santee cooper

ReThink. ReDuce. ReNew.

2009 Annual Report

SANTEE COOPER'S MISSION STATEMENT

THE MISSION OF SANTEE COOPER IS TO BE THE STATE'S LEADING RESOURCE FOR IMPROVING THE QUALITY OF LIFE FOR THE PEOPLE OF SOUTH CAROLINA.

EXECUTIVE MESSAGE

Lonnie Carter
President and Chief
Executive Officer

O.L. Thompson III
Chairman
Board of Directors

Santee Cooper observed our 75th anniversary in 2009. Major anniversaries are milestone years by definition, and yet the calendar may have nothing to do with how Santee Cooper ultimately remembers 2009.

In February, our board of directors set the stage for renewal by approving a $113-million energy efficiency blueprint to significantly reduce our customers' energy consumption. Over the next several months our staff began framing the program, which we named Reduce the Use South Carolina. Through a series of rebates and initiatives, Santee Cooper is financially motivating customers to reduce their use of electricity; by 2020, our customers can save 209 million kilowatt hours a year through these programs.

The prolonged recession presented challenges in 2009 unlike any we have experienced in our careers, including an overall drop in energy sales and Santee Cooper's August suspension of permitting for the proposed coal-fired Pee Dee Energy Campus. This decision also reflected our increasing cost concerns over proposed federal regulations, and our largest customer's ability to shift some of its load to another utility. Santee Cooper is committed to increasing the diversity of our generating portfolio, and this opportunity to avoid building Pee Dee and focus on permitting our new nuclear power units will enhance that effort.

This has been a trying year for our customers as well, and Santee Cooper is pleased to report that throughout 2009 we remained focused on providing low-cost, reliable and environmentally protective electricity. We implemented an overall 3.4 percent rate increase Nov. 1 after months of study and customer input; this was our first base rate increase in 13 years. We know that dependable and affordable power will enhance our state's economic recovery. We cannot overstate our commitment to, and appreciation for, our customers and thank you again for your role in J.D. Power and Associates ranking Santee Cooper "Highest in Customer Satisfaction Among Midsize Utilities in the South" in 2009.

In 2010, Santee Cooper is rethinking ways to help customers reduce their electricity consumption, working towards our goal to meet 40 percent of our energy needs by 2020 from non-greenhouse gas emitting resources, biomass fuels, conservation and energy efficiency. We are renewing our commitment to be the state's leading resource for improving the lives of all South Carolinians. This will involve new journeys, we know, and we look forward to seeing you on the path.

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Rethink… Reduce… Renew is Santee Cooper's clarion call for Reduce the Use South Carolina, a new energy efficiency program we unveiled in September. The phrase also succinctly sums up 2009, Santee Cooper's 75th anniversary year.

It was a year of significant challenges, from a recession that hit South Carolina harder than most other states to a shifting regulatory landscape that continues to threaten the affordability and reliability of power in our state. Additionally, Santee Cooper implemented our first base rate increase since 1996 and continued our leadership role through the uncharted waters researching the viability of renewable offshore wind power.

In 2009 Santee Cooper laid a significant foundation for our future, in rethinking and redefining our approach to meeting customers' energy needs, reducing challenges to new conservation and renewable generation (thereby reducing our dependence on fossil fuel sources), and renewing our commitment to be the state's leading resource for improving the lives of all South Carolinians by ensuring we remain financially strong and aggressively in pursuit of excellence throughout every business unit.


Core Business Notes and Challenges

The year opened with two milestone events: after three years of review the Department of Health and Environmental Control finalized approval of an air permit for the Pee Dee Energy Campus, Santee Cooper's proposed 600-megawatt coal-fired generating unit in Florence County; and Santee Cooper's board approved spending $113 million to implement Reduce the Use, an unprecedented energy efficiency program that will save 209 million kilowatt-hours annually by 2020.

As our 75th anniversary approached on April 7, a deep recession had settled in across the state and nation. Climate legislation was gaining favor among members of Congress, with the House passing a sweeping cap-and-trade bill targeting coal-fired generation. Against that backdrop, Santee Cooper in August finalized a plan with our largest customer, Central Electric Power Cooperative Inc., allowing Central to begin shifting some of its load to Duke Energy beginning in 2013.

Three developments - a recessionary drop in energy demand, the enormous cost implications of cap-and-trade legislation and Central's agreement to shift load – together allowed Santee Cooper to announce in August we were suspending permitting operations for the Pee Dee facility. That decision freed Santee Cooper to more fully focus on achieving our goal to generate 40 percent of our energy by 2020 from non-greenhouse gas emitting resources, biomass fuels, conservation and energy efficiency.

New nuclear power is a big part of our plan, and 2009 brought advancements in our efforts to permit two new nuclear reactors. Our joint application with South Carolina Electric & Gas Co. continued its regulatory journey with a set of Nuclear Regulatory Commission public hearings and information meetings. The NRC staff continues its environmental study of plans to construct two 1,117-MW units adjacent to our existing V.C. Summer Nuclear Station in Jenkinsville. A draft permit is expected in 2010, with a final decision a year later.

In part to finance costs associated with the new nuclear plant, Santee Cooper held two successful bond sales in 2009, a $366,195,000 issue in May and a $424,570,000 issue in October. Both issues drew strong ratings, including a AA from Fitch Ratings, a AA- from Standard & Poor's, and a Aa2 from Moody's Investors Service. It is worth noting that throughout this year of uncertainty, these rating agencies twice reaffirmed strong long-term ratings for Santee Cooper as well.

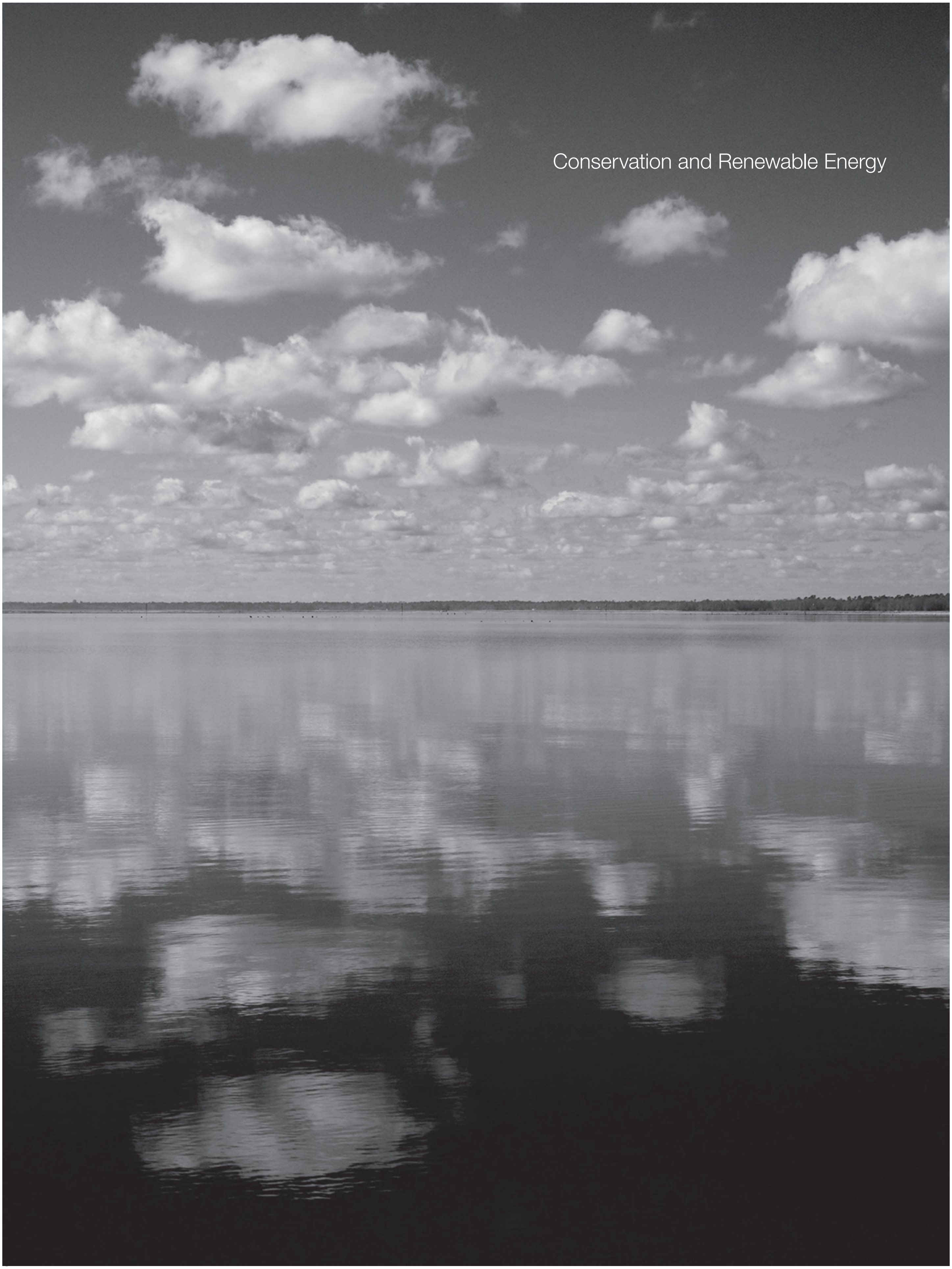
Santee Cooper implemented a base rate increase in November following an extensive rate study and a series of public comment meetings throughout our direct serve territory. The overall 3.4-percent increase was the utility's first base rate increase in 13 years. The rate is actually two-fold, including one rate for non-summer months and an additional increase for summer months, when it costs more to generate power. Santee Cooper anticipates our energy efficiency programs will help customers offset that summer rate increase by encouraging them use less power.

The Santee Cooper Regional Water System received a strong endorsement in the fall when our treatment plant on Lake Moultrie received a Ten-Year Directors Award from the Partnership for Safe Water. The system is one of just 31 water utilities nationwide to be honored for a decade of surpassing and maintaining stringent federal performance standards.

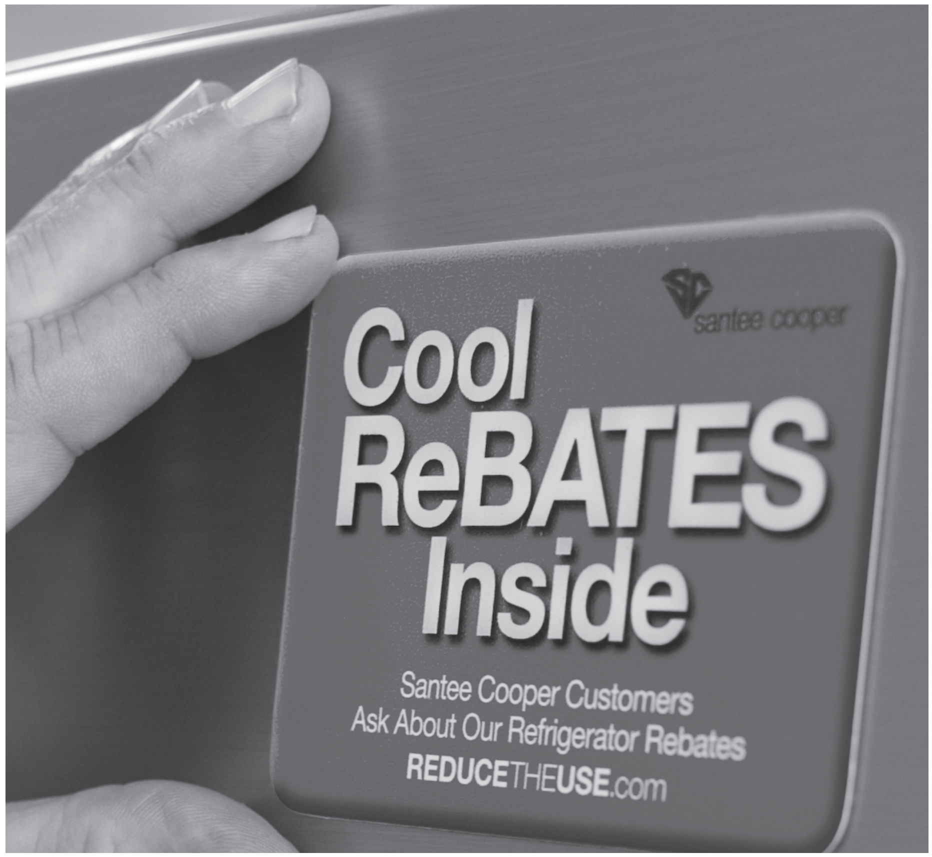
We are vigilant in pursuit of opportunities to secure coal and natural gas at the best price we can, to keep our fuel costs to customers as low as possible. We are proud of our employees' success in operating and maintaining our generation, transmission and distribution systems at high efficiency: Our generation availability for 2009 was 93.92 percent, transmission reliability was 99.99 percent, and distribution reliability was also 99.99 percent.

We are proud, too, that our customers continue to voice confidence in us, as evidenced by our 99.3 percent residential customer satisfaction rating in the 2009 MarketSearch poll.

Conservation and Renewable Energy



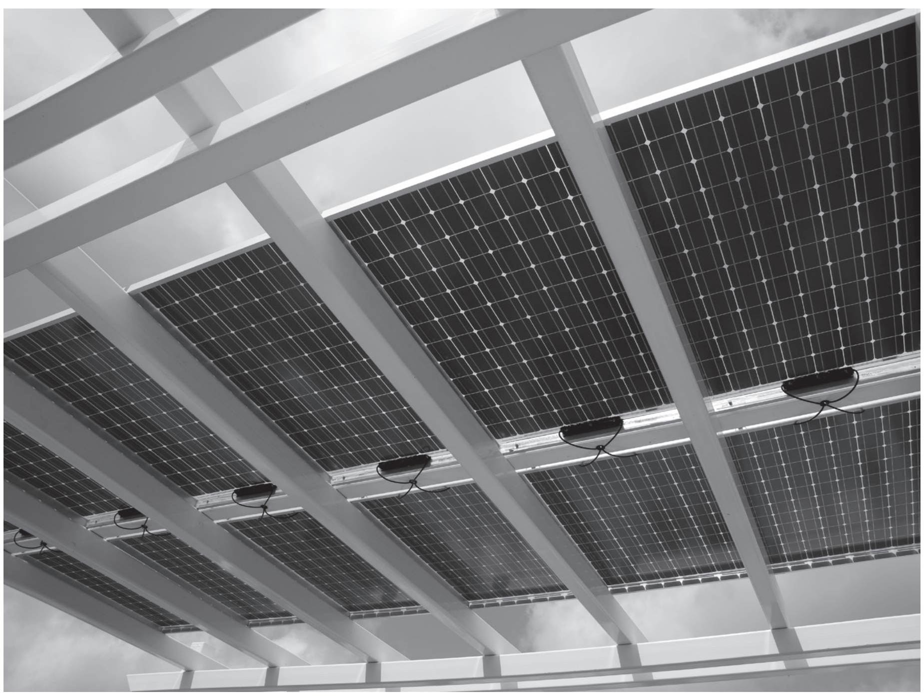
Rethink… Reduce… Renew certainly has significant meaning for our customers as we continue rolling out Reduce the Use, an aggressive series of 42 programs that will financially motivate them to use less of our electricity. And it has significant meaning for Santee Cooper as we begin 2010, in that we can continue to rethink our generation plan in favor of a more diversified mix, thereby reducing our dependence on coal as a fuel source as we renew our commitment to energy efficiency and development of additional renewable energy resources.



In September, Santee Cooper launched Reduce the Use with a Refrigerator Rebate Program, offering customers a rebate for purchasing ENERGY STAR® refrigerators and an additional rebate for letting us pick up and recycle their old refrigerators. We doubled our goal for the first phase and are actively promoting the rebates and recycling components throughout 2010. We launched Smart Energy Homes in November; it includes rebates to homeowners for improving the efficiency of their homes, and rebates to builders for building new homes to certain efficiency standards, including a super-rebate for meeting ENERGY STAR standards.

Conservation means more than encouraging our customers to reduce the use. We have to practice what we preach, and in January 2009 Santee Cooper formally launched a commuter benefits program that offers incentives to employees who commute via mass transit or carpool. The program, called iRide, already has participation from about 25 percent of our employee base in its first year, and express bus riders and carpoolers have avoided about 800,000 pounds of carbon dioxide emissions.

In the area of renewable energy, Santee Cooper doubled our Green Power generation at our Lee County Landfill



Generation Station, bringing our total landfill biogas capacity to 21 MWs at four generating stations. In 2010, the utility is expanding our Richland County Station and plans to launch a new generating station at Georgetown County Landfill.

In new solar generation, Santee Cooper dedicated a 20-kw solar array – Santee Cooper's largest installation to date – at the Center for Hydrogen Research in Aiken in May. The array will enable CHR to research applications of hydrogen as a way to store solar energy for use when the sun isn't shining, ultimately making it a more practical source of 24-hour power. As the year ended, Santee Cooper crews were putting finishing touches on another 20-kw array, which the utility donated to the Technical College of the Lowcountry. The arrays were funded by Santee Cooper's Green Power program, in which customers purchase blocks of renewable Green Power and that money is reinvested in new renewable energy. Santee Cooper supplies power to customers of Aiken Electric Cooperative and Palmetto Electric Cooperative (which serves the Technical College); both cooperatives are big supporters of the Green Power program and share in the success of these installations.

Santee Cooper found a new market for Green Power as well, partnering with Palmetto Electric and the Verizon Heritage PGA event. The April tournament was the first major PGA tournament to be entirely powered by Green Power, and the 2010 event will follow suit. Santee Cooper also provided 100 percent Green Power for North Myrtle Beach's Mayfest and the prestigious Beach Ball Classic high school basketball tournament in Myrtle Beach, and we plan to aggressively expand this program going forward.

Finally, Palmetto Wind, Santee Cooper's offshore wind research project, took a significant step forward in July, with the launch to sea of six weather instrumentation buoys that are gathering data on wind direction, frequency and speed, and again with the November selection of a consultant to begin design work for an offshore anemometer station to gather more data at higher elevations; we expect to build that offshore anemometer station this year, and it will gather data for at least a year to help us determine whether an offshore wind farm could be viable. Santee Cooper also worked with other stakeholders to address state regulations affecting offshore wind projects and to identify transmission issues. We continue to believe that offshore wind could play a considerable role in South Carolina's renewable energy future.

Looking Ahead

Santee Cooper was created in the Great Depression, with a governor's signature on a resolution passed by the South Carolina legislature in 1934. We certainly would rather not have observed our 75th anniversary in a year some see as the most economically challenging since that time.

We weathered the year and emerged still on solid footing for the challenges that continue in 2010. Climate change legislation remains a significant concern, and we are working with lawmakers on this important issue. We continue efforts with the Department of Energy to secure crucial loan guarantees for our nuclear power expansion, which will be key to garnering palatable financing for this important emissions-free generation.

As we begin our 76th year, Santee Cooper is renewed in our commitment to excellent low-cost and dependable power and water services, excellent customer service and critical economic development, for the benefit of all of South Carolina.

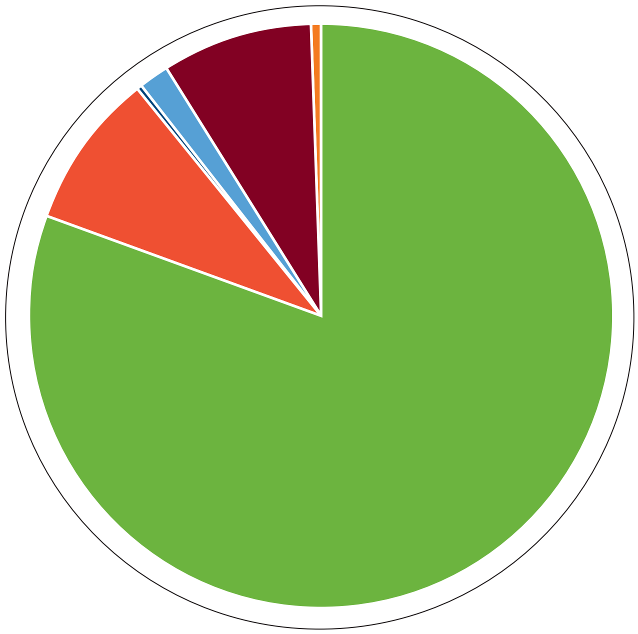
CORPORATE STATISTICS

SYSTEM DATA 2009

Transmission system line miles:	5,569
Miles of distribution lines:	2,725.6
Number of transmission stations in operation on system:	102
Number of distribution substations:	49
Number of CEPCI Delivery Points (DPs): (this total includes DPs for the 5 Upstate cooperatives served through Duke Energy system)	478

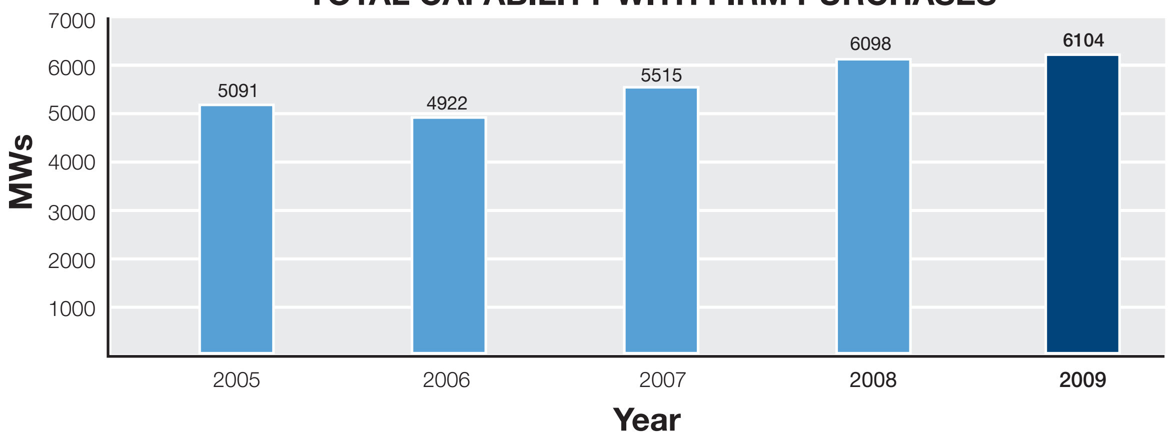
	2009	2008	2007	2006	2005
FINANCIAL (Thousands):					
Total Revenues & Income	$1,702,513	$1,603,653	$1,494,467	$1,457,376	$1,382,395
Total Expenses & Interest Charges	$1,616,943	$1,484,446	$1,391,844	$1,359,494	$1,268,956
Other	$3,883	($22,048)	($1,478)	$4,885	$34,374
Reinvested Earnings	$89,453	$97,159	$101,145	$102,767	$147,813
OTHER FINANCIAL:					
Debt Service Coverage	1.45	1.67	1.75	1.79	2.01
Debt / Equity Ratio	73/27	72/28	69/31	69/31	67/33
STATISTICAL:					
Number of Customers (at Year-End)					
Retail Customers	165,434	162,657	161,317	156,462	148,988
Military and Large Industrial	30	31	31	33	32
Wholesale	4	4	4	4	4
Total Customers	165,468	162,692	161,352	156,499	149,024
Generation:					
Coal	20,869	21,189	22,811	19,621	19,033
Nuclear	2,282	2,385	2,826	2,503	2,485
Hydro	449	212	337	335	482
Natural Gas	2,173	1,188	1,097	2,007	2,067
Oil	20	5	17	29	55
Landfill Gas	91	77	64	61	44
Total Generation (GWh)	25,884	25,056	27,152	24,556	24,166
Purchases, Net Interchanges, etc. (GWh)	790	2,463	880	1,733	1,957
Wheeling, Interdepartmental, and Losses	(861)	(832)	(811)	(867)	(1,059)
Total Energy Sales (GWh)	25,813	26,687	27,221	25,422	25,064
Summer Peak Generating Capability (net MW)	5,678	5,672	5,089	4,511	4,505
Territorial Peak Demand (MW)	5,590	5,650	5,563	5,195	5,371

2009 GENERATION BY FUEL MIX

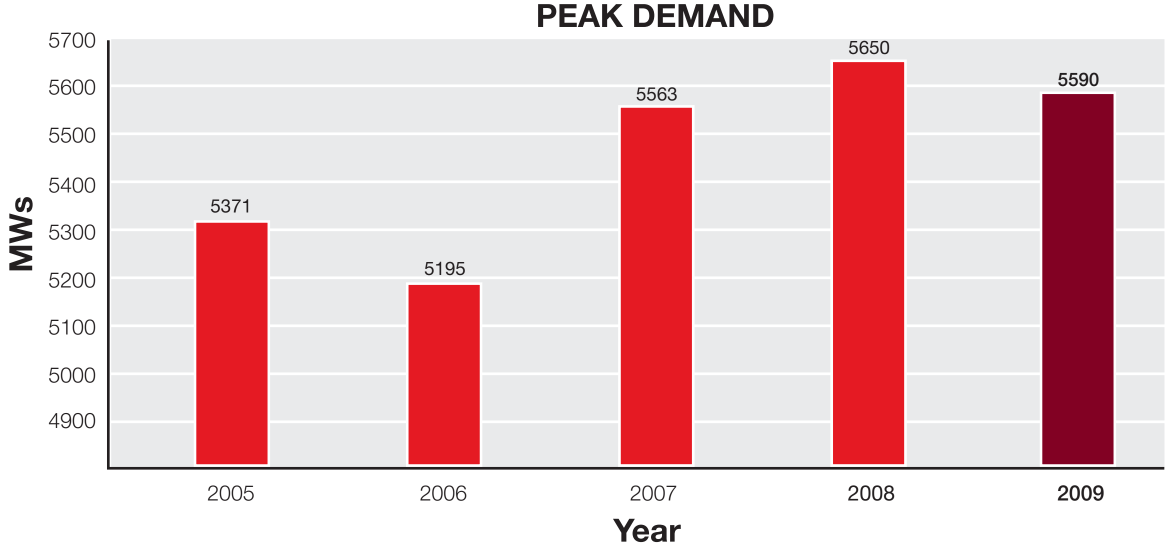


Source		MWH (000)
Coal	80.85%	20,869
Nuclear	8.84%	2,282
Oil	0.08%	20
Hydro	1.74%	449
Natural Gas	8.42%	2,173
Landfill Methane	0.35%	91
Purchases (net)	-0.28%	(71)
Total Sales	100.00%	25,813

TOTAL CAPABILITY WITH FIRM PURCHASES



PEAK DEMAND



FINANCE-AUDIT COMMITTEE CHAIRMAN'S LETTER

The Finance-Audit Committee of the Board of Directors is comprised of six independent directors: Barry Wynn, Chairman; G. Dial DuBose; William A. Finn; W. Leighton Lord III; David A. Springs; and Cecil Viverette.

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

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

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

Barry Wynn
Chairman
2009 Finance-Audit Committee

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS

As management of South Carolina Pubic Service Authority (Authority), we offer this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2009, 2008 and 2007. We encourage you to read this information in conjunction with additional information furnished in the Authority's audited financial statements that follow this narrative.

Statement of Net Assets

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

Statement of Revenues, Expenses and Changes in Net Assets

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

Statement of Cash Flows

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

Notes to the Financial Statements

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

FINANCIAL CONDITION OVERVIEW

The Authority's Combined Balance Sheets as of December 31, 2009, 2008 and 2007 are summarized as follows:

	2009	2008	2007
		(Thousands)	
ASSETS			
Plant - net	**$ 4,817,143**	$ 4,505,530	$ 4,260,791
Current assets	**1,211,584**	861,295	810,286
Other noncurrent assets	**988,721**	859,566	609,677
Deferred debits	**511,409**	285,433	312,296
Total assets	**$ 7,528,857**	$ 6,511,824	$ 5,993,050
LIABILITIES & NET ASSETS			
Long-term debt - net	**$ 4,472,566**	$ 3,928,521	$ 3,347,112
Current liabilities	**940,785**	612,143	738,713
Other noncurrent liabilities	**454,543**	379,139	396,687
Net assets	**1,660,963**	1,592,021	1,510,538
Total liabilities and net assets	**$ 7,528,857**	$ 6,511,824	$ 5,993,050

2009 COMPARED TO 2008

Assets

- Net plant increased by $311.6 million. Additions minus retirements to utility plant were $116.2 million in 2009. Additions to the Cross Unit 4, slope protection at the Lake Moultrie dams, the Customer Care and Billing system, and transmission capital projects represented over 67 percent of this increase. Accumulated depreciation increased by $167.5 million, of which almost $80.0 million was due to the depreciation of the steam generation plant assets. The remaining increase resulted from the annual depreciation of the Authority's other system assets. Construction work in progress showed an increase of approximately $362.9 million mainly from additions related to V.C. Summer Units 2 and 3, and Pee Dee Unit 1.

- Current assets increased $350.3 million due primarily to increases in Restricted cash and cash equivalents and Fuel inventories. These were offset by reductions in Unrestricted cash and cash equivalents and Unrestricted and Restricted investments.

- Other noncurrent assets increased $129.2 million primarily due to an increase in Restricted cash and cash equivalents, Restricted investments, and Regulatory assets.

- Deferred debits increased $226.0 million due mainly to increases in Unamortized debt expense, Costs to be recovered from future revenue regulatory asset, and an increase in a long-term receivable.

Liabilities

- Long-term debt increased $544.0 million due to the net effect of principal repayments and new money issues.

- Current liabilities increased $328.6 million due to increases in Current portion of long-term debt, Accrued interest on long-term debt, Commercial paper notes outstanding, Accounts payable, and Other current liabilities.

- Other noncurrent liabilities increased $75.4 million due primarily to increases in regulatory liabilities for Asset retirement obligation and post employment obligations.

- Net assets increased $68.9 million due mainly to increases in Restricted for other and Unrestricted net assets offset by a decrease in Invested in capital assets, net of related debt.

2008 COMPARED TO 2007

Assets

- Net plant increased by $244.7 million. Additions minus retirements to utility plant were $790.2 million in 2008. The addition of the Cross Unit 4 represented over 75 percent of this increase. Accumulated depreciation increased by $131.7 million, of which almost $20.0 million was due to the depreciation on the Cross Units 3 and 4. The remaining increase resulted from the annual depreciation of the Authority's other system assets. Construction work in progress showed a decrease of approximately $413.8 million resulting mainly from Cross Unit 4 being transferred from Construction work in progress to Utility plant. This was partially offset by ongoing construction related to V.C. Summer Units 2 and 3, Pee Dee Unit 1, and environmental compliance.

- Current assets increased $51.0 million due primarily to increases in Unrestricted investments, Restricted investments and Prepayments. These were offset by reductions in Fuel inventories.

- Other noncurrent assets increased $249.9 million primarily due to an increase in Restricted cash and cash equivalents and Restricted investments.

- Deferred debits decreased $26.9 million due mainly to a decrease in the Cost to be recovered from future revenue regulatory asset.

Liabilities

- Long-term debt increased $581.4 million due to the net effect of principal repayments and new money issues.

- Current liabilities decreased $126.6 million due to decreases in Commercial paper notes outstanding and Accounts payable. These were partially offset by increases in Other current liabilities, Current portion of long-term debt and Accrued interest on long-term debt.

- Other noncurrent liabilities decreased $17.5 million due to increases in regulatory liabilities for Asset retirement obligation offset by a reduction in Construction liabilities.

- Net assets increased $81.5 million due principally to increases in Invested in capital assets, net of related debt, Restricted for other and Unrestricted assets, offset by a decrease Restricted for capital projects.

RESULTS OF OPERATIONS

The Authority's Combined Statements of Revenues, Expense and Changes in Net Assets for years ended December 31, 2009, 2008 and 2007 are summarized as follows:

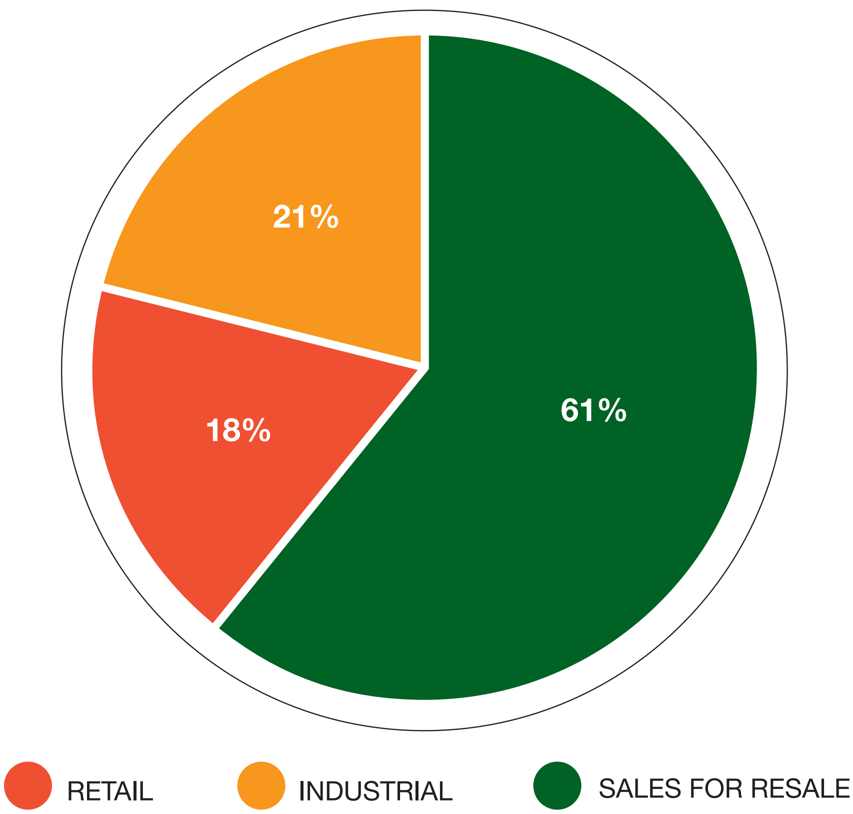
	2009	2008	2007
		(Thousands)	
Operating revenues	**$ 1,702,001**	$ 1,586,303	$ 1,464,825
Operating expenses	**1,382,739**	1,284,275	1,198,157
Operating income	**$ 319,262**	$ 302,028	$ 266,668
Interest charges	**(234,204)**	(200,171)	(193,687)
Costs to be recovered from future revenue	**3,883**	(22,048)	(1,478)
Other income	**512**	17,350	29,642
Transfers out	**(20,511)**	(15,676)	(14,993)
Change in net assets	**$ 68,942**	$ 81,483	$ 86,152
Ending net assets	**$ 1,660,963**	$ 1,592,021	$ 1,510,538

2009 COMPARED TO 2008

Operating Revenues

Operating revenues for 2009 increased $115.7 million or 7 percent over the prior year. This was due mostly to increases in both demand and fuel related revenues. Energy sales for 2009 totaled 25.8 million megawatts compared to approximately 26.7 million for 2008. The decrease in megawatt sales was primarily in the industrial and sales for resale customer categories.

2009 Sales of Electricity* by Customer Class



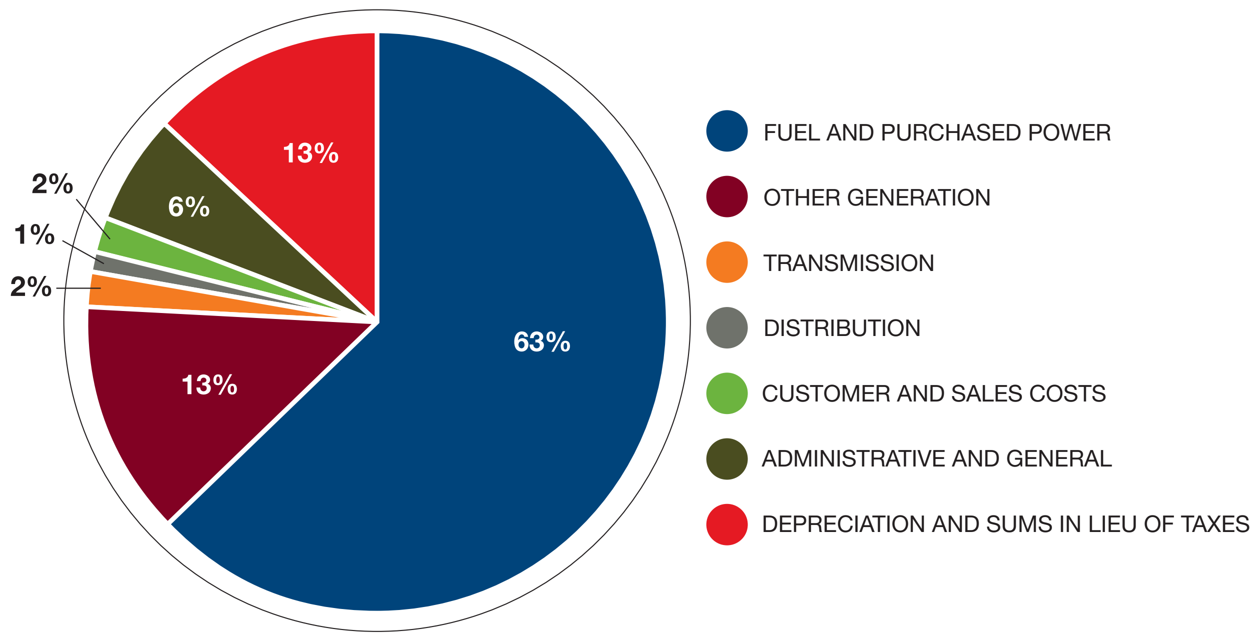
Sales of Electricity*	**2009**	2008	2007
		(Thousands)	
Retail	**$ 308,572**	$ 291,681	$ 282,089
Industrial	**346,318**	359,712	343,350
Sales for Resale	**1,028,193**	916,861	822,555
Totals	**$1,683,083**	$1,568,254	$1,447,994

*Excludes interdepartmental sales of $386 for 2009, $365 for 2008 and $334 for 2007.

Operating Expenses

Operating expenses for 2009 reflected a net increase of $98.5 million or 8 percent compared to 2008. Fuel and purchased power expenses accounted for approximately 63 percent of the current year's electric operating expenses and increased approximately 7 percent. The Authority manages fuel costs with a combination of long-term and short-term contracts, a fuel related risk hedging program and the blend of a variety of fuels (natural gas, oil, nuclear and coal). Compared to 2008, fuel and purchased power expense increased $56.3 million due to both higher coal purchase prices and energy market prices. Other generation operating and maintenance costs increased by approximately $7.1 million due primarily to station outages and environmental equipment. Depreciation expense showed an increase over last year of $17.2 million due to the addition of Cross Unit 4 and large transmission line projects.

2009 Electric Operating Expenses by Category



Electric Operating Expenses	**2009**	2008	2007
		(Thousands)	
Fuel & Purchased Power	**$ 865,199**	$ 808,869	$ 720,334
Other Generation	**185,617**	178,520	166,723
Transmission	**29,713**	23,824	22,893
Distribution	**14,461**	14,384	13,156
Customer & Sales Costs	**20,860**	19,702	13,239
Administrative & General	**82,724**	74,046	70,185
Depreciation & Sums in Lieu of Taxes	**180,701**	161,741	188,744
Totals	**$1,379,275**	$1,281,086	$1,195,274

Net Below-the-Line Items

- Interest charges for 2009 were $34.0 million or 17 percent higher than 2009 resulting mainly from the 2008 and 2009 bond activity.

- Costs to be recovered from future revenue expense decreased by $25.9 million when compared to last year primarily due to the impact of a higher depreciation component due to Cross Unit 4.

- Other income decreased $16.8 million. This resulted primarily from lower interest income and the change in the fair value of investments compared to 2008.

- Transfers out represents the dollars paid by the Authority to the State of South Carolina. There was an increase of $4.8 million over 2008 which resulted from an increase in projected revenues from the prior year.

2008 COMPARED TO 2007

Operating Revenues

Operating revenues for 2008 increased $121.5 million or 8 percent over the prior year. This was due mostly to increases in both demand and fuel related revenues. Energy sales for 2008 totaled 26.7 million megawatts compared to approximately 27.2 million for 2007. The decrease in megawatt sales was primarily in the industrial and sales for resale customer categories.

Operating Expenses

Operating expenses for 2008 reflected a net increase of $86.1 million or 7 percent compared to 2007. Fuel and purchased power expenses accounted for approximately 63 percent of the current year's electric operating expenses and increased approximately 12 percent over 2007. For 2008, fuel and purchased power expense was $88.5 million higher than the prior year due to the start-up of the Cross Unit 4 and higher fuel and energy market prices than in 2007. Other generation operating and maintenance costs increased by approximately $11.8 million due to Cross Unit 4 coming online, environmental equipment and station outages. Depreciation expense showed a decrease over last year of $27.1 million due to implementation of new depreciation rates on January 1, 2008.

Net Below-the-Line Items

- Interest charges for 2008 were $6.5 million or 3 percent higher than 2007 resulting mainly from the 2007 and 2008 bond activity.

- Costs to be recovered from future revenue increased expenses by $20.6 million when compared to last year due to the affect of new depreciation rates implemented at the start of 2008.

- Other income decreased $12.3 million or 41 percent. This resulted primarily from lower land sales and the change in the fair value of investments compared to 2007.

- Transfers out represents the dollars paid by the Authority to the State of South Carolina. There was an increase of $683,000 over 2007 which resulted from an increase in projected revenues from the prior year.

CAPITAL IMPROVEMENT PROGRAM

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's 2009 capital improvement program budgeted for years 2010 through 2012 in the amount of $2.1 billion is expected to be expended as follows:

Capital Improvement Expenditures	**2009** Budget 2010-12	2008 Budget 2009-11	2007 Budget 2008-10
		(Thousands)	
Cross Units 3 & 4	**$ 9,000**	$ 31,000	$ 173,000
Environmental Compliance	**53,000**	36,000	18,000
General Improvements to the System	**670,000**	720,000	727,000
Pee Dee Unit 1	**21,000**	462,000	468,000
Future Nuclear Units	**1,376,000**	1,495,000	329,000
Totals	**$2,129,000**	$2,744,000	$1,715,000

The cost of the capital improvement program will be funded from revenues of the Authority which are set aside in the Capital Improvement Fund, along with additional revenue obligations, commercial paper notes and other short-term obligations, as determined by the Authority.

The Authority's capital improvement program includes funds for contractual obligations associated with the suspended Pee Dee Unit 1, two future nuclear units, general improvements to the Authority's system and environmental compliance expenditures. In addition, the program includes funds for ongoing minor construction work for Cross Unit 4, which went commercial on October 1, 2008.

The Authority's estimated three-year capital improvement program for the years ended December 31, 2008 and 2007 was $2.7 billion and $1.7 billion, respectively.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (not including commercial paper) at December 31, 2009, 2008, and 2007 was 1.45, 1.67 and 1.75, respectively.

BOND RATINGS

Bond ratings assigned by the various agencies for years 2009, 2008 and 2007 were as follows:

Agency / Lien Level	**2009**	2008	2007
Fitch Ratings			
* Revenue Bonds	**AA**	AA	AA
Revenue Obligations	**AA**	AA	AA
Commercial Paper	**F1+**	F1+	F1+
Moody's Investors Service, Inc.			
* Revenue Bonds	**Aa2**	Aa2	Aa2
Revenue Obligations	**Aa2**	Aa2	Aa2
Commercial Paper	**P-1**	P-1	P-1
Standard & Poor's Rating Services			
* Revenue Bonds	**AA-**	AA-	AA-
Revenue Obligations	**AA-**	AA-	AA-
Commercial Paper	**A1+**	A1+	A1+

* The remaining bonds outstanding under this lien level were refunded in May, 2009.

BOND MARKET TRANSACTIONS FOR YEARS 2009, 2008 AND 2007

Par Amount	Type	Date Closed	Purpose	Comments
Year 2009				
$ 115,025,000	Revenue Obligations: 2009 Refunding Series A	05/20/2009	Refund the following: 1997 Refunding Series A 1998 Refunding Series B	Gross savings of $10.8 million over the life of the bonds.
$ 164,130,000	Revenue Obligations: 2009 Series B	05/20/2009	To finance a portion of the tax-exempt construction for Pee Dee Unit No. 1, V. C. Summer Unit No. 2, V. C. Summer Unit No. 3, ongoing transmission system construction/improvements and New Source Review environmental requirements.	Tax-exempt bonds. All-in true interest cost of 4.83 percent.
$ 87,040,000	Revenue Obligations: 2009 Series C	05/20/2009	To finance a portion of the taxable construction for Pee Dee Unit No. 1, V. C. Summer Unit No. 2, V. C. Summer Unit No. 3, and New Source Review environmental requirements.	Taxable bonds. All-in true interest cost of 6.10 percent.
$ 39,725,000	Revenue Obligations: 2009 Refunding Series D	11/05/2009	Refund the following: 1999 Series A	Gross savings of $2.3 million over the life of the bonds.
$ 284,845,000	Revenue Obligations: 2009 Series E	11/05/2009	To finance a portion of the tax-exempt construction for V. C. Summer Unit No. 2 and V. C. Summer Unit No. 3, and for extraordinary working capital expenses.	Tax-exempt bonds. All-in true interest cost of 4.21 percent.
$ 100,000,000	Revenue Obligations: 2009 Series F	11/05/2009	To finance a portion of the taxable construction for V. C. Summer Unit No. 2 and V. C. Summer Unit No. 3.	Taxable bonds. All-in true interest cost of 5.82 percent.
Year 2008				
$ 406,985,000	Revenue Obligations: 2008 Series A	10/30/2008	To finance a portion of the tax-exempt construction for Cross Unit No. 3, Cross Unit No. 4, Pee Dee Unit No. 1, V. C. Summer Unit No. 2, V. C. Summer Unit No. 3, ongoing transmission system construction/improvements; and capital improvements	Tax-exempt bonds. All-in true interest cost of 5.77 percent.
$ 260,000,000	Revenue Obligations: 2008 Series B	10/30/2008	To finance a portion of the taxable construction for Cross Unit No. 4, Pee Dee Unit No. 1, V. C. Summer Unit No. 2, V. C. Summer Unit No. 3, and SIP Call and New Source Review environmental requirements	Taxable bonds. All-in true interest cost of 7.56 percent.
$ 18,811,500	Revenue Obligations: 2008 Series M-Current Interest Bearing Bonds (CIBS)	10/30/2008	To finance a portion of the Authority's capital improvements	Tax-exempt mini-bonds. Rates range from 3.00 to 4.80 percent.
$ 5,620,200	Revenue Obligations: 2008 Series M-Capital Appreciation Bonds (CABS)	10/30/2008	To finance a portion of the Authority's capital improvements	Tax-exempt mini-bonds. Rates range from 3.80 to 4.80 percent.
Year 2007				
$ 342,525,000	Revenue Obligations: 2007 Series A	08/08/2007	To finance a portion of the tax-exempt construction for Cross Unit No. 4, Pee Dee Unit No. 1, SIP Call and New Source Review environmental requirements, and ongoing transmission construction/improvements; and capital improvements	Tax-exempt bonds. All-in true interest cost of 4.74 percent.
$ 97,970,000	Revenue Obligations: 2007 Refunding Series B	10/04/2007	Refund portion of 1997 Refunding Series A Bonds	Gross savings of $8.6 million over the life of the bonds.

(Note: There are no 2010 bond market transactions to date.)

REPORT OF INDEPENDENT AUDITORS

THE ADVISORY BOARD AND BOARD OF DIRECTORS
THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
MONCKS CORNER, SOUTH CAROLINA

We have audited the accompanying combined balance sheets of the South Carolina Public Service Authority (a component unit of the state of South Carolina) as of December 31, 2009 and 2008, and the related combined statements of revenues, and expenses and changes in net assets, and cash flows for each of the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Carolina Public Service Authority as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis section listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other information included in the annual report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on it.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland LLP

Raleigh, North Carolina
February 25, 2010

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COMBINED BALANCE SHEETS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	$ 61,826	$ 75,851
Unrestricted investments	26,695	91,152
Restricted cash and cash equivalents	349,354	122,890
Restricted investments	91,248	108,992
Receivables, net of allowance for doubtful accounts of $1,148 and $1,048 at December 31, 2009 and 2008, repectively	153,398	156,706
Materials inventory	93,019	85,926
Fuel inventory		
Fossil fuels	347,979	135,395
Nuclear fuel - net	39,793	35,729
Interest receivable	4,173	3,325
Prepaid expenses and other current assets	44,099	45,329
Total current assets	1,211,584	861,295
Noncurrent assets		
Unrestricted cash and cash equivalents	705	515
Unrestricted investments	92,465	93,635
Restricted cash and cash equivalents	99,336	248,272
Restricted investments	559,893	346,111
Capital assets		
Utility plant	6,494,365	6,378,692
Long lived assets - asset retirement cost	33,078	33,078
Accumulated depreciation	(2,564,325)	(2,396,865)
Total utility plant - net	3,963,118	4,014,905
Construction work in progress	851,442	488,585
Other physical property - net	2,583	2,040
Investment in associated companies	9,727	8,447
Regulatory asset - asset retirement obligation	176,471	160,981
Regulatory assets - including derivative hedging	50,124	1,605
Deferred debits and other noncurrent assets		
Unamortized debt expenses	37,962	34,649
Costs to be recovered from future revenue	231,491	227,609
Other	241,956	23,175
Total noncurrent assets	6,317,273	5,650,529
Total assets	$ 7,528,857	$ 6,511,824

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

COMBINED BALANCE SHEETS (continued)
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	**$ 128,223**	$ 110,491
Accrued interest on long-term debt	**114,420**	92,597
Commercial paper	**276,551**	152,807
Accounts payable	**169,397**	159,224
Other current liabilities	**252,194**	97,024
Total current liabilities	**940,785**	612,143
Noncurrent liabilities		
Construction liabilities	**21,488**	26,233
Asset retirement obligation liability	**317,754**	303,872
Total long-term debt (net of current portion)	**4,513,209**	4,006,517
Unamortized refunding and other costs	**(40,643)**	(77,996)
Long-term debt - net	**4,472,566**	3,928,521
Other deferred credits and noncurrent liabilities	**115,301**	49,034
Total noncurrent liabilities	**4,927,109**	4,307,660
Total liabilities	**5,867,894**	4,919,803
NET ASSETS		
Invested in capital assets, net of related debt	**221,548**	559,785
Restricted for debt service	**119,587**	109,049
Restricted for capital projects	**41,066**	9,654
Restricted for other	**380,119**	199,744
Unrestricted	**898,643**	713,789
Total net assets	**1,660,963**	1,592,021
Total liabilities and net assets	**$ 7,528,857**	$ 6,511,824

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COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
	(Thousands)	
Operating revenues		
Sale of electricity	$ 1,683,082	$ 1,568,254
Sale of water	5,811	5,739
Other operating revenue	13,108	12,310
Total operating revenues	1,702,001	1,586,303
Operating expenses		
Electric operating expenses		
Production	89,629	89,808
Fuel	838,821	659,282
Purchased and interchanged power	26,378	149,587
Transmission	22,462	16,158
Distribution	9,789	9,831
Customer accounts	16,825	14,866
Sales	4,035	4,836
Administrative and general	79,564	69,935
Electric maintenance expense	111,071	105,042
Water operation expense	1,915	1,768
Water maintenance expense	474	414
Total operation and maintenance expenses	1,200,963	1,121,527
Depreciation and amortization	175,868	158,625
Sums in lieu of taxes	5,908	4,123
Total operating expenses	1,382,739	1,284,275
Operating income	319,262	302,028
Nonoperating revenues (expenses)		
Interest and investment revenue	11,067	14,143
Net (decrease)/increase in the fair value of investments	(8,117)	4,908
Interest expense on long-term debt	(219,562)	(179,265)
Other interest expense	(14,642)	(20,906)
Costs to be recovered from future revenue	3,883	(22,048)
Other - net	(2,438)	(1,701)
Total nonoperating revenues (expenses)	(229,809)	(204,869)
Income before transfers	89,453	97,159
Capital Contributions & Transfers		
Distribution to the State	(20,511)	(15,720)
Equity contributions	0	44
Total capital contributions & transfers	(20,511)	(15,676)
Change in net assets	68,942	81,483
Total net assets-beginning	1,592,021	1,510,538
Total net assets-ending	$ 1,660,963	$ 1,592,021

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

COMBINED STATEMENTS OF CASH FLOWS

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 1,705,209**	$ 1,581,285
Payments to non-fuel suppliers	**(517,075)**	(290,263)
Payments for fuel	**(828,968)**	(650,383)
Purchased power	**(26,453)**	(145,238)
Payments to employees	**(223,106)**	(134,568)
Other receipts - net	**182,110**	121,982
Net cash provided by operating activities	**291,717**	482,815
Cash flows from non-capital related financing activities		
Distribution to the State of South Carolina	**(20,511)**	(15,720)
Equity contributions	**0**	44
Net cash used in non-capital related financing activities	**(20,511)**	(15,676)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	**790,765**	691,416
Net commercial paper issuance	**123,844**	(130,719)
Repayment and refunding of bonds	**(264,966)**	(102,008)
Interest paid on borrowings	**(195,562)**	(179,160)
Construction and betterments of utility plant	**(551,993)**	(414,292)
Debt premium	**21,094**	(16,154)
Other - net	**(2,384)**	(2,414)
Net cash used in capital-related financing activities	**(79,202)**	(153,331)
Cash flows from investing activities		
Net decrease in investments	**(138,528)**	(184,908)
Interest on investments	**10,217**	13,853
Proceeds from sale of surplus property	**0**	88
Net cash provided by investing activities	**(128,311)**	(170,967)
Net increase in cash and cash equivalents	**63,693**	142,841
Cash and cash equivalents-beginning	**447,528**	304,687
Cash and cash equivalents-ending	**$ 511,221**	$ 447,528

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

COMBINED STATEMENTS OF CASH FLOWS (continued)
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 319,262**	$ 302,028
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**185,750**	168,258
Net power gains involving associated companies	**(12,167)**	(39,377)
Distributions from associated companies	**8,065**	35,496
Advances to associated companies	**(44)**	(15)
Other income	**364**	379
Changes in assets and liabilities		
Accounts receivable - net	**3,308**	(4,657)
Inventories	**(219,677)**	44,402
Prepaid expenses	**1,230**	(16,363)
Other deferred debits	**(218,950)**	6,100
Accounts payable	**5,943**	(37,225)
Other current liabilities	**152,379**	25,282
Other noncurrent liabilities	**66,254**	(1,493)
Net cash provided by operating activities	**$ 291,717**	$ 482,815
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	**$ 61,826**	$ 75,851
Restricted cash and cash equivalents	**349,354**	122,890
Noncurrent		
Unrestricted cash and cash equivalents	**705**	515
Restricted cash and cash equivalents	**99,336**	248,272
Cash and cash equivalents at the end of the year	**$ 511,221**	$ 447,528

NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

B - System of Accounts - The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with rules issued by the GASB. The Authority's combined financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water systems. The Authority also complies with policies and practices prescribed by its Board and to practices common in both industries. As the Board is authorized to set rates, the Authority has historically followed FASB Accounting Standard Codification 980, "Regulated Operations" (FASB ASC 980). This Standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Reclassifications - To achieve conformity and comparability, the Authority may reclassify certain amounts in prior year financial statements where applicable.

D - Cash and Cash Equivalents - For purposes of the Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as Restricted and Unrestricted cash and cash equivalents. "Restricted" refers to those funds limited by law, regulations or Board action as to their allowable disbursement. "Unrestricted" refers to all other funds not meeting the requirements of restricted.

E - Inventory - Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

F - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is only capitalized when interest payments are funded through borrowings. There was no interest capitalized in 2009 or 2008. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the net carrying basis of various classes of plant which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management and the Board in establishing appropriate composite depreciation rates. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 2.8 percent for both periods ended December 31, 2009 and 2008. Amortization of property under capitalized leases is also included in depreciation expense.

H - Investment in Associated Companies - The Authority is a member of The Energy Authority (TEA) with a 25 percent ownership interest. Other members include City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), MEAG Power (Georgia) and Nebraska Public Power District (NPPD).

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, TEA assists members with fuel hedging activities and acts as an agent in the execution of forward gas transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

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

TEA Investment		
Years Ended December 31,	**2009**	2008
	(Thousands)	
Balance as of January 1,	**$ 8,283**	$ 7,502
Reduction to power costs and		
increases in electric revenues	**9,301**	36,276
Less: Distributions from TEA	**(8,065)**	(35,495)
Balance as of December 31,	**$ 9,519**	$ 8,283

At December 31, 2009 and 2008, the Authority had a payable to TEA of $4.4 million and $16.2 million, respectively, for power and gas purchases. The Authority also had a receivable due from TEA of approximately $3.7 million and $600,000 for power sales and sales of excess gas capacity at December 31, 2009 and 2008, respectively.

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952, "Franchisors". Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest in TEA. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2009, the trade guarantees are an amount not to exceed approximately $89.7 million.

The Authority is also a member of Colectric Partners (Colectric) with a 25 percent ownership interest. In addition to the Authority, Colectric's members and participants are: Florida Municipal Power Agency, Gainesville Regional Utilities, JEA, MEAG Power, Nebraska Public Power District and Orlando Utilities Commission.

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

Currently, the Authority participates in two of Colectric's initiatives. The first involves managing the major gas turbine overhauls thereby promoting the sharing of spare parts and technical expertise. The second initiative is a strategic sourcing initiative intended to achieve major cost savings through volume purchasing leverage.

The Authority's exposure relating to Colectric is limited to its capital investment in Colectric, any accounts receivable from Colectric and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FASB ASC 952. The Authority's initial investment in Colectric was $413,000. The balance in the Authority's Member Equity account at December 31, 2009 and 2008, was approximately $208,000 and $164,000, respectively.

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

J - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $11.5 million in 2009 and $11.1 million in 2008.

Fuel costs are reflected in operating expenses as fuel is consumed. Fuel expense for all customers are billed utilizing rates and contracts, the majority of which include fuel adjustment provisions based on either the actual costs for the previous month or the actual weighted average costs for the previous three-month period.

K - Payment to the State - The Authority is operated for the benefit of the people of South Carolina (the "State") and was created by Act No. 887 of the Acts of the State of South Carolina for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended – Sections 58-31-10 through 58-31-50) (the "Act"). Nothing in the Act prohibits the Authority from paying to the State each year up to one percent of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. The Authority recognizes the distributions (shown as "Capital contributions & transfers – Distribution to the State" on the Combined

Statements of Revenues, Expenses and Changes in Net Assets) as a reduction to net assets when paid.

Payments made to the State totaled approximately $20.5 million in 2009 and $15.7 million in 2008.

L - Accounting for Derivative Instruments - The Authority elected early implementation of GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (GASB 53) in 2008. The annual changes in the fair value of effective hedging derivative instruments are required to be deferred – reported as deferred inflows and deferred outflows on the balance sheet. Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas, a core business commodity input for the Authority, has historically been hedged in an effort to mitigate gas cost risk by reducing cost volatility and improving cost effectiveness.

Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

During 2009, the Authority recorded net unrealized losses of $20.4 million for natural gas and a net unrealized gain of $6.7 million for crude oil; recognized net losses of $24.6 million for natural gas and $4.0 million for crude oil; and realized but not yet recognized net losses of $1.5 million for natural gas and realized but not yet recognized net gain of $1.0 million for crude oil associated with hedging transactions.

During 2008, the Authority recorded net unrealized losses of $23.4 million for natural gas and $3.7 million for crude oil; recognized $1.4 million in natural gas net losses; and realized but not yet recognized net losses of $2.1 million for natural gas and $1.2 million for crude oil associated with hedging transactions.

Following is a summary of the Authority's derivative activity for years ended December 31, 2009 and 2008:

Cash Flow Hedges:			
Years Ended December 31,		2009	2008
	Classification (1)	Amount (Millions)	
Fair Value			
Natural Gas	Regulatory Assets/Liabilities	$ (20.4)	$ (23.4)
Crude Oil	Regulatory Assets/Liabilities	$ 6.7	$ (3.7)
Changes in Fair Value			
Natural Gas	Regulatory Assets/Liabilities	$ 3.0	$ (23.6)
Crude Oil	Regulatory Assets/Liabilities	$ 10.4	$ (3.7)
Notional			
		MBTUs	
Natural Gas		12,170	15,240
		Barrels (000s)	
Crude Oil		420	391

(1) The Authority records fair value transactions related to hedging under current and noncurrent sections of the Combined Balance Sheets.

M - Retirement of Long-Lived Assets - The Authority has a one-third undivided interest in the V.C. Summer Nuclear Station ("Summer") and is therefore subject to the requirements of FASB ASC 410, "Asset Retirement and Environmental Obligations" due to legal and regulatory requirements related to nuclear decommissioning.

At December 31, 2009 and 2008, the Authority recorded an asset retirement obligation (ARO) on its one-third share of Summer of approximately $257.0 million and $246.2 million, respectively. For the years ended 2009 and 2008, approximately $22.7 million was recorded on the accompanying balance sheets as an associated ARC within "Capital assets." The ARC was recorded commencing on the in-service date of the nuclear facility.

FASB ASC 410 provides guidance for recording and disclosing liabilities related to future legally enforceable obligations to retire assets (ARO). At December 31, 2009 and 2008, the Authority recorded an ARO on the closing of its ash ponds of approximately $60.7 million and $57.6 million, respectively. For the years ended 2009 and 2008, approximately $10.4 million was recorded as an associated ARC within "Capital assets" on the accompanying balance sheets.

The asset retirement obligation is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Reconciliation of Asset Retirement Obligation Liability		
Years Ended December 31,	2009	2008
	(Millions)	
Balance as of January 1,	$ 303.9	$ 290.6
Accretion expense	13.9	13.3
Balance as of December 31,	$ 317.8	$ 303.9

N - Review of New Accounting Standards - In November 2007, GASB issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments" (GASB 52). Accounting standards previously required permanent and term endowments to report land and other real estate held as investments at their historical cost. This Statement was effective for periods beginning after June 15, 2008 and is not expected to have a material effect on the Authority's financial position or results of operations since the Authority does not control endowments with booked land or real estate, nor does it anticipate this activity in the future.

In March 2009, GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" (GASB 55). The Authority believes it is in compliance with GASB 55 and its adoption has no material effect on the Authority's financial position or results of its operations.

In March 2009, GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" (GASB 56). This Statement was effective upon issuance and the Authority believes it is in compliance with GASB 56 and its adoption has no material effect on the Authority's financial position or results of its operations.

In December 2009, GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" (GASB 57). Statement 57 amends the GASB 43 requirement that a defined benefit plan obtain an actuarial valuation. The Authority determines the annual required contribution of an employer (ARC) through an actuarial study determined in accordance with the parameters of GASB 45. The alternative measurement methods do not apply under the Authority's current conditions. The Authority believes it falls under requirements of GASB 43 and 45 but GASB 57 would not apply under its current operations because the Authority has more than 100 total plan members.

FASB Accounting Standards Codification. In June 2009, the FASB issued new U.S. GAAP guidance concerning the organization of authoritative guidance under U.S. GAAP. This new guidance created the FASB Accounting Standards Codification (the "Codification"). The Codification has become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The Codification became effective for the Authority for the period ending December 31, 2009. As the Codification is not intended to change or alter existing U.S. GAAP, it did not have any impact on the Authority's consolidated financial statements. On its effective date, the Codification superseded all then-existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

O - Issued But Not Yet Effective Pronouncements - In June 2007, GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" (GASB 51). The Authority currently adheres to the criteria established in GASB 51 and therefore, does not expect any material effect on its financial position or results of operations. This Statement is effective for periods beginning after June 15, 2009.

In March 2009, GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). This Statement is effective for periods beginning after June 15, 2010 and is not expected to have a material effect on the Authority's financial position, overall cash flow or balances or results of operations.

In December 2009, GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies", (GASB 58). The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB 58 is effective for reporting periods beginning after June 15, 2009. The Authority is in sound financial condition; therefore, the Statement does not apply since the Authority has not petitioned for bankruptcy protection.

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE:

The Authority's electric rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with FASB ASC 980, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as costs to be recovered from future revenue. The recovery of outstanding amounts recorded as costs to be recovered from future revenue will coincide with the repayment of the applicable outstanding debt of the Authority.

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the years ended December 31, 2009 and 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
	(Thousands)			
	YEAR 2009			
Utility Plant	$ 6,378,692	$ 129,940	$ (14,267)	$ 6,494,365
Long lived-assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,396,865)	(181,727)	14,267	(2,564,325)
Total utility plant-net	4,014,905	(51,787)	0	3,963,118
Construction work in progress (1)	488,585	500,562	(137,705)	851,442
Other phyical property-net	2,040	543	0	2,583
Totals	$ 4,505,530	$ 449,318	$ (137,705)	$ 4,817,143

(1) Includes $252.5 million of costs related to the suspended Pee Dee Unit 1 project.

	Beginning Balances	Increases	Decreases	Ending Balances
	YEAR 2008			
Utility Plant	$ 5,588,507	$ 821,462	$ (31,277)	$ 6,378,692
Long lived-assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,265,144)	(162,972)	31,251	(2,396,865)
Total utility plant-net	3,356,441	658,490	(26)	4,014,905
Construction work in progress	902,278	401,024	(814,717)	488,585
Other phyical property-net	2,072	94	(126)	2,040
Totals	$ 4,260,791	$ 1,059,608	$ (814,869)	$ 4,505,530

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE:

Cash and investments as of December 31, 2009 and 2008 are classified in the accompanying financial statements as follows:

Combined Balance Sheets:	2009	2008
	(Thousands)	
Current assets		
Unrestricted cash and cash equivalents	$ 61,826	$ 75,851
Unrestricted investments	26,695	91,152
Restricted cash and cash equivalents	349,354	122,890
Restricted investments	91,248	108,992
Noncurrent assets		
Unrestricted cash and cash equivalents	705	515
Unrestricted investments	92,465	93,635
Restricted cash and cash equivalents	99,336	248,272
Restricted investments	559,893	346,111
Total cash and investments	$1,281,522	$1,087,418
Cash and investments as of December 31, 2009 consist of the following:		
Cash/Deposits	$ 57,898	$ 68,070
Investments	1,223,624	1,019,348
Total cash and investments	$1,281,522	$1,087,418

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

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

In compliance with GASB 31, all equity and debt securities are recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and

Changes in Net Assets. As of December 31, 2009 and 2008, the Authority had investments totaling approximately $1,223.6 million and $1,019.3 million, respectively.

As of December 31, 2009, the Authority's cash and investments carried at fair market value included nuclear decommissioning funds of $155.0 million with an unrealized holding loss of $5.7 million. As of December 31, 2008, decommissioning funds totaled approximately $156.9 million including unrealized holding gains of $12.1 million. In accordance with the provisions of FASB ASC 980, earnings, both realized and unrealized, on the decommissioning fund assets are credited to the "Regulatory asset - asset retirement obligation" and not as a separate component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets.

All of the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of ten years or less. For the year ended December 31, 2009, the Authority made total investment purchases and sales at cost of approximately $46.7 billion and $46.5 billion, respectively. Of these amounts, the Authority's investment purchases and sales at cost for its decommissioning funds were $521.3 million and $517.6 million, respectively. Compared to the year ended December 31, 2008, the Authority's total investment purchases and sales at cost were approximately $37.0 billion and $36.7 billion, respectively. Of these amounts, investment purchases and sales at cost for the decommissioning funds were $279.8 million and $276.2 million, respectively.

The Authority's repurchase agreements at December 31, 2009 and 2008 totaled approximately $310.8 million and $128.3 million, respectively. The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. Securities underlying repurchase agreements are delivered by broker/dealers to the Authority's custodial agents.

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. This is measured by the assignment of rating by a nationally recognized statistical rating organization. State law and restrictions established by bond resolution limit investments in debt securities to those securities issued by the U.S. government and agencies or instrumentalities of the United States created pursuant to an Act of Congress. Examples of these agencies' securities are Federal Home Loan Bank and Federal National Mortgage Association. As of December 31, 2009 and 2008, all of the agency securities held by the Authority were rated AAA by Fitch Ratings and Aaa by Moody's Investors Service, Inc.

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2009, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore there is no custodial risk for investment securities.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At December 31, 2009 and 2008, the Authority had exposure to custodial credit risk for deposits as follows:

Depository Account Type	Bank Balance 2009	Bank Balance 2008
	(Thousands)	
Uninsured and collateral held by Bank's agent not in Authority's name	$ 33,646	$ 1,101

Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2009 and 2008 were as follows:

Security Type / Issuer	Fair Value 2009	Fair Value 2008
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	$ 310,553	$ 367,695
Federal National Mortgage Association	331,471	384,781
Federal Farm Credit Bank	141,731	0
Federal Home Loan Mortgage Corp	67,851	0

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

The following table shows the distribution of the Authority's investments by maturity at December 31, 2009 and 2008:

	2009		2008	
Investment Type	Fair Value	Weighted Average Maturity	Fair Value	Weighted Average Maturity
	(Thousands)	(Years)	(Thousands)	(Years)
Certificates of Deposits	$ 1,900	0.25	$ 2,000	0.28
Federal Agency Discount Notes	307,660	0.21	436,950	0.11
Federal Agency Securities	559,516	3.10	410,108	4.40
Repurchase Agreements	310,840	0.01	128,346	0.01
TLGP	3,003	0.58	0	0
U.S. Treasury Notes and Strips	40,705	3.83	41,944	4.71
Total	$ 1,223,624		$ 1,019,348	
Portfolio Weighted Average Maturity		1.58		1.95

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $47.3 million par in U.S. Treasury Strips ranging in maturity from February 15, 2010 to May 15, 2019. They also hold $56.5 million par in government agency zero coupon securities (i.e. Resolution Corp, FNMA, FICO and REFCORP Securities) in the two portfolios ranging in maturity from February 7, 2010 to February 3, 2039. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2043. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

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

NOTE 5: LONG-TERM DEBT OUTSTANDING:

The Authority's long-term debt at December 31, 2009 and 2008 consisted of the following:

	2009	2008	Interest Rate(s) (1)	Call Price (1)
	(Thousands)		(%)	(%)
Capitalized Lease Obligations (Net): (mature through 2014)	**$ 5,599**	$ 7,983	5.00	N/A
Revenue Bonds:				
1997 Tax-exempt Refunding Series A	**0**	99,515	N/A	N/A
1998 Tax-exempt Refunding Series B	**0**	20,950	N/A	N/A
Total Revenue Bonds	**0**	120,465		
Revenue Obligations: (mature through 2042)				
1999 Tax-exempt Improvement Series A	**7,940**	56,195	5.50	101
1999 Taxable Improvement Series B	**48,725**	53,995	7.27-7.42	Non-callable
2001 Tax-exempt Improvement Series A	**35,445**	37,785	4.00-5.25	101
2002 Tax-exempt Refunding Series A	**80,360**	88,650	5.125-5.50	101
2002 Tax-exempt Improvement Series B	**267,325**	271,140	5.00-5.375	100
2002 Tax-exempt Refunding Series D	**330,635**	345,435	5.00-5.25	100
2003 Tax-exempt Refunding Series A	**335,030**	335,030	4.75-5.00	100
2004 Tax-exempt Improvement Series A	**392,995**	429,675	3.00.-5.00	100
2004 Taxable Improvement Series B	**17,635**	17,635	3.57-4.52	P&I Plus Make-Whole Premium
2004 Tax-exempt Improvement Series M - CIBS	**19,251**	19,329	4.25-4.90	100
2004 Tax-exempt Improvement Series M - CABS	**9,786**	9,460	4.375-5.00	Accreted Value
2005 Tax-exempt Refunding Series A	**125,295**	125,295	5.25-5.50	100
2005 Tax-exempt Refunding Series B	**270,405**	270,405	5.00	100
2005 Tax-exempt Refunding Series C	**78,150**	78,150	4.125-4.75	100
2005 Tax-exempt Improvement Series M - CIBS	**10,784**	10,834	3.65-4.35	100
2005 Tax-exempt Improvement Series M - CABS	**5,154**	4,952	4.00-4.35	Accreted Value
2006 Tax-exempt Improvement Series A	**453,085**	461,060	3.40-5.00	100
2006 Taxable Improvement Series B	**110,295**	118,045	4.90-5.05	P&I Plus Make-Whole Premium
2006 Tax-exempt Improvement Series M - CIBS	**7,183**	7,238	3.75-4.20	100
2006 Tax-exempt Improvement Series M - CABS	**2,926**	2,810	4.00-4.20	Accreted Value
2006 Tax-exempt Refunding Series C	**114,755**	114,755	4.00-5.00	100
2007 Tax-exempt Improvement Series A	**332,250**	341,250	4.00-5.00	100
2007 Tax-exempt Refunding Series B	**97,970**	97,970	4.00-5.00	Non-callable
2008 Tax-exempt Improvement Series A	**406,985**	406,985	5.00-5.75	100
2008 Taxable Improvement Series B	**260,000**	260,000	6.808-8.368	P&I Plus Make-Whole Premium
2008 Tax-exempt Improvement Series M - CIBS	**18,791**	18,812	3.00-4.80	100
2008 Tax-exempt Improvement Series M - CABS	**5,913**	5,670	3.80-4.80	Accreted Value
2009 Tax-exempt Refunding Series A	**115,025**	0	2.00-5.00	100
2009 Tax-exempt Improvement Series B	**164,130**	0	3.00-5.25	100
2009 Taxable Improvement Series C	**87,040**	0	3.72-5.24	P&I Plus Make-Whole Premium
2009 Tax-exempt Refunding Series D	**39,725**	0	3.00-5.00	Non-callable
2009 Tax-exempt Improvement Series E	**284,845**	0	3.00-5.00	100
2009 Taxable Improvement Series F	**100,000**	0	5.74	P&I Plus Make-Whole Premium
Total Revenue Obligations	**4,635,833**	3,988,560		
Less: Current Portion - Long-term Debt	**(128,223)**	(110,491)		
Total Long-term Debt - (Net of current portion)	**$ 4,513,209**	$ 4,006,517		

(1) Apply only to bonds outstanding as of 12/31/2009.

Long-term debt activity for the years ended December 31, 2009 and 2008 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Net LTD Ending Balances
			(Thousands)			
			YEAR 2009			
Capitalized Leases	$ 7,983	$ 0	$ (2,384)	$ 5,599	$ 1,685	$ 3,914
Revenue Bonds	120,465	0	(120,465)	0	0	0
Revenue Obligations	3,988,560	791,773	(144,500)	4,635,833	126,538	4,509,295
Totals	$ 4,117,008	$ 791,773	$ (267,349)	$ 4,641,432	$ 128,223	$ 4,513,209
			YEAR 2008			
Capitalized Leases	$ 10,398	$ 0	$ (2,415)	$ 7,983	$ 2,383	$ 5,600
Revenue Bonds	121,250	0	(785)	120,465	825	119,640
Revenue Obligations	3,397,581	692,201	(101,222)	3,988,560	107,283	3,881,277
Totals	$ 3,529,229	$ 692,201	$ (104,422)	$ 4,117,008	$ 110,491	$ 4,006,517

Maturities of long-term debt are as follows:

	Capitalized Leases	Revenue Obligations	Total Principal	Total Interest	Total
Year Ending December 31,			(Thousands)		
2010	$ 1,685	$ 122,655	$ 124,340	$ 231,026	$ 355,366
2011	1,444	126,920	128,364	229,556	357,920
2012	1,243	129,993	131,236	222,927	354,163
2013	982	175,200	176,182	215,511	391,693
2014	245	429,075	429,320	198,153	627,473
2015-2019	0	1,120,739	1,120,739	791,380	1,912,119
2020-2024	0	864,981	864,981	527,447	1,392,428
2025-2029	0	557,827	557,827	365,885	923,712
2030-2034	0	544,428	544,428	211,337	755,765
2035-2039	0	533,090	533,090	71,502	604,592
2040-2042	0	30,925	30,925	684	31,609
Total	$ 5,599	$ 4,635,833	$ 4,641,432	$ 3,065,408	$ 7,706,840

Refunded and defeased bonds outstanding, original loss on refunding, and the unamortized loss at December 31, 2009 are as follows:

Refunding Issue	Refunded Bonds	Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
	(Thousands)			
Cash Defeasance	$ 20,000 of the 1982 Series A	$ 0	$ 2,763	$ 921
Commercial Paper	$ 76,050 of the 1973 Series			
	105,605 of the 1977 Series			
	81,420 of the 1978 Series	0	2,099	383
2002 Refunding Series A	$ 113,380 of the 1992 Refunding Series A	0	23,378	7,550
2002 Refunding Series D	$ 293,250 of the 1993 Refunding Series A			
	25,900 of the 1993 Refunding Series B-1			
	25,900 of the 1993 Refunding Series B-2			
	132,095 of the 1993 Refunding Series C	0	73,613	29,614
2003 Refunding Series A	$ 336,385 of the 1993 Refunding Series C			
	15,750 of the 1995 Refunding Series A	0	57,064	38,028
2005 Refunding Series A	$ 74,970 of the 1995 Refunding Series A			
	37,740 of the 1995 Refunding Series B			
	20,080 of the 1996 Refunding Series A	0	23,864	15,955
2005 Refunding Series B	$ 2,590 of the 1995 Refunding Series A			
	100,320 of the 1995 Refunding Series B			
	192,305 of the 1996 Refunding Series A			
	21,505 of the 1996 Refunding Series B	0	73,749	49,589
2005 Refunding Series C	$ 86,335 of the 1993 Refunding Series C	0	12,125	9,005
2006 Refunding Series C	$ 105,005 of the 1999 Series A			
	10,000 of the 2002 Series B	115,005	7,054	2,585
2007 Refunding Series B	$ 105,370 of the 1997 Refunding Series A	0	8,832	6,476
2009 Refunding Series A	$ 99,515 of the 1997 Refunding Series A			
	20,125 of the 1998 Refunding Series B	0	7,574	8,328
2009 Refunding Series D	$ 40,775 of the 1999 Series A	40,775	858	0
Total		$ 155,780	$ 292,973	$ 168,434

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was approximately $4.4 billion and $4.3 billion at December 31, 2009 and 2008, respectively.

On May 8, 2009, the Authority's Board authorized the sale of approximately $366.2 million Revenue Obligations, 2009 Series A, B & C (2009 A, B & C Bonds). The 2009 Tax-Exempt Refunding Series A (2009A Bonds) totaled approximately $115.0 million. This refunding reduced the Authority's total debt service over the life of its bonds by approximately $10.8 million, resulting in an economic gain of approximately $3.7 million. The 2009 Tax-Exempt Series B (2009B Bonds) totaled approximately $164.1 million. The 2009 Taxable Series C (2009C Bonds) totaled approximately $87.0 million. The 2009C Bonds were issued as taxable bonds to comply with IRS Private Use Regulations. The 2009 A, B & C Bonds were issued May 20, 2009 at an aggregate all-in true interest cost of 4.60 percent. The 2009 A, B & C Bonds will mature between January 1, 2010 and January 1, 2039.

On October 23, 2009, the Authority's Board authorized the sale of approximately $424.6 million Revenue Obligations, 2009 Series D, E & F (2009 D, E & F Bonds). The 2009 Tax-Exempt Refunding Series D (2009D Bonds) totaled approximately $39.7 million. This refunding reduced the Authority's total debt service over the life of its bonds by approximately $2.3 million, resulting in an economic gain of approximately $2.1 million. The 2009 Tax-Exempt Series E (2009E Bonds) totaled approximately $284.8 million. The 2009 Taxable Series F (2009F Bonds) totaled $100.0 million. The 2009F Bonds were issued as taxable bonds to comply with IRS Private Use Regulations. The 2009 D, E & F Bonds were issued November 5, 2009 at an aggregate all-in true interest cost of 4.64 percent. The 2009 D, E & F Bonds will mature between January 1, 2011 and January 1, 2040.

As of December 31, 2009, the Authority is in compliance with all debt covenants. All Authority debt is secured by a lien upon and pledge of the Authority's revenues. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

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

(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

NOTE 6 - COMMERCIAL PAPER:

The Board has authorized the issuance of commercial paper notes not to exceed 20 percent of the aggregate Authority debt (including outstanding commercial paper notes) outstanding as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. The paper is issued for valid corporate purposes with a term not to exceed 270 days. For the years ended December 31, 2009 and 2008, the information related to commercial paper was as follows:

	2009	2008
Effective interest rate (at December 31)	**0.43%**	2.03%
Average annual amount outstanding (000's)	**$145,500**	$331,543
Average maturity	**128 Days**	92 Days
Average annual effective interest rate	**0.61%**	2.33%

At December 31, 2009, the Authority had a Revolving Credit Agreement with Dexia Credit Local and BNP Paribas for $450.0 million. This agreement is used to support the Authority's issuance of commercial paper. There were no borrowings under the agreement during 2009. Under the agreement, there were loans totaling $56.5 million during October 2008. These loans were repaid on October 30, 2008.

Commercial paper outstanding was as follows:

Years Ended December 31,	2009	2008
	(Thousands)	
Commercial Paper-Gross	**$276,674**	$152,830
Less: Unamortized Discount on Taxable Commercial Paper	**(123)**	(23)
Commercial Paper-Net	**$276,551**	$152,807

NOTE 7 - SUMMER NUCLEAR STATION:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of the Summer Nuclear Station and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. At December 31, 2009 and 2008, the plant accounts before depreciation included approximately $522.7 million and $521.8 million, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. The accumulated depreciation at December 31, 2009 and 2008 was $301.7 million and $293.5 million, respectively. For the years ended December 31, 2009 and 2008, the Authority's share of operation and maintenance expenses totaled $64.0 million and $57.5 million, respectively.

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

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2018. Further on-site storage, if required, will be accomplished through dry cask storage or other technology as it becomes available.

The Nuclear Regulatory Commission (NRC) requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2006 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of the Summer Nuclear Station equals approximately $178.9 million in 2006 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates. Based on current decommissioning cost estimates, these funds, which totaled approximately $155.0 million (adjusted to market) at December 31, 2009, along with investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs. As such, additional deposits were suspended in 2006. Deposits may be reinstated based on future studies and conditions.

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

In December 2007, SCE&G entered into a contract with Westinghouse Electric Company, LLC for plant modifications at Summer Nuclear Station. These modifications were completed during the 2009 refueling outage. The Authority's one third-share of the contract equaled approximately $2.4 million. The Authority's remaining commitment as of December 31, 2009 was approximately $120,000.

In February 2006, the Authority and SCE&G announced they will consider the possibility of constructing a new, jointly owned nuclear generation facility. On October 20, 2006, the Authority's Board authorized management to expend up to $390.0 million through 2010 in continuing actions necessary to design, permit, procure, construct and install two 1100-MW units at Summer Nuclear Station. In March 2008, SCE&G acting for itself and as agent for the Authority, submitted an application for a Combined Construction and Operating License to the NRC. On May 22, 2008, the Authority's Board reaffirmed the management authorization to take actions necessary to design, permit, procure, and install two 1100-MW nuclear generating units and further authorized management to execute a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement, and Construction (EPC) Contract. This authorization includes the expenditure of up to $1.9 billion through December 31, 2011 to obtain the Combined Construction and Operating License and fund the Authority's share of the EPC Contract and associated Owner's Costs for the project. On May 23, 2008, SCE&G acting for itself, and as agent for the Authority, executed an EPC Contract with Westinghouse Electric Company, Inc. and Stone & Webster, Inc. for the engineering, procurement, and construction of two 1100-MW nuclear generating units. The Authority and SCE&G have entered into a short term Bridge Agreement specifying an Authority ownership interest of 45 percent in the two units. The Authority anticipates the Bridge Agreement will be replaced by more permanent agreements governing construction, operation, and decommissioning of the units. The Authority and SCE&G are developing a Permanent Design and Construction Agreement and a Permanent Operating and Decommissioning Agreement that will replace the Bridge Agreement. The Bridge Agreement allows, and the Permanent Design and Construction Agreement will allow, either or both parties to withdraw from the project under certain circumstances.

NOTE 8 - LEASES:

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

Future minimum lease payments on Central leases at December 31, 2009 are as follows:

Year ending December 31,	
	(Thousands)
2010	$1,934
2011	1,610
2012	1,343
2013	1,023
2014	252
Total minimum lease payments	6,162
Less amounts representing interest	(563)
Principal Payments	$5,599

Property under capital leases and related accumulated amortization included in utility plant at December 31, 2009, totaled approximately $88.4 million and $87.4 million, respectively, and at December 31, 2008, totaled $89.2 million and $86.2 million, respectively.

Operating lease payments totaled approximately $4.2 million and $6.9 million during the years ended December 31, 2009 and 2008, respectively. Included in these operating lease payments are periodic expenses related to leased coal cars, which are initially reflected in fuel inventory and subsequently reported in fuel expense based on the tons burned. The term of the current coal car lease expires January 31, 2011, although, cars may be returned early with proper notice, without penalty, if demand is reduced. The maximum amounts for the coal car leases to be paid for the years 2010 and 2011 are $1.9 million and $159,000, respectively. Future lease options will be evaluated based on fuel requirements.

In addition, as of December 31, 2009, the Authority has a lease agreement for a hydro electric generating facility. The lease agreement is automatically extended for five-year periods until terminated by either party by giving a two-year notice. The obligation is a $600,000 per year payment for the lease, in addition to operating expenses associated with the facility.

NOTE 9 - CONTRACTS WITH ELECTRIC POWER COOPERATIVES:

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the Coordination Agreement). Under this agreement, the Authority is the sole supplier of energy needs for Central excluding energy Central receives from the Southeastern Power Administration (SEPA), small amounts provided by Broad River Electric Cooperative's ownership interest in a small run of the river hydro electric plant and small amounts purchased from others.

Central, under the terms of the contract with the Authority, has the right to audit costs billed to them under the cost of service contract. Differences as a result of this process are accrued if they are probable and estimable. To the extent that differences arise due to this process, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Assets. Such adjustments in 2009 and 2008 were not material to the Authority's overall operating revenue.

In September 2008, Central requested that the Authority and Central begin formal negotiations to consider changes to the Central Agreement in light of changes in the electric industry. Subsequently, the Authority and Central began meetings to discuss Central's concerns. During those discussions, Central informed the Authority that it had an opportunity to obtain a portion of its requirements from another supplier. The opportunity related to the requirements of five of its member cooperatives located in the upper part of the State: Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (The "Upstate Load"). Central requested that the Authority allow it to pursue that opportunity.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve the Upstate Load from a supplier other than the Authority. Subject to regulatory approvals to be obtained by Central and the new supplier, a majority of the Upstate Load would transition to the new supplier over a seven-year period beginning in 2013, and by 2019 would amount to approximately 1000 MW. The agreement also provides that neither party would exercise any rights to terminate the Central Agreement effective on or before December 31, 2030; and that the parties agree to negotiate in good faith terms and conditions by which the rights of the Authority and Central to terminate the Central Agreement will be deferred beyond 2030.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Budget - The Authority's capital budget provides for expenditures of approximately $584.1 million during the year ending December 31, 2010 and $1,544.9 million during the two years thereafter. These expenditures include $1,376.1 million for new nuclear generating units being constructed to begin operation in 2016 and 2019, $21.0 million for contractual obligations associated with the suspended Pee Dee Unit 1, $9.0 million for ongoing minor construction work for Cross Unit 4, and $52.9 million for environmental compliance expenditures. The total estimated project costs of the new nuclear generating units to begin operation in 2016 through 2019 are $5,174.3 million. Capital expenditures will be financed by internally generated funds and a combination of taxable and tax-exempt debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2009. The disclosure of minimum obligations below (including market re-opener contracts) is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Year Ending December 31,	With Re-openers	Without Re-openers
	(Thousands)	
2010	$ 677,223	$ 677,223
2011	657,083	512,993
2012	479,293	362,626
2013	440,440	390,278
2014	226,820	226,820
Total	$2,480,859	$2,169,940

The Authority has three outstanding minimum obligations under existing long-term purchased power contracts as of December 31, 2009. The first obligation is approximately $65.1 million with a remaining term of 25 years. The second obligation is approximately $38.4 million with a delivery beginning 2011 with a term of four years. The third obligation is approximately $685.0 million with a delivery beginning 2012 with a term of twenty years.

The Authority entered into agreements effective October 1, 2008 whereby New Horizon Electric Cooperative, Inc. assigned its interests, rights and obligations in contracts with Duke Energy Corporation and SCE&G for network integration transmission service to the Authority. The agreements are for network transmission service for the Upstate Load as defined in NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES. The initial term of both agreements is through July 2023 with annual obligations of approximately $8.0 million and $191,000, respectively. However, subject to regulatory approval, a majority of the Upstate Load would transition to a new supplier as stated in the last paragraph of NOTE 9. The Authority's obligation for transmission service for the load moving to the new supplier would decrease accordingly over the course of the transition period. At the end of the transition period, the Authority shall no longer be responsible for purchasing transmission service for the load served by the new supplier.

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

The Authority has commitments for nuclear fuel and nuclear fuel conversion, enrichment and fabrication contracts. As of December 31, 2009, these commitments total approximately $259.0 million over the next 14 years. The enrichment and fabrication component of these commitments from 2010 through 2013 totaling $33.3 million are contingent upon the operating requirements of the nuclear unit.

In 2009, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEII). In lieu of exercising its option to terminate the Contract for convenience and to pursue non-OEM parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators, and combustion tuning for the gas turbines. The amended contract value is approximately $103.5 million, including escalation. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2024) and through the second hot gas path inspection for Rainey 2A (expected to be completed in 2014) and for Rainey 2B (expected to be completed in 2017). The contract can be terminated for convenience at the end of 2015. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

On January 31, 2005, the Authority entered a $4.0 million Parts and Services Agreement with GEII for maintenance of the Rainey 3, 4 and 5 gas turbines. GEII's scope of work includes the supply of parts, repair services, and technical direction for one combustion inspection and one hot gas path inspection for each of the three gas turbines. The combustion inspections have been completed. The remaining scope includes three hot gas path inspections (approximately $3.0 million). The term of the agreement, which is dependent on unit operation, is expected to end in 2015.

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

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Policies are subject to deductibles ranging from $250 to $1.0 million, with the exception of named storm losses which carry deductibles from $1.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2009, there were no losses incurred or reserves recorded for general liability.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. There have been no third-party claims for environmental damages for 2009 or 2008. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

At December 31, 2009, the amount of the self-insured liabilities for auto, dental, worker's compensation and environmental remediation was approximately $1.8 million. The liability is the Authority's best estimate based on available information.

Changes in the reported liability were as follows:

Year Ended December 31:	2009	2008
	(Thousands)	
Unpaid claims and claim expense at beginning of year	$2,120	$2,140
Incurred claims and claim adjustment expenses:		
Add: Provision for insured events of the current year	2,027	3,550
Less: Payments for current and prior years	(2,394)	(3,570)
Total unpaid claims and claim expenses at end of year	$1,753	$2,120

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Several State funds accumulate assets, and the State itself assumes all risks for the following:

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

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

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

Nuclear Insurance - The maximum liability for public claims arising from any nuclear incident has been established at $12.5 billion by the Price-Anderson Indemnification Act. This $12.5 billion would be covered by nuclear liability insurance of $300.0 million per site, with potential retrospective assessments of up to $117.5 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $17.5 million per incident, per year). Based on its one-third interest in Summer Nuclear Station, the Authority could be responsible for the maximum assessment of $39.2 million, not to exceed approximately $5.8 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $500.0 million primary and $1.5 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. In addition to the premiums paid on the primary and excess policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be $2.6 million for the primary policy and $2.7 million for the excess policy. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. This policy also carries a potential retrospective assessment of $1.4 million.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage, or cost increases for any periods through December 31, 2009.

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

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the EPA promulgated in 2005 two Clean Air Act Regulations: the Clean Air Mercury Rule (CAMR) and the Clean Air Interstate Rule (CAIR). The CAIR program required revisions to the South Carolina State Implementation Plans (SIP) accordingly for NOx. The Authority, along with other utilities, challenged the SO2 allocation portion of CAIR, and participated in a stakeholders' process to develop with the South Carolina Department of Health and Environmental Control (DHEC), a regulation for CAIR and CAMR in South Carolina. The proposed regulation for CAIR and CAMR was approved by the state legislature and went into effect June 22, 2007. However, both CAIR and CAMR have been subject to DC Circuit Court review and subsequent decisions.

In 2008, the CAMR was vacated by the DC Circuit Court. In place of the state promulgated CAMR, South Carolina utilities and DHEC finalized a Memorandum of Agreement (MOA) in which the Authority committed to install and certify mercury Continuous Emissions Monitoring Systems (CEMS) at a set of agreed-upon coal-fired units, and collaborate with the South Carolina utilities and DHEC to provide support for a state-wide assessment evaluating the mercury deposition resulting from coal-fired power plants in South Carolina. In 2009, the mercury CEMS were installed at the specified Authority units and utilities began initial reporting. There are no cap and trade requirements.

Also in 2008, the DC Circuit Court remanded CAIR back to EPA without vacatur with the requirement for EPA to develop a replacement rule. CAIR and the CAIR Federal Implementation Programs (FIPs) – including the CAIR trading programs – remain in place until EPA issues a new rule to replace CAIR. Based on EPA estimates, the CAIR replacement rule is anticipated sometime during 2010. The Authority will continue to evaluate the court's ruling and any subsequent actions by EPA.

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

Currently there are both legislative and regulatory efforts to reduce greenhouse gas emissions. The Authority continues to review proposed greenhouse gas regulations to assess potential impacts to its operations.

The EPA is in the process of proposing regulations to reduce the emissions of hazardous air pollutants from coal-fired electric utility boilers. The Authority will review the proposed regulations when released to determine impacts to its operations.

Safe Drinking Water Act - The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting drinking water systems at Santee Cooper's regional water systems, generating stations, substations and other auxiliary facilities such as Wampee and Somerset. DHEC has regulatory authority of potable water systems in South Carolina. The State Primary Drinking Water Regulation, R.61-58, governs the design, construction and operational management of all potable water systems in South Carolina subject to and consistent with the requirements of the Safe Drinking Water Act and the implementation of federal drinking water regulations. The Authority endeavors to manage its potable water systems for compliance with R.61-58.

Clean Water Act - The Clean Water Act (CWA) prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System (NPDES) permit program. The CWA also requires that cooling water intake structures reflect the best technology available for minimizing adverse environmental impact. DHEC has been delegated NPDES permitting authority by the EPA and administers the program for the State. DHEC has stated that if there should be a delay in renewing permits beyond the expiration of the existing permits, the permits will be extended by operation of law and the Authority may still discharge pursuant to Section 1-23-370 of the Code of Laws of South Carolina 1976, as amended.

Each station's stormwater discharge is covered under the State's NPDES General Permit No. SCR000000. The Authority continually strives to operate in compliance with this permit.

Industrial wastewater discharges from all stations and the regional water plants are governed by NPDES permits. The status of the Authority's permits is shown below:

Facility	Permit Type	Effective Date	Expiration Date	Renewal Application Date
Cross Generating Station	Individual	Nov 3, 2006	Aug 31, 2010	Mar 4, 2010
Grainger Generating Station	Individual	Oct 1, 2002	Sep 30, 2006	Mar 28, 2006
Jefferies Generating Station	Individual	Mar 1, 2003	Feb 29, 2008	Aug 29, 2007
Rainey Generating Station	Individual	Mar 1, 2010	Mar 31, 2013	N/A *
Winyah Generating Station	Individual	Mar 1, 2007	Jul 31, 2011	N/A *
Regional Water Systems	General	Oct 1, 2001	Oct 31, 2006	Apr 24, 2006

* Renewal applications must be submitted to SC DHEC 180 days or more prior to the listed expiration date.

The EPA revised sections of the CWA relating to Spill Prevention Control and Counter-measures (SPCC). These revisions require that regulated facilities, including generating stations, substations and auxiliary facilities, amend their current SPCC plans to meet the standard. The Authority continues to be in compliance with the new standard before the regulatory required implementation date of November 10, 2010. By that date, facilities must amend or prepare, and implement SPCC Plans in accordance with revisions to the SPCC rule promulgated since 2002.

The EPA published regulations implementing Section 316(b) of the CWA for existing electric generating facilities in the Federal Register on July 9, 2004. These regulations require that cooling water intake structures reflect the Best Technology Available (BTA) for minimizing adverse environmental impacts such as the impingement of fish and shellfish on the intake structures and the entrainment of eggs and larvae through cooling water systems. These regulations, which became effective September 7, 2004, establish performance standards for reduction in impingement mortality and entrainment. On July 9, 2007 the EPA published in the Federal Register a Suspension of Regulations Establishing Requirements for Cooling Water Intake Structures, known as the EPA 316(b) Phase II rule. Even though this rule was suspended, the NPDES permit continues to require that a compliance plan be submitted in the form of a Comprehensive Demonstration Study (CDS) to DHEC. Jefferies Generating Station and the Grainger Generating Station NPDES permits additionally require submission of a CDS. With the suspension of the rule, DHEC granted a variance from this specific permit condition with qualifying conditions. A letter dated December 14, 2007 from DHEC stated that Jefferies and Grainger would not be required to complete the CDS process at this time but requested an interim partial CDS be submitted in regards to certain activity already completed. Thus, the Authority's facilities affected by the new rule, Jefferies and Grainger Stations, are currently in compliance with the requirements.

Hazardous Substances and Wastes - Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) provides for the reporting requirements to cover the release of hazardous substances generally into the environment, including water, land and air. When these substances are processed, stored, or handled, reasonable and prudent methods are employed to prevent a release to the environment.

Additionally, the EPA regulations under the Toxic Substances Control Act impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCB) and associated equipment. There are regulations covering PCB notification and manifesting, restrictions on disposal of drained electrical equipment, spill cleanup record-keeping requirements, etc. The Authority has recently updated a comprehensive PCB management program in response to these regulations.

Under the CERCLA and Superfund Amendments and Reauthorization Act (SARA), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. CERCLA liability, which is strict, joint and several, can be imposed on any generator of hazardous substances who arranged for disposal or treatment at the affected facility. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions.

The Authority endeavors to comply with the applicable provisions of CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. In addition to handling hazardous substances, the Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, gypsum and scrubber sludge. These wastes are presently exempt from hazardous wastes regulation under the Resource Conservation and Recovery Act (RCRA).

Also under RCRA, the Authority may be required to undertake corrective action with respect to any leaking underground petroleum storage tank and is liable for the costs of any corrective action taken by the EPA, including compensating third parties for personal injuries and property damage. The Authority implemented a program which assessed all underground storage tanks (USTs). As a result of the assessment, the number of USTs were significantly reduced. The Authority is required by the EPA and DHEC to maintain documentation of sufficient funds or insurance to cover environmental impacts.

Pollution Remediation Obligations - During 2008, the Authority adopted GASB 49, which addresses standards for pollution (including contamination) remediation obligations for remediation activities such as site assessments and cleanups. GASB 49 excludes pollution prevention or control obligations with respect to current operations and future pollution remediation activities that are required upon retirement of an asset, such as land fill closure and post closure care and nuclear power plant decommissioning.

The Authority had recorded approximately $182,000 for pollution remediation liabilities for both years ended December 31, 2009 and 2008. The liabilities are recorded at the current value of the costs. The method used to estimate the liabilities consists of weighting a range of possible estimated job cost amounts and calculating a weighted average cost. The weights and estimated costs are developed using professional engineering judgment acquired through years of estimating and completing many pollution remediation projects. The Authority foresees no cost recoveries at this time which would reduce the recorded estimated liabilities.

Homeland Security - The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002. These regulations are housed in Title 6 of the Code of Federal Regulations. Some of these regulations deal with issues involving major industrial facilities. Particularly relevant is 6 CFR 27, which relates to anti-terrorism standards at facilities which store or process chemicals. This regulation required the submittal of a screening assessment for facilities which store chemicals in the screening threshold quantity which are limited to Cross, Winyah and Jefferies Stations (public water systems are exempt). DHS also required the completion of a Security Vulnerability Assessment for Jefferies. The Authority has been proactive in conducting security assessments independently and with guidance from DHEC since 2001, and will continue to comply with this evolving body of regulations.

Legal Matters - Landowners located along the Santee River contend that the Authority is liable for damage to their real estate as a result of flooding that has occurred since the U.S. Army Corps of Engineers' (the "Corps") Cooper River Rediversion Project (the "Project") was completed in 1985. A jury trial held in 1997 in the U.S. District Court, Charleston, SC, returned a verdict against the Authority on certain causes of action. The Authority appealed the decision to the Fourth Circuit Court of Appeals which, after oral arguments, remanded the case to the District Court. The Authority has entered into a settlement agreement with the plaintiffs which will involve mediation of the claims and a non-jury hearing regarding those claims which cannot be resolved through mediation. Pursuant to this agreement, the claims of five landowners were resolved with the Authority paying $15.6 million for those claims. The claims of seven landowners were tried in July 2009. The Court entered a judgment in the amount of approximately $55.0 million plus prejudgment interest at eight percent compounded annually. The Authority's motion to reconsider was denied and the Court entered an amended judgment on February 5, 2010. The Authority paid the judgment amount, approximately $206.0 million including interest, on March 1, 2010. All remaining iussues in the District Court action are expected to be resolved in 2010. The U.S. Army Contract Board of Appeals has determined that the contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the Project. The Authority will seek recovery from the Corps with regard to payment of these claims. No estimate relative to potential loss to the Authority can be made at this time.

In late 2007 an action was instituted in the Court of Common Pleas, Horry County, South Carolina, by an Authority retail customer, seeking to represent himself and other similarly situated, as a class seeking damages against the Authority. The plaintiff makes claims related to the propriety of the Authority's rates and rate making process. The action has been tentatively settled pending court approval. The settlement will not have a material adverse effect on the Authority's financial position or results of operations.

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

NOTE 11 - RETIREMENT PLAN:

Substantially all Authority regular employees must participate in one of the components of the South Carolina Retirement System (System), a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws. The payroll for active employees covered by the System for each of the years ended December 31, 2009, 2008 and 2007 was approximately $122.0 million, $114.0 million and $105.0 million, respectively.

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

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

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

All employees are required by State statute to contribute to the System at the prevailing rate (currently 6.50 percent). The Authority contributed 9.24 percent of the total payroll for retirement. For 2009, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirement for the years ended December 31, 2009, 2008 and 2007 was approximately $12.0 million, $11.0 million and $9.7 million, respectively, from the Authority and $7.9 million, $7.4 million and $6.8 million, respectively from employees. The Authority made 100 percent of the required contributions for each of the years ended December 31, 2009, 2008 and 2007.

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

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the System retirement plan which is a defined benefit plan. The contribution amounts are the same, (6.50 percent employee cost and 9.24 percent employer cost) however, 5.0 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 4.24 percent is to the Retirement System. As of December 31, 2009, the Authority had 43 employees participating in the State ORP and consequently the related payments are not material.

The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel in accordance with FASB ASC 715, "Compensation-Retirement Benefits". The established pension plan generates earnings which are shared proportionately and used to reduce the allocated funding.

As of December 31, 2009 and 2008, the Authority had over-funded its share of the plan FASB ASC 715 requirements by $8.5 million and $11.2 million, respectively. This receivable however, is offset by a regulatory liability as a result of the Authority adopting FASB ASC 715 during 2007. The Authority's regulatory asset and liability balances were approximately $19.7 million and $23.3 million for the unfunded portion of pension benefits at December 31, 2009 and 2008, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2009.

The Authority also provides retirement benefits to certain employees designated by management and the Board under supplemental executive retirement plans. Benefits are established and may be amended by management and the Authority's Board and includes retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, the supplemental executive retirement plans were segregated into the internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2006 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. The total cost for the years 2009 and 2008 was approximately $1.5 million and $1.3 million, respectively. At December 31, 2009 and 2008 the accrued liability was approximately $5.0 million and $4.9 million, respectively.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS:

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

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

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby the South Carolina Employee Insurance Program (EIP) provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement benefits available are defined by the EIP and substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with a minimum of 10 years of earned service or at age 60 with at least 20 years of service. Currently, approximately 595 retirees meet these requirements. For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. The EIP may be contacted at: Employee Insurance Program, Financial Services, P.O. Box 11661, Columbia, S.C. 29211-1661.

Funding Policy - The Authority has elected the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. The Authority's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. This method of funding will result in increasing contributions over time whereby the more retirees, the greater the disbursements as a percentage of employee payroll. The unfunded actuarial accrued liability for the Authority as of June 30, 2008 was $135.5 million. For each of the years ended December 31, 2009 and 2008, these costs totaled approximately $2.9 million and $2.7 million, respectively, and were based on premiums provided by the EIP.

The Authority is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Annual OPEB Cost - The Authority's annual OPEB cost (expense) for the current and prior years is as follows:

Year Ended December 31:	**2009**	2008
	(Thousands)	
Beginning Liability Balance	**$12,457**	$ 5,829
Add: Annual OPEB Cost	**10,348**	9,420
Less: Annual OPEB Cost Contributed	**(2,950)**	(2,792)
Net OPEB Obligation	**$19,855**	$12,457

Funded Status and Funding Progress - The funded status of the plan through December 31, 2009 was as follows:

	(Thousands)
Actuarial Accrued Liability (AAL)	$135,524
Actuarial Value of Plan Assets	0
Unfunded Actuarial Accured Liability (UAAL)	$135,524
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.00%

Actuarial valuations of an ongoing plan involve estimates such as mortality rates and potential rising health costs. The unfunded actuarial accrued liabilities (UAAL) were amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period is the maximum period that complies with the GASB requirements.

Actuarial Methods and Assumptions - Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following characteristics:

(1) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and

(2) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

The Entry Age Normal actuarial cost method has been used to calculate the ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. The ARC is expected to increase at approximately the same rate as active member payroll. This is both an acceptable and reasonable cost method.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress				
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)
		(Thousands)		
6/30/2006	None	$137,543	$137,543	0.00%
6/30/2008	None	$135,524	$135,524	0.00%

The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such the Authority is responsible for funding its share of other post-employment benefit costs for the station's employees. The Authority's liability balances as of December 31, 2009 and 2008 were approximately $8.6 million and $8.4 million, respectively.

In addition, the Authority adopted the balance sheet recognition provision of FAS ASC 715 during 2007. At December 31, 2009 and 2008, respectively, regulatory asset and liability balances of approximately $1.7 million and $1.0 million were recorded for the unfunded portion of other post-employment benefit costs for V.C. Summer employees. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2009.

NOTE 13 - CREDIT RISK AND MAJOR CUSTOMERS:

Sales to two major customers for the years ended December 31, 2009 and 2008 were as follows:

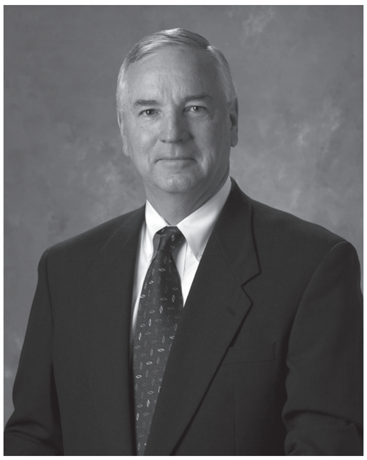
	2009	2008
	(Thousands)	
Central (including Saluda)	**$997,000**	$839,000
Alumax of South Carolina	**$169,000**	$157,000

No other customer accounted for more than 10 percent of the Authority's sales for either of the years ended December 31, 2009 or 2008.

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

BOARD OF DIRECTORS

Santee Cooper is governed by an 11-member board of directors that is appointed by the governor, deemed fully qualified by the Senate Public Utilities Review Committee and confirmed by the state Senate. The board consists of directors representing each of the six congressional districts, each of the three counties where Santee Cooper serves retail customers directly, two directors with previous electric cooperative experience and the chairman appointed at-large.



O.L. THOMPSON III
Chairman
At-Large
Mt. Pleasant, S.C.

President and CEO of O.L. Thompson Construction Co., Inc, that includes Thompson Trucking Co., Inc and Wando Concrete.

G. DIAL DUBOSE
1st Vice Chairman
3rd Congressional District
Easley, S.C.

Real estate consultant at Nalley Commercial Properties in Easley, S.C.

WILLIAM A. FINN
1st Congressional District
Charleston, S.C.

Chairman of AstenJohnsen, Inc., a specialty textile company for the printing and papermaking industries based in Charleston, S.C.

J. CALHOUN LAND, IV
6th Congressional District
Manning, S.C.

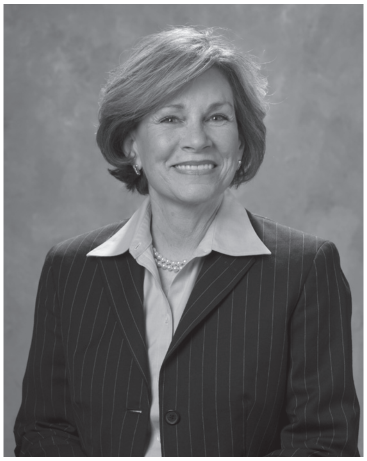
Partner in Land, Parker and Welch, a general practice Manning law firm.

W. LEIGHTON LORD III
2nd Congressional District
Columbia, S.C.

Partner in Nexsen Pruet law firm in Columbia.

DR. JOHN MOLNAR
Horry County
Myrtle Beach, S.C.

Medical Director for Grand Strand Regional Medical Center, Emergency Department.



PEGGY PINNELL
Berkeley County
Moncks Corner, S.C.

Owner of State Farm Insurance Agency, Moncks Corner

JAMES W. SANDERS, SR.
5th Congressional District
Gaffney, S.C.

Pastor of Bethel Baptist Church in Gaffney and active in numerous civic and business organizations.

DAVID A. SPRINGS
Georgetown County
Murrells Inlet, S.C.

Retired Consulting Engineer for electric cooperatives and municipal utilities with Southern Engineering Company of Georgia.

CECIL VIVERETTE
At-Large
Hilton Head Island, S.C.

Retired President and CEO of Rappahannock Electric Cooperative in Virginia.

BARRY WYNN
4th Congressional District
Spartanburg, S.C.

President of Colonial Trust Company, a private trust company specializing in investment management and estate services.

ADVISORY BOARD

Mark Sanford
Governor

Mark Hammond
Secretary of State

Henry D. McMaster
Attorney General

Richard A. Eckstrom
Comptroller General

Converse A. Chellis III
State Treasurer

EXECUTIVE MANAGEMENT

Lonnie N. Carter	*President and Chief Executive Officer*
Bill McCall	*Executive Vice President and Chief Operating Officer*
Elaine G. Peterson	*Executive Vice President and Chief Financial Officer*
James E. Brogdon Jr.	*Senior Vice President and General Counsel*
R.M. Singletary	*Senior Vice President of Corporate Services*

MANAGEMENT

Terry L. Blackwell	*Senior Vice President, Power Delivery*
S. Thomas Abrams	*Vice President, Planning & Power Supply*
Jeffrey D. Armfield	*Vice President, Business Services and Treasurer*
Wm. Glen Brown	*Vice President, Human Resource Management*
Zack W. Dusenbury	*Vice President, Retail Operations*
Glenda W. Gillette	*Vice President, Administration*
Thomas L. Kierspe	*Vice President, Engineering and Construction Services*
L. Phil Pierce	*Vice President, Fossil and Hydro Generation*
Suzanne H. Ritter	*Vice President, Corporate Planning and Bulk Power*
Marc Tye	*Vice President, Conservation and Renewable Energy*
Laura G. Varn	*Vice President, Corporate Communications and Media Relations*

AUDITOR

Stephon Terrell Thompson

CORPORATE SECRETARY

Pamela J. Williams	*Associate General Counsel – Corporate Affairs*

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santee cooper

ReThink. ReDuce. ReNew.

2009 Annual Report

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