RENEWED PURPOSE AND FOCUS

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2005 Executive Report

Introduction

There is no doubt 2005 will be remembered historically as a year of dynamic change for Santee Cooper.

Meeting the challenges presented by landmark federal and state legislation, rising fuel costs and new environmental control requirements gave Santee Cooper and its employees a renewed purpose.

Santee Cooper emerged 2005 with a renewed sense of focus as to our reason for existence and our value to the state. We weathered the challenges and surfaced stronger, more confident of our strategy and of our value to our customers and the people of South Carolina.

Operationally and financially, we had a commendable year. Santee Cooper's marks for reliability, availability and low-cost power remain better than the national averages. Our generation availability was 92.2 percent, our transmission reliability was 99.999 percent and our distribution reliability was 99.996 percent. Our overall customer satisfaction rating was just as impressive at 95.5 percent. Our financial health remained strong.

Why does Santee Cooper continue to receive these high marks? We attribute it to our employees. While managing rising fuel costs in addition to planning for and building new generation, the more than 1,700 employees at Santee Cooper once again proved to be our most valuable resource. They stayed focused on the utility's mission with dedication and hard work, keeping Santee Cooper at the top of the electric utility industry.

Increasing Fuel Costs Offer Challenges

The largest single customer issue facing electric utilities around the world is rising fuel costs. It's no different for Santee Cooper. Fuel costs are high because of soaring demand and lower supplies than needed.

Spot market prices for coal and gas prices have risen more than 100 percent and 300 percent, respectively, since 2002. Santee Cooper has faced rising fuel costs for several years now, and it's an issue expected to continue through 2006.

Natural gas and oil prices continued increasing for the first eight months of the year largely because of limited supplies. Then, in August, Hurricane Katrina administered a devastating blow to the Gulf Coast and its natural gas and oil production facilities, resulting in further decreases in supply and higher prices.

The electric power sector's demand for coal continues to rise in response to higher oil and natural gas prices as utilities revert to lower cost coal operation. Other issues such as transportation, competition, permitting, a reduction in mining output and coal company bankruptcies have all contributed to the supply problems, heightened volatility and increased coal costs.

Santee Cooper's new base-load units at Cross Generating Station will become operational in 2007 and 2009, respectively. Cross Units 3 and 4, a $1.4 billion investment, will add a total of 1,200 megawatts to Santee Cooper's system and will help reduce the company's usage of natural gas and purchased power.

Generation Planning Diversifies Power Sources

Santee Cooper has a responsibility to ensure the power needs of this state are met. Even with the construction of the two new Cross units, state growth indicators show Santee Cooper needing additional base-load generation in the near future. The company is actively planning for that additional energy demand.

Santee Cooper currently has about 10 percent of its energy supply generated at the V.C. Summer Nuclear Station in Jenkinsville, S.C. As part of the utility's long-term generation resource planning, preliminary analysis has begun to evaluate adding more nuclear power to Santee Cooper's generation mix of hydro, coal, oil and gas.

Nuclear is now a more attractive fuel source in large part because of the passage of the 2005 Energy Policy Act that adds incentives for constructing and operating nuclear power stations. Santee Cooper is investigating this source of power, as well as other sources.

Santee Cooper is also entering the next phase of our renewable energy program, Green Power, with the addition of solar, wind and biomass. We continue to research, analyze and use these fuel sources to protect and improve the environment while providing a more diversified fuel mix.

Financial Planning Provides Stability

As the nation's second largest public power utility based on generation and the third largest based on sales, Santee Cooper is one of the highest rated municipal electric utilities in the United States.

Santee Cooper has a long history of strong financial planning and, as a result, has maintained its AA ratings from Fitch Ratings and Moody's Investors Service and its AA- rating from Standard & Poor's.

However, as a result of board changes, both Fitch Ratings and Standard & Poor's changed Santee Cooper's outlook from "stable" to "negative."

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In August of 2005, following the passage of S.C. Act 137, Standard & Poor's returned Santee Cooper's credit outlook from "negative" back to "stable." S&P said that Santee Cooper "has a strong business position in a fast-growing market and a sound financial profile."

In November, Fitch Ratings also increased the utility's outlook back to "stable." According to Fitch, the positive support for Santee Cooper's 'AA' rating is a result of an experienced and forward-thinking management team, a reliable, low-cost power supply and a strong financial profile.

Moody's Investors Service, our other major rating agency, maintained its high outlook for Santee Cooper throughout the year.

Steps were taken in 2005 to hold down operating and maintenance costs and to manage debt, thereby preserving our financial health.

In January, more than $278 million worth of refunding bonds were sold. The net present-value savings are $29.6 million, which equates to a 9.35 percent savings of the refunded bonds. Those significant savings will be realized from now until 2023.

Then, in February, more than $78 million worth of refunding bonds, 2005 Refunding Series C bonds, were sold. The result was net present value savings of approximately $6 million.

Once again, in the fall of 2005, Santee Cooper offered mini-bonds to South Carolinians. The primary objective of the mini-bond sale was to provide an opportunity for South Carolinians to purchase Santee Cooper bonds while generating funds for capital improvement projects. Mini-bonds are small denomination bonds ($200 and $500), which are made available to Santee Cooper customers, our wholesale customers and all residents of South Carolina. In October, the board approved the sale of $15.5 million worth of tax-free mini-bonds.

State-owned Utility Moves Forward to Improve Quality of Life

A strong, healthy Santee Cooper is good for South Carolina, giving the state a stable utility that improves the quality of life to its citizens by providing reliable, low-cost power and water.

This year, Santee Cooper's mission to be the state's leading resource for improving the quality of life for the people of South Carolina was reaffirmed.

It's an exciting time for the electric utility industry and Santee Cooper.

With a strong financial outlook, high customer service satisfaction ratings and plans in place to meet growing demand, Santee Cooper is moving forward with a renewed purpose.

O.L. Thompson III
Chairman
Board of Directors

Lonnie N. Carter
President and Chief Executive Officer

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2005 Business Section

Re-energizing Economic Development Efforts Help Improve State's Quality of Life

Re-energizing Santee Cooper's economic development efforts means searching for innovative ways to increase the utility's value to the state of South Carolina.

Santee Cooper works in partnership with many economic development groups searching globally for companies who may be interested in moving their operations to the Palmetto State. An example of how the partnerships advance Santee Cooper's mission of improving the quality of life for South Carolinians was a major economic development announcement made in April.

American Gypsum Co., a Texas-based business that is the nation's fifth largest producer of gypsum wallboard, announced the construction of a $125 million plant in Georgetown County, creating 100 direct and 200 indirect jobs. The plant plans to produce approximately 750 million square feet of wallboard annually.

The company will use between 550,000 to 660,000 tons of gypsum each year, a byproduct of using scrubbing technology to reduce sulfur dioxide emissions. The gypsum will come from Santee Cooper's Cross and Winyah generating stations.

Also, the wallboard manufacturer will use 120,000 pounds of excess steam each hour from Winyah Station to dry the wallboard.

By using Santee Cooper's synthetic gypsum and excess steam in wallboard production, Santee Cooper and American Gypsum are converting waste that would otherwise be landfilled into a valuable building product.

Another example of increased value to the state is the Lake Marion Regional Water System. Groundbreaking ceremonies for the treatment plant attracted federal, state, local and Santee Cooper officials.

The $100 million system, with a $25.4 million water plant, can provide up to 8 million gallons of water per day, vastly improving the quality of life for area citizens, many of whom currently rely on well-water for their daily use.

Construction of the water treatment plant moves forward with a completion date of August 2006.

The collaborative effort put forth to provide a potable water supply for Calhoun, Clarendon, Dorchester, Orangeburg and Sumter counties should facilitate progress for future economic development efforts in this area.

Santee Cooper and Palmetto Economic Development Corporation work together to recruit industry to South Carolina. PEDC coordinates the joint economic development efforts of Santee Cooper and the state's 20 electric cooperatives. In 2005, Santee Cooper and PEDC's economic development efforts resulted in announced projects with $385.5 million of new investment to the state with 3,187 new jobs and 36,300 megawatts of new electrical load.

Santee Cooper's board has worked hand-in-hand with Central Electric Power Cooperative's board to refocus the joint strategic economic development efforts. This partnership has recharged Santee Cooper's economic development efforts, an expression of Santee Cooper's renewed purpose to the state.

One result of that yearlong collaborative planning process came in September when the two boards approved a package of economic development enhancements.

Additional or new funding for several categories of the Santee Cooper Economic Development Investment Fund will assist with these specific goals:

- Increase funds from $50,000 to $100,000 for the purposes of enhancing infrastructure projects, such as roads and sewer systems. Funds would be a 50/50 match with the cooperatives.
- Add new funding for site certifications. These are estimated to average $50,000 per site. There are currently 28 counties that do not have site certifications. These are important because they convey that permits have been established, someone is in control of the property and the site is prepared for development.
- Add new funding for local economic development training, especially in rural areas.
- Add new funding for community-based strategic economic development planning to benefit regional counties who are working toward the same goal.

Santee Cooper continues to work closely with the S.C. Department of Commerce to ensure coordination and strategic alignment on economic development endeavors.

In December 2005 Santee Cooper's board approved an Economic Development Large Load Retention clause which provides rate incentives to its large industrial customers. This clause was designed to alleviate

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the impact of rising fuel costs on its large industrial customers while encouraging economic development through the retention and expansion of existing industries. The clause terminates in 2007, when fuel costs are projected to moderate and Cross Unit 3 begins commercial operations.

The rate incentive is available for customers who meet certain eligibility and customer requirements, including minimum contract periods and a commitment to maintain existing employment levels. In aggregate, the clause is expected to cost approximately $39 million.

At the same December meeting, a resolution was passed authorizing the development of a method to offer similar incentives, which would achieve the same load retention and economic development objectives as the Economic Development Large Load Retention clause, to Central Electric Power Cooperative Inc.

Alternative Energy Adds New Dimension to Fuel Mix

Santee Cooper continually looks for ways to diversify its fuel mix through alternative sources while at the same time reducing fuel costs and protecting the environment.

The state-owned utility's concern for the environment is in Santee Cooper's mission statement and stays in the forefront of daily business.

In 2005, the company completed a $280 million project to install state-of-the-art environmental control technology on six units at Santee Cooper in order to help protect the environment for future generations.

On Cross Station Units 1 and 2 as well as Winyah Station Units 1, 2, 3 and 4, selective catalytic reduction equipment was installed to reduce up to 90 percent of nitrogen oxide emitted from the coal-fired generating units.

Renewable energy resources help to reduce emissions, lower dependence on foreign fuel sources and enrich the economy. In September 2001, Santee Cooper was proud to be the first utility in South Carolina to generate green power, electricity generated by renewable resources like methane gas from decomposing garbage. These resources are replenished naturally and minimize harm to the environment.

Santee Cooper's Green Power is offered to residential customers in blocks of 100 kilowatt-hours each. Because it costs more to produce green power than by conventional means, a $3 premium is charged on a customer's monthly electric bill. Commercial customers are offered green power in blocks of 200-kWh each for a $6 premium. The Green Power program is completely voluntary.

Since September 2001, over 3,312 residential and commercial customers across the state have purchased over 12,400 100-kWh blocks of this renewable energy.

In 2005, four more electric cooperatives signed on to sell Green Power. They were Edisto, Pee Dee, Coastal and Blue Ridge electric cooperatives. At the end of the year, 16 of the state's 20 electric cooperatives, or 80 percent, now provide green power to their member-owners. In addition to the four listed above, Aiken, Berkeley, Fairfield, Horry, Laurens, Lynches River, Marlboro, Mid-Carolina, Palmetto, Santee, Tri-County and York electric cooperatives also sell green power. The cooperatives's participation in Santee Cooper's Green Power Program shows their commitment to the protection of the state's environment and enhances Santee Cooper's relationship with the cooperatives.

Santee Cooper remains committed to green power as evidenced by the April dedication of the utility's second landfill facility, a 5.4-MW station at Allied Waste's 210-acre Lee County Landfill. The $8.5 million station entered commercial operation in February.

Santee Cooper again partnered with Allied Waste in the Midlands region of South Carolina to construct Santee Cooper's third green power station. The $8 million project at Richland County Landfill will add 5.5 MWs to Santee Cooper's system and should be operational in March 2006.

The fourth green power facility at the Anderson Regional Landfill near Belton in Anderson County is an $8 million investment in renewable energy. Power should begin flowing from this station in June 2006, adding 5.5 MWs to the system.

With all four green power facilities, Santee Cooper's total green power output will equal 19.7 MWs.

Santee Cooper furthered its commitment to green power by announcing its next phase, which includes solar, wind and biomass projects. This makes Santee Cooper the only utility in the state to explore a full wealth of renewable resources.

This year, Santee Cooper, along with the South Carolina Energy Office and the U.S. Department of Energy, funded a study to explore additional renewable sources of energy for the state. The initial study was the first comprehensive wind energy mapping study ever done in the state and will help determine the merit of wind as a renewable source of energy in South Carolina. The utility is planning several small wind projects in the next few years.

Fifteen years ago, Santee Cooper saw the need to find new uses for used motor oil and searched for a solution. The answer came as a source of fuel. Santee Cooper's Give Oil for Energy Recovery, or GOFER, program was born. Since its inception, this program has collected over 18 million

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gallons of used oil, which prevented the oil from being poured on the ground and contaminating water sources.

In 2005, 2.1 million gallons of oil collected from the GOFER program generated 21.8 million kilowatt hours of electricity, saving the utility almost $1.8 million.

Santee Cooper is also planning to implement a variety of solar projects across the state, which will better diversify its fuel mix and use existing renewable resources.

By investigating and analyzing, then selecting, using and monitoring renewable energy sources, Santee Cooper emerges with renewed purpose to provide reliable, low-cost power while fulfilling its duty to protect the environment.

Customer Growth Means Utitlity Construction

As the primary source of power for almost 2 million South Carolinians, Santee Cooper must be prepared for the growth on its system in order to provide customers reliable, low-cost power.

South Carolina's population increases about 3 percent to 4 percent each year. Folks moving to the state come from all segments. They range from seniors seeking a moderate climate for their retirement years to young individuals in search of a great location for their families. They're all looking for the same thing: a good quality of life. That's exactly what can be found in South Carolina.

The utility's direct service area includes parts of Berkeley, Georgetown and Horry counties. The Grand Strand area of Horry County is the fastest growing part of the utility's service area, with customer growth rising rapidly. Recent statistics show projects in design or under construction include 74 subdivisions with 5,613 lots and 34 multifamily complexes with a total of 2,902 units.

With more customers signing up for Santee Cooper power, more electricity is needed in order for Santee Cooper to provide the reliable, low-cost power they expect.

Generating capacity from Santee Cooper's generating stations totals 4,500 megawatts. The 2005 peak was 5,371 megawatts recorded on January 19. The utility's all-time peak of 5,373 MWs was set Jan. 24, 2003.

Ongoing construction for two new generating stations at Cross Generating Station will help Santee Cooper fulfill its responsibility for meeting the growing power needs of South Carolina.

These two units are a $1.4 billion investment in the utility and the state that has, at peak construction, employed 1,700 people through contractors and subcontractors. This is the largest capital expenditure in the utility's history.

The commercial operation date for the 600-MW Unit 3 is January 2007. Cross Unit 4, a similar companion unit, will be commercially operational in January 2009.

Unit 3 is almost 70 percent complete, while Unit 4 is nearly 15 percent complete, putting construction for both units on schedule.

In August of this year, the final two municipalities signed electric utility franchise agreements with Santee Cooper, rounding out new agreements with nine towns and cities, a process that began in 2001. These agreements give Santee Cooper the right to serve electricity in the town or city.

Just over half of the municipalities negotiated converting the overhead power lines to underground as part of the agreement. In Myrtle Beach, North Myrtle Beach, Conway, Moncks Corner and Loris, the successes of the underground projects can be seen with the reduction of visual clutter in the streetscapes. To date, Santee Cooper has converted 43,000 feet of main feeder and has in design or in construction an additional 25,000 feet of conversion projects. In total, 45.8 percent of the 2,440 miles of distribution lines in the Santee Cooper system are now underground. Also, there are 51 distribution substations with 214 circuits in the system.

In October, Santee Cooper announced plans to invest $135 million into the construction of 200 miles of high-voltage, transmission lines over the next three years to keep pace with growth. Of that investment, about $50 million will be used to connect two new power turbines at Cross Station to the utility's power grid.

Additions and upgrades such as these help Santee Cooper generate, transmit and deliver some of the most reliable power in the Unites States, renewing the utility's purpose of providing excellent customer service.

In 2005, the generation availability was 92.2 percent, the transmission reliability was 99.999 percent and the distribution reliability rate was 99.996 percent.

Santee Cooper continued to experience record growth in 2005 with total retail customers approaching the 150,000th mark with the actual number of 148,988 receiving Santee Cooper power. With 5,907 new customers connecting this year, this represents the second fastest growth rate since 1990. Gigawatt-hour sales increased 3.5 percent over the previous year.

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In the electric cooperative service areas, their customer base grew to 665,000 member-owners. Kilowatt-hour sales to these cooperatives grew

by 2.3 percent, which resulted in 50.24 percent of Santee Cooper's electric revenue for 2005.

Sales to industrial customers also grew during the year. With 32 industrial customers accounting for 9.65 percent of Santee Cooper's 2005 electric revenues, the utility understands the role these customers play in the state's economy.

This state-owned electric and water utility hasn't lost the traditional, hard-working and honest values developed over the years. Santee Cooper's customers value these attributes, as shown in the results of the annual customer satisfaction surveys. The residential customer satisfaction survey reported a rating of 98.3 percent, which was well above the national average of 90.6 percent.

Santee Cooper received an impressive 100 percent satisfaction rating from its industrial customers, due in large part to the effort Santee Cooper puts forth in cultivating and maintaining mutually beneficial relationships with them.

The commercial satisfaction rating stands at 97.1 percent with the wholesale customers awarding an 86.4 percent satisfaction rating. The utility's overall average stands at 95.5 percent for 2005.

All of these notably high customer satisfaction ratings in various classes are evidence of the great customer service provided by Santee Cooper's employees across the state.

Santee Cooper Explores Next Generation Options

Santee Cooper is committed to investing in its future energy needs so as to improve the current quality of life; to continue the delivery of reliable, low-cost power; and to meet the state's growing energy demands.

The pace of the state-owned utility's growth is staggering. Even with the addition of the two units at Cross Station, Santee Cooper will be short 672 megawatts in 2015 to meet the projected power needs of its customers due to the explosive growth.
The permitting process and construction of a new facility averages eight to 10 years. Therefore, Santee Cooper is planning for its next base load generation now in order to meet customers's future power needs.
Utilities are being encouraged to pursue nuclear power in the sweeping federal energy bill signed into law in August.

The Energy Policy Act of 2005 offers a wide range of measures aimed at expanding and diversifying the country's fuel supplies, including bolstering nuclear energy research and development. The $4.6 billion earmarked for nuclear power provides incentives for building new reactors, including loan guarantees, production tax credits and risk protection. Included is authorization for cost-overrun support of up to $2 billion total for up to six new nuclear power plants.

Expanding nuclear-power capabilities in South Carolina can help decrease America's dependence on expensive foreign oil. It can also reduce emissions of so-called "greenhouse gases."

Therefore, serious consideration must be given to a source of power that is clean and efficient, can help diversify the fuel mix and could aid the utility in providing reliable, low-cost power.

In August 2005, Santee Cooper, in partnership with SCE&G, announced plans to study building a new nuclear power plant. As the utilities analyze the next generation of energy for their customers, nuclear has emerged as a viable option. An announcement is expected in the first half of 2006.

Continuing to work jointly with SCE&G makes sound business sense, given the ongoing positive experience between Santee Cooper and SCE&G at the V.C. Summer Nuclear Station near Jenkinsville, S.C. Under the current joint ownership agreement, Santee Cooper receives one-third of the capacity generated at V.C. Summer and SCE&G receives two-thirds. V.C. Summer Station began generating uranium-fueled electricity in 1983.

Santee Cooper's fuel mix includes 10 percent coming from nuclear power. In South Carolina, nuclear power provides 54.5 percent of the state's electricity using seven reactors at four plants.

Not only is Santee Cooper planning for the next generation resources, the utility is actively promoting conservation to lessen the need for additional megawatts.

Educating customers of the benefits of conservation is the purpose of several Santee Cooper programs, such as Good Cents New Homes, Manufactured Homes, Loans, Improved Homes and Contractors. Savvy customers know energy conservation programs such as these can help lower their energy costs.
As residential customers look for ways to conserve, so do the utility's commercial customers.

Coastal Carolina University in Conway, S.C., a Santee Cooper Green Power Institution and Champion of the Environment, is doing its part to conserve electricity.

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The university is partnering with Santee Cooper to implement the latest energy-efficient technology at its newly renovated Coastal Science Center. The enhanced facility was unveiled Oct. 26 on Campus Sustainable Day, an event encouraging universities nationwide to recognize the role higher education can play in the sustainability of natural resources.

State-of-the-art technologies, such as air-to-air energy recovery units and occupancy sensors, were the result of the collaborative effort which will result in estimated annual energy savings of approximately $76,400.

Santee Cooper works hard to be a good corporate citizen, giving back to the communities. Working with Coastal Carolina University to conserve natural resources and engage in environmentally friendly projects is just another opportunity to support the community with renewed purpose.

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Santee Cooper

2005 INTERACTIVE ANNUAL REPORT

Corporate Statistics | Comparative Highlights | Energy Sales | Fuel Mix | Miscellaneous

Calendar Year	2005	2004	2003	2002	2001
Total Electric Revenue (in thousands of dollars)	1,345,341	1,146,578	1,043,776	1,029,124	968,795
Interdepartmental Sales of Electricity and Water	(333)	(280)	(242)	(260)	(300)
Total Electric Revenue-Net of Interdepartmental Sales (in thousands of dollars)	1,345,008	1,146,298	1,043,534	1,028,864	968,495
Water System	4,728	4,711	4,400	4,471	4,544
Total Operating Revenues (in thousands of dollars)	1,349,736	1,151,009	1,047,934	1,033,335	973,039
Operating & Maintenance Expenses Charged to Operations (in thousands of dollars)	949,967	763,161	675,276	646,403	627,493
Sums in Lieu of Taxes Charged to Operations(1) (in thousands of dollars)	3,556	3,029	2,904	2,975	2,521
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	12,422	24,175	10,486	10,315	9,216
Net Operating Revenues Available for Debt Service (in thousands of dollars)(4)	423,387	398,828	382,867	403,678	366,435
Reinvested Earnings (in thousands of dollars)(2)	147,892	102,874	68,848	81,965	66,510
Energy Sales (in gigawatt-hours)	25,064	24,451	24,060	24,121	22,400
Number of Customers (at year end)					
Retail	148,988	143,081	137,823	134,299	130,897
Military and Large Industrial	32	32	32	33	33
Wholesale(3)	4	4	4	4	5
Total	149,024	143,117	137,859	134,336	130,935
Summer Peak Generating Capability, (net megawatts)	4,505	4,499	4,277	4,259	3,520
Generation: Coal	19,033	19,160	19,010	18,628	18,365
Nuclear	2,485	2,745	2,445	2,455	2,243
Hydro	482	432	670	253	220
Natural Gas	2,067	1,674	1,191	2,256	174
Oil	55	31	26	35	54
Landfill Gas	44	23	22	15	4
Total (in gigawatt-hours)	24,166	24,065	23,364	23,642	21,060
Purchases, Net Interchanges, etc. (in gigawatt-hours)	1,581	1,070	999	583	1,445
Total Territorial Energy Sales (in gigawatt-hours)	25,747	25,135	24,363	24,225	22,505
Territorial Peak Demand (in megawatts)	5,371	5,088	5,373	4,795	4,803

(1) Amounts accrued for payment to the municipalities as franchise fees are not included. Amounts totaled $3,586,000 for 2005, $3,237,000 for 2004, $3,114,000 for 2003, $2,646,000 for 2002, and $2,679,000 for 2001.
(3) Does not include non-firm sales to other utilities.

navigation > RENEWED PURPOSE AND FOCUS

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end

Santee Cooper

2005 INTERACTIVE ANNUAL REPORT

Corporate Statistics | **Comparative Highlights** | Energy Sales | Fuel Mix | Miscellaneous

Calendar Year	2005	2004	% Change
Total Revenues & Income	$1,382,049	$1,166,030	19%
Total Expenses & Interest Charges	1,268,531	1,073,529	18%
Other	34,374	10,373	231%
Reinvested Earnings	$147,892	$102,874	44%
Debt Service Coverage	1.98 times	1.81 times	
Debt/Equity Ratio	67/33	71/29	

Financial (in thousands of dollars)

navigation >

RENEWED PURPOSE AND FOCUS

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Direct Retail Service

At the end of 2005, Santee Cooper was serving 148,988 residential, commercial and other retail customers located in Berkeley, Georgetown and Horry counties. This was an increase of 4.1 percent over 2004. Sales to these retail customers were 3,555 gigawatt-hours, up 3.5 percent from the previous year.

Wholesale

Sales to Central Electric Power Cooperative Inc. and their member cooperatives increased 2.3 percent in 2005. Central is Santee Cooper's largest single customer. These electric cooperatives distribute power to more than 650,000 customers in all 46 counties of the state.

Santee Cooper also provides electricity to the municipalities of Bamberg and Georgetown. These sales remained essentially consistent.

Military and Large Industrial

Military and large industrial sales were up 2.3 percent over the previous year.

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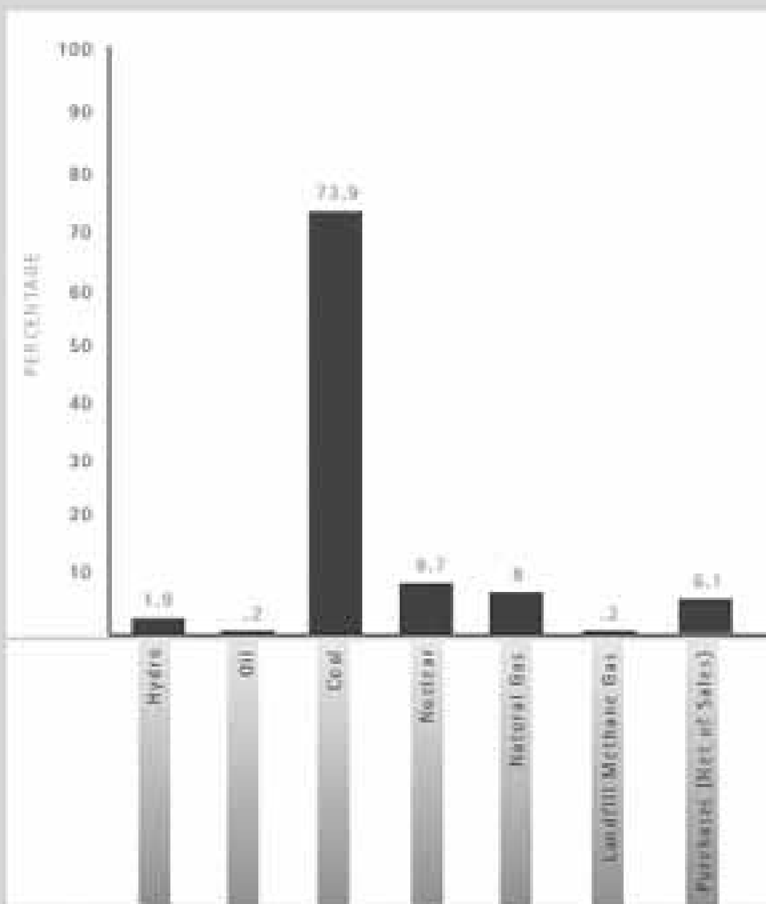

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System Data

Miles of Transmission Lines	4,440
Miles of Distribution Lines	2,392
Transmission Substations	82
Central Electric Power System Delivery Points	335
Municipal Customers	2

Capacity

Year	MWHs*
2001	4,119
2002	4,871
2003	4,889
2004	5,118
2005	

*includes purchased power

Territorial Peak Demand

Year	MWHs
2001	4803
2002	4795
2003	5373
2004	5008
2005	

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SANTEE COOPER 2005 FINANCIAL STATEMENTS

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Finance-Audit Committee Chairman's Letter

The Finance-Audit Committee of the Board of Directors is comprised of four independent directors: Paul G. Campbell Jr., Chairman, Clarence Davis, G. Dial DuBose and one vacancy.

The committee meets regularly with members of management and Internal Audit to review and discuss their activities and responsibilities.

The Finance-Audit Committee oversees Santee Cooper's financial reporting and internal auditing processes on behalf of the board of directors.

Periodic financial statements and reports from management and the internal auditors pertaining to operations and representations were received. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Paul G. Campbell
Chairman
Finance-Audit Committee

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Management's Discussion and Analysis

Overview of the Financial Statements

In June 1999 the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis - for State and Local Governments" (GASB 34). The objective of this Statement is to enhance the understandability and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. This Statement was effective for the Authority beginning in fiscal year 2001.

By definition within this Statement, Santee Cooper is deemed a proprietary or enterprise fund, in which a government entity operates like a business. GASB 34 requires the following components in a governmental entity's annual report.

Management's Discussion and Analysis

The purpose is to provide an objective and easily readable analysis of the Authority's financial activities based on currently known facts, decisions, or conditions.

Statement of Net Assets

Assets and liabilities of proprietary funds should be presented to distinguish between current and long-term assets and liabilities.

Statement of Revenues, Expenses and Changes in Net Assets

This statement provides the operating results of the Authority broken into the various categories of operating revenues and expenses, non-operating revenues and expenses, as well as revenues from capital contributions.

Statement of Cash Flows

Sources and uses of cash are classified using the direct method as resulting from operating, non-capital financing, capital and related financing or investing activities.

Notes to the Financial Statements

The notes are used to explain some of the information in the financial statements and provide more detailed data.

Financial Condition Overview *

Santee Cooper's Balance Sheet as of December 31, 2005 and 2004 is summarized as follows:

	2005	2004	Difference
		(Thousands)	
ASSETS			
Plant – net	$ 3,528,628	$ 3,165,259	$ 363,369
Current assets	676,366	577,034	99,332
Other noncurrent assets	458,644	661,601	(202,957)
Deferred debits	319,564	282,238	37,326
Total assets	$ 4,983,202	$ 4,686,132	$ 297,070
LIABILITIES & NET ASSETS			
Long-term debt - net	$ 2,518,991	$ 2,600,744	$ (81,753)
Current liabilities	694,944	540,576	154,368
Other noncurrent liabilities	432,697	343,633	89,064
Net assets	1,336,570	1,201,179	135,391
Total liabilities and net assets	$ 4,983,202	$ 4,686,132	$ 297,070

Comparing Santee Cooper's assets as of December 31, 2005 and 2004, the major changes were:

Net plant increased by $363.4 million. Additions minus retirements to utility plant were only $75.2 million in 2005 with no single plant asset driving the activity. This figure is significantly lower than in recent years. The change in accumulated depreciation of $132.2 million is consistent with prior years. The increase in construction work in progress was $420.2 million related primarily to Cross 3 and Cross 4 construction.

Current assets increased $99.3 million due to increases in current cash and investments, accounts receivable, inventories, and prepaid and other assets.

Other noncurrent assets decreased $202.9 million primarily due to a decrease in restricted cash and investments.

Deferred debits increased $37.3 million due to an increase in the Costs to be Recovered.

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From 2004 to 2005, the major changes in liabilities were:

Long-term debt decreased $81.8 million due to the net affect of bond refinancing, principal repayments and new money issues.

Current liabilities increased $154.4 million due to increases in commercial paper notes outstanding, accounts payables, and other current liabilities. These were partially offset by decreases in the current portion of long-term debt and accrued interest.

Other noncurrent liabilities increased $89.1 million due to increases in the construction fund and asset retirement obligation liabilities.

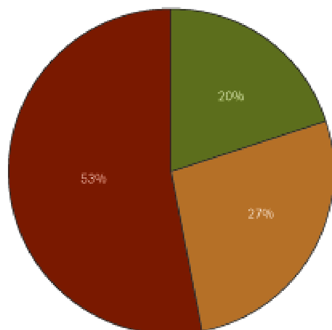
Net assets increased $135.4 million primarily due to the increase in investment in capital assets net of related debt.

* The numbers presented in the Financial Condition Overview are the result of the combined balance sheet data for electric and water operations. However, since electric operations historically accounts for about 99% of the operations, the explanations provided are focused on electric operations.

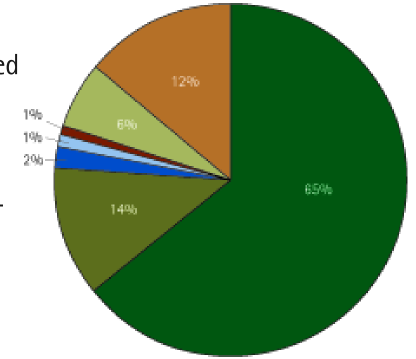
Results of Operations *

	2005	2004	Difference
		(Thousands)	
Operating revenues	$ 1,350,080	$ 1,151,009	$ 199,071
Operating expenses	1,102,360	909,665	192,695
Operating income	$ 247,720	$ 241,344	$ 6,376
Interest charges	(166,596)	(163,864)	(2,732)
Costs to be recovered from future revenue	34,374	10,373	24,001
Other income	32,315	15,021	17,294
Transfers out	(12,422)	(24,175)	11,753
Change in net assets	135,391	78,699	56,692
Ending net assets	$ 1,336,570	$ 1,201,179	$ 135,391

Operating Revenues – Operating revenues for 2005 increased $199.1 million or 17% over the prior year. The rise in fuel related revenue was a key contributing factor due to higher market prices industry wide. Energy sales for Santee Cooper were over 25 million megawatt-hours for the year. This was an increase of 3% which represents higher sales in all customer categories. For the second consecutive year, the retail class experienced a 4% customer growth. The revenue continues to maintain a stable distribution across its customer base.



Operating Expenses – Operating expenses for 2005 reflected a net increase of $192.7 million or 21% compared to 2004. Coal, natural gas and oil prices have risen dramatically over the past two years. Santee Cooper strives to mitigate these costs with a combination of long-term and short-term contracts, a gas risk hedging program and burning a variety of solid fuels (petcoke, coal, and synfuel). Fuel and purchased power accounted for the majority of this expense variance, rising by $178.4 million or 34% when compared to 2004. Santee Cooper continues to burn synfuel, a processed coal that is cheaper and results in savings to our customers. In 2005, this provided an estimated savings to our customers of approximately $20.0 million which is reflected in the fuel expense and revenue reported. Other generation operating and maintenance costs also increased by approximately $6.6 million in 2005 due to additional costs of operating environmental equipment and station outages. Depreciation expense showed an increase over last year of $4.9 million.



Interest Charges – Interest charges for 2005 were $2.7 million or 2% higher than 2004 as a result of the 2004 and 2005 bond transactions and additional expense due to increased commercial paper activity and higher interest rates offset by higher debt related expenses.

Costs to be Recovered From Future Revenue – Costs to be recovered from future revenues reduced expenses by $24.0 million when compared to last year due to lower principal payments and an increase in the depreciation component.

Other Income – Other income increased $17.3 million or 115%. In 2004 certain lands were declared surplus property so they could be sold to reimburse Santee Cooper for the non-recurring special contribution to the State. These land sales in 2005 generated gains of $10.9 million. Interest income and the change in fair value increased by $4.6 million due to higher interest rates and favorable market conditions for the types of investments held by Santee Cooper.

Transfers out – Transfers out represents the dollars paid by Santee Cooper to the State of South Carolina. The expense

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for 2004 was $11.8 million higher than 2005 due to the non-recurring special contribution in the amount of $13.0 million which was paid in 2004 by authorization of Santee Cooper's Board of Directors.

* The numbers presented in the Results of Operations are the result of the Combined Statement of Revenue, Expenses and Changes in Net Assets data for electric and water operations. However, since electric operations historically accounts for about 99% of the operations, the explanations provided are focused on electric operations.

Competition - The electric utility industry in the United States is continuing to change as a result of legislative, regulatory and competitive factors. An early factor in the evolution of the electric industry was the Energy Policy Act of 1992 (EPACT 1992), which allowed independent power producers to access a utility's transmission network and sell electric power to other utilities. Since the enactment of the Energy Policy Act, there have been various regulatory and legislative initiatives, at both the federal and state levels, to promote wholesale and retail competition in the electric industry. These initiatives have been met with varying degrees of success and failure. Most recently, on August 8, 2005, President Bush signed into law the Energy Policy Act of 2005 (EPACT 2005). EPACT 2005 reflects a further refinement in federal energy policy, but unlike EPACT 1992 does not represent a fundamental change from the immediate past.

The Authority has developed and is implementing a long-term strategic plan to position the Authority to compete effectively in the changing competitive environment. Consistent with the plan, the Authority is implementing initiatives to achieve more financial flexibility, reduce operating, maintenance and capital costs, increase revenue, retain customers, and strengthen employee performance and accountability. While the Authority is taking these and other actions to prepare for a deregulated market, the Authority cannot predict what effects increased competition will have on the operations and financial condition of the Authority.

Capital Improvement Program

The purpose of the capital improvement program is to continue to satisfy the electric power and energy needs of its customers with economical and reliable service. The Authority's capital improvement program for years 2006 through 2008 is estimated to be $1.4 billion to be expended as follows:

Capital Improvement Expenditures

	(Thousands)
Cross 3 & Cross 4 Generating Units	$ 724,000
Environmental Compliance	157,000
General Improvements to the System	510,000
Total	$ 1,391,000

The cost of the capital improvement program will be provided from revenues of the Authority, additional Revenue Obligations, Commercial Paper Notes and other short-term obligations, as determined by the Authority.

Currently under construction are Cross Unit 3 and Cross Unit 4 which are scheduled to be commercial in January 2007 and 2009, respectively. Each of these units will be a 580 MW (net) pulverized coal-fired unit which will be located at the existing Cross Generating Station.

New generation was added in 2005 consisting of a 5 MW landfill generating unit in Lee County. Additional landfill generating units are planned for the first and second quarters of 2006 at the Richland County and Anderson County sites. By mid-2006, total generation from this Green Power source is expected to be 18 MW. This would further diversify Santee Cooper's fuel mix and reinforce the commitment to the environment for the State of South Carolina.

Debt Service Coverage

At December 31, debt service coverage (not including commercial paper) was 2.01 compared to 1.81 for the prior year. Bond ratings assigned by the various agencies have not changed compared to prior year and are as follows:

	Priority Bonds	Revenue Bonds	Revenue Obligations	Commercial Paper
Fitch Ratings	AAA	AA	AA	F1+
Moody's Investors Service, Inc	Aa2	Aa2	Aa2	P-1
Standard & Poor's Rating Services	AAA	AA-	AA-	A1+

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Bond Market Transactions during 2005

Par Amount	Type	Date Closed	Purpose	Comments
$ 125,295,000	Revenue Obligations: 2005 Refunding Series A	10/04/2005	Refund the following: 1995 Refunding Series A (partial) 1995 Refunding Series B (partial) 1996 Refunding Series A (partial)	Gross savings of $20.1 million over the life of the bonds.
$ 278,005,000	Revenue Obligations: 2005 Refunding Series B	10/04/2005	Refund the following: 1995 Refunding Series A 1995 Refunding Series B 1996 Refunding Series A 1996 Refunding Series B	Gross savings of $58.3 million over the life of the bonds.
$ 78,150,000	Revenue Obligations: 2005 Refunding Series C	02/24/2005	Refund 1993 Refunding Series C Bonds	Gross savings of $14.6 million over the life of the bonds.
$ 10,924,500	Revenue Obligations: 2005 Series M-Current Interest Bearing Bonds (CIBS)	11/16/2005	To finance a portion of the Authority's ongoing transmission system construction and improvements.	Tax-exempt mini-bonds.
$ 4,442,000	Revenue Obligations: 2005 Series M-Capital Appreciation Bonds (CABS)	11/16/2005	To finance a portion of the Authority's ongoing transmission system construction and improvements.	Tax-exempt mini-bonds.

Bond Market Transactions during 2006 (Known to date)

Par Amount	Type	Date Closed	Purpose	Comments
$ 470,765,000	Revenue Obligations: 2006 Series A	02/01/2006	To finance a portion of the tax-exempt construction for Cross Unit No. 3, Cross Unit No. 4, SIP Call and New Source Review environmental requirements , and ongoing transmission system construction and improvements.	Tax-exempt bonds. All-in true interest cost of 4.58 percent.
$ 129,115,000	Revenue Obligations: 2006 Series B	02/01/2006	To finance a portion of the taxable construction for Cross Unit No. 3, Cross Unit No. 4, SIP Call and New Source Review environmental requirements, and ongoing transmission system construction and improvements.	Taxable bonds. All-in true interest cost of 5.18 percent.

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

We have audited the accompanying combined balance sheets of the South Carolina Public Service Authority (a component unit of the state of South Carolina) as of December 31, 2005 and 2004, and the related combined statements of revenues, expenses and changes in net assets, and cash flows for each of the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the combined financial position of the Authority as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis included in the annual report is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Deloitte & Touche LLP

Charlotte, North Carolina
March 22, 2006

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Combined Balance Sheets

South Carolina Public Service Authority
As of December 31, 2005 and 2004

ASSETS

	2005	2004
	(Thousands)	
Current assets		
Unrestricted cash and cash equivalents	$ 79,068	$ 38,328
Unrestricted investments	78,427	101,041
Restricted cash and cash equivalents	136,101	116,555
Restricted investments	22,323	51,405
Receivables, net of allowance for doubtful accounts of $713 and $595 at December 31, 2005 and 2004, respectively	157,722	141,114
Materials inventory	56,892	50,776
Fuel inventory		
Fossil fuels	67,080	33,172
Nuclear fuel-net	15,987	23,324
Interest receivable	1,807	2,044
Prepaid expenses and other current assets	60,959	19,275
Total current assets	676,366	577,034
Noncurrent assets		
Unrestricted cash and cash equivalents	62	2,063
Unrestricted investments	54,000	50,110
Restricted cash and cash equivalents	37,901	98,053
Restricted investments	207,014	402,414
Capital assets		
Utility plant	4,336,788	4,272,011
Long lived assets - assets retirement cost	93,240	82,846
Accumulated depreciation	(1,960,802)	(1,828,648)
Total utility plant-net	2,469,226	2,526,209
Construction work in progress	1,057,193	636,962
Other physical property-net	2,209	2,088
Investment in associated companies	6,567	6,816
Regulatory asset - asset retirement obligation	153,090	101,450
Regulatory assets - derivative and hedging instruments	10	695
Deferred debits and other noncurrent assets		
Unamortized debt expenses	27,071	28,633
Costs to be recovered from future revenue	246,249	211,875
Other	46,244	41,730
Total noncurrent assets	4,306,836	4,109,098
Total assets	$ 4,983,202	$ 4,686,132

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

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LIABILITIES

		2005		2004
		(Thousands)		
Current liabilities				
Current portion of long-term debt	$	69,674	$	80,994
Accrued interest on long-term debt		63,718		78,456
Commercial paper		285,449		193,317
Accounts payable		183,488		135,155
Other current liabilities		92,615		52,654
Total current liabilities		694,944		540,576
Noncurrent liabilities				
Construction fund liabilities		48,380		26,824
Asset retirement obligation liability		322,358		260,613
Total long-term debt (net of current portion)		2,657,160		2,764,450
Unamortized refunding and other costs		(138,169)		(163,706)
Long-term debt - net		2,518,991		2,600,744
Other deferred credits and noncurrent liabilities		61,959		56,196
Total noncurrent liabilities		2,951,688		2,944,377
Total liabilities		3,646,632		3,484,953

NET ASSETS

		2005		2004
Invested in capital assets, net of related debt		814,282		637,714
Restricted for debt service		70,263		111,859
Restricted for capital projects		3,079		18,294
Restricted for other		141,967		122,608
Unrestricted		306,979		310,704
Total net assets		1,336,570		1,201,179
Total liabilities and net assets	$	4,983,202	$	4,686,132

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Combined Statements of Revenues, Expenses and Changes in Net Assets

South Carolina Public Service Authority
Years ended December 31, 2005 and 2004

	2005	2004
	(Thousands)	
Operating revenues		
Sale of electricity	$ 1,334,754	$ 1,135,786
Sale of water	4,728	4,711
Other operating revenue	10,598	10,512
Total operating revenues	1,350,080	1,151,009
Operating expenses		
Electric operating expenses		
Production	65,614	60,359
Fuel	591,903	474,947
Purchased and interchanged power	117,519	56,114
Transmission	14,192	11,456
Distribution	8,041	7,166
Customer accounts	8,388	8,160
Sales	2,997	3,217
Administrative and general	62,223	62,109
Electric maintenance expense	77,789	78,124
Water operation expense	1,354	1,188
Water maintenance expense	372	321
Total operation and maintenance expenses	950,392	763,161
Depreciation and amortization	148,412	143,475
Sums in lieu of taxes	3,556	3,029
Total operating expenses	1,102,360	909,665
Operating income	$ 247,720	$ 241,344

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

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	2005	2004
	(Thousands)	
Nonoperating revenues (expenses)		
Interest and investment revenue	$ 12,952	$ 11,656
Net increase (decrease) in the fair value of investments	4,126	(496)
Interest expense on long-term debt	(143,562)	(141,981)
Other interest expense	(23,034)	(21,883)
Costs to be recovered from future revenue	34,374	10,373
Other - net	15,237	3,861
Total nonoperating revenues (expenses)	(99,907)	(138,470)
Income before transfers	147,813	102,874
Transfers out		
Distribution to the State	(12,422)	(11,175)
Non-recurring special contribution to State	0	(13,000)
Total transfers out	(12,422)	(24,175)
Change in net assets	135,391	78,699
Total net assets-beginning	1,201,179	1,122,480
Total net assets-ending	$ 1,336,570	$ 1,201,179

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Combined Statements of Cash Flows

South Carolina Public Service Authority
Years ended December 31, 2005 and 2004

	2005	2004
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	$ 1,333,354	$ 1,127,858
Payments to non-fuel suppliers	(260,791)	(84,967)
Payments for fuel	(586,692)	(470,176)
Purchased power	(117,098)	(53,726)
Payments to employees	(116,951)	(110,305)
Other receipts, (payments) - net	100,278	20,237
Net cash provided by operating activities	352,100	428,921
Cash flows from non-capital related financing activities		
Distribution to the State of South Carolina	(12,422)	(11,175)
Non-recurring special contribution to the State	0	(13,000)
Net cash used in non-capital related financing activities	(12,422)	(24,175)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	496,816	480,459
Net commercial paper issuance (repayments)	92,298	(151,852)
Repayment and refunding of bonds	(612,849)	(71,270)
Interest paid on borrowings	(156,665)	(131,853)
Construction and betterments of utility plant	(440,739)	(412,057)
Debt premium	11,130	23,277
Other - net	(2,994)	(6,586)
Net cash used in capital-related financing activities	(613,003)	(269,882)
Cash flows from investing activities		
Net decrease (increase) in investments	247,333	(147,914)
Interest on investments	13,173	12,502
Gains on sale of surplus property	10,952	0
Net cash provided by (used in) investing activities	271,458	(135,412)
Net (decrease) in cash and cash equivalents	(1,867)	(548)
Cash and cash equivalents - beginning	254,999	255,547
Cash and cash equivalents - ending	$ 253,132	$ 254,999

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

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	2005	2004
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 247,720	$ 241,344
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	153,602	154,809
Net power gains involving associated companies	(45,359)	(13,574)
Distributions from associated companies	44,164	14,464
Advances to associated companies	(97)	(1,382)
Other income	207	115
Changes in assets and liabilities		
Accounts receivable - net	(16,608)	(23,229)
Inventories	(40,024)	(1,193)
Prepaid expenses	(38,702)	(11,744)
Other deferred debits	(5,337)	(12,548)
Accounts payable	44,058	38,654
Other current liabilities	29,369	19,760
Other noncurrent liabilities	(20,893)	23,445
Net cash provided by operating activities	$ 352,100	$ 428,921

	2005	2004
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	$ 79,068	$ 38,328
Restricted cash and cash equivalents	136,101	116,555
Noncurrent		
Unrestricted cash and cash equivalents	62	2,063
Restricted cash and cash equivalents	37,901	98,053
Cash and cash equivalents at the end of the year	$ 253,132	$ 254,999

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Notes

Note 1 – Summary of Significant Accounting Policies:

A – Reporting Entity – The South Carolina Public Service Authority (the "Authority" or "Santee Cooper"), a component unit of the State of South Carolina, was created in 1934 by the State legislature. The Santee Cooper Board of Directors is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by commercial paper in addition to bonds and internally generated funds. As authorized by State law, the Board of Directors sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants.

B – System of Accounts – The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with rules issued by the GASB. The Authority's combined financial statements include the accounts of the Lake Moultrie Regional Water System after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water system. The Authority also complies with policies and practices prescribed by its Board of Directors and to practices common in both industries. As the Board of Directors is authorized to set rates, the Authority has historically followed FASB Statement No. 71, "Accounting for the Effects of Certain Types of Regulation" (FASB 71). This statement provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C – Reclassifications – Certain amounts in the prior year's financial statements have been reclassified to conform to current year presentation.

D – Cash and Cash Equivalents – For purposes of the Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as cash and cash equivalents. In 2001, the Authority adopted GASB Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments" (GASB 34) which requires cash and cash equivalents to be shown as either restricted or unrestricted. "Restricted" refers to those funds limited by law, regulations or Board action as to their allowable disbursement. "Unrestricted" refers to all other funds not meeting the requirements of restricted.

E – Inventory – Material inventory and fuel inventory are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost. Fuel inventory costs for customers other than Central Electric Power Cooperative Inc. ("Central") are billed utilizing a fuel adjustment clause based on the weighted average costs for the previous three-month period.

F – Utility Plant – Utility plant is recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Interest is only capitalized when interest payments are funded through borrowings. There was no interest capitalized in 2005 or 2004. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G - Depreciation – Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the net carrying basis of various classes of plant which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management and the Board in establishing appropriate composite depreciation rates. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.6 percent and 3.5 percent for the periods ended December 31, 2005 and 2004, respectively. Amortization of capitalized leases is also included in depreciation expense.

H - Investment in Associated Companies –The Authority is a member of The Energy Authority (TEA) along with City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), the Municipal Electric Authority of Georgia (MEAG), and Nebraska Public Power District (NPPD). The Authority is also a member of Colectric Partners (Colectric). In addition to the Authority, Colectric's member participants are: JEA, MEAG, NPPD, Gainesville Regional Utilities and Florida Municipal Power Agency.

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating

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revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, TEA assists members with natural gas hedging activities and acts as an agent in the execution of forward gas transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority.

TEA Investment	2005	2004
	(Thousands)	
Opening balance	$ 6,741	$ 9,096
Reduction to power costs		
and increases in electric revenues	44,952	16,860
Less: Distributions from TEA	44,164	14,463
Less: Collateral refund	0	3,362
Less: Other (Includes Equity Losses)	1,134	1,390
Ending balance	$ 6,395	$ 6,741

At December 31, 2005, the Authority had a payable to TEA of $30.2 million for power and gas purchases. In addition, at December 31, 2005, the Authority had a receivable due from TEA of approximately $6.0 million for power sales and sales of excess gas capacity.

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees" (FIN 45). Upon the Authority making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. After such contributions have been effected, the Authority would only have recourse against TEA to recover amounts paid under the guaranty. The term of this guaranty is generally indefinite, but the Authority has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board of Directors and at December 31, 2005, the trade guarantees are an amount not to exceed approximately $96.0 million.

Colectric provides public power utilities with key project and business management resources. Colectric also specializes in the development, project management, operations and maintenance of public power utilities' electric generation and gas infrastructure facilities. The members may elect to participate in various Colectric initiatives based on individual utility needs.

Currently, the Authority participates in two of Colectric's initiatives. The first involves managing the major gas turbine overhauls thereby promoting the sharing of spare parts and technical expertise. The second initiative is a joint electronic procurement program intended to achieve major equipment cost savings through collective purchasing power.

The Authority's exposure relating to Colectric is limited to the Authority's capital investment in Colectric, any accounts receivable from Colectric and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FIN 45. The Authority's initial investment in Colectric was $413,000. The balance in the Authority's Member Equity account at December 31, 2005 was approximately $172,000.

I – Bond Issuance Costs and Refunding Activity – Unamortized debt discount, premium, and expense are amortized to income over the terms of the related debt issues. Gains or losses on refunded debt are amortized to income over the shorter of the remaining life of the refunded debt or the life of the new debt.

J – Revenue Recognition and Fuel Costs – Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers that have not been billed are accrued. Accrued revenue for retail customers totaled $10.1 million in 2005 and $9.3 million in 2004.

Fuel costs are reflected in operating expenses as fuel is consumed.

K – Payment to the State - The Authority is operated for the benefit of the people of South Carolina (the "State"). By law, any and all net earnings of the Authority not necessary for prudent operations, debt service, or other obligations or agreements made with the purchasers or holders, shall be paid semiannually to the State. Historically, the Authority has paid such amounts in July and January. The Authority recognizes the distributions (shown as "Transfers out" on the Combined Statements of Revenues, Expenses and Changes in Net Assets) as a reduction of net assets when paid.

Payments made to the State totaled $12.4 million in 2005 and $24.2 million in 2004. The 2004 amount included the non-recurring special payment of $13.0 million intended to provide financial support to the State in its 2005 fiscal operating year and were recognized as reductions in the Authority's net assets during 2004. Proceeds to fund this payment are being raised by the sale of certain land assets deemed not critical to the operations of the Authority.

L – Accounting for Derivative Instruments – The Authority follows the requirements of FASB No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FASB 133) as amended by FASB No. 149. The majority of the Authority's derivative instruments have been determined to meet the normal purchases and normal sales exception provided by FASB 133. The Authority engages in gas hedging activity through TEA in an effort to reduce the overall cost of fuel inventories. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as the gas is consumed in the production cycle. At December 31, 2005, the Authority recorded $31.8 million in net unrealized gains from natural gas hedging transactions using mark-to-market accounting as outlined by FASB 133. During 2005, the Authority incurred $17.8 million in net realized gains associated with natural gas transactions.

M – Retirement of Long-Lived Assets - Statement of Financial Accounting Standards No. 143 "Accounting for Asset Retirement Obligations" (SFAS 143) addresses financial accounting and reporting for legal obligations associated with the retirement of long-lived assets and

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the related retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from acquisition, construction and/or normal use of the asset. The Authority has a one-third undivided interest in the V.C. Summer Nuclear Station ("Summer") and is therefore subject to the requirements of SFAS 143 due to legal and regulatory requirements related to nuclear decommissioning. Summer was placed in service in 1983 and its current operating license expires in 2042. In May 2004, the Nuclear Regulatory Commission (NRC) accepted an application for a 20-year license extension at Summer.

SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The fair value of a liability is added to the carrying amount of the associated asset. This carrying amount, called the Asset Retirement Cost (ARC) is then depreciated over the life of the asset. The asset retirement obligation liability increases due to the passage of time based on the time value of money until the retirement obligation is settled.

SFAS 143 was effective for fiscal years beginning after June 15, 2002, and was adopted by Santee Cooper on January 1, 2003. At December 31, 2005 and 2004, the Authority recorded an asset retirement obligation (ARO) on its one-third share of Summer of approximately $273.1 million and $260.6 million respectively. Approximately $82.9 million was recorded on the accompanying balance sheet as an associated ARC within "Capital Assets." The ARC was recorded commencing on the in-service date of the nuclear facility.

In March 2005, FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" (FIN 47). FIN 47 clarifies the accounting for conditional asset retirement obligations as used in SFAS 143. It requires that an entity recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the fair value of the liability can be reasonably estimated. Uncertainty about the timing or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists.

FIN 47, together with SFAS 143, provides guidance for recording and disclosing liabilities related to future legally enforceable obligations to retire assets (ARO). As a result of the adoption of FIN 47 in 2005, Santee Cooper recorded an ARO of approximately $49.3 million at December 31, 2005 for conditional obligations related to generation properties. A part of the ARO, approximately $10.4 million, was recorded as an associated ARC within "Capital Assets." The remaining $38.9 million was recorded as accretion expense.

The asset retirement obligation is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows.

Reconciliation of Asset Retirement Obligation Liability

	Years Ended December 31,	
	2005	2004
	(Millions)	
Balance as of January 1,	**$ 260.6**	$ 276.3
Accretion Expense	**12.5**	12.3
Revision in Estimated Cash Flows	**-**	(28.0)
Adoption of FIN 47	**49.3**	-
Balance as of December 31,	**$ 322.4**	$ 260.6

N - Adoption of New Accounting Standards - In March 2003, the GASB issued Statement No. 40, "Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3" (GASB 40). This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement must also be disclosed. This Statement is effective for the Authority beginning in fiscal year 2005. The implementation of this Statement does not have a material effect on the Authority's financial position or results of operations.

In November 2003, GASB issued Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" (GASB 42) which is effective for the Authority's 2005 financial reporting. This Statement establishes accounting and financial reporting standards for impairment of capital assets. Adoption of GASB 42 does not have a material effect on the Authority's financial position or results of operations.

In April 2004, GASB issued statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" (GASB 43) and in June, 2004 issued No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). The purpose of these two statements is to set new accounting standards for state and local government employers that offer retiree health benefits and other non-pension postemployment benefits. In particular, these statements require the accrual of liabilities and expenses of other postemployment benefits (OPEB) over the working career of plan members.

The effective start date of GASB 43 applies for periods beginning after December 15, 2005 for companies with total annual revenues of $100 million or more. GASB 45 regulations come into effect one year after implementation of GASB 43. The Authority believes that it does not fall under the requirements of GASB 43 since the South Carolina Retirement System provides certain health, dental, and life insurance benefits for retired employees of the Authority. The requirements of GASB 45 are currently still under review. The implementation of GASB 43 and GASB 45 is not expected to have a material effect on the Authority's financial position or results of operations.

In December 2004, FASB issued Statement No. 153, "Exchanges of Nonmonetary Assets" (FASB 153) which became effective for the Authority's 2005 fiscal year. FASB 153 amended APB Opinion 29 which provided guidance for accounting for nonmonetary transactions. FASB 153 eliminated the exception to fair value for exchanges of similar productive assets and replaced it with a general exception for exchange transactions that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. In accordance with FASB 153, the Authority recorded immaterial gains due to nonmonetary exchanges which were deferred under provisions of FASB 71.

O - Issued But Not Yet Effective Pronouncements - In May 2004, GASB issued Statement No. 44, "Economic Condition Reporting: The Statistical Section" (GASB 44). GASB 44 enhances and updates the statistical section that accompanies a state or local government's basic financial statements to reflect the significant changes that have taken

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place in government finance, including the more comprehensive government-wide financial information required by GASB Statement 34. The statistical section comprises schedules presenting trend information about revenues and expenses, outstanding debt, economics and demographics, and other subjects. These schedules are intended to provide financial statement users with contextual information they need to assess a government's financial health. GASB 44 is effective for the Authority beginning in fiscal year 2006. Implementation of this Statement is not expected to have a material effect on the Authority's financial position or results of operations.

In December 2004, GASB issued Statement No. 46, "Net Assets Restricted by Enabling Legislation - an amendment of GASB Statement 34" (GASB 46). This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government such as citizens, public interest groups, or the judiciary can compel a government to honor. GASB 46 states that the legal enforceability of an enabling legislation restriction should be re-evaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration.

The only enabling legislation affecting the Authority is that legislation (SC Code of Laws Section 58-31-10 et seq.) by which it was created. There has been no enabling legislation since inception that imposes limits on the use of new capital. Therefore, the Authority believes it does not fall under the requirements of GASB 46.

In June 2005, GASB issued Statement No. 47, "Accounting for Termination Benefits" (GASB 47). This statement establishes accounting standards for termination benefits. The Authority has established that general recognition and measurement requirements should be reported under the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers" (GASB 27), or GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions" (GASB 45) because we are a member of the South Carolina Retirement System. The Authority believes it does not fall under the requirements of GASB 47 due to following the requirements of GASB 27 and GASB 45.

Note 2 – Costs to Be Recovered from Future Revenue:

The Authority's electric rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with FASB 71, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts recorded as costs to be recovered from future revenue will coincide with the repayment of the applicable outstanding debt of the Authority.

Note 3 – Cash and Investments Held by Trustee:

Cash and investments as of December 31, 2005 are classified in the accompanying financial statements as follows ($000's):

Combined Balance Sheet:

Current assets	
Unrestricted cash and cash equivalents	$ 79,068
Unrestricted investments	78,427
Restricted cash and cash equivalents	136,101
Restricted investments	22,323
Noncurrent assets	
Unrestricted cash and cash equivalents	62
Unrestricted investments	54,000
Restricted cash and cash equivalents	37,901
Restricted investments	207,014
Total cash and investments	$ 614,896

Cash and investments as of December 31, 2005 consist of the following:

Cash/Deposits	$ 28,603
Investments	586,293
Total cash and investments	$ 614,896

Unexpended funds from the sale of bonds, debt service funds, other special funds, and cash and investments are held and maintained by trustees, and their use is designated in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements, and the Enabling Act included in the South Carolina Code of Laws.

The Authority's investments are authorized by the Enabling Act included in the South Carolina Code of Laws, the Authority's investment policy, and various debt resolutions. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds, and U. S. Treasury Obligations all of which are limited to a ten year maximum maturity. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

In 1998, the Authority adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). GASB 31 establishes standards of accounting and financial reporting for certain investments in securities and requires that all equity and debt securities be recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets. As of December 31, 2005 and 2004, the Authority had investments totaling approximately $586.3 million and $856.0 million, respectively.

As of December 31, 2005, the Authority's cash and investments carried at fair market value included nuclear decommissioning funds of $123.1 million including unrealized holding gains of $12.6 million. As of December 31, 2004, decommissioning funds totaled approximately $116.4 million including unrealized holding gains of $14.2 million. In accordance with the provisions of FASB 71, earnings, both realized and unrealized, on the decommissioning fund assets are credited to the Regulatory asset - asset retirement obligation and not as a separate component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets.

All of the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of 10 years or less. For the year ended December 31, 2005, the Authority made total investment purchases and

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sales at cost of approximately $30.4 billion and $30.6 billion, respectively. Of these amounts, the Authority's investment purchases and sales at cost for its decommissioning funds were $49.9 million and $46.7 million, respectively. Compared to the year ended December 31, 2004, the Authority's total investment purchases and sales at cost were approximately $38.7 billion and $38.6 billion, respectively. Of these amounts, investment purchases and sales at cost for the decommissioning funds were $45.2 million and $36.4 million, respectively.

With adoption of GASB Statement No. 40, "Deposit and Investment Risk Disclosures" (GASB 40), reporting requirements for GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" (GASB 3) were modified.

Under disclosure requirements for GASB 3, the Authority's repurchase agreements at December 31, 2005 totaled approximately $165.0 million. The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. Securities underlying repurchase agreements are delivered by broker/dealers to the Authority's trust agents. Prior disclosure requirements concerning credit and market risk are now included in GASB 40 disclosures.

GASB 40 addresses modifications of disclosure requirements for common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Authority's requirements for disclosure are as follows.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. This is measured by the assignment of rating by a nationally recognized statistical rating organization. State law and restrictions established by bond indenture and resolution limit investments in debt securities to those securities issued by the U.S government and agencies or instrumentality of the United States created pursuant to an Act of Congress. Examples of these agencies' securities are Federal Home Loan Bank and Federal National Mortgage Association. As of December 31, 2005, all of the agencies' securities held by the Authority were rated AAA by Fitch and Aaa by Moody's Investors Services.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2005, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore have no custodial risk.

At December 31, 2005, the Authority had deposits exposed to custodial credit risk as follows ($000's):

Depository Account Type	Bank Balance
Uninsured and collateral held by	
Bank's agent not in Authority's name	$ 3,842
Uninsured and uncollateralized	317
Total	$ 4,159

Concentration of Credit Risk -The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represent 5 percent or more of total Authority investments are as follows ($000's):

Issuer	Investment Type	Fair Value
Federal Home Loan Bank	Federal agency securities	$ 78,856
Federal National Mortgage Association	Federal agency securities	$ 100,790

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations.

The following table shows the distribution of the Authority's investments by maturity:

Investment Type	Fair Value ($000's)	Weighted Average Maturity (Years)
Certificates of Deposits	$ 2,200	.25
Federal Agency Discount Notes	89,427	.07
Federal Agency Securities	150,852	6.00
Repurchase Agreements	165,021	.01
U.S. Treasury Bills	19,690	.38
U.S. Treasury Obligations	159,103	6.80
Total	$ 586,293	
Portfolio Weighted Average Maturity		2.07

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $55,550,000 in U. S. Treasury Strips ranging in maturity from 2/15/06 to 5/15/19. They also hold $61,738,000 in government agency securities (i.e. Resolution Corp, FNMA, FICO and REFCORP Securities) in the two portfolios ranging in maturity from 1/15/06 to 11/15/26. Zero coupon bonds or US Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. The decommissioning date of the nuclear station is 2043. It is anticipated that no funds will be needed any earlier than 2043 and may not be needed for another 50 years beyond that date. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

Foreign Currency Risk - Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect in investment or deposit fair market value. The Authority is not authorized to invest in foreign currency and therefore has no exposure.

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Note 4 – Long-Term Debt Outstanding:

The Authority's long-term debt at December 31, 2005 and 2004 consisted of the following:

	2005	2004	Interest Rate(s) (1)	Call Price (1)
	(Thousands)			
Electric Revenue Bonds - Priority Obligations: (mature through 2006)	$ 4,420	$ 8,650	4.10%	100
Capitalized Lease Obligations (Net): (mature through 2014)	11,937	14,929	2.00-5.00	N/A
Revenue Bonds: (mature through 2032)				
1993 Tax-exempt Refunding Series C	0	86,335	N/A	N/A
1995 Tax-exempt Refunding Series A	0	77,560	N/A	N/A
1995 Tax-exempt Refunding Series B	0	148,825	N/A	N/A
1996 Tax-exempt Refunding Series A	0	217,030	N/A	N/A
1996 Tax-exempt Refunding Series B	0	21,505	N/A	N/A
1997 Tax-exempt Refunding Series A	204,885	206,910	4.875-5.125	101
1998 Tax-exempt Refunding Series B	23,200	23,885	4.40-5.25	101
Total Revenue Bonds	228,085	782,050		
Revenue Obligations: (mature through 2039)				
1999 Tax-exempt Improvement Series A	181,300	187,290	4.80-5.75	101
1999 Taxable Improvement Series B	68,135	72,360	6.97-7.42	Non-callable
2001 Tax-exempt Improvement Series A	44,265	46,285	3.40-5.25	101
2001 Tax-exempt Refunding Series A	3,100	3,100	4.00	Non-callable
2002 Tax-exempt Refunding Series A	104,320	108,035	5.00-5.50	101
2002 Tax-exempt Improvement Series B	281,140	281,140	5.00-5.50	100
2002 Taxable Improvement Series C	68,765	91,775	4.93-5.51	P&I Plus Make-Whole Premium
2002 Tax-exempt Refunding Series D	418,670	434,185	4.00-5.25	100
2003 Tax-exempt Refunding Series A	335,030	335,030	4.75-5.00	100
2004 Tax-exempt Improvement Series A	434,870	434,870	2.50.-5.00	100
2004 Taxable Improvement Series B	17,635	17,635	3.57-4.52	P&I Plus Make-Whole Premium
2004 Tax-exempt Improvement Series M - CIBS	19,756	19,806	4.25-4.90	100
2004 Tax-exempt Improvement Series M - CABS	8,557	8,304	4.375-5.00	Accreted Value
2005 Tax-exempt Refunding Series A	125,295	0	5.25-5.50	100
2005 Tax-exempt Refunding Series B	278,005	0	5.00	100
2005 Tax-exempt Refunding Series C	78,150	0	4.125-4.75	100
2005 Tax-exempt Improvement Series M - CIBS	10,925	0	3.65-4.35	100
2005 Tax-exempt Improvement Series M - CABS	4,474	0	4.00-4.35	Accreted Value
Total Revenue Obligations	2,482,392	2,039,815		
Less: Current Portion - Long-term Debt	69,674	80,994		
Total Long-term Debt - (Net of current portion)	$ 2,657,160	$ 2,764,450		

(1) Apply only to bonds outstanding as of 12/31/2005.

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Maturities of long-term debt are as follows:

	Priority Obligations	Capitalized Leases	Revenue Bonds	Revenue Obligations	Total Principal	Total Interest	Total
Year Ending December 31,				(Thousands)			
2006	$ 4,420	$ 2,673	$ 715	$ 59,700	$ 67,508	$ 132,017	$ 199,525
2007	0	2,738	750	70,510	73,998	133,737	207,735
2008	0	2,563	785	84,075	87,423	129,649	217,072
2009	0	2,383	825	78,675	81,883	125,333	207,216
2010	0	1,685	3,370	89,900	94,955	120,740	215,695
2011-2015	0	3,915	75,300	474,582	553,797	519,402	1,073,199
2016-2020	0	0	65,695	695,104	760,799	357,458	1,118,257
2021-2025	0	0	9,845	495,886	505,731	172,110	677,841
2026-2030	0	0	48,040	139,710	187,750	104,535	292,285
2031-2035	0	0	22,760	193,310	216,070	52,205	268,275
2036-2039	0	0	0	100,940	100,940	6,526	107,466
Less: Capital Lease Cushion of Credit Account	0	(4,020)	0	0	(4,020)	0	(4,020)
Total	$ 4,420	$ 11,937	$ 228,085	$ 2,482,392	$ 2,726,834	$ 1,853,712	$ 4,580,546

Refunded and defeased bonds outstanding, original loss on refunding, and the unamortized loss at December 31, 2005 are as follows:

Refunding Issue	Refunded Bonds	Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
	(Thousands)			
Cash Defeasance	$ 20,000 of the 1982 Series A	$ 0	$ 2,763	$ 1,216
Cash Defeasance	$ 14,080 of the 1992 Refunding Series A 14,955 of the 1996 Refunding Series A	12,345	4,779	512
1997 Refunding Series A	$ 100,000 of the 1978 Series A 68,325 of the 1991 Refunding & Improvement Series B 37,495 of the 1991 Series D	0	16,990	11,205
Commercial Paper	$ 76,050 of the 1973 Series 105,605 of the 1977 series 81,420 of the 1978 Series	0	2,099	857
1998 Refunding Series B	$ 25,000 of the 1992 B Series	0	1,970	1,151
2001 Refunding Series A	$ 10,000 of the 1991 Refunding & Improvement Series B	0	286	24
2002 Refunding Series A	$ 113,380 of the 1992 Refunding Series A	0	23,378	15,131
2002 Refunding Series D	$ 293,250 of the 1993 Refunding series A 25,900 of the 1993 Refunding Series B-1 25,900 of the 1993 Refunding Series B-2 132,095 of the 1993 Refunding Series C	0	73,613	52,266
2003 Refunding Series A	$ 336,385 of the 1993 Refunding Series C 15,750 of the 1995 Refunding Series A	0	57,064	49,604
2005 Refunding Series A	$ 74,970 of the 1995 Refunding Series A 37,740 of the 1995 Refunding Series B 20,080 of the 1996 Refunding Series A	132,790	23,864	23,413
2005 Refunding Series B	$ 2,590 of the 1995 Refunding Series A 100,320 of the 1995 Refunding Series B 192,305 of the 1996 Refunding Series A 21,505 of the 1996 Refunding Series B	316,720	73,749	72,354
2005 Refunding Series C	$ 86,335 of the 1993 Refunding Series C	0	12,125	11,577
Total		$ 461,855	$ 292,680	$ 239,310

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The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt is approximately $3.1 billion and $3.2 billion at December 31, 2005 and 2004, respectively.

On August 26, 2004, the Authority's Board of Directors authorized a Forward Bond Purchase Agreement for the sale of approximately $125.3 million Revenue Obligations, 2005 Refunding Series A (2005A Bonds) which were delivered on October 4, 2005. This refunding will reduce the Authority's total debt service over the life of its bonds by approximately $20.1 million, resulting in an economic gain of approximately $11.6 million. The debt was issued at an all-in true interest cost of 4.82 percent. Yields ranged from 4.23 percent in 2014 to 4.83 percent on the 2022 maturity.

On January 28, 2005, the Authority's Board of Directors authorized a Forward Bond Purchase Agreement for the sale of approximately $278.0 million Revenue Obligations, 2005 Refunding Series B (2005B Bonds) which were delivered on October 4, 2005. This refunding will reduce the Authority's total debt service over the life of its bonds by approximately $58.3 million, resulting in an economic gain of approximately $29.6 million. The debt was issued at an all-in true interest cost of 4.42 percent. Yields ranged from 2.95 percent in 2008 to 4.33 percent on the 2023 maturity.

On February 10, 2005, the Authority's Board of Directors authorized the sale of approximately $78.2 million Revenue Obligations, 2005 Refunding Series C (2005C Bonds). This refunding reduced the Authority's total debt service over the life of its bonds by approximately $14.6 million, resulting in an economic gain of approximately $6.0 million. The debt was issued at an all-in true interest cost of 4.41 percent. Yields ranged from 4.02 percent in 2023 to 4.20 percent on the 2025 maturity.

On October 28, 2005, the Authority's Board of Directors authorized the sale of approximately $15.4 million Revenue Obligations, 2005 Series M (2005M Bonds). The 2005M Bonds consisted of Current Interest Bearing Bonds issued in denominations of $500 and Capital Appreciation Bonds issued in denominations of $200. The 2005M Bonds were issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State, and electric customers of the City of Bamberg and City of Georgetown. Interest rates ranged from 3.65 percent in 2012 to 4.35 percent on the 2023 maturity.

On January 13, 2006, the Authority's Board of Directors authorized the sale of approximately $599.9 million Revenue Obligations, 2006 Series A & B (2006 A & B Bonds). The 2006 Tax-Exempt Series A (2006A Bonds) totaled approximately $470.8 million. The 2006 Taxable Series B (2006B Bonds) totaled approximately $129.1 million. The 2006B Bonds were issued as taxable bonds to comply with IRS Private Use Regulations. The 2006 A & B Bonds were issued February 1, 2006 at an all-in true interest cost of 4.64% (aggregate true interest cost). The 2006 A & B Bonds will mature between January 1, 2007 and January 1, 2039.

All Authority debt is secured by a lien upon and pledge of the Authority's revenues. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

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

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

As of December 31, 2005, the Authority is in compliance with all debt covenants.

Note 5 – Commercial Paper:

The Board of Directors has authorized the issuance of commercial paper not to exceed $500 million. The paper is issued for valid corporate purposes with a term not to exceed 270 days. For the years ended December 31, 2005 and 2004, the information related to commercial paper was as follows:

	2005	2004
Effective interest rate (at December 31)	3.22%	1.80%
Average annual amount outstanding (000's)	$ 230,471	$ 250,809
Average maturity	50 days	51 days
Average annual effective interest rate	2.64%	1.20%

At December 31, 2005 the Authority had a Revolving Credit Agreement with Dexia Crédit Local and BNP Paribas for $450 million. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings under the agreement during 2005 or 2004.

Commercial Paper outstanding at December 31, was as follows:

	2005	2004
	(Thousands)	
Commercial Paper-Gross	$ 285,617	$ 193,319
Less: Unamortized Discount on Taxable Commercial Paper	168	2
Commercial Paper-Net	$ 285,449	$ 193,317

Note 6 – Summer Nuclear Station:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance, and decommissioning of the Summer Nuclear Station, and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. At December 31, 2005 and 2004, the plant accounts before depreciation included approximately $488.1 million and $487.0 million, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. The accumulated depreciation at December 31, 2005 and 2004 was $258.6 million and $245.7 million, respectively. For the years ended December 31, 2005 and 2004, the Authority's operation and maintenance expenses included $52.6 million and $54.9 million, respectively, for the Summer Nuclear Station.

Nuclear fuel costs are being amortized based on energy expended, which includes a component for estimated disposal costs of spent nuclear fuel which represents the unit-of-production method. This amortization is included in fuel expense and is recovered through the Authority's rates.

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load

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through 2018. Further on-site storage, if required, will be accomplished through dry cask storage or other technology as it becomes available.

The Nuclear Regulatory Commission (NRC) requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2000 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of the Summer Nuclear Station equals approximately $143.4 million in 1999 dollars. Each month, the Authority debits to FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are being recovered through the Authority's rates. Based on current decommissioning cost estimates developed by SCE&G, these funds, which totaled approximately $123.1 million (adjusted to market) at December 31, 2005, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

In 2004, the NRC granted a twenty-year extension to Summer Nuclear Station's operating license, extending it to August 6, 2042.

The Energy Policy Act of 1992 gave the Department of Energy (DOE) the authority to assess utilities for the decommissioning of its facilities used for the enrichment of uranium included in nuclear fuel costs. In order to decommission these facilities, the DOE estimated that it would need to charge utilities a total of $150 million, indexed for inflation, annually for 15 years based on enrichment services used by utilities in past periods. Based on an estimate from SCE&G covering the 15 years, the Authority's remaining one-third share of the liability at December 31, 2005 totals approximately $308,000. Such amount has been deferred and will be recovered through rates as paid. These costs are included on the accompanying balance sheets in "Deferred debits and other noncurrent assets - Other" and "Other deferred credits and noncurrent liabilities."

Note 7 – Leases:

The Authority has capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering a steam electric generating plant, transmission facilities, and various other facilities. The remaining lease terms range from 1 to 9 years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Utilities Service (formerly Rural Electrification Administration) for funds borrowed to construct the above mentioned facilities. The Authority has options to purchase the leased properties at any time during the period of the lease agreements for sums equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

In addition, during 2004, the Authority became a joint participant with Central in the Rural Utilities Service (RUS) cushion of credit payments programs (COC). This program allows the borrower to build up a cushion of money for future application toward their debt while earning 5 percent interest. At December 31, 2005, the balance in the Authority's portion of the joint account was approximately $4.0 million.

Future minimum lease payments on Central leases at December 31, 2005 were as follows:

Year ending December 31,	Amount (Thousands)
2006	$ 3,388
2007	3,335
2008	3,038
2009	2,737
2010	1,934
2011-2014	4,228
Total minimum lease payments	$ 18,660
Less amounts representing interest	2,703
Principal Balance	$ 15,957
Less: Cushion of Credit Account	4,020
Net Balance at December 31, 2005	$ 11,937

Property under capital leases and related accumulated amortization included in utility plant at December 31, 2005, totaled approximately $89.6 million and $79.5 million, respectively, and at December 31, 2004, totaled $90.1 million and $77.3 million, respectively.

Operating lease payments totaled approximately $6.5 million and $5.8 million during the years ended December 31, 2005 and 2004, respectively. Included in these operating lease payments are periodic expenses related to leased coal cars, which are initially reflected in fuel inventory and subsequently reported in fuel expense based on the tons burned. The terms of the current coal car leases vary from twelve months to thirty-eight months, with the longest lease expiring in 2009. The approximate amounts for the coal car leases to be paid for the years 2006 through 2009 are $5.9 million, $4.9 million, $4.9 million, and $296,000, respectively.

Note 8 – Contracts with Electric Power Cooperatives:

Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the "Coordination Agreement"). In addition, the Authority is the sole supplier of energy needs for Central and its member Saluda River Electric Cooperative, Inc. (Saluda) excluding energy Central receives from the Southeastern Power Administration (SEPA) and Saluda's ownership interest in the Catawba Nuclear Station.

Central, under the terms of the contract with the Authority, has the right to audit costs billed to them under the cost of service contract. Differences as a result of this process are accrued if they are probable and estimable under FASB Statement No. 5, "Accounting for Contingencies" (FASB 5). To the extent that differences arise due to this process, prospective adjustments are made to cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Assets. Such adjustments in 2005 and 2004 were not material to the Authority's overall operating revenue.

Note 9 – Commitments and Contingencies:

Budget - The Authority's capital budget provides for expenditures of approximately $558.6 million during the year ending December 31, 2006 and $ 831.3 million during the two years thereafter. These expenditures

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include $724.1 million for new generating units being constructed to begin operation in 2007 and 2009, and $156.7 million for environmental compliance expenditures. The total project cost of the new generating unit to begin operation in 2007 is $675.0 million and $755.0 million for the unit in 2009. Capital expenditures will be financed by internally generated funds and a combination of taxable and tax-exempt debt.

Purchase Commitments – The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2005. The disclosure of minimum obligations below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Year ending December 31,	Amount (Thousands)
2006	$ 357,397
2007	220,674
2008	149,268
2009	83,428
2010	60,680
2011-2015	64,784
Total	$ 936,231

The Authority has outstanding minimum obligations under two existing long-term and two existing short-term purchased power contracts as of December 31, 2005. The long-term obligations were approximately $75.5 million with a remaining term of 29 years and $5.2 million with a remaining term of one year. The short-term contracts totaled $1.3 million with a remaining term of five months.

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's coal-fired generating units. During 2002, a new agreement was signed with an effective date of January 1, 2003. This contract will continue to apply a price per ton of coal moved, with the minimum being set at four million tons per year.

The Authority has commitments for nuclear fuel enrichment and fabrication contracts which are contingent upon the operating requirements of the nuclear unit. As of December 31, 2005, these commitments total approximately $39.3 million over the next six years.

In 2003, the Authority amended the Rainey Generating Station Long-Term Service Agreement (LTSA) with General Electric International, Inc. in the approximate amount of $90.0 million. The agreement provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators, and combustion tuning for the gas turbines. In exchange for reduced pricing and added features, the contract term was extended to 2025, but can be terminated for convenience in 2008. The previous agreement was in the approximate amount of $76.0 million and was effective through 2009. The Authority's Board of Directors has approved recovery of the LTSA on a straight-line basis over the term of the agreement.

On January 31, 2005, the Authority entered a $4.0 million Parts and Services Agreement with General Electric International, Inc. (GEII) for maintenance of the Rainey 3, 4, and 5 gas turbines. GEII will supply parts, repair services, and technical direction for one combustion inspection and one hot gas path inspection for each of the three gas turbines. The term of the agreement, which is dependent upon unit operation, is expected to be nine years.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation (TRANSCO) to supply gas transportation needs for its Rainey Generating Station. This is a firm transportation contract covering a maximum of 80,000 decatherms per day for 15 years.

Risk Management – The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Policies are subject to deductibles ranging from $5,000 to $1.0 million, with the exception of named storm losses which carry deductibles from $1.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2005, there were no losses incurred or reserves recorded for general liability.

On August 5, 2005, a generator stator failure occurred at the Cross Generating Station resulting in an extended outage and leading the Authority to file a claim with its property insurance carrier for approximately $4.3 million. The final settlement was approximately $3.9 million subject to the Authority's $1.0 million deductible. The Authority received payment of this claim during 2005.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. There have been no third-party claims for environmental damages for 2005 or 2004. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

At December 31, 2005, the amount of the self-insured liabilities for auto, dental, worker's compensation and environmental remediation was approximately $2.6 million. The liability is the Authority's best estimate based on available information.

Changes in the reported liability are as follows:

	2005	2004
	(Thousands)	
Unpaid claims and claim expenses at beginning of year	$ 2,375	$ 2,228
Incurred claims and claim adjustment expenses: Provision for insured events of the current year	1,724	2,282
Payments for current and prior years	1,502	2,135
Total unpaid claims and claim expenses at end of year	$ 2,597	$ 2,375

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay

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to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Several State funds accumulate assets, and the State itself assumes all risks for the following:

Claims of covered employees for health benefits (Employee Insurance Program); not applicable for worker's compensation injuries, and

Claims of covered employees for basic long-term disability and group life insurance benefits (Retirement System).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except that additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance – The maximum liability for public claims arising from any nuclear incident has been established at $10.9 billion by the Price-Anderson Indemnification Act. This $10.9 billion would be covered by nuclear liability insurance of about $300.0 million per site, with potential retrospective assessments of up to $100.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $15.0 million per incident, per year). Based on its one-third interest in Summer Nuclear Station, the Authority could be responsible for the maximum assessment of $33.5 million, not to exceed approximately $5 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $500.0 million primary and $1.5 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. In addition to the premiums paid on the primary and excess policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed 10 times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be $2.5 million for the primary policy and $3.2 million for the excess policy. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. This policy also carries a potential retrospective assessment of $1.5 million.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage, or cost increases for any periods through December 31, 2005.

Clean Air Act – The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

In addition to the existing Clean Air Act (CAA) Federal Acid Rain (SO_2) and the State NOx Implementation Plan (SIP) Call Programs, the EPA recently promulgated two Clean Air Regulations: Clean Air Interstate Rule (CAIR), and Clean Air Mercury Rule (CAMR). Both CAIR and CAMR were effective in July 2005. Together, they address further reductions in SO2, NOx, and Hg. The Authority, along with other utilities, has challenged the SO2 allocation portion of CAIR, and is participating in a stakeholders' process to develop with South Carolina Department of Health and Environmental Control (DHEC) a SIP for CAIR and CAMR in South Carolina.

The Authority has been operating under a recent settlement agreement, called the Consent Decree, that became effective June 24, 2004. The settlement with the Environmental Protection Agency (EPA) and DHEC was related to certain environmental issues associated with coal-fired units. It involved the payment of a civil penalty, an agreement to perform certain environmentally beneficial projects, and the expenditure of capital costs of approximately $205.3 million to achieve emissions reductions over the period ending 2013. These capital costs are expected to be largely offset by savings resulting from a reduced need to purchase emission credits.

Safe Drinking Water Act – The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting electrical utilities. DHEC has primacy for regulatory authority of potable water systems in South Carolina. The State Primary Drinking Water Regulation, R.61-58, governs the design, construction, and operational management of all potable water systems in South Carolina subject to and consistent with the requirements of the Safe Drinking Water Act and the implementation of federal drinking water regulations. The Authority endeavors to manage its potable water systems for compliance with R.61-58.

Clean Water Act – The Authority continues to monitor for Clean Water Act (CWA) regulatory issues impacting electrical utilities. The Authority completed updates to its Spill Prevention, Control, and Countermeasure (SPCC) program in response to recent changes to the federal SPCC regulations. The Authority also responded to recent federal regulatory changes requirements that cooling water intake structures reflect best technology available for minimizing adverse environmental impact (Section 316b of the CWA). The Authority has two generating stations subject to the new federal Phase II 316b Rule and has initiated activities to achieve compliance with the rule. Additionally, plans to construct a new intake structure at a Cross Station for new unit construction triggered Phase II 316(b) Rule requirements, therefore the Authority has initiated activity to achieve compliance.

Open Access Transmission Tariff - On April 24, 1996, the FERC issued Orders 888 and 889: the implementing rules for mandatory non-discriminatory open access over the transmission systems of jurisdictional entities. Order 888 required each jurisdictional transmission owner to file with FERC by July 9, 1996 a pro forma open access transmission tariff (OATT).

Order 888 also requires that a non-jurisdictional utility, such as the Authority, must agree to provide comparable transmission service over its transmission facilities in order to receive service from a jurisdictional utility under its OATT.

In order to ensure it would be able to receive transmission service from jurisdictional utilities, in 1997 the Authority adopted an open access transmission tariff substantially in conformance with the tariff required to be filed by jurisdictional utilities.

Finally, in late 2005, FERC opened a rulemaking docket to consider possible reforms to Order 888. Among the many issues that FERC will consider at this docket is whether Order 888 should be revised in light of new Section 211A of the Federal Power Act, "Open Access by Unregulated Transmitting Utilities." Under new Section 211A, FERC has

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authority to require an otherwise non-jurisdictional transmission owner, such as the Authority, owning or operating transmission facilities to provide transmission services at (1) rates that are comparable to those they charge themselves, and (2) terms and conditions that are comparable to those they charge themselves and that are not unduly discriminatory or preferential.

Regional Transmission Organizations (RTOs) - Presently there are no active RTO development activities in the southeastern United States. Two previous efforts to develop an RTO for the southeastern United States have resulted in failure. In each case, the effort failed because of the lack of demonstrable benefits from forming an RTO and the lack of consensus support and acceptance from all applicable state and federal agencies for the proposed RTO structure.

Whether a new RTO development effort will arise in the southeastern United States is unknown at this time. Any potential impact on the Authority of such a new effort is likewise unknown.

Energy Policy Act of 2005 - On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005 (EPACT 2005). EPACT 2005 is the first comprehensive energy legislation enacted by Congress since the Energy Policy Act of 1992 ("EPACT 1992"). However, unlike EPACT 1992, EPACT 2005 does not represent a fundamental change from the immediate past.

EPACT 2005 includes several provisions intended to promote the use of nuclear power, including the extension of the Price-Anderson Act for 20 years (until 2025), as well as on a limited basis, provisions intended to encourage the construction of advanced nuclear facilities including possible loan guarantees, standby support and production tax credits.

EPACT 2005 introduces a new Section 211A of the Federal Power Act ("FPA"), "Open Access by Unregulated Transmitting Utilities." Under Section 211A, FERC has authority to require an otherwise non-jurisdictional transmission owner owning or operating transmission facilities, such as Santee Cooper, to provide transmission services at (1) rates that are comparable to those they charge themselves, and (2) terms and conditions that are comparable to those they charge themselves and that are not unduly discriminatory or preferential. EPACT 2005 also introduces a new Section 217 of the FPA, "Native Load Service Obligation." Under this provision, any load-serving entity with a service obligation, including an otherwise non-jurisdictional transmission owner, is entitled to use its transmission capacity to meet its native load service obligation in preference to other uses of the grid.

EPACT 2005 introduces a new Section 215 of the FPA which authorizes the FERC to designate an Electric Reliability Organization ("ERO") that would propose reliability standards that would be reviewed by FERC before becoming final.

The Authority is currently evaluating this new Act and the full impact on the Authority is unknown.

Legal Matters – The Authority is a party in various claims and lawsuits that arise in the conduct of its business. Although the results of litigation cannot be predicted with certainty, in the opinion of management and Authority counsel, the ultimate disposition of these matters will not have material adverse effect on the financial position or results of operations of the Authority, except as described below.

Certain plaintiffs who are customers of members of Central have filed suit against the Authority and members of Central seeking monetary damages arising out of a change in the Good Cents rate. The plaintiffs seek to represent a class of all "Good Cents" customers of Central's members. The Authority has answered the complaint by denying the material allegations and opposing the request for class certification. The parties have reached a tentative settlement, which has not yet been approved by the court. Until the settlement agreement has been approved, no accurate prediction of the outcome or estimate of range of loss is possible.

Landowners located along the Santee River contend that the Authority is liable for damage to their real estate as a result of flooding that has occurred since the U.S. Army Corps of Engineers' Cooper River Rediversion Project was completed in 1985. A jury trial held in 1997 in the U.S. District Court, Charleston, SC, returned a verdict against the Authority on certain causes of action. The Authority appealed the decision to the Fourth Circuit Court of Appeals which, after oral arguments, remanded the case to the District Court. No estimate relative to potential loss to the Authority can be made at this time. The U.S. Army Contract Board of Appeals has determined that the contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the project.

Note 10 – Retirement Plan:

Substantially all Authority regular employees must participate in one of the components of the South Carolina Retirement System (System), a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws. The payroll for active employees covered by the System for each of the years ended December 31, 2005 and 2004 was approximately $96.0 million and $89.5 million, respectively.

Vested employees who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service. Reduced retirement benefits are payable as early as age 55 with 25 years of service. The System also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit or disability retirement benefits. TERI employees began "re-contributing" to the System at 6.25 percent effective July 1, 2005. However, no service credit is earned under the new regulations. The group life insurance of one times annual salary was re-established for TERI participants. Each participant is entitled to be paid for up to 45 days of accumulated unused annual vacation leave upon retirement and again at the end of the program period for any annual vacation leave earned during the program period.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) pre-

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scribes requirements relating to membership, benefits, and employee/employer contributions.

Employees are required by State statute to contribute 6.25 percent of salary to the System. The Authority is required by the same statute to contribute 7.55 percent of total payroll for retirement and an additional 0.15 percent for group life. The contribution requirement for the years ended December 31, 2005 and 2004 was approximately $7.7 million and $7.5 million, respectively, from the Authority and $5.9 million and $5.4 million, respectively from employees. The Authority made 100 percent of the required contributions for each of the years ended December 31, 2005 and 2004.

The System issues a stand alone financial report that includes all required supplementary information. The report may be obtained by writing to: South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211.

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the System retirement plan which is a defined benefit plan. The contribution amounts are the same, (6.25 percent employee cost and 7.55 percent employer cost) however, 5 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 2.55 percent is to the Retirement System. As of December 31, 2005, twenty of the Authority's employees were participants in the State ORP and consequently the related payments are not material.

The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such the Authority is responsible for funding its share of pension requirements for the nuclear station personnel in accordance with FASB Statement No. 87, "Employers' Accounting for Pensions" (FASB 87). The established pension plan generates earnings which are shared proportionately and used to reduce the allocated funding. As of December 31, 2005 and 2004, the Authority had over-funded its share of the plan FASB 87 requirements due to these earnings in the amount of $10.2 million and $9.7 million, respectively. This receivable will be applied to future years as additional expenditures are required to meet the Authority's funding obligation. The pre-funded amounts are in "Other" within "Deferred debits and other noncurrent assets" on the balance sheet.

The Authority also provides compensation benefits to certain employees designated by management and the Board of Directors under Supplemental Executive Retirement Plans (SERP). The plans are administered by the Authority as a single employer defined benefit pension plan. Benefits are established and may be amended by the Authority's Board of Directors and include compensation for a specified number of years and life insurance benefits. The cost of these benefits is actuarially determined annually and is paid by the Authority on a pay-as-you-go basis. The cost for 2005 and 2004 was approximately $3.0 million and $2.2 million, respectively. The accrued liability at December 31, 2005 and 2004 was approximately $8.0 million and $8.4 million, respectively.

Note 11 – Other Postretirement Benefits:

The South Carolina Retirement System provides certain health, dental, and life insurance benefits for retired employees of the Authority. Substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with 28 years of service or at age 60 with at least 20 years of service. Currently, approximately 467 retirees meet these requirements. The cost of the health, dental and life insurance benefits are recognized as expense as the premiums are paid. For each of the years ended December 31, 2005 and 2004, these costs totaled approximately $2.0 million and $1.9 million, respectively. The Authority is the non-operating owner (one-third share) of SCE&G's V. C. Summer Nuclear Station. As such the Authority is responsible for funding its share of other post employment benefits costs for the station's employees. The liability balances as of December 31, 2005 and 2004 were approximately $7.3 million and $7.0 million, respectively.

During their first 10 years of service, full-time employees can earn up to 15 days vacation leave per year. After 10 years of service, employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn annually two hours per pay period, plus twenty additional hours at year-end for sick leave.

Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination, the Authority pays employees for accumulated vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their accumulated sick leave at the pay rate then in effect.

Note 12 – Credit Risk and Major Customers:

Sales to two major customers for the years ended December 31, 2005 and 2004 were as follows:

	2005	2004
	(Thousands)	
Central (including Saluda)	$ 676,000	$ 583,000
Alumax	$ 143,000	$ 118,000

No other customer accounted for more than 10 percent of the Authority's sales for either of the years ended December 31, 2005 or 2004.

The Authority maintains an allowance for uncollectible accounts based upon the expected collectibility of all accounts receivable.

Note 13 - Storm Damage:

In August 2004, the Authority's system sustained damages from Hurricanes Charley and Gaston. As of December 31, 2005, cost estimates to repair and replace the Authority's damaged facilities are approximately $9.2 million with approximately $3.9 million representing damage to the Jefferies Steam and Hydro Generation facility and approximately $3.1 million representing damage to the East and West Dams in Pinopolis. The remaining costs reflect damage to other facilities including the transmission and distribution system, seawalls at the Wampee and Somerset properties, dump truck bodies, and costs of clearing roads and subdivisions.

The Authority has filed for and anticipates disaster relief assistance from federal sources. This assistance is expected to be 75 percent of storm damage costs or approximately $6.8 million. As of December 31, 2005, O&M expense of approximately $1.7 million was recognized net of expected reimbursement.

Through December 31, 2005, the Authority had not received federal assistance for either hurricane. The Authority does not expect to increase rates due to the impact of Hurricanes Charley and Gaston and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

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Schedule of Refunded and Defeased Bonds Outstanding

As of December 31, 2005
(In Thousands)

Call Date	At Maturity		At Maturity		January 1, 2006		January 1, 2006		January 1, 2006		January 1, 2006	
Series	1992A REF(2)		1996A REF		1995A REF		1995B REF		1996A REF		1996B REF	
Original Maturity												
Jan. 1	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt
2006	6.20	6,680	6 1/4	5,665			6 1/2	10,350				
2007												
2008					6 1/8	815	5.70	3,255	6 1/2	3,730		
2009									5 3/4	1,035		
2010					6 1/8	860	5.80	3,485	5 3/4	15,170		
2011					6 1/8	915	5.80	3,705	5 3/4	6,165		
2012					6 1/8	970	5 7/8	3,940	5 3/4	5,615		
2013					6 1/8	1,025	5 7/8	4,180	5 3/4	5,925		
2014					6 1/8	4,460	5 7/8	4,430	5 3/4	6,530		
2015							5 7/8	4,705	5 3/4	7,005		
2016							5 7/8	5,000	5 3/4	13,075		
2017							5 7/8	5,320	5 3/4	19,650		
2018							5 7/8	5,685	5 3/4	20,735		
2019					6 1/4	8,995	5 7/8	6,085	5 3/4	21,875		
2020					6 1/4	23,100	5 7/8	6,515	5 3/4	23,155		
2021					6 1/4	24,915	5 7/8	6,970	5 3/4	38,535		
2022					6 1/4	11,505	5 7/8	34,165	5 3/4	24,185	5 1/2	11,435
2023							5 7/8	30,270			5 1/2	10,070
2024												
2025												
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
Totals per Series		6,680		5,665		77,560		138,060		212,385		21,505
Totals per Call Date				12,345								449,510

See Schedule of Bonds Outstanding for footnotes.

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Schedule of Bonds Outstanding(1)

As of December 31, 2005

(In Thousands)

	PRIORITY BONDS		REVENUE BONDS				REVENUE OBLIGATIONS													
Maturity Date	1967 Series (2)		1997A Refunding Series		1998B Refunding Series		1999A Tax-Exempt Series		1999B Taxable Series		2001A Improvement Series		2001A Refunding Series(2)		2002A Refunding Series		2002B Tax-Exempt Series		2002C Taxable Series	
Jan 1	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt
2006	4.10	4,420 *			4.40	715	5 3/8	6,335	7.07	4,455	3.40	2,085	4.00	3,100	5.00	3,705			4.93	16,930
2007					4 1/2	750	4.80	6,695	7.12	4,705	4.00	2,155			5.00	4,105			5.27	30,865
2008					4 1/2	785	5 1/2	7,070	7.17	4,980	4 1/2	2,240			5 1/2	7,860			5.51	20,970
2009					4 1/2	825	5 1/2	7,480	7.22	5,270	4 1/2	2,340			5 1/2	8,290	5.00	3,815		
2010			4 7/8	2,505	4.70	865	5 1/2	7,940	7.27	5,590 *		2,450 (3)			5 1/2	8,745	5.00	6,835		
2011			4.90	9,780	4 3/4	905	5 1/2	18,325	7.27	38,390 *					5 1/2	10,110				
2012			5.00	15,040	5 1/4	955 *	5 5/8	10,910	7.32	1,465	5.00	2,565			5 1/2	11,555	5 3/8	7,175		
2013			5.00	15,815	5 1/4	1,010 *	5 5/8	11,540	7.37	1,580	5.00	2,690			5 1/2	12,190	5 3/8	7,565		
2014			5.00	16,630	5.00	1,065 *	5 3/4	12,220	7.42	1,700	5.00	2,830			5 1/2	7,310	5 3/8	7,970		
2015			5.00	12,980	5.00	1,120 *	5 3/4	12,940			5 1/4	2,965			5 1/2	2,155	5 3/8	8,395		
2016			5.00	9,095 *	5.00	1,180 *	5 1/2	13,690			5 1/4	3,125			5 1/2	2,315	5 3/8	8,850		
2017			5.00	9,485 *	5.00	1,245 *	5 1/2	14,470			5 1/4	3,290			5 1/2	2,480	5 3/8	9,325		
2018			5.00	22,410 *	5.00	1,310 *	5 1/2	9,230			5 1/4	2,800			5 1/2	2,615	5 3/8	9,825		
2019			5.00	17,755 *	5.00	1,380 *	5 1/2	9,755			5 1/4	2,945			5 1/2	6,185	5.00	2,000		
2020			5.00	380 *	5.00	1,455 *	5 1/2	10,305 *			5 1/4	3,100			5 1/8	8,700				
2021			5.00	400 *	5.00	1,530 *	5 1/2	10,890 *			4 3/4	3,265 *			5 1/8	6,000				
2022			5.00	420 *	5.00	1,615 *	5 1/2	11,505 *			4 3/4	3,420 *								
2023			5.00	440 *	5.00	1,700 *														
2024			5.00	465 *	5.00	1,790 *														
2025			5.00	485 *	5.00	1,000 *														
2026			5.00	510 *																
2027			5.00	6,595 *																
2028			5.00	12,985 *																
2029			5.00	13,635 *																
2030			5 1/8	14,315 *																
2031			5 1/8	15,050 *													5 1/8	2,555 *		
2032			5 1/8	7,710 *													5 1/8	30,280 *		
2033																	5 1/4	31,835		
2034																	5 1/8	33,505 *		
2035																	5 1/8	35,220 *		
2036																		37,025 * (4)		
2037																	5 1/8	38,965 *		
2038																				
2039																				
Add:																				
Total Outstanding As of 12/31/05		4,420		204,885		23,200		181,300		68,135		44,265		3,100		104,320		281,140		68,765
Bonds Redeemed As of 12/31/05		47,180		9,670		3,615		17,020		57,185		2,020		5,505		3,715		0		23,010
Bonds Refunded As of 12/31/05		0		0		0		0		0		0		0		0		0		0
Less:																				
Accreted Value as of 12/31/05		-		-		-		-		-		-		-		-		-		-
Net:																				
Original Issue Amt.		51,600		214,555		26,815		198,320		125,320		46,285		8,605		108,035		281,140		91,775

* Term Bonds

(1) Rounding may cause small variances.

(2) Maturities are on July 1 instead of January 1.

(3) The 2010 maturity has a split coupon; $2,000,000 at 5.00% and $450,000 at 4.00%.

(4) The 2036 maturity includes the January 1 2036 term bond; principal $10,000,000 at an interest rate of 5.50% and a sinker; principal $27,025,000 at an interest rate of 5.125%.

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REVENUE OBLIGATIONS

Maturity Date Jan 1	2002D Refunding Series		2003A Refunding Series		2004A Tax-Exempt Series		2004B Taxable Series		2004M Tax-Exempt Series		2005A Refunding Series		2005B Refunding Series		2005C Refunding Series		2005M Tax-Exempt Series		Total Principal Maturities(7)	Total Revenue Interest (7)	Total Debt Service(7)
	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt			
2006	5.00	22,830			2 1/2	260													64,835	131,304	196,139
2007	5.00	21,715			2 1/2	270													71,260	133,141	204,401
2008	4.00	28,690			5.00	4,665							5.00	7,600					84,860	129,175	214,035
2009	5.00	14,800			5.00	36,680													79,500	124,982	204,482
2010	5.00	30,430			5.00	6,090	3.57	2,665					5.00	19,155					93,270	120,492	213,762
2011	5 1/4	5,800			3.00	505	3.89	2,750					5.00	10,255					96,820	115,171	211,991
2012	5 1/4	30,095			5.00	6,395	4.17	2,870					5.00	8,915			3.65	3,883	101,823	109,623	211,446
2013	5 1/4	36,500			5.00	6,740	4.33	2,985					5.00	9,355					107,970	104,148	212,118
2014	5 1/4	42,160			5.00	7,070	4.47	3,115			5 1/2	8,635	5.00	5,660					116,365	98,237	214,602
2015	5 1/4	27,645	5.00	23,575	5.00	7,430	4.52	3,250	4 1/4	13,054	5 1/2	11,395							126,904	91,910	218,814
2016	5.00	18,340	5.00	27,285	5.00	18,250			4 3/8	5,121 (5)	5 1/2	17,705					4.00	7,578 (5)	132,534	94,374 (8)	226,908
2017	5.00	19,195	5.00	18,980	5.00	41,540					5 1/4	4,880	5.00	18,690					143,580	78,619	222,199
2018	5.00	20,095	5.00	13,985	5.00	44,525					5 1/4	5,190	5.00	19,580					151,565	71,112	222,677
2019	5.00	31,095	5.00	19,120	5.00	34,245					5 1/4	14,520	5.00	20,505					159,505	63,216	222,721
2020	5.00	40,860	5.00	22,960	5.00	35,400					5 1/4	28,900	5.00	21,555					173,615	54,755	228,370
2021	5.00	28,420	5.00	26,125	5.00	38,255					5 1/4	23,890	5.00	43,650					182,425	45,726	228,151
2022			5.00	28,380	5.00	66,780					5 1/4	10,180	5.00	67,485					189,785	36,327	226,112
2023					4 3/8	3,135			4.90	6,702			5.00	25,600	4 3/4	26,060	4.35	3,938 (5)	67,575	32,870 (8)	100,445
2024					4 1/2	3,265			5.00	3,436 (5)					4 3/4	25,440			34,396	37,684 (8)	72,080
2025					5.00	3,415 *										26,650 (6)			31,550	26,124	57,674
2026			5.00	29,920	5.00	3,585 *													34,015	24,525	58,540
2027			5.00	25,355	5.00	3,755 *													35,705	22,782	58,487
2028			4 3/4	20,565	5.00	3,945 *													37,495	20,977	58,472
2029			4 3/4	21,540	5.00	4,145 *													39,320	19,110	58,430
2030			4 3/4	22,555	5.00	4,345 *													41,215	17,142	58,357
2031			4 3/4	23,630	5.00	4,570 *													45,805	15,005	60,810
2032			4 3/4	11,055	5.00	4,790 *													53,835	12,522	66,357
2033					5.00	5,035 *													36,870	10,205	47,075
2034					5.00	5,285 *													38,790	8,253	47,043
2035					5.00	5,550 *													40,770	6,221	46,991
2036					5.00	5,825 *													42,850	4,066	46,916
2037					5.00	6,120 *													45,085	1,802	46,887
2038					5.00	6,345 *													6,345	492	6,837
2039					5.00	6,660 *													6,660	167	6,827
Add: Total Outstanding As of 12/31/05		418,670		335,030		434,870		17,635		28,313 (5)		125,295		278,005		78,150		15,398 (5)	2,714,897	1,862,259	4,577,156
Bonds Redeemed As of 12/31/05		22,090		0		0		0		177		0		0		0		0	191,187		
Bonds Refunded As of 12/31/05		0		0		0		0		0		0		0		0		0	0		
Less: Accreted Value as of 12/31/05		-		-		-		-		536		-		-		-		32	568		
Net: Original Issue Amt.		440,760		335,030		434,870		17,635		27,954		125,295		278,005		78,150		15,367	2,905,516		

(5) Includes accretion on Capital Appreciation bonds through 12/31/05.
(6) The 2025 maturity includes principal in the amount of $24,745,000 at an interest rate of 4.75% and principal in the amount of $1,905,000 at an interest rate of 4.125%.
(7) Included in year that payment is made.
(8) Includes remaining accretion on Capital Appreciation Bonds.

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Executive Management

Lonnie N. Carter
President and Chief Executive Officer

Bill McCall
Executive Vice President and Chief Operating Officer

Elaine G. Peterson
Executive Vice President and Chief Financial Officer

James E. Brogdon Jr.
Senior Vice President and General Counsel

R.M. Singletary
Senior Vice President of Corporate Services

Management

Senior Vice Presidents:

Terry L. Blackwell
Power Delivery

Maxie C. Chaplin
Generation

Vice Presidents:

S. Thomas Abrams
Planning and Power Supply

Zack W. Dusenbury
Retail Operations

Ronald H. Holmes[1]
Human Resource Management

L. Phil Pierce
Fossil and Hydro Generation

Suzanne H. Ritter
Corporate Planning and Bulk Power

Byron C. Rodgers Jr.[2]
Engineering and Construction Services

Laura G. Varn
Corporate Communications and Media Relations

Wm. Glen Brown[3]
Corporate Secretary and Manager of Community Relations

Glenda W. Gillette
Controller

H. Roderick Murchison
Treasurer

Thomas L. Richardson
Auditor

1 Ronald H. Holmes retired from Santee Cooper on Dec. 31, 2005. Wm. Glen Brown was promoted to vice president of Human Resource Management.

2 Byron C. Rodgers Jr. retired from Santee Cooper on Dec. 31, 2005. Thomas L. Kierspe was promoted to vice president of Engineering and Construction Services.

3 Pamela J. Williams was promoted on Jan. 1, 2006 to fill the corporate secretary position left vacant with Brown's promotion.

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Advisory Board

Mark Sanford
Governor

Mark Hammond
Secretary of State

Henry D. McMaster
Attorney General

Richard A. Eckstrom
Comptroller General

Grady L. Patterson Jr.
State Treasurer

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Santee Cooper

end

2005 INTERACTIVE ANNUAL REPORT

Board of Directors

O.L. Thompson III

Patrick T. Allen

Paul G. Campbell, Jr.

Richard H. Coen

Clarence Davis

G. Dial Dubose

J. Calhoun Land IV

James W. Sanders Sr.

Santee Cooper is governed by an 11-member board of directors that is appointed by the governor and confirmed by the state Senate. The board consists of one director from each of the six congressional districts in the state, one from each of the three counties where Santee Cooper serves retail customers directly, and two from the state at-large, one of whom is the chairman. Two of the directors must have previous electric cooperative experience.

navigation >

RENEWED PURPOSE AND FOCUS

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