential:							
Average annual use per customer (therms)	627	548	524	618	610	570	734
Average annual rate per therm	$.68	$.68	$.67	$.69	$.65	$.56	$.26
Transit:							
Number of Coaches	108	117	122	123	112	104	96
Revenue Passengers Carried (Thousands)	8,668	8,699	9,032	9,658	9,744	10,720	8,971

Corporate Headquarters
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Telephone: (803) 748-3000

Mailing Address
SCANA Corporation
Columbia, SC 29218

Common and Preferred Stock Listings
The common stock of SCANA Corporation is listed and traded on the New York Stock Exchange. The ticker symbol is **SCG**. The corporate name **SCANA** is used in newspaper stock listings.
The 5% series cumulative preferred stock of SCE&G is also listed and traded on the New York Stock Exchange. The ticker symbol is **SAC Pr**; the newspaper listing is **SCrE pf**.

Dividend Payment Dates
Quarterly dividends on common stock are normally payable on the first day of January, April, July and October to stockholders of record on the 10th day of the month preceding the payment date.
Dividends on SCE&G's preferred stock are paid quarterly on the same dates as the common stock dividends.

Dividend Reinvestment Plan
SCANA offers a Dividend Reinvestment and Stock Purchase Plan to its common stockholders of record. A brochure, Authorization Form and return envelope are automatically mailed to all new stockholders. For further information or for questions about your reinvestment account, write to the Stockholder Records Department (054) at the Company's mailing address.

Stockholder Inquiries
Questions concerning dividend accounts or related stockholder matters should be directed in writing to the Stockholder Records Department (054) at the Company's mailing address.

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Deloitte Haskins & Sells
Certified Public Accountants
1426 Main Street, Suite 820
Columbia, SC 29201

Recordkeeping and Paying Agents
Common Stock:
SCANA Corporation
Stockholder Records Department (054)
Columbia, SC 29218

SCE&G Preferred Stock:
South Carolina National Bank
Securities Transfer Services
101 Greystone Boulevard
Columbia, SC 29226

Transfer Agents
Common Stock:
South Carolina National Bank
Securities Transfer Services
101 Greystone Boulevard
Columbia, SC 29226

Manufacturers Hanover Trust Company
Stock Transfer Department - 8th Floor
450 West 33rd Street
New York, NY 10001

SCE&G Preferred Stock:
South Carolina National Bank
Securities Transfer Services
101 Greystone Boulevard
Columbia, SC 29226

The Chase Manhattan Bank, N.A.
Stock Transfer Department
P.O. Box 469, Washington Bridge Station
New York, NY 10033

Bond Trustee and Paying Agent
SCE&G First and Refunding Mortgage Bonds:
Manufacturers Hanover Trust Company
Corporate Trust Department - 10th Floor
600 Fifth Avenue
New York, NY 10020

Investor Communications
Interim reports providing updated financial information and Company news are sent to stockholders following the close of the first, second and third quarters. A copy of SCANA's Annual Report on Form 10-K (as filed with the Securities and Exchange Commission) and the Statistical Supplement to the 1987 Annual Report are available to stockholders and others without charge. Inquiries concerning activities of SCANA Corporation and requests for publications should be addressed to the Investor Relations Department (054) at the Company's mailing address.

Analyst's Contact
H. John Winn, III
Manager-Investor Relations
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Investors' Association
For information about this organization's activities, write to Association of SCANA Investors, c/o Mr. Paul Quattlebaum, Jr., 63 East Bay Street, Charleston, SC 29401

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