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FIFTY YEARS

Improving the Quality of Life in South Carolina

1934  1984

*The General Assembly
established Santee
Cooper "as a corporation
completely owned by
and to be operated for
the benefit of the people
of South Carolina for the
improvement of their
health and welfare and
material prosperity . . ."*

*The success of our
company must be
measured in those terms
each fiscal year.*



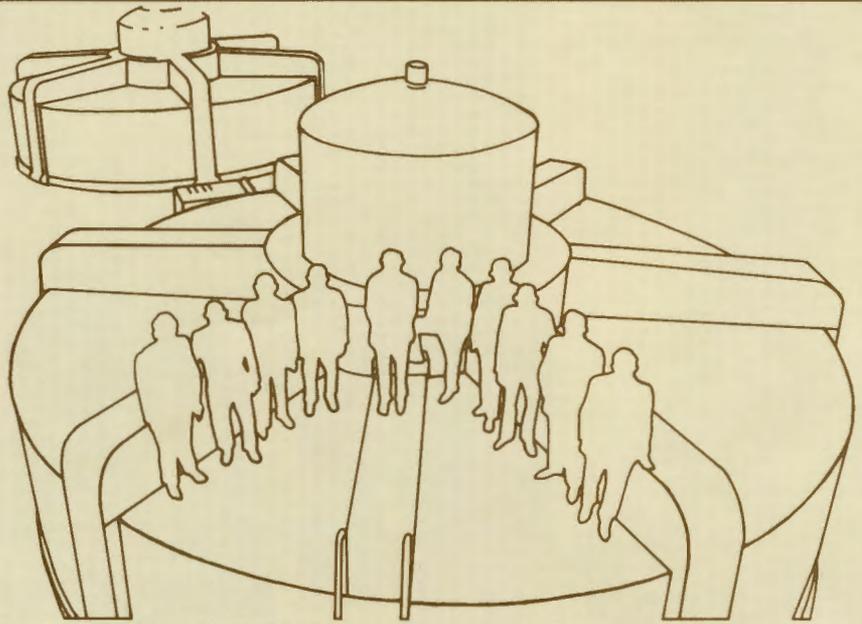


FIFTY YEARS

and

1984

Improving the quality of life in South Carolina was the major purpose of Santee Cooper's creation during the depths of the Great Depression, and it has remained a corporate commitment throughout the company's fifty years of service. This commemorative annual report uses that commitment as a theme to provide a stereo perspective on that half-century of history and on the progress made during the past fiscal year. The special historic feature is presented under the *FIFTY YEARS* heading, while *1984* is a report of Santee Cooper progress and developments during the past fiscal year.



Previous pages:

Almost a half-century apart, the current and the first Boards of Directors of Santee Cooper stand on approximately the same spot. In the large photograph, the 1984 board stands atop Hydro Unit No. 1 at the Jefferies Generating Station. Left to right they are George W. Jones, Jr., J.I. Washington, III, Harold M. Robertson, J. Thomas Grier, Robert S. Davis, Chairman; Walter T. Cox, John E. Miles, Eugene F. Oliver, B.G. Alderman, and Marvin M. Thomas. Missing from photo is C.B. Boyne. Santee Cooper's original Board (insert) is shown pictured on the original site of the Pinopolis Power House on the first day of construction, August 24, 1938. Left to right standing are T.W. Woodworth, D.D. Witcover, A. Stanley Llewellyn, W.L. Daniel, and W.L. Rhodes. Seated are Burnet R. Maybank, Chairman, and Edwin B. Boyle.

COMPARATIVE HIGHLIGHTS

Fiscal Year	1984	1983	% Change
Retail Customers Served	67,572	61,169	10.5
Average Annual Residential Consumption (kilowatthours)	12,240	11,708	4.5
Average Residential Cost (per kilowatthour)	5.50 ^c	5.02 ^c	9.6
Operating Revenue	\$358,699,467	\$322,708,318	11.2
Gross Income	\$373,880,643	\$337,767,973	10.7
Electric Operating Expenses	\$285,511,415	\$252,863,315	12.9
Gross Expenses	\$361,378,593	\$301,607,274	19.8
Energy Sales (million kilowatthours)	9,784	8,912	9.8
Bulk Energy Sales to Other Utilities (megawatthours)	118,890	126,602	(6.1)
Territorial Peak Demand (megawatts)	1,810	1,676	8.0
Calendar Year	1983	1982	% Change
Territorial Peak Demand (megawatts)	1,810	1,685	7.4

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CHAIRMAN'S AND
PRESIDENT'S MESSAGE

This year Santee Cooper is celebrating its 50th anniversary of service to the people of South Carolina. It is appropriate that we examine the extent of our success and our preparedness to face the challenges of the future in terms of the charge given us by the South Carolina General Assembly in 1934.

That charge was for "improving the quality of life in South Carolina" and is the theme of our commemorative observance and this annual report. Specifically, the General Assembly established Santee Cooper "as a corporation completely owned by and to be operated for the benefit of the people of South Carolina for the improvement of their health and welfare and material prosperity. . ." The success of our company must be measured in those terms each fiscal year. By any measure, Santee Cooper has successfully met those original challenges and has proceeded to apply its human, technological, and energy resources to further improve today's quality of life in South Carolina.

In this report, a series of unique perspectives on how life in South Carolina has changed over the past several decades and some of the challenges of the future are expressed by 10 South Carolinians. Each has been part of or witness to the dynamics of change within the state and Santee Cooper's service area.

Previous pages:
Robert S. Davis, Chairman of the Board, and William C. Mescher, President and Chief Executive Officer, on the transformer deck of the Jefferies Hydro Electric Station, where the first Santee Cooper power was generated on

Also provided is an accounting of the challenges, opportunities, and problems which the company has experienced during the past fiscal year and which are projected for the future.

This has been a year of change. A year of analyzing, debating, and modifying our responses, methods, and management style to accommodate major economic, business, and sociological adjustments within our service area.

In this our 50th year, we see no let-up in growth, having experienced the largest single annual increase ever recorded, 10.5 percent, in customer additions to the system. That record, however, is projected to be exceeded in the coming year.

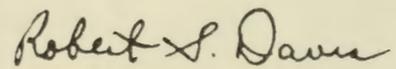
The story of Santee Cooper is one of people. The achievements and contributions of Santee Cooper in its first fifty years of service have been the result of the dedication of thousands of people; those who had the foresight to pursue the original idea and enabling legislation; those who continued that charge for the ensuing half century; and those who today carry on that goal. The legacy of those thousands of people has been maintained by dedicated board members and employees, working closely with governors, advisory board members, and legislators who have provided the leadership and support for the organization's commitment to service. That is as important in 1984 as it was in 1934.

February 17, 1942. Inset photos show original Chairman Burnet R. Maybank, left, and General Manager Robert M. Cooper.

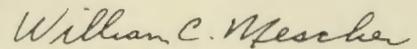
Opposite page:
WHERE IT ALL BEGAN. A 1934 aerial view of the confluence of

Santee Cooper customers have played the other major role in any success which this company has achieved. These include residential and business customers who depend on Santee Cooper power; industries which are the source of jobs essential to economic growth and development; municipal power departments which serve their own customers in Bamberg and Georgetown; and Central Electric Power Cooperative, Inc., which through its 15 REA cooperatives, distributes Santee Cooper-generated power to more than 300,000 customers throughout 35 counties of the state.

We start our second half-century with confidence provided by a financially sound organization, a superb work force, adequate generation with a low-cost fuel mix, a strong transmission and distribution system, and the lowest electric rates in the state. With that reinforcement we believe our future will be at least as good as if not better than the past, for our customers, our bondholders, our employees, and the general public in our service area.

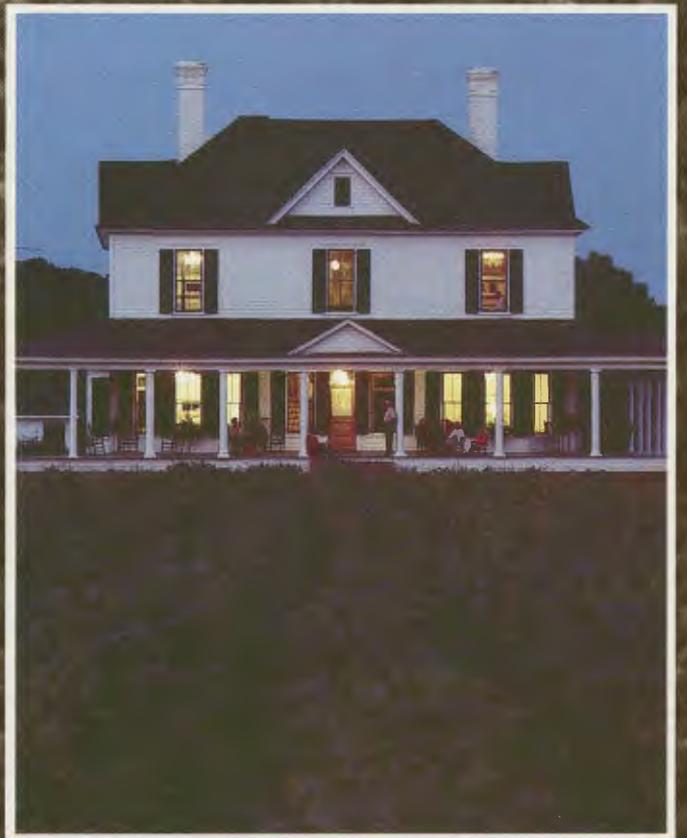
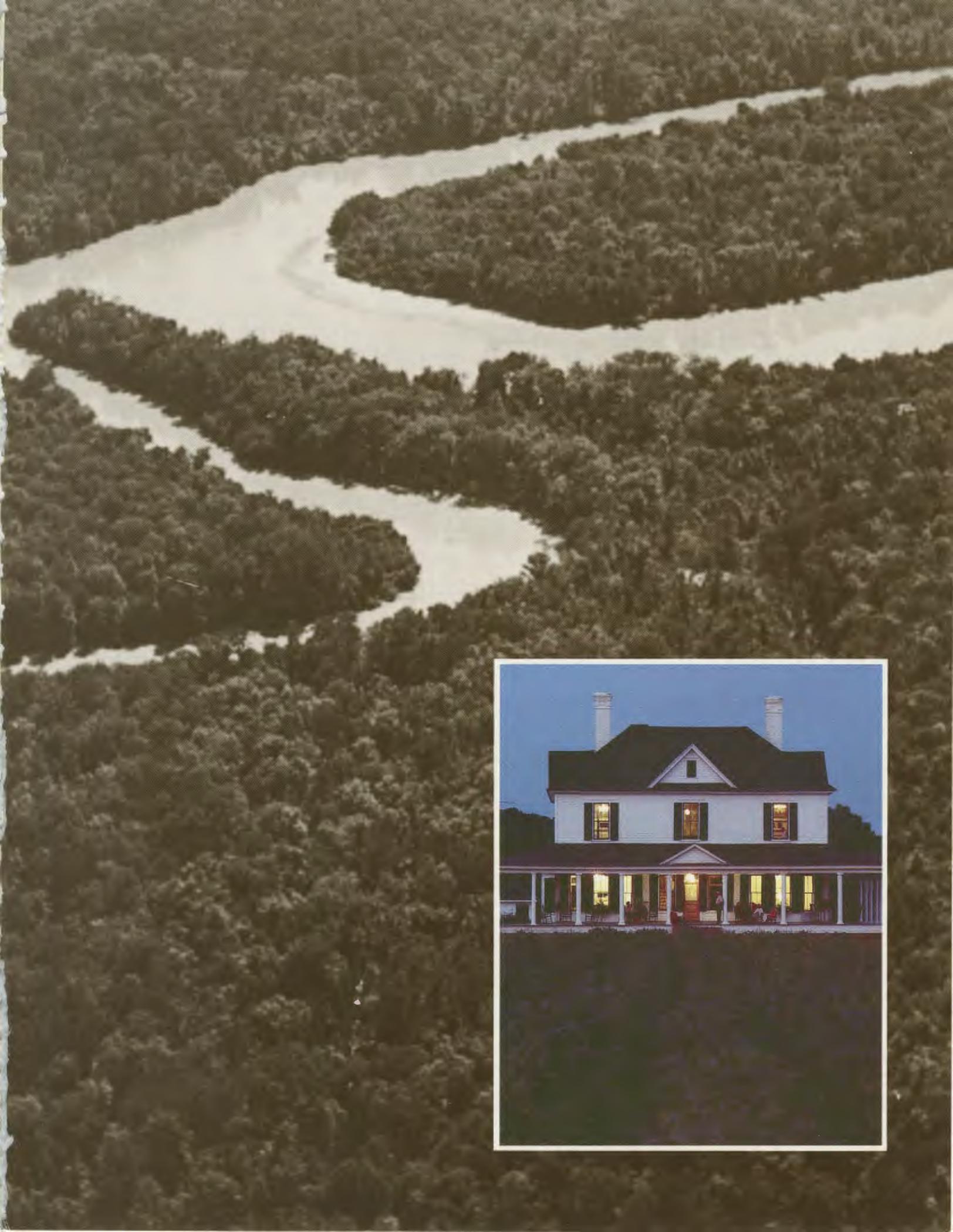


Robert S. Davis
Chairman of the Board



William C. Mescher
President and
Chief Executive Officer

the Wateree and Congaree Rivers shows the beginning of the Santee River. When the project was completed, the results were illuminating (photo insert), delivering electric power and light to the darkened rural corners of South Carolina.



FIFTY YEARS

SANTEE COOPER CELEBRATES FIFTY YEARS OF SERVICE TO SOUTH CAROLINA

On April 7, 1984, Santee Cooper, South Carolina's state-owned electric utility, was a half-century old.

On that date in 1934, Governor Ibra C. Blackwood signed the Enabling Act which created the South Carolina Public Service Authority for the purpose of constructing and operating the Santee-Cooper Hydro Electric and Navigation Project.

What followed was construction of a small TVA-type project which required the largest clearing operation in the nation's history and the country's first hydro electric project built in a tidal area.

That project, known simply as "Santee Cooper", has come a long way from its hydro electric beginnings to become a major energy and economic resource for the state.

Improving the quality of life in South Carolina has been one of Santee Cooper's prime commitments from the beginning, and there are many parallels between economic challenges and use of resources today and during the early days of construction and operation.

A STRUGGLE TO GET STARTED

But the beginnings were not without struggle and opposition. There were many private interests in the state who simply didn't want public power since it would be more economical and thus present the potential of competition.

That was in the days before the Great Depression when many of South Carolina's rural areas were still in the dark with no electric power. Private utilities considered it economically infeasible to supply power to those sparsely populated areas. But the need was identified and Santee Cooper was created to meet it.

The idea that led to Santee Cooper's eventual creation originated in the 1920's with T.C. Williams, a Columbia businessman. He had a dream of building a lowland hydro electric and navigation project that would connect the Santee and Cooper Rivers and eventually provide a source of inexpensive power to rural and urban areas of South Carolina. Williams' dream would create the first diversion in America of one river to another for the purposes of power generation, navigation, and flood control.

Critics of the project gathered the support of scientists and engineers who scoffed at the idea and said it wouldn't work. The dams and dikes would literally not hold water, they declared, because it would all run out through the underground aquifer. "Besides," they declared, "if they did hold water and it did work, you'd never be able to sell all that electricity anyway."

Although the public was unconvinced and Williams was ridiculed for his idea, he and a growing cadre of public power supporters steadfastly pressed the case for development of the Santee Cooper project. The legislature was finally convinced of the need for the project and passed the enabling legislation in 1934.

The new law created the South Carolina Public Service Authority and described plans for the hydro electric and navigation project to be developed. These included "developing the Cooper, Santee, and Congaree Rivers for interstate and intrastate commerce; the production, distribution, and sale of electric power; the reclamation and drainage of swampy and flooded land; and the reforestation of lands around its lakes."

But while the Enabling Act gave authority to build the project, the state did not provide any means for funding either construction or operation.

Nevertheless, guided by the persistence of Public Service Authority officials led by chairman Burnet R. Maybank, top state governmental leaders, and others who believed in the idea, funds to build the project were pursued. Supporters of the Santee Cooper idea filled special trains bound for Washington. With the stalwart leadership of such South Carolinians as State Senators Strom Thurmond of Edgefield County, R.M. Jefferies of Colleton County, and James Hammond of Richland County, a convincing case was made to federal officials.

A \$48 million federal loan and grant was obtained the following year through President Franklin D. Roosevelt's Progress Works Administration (PWA). At that time there was a need to create jobs and get people off relief rolls and back to work. And that coincided with the need to build this power project.

But building the project remained only a dream for the next three years. Three private power companies in the state filed suits to block construction. Those disputes were finally squelched by the U.S. Supreme Court on May 23, 1938, when it upheld the rights to construct and operate the Santee Cooper system as authorized in the Enabling Act of 1934.

PROJECT WAS MASSIVE IN EVERY RESPECT

When construction began, it was fast and furious, as if making up for those three years of lost time. When clearing and construction began, thousands of people from every county in the state were taken off the relief rolls and put to work on the massive clearing operation.

But it was not modern machinery that was used mostly to shape the massive project. It was men, mules, and muscles. In fact, the rule of work was, that if a task could be done with modern equipment, it was nonetheless preferable to use the men and mules.

At the peak of construction, more than 12,000 people were employed in the clearing of more than 225 square-miles of swamplands located in Berkeley, Clarendon, Orangeburg, Sumter, and Calhoun Counties. More than 40 million cubic-yards of earth were removed to create Lakes Marion and Moultrie, and construction included 42 miles of dams and dikes, a seven-mile diversion canal, and a powerhouse and 75-foot lock at the Pinopolis Dam.

The project was massive in every respect. It required the purchase of 1,326 separate tracts of land; the resettlement of 901 families; relocation of more than 6,000 graves; and the removal of more than 49 million board-feet of timber from the Santee Swamp alone.

Lakes Marion and Moultrie differ greatly in their topography, due primarily to the impending threat of World War II during construction. The clearing would have been completed in Lake Marion, which lagged behind Lake Moultrie, if it hadn't been for the foreseen involvement of America in the war. President Roosevelt declared Santee Cooper a national defense project on June 27, 1941, and, shortly thereafter, he

ordered the clearing stopped and the lakes filled to generate power in support of the defense effort. The first turbine tests at the new powerhouse began just eight days after the bombing of Pearl Harbor.

A GOLDEN FLOW OF POWER

An early Santee Cooper annual report described the final stages of completion for the project:

"On May 15, 1941, the mighty Santee was stopped on its wasteful surge toward the sea and the impoundment of an average of 12 billion gallons of water a day began. On February 17, 1942, 160,000 acres of reservoir space was filled and the order given for the huge gantry crane atop the power house to lift the stop-gates and let in the power producing waters through the penstocks to the five mighty turbines which, upon that date, began to spin out a golden flow of new wealth for the state which owns and operates it."

Less than three years after the clearing had begun, power was delivered to the first Santee Cooper customer — Pittsburgh Metallurgical Company in Charleston — a producer of armor plating used during the war.

The Santee Cooper project was also developed for navigation and flood control. The full potential for navigation — from Columbia to Charleston — was never realized however, because of the lack of demand for barge shipping coupled with the extreme costs which would be necessary to maintain a sufficient channel depth in the Congaree River.

Flood control, on the other hand, has been a major accomplishment of Santee Cooper. Containing the inflows from a 15,000 square-mile watershed, flooding along the Santee River has been reduced by more than 75 percent of what occurred before construction of the project.

However, Santee Cooper's primary purpose has been to produce the electricity which is vital to the economic growth of the entire state.

ELECTRICITY FLOWING TO THREE-QUARTERS OF STATE

Today, Santee Cooper generates more than 9.8 billion kilowatthours of electricity annually which flows to more than 375,000 consumers throughout 35 counties in the state. About 65,000 of those power-users are residential and commercial customers served directly by Santee Cooper in Berkeley, Horry, and Georgetown Counties. More than 300,000 customers who use Santee Cooper power have it delivered to them by two municipal power departments and 15 electric cooperatives.

It was through the distribution lines of those 15 rural electric cooperatives that Santee Cooper power flowed to light up darkened homes located throughout 35 of the state's 46 counties.

As late as 1965, a large gathering of state officials, media representatives, and local residents on Sandy Island, located near Georgetown, witnessed as Santee Cooper officials "threw the switch" to bring electricity and modern living to that darkened corner of the state.

Other Santee Cooper customers include three military installations — Charleston Air Force Base, Charleston Navy Base, and Myrtle Beach Air Force Base — and 26 large industries.

Industrial customers include those which produce aluminum, steel, paper, chemicals, wood products, cement, textiles, solid-state electronics, carbon electrodes, and gaseous air products.

To generate the electricity demanded by a growing number of customers, Santee Cooper added new forms of generation to its hydro electric base with oil, coal, and nuclear fuel sources. From its initial generating capacity of 128,000 kilowatts at the Jefferies Hydro Station in 1942, Santee Cooper's capacity has increased more than 2,000 per cent — to 2.7 million kilowatts in 1984.

RESOURCEFULNESS HAS BEEN SUCCESS

Santee Cooper takes pride in being one of America's most resourceful electric utilities, by also becoming involved in innovative and energy-saving operations and activities in addition to power generation.

Efforts include attracting new industries under its new economic development program which offers an incentive to new industries or existing expanding industries based on the number of new jobs they create.

To save millions of dollars annually on the cost of generation, Santee Cooper purchased its own railroad cars to ship coal from mines in eastern Kentucky to its generating stations. And to save even more, Santee Cooper became the first utility in the nation to use rail cars made of lightweight aluminum.

Aquatic management is also a field that is vital to Santee Cooper, because Lakes Marion and Moultrie are vital recreational resources for the people of South Carolina in addition to their value for hydro power generation, navigation, and flood control. Maintaining water quality is a commitment that includes year-round monitoring and seasonal battles to maintain control over noxious aquatic weeds.

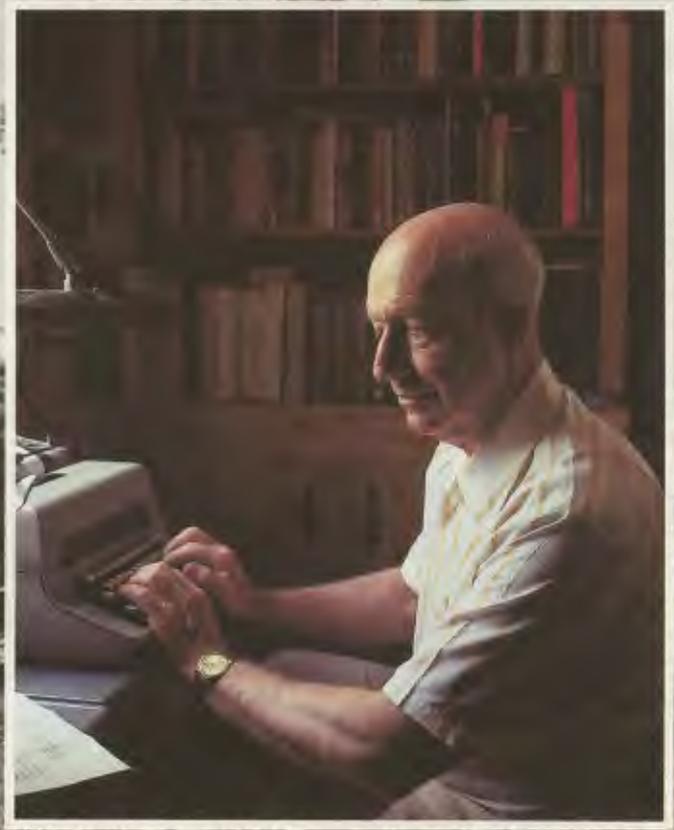
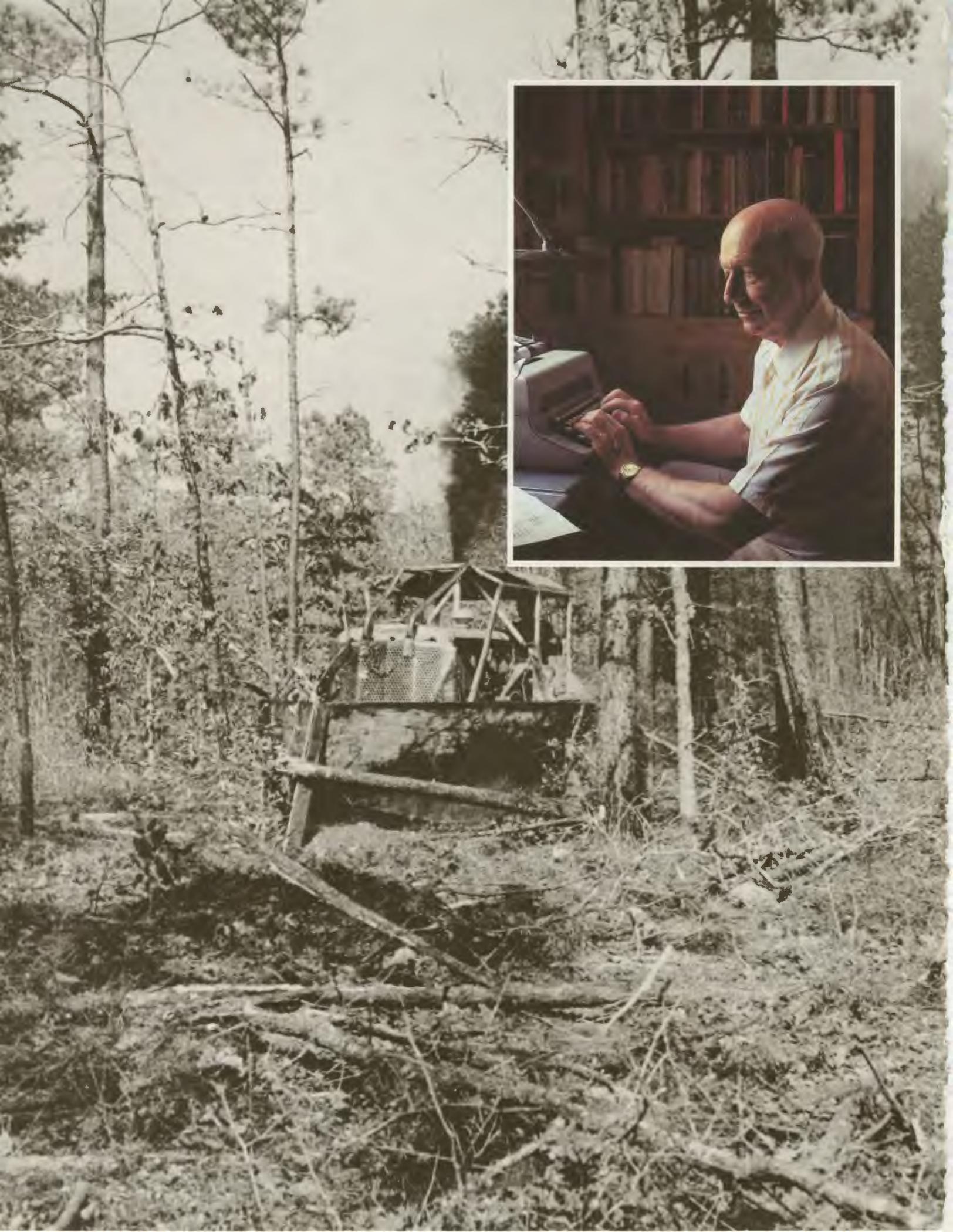
At one generating station, heat extracted from the cooling cycle of the plant is being used in an aquaculture program to raise tropical fish which are stocked in small ponds and reservoirs to maintain weed control. At another generating facility, a horticulture program uses heat discharged through the cooling cycle to heat a 2½-acre greenhouse in which flowers, plants, and vegetables are being commercially raised.

The utility has developed as a significant resource for economic growth and development throughout its service area and as an asset belonging to the citizens of South Carolina.

Santee Cooper has come a long way in accomplishing what it does and how it does it, but the overall goal — to improve the quality of life in South Carolina — has not changed.

A SERIES OF PERSPECTIVES

How the quality of life has changed in South Carolina during the past 50 years is expressed throughout this report in a series of unique perspectives. Individuals who observed and in many cases influenced these improvements in lifestyle share their observations on the progress that has occurred and Santee Cooper's contributions toward it.



“When it was being cleared and burned, you could ride down the Moncks Corner Road at night, and in every direction all you’d see were piles of burning trees pushed up together. It looked like the sky was aflame.”

RUSSELL CROSS

On an early autumn day, a group of soldiers on a potato digging expedition in the woods near Eutawville, S.C. bump into a traveler. He informs them that plans are being made to attack the encampment they had left behind. Although they don’t believe the colonial deserter’s story, the tip is enough to keep these British infantrymen alert and wary.

It is September 1781, and an area now partially covered by Santee Cooper’s Lake Marion is about to become a battlefield, a losing battlefield for colonial troops under the command of 18th-century tactical luminaries like Francis Marion, Thomas Sumter, and Nathaniel Greene. Colonial forces actually won the first part of the Battle of Eutaw Springs. But the local swamp trudgers overindulged with the heavy stores of food and whiskey captured from the Redcoats. The visitors went on a drinking and eating binge, consuming the fruits of that first skirmish. It left them in no condition to fight, an advantage that the British quickly turned into victory.

A colorful snippet of history, yet it is only one of thousands from an area which would be dampened by the waters of Santee Cooper’s two reservoirs some 160 years after that defeat. They are all important to local historian Russell Cross, however, who makes it his business to remind all of us about past events, many of which were witnessed only by young oak saplings of this portion of the Lowcountry. Those events began long before gold-seeking Spanish explorers braved the swamps and mosquitoes in the 1550’s. The Cross, S.C. native says area history began with bands of people named Eutaw, Santee, Wando, and Sewee. With help from the white man, who introduced smallpox, whiskey, and perhaps syphilis, the Indians decimated their own ranks before the Revolutionary War had begun. The Sewees made a final valiant attempt to stop the white men from taking advantage of them. They set out from what is now McClellanville to take their case to the King of England — by canoe. Most drowned in an Atlantic squall. Meanwhile, permanent settlers moved in, according to Cross.

“The French were the first to make a large settlement in this section, down at Simpson’s Basin, where Santee Cooper’s Jefferies steam plant is today. They were attracted inland because they wanted elbow room; freedom to think without harassment. The land here was either free or cheap. Early Moncks Corner consisted only of a couple of taverns, and branch offices for three or four Charleston merchants. The roads weren’t much, and most goods were sent to Charleston by boat from Stony Landing on the Cooper River. After the war, the Piedmont section of the state developed as people from Pennsylvania and Virginia settled that area. They needed a method of marketing their crops.” The result was an ancestor of the Santee Cooper Project. A canal was cut to connect the Santee and Cooper rivers through a series of locks. Goods could then be moved from upstate to Charleston. It operated for nearly 40 years, finally falling victim to a combination of poor climate and advancing technology.

ENERGY SALES

At the end of the fiscal year, Santee Cooper was providing electrical service to 67,540 residential, commercial, and other retail customers, an increase of 6,402, or 10.5 percent, over the previous year. Of this increase, 5,355 customers were residential and 1,018 were commercial. The overall growth rate in new customers was 32.9 percent greater than the 7.9 percent growth rate the previous year.

Sales to these retail customers were 1,360,663 megawatthours of electricity, up 15.7 percent over the previous year. This compares to last year’s growth in energy sales of only 4.2 percent, and represents 273.8 percent improvement in the growth rate.

These are all indications of the beginning of a strong economic recovery, particularly throughout the tourist and resort areas which make up the majority of Santee Cooper’s retail market.

The average annual consumption of electricity by Santee Cooper residential customers increased to 12,240 kilowatthours, 4.5 percent greater than the previous year and 34 percent greater than the national average.

The average cost per kilowatt-hour for Santee Cooper residential customers was 5.50 cents, 9.6 percent higher than the previous year but 22 percent lower than the national average.

The average cost of power for Santee Cooper commercial customers remained the same as 1983, at 4.8 cents per kilowatthour.

Industrial sales were 4,232,994 megawatthours, up 7.4 percent from the previous year. The average cost of power to industrial customers was 3.1 cents per kilowatthour, essentially the same as the previous year.

Sales to U.S. Air Force bases at Charleston and Myrtle Beach and to the Charleston Naval Station increased 5.1 percent, from 373,403 megawatt-hours to 392,309 megawatt-hours.

Sales to 15 electric cooperatives through Central Electric Power Cooperative, Inc., and to the municipalities of Bamberg and Georgetown increased 11.0 percent, to 3,798,454 megawatt-hours. This compared to a 2.1 percent increase experienced the previous year. The electric cooperatives distribute Santee Cooper power to about 300,000 customers in 35 counties of the state.

Overall, Santee Cooper saw total energy sales rise 9.8 percent. The cost of power to Santee Cooper customers in every class, however, remained the lowest in the state and among the 5 lowest for large utilities nationwide.

MYRTLE BEACH DISTRICT

The communities in the Myrtle Beach District continue to develop as one of the fastest-growing resort areas in the southeast. When Santee Cooper began operations in 1942, the largest community in the area — Myrtle Beach — was primarily an agricultural community with fewer than 2,000 permanent residents. By 1980, the year-round community population had grown to 18,758.

The Myrtle Beach district serves approximately 53,000 customers along the Grand Strand from Georgetown to the North Carolina state line and extends inland from the Atlantic Ocean to the Intra-coastal Waterway. The district includes the municipalities of Myrtle Beach, North Myrtle Beach, Surfside Beach, Atlantic Beach, and Briarcliffe Acres and other unincorporated areas of Horry and Georgetown counties.

"Drought, the coming of the railroad, and the state's road building projects spelled the demise of the Santee Canal. It was never really a money-making proposition, but it looked good on paper and helped the economy."

If there was a "good old days" era of Lowcountry living, it was during the pre-Civil War days, according to Cross.

"There were a lot of big planters in this area; people who had made fortunes in business in Charleston. They built plantations here, hunted, and raised cotton. Peter Gaillard, up near what is now Rocks Pond, was the first successful planter, and after that it spread like wildfire. People like the Porchers moved here from St. Stephen. Plantations weren't very large, but owners had a good many slaves, and cotton was king. They could afford to send children to school."

One of those sent off to school was Cross' grandfather Adam, who attended Wofford College until 1862. War between the states had begun a year earlier, and Adam was off to serve the Confederacy.

"Everyone in this area felt it was a patriotic duty. My grandfather joined the 4th South Carolina Cavalry under Captain Thomas Pinckney. Immediately after the war the price of cotton bottomed out. Most of the planters sold their lands for 10-25 cents per acre and moved to Charleston. They were lucky enough to be educated, and, if nothing else, could always teach. They also became lawyers, politicians, and doctors. A few, including my great-grandfather, stayed here. He had sold his cotton before the price decreased."

Shortly after the turn of the century, Russell Cross was born in a log house not far from where he lives now. You'd be hard pressed to convince visitors that Cross' home community was once a bustling business area. The 70 year-old is forced to raise his voice only once about every 15 minutes as a truck makes its way through the shady two-lane called Highway 6.

"This was a very important business section in the early 1900's. My father had about 14 clerks working in his general merchandise store — that's how busy it was. People would come here from towns like Moncks Corner, Goose Creek, and Holly Hill to conduct business. All through the woods, dirt roads came together from all directions, and people would ride oxcarts, buggies, or Model T's to get where they were going. I graduated from Wofford in 1935, and worked in the store until I went into the army in 1941."



And between his graduation and entrance into the army, a monstrous clearing project began on 200,000 acres of land near the Cross household. Federal funds were approved to put thousands of people to work building a massive power project to electrify rural South Carolina.

"When it was being cleared and burned, you could ride down the Moncks Corner Road at night, and in every direction all you'd see were piles of burning trees pushed up together. It looked like the sky was aflame. The project was the chief topic of conversation in this area. T.C. Williams and my father were good friends, and Mr. Williams would stop by here a great deal to talk. They say he was the father of the Santee-Cooper Project, but it wasn't his idea to build the lakes; he wanted something like the old canal. I remember him saying to my father, 'Press, I have misgivings about this. There will be plenty of fools who will go out on that lake not realizing that they could drown. It's going to be a dangerous thing.' My father was a member of the association that tried to fight it. But people were out of work, and one of the main ideas of Santee Cooper was to give people jobs. And the churches were filled each Sunday with groups of workers who had been brought out; stores did a booming business. And when I came back from Officers Candidate School in 1941, the water was there. I could hardly believe it."



Officials had offered Pressley Cross \$20 an acre for property they needed as part of the project lands. He refused it. Two weeks before a condemnation hearing was to be held, Cross was offered \$40 an acre. Since those who owned nearby Wampee Plantation had made only \$5 an acre after a court proceeding, he took the offer. Events such as that, coupled with hundreds of family relocations, 6,000 grave removals, and watery tombs for many abandoned plantations of historical value would seem to stick in the craw of anyone whose life has been devoted to studying the lives of others. Yet because of that same extensive knowledge, Russell Cross can see beyond the traditional facts. His academic insight allows him a broader view of the past, giving him more information to work with in passing judgment. "Those who were relocated found themselves in better housing than they had before. The waters of the project covered historic sites, but most of the people who were around those sites weren't aware of any historical significance. Those who owned them didn't have the money or desire to do anything with them. The few old plantation houses that were left in this area had been allowed to go to wrack and ruin."

And Russell Cross is one historian who keeps an eye on the future, looking to a newly completed generating station nearby as a catalyst to return the Cross, S.C., area to its bustling past.

"I'm very hopeful that with the new Cross Generating Station, we'll be able to attract new industries to this area. A lot of development has occurred in certain parts of the Lowcountry; perhaps it's our turn, now."

The Grand Strand has become the only large family-oriented resort area along the east coast. Not only an attractive vacation community, the area has become an ideal retirement community.

Increases in golf and tennis clubs have extended the tourist season from three to eight months. This has been the catalyst for increased construction of medium to high-density residential developments for rental and full time occupancy.

The Grand Strand's permanent population of approximately 45,000 is expected to increase to 56,500 by 1985. Summer tourist population swells to an average of 300,000 each weekend. Resort development has continued at a record pace, considering inflationary economic conditions. More than 5,000 condominium and multi-family resort development units were constructed during the past year, with permits granted for construction of another 11,000.

The district gained 5,180 customers, a 10.8 percent increase over the previous year. Energy consumption along the Grand Strand is more than one billion kilowatthours annually, with a peak demand of 300 megawatts, an increase at an annual rate of approximately 5 percent.

Line crews which perform all construction, operation, and maintenance work on the distribution system in the district also respond to emergency needs of communities outside the district and other utilities throughout the state. They worked around the clock in April to help restore power to citizens in Marlboro County following tornadoes which ripped through the state.



“It was envisioned by us as a means of bringing economic development and an improved quality of life to the people of South Carolina.”

STROM THURMOND

“If I had not worked so closely with the South Carolina Public Service Authority throughout its history, I might be as amazed as Rip Van Winkle awakening from 50 years of sleep to see how far this project has progressed from the idea conceived in 1934 by a small group of state legislators, of which I was one.”

Whether attributed to his longevity in public service or his distinctive colloquial speech, the voice of Senator Strom Thurmond has an extremely high recognition factor among constituents and colleagues. Now the senior U.S. Senator from South Carolina, and President Pro Tempore, Thurmond served as the State Senator from Edgefield County when he and several others initiated the Santee-Cooper Project in the 1930s. Then, as now, the people he served had definite needs.

“I have never known a worse time economically in my life than that which was occurring between 1931 and 1933. Everyone was anxious to get those jobs for South Carolina which would come from the building of Santee-Cooper. I was especially interested in the project, because as a state senator I had attempted to get some electric lines built out in the country. We were unsuccessful because the cost was about \$10,000 per mile.”

It was a highly prohibitive expense in normal economic times, but it was even worse during the Great Depression. Sure, the project would be good for flood control and navigation. But the Rural Electrification Act would also be passed in 1935, promising agrarian South Carolina the glimmer of electricity. The plan was for rural electric cooperatives to bring the power to the farms, and Santee Cooper would generate the power and bring it to the co-ops. Though Governor Ibra C. Blackwood had signed the project's enabling legislation in 1934, there were road-blocks ahead in the attempt to secure Federal funding.

“The state did not have the financial means to approve the project. In fact, the whole state budget was only \$6 million; this project was going to cost \$37 million. We had to go through a great deal of red tape. As soon as we would get approval from one agency in Washington, there would be another to deal with . . . then another. There just seemed to be no end to the application process. My partners in promoting the project were R.M. Jefferies of Colleton County and James Hammond of Richland County.”

Thurmond remembers vividly the struggles, obstacles, and opposition that confronted the project during its infancy. The existing power companies came in to oppose it, as did many others. “I don't think those who opposed it had the vision to see the importance of what it could do for this state, especially the Lowcountry. A delegation was formed and made a number of trips to Washington, to confer with the Secretary of the Interior. All of this was very helpful.”

MONCKS CORNER DISTRICT

The Moncks Corner District includes the towns of Moncks Corner and St. Stephen, and the unincorporated areas of Pinopolis, Bonneau Beach, and Lions Beach.

During the past year home construction continued at a brisk pace in the Moncks Corner area. The number of customers increased 2.62 percent in 1984, to a total of 4,625.

Underground service was provided to a 104-unit apartment complex, and several small commercial customers were connected. Three distribution feeders were reinforced to provide for existing and future load growth.

The Westside substation was converted from 4,000 to 12,000 volts, completing the conversion of the Moncks Corner District to the higher voltage.

CONWAY DISTRICT

The Conway service area includes the municipalities of Conway and Loris, the communities of Bucksport, Cool Springs, Allsbrooks, Red Hill, and Gurly, and the rural areas along the major connecting highways of these towns and communities.

The number of customers increased 6.3 percent to 9,373, while energy sales increased 15.3 percent.

The area between Conway and Myrtle Beach along U.S. Highway 501 has shown significant growth, and its potential for future growth is obvious. More than 50 new retail stores and three new motels were added in the Waccamaw Outlet Park and Mall.

The process of converting the remaining 4,000 volt primary system to a 12,000 volt system has begun, and it will improve customer service in the Conway District.

GENERATION AND LOAD GROWTH

Santee Cooper facilities, including one-third ownership of the Virgil C. Summer Nuclear Station, generated 9,847,678,000 net kilowatthours of electricity this year, an increase of 820,021,000 kilowatthours, or 9.1 percent over last year.

Of the total power generated, 74.0 percent was produced by coal, 19.6 percent by nuclear, 6.4 percent by hydro, and less than 1 percent by oil and gas. Peak hourly demand for the year reached 1,810,000 kilowatts, an increase of 8.0 percent over the previous year.

STATION CONSTRUCTION

On October 15, 1983, at 6:35 a.m., the Cross Generating Station's Unit No. 2 was synchronized with Santee Cooper's electrical power grid. This began an intensive start-up period which concluded with official commercial operation on May 1, 1984. This achievement reflects the successful construction of Santee Cooper's first 499-megawatt unit, which was completed on schedule and under budget.

The Cross unit uses the most up-to-date environmental control systems available. This includes a flue gas desulfurization system, which removes sulfur dioxide (SO₂) from steam generator combustion gases. This process assures that the Cross unit will meet the state and federal regulations which provide for protection of the environment.

Those efforts were culminated in President Roosevelt's approval of funding for the Santee-Cooper Project. The Senator notes that, in addition to electrifying rural South Carolina, the promise of further economic growth provided an additional bargaining chip.

"There was some question at that time as to how much power would be available, in the event we could attract new industry. But when Santee Cooper was finished, we had a talking point. We could sell power and sell it to industry at a reasonable price. In other words, it was envisioned by us as a means of bringing economic development and an improved quality of life to the people of South Carolina. With vision and careful planning, Santee Cooper has constructed new electrical generating capacity to meet not only the needs of farming operations and homeowners, but also those of new industry."



Thurmond goes beyond the obvious in describing his admiration for an organization which he helped bring to the Palmetto State.

"With responsibility and sensitivity, Santee Cooper people have taken steps to protect and improve the environment on which we are all dependent. It has reacted calmly but swiftly to any potential threat to public safety associated with the project, such as the leak resulting from failure of a pipe cap, which was promptly controlled and repaired. Santee Cooper is the kind of success story that makes my public service so satisfying and worthwhile."



In addition, Cross Unit No. 2 utilizes closed-loop cooling for the heat rejection system which prevents any thermal water pollution. The closed-loop cooling system discharges no heated water into the Santee Cooper lakes but circulates approximately 210,000 gallons per minute through an eight-cell concrete mechanical-draft cooling tower which dissipates heat to the atmosphere.

PRODUCTION ENGINEERING

A comprehensive environmental assessment of the Pee Dee site in Florence County was completed and subjected to an extensive and thorough public review process. Santee Cooper's environmental ethic calls for a minimum of ecological disturbances during construction and operation of the plant which is scheduled for the late 1990's. This ethic and plans for the site were communicated to interested and concerned citizens through a public awareness program.

An additional future site, "Z", was selected, with great emphasis placed on demographic and environmental considerations. This will enable Santee Cooper to respond to future growth in the most environmentally acceptable manner possible.

Proper operation of pollution control equipment at generating stations was assured through numerous stack tests to maintain the accuracy and calibration of emissions monitors.

Operating data were used to determine the relative efficiencies of the various generating units to assist in scheduling the operation of the most economical units, thus lowering Santee Cooper's costs.



“It made power and helped to give people work. Soon, a lot of industries began to move in to take advantage of that power.”

ED FUCIK

“I was nervous because people had told me about the rattlesnakes, and where we were doing the work was the Santee Swamp. There were fallen trees, heavy swamps, and bayous. All of a sudden one of the inspectors gave a loud scream. Hanging off a tree branch was a great big cottonmouth with its mouth wide open.”

Four decades and thousands of miles from Santee Cooper, the chairman emeritus of Harza Engineering Company still vividly remembers when that water moccasin said “ah”. As a 24 year-old engineer in 1938, Ed Fucik had been assigned the job of getting information on the underground geology of the South Carolina Lowcountry. His company had been contracted for the development of the Santee-Cooper Hydro Electric and Navigation Project. He recalls the speed with which activity took place.

“It was a very rushed job. I came in July of 1938, and by September we had 18 drilling rigs from the north side of the Santee River to the Pinopolis Reservoir. We were really working as fast as we could. My biggest challenge was to get the job done and assemble information obtained. All samples had to be properly labeled, identified, and stored in the lab. From the design standpoint, the biggest challenge was the spillway. It had to pass so much water, and it wasn’t on a solid rock bottom.”

Water moccasins didn’t hold a candle to sinkholes, which seemed to be everywhere. Everybody knew the caverns were in the area, but nobody was exactly sure what to do about them. They would regularly appear in the bottom of borrow pits. And Fucik does not pardon his puns when he says that the situation opened up whole new problems.

“We then set up a special contract to drill holes every two or three feet along the east dike all the way to St. Stephen. We filled them with a slurry mixture of clay and cement. Mr. Harza had gotten a fellow from TVA who had been doing the same thing at that project. The solution worked fine. Harza himself was an expert in this type of work, and followed that job as closely as anyone.”

The sinkhole dilemma probably provided fuel to the fire of controversy about the Santee-Cooper Project. A Columbia University geologist was predicting that the reservoir would never hold water. Harza’s consulting geologist had a different theory.

“The geologist we had on the project was Dr. Steven Tabor from the University of South Carolina, and he was a pretty smart fellow. I was just a young man, and I learned a lot from him. He was very confident that it could be built. There are earthen dams around the world that are 500 years old, and they generally wear very well once they’re settled, and once you see to it — like Santee Cooper does — that whatever leakage occurs is uniform and not changing. All earth dams leak. But all earth dams are designed so that whatever leakage takes place is controlled and doesn’t cause erosion.”

PRODUCTION OPERATIONS

Since Santee Cooper generated the first kilowatthour of electricity on February 17, 1942, the reliable flow of inexpensive hydro electric power has been a significant resource for improving the quality of life in South Carolina.

The first unit of the new Cross Generating Station was synchronized on October 15, 1983, and began commercial operations on May 1, 1984. The unit operating capacity factor was up to 63.3 percent in June. During the year, operations and maintenance personnel were staffed and trained for the new generating facility, located adjacent to the Diversion Canal in Berkeley County, between Lakes Moultrie and Marion.

Santee Cooper was the focus of concern for South Carolina Lowcountry residents and received national attention July 6, 1983, when a section of a wooden cap on an unused 6-foot diameter industrial water supply pipe at the East Pinopolis Dam began to leak. This failure released a large flow of water from Lake Moultrie through the pipe, which discharged with erosive forces at the foot of the dam adjacent to the Jefferies Hydroelectric Generating Station.

While maintenance crews and engineers struggled to control the large flow of water and stop the leak, residents living downstream from the dam were evacuated through the response to Santee Cooper’s Emergency Action Plan. Departments within the company, along with local, state, county, and federal agencies, responded to the emergency and worked together in a well-coordinated fashion.

The source of the leak was quickly detected and 17 hours later temporary measures were successful in stopping the flow of water and bringing the crisis to an end. All residents were returned to their homes within 24 hours after the evacuation.

Permanent repairs were completed within days, and measures were taken to prevent any recurrence of that incident.

On October 21, 1983, the first major maintenance on hydro generator No. 2 since it began operation in 1942 was begun. This was 41 years, 8 months, and 4 days after that water turbine unit delivered the first Santee Cooper-generated power to Pittsburgh Metallurgical Company in Charleston. During this maintenance outage, all underwater parts of the turbine were removed, inspected, and restored to as-built conditions.

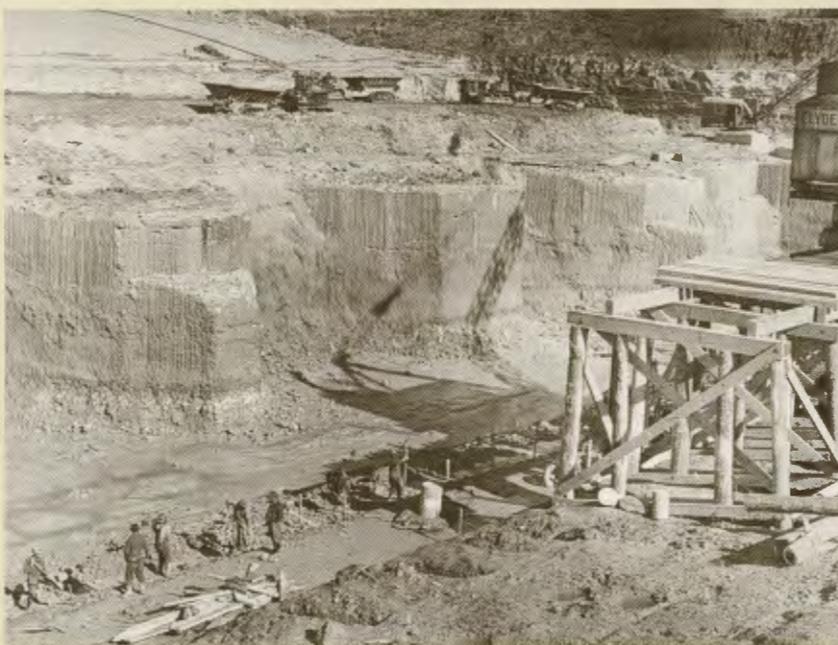
NUCLEAR POWER

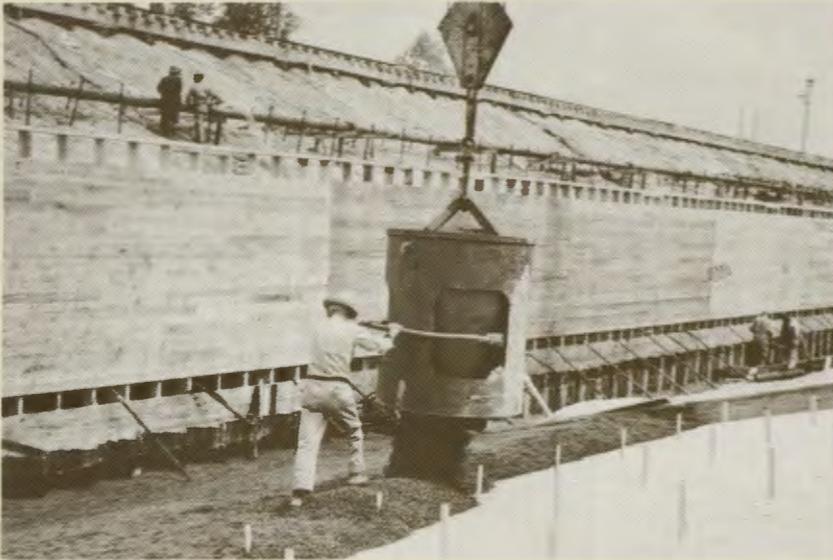
During fiscal year 1984, the V.C. Summer Nuclear Station supplied 1,931,314,000 kilowatthours of electric power for Santee Cooper's customers, or approximately 19.9 percent of the total electrical system deliveries. During this period the 900-megawatt Summer Station, two-thirds of which is owned by South Carolina Electric and Gas Company, proved itself to be one of the company's most dependable and economical generating units. The nuclear fuel costs were about one-fourth the costs of fossil fuel, which produced savings on Santee Cooper customers' monthly bills of nearly \$29 million.

Earth dams are designed to leak, according to Fucik, who says one of the leading men in the field of earth dam design was an Austrian named Terzaghi who had a quite simple definition of a dam: "A structure that will safely pass water from upstream to downstream." In other words, it will leak but it will leak safely.

Despite the snakes and sinkholes and disbelief by many in the scientific community, the project worked, and also did wonders for Fucik, who says it launched his career. He rose to vice president of Harza Engineering in 1950, president 13 years later, and chairman in 1973.

Now 70, he recalls that there was nothing but pine woods along the road from Charleston to Moncks Corner during his days on the Santee-Cooper Project. And he remembers the depressed conditions of farms and the people who ran them. So it follows that what impressed him about the project was not engineering logistics alone.





"I was impressed with the fact that here was a project that had been argumentative and at the time was not particularly economical. The cost of energy was to be low, but the project depended upon low interest loans and government funding. I don't think it would have been built by private interests. But as it was, it made power and helped to give people work. Soon, a lot of industries began to move in to take advantage of that power. Of course, there were those who had said it was a big boondoggle, but by the time it was finished, there seemed to be a fairly uniform feeling that it was a great idea. And the minute the fish began to bite, I think that changed minds, too!"



The capacity factor for the Summer Station was 74.7 percent, which exceeded the industry average for nuclear generating units in the United States. This was achieved even with a scheduled outage for steam-generator inspections in the fall and another outage in the spring for maintenance and certain minor modifications. Only during December and April, when the two outages took place, was the generating unit's capacity factor below 70 percent. For 8 of the 12 months the capacity factor exceeded 80 percent.

The formal dedication of the Summer Station was May 25, 1984, at its site near Parr. The ceremonies were attended by about 500 dignitaries of industry and state and federal governments. Included in participation on the program were Donald S. Hodel, Secretary of Energy, and James B. Edwards, former governor of South Carolina and former Secretary of Energy. In addition to the dedicatory plaque honoring Virgil C. Summer, chairman of the board and chief executive officer of South Carolina Electric and Gas Company for whom the station was named, a plaque was unveiled honoring Robert S. Davis, chairman of the Santee Cooper board of directors, for his efforts in achieving the joint-ownership arrangements for the project.

For all of FY '84 the Summer Station operated on its initial fuel load. The first refueling is scheduled for September 1984, which will sustain operations to the fall of 1985.



“Those who dreamed of the Santee Cooper project were saying that ‘Yes, we have had tough times, and we’re in tough times. But we’re going to turn those tough times into good times.’ There were people back then who said that it couldn’t be done — the area was poor, the people were poor. Yet there were those who had the leadership, foresight and faith in the people of South Carolina to say, ‘Let’s go forward.’”

RICHARD W. RILEY

It made headlines in newspapers throughout the state, and occupied a good portion of radio and television news programs for months. What Governor Richard W. Riley and many others wanted was to improve education in South Carolina. There was certainly no objection to that; it was the Governor’s proposed method that set off skirmishes in the state’s General Assembly. He asked that a penny be added to the state sales tax, to provide millions of dollars in support of the objectives of the Educational Improvement Act.

“The Educational Improvement Act is very comprehensive and touches every child in the state, from the most rural to the most urban. It will affect the brightest and the poorest student, and the hand-capped student. It will reach creative and gifted students. When I talk with industrial leaders, bankers, and utility officials, I try to make that case. We are all in this together and none of it works if our young people aren’t aware of the fact that this business of self improvement and capacity to think and produce has to be part of success for this state.”

Richard W. Riley grew up in the Piedmont of South Carolina, and was but a year old when one of his predecessors signed Santee Cooper’s enabling legislation in 1934. Yet through his political career as a state senator; his unprecedented two terms as Governor; and membership by law on Santee Cooper’s Advisory Board; he is fully aware of the ultimate value of what was taking place in Lowcountry swamps when he was an infant. But he prefers to have an acquaintance from the coastal region describe it for him.

“She was telling me why she supported Roosevelt rather than the Santee Cooper Project, but it was the same message. She described to me what it was like to live in a house and not have electricity; how people 25 miles away had it, and the difference it made growing up in a community without it. She, of course, became a big supporter of Santee Cooper and the electric cooperative’s efforts, which really brought progress to rural South Carolina. I think the Santee Cooper project has enhanced the prospects for people of this state in terms of better education, better jobs, and a better way of life. Without it, we would not have been able to have the natural flow of development for new jobs and industry. I think we have been able to develop the Lowcountry region of the state in a much better way because in the early 1930’s — in the hard times — we used resources which enabled us to move forward.”

RELIABILITY

Santee Cooper maintains interconnections with South Carolina Electric and Gas Company at Bushy Park, North Charleston, St. George, Columbia, and the Summer Nuclear Station; with Southeastern Power Administration, Duke Power Company, and the Southern Company at Clark Hill; and with Carolina Power and Light Company at Darlington, Hemingway, Kingstree, Lugoff, and Robinson.

Santee Cooper is one of 30 member organizations in the Southeastern Electric Reliability Council (SERC), which includes all power suppliers in the region with at least 25 megawatts of generating capacity. The Council assists member systems in their coordination of overall planning and in efforts to achieve maximum reliability of power supply.

Santee Cooper is also one of seven power systems in the Virginia-Carolinas Reliability Group (VACAR), which includes Carolina Power and Light Company, Duke Power Company, South Carolina Electric and Gas Company, Southeastern Power Administration, Virginia Electric and Power Company, and Yadkin, Inc.

POWER SUPPLY

The installation of remote terminal units in five major substations during FY '84 increased the capability of Santee Cooper’s computerized supervisory control and data acquisition system (SCADA) which is the heart of the Energy Control Center. This SCADA system provides dispatchers a means to more efficiently operate the power supply system and enable Santee Cooper to meet its load requirements as economically as possible.

SCADA has also helped improve reliability of the transmission network by allowing the dispatchers to remotely operate the substations and significantly reduce the duration of interruptions to customers.

Santee Cooper dispatching personnel purchased 51,924,000 kilowatthours of power from the interconnected utilities in FY '84 to displace higher cost generation for a savings of \$1,167,000. The dispatching personnel also sold 118,890,000 kilowatthours of power to the interconnected utilities for a total of \$3,897,000, which enabled those utilities to also reduce their power costs.

ENGINEERING

The design and construction costs for Santee Cooper transmission and distribution lines and substations were reduced by 10 percent through expanded use of computer-aided design and graphics technologies. This will produce long range benefits of improved system reliability and lower costs of serving customers.

Initial phases of the computerized mapping and records program are nearing completion. This system will provide a centralized data base from which accurate system maps can be produced for planning, design, operation, maintenance, and facilities inventory purposes.

Having cut the ribbon to Santee Cooper's passive solar demonstration home and presented the company with a state award for its waste heat technology programs, Riley is very enthusiastic about diversification which provides for customer education and more efficient use of resources at hand.



"I think the idea of passive solar energy is under utilized, and I was very pleased that Santee Cooper built a demonstration home to show the benefits. Use of passive solar doesn't change the quality of life, nor does it change the way a home looks. I was very proud of Santee Cooper's recent accomplishment of using waste cooling water and using it for greenhouse production. That type of planning helps the quality of life, and I am pleased that the board is interested in taking advantage of solar power and trying to recycle energy."

Riley sees a definite relationship between public education and the availability of reliable energy sources in the state.

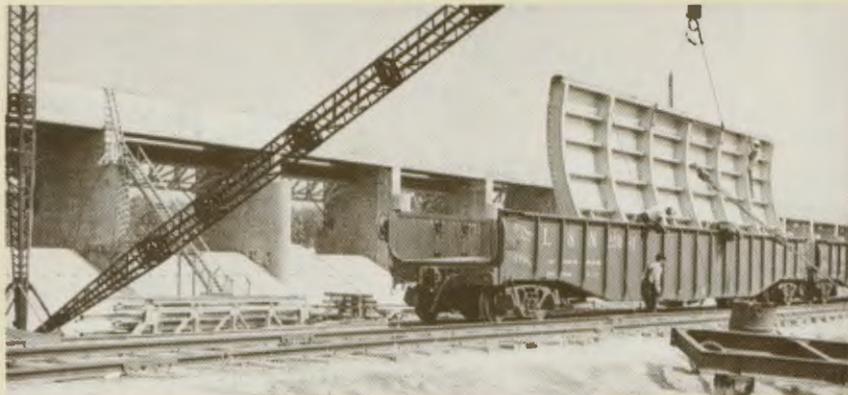


"If energy is not available for industry, commercial interests will not be active and involved. That means that residents will not locate, and the area would be without the dollars to support the public schools. If you have energy, industry, commerce, and residential development, that provides a great source of tax dollars on the local level for the schools. I think the utility industry is aware that this is a two-way street; that if you don't provide for proper education, you can have all the energy in the world at a reasonable price but we will not see much progress."

Richard W. Riley is a study in perseverance. He made no bones about wanting to become the state's first two-term Governor; there were things he wanted to accomplish before stepping down. One of those was to improve education in South Carolina, and he stood firm when the proposed program's methods were criticized. It's a character trait he says he can detect in those who went about developing the Santee Cooper project, also.



"Those who dreamed of the Santee Cooper project were saying that 'Yes, we have had tough times, and we're in tough times. But we're going to turn those tough times into good times.' There were people back then who said that it couldn't be done — the area was poor, the people were poor. Yet there were those who had the leadership, foresight and faith in the people of South Carolina to say, 'Let's go forward.'"



TRANSMISSION

Santee Cooper's transmission system consists of approximately 3,200 miles of line and 112 substations and switching stations with voltages ranging from 34,000 to 230,000 volts. Transmission facilities are located in 35 of the state's 46 counties.

More than 9.5 billion kilowatt-hours of electricity were delivered to more than 375,000 customers within the state, either directly or indirectly, through Santee Cooper transmission facilities. This included power provided for two municipalities, three military installations, 26 large industrial customers, and 15 of the state's 20 electric cooperatives served through 201 delivery points. The co-ops serve approximately 300,000 customers in South Carolina's rural areas.

During the past year, new delivery points were added to the transmission system for 5 electric cooperatives and 2 industrial customers.

The Cross-Carnes and Cross-Kingstree 230,000-volt lines were placed in service along with several new 115,000 and 69,000 volt line sections. Santee Cooper crews constructed every new substation and switching station and several transmission lines serving new industrial customers. This in-house construction helped reduce costs of these stations and lines.

More rapid restoration of service through the use of loop-feed transmission systems and the ability of transmission crews to perform most maintenance work on energized circuits provides Santee Cooper customers with very reliable service.



“I recall the evening our electricity was turned on. We all got into our car with all the neighbors and rode around the community just to see the effect of the lighted homes, and that was wonderful.”

GUY & JUANITA NICHOLS

It was called a light bill back then, and some folks never have gotten around to calling it anything but. Back then, however, that's about all you were paying for. It was when fresh meat was kept in the well to keep it from spoiling; when kerosene lanterns pulled double duty — putting off nightfall as long as possible, and then warming a bundled baby's bottle in those quiet hours before dawn; when a wood stove's corner of a rural farmhouse was crowded with cold, tired fingers and toes on a frigid South Carolina Midlands evening; when a home had two irons, one being heated over a fire while the other was squeezing the wrinkles imbedded by a washboard out of a cotton Sunday dress.

Lights are probably the last thing Guy and Juanita Nichols think of when they pay their electric bill. Now, it's heat pumps and color TVs and an electric clothes dryer. But though they live in Saluda County near Prosperity, the town didn't seem to live up to its name back then — in the late 1920s and early 30s. Guy Nichols was one of a family of 15 children, a few of whom died before the last was born. He was reared in rural Saluda County.

“The good old days? I don't think we'd want to go back, but I reckon we had a good time. We certainly lived without money. I don't see how our father was able to feed us all, but we got by. We used to keep a couple of milk cows, and we raised a few hogs to get our meat. We went to town occasionally but not very often. In the winter we went to school. Back then they had seven months of school and sometimes you had to be out to help do the work around home, and you couldn't go a full seven months.”

Down the road a piece, the future Mrs. Nichols also carved out a spartan existence with her parents and two brothers.

“Going outside with your scrub board to do the laundry on a cold, wintery day wasn't fun, but I did a lot of that drudgery. We heated our irons in the fireplace or on the cookstove. We usually had two or three heating while another one was in use.

“I recall standing by my aunt as she fixed her hair before her dates. She would put these little curling irons down into the lamp and they heated, and she would press waves into her hair, and I just thought that was it.

“I've done all the things you can do on a farm, almost. My father cut the grain and my mother allowed my brother and I to carry little piles of grain, and I hoed cotton, too. I remember coming home many evenings with all the aches and pains that I could afford from a day in the field. And I remember the pot-bellied stoves in the school. In fact, that's where I first saw my husband.”

Long before wedding bells rang, however, Nichols remembers how word was getting around the community about the possibility of getting electric power.

ENERGY MANAGEMENT

Meeting the specific energy needs of the customer is the prime concern of Santee Cooper's Energy Management programs, designed to influence peak load growth while assuring meaningful, responsive service.

The Weatherization, Insulation, and Solar Energy program (WISE) entered its third year, providing low-interest loans for specified conservation measures and interest-free loans to low-income, elderly, and handicapped customers. The amount loaned for the fiscal year was \$270,823. Loans were made for heat pump systems, insulation, and storm windows, with heat pump installations accounting for well over half of the total.

More than 600 residential energy audits were provided, indicating customers' continuing need for reliable, up-to-date energy information and services.

More than 10,000 additional residential audits were offered under the Residential Conservation Services program, demonstrating Santee Cooper's commitment to increase consumers' energy awareness.

To further serve the energy needs of commercial customers, plans were completed for the Commercial and Apartment Conservation Service program, which will offer comprehensive audits in accordance with this extension of the National Energy Conservation Policy Act.

Construction began on Santee Cooper's Passive Solar Demonstration Home, with design and construction standards specified by the Energy Efficient Home Awards Program. The house will demonstrate how passive solar can contribute significantly to the heating of a home, and it will provide increased customer awareness of Santee Cooper's other energy management programs.

Increased contact with other customers was achieved through additional workshops for professional and industrial groups. Seminars were provided for architects, builders, and developers in the area of passive solar technology. A workshop was conducted to update realtors on how energy efficient measures can be used to market properties. A series of duct design workshops was presented to members of the heating and cooling industry to strengthen the energy services offered to their customers.

To support energy education in the school system, promotion and sponsorship was provided for the National Energy Education Day (NEED) Project observance. A school in Santee Cooper's service area won the state NEED School Award and placed second in the national competition. Additional energy-education curricula resources and audio-visual aids were made available during 1984. A new approach to increase educational services for teachers was achieved through the availability of energy workshops. Service area teachers were introduced to the energy resources offered by Santee Cooper and how those resources can be used to educate students in the areas of energy conservation, generation of electricity, and electrical safety.

"They were trying to get people to sign up for a dollar and a half. And I wondered then how I would be able to pay an electric bill if I had electricity. But, we finally got it, and we got along, somehow. We got our electricity in the fall of 1941 through Mid-Carolina Electric Cooperative in Lexington. When they were in the process of getting organized, a good many people met in the high school with some officials from Washington. I happened to be in the bunch a time or two. I served about 27 years on the board of Mid-Carolina, and I don't think I missed more than two meetings."

When the power began flowing, so did the water from Nichol's brand new pump, which he valued even more than lights. It brought running water into the house, followed by indoor plumbing, which became a new luxury in those days. Next was a radio, and then a refrigerator, and years down the road, a washing machine. But for Mrs. Nichols, the lights did the trick.

"I recall the evening our electricity was turned on. We all got into our car with all the neighbors and rode around the community just to see the effect of the lighted homes, and that was wonderful. It was beautiful just to see the lights; a lighted room really showed up pretty. And now all of the conveniences that I have at this time are the result of electricity that has come to the farm. At the time I was married, I really wasn't thinking of any of them; they just weren't matters of fact."

But things began looking up in Saluda County and around Prosperity, and Guy Nichols recalls how electric power began changing the way things were done around his place.

"It made living a lot easier. We bought a refrigerator and could keep our food longer and better. Electricity pumped water for home use. We needed water for the cattle and hogs during dry spells also. Then we got electric heat in 1962 or 63. We were among the first in the area to have it. After we put it in, a fellow from Mid-Carolina came out to figure what we needed to do to conserve the heat. We put in storm windows and insulation overhead and underneath. Three years ago, we put in a heat pump. It does a good job of circulating heat; much better than baseboard heat. We sure did enjoy and appreciate our all-electric home."



Mrs. Nichols has seen the changes come also. But though it has brought her life as a farmer's wife a stream of modern, time-saving devices, it's those lights that she will always recall. She has a vivid memory of life before the lights, especially one evening in 1939.

"A home delivery. I can still visualize a lighted lamp being held at the foot of my bed. A lady holding a kerosene lamp. The doctor took care of me, with just that and the neighbors. It would be hard for modern-day America to conceive of someone holding baby bottles over a kerosene lamp to warm the milk at night when you had no other source of heat. But I did just that.

"I will say without reservation that electricity is the cheapest of all servants, even though we are all tempted to complain of the large electric bills. Think of the conveniences and pleasures that electricity affords."



GENERAL MAINTENANCE

The primary responsibility of General Maintenance Services is the safety and maintenance of Santee Cooper's 42 miles of dams and dikes which retain approximately 160,000 acres of water that form Lakes Moultrie and Marion. This includes the preparation for and emergency response to any threat of failure of the dams. This response was necessary on July 6, 1983, when a seal on a 6-foot diameter pipe through the East Pinopolis Dam failed. When the failure occurred, allowing water to leak through an unused industrial water supply pipe at a threatening rate, emergency actions were initiated, requiring the evacuation of about 2,000 people living downstream. The leak was stopped and the emergency procedures carried out with no downstream damage. An evaluation following the incident concluded that Santee Cooper's "Emergency Action Plan for Dam Failure" is effective.

Reports from the Federal Energy Regulatory Commission and independent consulting firms confirm that the project impoundment structures are very well maintained and in excellent condition for the normal forces associated with retaining the lakes.

Recent studies indicate, however, that the safety of two project structures, the Pinopolis West Dam and the Santee North Dam, cannot be guaranteed if there were recurrence of the Charleston earthquake of 1886, which is the largest to ever occur in the southeastern United States. While the studies cannot determine the reaction of these dams to the design earthquake, Santee Cooper has taken steps to increase the earthquake resistance of the Pinopolis West Dam and to lessen

the effects of a failure of the Santee North Dam which would not involve a threat to human life. The studies showed that the flood created by a failure of this dam under normal lake levels would be less damaging than a controlled release of flood waters from the 3400 foot Santee Spillway during a probable maximum flood. No changes are therefore planned for that structure, but a system will be developed to inform the downstream populace in the case of an emergency, and therefore lessen the economic effect of a failure of this dam.

The improvements to the Pinopolis West Dam and the downstream warning system for the Santee North Dam have been estimated to cost from \$22 to \$40 million. Through the South Carolina Congressional Delegation, federal funding for the project was received and the U.S. Army Corps of Engineers was assigned the task by Congress of making the improvements.

FLOOD CONTROL

As part of its flood control program, Santee Cooper conducted one of the longest spilling operations in its history with a total of 142 days during the months of July and December 1983 and January, February, March, April, and May 1984.

The maximum daily average inflow was more than 672,000 gallons of water per second flowing into the Santee Cooper lakes. The flood control program reduced the flood crest on the lower Santee River by 66 percent of what it would have otherwise been.

Photo opposite:
Santee Cooper employees form a human chain to divert water flow July 6 at the East Pinopolis Dam. (Photo by Gordon Hirsch, State/Record).







“Things were so tough that the people were eating dried apples for breakfast; drinking water for lunch; and just swelling up for supper.”

REMBERT DENNIS

“My recollection of quiet little Pinopolis constitutes nothing but real happy memories. The older residents were comprised of several hunters, and in the mid 20’s, it was common to hear 75 or 100 hounds running through and around the village chasing a fox on moonlit nights or in the early morning.

“That’s one thing about Berkeley County before and after Santee Cooper; it’s a great attraction for fishing and hunting.”

After hearing gavels pounded in the State House and Senate for nearly 50 years as a legislator, Senator Rembert C. Dennis still counts on the sounds of the hunt in his native county to provide his sustenance. “Mr. Rembert”; as you’ll hear him called in the office of his law firm in Moncks Corner, was elected to the House in 1938. He served two terms, and was elected to the Senate in 1942. Yet, as a young man, Dennis aspired to the medical profession. That was before his father, a State Senator out to rid Berkeley County of its dubious distinction as a bootleg whiskey capital, was felled by gunfire near a watermelon wagon on the streets of Moncks Corner.

His mother was unsuccessful in the bid for her husband’s seat in the legislature, and the prospect of continuance dimmed even more as Dennis’ older brother died. The cloak of public service was donned by Rembert Dennis. He is most proud of his efforts at improving education and of bettering the lives of those he serves through local industrial development.

“South Carolina moved to seek quality education at the earliest economic opportunity. The impoverishment of the Civil War, followed by the Great Depression, so severely affected this state economically that it was the ‘50s before we could possibly make a move state-wide to even approach quality education. One fellow expressed the Depression this way: ‘Things were so tough that the people were eating dried apples for breakfast; drinking water for lunch; and just swelling up for supper.’ You had talented people in this area who were hunting and fishing for a living. My main public service efforts state-wide have been for education. With the passage of our education bill, it’s a giant step forward for quality education — both locally and throughout the state. Through education, citizens can become not just recipients, but contributors to society. It is the key to progress.”

While it was some 20 years after the Depression before quality education could take a foothold in South Carolina, Senator Dennis notes that a Federal funded project in the late 1930’s had an almost immediate impact for an area which would later strike an enviable balance between agriculture and industrial development.

“The changes started taking place in this area with the letting of the construction contract for Santee Cooper. One of the main features of the legislation was that consideration be given to employment of those in the state. The economy of this area and South Carolina began to move, and the Santee Cooper Project was a tremendous factor. In addition to rural electrification, the first tangible evidence that Santee Cooper was going to prove to be an industrial bonanza to the Lowcountry

CORPORATE COMMUNICATIONS

Emphasis on a half-century of service to the people of South Carolina was coordinated by Corporate Communications to commemorate Santee Cooper’s 50th anniversary. This included use of the theme “Improving The Quality of Life in South Carolina” as expressed in the Enabling Act of 1934.

The 50th anniversary was highlighted with an open house and commemorative ceremonies April 17, honoring the company and recognizing employees, political leaders, and individuals who had contributed to Santee Cooper’s success.

Commemorative recognition was achieved also through publication of a 50th anniversary newspaper tabloid, features in a number of utility trade journals and national magazines, and articles in newspapers statewide.

Research and writing of “Fifty Years: A Pictorial History of Santee Cooper,” was begun, with publication scheduled for November.

The most concentrated media attention ever experienced by Santee Cooper occurred July 6, 1983, and for several weeks thereafter, following a leak which developed in the East Pinopolis Dam. The evacuation of about 2,000 residents downstream and the company’s successful response to the emergency situation attracted network television and international wire service and newspaper coverage. Corporate Communications released information and provided media support to more than 450 news representatives.

“Why Reinvent The Wheel?” was a multi-image slide presentation produced by Corporate Communications and underwritten by the American Public Power Association to promote the

association's new Energy Services Exchange Program.

Santee Cooper's annual report was judged Best of Show in the annual competition sponsored by the Advertising Federation of Charleston, and first place by APPA in its competition among more than 1,400 publicly-owned utilities. Additional recognition for writing and photography was received by Corporate Communications from the American Economic Development Council and Industrial Photography magazine.

ECONOMIC DEVELOPMENT

Santee Cooper continues to play a major role in economic development throughout its service area. The major goal of the Economic Development Department is to fulfill the challenge defined in the enabling legislation in 1934 of "improving the quality of life in South Carolina."

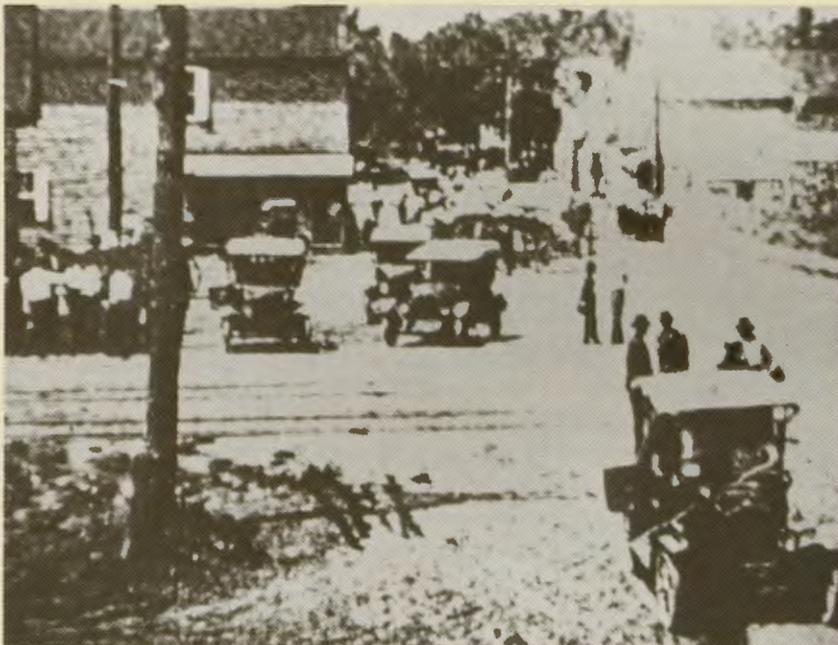
Economic Development's marketing plan for 1984 was restructured to meet the needs of new and expanding industries. An Economic Development Rate (EDR) was introduced in November, 1983, and prompted inquiries from across the country. EDR offers energy cost savings to existing industrial customers with expansion plans and to new industrial prospects, based upon the number of new jobs created. An extensive advertising campaign was developed to provide prospective companies with important information needed for their location decisions.

The Industrial Site Location Program catalogues resources available at numerous sites and coordinates that information with the State Development Board and local community professionals as a part of continued support to their industrial development programs.

was the building of what is now the Macalloy plant. A wool plant then came to Jamestown, soon followed by Albany Felt at St. Stephen. Berkeley County in the days before Santee Cooper had a tax base of between \$2 million and \$4 million. Growth was gradual, and the base grew to \$10 million by the 1970's. But since then, that base — aided by industrial development — has allowed a sprawling, agricultural county to become the first billion-dollar county in South Carolina in terms of industrial development."



Rembert C. Dennis has had much to do with the industrial explosion in Berkeley County, although he is first to mention by name those who have assisted in selling the county to prospective employers. Modern methods of courting investors notwithstanding, the Senator from Berkeley still relies on his knowledge of the area when he dons his marketing hat.





"In the quest for industry, you have to sell those who come to look you over. You have to sell them on schools, local government, tax benefits, and the future. But what I do — almost invariably — is to tell a prospect: 'You can't see this flat Lowcountry unless you go up in an airplane, or go where I'm going to take you.' And then I take them up on the dike of Santee Cooper's hydro electric plant. They see that beautiful lake, the powerlines, the countryside. There have been many of them who, riding along with me, weren't too impressed. But when they got up on that dike, they started showing some real interest."



The hounds still bay near Rembert C. Dennis' 18th-century Lewisfield Plantation home on the banks of the Cooper River. And the Senator is just as comfortable in hunting garb as he is in a three-piece suit in the State House. The satisfaction he feels toward his half-century of public service comes from the realization of one of his foremost goals.

"I've always said that I hope to live to see the day when a Berkeley County citizen didn't have to cross county lines to seek gainful employment. I think we've just about reached that point."

Site development information and brochures were provided to a wide range of industrial prospects during the past year.

The Economic Development unit maintains an extensive contact program, which includes local and county development boards; economic development allies such as railroads, construction, and engineering firms; consultant groups; and the State Development Board.

WATER QUALITY MANAGEMENT

The water quality management section continued extensive noxious aquatic weed control efforts throughout the Santee Cooper lakes. Aerial treatment of 785 acres of submersed aquatic weeds was conducted, utilizing \$90,000 of federal funding obtained from the U.S. Army Corps of Engineers matched by \$38,500 of Santee Cooper funds. Included in the treated acreage were 70 acres of test plots utilizing the experimental use herbicide, Sonar. Evaluation of the new herbicide will continue throughout the summer and fall of 1984.

Control operations centered on emergent aquatic weeds were conducted on a wide-scale basis during the spring of 1984. High water levels in the Santee Cooper lakes during the winter and spring months appear to have intensified an already serious problem.

Under the ambient water quality monitoring program, sampling was conducted on a scheduled basis at some 50 points throughout the lake system. In excess of 30,000 water quality analyses were performed in the water quality laboratory. Resulting data are submitted to the Environmental Protection Agency's STORET computer program in Raleigh, N.C., via in-house computer.



“Yes, sir. I thought it was a wonderful thing to go cut on a light instead of lighting a lamp. It really would be somethin’ to do without it now.”

A.D. HEMINGWAY

A.D. Hemingway can slip a cricket on a fish hook with the best of them, and has been pulling feisty bream from the waters of Lake Marion for most of his 72 years. Add hunting in the woods of his native Jordan to plowing around the cypress-kneed creeks in the hand-hewn bateau, and you’ve come upon a formula to keep this man happy for the rest of his life.

And when A.D. Hemingway takes his spot in the rustic rocking chair inside Brunson’s grocery store, the tales from his life curl upward to reach the tongue-in-groove store ceiling like the wafts of white vapor from his pipe.

He has memories to share — some good, some bad. Embedded in his mind are scenes of squirrels scampering up and down the gangly arms of live oaks as families enjoyed picnics and children played nearby. He says he thinks about that all the time. Yet he also balances that dreamy scene with the stark reality of an area which depended upon agriculture, hunting, and trapping for survival. And the Depression would continue to flail away at the local economy in the 1930’s.

“It was bad, awfully bad, to tell the truth. People survived but they worked for forty cents a day. I was farming a little bit then, but even when you sold your crop you couldn’t get anything for it. Cotton was eight or nine cents a pound, and tobacco was no good. When Hoover was President, I’ll be doggone if we didn’t have a time of it. Then Roosevelt came along and passed that relief work. You’d come outside everyday and there’d be 75, sometimes 80 people, waiting to work, and they’d have foremen out there. Sometimes they’d pay you in one dollar bills so new they looked like they was ironed. It was still no bed of roses. But it helped, because it gave people more work and gave them more pay so they could have a little more to live on.”

Soon, bands of strangers appeared in Hemingway’s neck of the woods, taking surveys and measurements, and eventually taking axes to some of the timber. And A.D. had heard what they were up to. *“They came out here on all these flats and creeks and put little red flags all over it. I thought to myself, this will never be; it will never happen. And they put these camps up one, two, three, in the swamp and they went at it. Wasn’t no time at all before they had it cut out. I was coon huntin’ here and I would kind of hate it because I was making a livin’ out of hides and all — gettin’ more out of hides than I was in the farm. But it wasn’t no time at all before the water was comin’ up.”*

Yet just as A.D. Hemingway balances the bad with the good of his childhood, so does he remember the ultimate benefit which came as some of his coon hunting turf disappeared under the blows of axes.

“At that time I didn’t exactly know what it was all about. But I could see that it benefited the people that it put to work. That project sure worked a lot of people.”

And there was more.

ENVIRONMENTAL RESOURCES

Mosquito abatement activities were performed in the five-county area surrounding the Santee Cooper lakes, with more than 100,000 acres treated for larvae and adult control. A goal of the mosquito control program is to prevent the transmission of mosquito-borne diseases and to provide a pleasant environment for outdoor recreation.

In excess of 500,000 *Gambusia affinis* were stocked in known mosquito breeding sites for larvae control. This mosquito-eating fish is a low cost, biological control agent that is an environmentally safe control tool to use in aquatic ecosystems.

HORTICULTURE

A two and one-half acre commercial greenhouse complex with support facilities was constructed at the Cross Generating Station at a cost of \$1 million for use in residual energy application by horticulture.

More than 34,000 rose plants were planted in one acre of the facility, and will yield about 1 million blooms annually.

Because of construction problems, it was necessary to delay the planting of some crops as much as six months; however, marketing of cut roses to wholesale florists should begin in August, 1984.

The horticulture program drew national attention through a cover feature in Public Power magazine. Additional recognition for both horticulture and aquaculture was received from Technology Transfer '80s, a national awards program for energy innovation sponsored by the United States

Department of Energy. The use of residual heat from the Cross Generating Station's cooling system to provide energy for the greenhouse operation and the production of Tilapia fish at the Winyah Generating Station won first place in state-wide judging and was selected for participation in national competition.

AQUACULTURE

The aquaculture waste heat program at Winyah Station produced more than one-half million Tilapia fish during the year. More than 300,000 were stocked in the station cooling reservoir for aquatic weed control, while more than 250,000 were marketed to municipalities, industries, and farm pond owners. Income from the sale of these fish amounted to more than \$62,000.

Representatives of the Organization of American States (OAS) visited the aquaculture center along with other professional, educational, and civic groups.

PROPERTY MANAGEMENT

The Santee Cooper Project includes an estimated 178,744 acres of land and water resources. The two reservoirs, Lake Marion and Lake Moultrie, have a combined surface area of about 152,668 acres, with approximately 23,381 acres of shore lands and approximately 2,695 acres included in islands.

Since construction of the Santee Cooper Project, numerous recreational developments have been established on lands leased to public agencies, commercial enterprises, semi-public entities, and other individuals.

The Property Management Division administered 4,146 leases around the Santee Cooper lakes, which include approximately 2,936 recreational lots in Santee



"Didn't have a thing in the world for lights but a lamp, an old lantern lamp, and it would smoke up and go out. Sometimes you'd go to light one and drop the shade and break it. And you'd go out to the well and draw water with an old bucket. We enjoyed electricity from the first time we had it. When you get used to a new way of doing things, you can't stand life without it. Yes, sir. I thought it was a wonderful thing to go cut on a light instead of lighting a lamp. It really would be somethin' to do without it now."





To A.D. Hemingway's pleasant surprise, the Santee-Cooper Project enhanced the recreational value of his corner of the world near Jordan. Though the lakes and creeks today are a haven for thousands of visitors a year who hunt and fish the 200,000 acres, he still has what he wants.

"I was always used to this wildlife; been that way all my life. I farmed and I was raised in the country, and I just love old country living. No, sir, I don't like town livin'. I was born in the woods. I reckon that's where I'll stay."



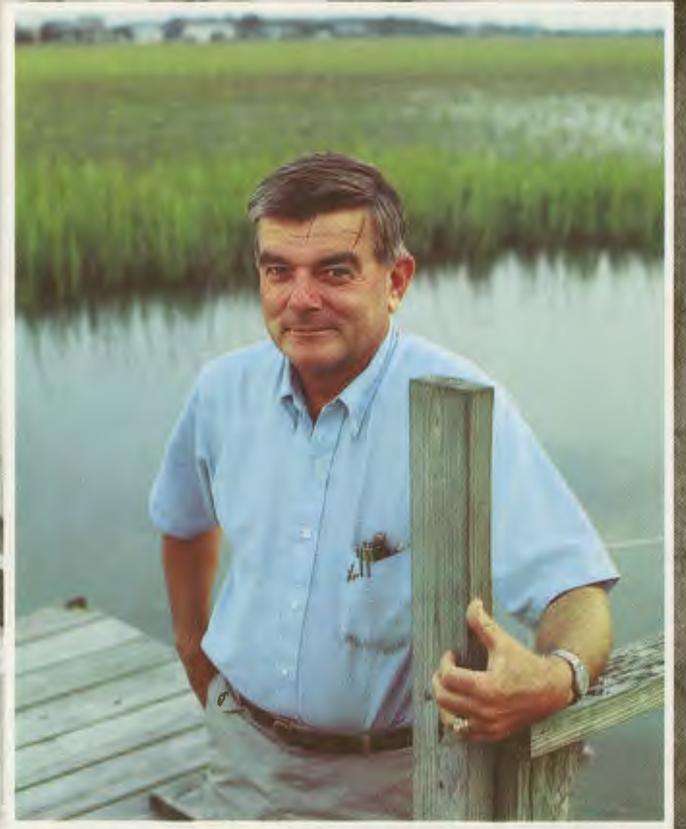
Cooper subdivisions, 1,059 marginal lots adjacent to privately owned subdivisions, 95 commercial lots, 18 miscellaneous leases, and 38 gratis leases to public and quasi-public entities. The benefits associated with these leases provide a wide variety of recreation-oriented facilities to the public.

A total of 296 access signs were maintained on major roadways in the area of the Santee Cooper lakes, guiding the public to various points of access on Lakes Marion and Moultrie. Many of these access areas provide boat launching, food, boat and motor rentals, fishing, waterskiing, golf, hunting, camping, and many other types of recreation to the visiting public.

A total of 18,599 acres of prime wildlife and waterfowl habitat was leased to the S.C. Wildlife and Marine Resources Department on a gratis basis. A 350-acre waterfowl impoundment is being developed to provide additional hunting opportunities to the general public.

Santee Cooper's forest lands are under an even-age system of forest management, based on a 60-year rotation. In addition to the many silvicultural activities performed, intensive prescribed burning procedures were carried out at various intervals for the purpose of enhancing wildlife habitat, controlling forest diseases, and reducing build-up.

During the fiscal year, a total of 89,000 pine seedlings were planted in previously non-forested areas. Approximately 575,000 board feet of pine sawtimber, 22,000 board feet of hardwood sawtimber, 32 cords of hardwood, and 2,274 cords of pine pulpwood were harvested from Santee Cooper's forest lands. Revenue from the sale of forest products and agricultural leases totaled \$250,545.



“Progress began with rural electrification. After going from one of the richest counties in the state to one of the poorest after the Civil War, electricity played a large role in bringing it back up to what I consider to be a viable county. I don’t know of a nicer place to live. With the mix of the old and the new, we’re trying to improve the quality of life in Georgetown County. And with the five rivers, the ocean, and the industry, we can have that, provided we protect it.”

DOC LACHICOTTE

Captain Josh Ward knew there had to be a more comfortable way of getting some shut-eye aboard ship. After running a load of rice down the river to Charleston, the harbor pilot would try to sleep out the sweltering summer nights in Georgetown using a Navy-issue canvas sack strung up in his boat. Necessity in this case became the mother of a hammock made of intertwined strands of cotton rope braced by wooden wagon-wheel rims. An air-cooled bunk. The “Original Pawley’s Island Rope Hammock”.

Captain Ward was an uncle of A.H. “Doc” Lachicotte, whose Hammock Shop and peripheral business enterprises on Highway 17 between Georgetown and Myrtle Beach are a magnet, attracting auto license plates from all over. Doc has now diversified his interests. The success of what was a necessity to Uncle Josh has allowed Lachicotte to expand into real estate development. But he hasn’t forgotten the past, when Pawley’s Island was known as Waverly Mills, and the rice culture ruled.

“My great grandfather came into this community about 1849 to run the rice mill at Brookgreen, which was the largest plantation in America at that time. They grew some 4 million pounds of rice. Waverly, along with Brookgreen, Hobcaw, Arcadia, Hagley, True Blue, and Caledonia, were some of the earliest plantations in this area. He bought it in 1871, and had about 500 acres of rice fields. My grandfather farmed about 4,000 acres of the delta, but it gradually went down and then out in 1911.”

Actually, the rice culture had been in death throes since the Civil War. But before it grudgingly let go, a lumber industry had sprung up in Georgetown. Atlantic Coast Lumber Company, located where Georgetown Steel stands today, employed more than 1,000, yet disappeared in 1932. Amazingly, there was no market for its products. With nothing in the Waccamaw Neck to sell, the rope hammock became a product of the Depression.

“My father and Captain Ward had been making them since the 1880’s. In the 1930’s, we had a little shop on the island; my sister and I would make hammocks under the houses and people would put them on porches. Somebody would see one, take it somewhere, and want another one.”

“As kids we used to go to Georgetown, an all-day trip. We had a ferry called the Cornwallis & Pelican, and the ride was about 45 minutes. All the roads were dirt, even the road to Myrtle Beach. But they built the bridge to Georgetown in 1938, paved the road and called it Ocean Highway. That same year, this place started as a hammock shop, with rugs, baskets, and pottery. We did well in the summer, but starved to

HUMAN RESOURCES

The title of the Industrial Relations function was changed in January, 1983, to Human Resources in order to more accurately represent the goals and objectives of this division and be consistent with terminology used in companies nationwide.

Santee Cooper has continued the tradition of hiring and promoting a highly qualified workforce. Total employment increased 5 percent to 1,412, less than half the 1983 increase of 12 percent.

“Promotion-from-within”, a management philosophy, proved successful, as more than 400 employees applied through job postings for consideration on various positions, and 171 employees realized promotions and new responsibilities as a result.

Employment applications decreased slightly to just over 4,900, or 11 percent less than last year. However, to make best use of current staffing and limit personnel growth, temporary employees were hired for more than 50 job assignments during the year. In addition, employment personnel participated in a variety of community activities, including college and high school career days, and programs such as the Employment of the Handicapped Committee.

The Santee Cooper Affirmative Action Plan was revised and submitted to the South Carolina Human Affairs Commission. Employment, compensation, promotion, and other job-related decisions are based solely on job-related qualifications without regard to race, color, sex, religion, national origin, age, or handicap; except where sex, age, or handicap is a bona fide occupational qualification.

Numerous presentations and meetings were conducted by the Employee Relations staff at all locations to discuss with personnel compensation and benefits changes, new procedures, general company policy, and employee concerns.

Company and employee contributions and volunteer participation increased again for United Way, and additional support was given for volunteer employee participation in several other charitable programs.

Employee interest shown in company-sponsored activities was excellent. More than 30 percent of all personnel were members of one of the seven employee associations, and along with other employees and their dependents, participated in such diverse activities as aerobics, softball, bowling, golf, and basketball.

death in the winter. That's when I went to Clemson and got into horticulture; we needed some way to get some cash flow in the winter."

Lachicotte began growing camellias and azaleas and other ornamentals, building up what he terms "a pretty nice nursery business." Though in the 1950's, all you'd see along the highway were a few country stores.

Families, whom Lachicotte remembers by name, would come year after year. Pawley's Island still was a sleepy summer community. Just about as sleepy as 20 years earlier, when people claimed the introduction of electricity would "ruin the island." What has happened since those country stores functioned as the sole landmarks of the Waccamaw Neck is nothing short of remarkable. They come now not only to buy a gift or a hammock. They come to play golf and tennis, to visit gardens, to dine in period restaurants. And judging by real estate development, many come to stay.



"Georgetown County has fairly stringent zoning, but whether we like it or not, it's going to grow. What you aim for is low-density growth, without the high-rises. We hope to have a more high-quality residential area to make that growth compatible with life as it always has been. We think we are a great buffer for the commercialism of the upper Grand Strand. I'm not knocking the Grand Strand; it's been very valuable to me in putting bread on my table. But I do think people who live here permanently would rather have a much lower density than in Myrtle Beach.

"When International Paper and Georgetown Steel came to the county, it was a tremendous boost to the economy and they've been awfully good neighbors. With the ocean, rivers, and creeks of this Waccamaw Neck section, we will be an area that will appeal to a great many people. We are the last public area until you get to the Isle of Palms 60 miles south, 60 miles of area that will never be developed."

"Doc" Lachicotte was one of two people out of 100 in his senior high school class brave enough to return to Pawley's Island; only 10 or 12 returned to Georgetown. They probably remembered how they had made spending money during school days — fishing or digging clams and oysters and selling the seafood on the beach. But he took the challenge, and watched it all happen before him in his portion of Georgetown County. And much of it happened because of electricity.



Photo Courtesy Georgetown County Memorial Library

"Progress began with rural electrification. After going from one of the richest counties in the state to one of the poorest after the Civil War, electricity played a large role in bringing it back up to what I consider to be a viable county. Industry played a vital role by providing jobs. There were absolutely none in existence, and they were a godsend to Georgetown. So when people complained about the way the paper mill smelled, I would tell them it smelled like strawberry shortcake to me. I think this end of the Grand Strand has a definite role to play in growth of tourism in South Carolina. For the things I like to do, I don't know of nicer place to live. With the mix of the old and the new, we're trying to improve the quality of life in Georgetown County. And with the five rivers, the ocean, and the industry, we can have that, provided we protect it."



More than 2,100 employees and their dependents — the largest group ever — attended the 50th anniversary company picnic honoring Santee Cooper retirees and current employees. Carnival games and activities contributed to a festive family atmosphere at the lakeside recreational facility.

Participation in the local industrial health coalition generated new ideas of wellness programs, health appraisals, and medical coverage. Cost containment was achieved by increasing the limit on diagnostic testing charges and requiring pre-certification for several non-emergency surgical conditions.

A new insurance option under the state deferred compensation plan was introduced. This flexible universal life plan allows employees to vary insurance protection for themselves and their dependents as personal situations warrant, as well as offering paid-up insurance at retirement. Tax savings result by using before-tax dollars to purchase the coverage.

Exempt and non-exempt performance evaluation forms were extensively revised. Changes were made which emphasized pay-for-performance through formal goal-setting.

The non-exempt pay structure was modified to provide competitive wages which can attract and retain skilled employees. Merit pay was provided for superior performance.



“The ‘off-season’ has begun to shrink. More and more businesses are keeping their doors open during the winter season. All of this is very good for the year-round economy.”

POLLY LOWMAN

On Friday evenings in early summer, Polly Lowman sits in her office and listens to the population of her hometown growing. Automobiles loaded with vacationers from around the country pour into North Myrtle Beach, filling six lanes of Highway 17 from both directions. Restaurants, convenience stores, beachwear outlets, and service stations awake from the near dormancy of the dwindling off-season to sell dinners, soft drinks, flip-flops, and gasoline. North Myrtle Beach is about to increase its year-round populace of 4,500 by a whopping 400 percent. It is a merchant’s bonanza and a field day for the Chamber of Commerce. But it is not without its problems. For example, more than a quarter million people — not 4,500 — will be making demands on the city’s water supply throughout the summer.

“We have at least 12 developers right now who want to build high-rise condominiums, and we simply cannot accommodate them. During the summer, our water flow and supply gets low, yet almost every night, 300,000 people are taking showers. We still have about 1,300 homes here that are not on the city’s sewer system. And the impact charge, or tap-in fee, has been raised from \$60 to \$1,500. People are complaining because they have to pay a higher fee to accommodate tourists. The way I see it, the choices are either to increase all the monthly bills, put a moratorium on further development, or have just the newer residents pay this fee. We’re growing, but we have a developer and planner for the city. They’re working together now on what I think will be a good water plan for local residents as well as tourists. It’s a very new problem for us, and we’re going to have to reach a happy medium.”

Polly Lowman is publisher of the North Myrtle Beach Times newspaper. A past president of the South Carolina Press Association and first woman to hold that office, she has listened and watched her section of the Grand Strand loosen its belt buckle for more than 40 years. And the strains on the municipality’s water supply is not her sole concern. Lowman also sees a need to improve the condition of roads in North Myrtle Beach. Rather than building new roads, she says better maintenance on existing thoroughfares would help.

“We don’t really need new roads; there are potholes that need to be sealed on existing roads. They need reworking or resurfacing, but the maintenance has not been as efficient as it should on state roads as well as Ocean Boulevard. This also is being worked on by the new city administration in conjunction with the highway department. Like everything else, it can’t be done overnight; it just takes time.”

Along with the optimism she holds at solving these major problems, other smaller projects in the city are of great interest to Lowman. One in particular may help recall earlier “family atmosphere” days in North Myrtle Beach.

“We have a study going on now for the renovation of Main Street, which has just about died. When I was growing up in the 1950’s, it was just a thriving place; busy all the time. I’d say we had a population of between 500 to 1,000 and people would come from cities like Loris,

OCCUPATIONAL HEALTH

With early identification of health problems as a major goal, more than 1,000 Santee Cooper employees participated in the medical surveillance program, which included hearing, pulmonary function, vision, and other biological criteria monitoring.

The wellness program emphasized personal responsibility for health, coupled with individual counseling and education by registered professional nurses.

Work began on a health-data information management system which will be used to analyze programs and costs, verify OSHA compliance, and track injury and accident data. The system will also monitor information on substance and chemicals in use, and schedule the required training of employees in safe handling of hazardous substances.

A respirator training program was begun, which placed major emphasis on employee health. This program was supplemented by increased monitoring of employees.

More than 1,000 employees have been trained and updated in CPR skills and more than 500 were taught first-aid.

Bloodmobile visits to Santee Cooper offices and generating stations provided more than 500 units of blood to the American Red Cross blood donor program.

TRAINING AND DEVELOPMENT

During 1984, more than 120 training and development programs were provided to assist managers and employees in attaining optimum performance.

More than 2,000 employees participated in an array of internal and external training activities which included supervisor and management programs, computers and micro-processors, communication techniques, stress management, customer service, electrical/electronic instrumentation, mechanical maintenance, power plant courses, and on-going programs for unit operators on the power plant simulator. New lineman training programs such as pole top rescue, basic pole climbing techniques, and transformer concepts were provided, and work began on new lineman training facilities.

A skilled craft and technical training program was begun system-wide. The program is designed to identify needed training to employees in skilled craft and related technical positions that will improve productivity and provide the opportunity for advancement to positions of greater responsibility.

More than 275 employees participated in tuition aid courses offered by local colleges and technical education centers.

SAFETY

Santee Cooper earned the American Public Power Association second place award for its safety record among utilities operating with 2 million or more man-hours of exposure annually. Since 1964, Santee Cooper has never failed to receive an annual award from APPA for its safety record, placing in the top four categories every year and winning the first place award an unprecedented 13 times. In 1983, 20 units also earned awards from the National Safety Council and the South Carolina Occupational Safety Council.

Calabash, and Tabor City just to go to the two movie theatres. Main Street was the busiest place in town. This project will revitalize and landscape the street and give it an air to get people to come back again. We try very hard here to maintain this as a family beach, even though we're growing and becoming much more commercialized. But that's progress, that's growth."



Those two theatres have become a pizza parlor and a church, and Lowman says the population increase has removed a bit of the togetherness she remembers. But while mindful of what 300,000 can do to a city's water supply, she also realizes what this crowd can do for the local economy. The crowds are getting larger, and they're also staying longer. The "off-season" has begun to shrink. More and more businesses are keeping their doors open during the winter season.

"I can remember when our summer season was three months; now it's nine or ten. I was amazed in the past year to see businesses which normally called it a season in October who were still going strong in January. All of this is very good for the year-round economy."

Employment opportunities in North Myrtle Beach have expanded with increased business activity. Since there is only one local industry, employing about 250 people, tourist-related ventures hold the most promise for local citizens. But there is more to it than selling suntan lotion.



"Tourism is number one as far as employment in the city. This includes those who work in local business or banks. Many people are into real estate as brokers or sales representatives. It's the going thing and sales have been great."

No doubt many cities across the nation would like to have North Myrtle Beach's "problem" of dealing with astronomical growth in population, resulting in heavy increases of business activity. And though it puts a strain on city services, Polly Lowman has no doubt that the trend will continue.



"I foresee a lot of growth, a lot of new businesses. My family was in the grocery business in the '50s and '60s, and for 20 years, we had the only grocery store in the area except for one in the Crescent section and another in Cherry Grove. When we wanted to go shopping for other items, we had to drive to Wilmington or Charleston. But just within the past three years, several national store chains have come into the area. These and other businesses see a lot of potential in condominium projects; they realize that more and more people are into time-sharing. These companies are purchasing property long before they build on it. They know that the influx of people is going to be greater on a year-round basis because of this interval living. Life is a bit more hectic; the pace of life somewhat faster; but we've improved the quality of our status of living. The beach, after all, is our drawing card. And we've got to grow with it."



Santee Cooper has historically maintained an incident rate for lost-time accidents far below the national average for electrical utilities. The excellent safety record is a result of a combined effort of all employees to make safety a part of their daily concerns.

PROGRAM for EMPLOYEE PARTICIPATION

Santee Cooper nears completion of a 10-year program designed to reinforce and improve its power production, delivery, and customer service systems. Concentration over the past decade has, of necessity, been on a construction program geared to provide the increased generating capacity while continuing to place new customers in service and meet growing power needs.

With this portion of our construction program coming to a close, management this year began a review of all phases of the organization, searching for ways to fine-tune operations. A permanent task force with rotating membership was established to develop a program to encourage greater employee involvement in these efforts. The resulting Program for Employee Participation (PEP) gives employees the opportunity to work on projects which will improve work methods and procedures and strengthen customer service.

PEP was begun in a pilot stage in the transmission branch. Employee groups were formed to identify betterment opportunities in their own areas and propose solutions to management. Based on a review of PEP's results in transmission, the task force will develop a plan for introducing the program in other departments.



“Santee Cooper has, without question, an unqualified record of outstanding service to the people of South Carolina, whether you’re talking about putting people back to work, eradicating malaria, or providing inexpensive electric power.”

WALTER EDGAR

What you envision is an elderly gentleman hunched over a desk in a musty room piled high with moth-eaten books and hundred-year-old newspapers. The blinds have been closed for days, and only a small table lamp argues with the shadows. Quiet, please. Historian at work.

Yet with his boyish grin, rapid-fire wit, and eagerness to share his findings, Walter Edgar defies that traditional characterization as he pens a history of Santee Cooper for the company’s 50th anniversary. A professor of history at the University of South Carolina, Edgar holds an undergraduate degree from Davidson College and Ph.D. from USC, where he is also director of the Institute for Southern Studies. Institutional history is his speciality, and he says the field is enjoying a renewal of sorts.

“Institutional history is really popular right now. Many companies are having their histories written, but in many cases what they want is a whitewash; they don’t want a history. In all my dealing with Santee Cooper, however, they said they wanted the story told, warts and all, which is really the only way I would undertake the job. And I have had complete freedom to say what I wanted to say.”

And one of the things he said in his book — in so many words — is that there has been no other project in the 20th century that has had more of an impact on the state than the Santee Cooper project.

“Santee Cooper was considered crucial to South Carolina’s economic survival during the Depression. The entire state budget in those years was about 5 or 6 million dollars; the Santee Cooper project cost about \$40 million. I had known beforehand that the formation of Santee Cooper had a great impact, but I soon discovered its all-pervasive impact to be simply astounding. The prevalence of malaria — people were dying by the dozens in Orangeburg County, for example; the fact that less than three percent of the people in this state had electric power; those types of things were astonishing. I also knew how poor the state was at that time, but the photographic evidence from the National Archives and the Library of Congress was unbelievable.”

According to Edgar, one of the distinct aspects of Santee Cooper’s impact on life in rural South Carolina is that it happened within the lifetime of people still alive today. And he includes himself.

“Many of these changes have occurred in my own lifetime. My children can’t walk down a road and see a man behind a mule and plow; but that happened to me regularly as a child. I can remember dashing to the outhouse on my visits to the country. And although I’ll admit that pies cooked in a wood-burning stove get a crust on them that can’t be duplicated, I doubt if you’d find many people today willing to stand over that stove and bake one.”

CORPORATE FORECASTING, RATES & STATISTICS

In November, 1983, Santee Cooper introduced an Economic Development Rate which provides a discount on the demand charge for new industries locating in Santee Cooper’s service area and for industries presently being served by Santee Cooper who add electric load and jobs. The purpose of the incentive rate is to sell excess reserves and bring more jobs into the state.

Recognizing that rising fuel costs, capital costs, inflation, and increasing interest rates are not unique to Santee Cooper, a Corporate Key Indicator Program (CKI) development was begun which will compare selected key indicators of Santee Cooper’s operations to that of similar utilities. The program should provide an effective management tool to measure Santee Cooper’s productivity and efficiency, and is scheduled for completion in the fall of 1984.

A pilot program was also begun to determine the reliability of billing data obtained from solid-state recorders being read via telephone lines. These recorders are expected to replace the current magnetic-tape recorders that have been utilized since 1974. The new solid-state recorders will speed up billing, detect faulty billing equipment in the field almost immediately, and help determine where heavy electric loads exist on Santee Cooper’s system during its peak periods.

MANAGEMENT INFORMATION SYSTEMS

Santee Cooper’s mainframe computing system was upgraded significantly with the addition of four large high-speed disc storage devices and two control units to handle the flow of data to the users. Additional system develop-

ment and the ever-increasing demand for additional information created the need for these upgrades.

The retail customer billing system was greatly improved through the introduction of hand-held meter reading devices, which allows Santee Cooper to bill customers on the same day that the meters are read.

Additional systems were developed to provide services for the following areas:

Safety — To record, store, and retrieve all safety-related incidents and awards that were presented throughout the company.

Building Services — To provide preventive maintenance scheduling for all plant and equipment within the main office complex.

Engineering Design — To record information concerning engineering drawings.

MIS — To record and analyze all information on computer lease, maintenance, and software agreements.

Additionally, procurement's inventory system was enhanced to provide it and warehouse with more vendor information and capability for tracing activities for specific parts.

In the technical support area, new software packages were installed to provide users with the capabilities for color business graphics, business and engineering programs, and access to the corporate data bases, all interactively. To further increase the capabilities of the mainframe computer, technical support began installation and training for an integrated corporate-wide office automation system that will incorporate word processing, document storage and retrieval, and personal computing with access to most of our current business systems.

Edgar notes that Santee Cooper's accomplishments are not easily recalled by many South Carolinians. Ironically, he says that the company was probably better known during the time it was under construction.



"One of the greatest challenges the utility faces today is helping people understand what Santee Cooper is all about. In the 1930's you had to find a deep swamp in the state before you would find someone who hadn't heard of Santee Cooper. The service is there, but I don't think there is an appreciation for what has been done and what is being done by Santee Cooper. A vast majority of the state's population is served by Santee Cooper, even though they may not realize it."



Service to the people of South Carolina is seen by Edgar as Santee Cooper's greatest institutional strength.



"Santee Cooper has, without question, an unqualified record of outstanding service to the people of South Carolina, whether you're talking about putting people back to work, eradicating malaria, or providing inexpensive electric power. And the record has taken on a lot of different meanings just within the last decade. The company's Outreach Program, and efforts to attract industry with reduced rates — all of this was designed to help people in 35 counties, not just the immediate service area. Santee Cooper has done — and is doing — what those who originally wanted it to do, and that is to improve the quality of life in South Carolina. It has fulfilled their dreams."



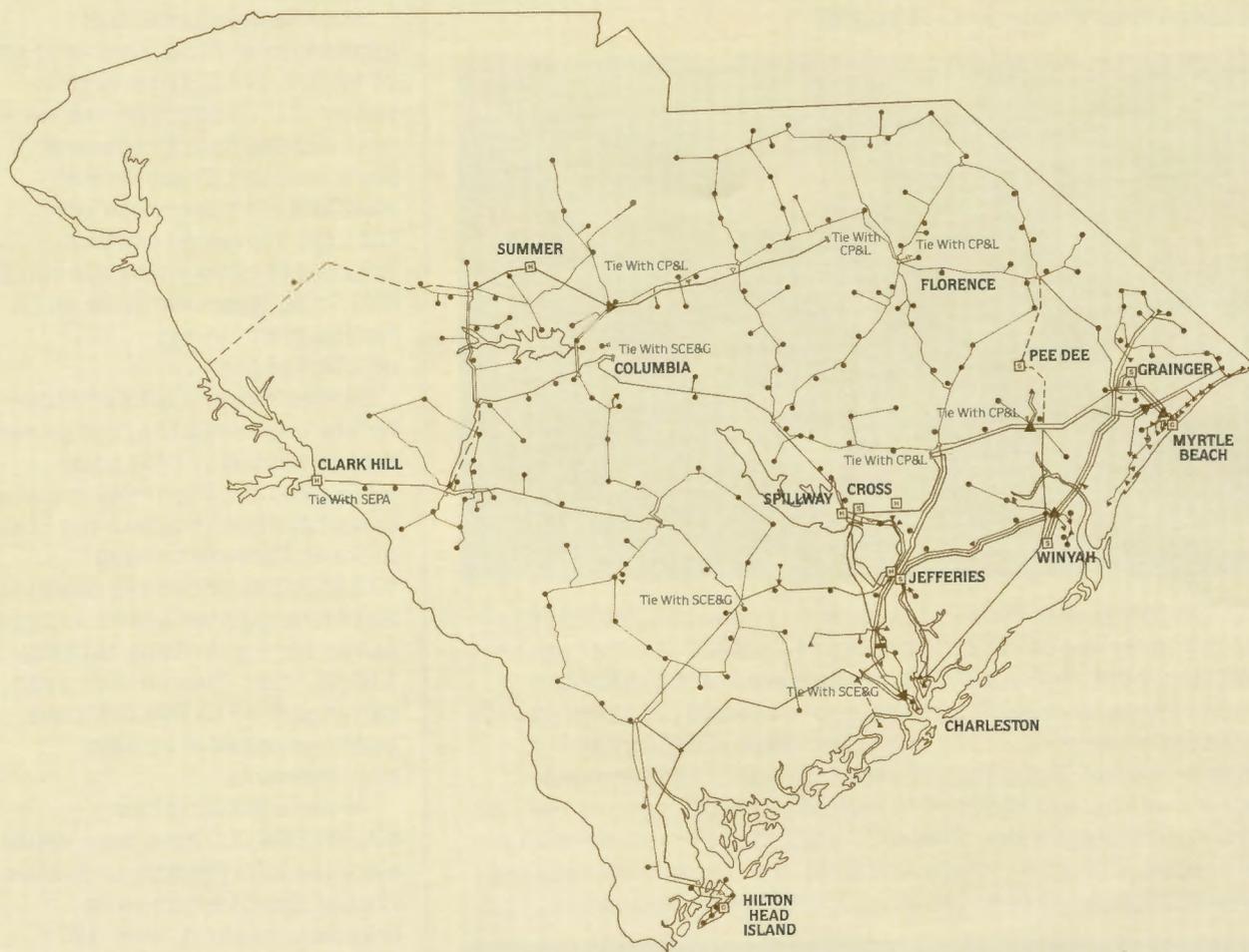
FINANCIAL SUMMARY

Since Santee Cooper was established in 1934, a net amount of \$2,015,074,000 has been invested in its production, transmission, distribution, and general plant facilities. These capital additions have been financed through reinvested earnings, issuance of electric revenue bonds and notes, lease contracts, and a federal grant-in-aid of \$34,438,000.

Santee Cooper's net earnings before taxes since the first power was generated in 1942 total \$246,680,000. Payments in lieu of taxes have been made to the State of South Carolina totaling \$22,823,000, and to the counties and municipalities within the company's service territory totaling \$10,167,000. The remaining net earnings of \$213,690,000 have been reinvested in system improvements.

Revenue bonds totaling \$2,281,594,000 have been issued since the incorporation of Santee Cooper. Bonds which were originally issued in 1949, 1971, and 1976 were advanced refunded in 1973 and 1977, and have been defeased. Also, \$127,000,000 of 1982-A and \$100,000,000 of 1981-C bonds were advanced refunded and defeased by issuance of 1982 Refunding Bonds. All refunding bonds had an outstanding balance of \$442,674,000 at the time they were refunded. Principal payments on all bonds issued, including the issues refunded, total \$50,170,000. Outstanding bonds as of June 30, 1984, totaled \$1,788,750,000. The average annual interest cost on these bonds is 8.32 percent.

As of June 30, 1984, unexpended funds from the sale of bonds amounted to \$111,207,000, in addition to debt reserve, debt service, and interest funds, which totaled \$294,871,000.



Generation and Transmission System

Legend

- ☐ S Steam
- ☐ G Combustion Turbine
- ☐ H Hydro
- ☐ N Nuclear
- ▲ Santee Cooper Substation
- Central Electric or Customer Owned Substation
- |- Interconnection
- Transmission Lines
- - - Proposed or Under Construction

WHERE THE POWER COMES FROM

Generating Unit	Location	Generating Capability (megawatts)	Fuel	Commercial Operating Date	Construction Cost (\$/KW)*
Jefferies Hydro #1,2,3,4, & 6	Moncks Corner	128	Hydro	1942	\$ 458.
Santee Spillway	Wilson's Landing	2	Hydro	1950	200.
Jefferies Steam #1 & 2	Moncks Corner	92	Oil	1954	171.
Combustion Turbine #1 & 2	Myrtle Beach	20	Oil	1962	145.
Grainger Steam #1 & 2	Conway	170	Coal	1966	172.
Jefferies #3 & 4	Moncks Corner	306	Coal	1970	179.
Combustion Turbine #3 & 4	Myrtle Beach	40	Oil	1972	113.
Combustion Turbine #1	Hilton Head	20	Oil	1973	135.
Combustion Turbine #2	Hilton Head	20	Oil	1974	110.
Winyah Steam #1	Georgetown	270	Coal	1975	231.
Combustion Turbine #5	Myrtle Beach	30	Oil	1976	90.
Winyah Steam #2	Georgetown	270	Coal	1977	271.
Combustion Turbine #3	Hilton Head	57	Oil	1979	172.
Winyah Steam #3	Georgetown	270	Coal	1980	439.
Winyah Steam #4	Georgetown	270	Coal	1981	404.
Summer Nuclear**	Parr	300	Nuclear	1983	1,088.
Cross #2	Cross	499	Coal	1984	801.

Generating Units Planned & Under Construction

		Capacity			(estimated)
Cross #1	Cross	500	Coal	May 1991	957.

* Excludes financing costs.

** One third ownership, being jointly constructed with South Carolina Electric & Gas Co.

WHERE THE POWER GOES

Retail Customer Area

Arcadian Shores	Loris
Atlantic Beach	Lower Waccamaw Neck
Bonneau Beach	Moncks Corner
Briarcliffe Acres	Myrtle Beach
Chestnut Hill	N. Myrtle Beach
Conway	Pawley's Island
Garden City	Pinopolis
Litchfield Beach	St. Stephen
Little River	Surfside Beach

Military Installations

Charleston Air Force Base
 Charleston Naval Shipyard
 Myrtle Beach Air Force Base

Industrial Customers

Airco Carbon
 Airco Industrial Gases
 Albany International, Inc.
 Alumax of South Carolina, Inc.
 Amoco Chemicals Corp.
 Andrews Wire Corp.
 A.O. Smith Corp.
 AVX Ceramics Corp.
 C.R. Bard, Inc.
 Georgetown Steel Corp.
 Georgia-Pacific Corp.
 Giant Portland Cement Co.
 Grove Mfg. Co.
 International Paper Co.
 Loris Mfg. Co.
 Macalloy, Inc.
 Mobil Chemical Co.
 Plusa, Inc.
 Santee Portland Cement Co.
 Uniroyal, Inc.
 United Merchants and Manufacturers, Inc.
 Waccamaw Clay Products Co.
 Waccamaw Lumber Co.
 Jim Walter Metals Corp.
 Wellman Industries, Inc.

Municipal Distributors

Bamberg
 Georgetown

Electric Cooperative Distributors*

Aiken Electric Cooperative
 Berkeley Electric Cooperative
 Black River Electric Cooperative
 Coastal Electric Cooperative
 Edisto Electric Cooperative
 Fairfield Electric Cooperative
 Horry Electric Cooperative
 Lynches River Electric Cooperative
 Marlboro Electric Cooperative
 Mid-Carolina Electric Cooperative
 Newberry Electric Cooperative
 Palmetto Electric Cooperative
 Pee Dee Electric Cooperative
 Santee Electric Cooperative
 Tri-County Electric Cooperative

* Through Central Electric Power Cooperative

ELECTRIC STATISTICS

Fiscal Year	6/30/84	6/30/83	6/30/82	6/30/81	6/30/80	6/30/79	6/30/78	6/30/77	6/30/76	6/30/75
Total Utility Plant-net including nuclear fuel (at year end) (in thousands of dollars)	1,783,215	1,682,027	1,465,919	1,204,325	950,628	759,839	577,936	437,162	355,971	277,976
Bonded Indebtedness (at year end) (in thousands of dollars)	1,788,750	1,796,545	1,735,850	1,261,420	990,100	917,690	810,190	495,190	481,210	383,050
Operating Revenues (in thousands of dollars)										
Residential	35,572	28,098	27,121	21,949	17,639	15,255	14,585	10,801	9,109	8,354
Commercial	32,865	28,853	28,145	22,452	18,835	16,822	15,530	12,439	10,738	9,665
Industrial	132,833	124,015	131,189	99,551	40,417	35,131	26,672	21,557	19,357	20,929
Military	13,978	12,893	12,487	9,225	6,954	6,567	6,330	5,049	4,754	4,564
Municipal	1,254	1,029	955	704	587	546	526	422	391	257
Wholesale	140,211	126,104	105,994	90,971	65,997	59,975	54,101	42,265	36,215	32,038
Other Electric Utilities*	-	-	-	-	-	-	-	975	507	1,021
Miscellaneous	1,986	1,716	1,840	1,494	1,364	1,401	1,236	1,219	1,168	(1,516)
Total	358,699	322,708	307,731	246,346	151,793	135,697	118,980	94,727	82,239	75,312
Operation & Maintenance Expenses Charged to Operations (in thousands of dollars)	236,389	218,976	226,320	187,890	109,997	103,928	88,144	71,904	57,737	59,214
Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)	1,750	981	565	966	928	726	658	734	550	405
Payments to the State Charged to Reinvested Earnings (in thousands of dollars)	1,600	1,500	1,400	1,300	1,300	1,200	1,201	1,797	844	764
Net Operating Revenues Available For Debt Service (in thousands of dollars)	136,186	118,230	94,219	66,503	46,732	35,958	33,796	28,091	29,799	19,983
Reinvested Earnings** (in thousands of dollars)	12,502	36,161	38,610	21,048	21,406	10,791	5,516	8,978	11,902	8,060
Debt Service Coverage:										
Expansion Bonds	1.83	1.69	2.18	1.90	2.41	2.12	2.30	3.34	3.25	4.52
Priority Obligation & Expansion Bonds	1.78	1.65	2.07	1.79	2.14	1.88	1.98	2.46	2.45	2.56
Kilowattour Sales (in thousands)										
Residential	646,467	559,929	541,522	536,461	472,495	443,186	446,247	403,107	342,232	319,744
Commercial	688,748	595,724	569,474	549,737	511,726	506,243	489,437	449,335	404,501	375,320
Industrial	4,232,994	3,940,370	4,049,632	3,952,408	1,890,415	1,788,087	1,441,494	1,356,706	1,202,291	1,240,927
Military	392,309	373,403	350,127	343,258	306,582	316,537	323,763	302,789	301,172	291,632
Municipal	25,448	20,236	17,841	17,572	17,506	16,966	16,670	15,495	14,381	13,075
Wholesale	3,798,454	3,422,275	3,351,388	3,470,042	3,099,574	2,881,781	2,843,955	2,576,794	2,220,559	2,018,602
Total	9,784,420	8,911,937	8,879,984	8,869,478	6,298,298	5,952,800	5,561,566	5,104,226	4,485,136	4,259,300
Number of Customers (at year end)										
Residential	55,610	50,255	46,310	43,462	40,053	38,058	35,590	32,513	30,738	28,580
Commercial	11,601	10,583	10,129	9,754	9,236	8,859	8,466	8,102	7,558	7,280
Industrial	26	25	25	25	24	21	20	19	21	21
Military	3	3	3	3	3	3	3	3	3	3
Municipal	329	300	224	216	212	207	197	189	183	163
Wholesale	3	3	3	3	3	3	3	3	3	4
Total	67,572	61,169	56,694	53,463	49,531	47,151	44,279	40,829	38,506	36,051
Residential Statistics (average)										
Kilowattour Consumption/Customer	12,240	11,708	12,093	12,875	12,151	12,097	13,174	12,832	11,551	11,487
Cents/Kilowattour	5.50	5.02	5.01	4.09	3.73	3.44	3.27	2.68	2.66	2.61
Generating Capability (year end) (megawatts)	2,764	2,265	1,965	1,965	1,736	1,456	1,400	1,120	1,120	1,092
Power Requirements and Supply (kilowattours in millions)										
Generation-										
Hydro	628	694	522	414	824	680	702	715	739	784
Steam	7,287	7,840	8,492	8,620	5,800	5,343	5,238	4,402	3,779	3,012
Combustion Turbine	2	-	18	31	10	6	38	21	2	11
Nuclear	1,931	494	-	-	-	-	-	-	-	-
Total	9,848	9,028	9,032	9,065	6,634	6,029	5,978	5,138	4,520	3,807
Purchases, Net Interchange, Etc.	355	333	380	371	193	429	95	474	429	882
Total	10,203	9,361	9,412	9,436	6,827	6,458	6,073	5,612	4,949	4,689
Calendar Year	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Territorial Peak Loads (megawatts)	1,810	1,685	1,754	1,554	1,352	1,231	1,161	1,065	943	911

() Denotes Negative

* Effective July 1, 1977. Interchange sales were reclassified as a credit to purchased power.

** Reinvested earnings referred to above and on pages 64, 65 and 66 reflect revenue available to meet Santee Cooper's Bond Indenture and Resolution requirements.

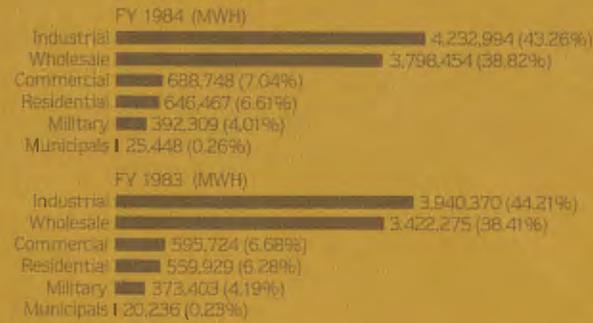
APPLICATIONS OF REVENUE

Years Ended June 30, 1984 and 1983(1)

	1984	1983
Total Operating Revenues	\$ 358,699,467	\$ 322,708,318
Operating Expenses:		
Operation		
Production	164,515,248	171,523,177
Purchased and Interchanged Power — Net	17,471,581	1,331,726
Transmission	1,720,218	1,507,606
Distribution	1,307,917	1,305,113
Customer Accounts	2,319,099	2,170,201
Sales	97,399	103,125
Administrative and General	20,239,656	14,662,640
Maintenance	28,717,632	26,372,895
Total Operation and Maintenance Expenses	236,388,750	218,976,483
Sums in Lieu of Taxes	1,750,154	980,744
Total Operating Expenses	238,138,904	219,957,227
Net Operating Revenues	120,560,563	102,751,091
Other Income	15,181,176	15,059,655
Revenue Available for Debt Service and Other Purposes	135,741,739	117,810,746
Total Debt Service	76,232,691	71,457,157
Lease Payments to Central	5,486,980	5,461,847
Principal and Interest on Other Obligations	8,323,527	8,916,111
Balance after Debt Service, Lease Payments, and Other Obligations	45,698,541	31,975,631
Payments to the State of South Carolina	1,600,143	1,500,000
Payment to the Special Reserve Fund — Net	1,154,863	1,079,756
Mandatory 8% Allocation for Capital Improvements	29,961,305	23,240,452
Revenue Available for Operating Requirements	\$ 12,982,230	\$ 6,155,423

(1) This summary has been prepared from the financial statements and other data of the Authority and has not been examined by the independent auditors. This summary presents the net revenues available to the Revenue Fund for purposes such as providing for increases in working capital requirements. It differs from the Statement of Reinvested Earnings in that it represents cash transactions on debt service and, accordingly, excludes non-cash items such as depreciation, allowance for funds used during construction and amortization of debt discount and expense.

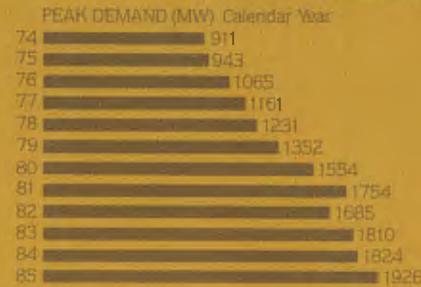
ENERGY SALES



AVERAGE RESIDENTIAL CONSUMPTION AND COST



DEMAND AND NET PEAK SYSTEM CAPACITY



CAPACITY (MW) Calendar Year



FUEL GENERATING COST/KWH (Cents/KWH) FY



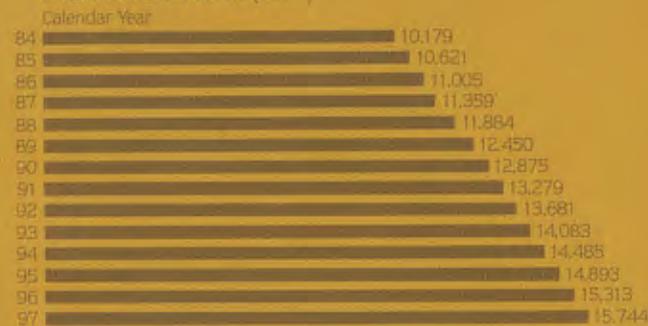
*No oil burned for generation in FY83.

RATE COMPARISON FY84

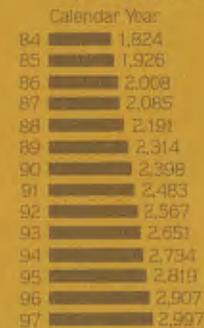
1000 KWH RESIDENTIAL (AVERAGE COST)



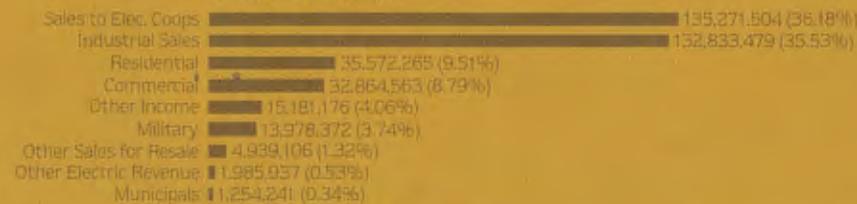
ENERGY FORECASTS (GWH)



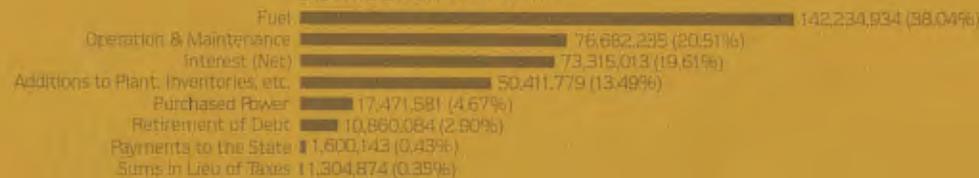
PEAK DEMAND FORECASTS (MW)



SOURCE OF INCOME



DISTRIBUTION OF INCOME



SCHEDULE OF BONDS OUTSTANDING

As of June 30, 1984

(In Thousands)

Maturity Date	1950 Issue		1967 Issue		1973 Refunding Issue		1973 Issue		1974 Issue		1977 Refunding Issue		1977 Issue		1978 Issue		1979A Issue		1980A Issue		1981A Issue		
	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.	Int. Rate	Amt.	
1984	2.70	275	4.10	335*	5.00	830	5.00	1,025	6.00	1,035	4.45	2,710	4.20	435	4 1/2	780	5.45	955	8.60	680			
1985	2.70	285	4.10	630*	5.00	875	5.20	1,075	6.00	1,105	4.60	2,835	4.30	445	4.60	970	5 1/2	985	8.70	740	7 1/2	555	
1986	2.70	290	4.10	660*	5.00	920	5.20	1,130	6.00	1,170	4 1/2	2,975	4.40	470	4.70	1,015	5 1/2	1,025	8.80	800	7.65	615	
1987	2.70	300	4.10	685*	5.00	965	5.20	1,185	6.00	1,250	4.90	3,120	4 1/2	490	4.80	1,070	5.55	1,065	8.90	875	7.80	680	
1988	2.70	310	4.10	715*	5.00	1,010	5.20	1,250	6.00	1,325	5.00	3,280	4.60	515	4.90	1,125	5.60	1,105	9.00	950	8.00	760	
1989	2.70	480	4.10	575*	5.00	1,060	5 1/4	1,315	6.10	1,405	5.10	3,450	4.70	540	5.00	1,200	5.70	1,150	9.10	1,035	8.15	845	
1990	2.70	1,900	4.10	420*	5 1/4	1,380	6.20	1,505	5.20	3,620	4.80	570	5.05	1,155	5 3/4	1,195	9.20	1,130	8.30	940			
1991	2.70	1,950	4.10	440*	5.30	1,455	6 1/2	1,590	5.30	3,830	4.90	590	5.10	1,220	5.85	1,240	9 1/2	1,235	8.45	1,050			
1992	2.70	2,005	4.10	455*	5.40	1,530	6.30	1,695	5.40	4,035	5.00	625	5.15	1,285	5.90	1,300	9.30	1,350	8.60	1,165			
1993	2.70	2,060	4.10	480*	5.40	1,615	6.30	1,795	5 1/2	4,260	5.10	660	5.20	1,355	5.95	1,360	9.40	1,475	8 3/4	1,295			
1994			4.10	2,605*			5 3/4	1,700*	6.40	1,910	5.60	4,480	5.20	720	5 1/4	1,440	6.00	1,425	9.45	1,615	8.90	1,435	
1995			4.10	2,720*			5 3/4	1,795*	6.40	2,035	5.65	4,710	5.30	785	5.30	1,515	6.05	1,490	9 1/2	1,765	9.00	1,600	
1996			4.10	2,845*			5 3/4	1,900*	6.40	2,155	5.70	4,995	5.40	830	5.35	1,585	6.10	1,565	9.80	1,930*	9.15	1,775	
1997			4.10	2,975*			5 3/4	2,010*	6 1/2	2,295	5.70	5,265	5.45	890	5.40	1,670	6.20	1,645	9.80	2,120*	9.30	1,970	
1998			4.10	3,105*			5 3/4	2,125*	6 1/2	2,435	5 7/8	5,590*	5 1/2	935	5.40	1,760	6.30	1,725	9.80	2,330*	9 3/4	2,190*	
1999			4.10	3,245*			5 3/4	2,245*	6 1/2	2,590	5 7/8	5,915*	5 1/2	1,005	5.70	1,850*	6.35	1,815	9.80	2,560*	9 3/4	2,430*	
2000			4.10	3,395*			5 3/4	2,375*	6 3/4	2,750*	5 7/8	6,275*	5.55	1,065	5.70	1,940*	6.40	1,915	9.80	2,810*	9 3/4	2,700*	
2001			4.10	3,545*			5 3/4	2,510*	6 3/4	2,920*	5 7/8	6,665*	5.60	1,130	5.70	2,045*	6.45	2,025	9.80	3,085*	9 3/4	2,995*	
2002			4.10	3,705*			5 3/4	2,655*	6 3/4	3,110*	5 7/8	7,050*	5.60	1,220	5.70	2,145*	6 1/2	2,135	9.80	3,385*	9 3/4	3,000*	
2003			4.10	3,870*			5 3/4	2,810*	6 3/4	3,295*	6.00	7,490*	5 3/4	1,295*	5.70	2,260*	6 1/2	2,260	10 1/8	3,720*			
2004			4.10	4,045*			5 3/4	2,970*	6 3/4	3,505*	6.00	7,950*	5 3/4	1,380*	5.70	2,380*	6 3/4	2,390*	10 1/8	4,095*			
2005			4.10	4,230*			5 3/4	3,140*	6 3/4	3,730*	6.00	8,450*	5 3/4	1,460*	5.70	2,500*	6 3/4	2,540*	10 1/8	4,510*			
2006			4.10	4,420*			5 3/4	3,325*	6 1/2	3,950*	6.00	8,970*	5 3/4	1,570*	5.70	2,630*	6 3/4	2,695*	10 1/8	4,965*			
2007							5 3/4	3,515*	6 3/4	4,205*	6.00	9,400*	5 3/4	1,795*	5.70	2,785*	6 3/4	2,865*	10 1/8	5,470*			
2008							5 3/4	3,715*	6 3/4	4,470*	6.00	9,950*	5 3/4	1,945*	5.70	2,845*	6 3/4	3,010*	10 1/8	6,025*			
2009							5 3/4	3,930*	6 3/4	4,745*	6.00	10,565*	5 3/4	2,080*	5 7/8	8,330*	6 3/4	3,160*	10 1/8	6,635*			
2010							5 3/4	4,155*	6 3/4	5,045*	6.00	11,210*	5 3/4	2,225*	5 7/8	8,845*	6 7/8	3,335*	10 1/8	7,305*			
2011							5 3/4	11,520*	6 3/4	5,390*	6.00	4,980*	5 3/4	2,180*	5 7/8	9,390*	6 7/8	3,525*			10 1/8	1,300*	
2012							5 3/4	12,180*	6 3/4	5,895*	6.00	5,315*	5 3/4	2,300*	5 7/8	9,980*	6 7/8	3,720*			10 1/4	1,430*	
2013							5 3/4	12,880*	6 3/4	6,045*	6.00	5,625*	5 3/4	2,500*	5 7/8	10,590*	6 7/8	3,925*			10 1/4	1,580*	
2014									6 3/4	20,045*	6.00	6,010*	5 3/4	2,640*	5 7/8	11,250*	6 7/8	4,140*			10 1/4	1,745*	
2015											6.00	9,515*	5 3/4	21,065*	5 7/8	11,950*	6 7/8	4,370*			10 1/4	1,920*	
2016											6.00	11,285*	5 3/4	21,235*	5 7/8	12,555*	6 7/8	4,610*			10 1/4	2,120*	
2017													5 3/4	34,580*	5 7/8	13,190*	6 7/8	4,870*			10 1/4	2,330*	
2018														5 1/8	50,600*	6 7/8	5,135*			10 1/4	2,575*		
2019																	6 7/8	25,550*			10 1/4	3,500*	
2020																					10 1/4	23,500*	
2021																							
2022																							
Total Outstanding		9,855		50,100		5,660		96,415		106,155		201,775		114,170		198,805		109,220		74,595		75,000	
Bonds Redeemed to 6-30-84		5,445		1,500		6,390		3,585		2,845		13,375		830		1,195		780		405		0	
Original Issue		15,300		51,600		12,050		100,000		109,000		215,150		115,000		200,000		110,000		75,000		75,000	

*Term Bonds

**The Subtotal of Priority Obligations and Expansion Bonds (See Financial Statements - Page 63) includes \$208,280 for the AB Loan which is not included in this schedule.

Bonds issued in 1949, 1971, 1976, 1981 (\$100,000,000 of the 1981 C issue), and 1982 (\$127,000,000 of the 1982 A issue) have been advanced refunded and are no longer a liability of Santee Cooper.

1981B Issue		1981C Issue		1982A Issue		1982B Issue		1982 Refunding Issue		Total Principal Maturities	Accruing Interest	Total Debt Service
Int. Rate	Amt.	Int. Rate	Amt.									
										9060	149,138	158,198
										10,500	148,679	159,179
		10 ¹ / ₂	710	9 ¹ / ₂	1,375	9 ¹ / ₂	565			13,720	148,125	161,845
		10 ³ / ₄	785	10.00	1,465	10.00	655	7 ¹ / ₄	435	15,025	147,273	162,298
		11.00	865	10 ¹ / ₂	1,595	10 ¹ / ₄	740	7 ¹ / ₂	470	16,015	146,308	162,323
		11 ¹ / ₄	965	11.00	1,735	10 ¹ / ₂	835	7 ³ / ₄	505	17,095	145,247	162,342
		11 ¹ / ₂	1,070	11 ¹ / ₂	1,905	10 ³ / ₄	940	8.00	545	18,275	144,085	162,360
		11 ³ / ₄	1,185	11 ³ / ₄	2,105	11.00	1,060	8.20	585	19,535	142,840	162,375
		12.00	1,315	12.00	2,335	11 ¹ / ₂	1,195	8.40	635	20,925	141,472	162,397
		12 ¹ / ₄	1,470	12.30	2,590	11.60	1,345	8.60	690	22,450	139,964	162,414
		12 ¹ / ₂	1,635	12.60	2,895	11.90	1,515	8 ³ / ₄	750	24,125	138,303	162,428
11.00	3,090	13 ¹ / ₄	1,875*			12.10	1,815	9 ³ / ₈	815*	26,010	136,431	162,441
11.10	4,000	13 ¹ / ₂	1,530*			12.20	2,040	9 ³ / ₈	890*	28,040	134,412	162,452
11.20	4,220	13 ¹ / ₄	1,925*			12.30	2,295	9 ³ / ₈	975*	30,255	132,208	162,463
11.30	4,590	13 ¹ / ₂	2,250*			12 ³ / ₄	85*	9 ³ / ₈	1070*	30,190	129,788	159,978
11.40	5,090	13 ¹ / ₄	2,545*			12 ³ / ₄	95*	9 ³ / ₈	1165*	32,550	127,427	159,977
11 ¹ / ₂	12,010							9 ³ / ₈	1275*	38,510	124,847	163,357
		13 ¹ / ₄	9,875*			12 ³ / ₄	100*	9 ³ / ₈	1,395*	38,290	121,685	159,975
				13 ³ / ₄	5,265*	12 ³ / ₄	1,330*	9 ³ / ₈	1,525*	41,525	118,450	159,975
				13 ³ / ₄	14,735*	12 ³ / ₄	1,530*	9.60	1,670*	44,935	115,044	159,979
						12 ³ / ₄	17,320*	9.60	3,000*	49,035	110,943	159,978
						12 ³ / ₄	19,540*	9.60	3,275*	53,375	106,606	159,981
						13.00	915*	9.60	3,575*	37,015	101,833	138,848
						13.00	1,050*	9.60	3,895*	39,580	99,269	138,849
						13.00	1,200*	9.60	4,250*	42,410	96,437	138,847
						13.00	1,375*	9.60	4,640*	45,460	93,388	138,848
						13.00	1,570*	9.60	5,070*	48,760	90,090	138,850
9 ¹ / ₄	8,520*					13.00	1,800*	9.60	3,755*	52,320	86,530	138,850
9 ¹ / ₄	9,310*					13.00	2,040*	9.60	4,105*	56,075	82,773	138,848
9 ¹ / ₄	10,170*					13.00	2,320*	9.70	4,485*	60,120	78,728	138,848
12.00	1,195*	10.00	9,365*			13.00	2,625*	9.70	5,465*	64,480	74,367	138,847
12.00	1,335*	10.00	10,635*			13.00	2,990*	9.70	5,645*	69,425	69,426	138,851
12.00	1,480*					13.00	3,395*	9.70	17,885*	74,565	64,284	138,849
12.00	1,655*					13.00	3,885*	9.70	19,575*	80,085	58,760	138,849
12.00	1,845*					13.00	4,445*	9.70	21,425*	86,025	52,821	138,846
12.00	34,905*					13.00	5,095*	9.70	23,445*	92,495	46,354	138,849
12.00	46,585*					13.00	5,830*	9.70	25,815*	101,730	37,113	138,843
10 ¹ / ₂	50,000*					13.00	6,685*	9.70	56,330*	112,995	25,853	138,848
						13.00	62,800*	9.70	62,970*	125,770	14,272	140,042
	200,000		50,000		38,000		165,000		294,000	1,788,750**	4,121,573	5,910,323
	0		0		0		0		0	36,350		
	200,000		50,000		38,000		165,000		294,000	1,825,100		

FINANCIAL STATEMENTS

SOUTH CAROLINA
PUBLIC SERVICE AUTHORITY

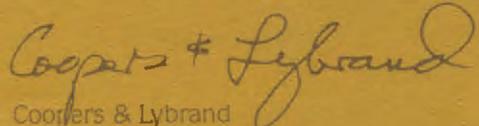
Fiscal Year 1984

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have examined the balance sheets of the South Carolina Public Service Authority at June 30, 1984 and 1983, and the related statements of reinvested earnings, accumulated earnings reinvested in the business, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned financial statements present fairly the financial position of the South Carolina Public Service Authority at June 30, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.


Coopers & Lybrand
Columbia, South Carolina
August 31, 1984

BALANCE SHEETS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
June 30, 1984 and 1983

Assets	1984	1983
Utility Plant — At Cost (Notes 1 and 3):		
Electric plant in service	\$ 1,894,794,565	\$ 1,378,389,661
Construction work in progress	97,503,142	468,980,471
Total	1,992,297,707	1,847,370,132
Less accumulated depreciation	231,859,129	186,827,617
Electric plant — net	1,760,438,578	1,660,542,515
Nuclear fuel — net (Note 3)	22,776,113	21,484,293
Utility plant — net	1,783,214,691	1,682,026,808
Other Physical Property (Net of Accumulated Depreciation)	410,757	421,309
Unexpended Funds from Sale of Electric System Expansion Revenue Bonds (Note 2)	111,207,289	106,558,891
Debt Service and Other Special Funds (Note 2)	294,870,829	392,799,565
Current Assets:		
Cash and securities:		
Held by trustee	15,470,636	13,834,466
Other	10,477,127	6,780,569
Accounts receivable, less allowance of \$4,636,784 in 1984 and \$4,350,407 in 1983	30,181,942	31,269,376
Accrued interest receivable	2,500,698	2,563,924
Inventories, at average cost:		
Fuel (coal and oil)	43,293,827	47,058,126
Materials and supplies	4,659,485	4,271,373
Prepaid expenses	1,600,529	1,389,603
Total current assets	108,184,244	107,167,437
Deferred Debits:		
Unamortized debt expense (Note 1)	23,146,177	24,255,948
Unamortized loss on refunded debt (Note 1)	71,132,770	71,439,166
Other	1,043,008	1,305,168
Total deferred debits	95,321,955	97,000,282
Total	\$ 2,393,209,765	\$ 2,385,974,292

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

Liabilities	1984	1983
Long-Term Debt (Note 4):		
Priority obligations	\$ 65,823,280	\$ 67,469,840
Electric System Expansion Revenue Bonds	1,723,135,000	1,729,705,000
Subtotal	1,788,958,280	1,797,174,840
Electric Revenue Notes	135,000,000	135,000,000
Capitalized lease obligations	79,898,586	82,467,110
Other	—	75,000
Total long-term debt	2,003,856,866	2,014,716,950
Less:		
Reacquired debt	1,580,000	500,000
Unamortized debt discount and premium — net	23,770,326	24,780,255
Long-term debt — net	1,978,506,540	1,989,436,695
Accrued Interest on Long-Term Debt	76,180,280	83,331,019
Construction Fund Liabilities — Accounts Payable	18,288,447	22,223,134
Other Non-current Liabilities	1,553,651	702,497
Current Liabilities:		
Commercial paper (Note 5)	25,000,000	15,000,000
Accounts payable	22,010,464	18,810,459
Customer deposits	2,890,843	2,588,239
Accrued sums in lieu of taxes	864,506	557,777
Other	3,325,970	1,262,196
Total current liabilities	54,091,783	38,218,671
Commitments and Contingencies (Notes 6 and 7)		
Deferred Credits:		
Unamortized gain on reacquired debt (Note 1)	984,217	757,460
Nuclear fuel settlement (Note 3)	15,476,332	14,078,208
Total deferred credits	16,460,549	14,835,668
Capital Contributions — U.S. Government Grants	34,438,264	34,438,264
Accumulated Earnings Reinvested in the Business	213,690,251	202,788,344
Total	\$ 2,393,209,765	\$ 2,385,974,292

STATEMENTS OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Years Ended June 30, 1984 and 1983

	1984	1983
Accumulated earnings reinvested in the business — beginning of year	\$ 202,788,344	\$ 168,127,645
Reinvested earnings for the year	12,502,050	36,160,699
Total	215,290,394	204,288,344
Distribution to the State of South Carolina (See note below)	1,600,143	1,500,000
Accumulated earnings reinvested in the business — end of year	\$ 213,690,251	\$ 202,788,344

Note: The distribution to the State of South Carolina is determined utilizing a calculation formula required under the Bond Indenture which is based essentially on operating cash flow and mandatory reserve requirements. Such calculation varies substantially from reinvested earnings for the year which includes among other things, interest income earned on restricted funds and an allowance for funds used during construction.

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

STATEMENTS OF REINVESTED EARNINGS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Years Ended June 30, 1984 and 1983

	1984	1983
Operating Revenues:		
Sales of electricity	\$ 356,713,532	\$ 320,992,679
Other operating revenues	1,985,935	1,715,639
Total operating revenues	358,699,467	322,708,318
Operating Expenses:		
Operation expense:		
Production	164,515,248	171,523,177
Purchased and interchanged power — net	17,471,581	1,331,726
Transmission	1,720,218	1,507,606
Distribution	1,307,917	1,305,113
Customer accounts	2,319,099	2,170,201
Sales	97,399	103,125
Administrative and general	20,239,656	14,662,640
Maintenance expense	28,717,632	26,372,895
Total operation and maintenance expense	236,388,750	218,976,483
Depreciation	47,372,511	32,906,088
Sums in lieu of taxes	1,750,154	980,744
Total operating expenses	285,511,415	252,863,315
Operating Income	73,188,052	69,845,003
Other Income:		
Interest income:		
Other funds	15,284,985	14,688,623
Borrowed funds	34,069,951	55,102,408
Allowance for funds used during construction — other than borrowed funds (Note 1)	2,987,309	2,094,489
Other income (expense) — net	(103,809)	371,032
Total other income	52,238,436	72,256,552
Total	125,426,488	142,101,555
Interest Charges:		
Interest on long-term debt	160,258,677	162,553,055
Allowance for funds used during construction — borrowed funds (Note 1)	(50,905,897)	(59,348,469)
Other	3,571,658	2,736,270
Total interest charges	112,924,438	105,940,856
Reinvested Earnings	\$ 12,502,050	\$ 36,160,699

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

STATEMENTS OF CHANGES IN FINANCIAL POSITION

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Years Ended June 30, 1984 and 1983

	1984	1983
Funds Provided By:		
Operations:		
Reinvested earnings	\$ 12,502,050	\$ 36,160,699
Charges (credits) to reinvested earnings not providing or requiring funds:		
Depreciation	47,372,511	32,906,088
Allowances for funds used during construction	(53,893,206)	(61,442,958)
Amortization of debt discount and expense	2,515,393	2,331,503
Amortization of gain or loss on reacquired debt — net	36,772	48,085
Total from operations	8,533,520	10,003,417
Sale of bonds/notes	75,000,000	354,000,000
Decrease in unexpended funds from sale of Electric System Expansion Revenue Bonds	—	73,648,349
Decrease in debt service and other special funds	97,928,736	91,082,115
Increase in accrued interest on long-term debt	—	10,831,359
Increase in construction fund liabilities	—	799,985
Nuclear fuel settlement	1,398,124	1,734,477
Additions to gain/loss on reacquired debt — net	496,381	—
Other	33,314	665,605
Total funds provided	183,390,075	542,765,307
Funds Applied to:		
Increase in utility plant	94,656,636	187,560,160
Retirement of long-term debt	83,291,560	283,798,687
Increase in unexpended funds from sale of Electric System Expansion Revenue Bonds	4,648,398	—
Decrease in construction fund liabilities	3,934,687	—
Decrease in accrued interest on long-term debt	7,150,739	—
Principal payments — capitalized lease obligations	2,568,524	3,142,436
Distributions to the State of South Carolina	1,600,143	1,500,000
Increase in unamortized debt discount and expense	395,693	943,021
Increase in unamortized loss on refunded debt	—	62,587,880
Total funds applied	198,246,380	539,532,184
Increase (Decrease) in Working Capital	\$ (14,856,305)	\$ 3,233,123
Increase (Decrease) in Working Capital by Component:		
Cash and securities	\$ 5,332,728	\$ 8,554,428
Accounts receivable, less allowance for doubtful accounts	(1,087,434)	3,406,723
Accrued interest receivable	(63,226)	(343,029)
Inventories	(3,376,187)	8,149,012
Other current assets	210,926	261,926
Accounts payable	(3,200,005)	(466,578)
Customer deposits	(302,604)	(103,291)
Accrued sums in lieu of taxes	(306,729)	(149,589)
Commercial paper	(10,000,000)	(15,000,000)
Other current liabilities	(2,063,774)	(1,076,499)
Increase (Decrease) in Working Capital	\$ (14,856,305)	\$ 3,233,123

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1984 and 1983

Note 1 — Summary of Significant Accounting Policies:

A — System of Accounts — The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). See Note F below relating to calculation of allowance for funds used during construction.

B — Utility Plant Capitalization and Maintenance— Additions to plant are recorded at cost, which includes material, labor, overhead, and an allowance for funds used during construction. The costs of repairs and minor replacements are charged to appropriate operating expense and clearing accounts. 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.

C — Depreciation — Depreciation is computed on a straight line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percent of average depreciable utility plant in service, were approximately 3.43% and 3.28% for 1984 and 1983, respectively.

D — Operating Revenues and Energy Costs — Revenues from sale of electric energy, including amounts resulting from application of fuel adjustment clauses, are recorded as meters are read. Fuel costs are reflected in operating expenses as consumed.

E — Pension Costs — Employees of the Authority are covered by a State Pension Plan administered by the South Carolina State Retirement System which provides for employee and Authority contributions. Contribution rates are established by State statutes. The Authority's contributions to the State Pension Plan were \$2,413,843 and \$2,090,597 for the years ended June 30, 1984 and 1983, respectively. Data concerning accrued benefits and pension fund assets relating to Authority employees are not available.

F — Allowance for Funds Used During Construction— The allowance for funds used during construction (AFUDC) reflects the cost for the period of capital devoted to plant under construction, including nuclear fuel. This cost represents interest charges on borrowed funds and a reasonable rate of return on other funds used to finance plant additions during

construction periods and is capitalized in the same manner as construction labor and material costs. Construction projects are substantially financed by identifiable borrowings, and AFUDC on specific construction projects is calculated using the effective interest rates of the respective borrowings, compounded annually. AFUDC for other funds utilized is calculated based on the Authority's average rate of return for the last three years.

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

Note 2 — Unexpended Funds from Sale of Expansion Bonds, Debt Service, and Other Special Funds:

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

Note 3 — 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 interest of 33⅓% and 66⅔%, respectively. SCE&G is solely responsible for the design, construction, operation, maintenance, and decommissioning of the Summer Plant, and the Authority is obligated to pay its ownership share of all costs relating thereto. At June 30, 1984 and 1983, the plant accounts included approximately \$416,921,000 and \$407,164,000 respectively, representing the Authority's investment, including AFUDC, in the Summer Plant.

Nuclear fuel represents the Authority's investment in the initial core of three regions and a major portion of Region Four that will be used for the first reload.

Nuclear fuel costs are being amortized based on energy expended which includes a component for estimated disposal costs of spent nuclear fuel. These amortizations are included in fuel expense and are recovered through the Authority's rates. Decommissioning costs (costs to take the plant out of service in the future) for the Summer Plant are estimated to be \$263 million, for the Authority's 1/3 ownership, based on a 30 year useful life with decommissioning expected to commence in the year 2013. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates. The estimated decommissioning costs are periodically reviewed and adjustments recorded as appropriate.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of the contract provisions, and a

final settlement was reached and approved by all parties in April 1980.

By terms of the order approving the settlement, the court imposed confidentiality upon the details of the settlement. The Authority has received approximately \$10,243,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of some uranium, long-term deliveries of equipment and services (including conversion and fuel fabrication) at a discount, and the prospect of additional cash payments pending the outcome of litigation between the supplier and a group of uranium producers.

Amounts received have been included in deferred credits and will be applied as a reduction of uranium fuel costs. This is consistent with SCE&G's treatment pursuant to an order from the South Carolina Public Service Commission. The cost of nuclear fuel purchased has been reduced by approximately \$4,010,000.

Note 4 — Long-Term Debt Outstanding:

	June 30	
	1984	1983
Priority Obligations:		
Electric Revenue Bonds, Series of 1950, bearing interest at 2.70% and due 1984 to 1993	\$ 9,855,000	\$ 10,120,000
Electric Revenue Bonds, Series of 1967, bearing interest at 4.10% and due 1984 and 2006	50,100,000	50,265,000
Electric Revenue Bonds, Refunding Series of 1973, bearing interest at 5% and due 1984 to 1989	5,660,000	6,455,000
Contract Obligations, payable 1984	208,280	629,840
Total Priority Obligations	65,823,280	67,469,840
Electric System Expansion Revenue Bonds:		
Expansion Bonds, 1973 Series, bearing interest from 5% to 5 3/4% and due 1984 to 1993 and 2013	96,415,000	97,385,000
Expansion Bonds, 1974 Series, bearing interest from 6% to 6 3/4% and due 1984 to 1999 and 2014	106,155,000	107,135,000
Expansion Bonds, 1977 Refunding Series, bearing interest from 4.45% to 6% and due 1984 to 1997 and 2002 and 2016	201,775,000	204,370,000
Expansion Bonds, 1977 Series, bearing interest from 4.20% to 5 3/4% and due 1984 to 2002 and 2017	114,170,000	114,580,000
Expansion Bonds, 1978 Series, bearing interest from 4 1/2% to 5 7/8% and due 1984 to 1998 and 2008 and 2018	198,805,000	199,700,000
Expansion Bonds, 1979 Series A, bearing interest from 5.45% to 6 7/8% and due 1984 to 2003 and 2009 and 2019	109,220,000	109,795,000
Expansion Bonds, 1980 Series A, bearing interest from 8.80% to 10 1/8% and due 1984 to 1995 and 2002 and 2010	74,595,000	74,740,000
Expansion Bonds, 1981 Series A, bearing interest from 7 1/2% to 10 1/4% and due 1985 to 1997 and 2002 and 2020	75,000,000	75,000,000
Expansion Bonds, 1981 Series B, bearing interest from 9 1/4% to 12% and due 1995 to 2000 and 2013 and 2020 and 2021	200,000,000	200,000,000
Expansion Bonds, 1981 Series C, bearing interest from 10% to 13 1/4% and due 1986 to 1994 and 2001 and 2015	50,000,000	50,000,000

Expansion Bonds, 1982 Series A, bearing interest from 9½% to 13% and due 1986 to 1994 and 2003	38,000,000	38,000,000
Expansion Bonds, 1982 Series B, bearing interest from 9½% to 13% and due 1986 to 1997 and 2005 and 2022	165,000,000	165,000,000
Expansion Bonds, 1982 Refunding Series, bearing interest from 7¼% to 9.70% and due 1987 to 1994 and 2002 and 2012 and 2022	294,000,000	294,000,000
Total Expansion Bonds	1,723,135,000	1,729,705,000
Electric Revenue Notes:		
Electric Revenue Notes, 1980, bearing interest at 5½% and due December 1, 1983	—	50,000,000
Electric Revenue Notes, 1981, bearing interest at 7¾% and due June 1, 1984	—	25,000,000
Electric Revenue Notes, 1983 Series A, bearing interest at 5.60% and due May 1, 1985	60,000,000	60,000,000
Electric Revenue Notes, 1983 Series B, bearing interest at 6½% and due May 1, 1985	75,000,000	—
Total Electric Revenue Notes	135,000,000	135,000,000
Capital Subordinated Lease Contracts, payable 1984 to 2015	79,898,586	82,467,110
Other	—	75,000
Total long-term debt	\$ 2,003,856,866	\$ 2,014,716,950

The Authority utilizes proceeds of debt issues primarily in financing its construction program.

The Electric System Expansion Revenue Bonds, 1971 and 1976 Series, were advance refunded and defeased in 1977 by issuance of 1977 Refunding Series Bonds and Special Obligation Refunding Series Bonds. The principal amount of the refunded bonds and Special Obligation Bonds outstanding at June 30, 1984, totaled \$111,815,000. In November 1982, \$127,000,000 of the 14 ¼% Electric System Expansion Revenue Bonds, 1982 Series A and \$100,000,000 of the 13¼% Electric System Expansion Revenue Bonds, 1981 Series C, were advance refunded and defeased by issuance of the 1982 Refunding Series Bonds. The principal amount of the refunded bonds outstanding at June 30, 1984 totaled \$227,000,000. Such bonds will be retired as they mature from the proceeds of government obligations held by the Refunding Trustee. Although the 1982 advance refunding of debt resulted in a book loss of approximately \$62,588,000 it will reduce debt service by approximately \$114,000,000 over the life of the bonds. This loss is being amortized over such life as impacted by the rate-making process.

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

The Authority covenants to establish rates and charges adequate to provide revenues sufficient, among other things, to pay debt service when due on the priority obligations and expansion bonds, to

make required payments when due into the lease fund and the capital improvement fund, and to pay the costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements, and renewals thereof.

The Authority is presently required to pay annually into its capital improvement fund an amount which, together with the amounts deposited therein in the two preceding fiscal years, is at least equal to 8% of the Authority's gross revenues (as defined) in the three preceding fiscal years.

The Authority may issue additional parity expansion bonds if, among other things, the Authority's Consulting Engineer certifies that net revenues (as defined) in each succeeding fiscal year after the date on which such additional bonds are sold to and including the later of (a) the third succeeding full fiscal year after such date or (b) the first full fiscal year after the estimated date of commercial operation of any power plant to pay the cost of construction of which additional expansion bonds have been, are being, or are then authorized to be issued, shall be at least equal to the sum of the amounts required in such fiscal year for (i) debt service on the priority obligations and the expansion bonds then outstanding, being issued, or authorized but not yet issued, (ii) payments into the lease fund, and (iii) payments into the capital improvement fund.

Maturities of electric revenue notes, priority obligations and expansion bonds during the years ending June 30, 1985 through 1989, are as follows:

	Electric Revenue Notes	Priority Obligations & Expansion Bonds	Total
June 30, 1985	\$ 135,000,000	\$ 9,479,051	\$ 144,479,051
June 30, 1986	—	10,500,000	10,500,000
June 30, 1987	—	13,720,000	13,720,000
June 30, 1988	—	15,025,000	15,025,000
June 30, 1989	—	16,015,000	16,015,000
Total	\$135,000,000	\$64,739,051	\$199,739,051

The contract obligations included above arose through an agreement to purchase certain transmission lines (generally known as the "A-B" System) from Central Electric Power Cooperative, Inc. Principal and interest at 2% per annum are payable in semi-annual installments. The "A-B" Note was paid in full in July 1984 and the Authority exercised its option to assume ownership. See Note 6 for details concerning long-term lease obligations.

Note 5 — Commercial Paper:

The Board of Directors authorized the issuance of commercial paper not to exceed \$50,000,000. The paper will be issued for valid corporate purposes with a term not to exceed 270 days at an annual interest rate not to exceed 9½%. As of June 30, 1984, and 1983 the effective interest rate on outstanding borrowings was 5.77% and 5.02%, respectively. During 1984 and 1983, the average effective interest rate was 5.23%, and 4.63%; the average amount outstanding was \$15,382,000, and \$10,473,000 and the average maturity was 21 and 26 days.

At June 30, 1984, the Authority had a Revolving Credit Agreement with various lenders of \$50,000,000. This Agreement is used to support the Authority's issuance of commercial paper. Under the Agreement the Authority is required to pay a fee of ¾ of 1% on the unused balance. No loans were outstanding under the Agreement at June 30, 1984.

Note 6 — Contracts with Central Electric Power Cooperative:

The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering a steam electric generating plant, transmission facilities, and various other facilities. The lease terms range from eleven to thirty-one years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the

above-mentioned facilities. The Authority has an option to purchase the leased properties at any time during the period of the lease agreement for a sum equal to Central's indebtedness remaining outstanding on the property involved at the time the option is 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. Power supply and transmission services are provided to Central in accordance with the Power System Coordination and Integration Agreement dated January 19, 1981. This agreement also provides that each party will have an option to share ownership of future generating facilities to be constructed by the other. Central has advised the Authority that it will exercise its option to own 45% of Cross '91 and the Pee Dee generating stations subject to obtaining financing guaranteed by REA.

The Authority and Central are involved in arbitration proceedings regarding certain interpretations of the coordination agreement, the outcome of which cannot presently be predicted. The effect on income or expense, if any, of the ultimate resolution will be reflected in the period settlement is determined. In the opinion of management, any settlement would not materially impact the Authority's financial position.

Future minimum lease payments on Central leases, at June 30, 1984, were:

Years ending June 30:	Amount
1985	\$ 5,466,280
1986	5,466,280
1987	5,466,280
1988	5,402,104
1989	5,344,450
Thereafter	96,193,931
Total minimum lease payments	123,339,325
Less, amounts representing interest	43,440,739
Balance at June 30, 1984	\$ 79,898,586

Leases, other than Central leases, are not material.

Note 7 — Commitments and Contingencies:

The Authority's construction budget, as adjusted for known changes, provides for expenditures (consisting of generating facilities — Cross '84, Cross '91 and other construction) of approximately \$101,398,000 during the fiscal year ending June 30, 1985, and \$152,516,000 during the following two years.

During 1982, the Federal Energy Regulatory Commission (FERC) notified the Authority that the Pinopolis West Dam and the North Santee Dam, which form a part of the Authority's electric utility system,

possessed marginal seismic stability under applicable design earthquake criteria. FERC indicated that remedial measures should be undertaken by the Authority to provide an increased level of seismic stability. The Authority engaged an engineering firm to perform studies and planning to determine the extent and cost of work necessary to correct the design weaknesses. The initial engineering study has been completed and submitted to FERC for its review.

As part of its 1983 Supplemental Appropriations Bill, the U.S. Congress authorized the Corps of Engineers to install a closure structure in the diversion canal between Lake Marion and Lake Moultrie and to construct such measures as necessary to improve the seismic stability of the Pinopolis West Dam at an estimated cost of \$22,000,000.

Of the estimated \$22,000,000, Congress appropriated \$2,000,000 for the Corps of Engineers to begin immediately with engineering and design studies in connection with the project to improve stability of the dam.

Until FERC has completed its review on the proposed modifications to the Pinopolis West Dam and the proposed remedial measures to be undertaken by the Authority on the North Santee Dam, it is not possible to estimate the extent of work necessary to correct the design weaknesses. Based on the facts as they currently exist, management believes that any cost incurred by the Authority related to the dams would not materially affect the financial position of the Authority.

Note 8 — Major Customers:

Sales to the two major customers, Central Electric Power Cooperative, Inc., and Alumax of South Carolina, Inc., were \$135,000,000 and \$79,000,000, respectively, and \$122,000,000 and \$77,000,000, respectively, for the years ended June 30, 1984 and 1983.

STATE OWNERSHIP

Santee Cooper is an electric utility which is owned as an asset by the State of South Carolina. It was established in 1934 as the South Carolina Public Service Authority. This ownership is unique because the state has no investment in the company but still owns all its properties and assets. The original financing (1938- 1942) was by a loan and grant from the United States through the Public Works Administration, with subsequent major additions funded partly by earnings but primarily by revenue bonds sold to private investors. The South Carolina Public Service Authority was established by Act No. 887 of the Acts of the General Assembly of South Carolina in 1934 for the purpose of constructing and operating the Santee-Cooper Hydroelectric Project. This included developing the Cooper, Santee, and Congaree Rivers for interstate and intrastate commerce; the production, distribution, and sale of electric power; the reclamation and drainage of swampy and flooded land; and the reforestation of lands around its lakes. Originally known as the Santee-Cooper Hydroelectric and Navigation Project, the organization is commonly referred to as Santee Cooper.

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