

Letter from the President and CEO

As concerns mount about escalating costs in so many areas related to energy, Santee Cooper's board, management and workforce remain focused on and committed to delivering low-cost, reliable and environmentally protective electricity and water to our 2 million direct and indirect customers across the state.



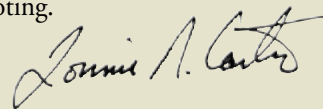
Santee Cooper continues to do all we can to hold the line on costs and negotiate best terms on fuel and other variables: The price of fuel accounts for more than half of our operating budget, and so it is a major emphasis for us. We are ratcheting down spending in all areas while continuing to provide reliable power for our customers.

Our successful Mini-Bond program continues in 2011, with sales in April and October.

I remain concerned about the threat of significant cost increases and uncertainty for our customers from potential and recently enacted environmental regulations — threats that could drive our country's manufacturing base overseas and bring job development to a screeching halt. That is not what we need as we limp through a rickety recovery from the worst economic downturn since the Great Depression.

Rest assured, Santee Cooper is working to educate regulators and policymakers about these potential cost impacts. We have testified in Environmental Protection Agency hearings against a proposal for disposal of combustion byproducts, a proposal that would gut our successful recycling program and significantly complicate our long-term storage plans. In February I testified before the U.S. House Energy and Commerce Subcommittee on Energy and Power, urging that they prohibit EPA from attempting to regulate greenhouse gases under the Clean Air Act — an important and useful act that was never intended to address greenhouse gases. Rather, Congress needs to thoughtfully weigh the many environmental and economic considerations before any new policy addressing greenhouse gases is implemented.

Santee Cooper is a leader in implementing environmental control technology and recycling our byproducts. We are proud of our significant — and non-mandated — programs to increase our customers' energy efficiency and our own renewable energy generation. We also know the importance of efficiently balancing these priorities with our other responsibility: to generate low-cost and reliable electricity as our state and our country seek to regain our economic footing.



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For the Benefit of All

Quarterly Financial Report
for period ended March 31, 2011

Executive Summary

First Quarter 2011 Compared to 2010

The financial results for the first quarter of 2011 showed a decrease of \$20 million compared to the same period last year, with lower revenue and higher operating expenses than the same quarter of 2010.

The first quarter saw total MWh sales drop 6%, with higher Industrial sales offset by less Retail and Wholesale usage which was attributable to milder weather. Santee Cooper also saw a 7% reduction in demand (kW) sales this quarter compared to the first quarter of 2010.

Operating Expense for the first quarter of 2011 was up compared to last year mainly because of more purchased power as a result of Cross Units 3 & 4 outages. In addition, there was a rise in generation non-fuel expense attributable to V. C. Summer Nuclear Station. These increases were reduced by lower depreciation expense.

Other Income increased nearly \$3 million when compared to the first quarter of last year, due to the interest subsidy for the Build America Bonds (BABs) issued in December 2010 and a variance created by a loss on the sale of coal cars in the first quarter of 2010.

Interest Charges were up over \$4 million compared to last year with interest on long-term debt associated with future construction being the biggest contributor.

There was a \$2.5 million change in Costs to be Recovered from Future Revenue (CTBR) expense. The variance was primarily due to 2010 being the final year of amortization for the 1990 change in CTBR methodology.

Overall, Reinvested Earnings for the first quarter showed a 31% decrease when compared to the same quarter last year as a result of these factors.

As South Carolina's largest power producer, Santee Cooper will continue its mission to be the state's leading resource for improving the quality of life for the people of South Carolina, providing low-cost, reliable electricity and environmental leadership.

Key Statistical Highlights

	<i>This Year</i>	<i>Last Year</i>
	<i>Current Quarter</i>	
Total MWh Sales	6,863,922	7,265,495
Number of Degree Days	1,466	1,731
	<i>For Month Ended March, 2011</i>	
Distribution Reliability % (YTD)	99.9981	99.9976
Number of Retail Customers	163,897	163,215

Quarterly Statement of Reinvested Earnings

For Period Ended March 2011

Millions of Dollars (Unaudited)

	<i>Current Quarter</i>		<i>12 Months to Date</i>	
	<i>This Year</i>	<i>Last Year</i>	<i>This Year</i>	<i>Last Year</i>
Operating Revenue	\$479.1	\$490.7	\$1,883.1	\$1,750.4
O&M Expense	320.9	309.0	1,329.4	1,234.9
Depreciation & Sums in Lieu of Taxes	47.5	49.5	188.4	186.5
Operating Expense	368.4	358.5	1,517.8	1,421.4
Operating Income	\$110.7	\$132.2	\$365.3	\$329.0
<i>Add:</i>				
Other Income	3.0	0.2	7.5	7.0
Net Increase (Decrease) in Fair Value of Investments	(0.9)	(1.3)	(3.8)	(7.7)
<i>Subtract:</i>				
Interest Charges	64.9	60.7	249.5	238.9
Costs To Be Recovered From Future Revenue	4.2	6.7	24.0	3.4
Reinvested Earnings	\$43.7	\$63.7	\$95.5	\$86.0

Balance Sheet

As of March 2011 and 2010

Millions of Dollars (Unaudited)

<i>Assets</i>	<i>This Year</i>	<i>Last Year</i>
Utility Plant - Net	\$4,946.9	\$4,873.3
Long Lived Assets - ARO - Net	(14.1)	(14.5)
Investment in Associated Co.	11.0	9.5
Restricted Funds	668.7	589.7
General Improvement Funds	3.5	9.1
Cash & Securities	241.8	235.3
Other Current Assets	1,068.8	801.2
Costs To Be Recovered From Future Revenue	200.8	224.8
Regulatory Asset	183.0	176.7
Other Deferred Debits	398.8	347.8
Total Assets	\$7,709.2	\$7,252.9
<i>Liabilities</i>		
Long Term Debt - Net	\$4,629.3	\$4,346.3
Short Term Debt	534.7	431.4
Other Current Liabilities	284.5	296.1
ARO Liability	336.1	321.4
Other Liabilities	132.4	141.9
Accumulated Reinvested Earnings and Capital Contributions	1,792.2	1,715.8
Total Liabilities and Capital	\$7,709.2	\$7,252.9

NewsCurrents – A Roundup of Quarterly NewsMakers

Santee Cooper, OUC sign letter of intent

Santee Cooper in March announced it has signed a letter of intent to negotiate a purchase power agreement with Orlando Utilities Commission (OUC) for a portion of its share of the planned new nuclear project.

Santee Cooper joined with SCE&G and filed an application in 2008 to build two new nuclear reactors at the V.C. Summer Nuclear Generating Station. Santee Cooper owns 45 percent of the V.C. Summer expansion, and SCE&G owns 55 percent. In 2010, Santee Cooper began evaluating its level of ownership in the new nuclear facilities, a review that continues and has been disclosed with rating agencies and other key stakeholders. V.C. Summer units 2 and 3 are projected to come online in 2016 and 2019.

The letter of intent with OUC is for 5-10 percent of the total capacity and output from Santee Cooper's ownership interest in the two new units. The letter of intent also includes as part of the potential transaction an option for OUC's future acquisition of a portion of Santee Cooper's ownership interest.

Berkeley Green Power Generating Station dedicated

As Santee Cooper Green Power approaches its 10th anniversary, the utility and Berkeley County Water & Sanitation in March dedicated the Berkeley Green Power Generating Station.

Santee Cooper was the first utility to generate renewable energy in South Carolina, beginning in 2001 with a landfill generating station at the Horry County Landfill. The March 22 dedication brings to six the number of Santee Cooper renewable Green Power stations with a total capacity of 28 megawatts of electricity, and it signals continued commitment by the state-owned utility to environmental stewardship in Berkeley County and throughout South Carolina.

Cover photo by Jim Huff

Pig power

Officials with Santee Cooper, Environmental Fabrics and Clemson University announced in January the construction of a new renewable energy facility — the first of its kind in South Carolina — that will generate power from methane gas captured at a Williamsburg County hog farm and deliver it to electric customers on the Santee Cooper system.

The 180-kilowatt Burrows Hall Renewable Energy Facility is expected to begin generating renewable energy for the grid early this summer — enough to power approximately 90 average South Carolina homes. The project also involves Santee Electric Cooperative, the South Carolina Energy Office and the South Carolina Department of Agriculture.