As 2009 drew to a close and countless South Carolinians eagerly prepared for a more prosperous 2010, Santee Cooper introduced one of the most important programs in its 75-year history – a major new focus on energy efficiency that builds on and expands our 40-year efforts to promote efficiency and help our customers save energy and money.

Reduce The Use South Carolina is an unprecedented energy efficiency campaign for South Carolina. It is a comprehensive package of rebates and incentives that will move the needle on energy efficiency in this state and ultimately save 209 million kilowatts of electricity each year. More than that, Reduce the Use South Carolina directly supports Santee Cooper’s goal to generate 40 percent of our energy by 2020 from non-greenhouse gas emitting resources, biomass fuels, conservation and energy efficiency.

Reduce The Use was launched in September along with its first flagship initiative, a refrigerator recycling program. The refrigerator recycling program offers customers rebates to purchase ENERGY STAR® refrigerators and additional money to let Santee Cooper recycle their older, inefficient refrigerators. A new CFL promotion puts starter packages of energy-efficient compact fluorescent light bulbs in the highest-use areas of our commercial customers – at no charge to those customers – in the hopes that they will appreciate the immediate energy savings and replace all of their bulbs with CFLs. In November we launched Smart Energy Homes, which offers homeowners rebates for making energy efficient home improvements, and it offers builders rebates to build new homes to certain efficiency standards.

We have reenergized some of our most effective existing efficiency programs, including our online and on-site energy audits and our low-interest loan program to help customers make energy-efficient upgrades to their homes. Santee Cooper has also launched ReduceTheUse.com, a new Web site hosting customer-focused education initiatives and tips that anyone can employ to save energy.

We’re looking at our own energy use too. We are installing CFLs in our own facilities, keeping lights off through room-use occupancy sensors, replacing inefficient HVAC units and trying to eliminate electricity lost through phantom power consumers. We know that small steps can make a big difference.

As South Carolina’s largest producer of electricity, Santee Cooper remains committed to serving our state with low-cost, reliable and environmentally protective power. Helping us all use less of that power is one way we’ll stay on course.
Executive Summary

Fourth Quarter 2009 Compared to 2008

The financial results for the fourth quarter of 2009 showed a decrease of $14.6 million compared to the same period last year, with revenue and operating expenses higher than the same quarter of 2008. The fourth quarter saw total MWh sales increase, with increases in the industrial customer and sales to other utilities segments offset by decreases in Central Electric Cooperative and firm system sales. Santee Cooper's demand (KW) sales were slightly down over the same period last year. Operating Expense for the fourth quarter of 2009 was up compared to the fourth quarter of last year as a result of a $21.5 million fuel cost increase due to higher coal purchase prices, offset by lower purchased power and other generation expenses. The addition of Cross 4 to the generation fleet contributed to higher costs in fuel and depreciation expense. In addition to Cross 4, additional transmission line projects contributed to the increase in depreciation expense. Other Income was up slightly when compared to the fourth quarter of last year as a result of a $21.5 million fuel cost increase due to higher coal purchase prices, offset by lower purchased power and other generation expenses. The addition of Cross 4 to the generation fleet contributed to higher costs in fuel and depreciation expense. In addition to Cross 4, additional transmission line projects contributed to the increase in depreciation expense. Other Income was up slightly when compared to the fourth quarter of last year as a result of a $21.5 million fuel cost increase due to higher coal purchase prices, offset by lower purchased power and other generation expenses. The addition of Cross 4 to the generation fleet contributed to higher costs in fuel and depreciation expense. In addition to Cross 4, additional transmission line projects contributed to the increase in depreciation expense.

Key Statistical Highlights

<table>
<thead>
<tr>
<th></th>
<th>This Year</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total MWh Sales</td>
<td>6,025,978</td>
<td>6,011,545</td>
</tr>
<tr>
<td>Number of Degree Days</td>
<td>959</td>
<td>947</td>
</tr>
<tr>
<td>Distribution Reliability (YTD)</td>
<td>99.9946</td>
<td>99.9976</td>
</tr>
<tr>
<td>Number of Retail Customers</td>
<td>165,434</td>
<td>162,657</td>
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</tbody>
</table>

For Month Ended December 31

<table>
<thead>
<tr>
<th></th>
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Quarterly Statement of Reinvested Earnings
For Period Ended December 2009
Millions of Dollars (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>This Year</th>
<th>Last Year</th>
<th>This Year</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$388.7</td>
<td>$378.0</td>
<td>$1,702.0</td>
<td>$1,586.2</td>
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<tr>
<td>O&amp;M Expense</td>
<td>298.3</td>
<td>286.7</td>
<td>1,201.0</td>
<td>1,121.6</td>
</tr>
<tr>
<td>Depreciation &amp; Sums in Lieu of Taxes</td>
<td>44.8</td>
<td>44.1</td>
<td>181.8</td>
<td>162.8</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>343.1</td>
<td>324.8</td>
<td>1,382.8</td>
<td>1,284.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>45.6</td>
<td>53.2</td>
<td>319.2</td>
<td>301.8</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>2.6</td>
<td>1.9</td>
<td>8.6</td>
<td>12.6</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Fair Value of Investments</td>
<td>(3.0)</td>
<td>5.2</td>
<td>(8.1)</td>
<td>4.9</td>
</tr>
<tr>
<td>Subtract:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Charges</td>
<td>62.3</td>
<td>55.7</td>
<td>234.2</td>
<td>200.2</td>
</tr>
<tr>
<td>Costs To Be Recovered from Future Revenue</td>
<td>(1.6)</td>
<td>5.5</td>
<td>(3.9)</td>
<td>22.0</td>
</tr>
<tr>
<td>Reinvested Earnings</td>
<td>($15.5)</td>
<td>($0.9)</td>
<td>89.4</td>
<td>97.1</td>
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</table>

Balance Sheet
As of December 2009 and 2008
Millions of Dollars (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>This Year</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Plant - Net</td>
<td>$4,871.5</td>
<td>$4,556.2</td>
</tr>
<tr>
<td>Long Lived Assets - ARO - Net</td>
<td>(14.6)</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Investment in Associated Co.</td>
<td>9.7</td>
<td>8.4</td>
</tr>
<tr>
<td>Restricted Funds</td>
<td>840.5</td>
<td>593.0</td>
</tr>
<tr>
<td>General Improvement Funds</td>
<td>3.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Cash &amp; Securities</td>
<td>203.4</td>
<td>291.6</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>676.7</td>
<td>624.8</td>
</tr>
<tr>
<td>Costs To Be Recovered From Future Revenue</td>
<td>231.5</td>
<td>227.6</td>
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<tr>
<td>Regulatory Asset</td>
<td>176.5</td>
<td>161.0</td>
</tr>
<tr>
<td>Other Deferred Debts</td>
<td>331.8</td>
<td>99.4</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7,530.7</td>
<td>$6,511.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>This Year</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Debt - Net</td>
<td>$4,472.6</td>
<td>$3,928.5</td>
</tr>
<tr>
<td>Short Term Debt</td>
<td>404.8</td>
<td>263.3</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>536.0</td>
<td>348.8</td>
</tr>
<tr>
<td>ARO Liability</td>
<td>317.8</td>
<td>303.9</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>138.5</td>
<td>75.3</td>
</tr>
<tr>
<td>Accumulated Reinvested Earnings and Capital Contributions</td>
<td>1,661.0</td>
<td>1,592.0</td>
</tr>
<tr>
<td>Total Liabilities and Capital</td>
<td>$7,530.7</td>
<td>$6,511.8</td>
</tr>
</tbody>
</table>

Quarterly Statement of Reinvested Earnings
For Period Ended December 2009
Millions of Dollars (Unaudited)

Board of directors approves 2010 budget
The Santee Cooper Board of Directors approved a $2.5 billion budget for 2010 at its December meeting. The board also approved the 2011 and 2012 budgets for planning purposes.

The 2010 budget includes $1.91 billion for the electric system, $6.5 million for the water systems and $584.2 million for capital expenditures. More than half of the $1.91 billion operating and maintenance budget is allocated for fuel and purchased power. The fuel necessary to generate electricity and supplemental purchase power totals $978 million, with the remaining dollars allocated to all other operating and maintenance costs necessary to operate the utility.

The $584.2 million for construction and capital equipment expenditures includes:
- $331.2 million for construction of new nuclear generating facilities
- $27 million for renewable generation, environmental control improvements and recycling of combustion by-products
- $66.4 million for transmission improvements
- $37.5 million for distribution improvements

Bond sale approved
The Santee Cooper Board of Directors approved the sale of $424,570,000 in refunding and new money bonds during a special board meeting in October. The issue includes $39,725,000 in tax-exempt refunding Series D bonds; $284,850,000 in tax-exempt Series E bonds; and $100,000,000 in taxable Series F bonds. Maturities range from 2011 through 2040. The all-in true interest cost was calculated at 4.67 percent.

All rating agencies reaffirmed strong long-term ratings for the utility including an AA from Fitch Ratings, an AA- from Standard & Poor’s, and an Aa2 from Moody’s Investment Service. The issue drew strong support in the market.

Proceeds are for extraordinary working capital for a recent judgment regarding the U.S. Army Corps of Engineers’ Cooper River Rediversion Project; capital needs associated with pre-construction activities for Santee Cooper’s expansion of the V.C. Summer Nuclear Generating Station with SCE&G, and to refinance a portion of the utility’s outstanding debt.

Santee Cooper promoting Green Power events
Myrtle Beach’s storied Beach Ball Classic partnered with Santee Cooper to ‘go green’ for the first time for its 2009 high school basketball tournament. A full 100 percent of the electricity used at the December Classic was powered with renewable Green Power generated by Santee Cooper.

Santee Cooper has generated renewable Green Power since 2001, when it launched the state’s first renewable energy generating unit at the Horry County Landfill, creating electricity from naturally occurring methane gas caused by decomposing garbage. Today Santee Cooper generates more than 21 megawatts of renewable Green Power from landfill biomass and solar units, enough to power 10,500 homes.

The Beach Ball Classic follows North Myrtle Beach’s Mayfest and the Verizon Heritage PGA TOUR golf event in purchasing 100 percent Green Power to run their 2009 events. The Verizon Heritage was the first major PGA event to “go green.” These partnerships continue Santee Cooper’s leadership role in advancing local renewable energy across South Carolina, and Santee Cooper is aggressively promoting new opportunities to event planners in 2010.

NewsCurrents – A Roundup of Quarterly NewsMakers

Cover photo by Jim Huff