Santee Cooper®

Balanced Growth

Clear Vision

Renewed Commitment

2007 ANNUAL REPORT

santee cooper's mission

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

O.L. Thompson III
Chairman
Board of Directors

Lonnie N. Carter
President and Chief Executive Officer

Since 1934, Santee Cooper has existed for the benefit of all South Carolinians, and in particular for improving their health, welfare and material success. This absolute dedication to prosperity for all has guided Santee Cooper for nearly 75 years and never more so than during 2007, as we continued to strive to be the state's leading resource for improving the quality of life for all who call this great state home.

There were many accomplishments in 2007, and perhaps the most telling occurred the week of August 6, thick in the dog days of summer. Temperatures soared all week, with heat indexes reaching well into the triple digits each day. By Friday of that week, Santee Cooper had set four consecutive peak-demand records, finishing with a new all-time record of 5,563 megawatts. Meeting that demand required conservation through industrial customer curtailments, purchasing power on the volatile open market, and excellent employee performance that kept our own generating facilities running full-tilt.

More than that, the week underscored the certainty of a debilitating energy shortage by 2013 if we can't follow through now on our conservation, efficiency and new generation plans to keep the lights on for our growing state. We have a balanced solution to meeting that need, one that will be successful as we follow through on each piece.

Our board passed a resolution in 1990 that formalized what Santee Cooper had been doing for years: "Protection and improvement of our environment are equal in importance to providing affordable energy." As our board renewed that commitment this year, we strengthened it by setting a goal to significantly increase the electricity we generate from non-greenhouse gas emitting resources, biomass fuels, energy efficiency and conservation. Each of these resources is key as we continue to serve the state's growing population of residential, commercial and industrial customers.

Protection and improvement of our environment - through conservation, energy efficiency and development of commercial-scale renewable energy resources - is essential to provide affordable electricity and to meet the growing energy needs.

We must remain true to our original commitment, to be guided by what most benefits South Carolinians. From hiring and training employees to planning for power needs and environmental sustainability into the future, we will succeed if we stay the course.

CONSERVATION AND RENEWABLE ENERGY ARE AS IMPORTANT AS BUILDING POWER PLANTS.

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BALANCED GROWTH

It is our responsibility to provide reliable and affordable energy to South Carolinians and to do so in a way that is most protective of our environment. In keeping with a decades-old practice of environmental stewardship, our Board of Directors committed in October to a new goal: By the year 2020, we intend to generate 40 percent of our electricity from non-greenhouse gas emitting resources, biomass fuels, energy efficiency and conservation.

This is a first for a South Carolina utility. We currently produce about 10 percent of electricity from such sources, mostly through our nuclear plant, and so we are pledging a four-fold increase in this area. We expect far-reaching changes that will chart a bold new direction for Santee Cooper's sustainability programs and help us meet the state's growing need for electricity in a balanced fashion. We will need to add more than 500 megawatts of electricity by 2013: we will provide that through a combination of traditional and renewable generation, conservation and energy efficiency.

In partnership with SCE&G, we spent part of 2007 preparing to permit up to two new nuclear reactors that could be online in 2016. Nuclear generation emits no greenhouse gases, and streamlined permitting processes, stellar safety records, and growing concerns over greenhouse gases have caused utilities to reconsider what has been a dormant industry for several decades. Escalating construction costs have emerged as a near-term obstacle, but we remain confident that nuclear expansion will help us meet future energy demands.

Unfortunately, restarting an industry involves much uncertainty. We will not have additional nuclear generation by 2013. We plan to meet that immediate need with our Pee Dee Energy Campus, which will be built with the best available environmental control technology and is in the permit process. The Pee Dee campus will help provide affordable, reliable baseload generation that will ensure continued economic prosperity for the state and its people.

We brought our Cross 3 unit online in January 2007, and its performance helped us weather the severe heat of the summer and meet the new record demands of August. Cross Unit 4 remains on schedule to be commercially operational in 2009.

In November, the Lake Marion Regional Water System signed its first customers, a milestone in a long journey that involved Santee Cooper at every step. Congressman James E. Clyburn told attendees at a contract signing ceremony that this new water treatment system will improve the region's health and economic prospects by providing reliable, safe drinking water. Customers who have already signed to take water are the counties of Orangeburg, Calhoun, rural Dorchester and Berkeley and the town of Santee. Congressman Clyburn thanked representatives of the Lake Marion Regional Water Agency, Santee Cooper and state officials for their perseverance in seeing the project through. Santee Cooper helped with the system's facilitation and development, and it will operate the new system, just as it operates the Santee Cooper Regional Water System on Lake Moultrie.

We also added value to the state through successful economic development initiatives. The Power Team, our economic development partnership with The Electric Cooperatives of South Carolina, significantly advanced development efforts, especially in some of the more rural and economically challenged areas of the state. Since initiating new incentives in 2006, the Power Team has committed to more than $1.2 million in grants to local agencies to certify sites, provide professional development and help with strategic planning for economic development agencies. Most of that commitment came in 2007.

Santee Cooper partnered with economic development teams to bring a $5 million Builders FirstSource plant to the Loris Commerce Center and to announce a major Google facility in Berkeley County. The Builders FirstSource grand opening was in July, and construction is proceeding on the Google facility. American Gypsum is preparing for a grand opening for its manufacturing plant in Georgetown County, a partnership with Santee Cooper through which it produces wallboard from gypsum produced as a byproduct at Santee Cooper's Winyah Generating Station. In 2007, 2,925 new jobs, $891.3 million in new capital investments and more than 28,650 new kilowatts of needed capacity came about because of our efforts and those of our partners around the state.

CLEAR VISION

Santee Cooper has a tremendous track record in environmental leadership. Santee Cooper has offered conservation and efficiency programs for three decades, we were the first in South Carolina to generate and sell renewable Green Power, and also first to install state-of-the-art environmental control technology. We distributed thousands of energy-efficient compact fluorescent lights and will continue promoting their benefits into 2008.

We continued our forward position in 2007, rolling out our first school-based solar demonstration projects in partnership with the state's 20 electric cooperatives. This Green Power Solar Schools program outfits elementary and middle schools across the state with solar projects designed to showcase the opportunities and limitations of solar power. We have five projects in place now and will install 15 more in the next couple of years.

Santee Cooper is committed to finding ways to maximize the potential of our most abundant and efficient energy resource - coal, which fuels about half of America's power. In May, we announced a multimillion-dollar research initiative at the University of South Carolina. Teaming with The Electric Cooperatives of South Carolina, we donated $5 million to create a university-based research center focused on clean-coal technology that could reduce carbon emissions associated with coal. Our economic vitality as a nation depends on continued improvements in clean coal-burning generation.

Last year, we also set our sights on wind as a potential renewable resource. We have three research projects in place now evaluating coastal winds, and we are the only electric utility in the state actively researching the possibilities of harnessing wind as a sustainable power source. This research involves leading scientists at Clemson and Coastal Carolina universities, and we hope that data generated by these year-long studies will support installing wind turbines that could help meet South Carolina's future energy needs.

August heralded an exciting announcement in our existing Green Power renewable energy program: an expansion of our landfill gas generation with the planned installation of turbines at Georgetown County Landfill. We remain the only electric utility in South Carolina generating and selling renewable power. We are pursuing other landfill contracts and think this program will ultimately generate 45 megawatts of alternative energy.

In October, we launched an exciting residential program that pays customers for generating excess renewable energy, through home-based solar panels and other renewable resources, and getting it to our grid. The Santee Cooper Net Billing program also features interest-free loans to help customers purchase solar panels or other qualified equipment to get them started. We are the first utility to launch such a program in South Carolina.

RENEWED COMMITMENT

As we have said, by the year 2020 we intend to generate 40 percent of our electricity from non-greenhouse gas resources, biomass fuels, energy efficiency and conservation. We have established a new Department of Conservation and Renewable Energy to properly promote our existing environmental and renewable programs and to stimulate creation of new, innovative initiatives. And we named Marc Tye, a vice president reporting directly to our CEO, to lead this aggressive initiative. Through these actions, the utility has committed to ensure the proper resources are in place, giving conservation efforts the attention and relevancy they deserve.

The past year has seen unprecedented focus on the issue of climate change and the role played by greenhouse gas emissions. Carbon dioxide, a byproduct of burning fossil fuels such as coal, is a greenhouse gas. Santee Cooper currently generates about 83 percent of its electricity from coal. As we reach our 2020 goal, that figure will be closer to 50 percent of our generation, even with the addition of Cross 4 in 2009 and the Pee Dee Energy Campus after 2012. More importantly, we anticipate that our carbon emissions in 2020 will be less than they are today, thanks to an anticipated reduced demand on some units and the environmental technology advances we are implementing.

We launched Santee Cooper Green, just before the end of 2007. Santee Cooper Green is more than a name - it is everything we stand for as a water and electric utility. It highlights our renewed commitment to exploring all opportunities for sustainable electricity with minimal environmental impact. Visit the ways we are going green and helping our customers do the same at www.SanteeCooperGreen.com.

Our customers care about reliable, affordable energy and protection of the environment. We won't be able to provide these if we don't increase conservation and the use of renewable energy sources and build the Pee Dee Energy Campus with the best available technology.

OTHER 2007 MILESTONES

Ensuring reliable, environmentally conscious power is key to everything else we do. Our reliability rates in 2007 were, once again, an industry gold standard. We achieved a generation availability rate of 93.05 percent, a transmission reliability rate of 99.9979 percent and a distribution rate of 99.9968 percent. Our overall average residential customer satisfaction rating remained high at 99.7 percent. Because Santee Cooper employees take individual ownership of their responsibilities and deliver excellent performance, the company enjoys a continued reputation for treating people fairly and with integrity.

Our sound business decisions and results continued to find favor with the financial community. We maintained an AA rating from Fitch, an AA- from Standard & Poor's and a rating of Aa from Moody's Investors Service.

In July, the Board of Directors approved the sale of $342,525,000 revenue obligation bonds with an all-in true interest cost of 4.74 percent. Of that, $112 million was in retail bond sales. This was only the second time Santee Cooper had made a retail offering to South Carolinians, and it was the first time it was offered nationally at the retail level. The bonds are being used to help fund construction projects, including Cross Unit 4.

The Board of Directors also approved the sale of $97,970,000 worth of refunding bonds in September, with net present-value savings of $5.6 million or 5.32 percent. The savings will continue through 2021. Our debt-to-equity ratio, excluding commercial paper, remains stable at 69/31.

The drought presented a less-than-desired milestone for our lakes Marion and Moultrie, which dropped to levels not seen since the 1950s. Santee Cooper was able to prevent further lake deterioration, however, by halting generation at the three hydro units at St. Stephen. The utility committed to discharging only the water it is contractually obligated to release beginning in June, doing everything it could to preserve the water levels for this vital state resource. Winter and spring rains in the upstate will be necessary to restore the lakes to normal levels, and until that happens, Santee Cooper will continue to discharge the minimum allowed under contracts with the U.S. Army Corps of Engineers and the Federal Energy Regulatory Commission.

CHALLENGES AHEAD

We will not be able to meet our 40 percent-by-2020 goal if we do not take personal responsibility for our own habits and convince our customers to examine theirs. Conservation is a key piece of our equation, and while consumers say they are concerned about conserving natural resources and reducing greenhouse gas emissions, it's much more difficult to walk the talk.

That is our challenge: to create and effectively promote innovative programs and incentives that will achieve measurable energy savings among consumers. Our investments will not bear any fruit if we cannot convince people to change the way they use our product.

Another piece of our 40-by-2020 goal involves successful permitting and construction of at least one new nuclear reactor, which we are pursuing in conjunction with SCE&G. Although policy makers and political leaders are keenly interested in developing new nuclear facilities, and the permitting process has been streamlined, there is still much uncertainty ahead. The nuclear industry has been dormant for three decades, and we cannot say with any certainty what lies ahead as we pursue this option. We know nuclear power is safe, because we have been involved with a plant for 33 years in Jenkinsville, S.C. We know it is reliable, and we know that operating costs are lower than those for any other baseload generating option. We are optimistic.

We are facing a certain energy shortage, though, if we cannot bring new baseload power online before 2013. We are building bigger homes than in the past, and we're filling them with electronics that make our lives easier. Cell phone and iPod chargers, flat-screen TVs, and multiple computers are just a few of our favorite things. Not only that, South Carolina is growing faster than the national average, and our direct-serve market is growing faster than the state as a whole.

New people, bigger homes and more electronic devices mean more electricity. Santee Cooper will need additional baseload generation - more than 500 megawatts by 2013 - or we could face rolling brownouts and blackouts.

To help us meet that immediate need, we are in the process of permitting the Pee Dee Energy Campus in Florence County. This 600-megawatt 21st Century coal-fired plant will employ the best available environmental control technology and be one of the cleanest electric plants in the country, but there are advocacy groups which bitterly oppose this plant's construction and are fighting us at every step. We remain confident that our record in providing low-cost, reliable power while maintaining our environmental stewardship will work to the advantage of our growing state, and that we will be able to meet the need in the near term. We expect to have this plant operational after 2012. This facility, along with our conservation and renewable efforts, make up our balanced approach to meeting our state's future energy needs.

BRIGHT FUTURE

Conservation and generation are equally important to us, and we reaffirmed this belief in October by setting a bold, forward-looking goal relating to greenhouse gas emissions. As a unified board, the directors promised to increase our environmental stewardship efforts while we continue to provide electricity at some of the lowest rates in the nation.

Santee Cooper's future remains bright. We have a talented, dedicated workforce and we have initiated steps to ensure a supply of skilled workers into the future. We continue to be successful in building generation on schedule and in time to meet the need. Our leadership is forward-focused, and their energy, ideas and commitment to South Carolina remains strong.

We remain true to our mission, to be the state's leading resource for improving the lives of all South Carolinians. We will do this through the provision of low-cost, dependable power, through excellent customer service and employee performance, and through our continued role as a valued corporate citizen. We take our responsibilities seriously. We are ready for the challenges of tomorrow. We'll keep the lights on for you.

corporate statistics

SYSTEM DATA 2007

Miles of transmission lines	4,608
Miles of distribution lines	2,610
Number of transmission/switching stations	84
Number of distribution/switching stations	78
Number of Central delivery points	354
Municipal Customers	2

Corporate Statistics	2007	2006	2005	2004	2003
FINANCIAL (Thousands):					
Total Revenues & Income	**$1,494,467**	$1,457,376	$1,382,395	$1,166,030	$1,057,591
Total Expenses & Interest Charges	**$1,391,844**	$1,359,494	$1,268,956	$1,073,529	$ 973,326
Other	**($ 1,478)**	$ 4,885	$ 34,374	$ 10,373	($ 15,411)
Reinvested Earnings	**$ 101,145**	$ 102,767	$ 147,813	$ 102,874	$ 68,854
OTHER FINANCIAL:					
Debt Service Coverage	**1.75**	1.79	2.01	1.81	1.86
Debt / Equity Ratio	**69/31**	69/31	67/33	71/29	68/32
STATISTICAL:					
Number of Customers (at Year-End)					
Retail Customers	**161,317**	156,462	148,988	143,081	137,823
Military and Large Industrial	**31**	33	32	32	32
Wholesale	**4**	4	4	4	4
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Total Customers	**161,352**	156,499	149,024	143,117	137,859
Generation:					
Coal	**22,811**	19,621	19,033	19,160	19,010
Nuclear	**2,826**	2,503	2,485	2,745	2,445
Hydro	**337**	335	482	432	670
Natural Gas	**1,097**	2,007	2,067	1,674	1,191
Oil	**17**	29	55	31	26
Landfill Gas	**64**	61	44	23	22
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Total Generation (GWh)	**27,152**	24,556	24,166	24,065	23,364
Purchases, Net Interchanges, etc. (GWh)	**880**	1,733	1,957	1,417	1,738
Wheeling, Interdepartmental, and Losses	**(811)**	(867)	(1,059)	(1,031)	(1,042)
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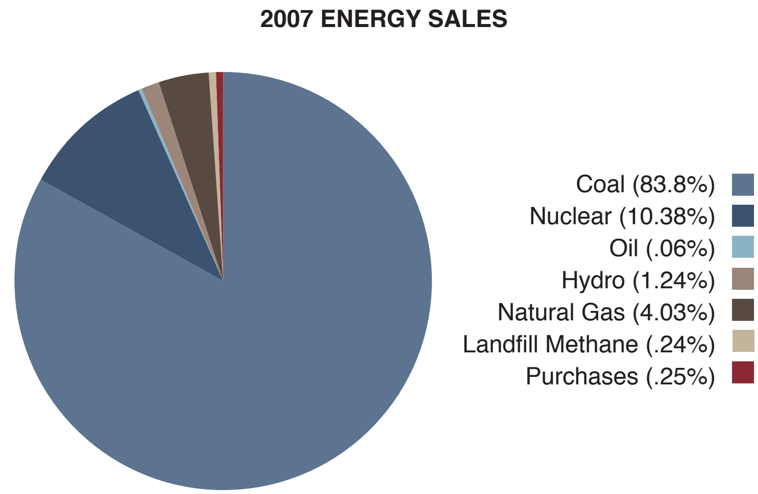
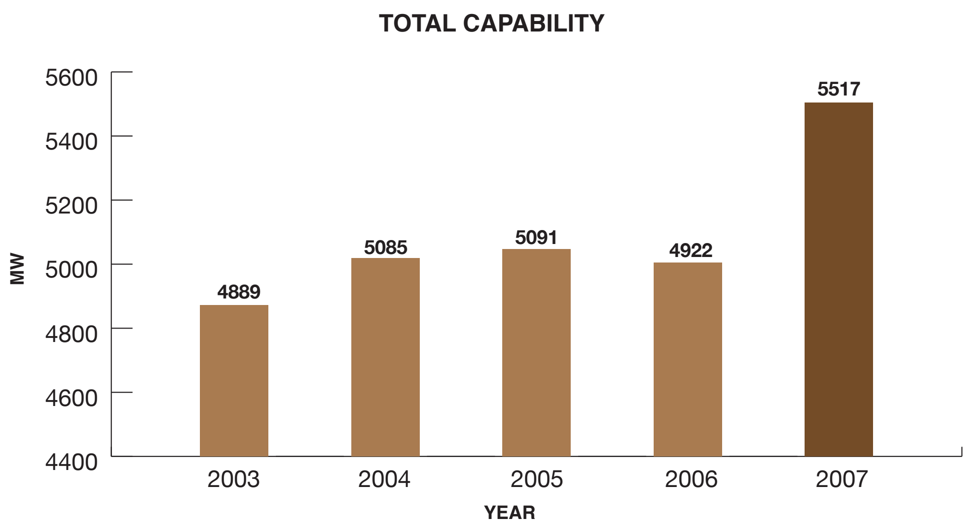
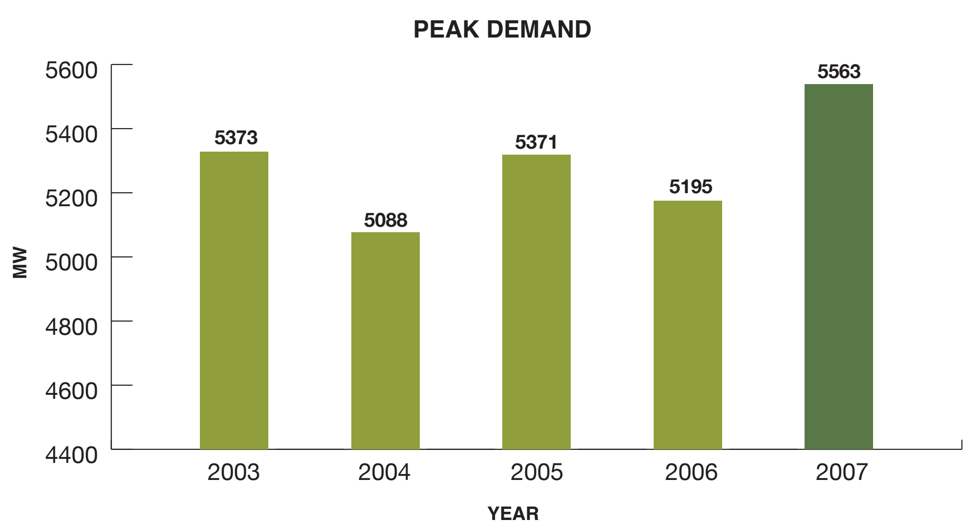
Total Energy Sales (GWh)	**27,221**	25,422	25,064	24,451	24,060
Summer Peak Generating Capability (net MW)	**5,091**	4,511	4,505	4,499	4,277
Territorial Peak Demand (MW)	**5,563**	5,195	5,371	5,088	5,373


2007 ENERGY SALES
Coal (83.8%)
Nuclear (10.38%)
Oil (.06%)
Hydro (1.24%)
Natural Gas (4.03%)
Landfill Methane (.24%)
Purchases (.25%)


TOTAL CAPABILITY
MW
5600
5400
5200
5000
4800
4600
4400
4889
5085
5091
4922
5517
2003
2004
2005
2006
2007
YEAR


PEAK DEMAND
MW
5600
5400
5200
5000
4800
4600
4400
5373
5088
5371
5195
5563
2003
2004
2005
2006
2007
YEAR

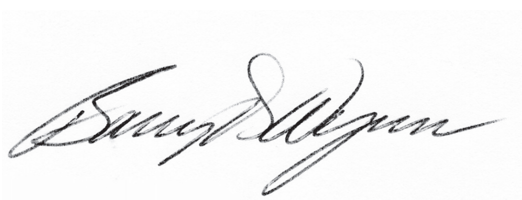
finance-audit committee chairman's letter

The Finance-Audit Committee of the Board of Directors is comprised of four independent directors: Barry Wynn, Chairman; G. Dial DuBose; William A. Finn; and David A. Springs.

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
Finance-Audit Committee

management's discussion and analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Statement of Revenues, Expenses and Changes in Net Assets
This statement provides the operating results of the Authority broken into the various categories of operating revenues and expenses, non-operating revenues and expenses, as well as revenues from capital contributions.

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

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

FINANCIAL CONDITION OVERVIEW

The Authority's Combined Balance Sheets as of December 31, 2007, 2006 and 2005 are summarized as follows:

	2007	2006	2005
		(Thousands)	
ASSETS			
Plant - net	**$4,260,791**	$3,876,291	$3,528,628
Current assets	**810,286**	742,585	678,948
Other noncurrent assets	**609,677**	592,220	456,062
Deferred debits	**312,296**	329,397	319,564
Total assets	**$5,993,050**	$5,540,493	$4,983,202
LIABILITIES & NET ASSETS			
Long-term debt - net	**$3,347,112**	$3,090,030	$2,518,991
Current liabilities	**738,713**	638,352	694,944
Other noncurrent liabilities	**396,687**	387,725	432,697
Net assets	**1,510,538**	1,424,386	1,336,570
Total liabilities and net assets	**$5,993,050**	$5,540,493	$4,983,202

2007 COMPARED TO 2006

ASSETS

- Net plant increased by $384.5 million. Additions minus retirements to utility plant were $931.0 million in 2007. The addition of the Cross 3 unit represented over 70 percent of this increase. This was reduced by changes in Accumulated depreciation and Construction work in progress. Accumulated depreciation increased by $162.1 million, of which almost $20.0 million was due to the depreciation on the Cross 3 unit. The decrease in Construction work in progress was $384.4 million and resulted from Cross 3 being transferred from Construction work in progress to Utility plant. This was partially offset by ongoing construction related to Cross 4, Pee Dee 1, coal cars and environmental compliance.

- Current assets increased $67.7 million principally due to increases in Fuel and Material Inventories.

- Other noncurrent assets increased $17.5 million primarily due to an increase in Restricted cash and cash equivalents and Unrestricted investments.

- Deferred debits decreased $17.1 million due to receiving payment for a billable project.

LIABILITIES

- Long-term debt increased $257.1 million due to the net affect of bond refinancing, principal repayments and new money issues.

- Current liabilities increased $100.4 million due to increases in Commercial paper notes outstanding and Current portion of long term debt. These were partially offset by a decrease in Accounts payable.

- Other noncurrent liabilities increased $9.0 million primarily due to increases in regulatory liabilities for Asset retirement obligation and the unfunded portions of pension and other post employment benefits offset by a reduction in Construction liabilities.

- Net assets increased $86.2 million due to the increases in Unrestricted assets, Restricted for debt service and Invested in capital assets, net of related debt.

2006 COMPARED TO 2005

ASSETS

- Net plant increased by $347.7 million. Additions less retirements to Utility plant were $260.6 million in 2006. The change in Accumulated depreciation was an increase of $142.3 million and was consistent with prior years. The increase in Construction work in progress was $229.4 million and included major construction related to Cross 3, Cross 4, Pee Dee 1 and environmental compliance.

- Current assets increased $63.6 million due to increases in Accounts receivable and Inventories.

- Other noncurrent assets increased $136.2 million primarily due to an increase in Restricted cash and investments.

- Deferred debits increased $9.8 million due to increases in the Costs to be recovered from future revenue and Unamortized debt expenses.

LIABILITIES

- Long-term debt increased $571.0 million due to the net affect of bond refinancing and new money issues, and principal repayments.

- Current liabilities decreased $56.6 million due to decreases in Commercial paper notes outstanding and Other current liabilities. These were partially offset by increases in Accounts payable, Current portion of long term debt and Accrued interest.

- Other noncurrent liabilities decreased $45.0 million primarily due to a decrease in the Asset retirement obligation liability.

- Net assets increased $87.8 million due to the increases in Unrestricted assets, Restricted for debt service and Restricted for capital projects. These were partially offset by a decrease in Invested in capital assets.

RESULTS OF OPERATIONS

The Authority's Combined Statements of Revenues, Expense and Changes in Net Assets for years ended December 31, 2007, 2006 and 2005 are summarized as follows:

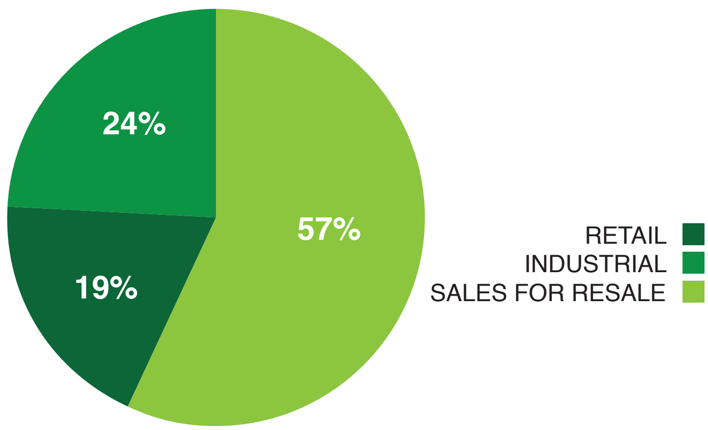
	2007	2006	2005
		(Thousands)	
Operating revenues	**$1,464,825**	$1,413,343	$1,350,080
Operating expenses	**1,198,157**	1,173,989	1,102,360
Operating income	**$ 266,668**	$ 239,354	$ 247,720
Interest charges	**(193,687)**	(185,505)	(166,596)
Costs to be recovered from future revenue	**(1,478)**	4,885	34,374
Other income	**29,642**	44,033	32,315
Transfers out	**(14,993)**	(14,951)	(12,422)
Change in net assets	**$ 86,152**	$ 87,816	$ 135,391
Ending net assets	**$1,510,538**	$1,424,386	$1,336,570

2007 COMPARED TO 2006

Operating Revenues

Operating revenues for 2007 increased $51.5 million or 4% over the prior year. The increase in energy sales and demand related revenues were the major factors. Energy sales exceeded 27 million megawatts primarily due to a significant increase in the sales for resale customer category.

2007 ELECTRIC OPERATING REVENUES BY CUSTOMER CLASS

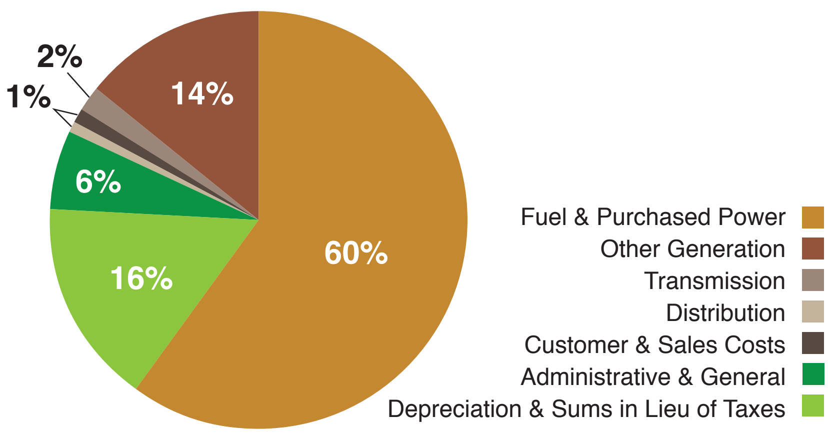


	2007	2006	2005
Electric Operating Revenues		(Thousands)	
Retail	**$ 282,089**	$ 280,374	$ 268,893
Industrial	**343,350**	362,527	360,510
Sales for Resale	**822,555**	753,041	705,352
Totals	**$ 1,447,994**	$ 1,395,942	$ 1,334,755

Operating Expenses

Operating expenses for 2007 reflected a net increase of $24.2 million or 2% compared to 2006. Fuel expenses and purchased power accounted for about 60 percent of the electric operating expenses. The Authority strives to mitigate fuel costs with a combination of long-term and short-term contracts, a fuel related risk hedging program and a variety of solid fuels (petcoke, coal, and synfuel). For 2007, fuel and purchased power expense was $38.7 million less than the prior year due to the availability of Cross 3 Unit in 2007. The Authority continued to burn synfuel throughout calendar year 2007 resulting in approximately $7.3 million savings to our customers which was reflected in the fuel expense and revenue reported. The IRS provision for synfuel processing ended on December 31, 2007. Other generation operating and maintenance costs increased by approximately $27.3 million due to additional costs of operating Cross 3, environmental equipment and station outages. Depreciation expense showed an increase over last year of $27.8 million due to Cross 3 going commercial on January 1, 2007.

2007 ELECTRIC OPERATING EXPENSES BY CATEGORY



Electric Operating Expenses	**2007**	2006	2005
		(Thousands)	
Fuel & Purchased Power	**$ 720,334**	$ 759,040	$ 709,422
Other Generation	**166,723**	139,435	129,420
Transmission	**22,893**	21,952	21,055
Distribution	**13,156**	12,751	11,369
Customer & Sales Costs	**13,239**	12,654	11,385
Administrative & General	**70,185**	64,167	66,015
Depreciation & Sums in Lieu of Taxes	**188,744**	161,148	151,077
Totals	**$1,195,274**	$1,171,147	$1,099,743

Net Below-the-Line Items

Interest Charges - Interest charges for 2007 were $8.2 million or 4% higher than 2006 as a result of the 2006 and 2007 bond transactions.

Costs to be Recovered From Future Revenue - Costs to be recovered from future revenue increased expenses by $6.4 million when compared to last year due to higher principal payments and a decrease in the depreciation component.

Other Income - Other income decreased $14.4 million or 33%. Interest income decreased $10.4 million due to less funds available for investment. In addition, gains from land sales were $3.9 million less than the prior year.

Transfers out - Transfers out represents the dollars paid by the Authority to the State of South Carolina. There was an increase of $42,000 over 2006 which resulted from an increase in projected revenues when compared to the prior year.

2006 COMPARED TO 2005

Operating Revenues

Operating revenues for 2006 increased $63.3 million or 5% over the prior year. A rise in fuel and demand related revenues were the major factors. Energy sales exceeded 25 million megawatts for the second consecutive year. There was a 2% increase in both the industrial and sales for resale customer classes.

Operating Expenses

Operating expenses for 2006 reflected a net increase of $71.6 million or 6% compared to 2005. Throughout the industry, market fuel prices (coal, natural gas and oil) again increased over the prior year. In a continued effort to lower fuel costs, the Authority uses a combination of long-term and short-term contracts, an expanding fuel related risk hedging program and a mix of solid fuels (petcoke, coal, and synfuel). Fuel and purchased power accounted for the majority of this expense variance, rising by $49.6 million or 7% when compared to 2005. During 2006, the Authority again used synfuel (a processed coal that is cheaper) which resulted in an estimated savings to our customers of approximately $12.7 million. Savings from synfuel are reflected in the fuel expense and revenue reported. Other generation operating and maintenance costs increased by approximately $10.0 million in 2006 due to additional costs of operating environmental equipment and station outages. Depreciation expense showed an increase over last year of $9.4 million.

Below-The-Line Items

Interest Charges - Interest charges for 2006 were $18.9 million or 11% higher than 2005 as a result of the 2005 and 2006 bond transactions.

Costs to be Recovered From Future Revenue - Costs to be recovered from future revenue increased expenses by $29.5 million when compared to last year due to higher principal payments and a decrease in the depreciation component.

Other Income - Other income increased $11.7 million or 36%. Interest income and the change in Fair market value of investments increased by $18.4 million. This was offset primarily by a reduction of $7.5 million in the surplus land sales for the reimbursement of the 2004 non-recurring special contribution to the State.

Transfers out - Transfers out represents the dollars paid by the Authority to the State of South Carolina. There was an increase of $2.5 million or 20 percent over 2005 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 capital improvement program for years 2008 through 2010 is estimated to be $1.7 billion expended as follows:

Capital Improvement Expenditures	**2007 Budget 2008-10**	2006 Budget 2007-09	2005 Budget 2006-08
		(Thousands)	
Cross 3 & Cross 4 Units	**$ 173,000**	$ 465,000	$ 724,000
Environmental Compliance	**18,000**	49,000	157,000
General Improvements to the System	**727,000**	647,000	510,000
Pee Dee 1 Unit	**468,000**	534,000	0
Future Nuclear Units	**329,000**	190,000	0
Totals	**$1,715,000**	$1,885,000	$1,391,000

The cost of the capital improvement program will be provided from revenues of the Authority, additional revenue obligations, commercial paper notes and other short-term obligations, as determined by the Authority.

Currently under construction is Cross Unit 4 which is scheduled to be commercial in January 2009. Minor construction work continues on Cross 3 although it went commercial on January 1, 2007. Each of these units will be a 600 MW (net) pulverized coal-fired unit which will be located at the existing Cross Generating Station. The capital improvement program also includes funds for Pee Dee Unit 1, two future nuclear units, and general improvements to the Authority's system.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (not including commercial paper) at December 31, 2007, 2006, and 2005 was 1.75, 1.79 and 2.01, respectively.

BOND RATINGS

Bond ratings assigned by the various agencies for years 2007, 2006 and 2005 were as follows:

Agency / Lien Level	**2007**	2006	2005
Fitch Ratings			
Priority Bonds	**Not Applicable**	Not Applicable	AAA
Revenue Bonds	**AA**	AA	AA
Revenue Obligations	**AA**	AA	AA
Commercial Paper	**F1+**	F1+	F1+
Moody's Investors Service, Inc.			
Priority Bonds	**Not Applicable**	Not Applicable	Aa
Revenue Bonds	**Aa**	Aa	Aa
Revenue Obligations	**Aa**	Aa	Aa
Commercial Paper	**P-1**	P-1	P-1
Standard & Poor's Rating Services			
Priority Bonds	**Not Applicable**	Not Applicable	AAA
Revenue Bonds	**AA-**	AA-	AA-
Revenue Obligations	**AA-**	AA-	AA-
Commercial Paper	**A1+**	A1+	A1+

BOND MARKET TRANSACTIONS FOR YEARS 2007, 2006 AND 2005

Par Amount	Type	Date Closed	Purpose	Comments
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 and general system construction and 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.
Year 2006				
$470,765,000	Revenue Obligations: 2006 Series A	02/01/2006	To finance a portion of the tax-exempt construction for Cross Unit No. 3, Cross Unit No. 4, SIP Call and New Source Review environmental requirements, and ongoing transmission system construction and improvements	Tax-exempt bonds. All-in true interest cost of 4.58 percent.
$ 129,115,000	Revenue Obligations: 2006 Series B	02/01/2006	To finance a portion of the taxable construction for Cross Unit No. 3, Cross Unit No. 4, SIP Call and New Source Review environmental requirements, and ongoing transmission system construction and improvements	Taxable bonds. All-in true interest cost of 5.18 percent.
$ 7,268,000	Revenue Obligations: 2006 Series M-Current Interest Bearing Bonds (CIBS)	11/15/2006	To finance a portion of the Authority's capital improvements	Tax-exempt mini-bonds.
$ 2,632,600	Revenue Obligations: 2006 Series M-Capital Appreciation Bonds (CABS)	11/15/2006	To finance a portion of the Authority's capital improvements	Tax-exempt mini-bonds.
$114,755,000	Revenue Obligations: 2006 Refunding Series C	11/16/2006	Refund the following: 1999 Series A (partial) 2002 Series B (partial)	Gross savings of $11.2 million over the life of the bonds.
Year 2005				
$125,295,000	Revenue Obligations: 2005 Refunding Series A	10/04/2005	Refund the following: 1995 Refunding Series A (partial) 1995 Refunding Series B (partial) 1996 Refunding Series A (partial)	Gross savings of $20.1 million over the life of the bonds.
$278,005,000	Revenue Obligations: 2005 Refunding Series B	10/04/2005	Refund the following: 1995 Refunding Series A 1995 Refunding Series B 1996 Refunding Series A 1996 Refunding Series B	Gross savings of $58.3 million over the life of the bonds.
$ 78,150,000	Revenue Obligations: 2005 Refunding Series C	02/24/2005	Refund 1993 Refunding Series C Bonds	Gross savings of $14.6 million over the life of the bonds.
$ 10,924,500	Revenue Obligations: 2005 Series M-Current Interest Bearing Bonds (CIBS)	11/16/2005	To finance a portion of the Authority's ongoing transmission system construction and improvements	Tax-exempt mini-bonds.
$ 4,442,000	Revenue Obligations: 2005 Series M-Capital Appreciation Bonds (CABS)	11/16/2005	To finance a portion of the Authority's ongoing transmission system construction and improvements.	Tax-exempt mini-bonds.

(Note: There are no 2008 bond market transactions known to date.)

report of independent auditors

CHERRY BEKAERT& HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2007 and 2006, 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, 2007 and 2006, 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 29, 2008

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COMBINED BALANCE SHEETS

South Carolina Public Service Authority
as of December 31, 2007 and 2006

	2007	2006
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	**$ 92,814**	$ 106,179
Unrestricted investments	**19,765**	18,326
Restricted cash and cash equivalents	**119,431**	76,995
Restricted investments	**85,814**	109,666
Receivables, net of allowance for doubtful accounts of $687 and $674 at December 31, 2007 and 2006, respectively	**152,049**	167,798
Materials inventory	**79,833**	67,309
Fuel inventory		
Fossils fuels	**185,890**	142,061
Nuclear fuel - net	**42,675**	22,111
Interest receivable	**3,049**	4,437
Prepaid expenses and other current assets	**28,966**	27,703
Total current assets	**810,286**	742,585
Noncurrent assets		
Unrestricted cash and cash equivalents	**506**	1,674
Unrestricted investments	**85,881**	78,084
Restricted cash and cash equivalents	**91,936**	53,510
Restricted investments	**258,614**	284,664
Capital assets		
Utility plant	**5,588,507**	4,657,520
Long lived assets - asset retirement cost	**33,078**	33,078
Accumulated depreciation	**(2,265,144)**	(2,103,066)
Total utility plant-net	**3,356,441**	2,587,532
Construction work in progress	**902,278**	1,286,639
Other physical property-net	**2,072**	2,120
Investment in associated companies	**7,651**	7,672
Regulatory asset - asset retirement obligation	**163,963**	164,192
Regulatory assets - derivative and hedging instruments	**1,126**	2,424
Deferred debits and other noncurrent assets		
Unamortized debt expenses	**33,031**	31,943
Costs to be recovered from future revenue	**249,657**	251,134
Other	**29,608**	46,320
Total noncurrent assets	**5,182,764**	4,797,908
Total assets	**$5,993,050**	$5,540,493

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, 2007 and 2006

	2007	2006
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	**$ 106,771**	$ 79,136
Accrued interest on long-term debt	**85,068**	79,742
Commercial paper	**283,252**	195,072
Accounts payable	**192,067**	217,512
Other current liabilities	**71,555**	66,890
Total current liabilities	**738,713**	638,352
Noncurrent liabilities		
Construction liabilities	**55,652**	63,582
Asset retirement obligation liability	**290,604**	277,920
Total long-term debt (net of current portion)	**3,422,458**	3,190,690
Unamortized refunding and other costs	**(75,346)**	(100,660)
Long-term debt-net	**3,347,112**	3,090,030
Other deferred credits and noncurrent liabilities	**50,431**	46,223
Total noncurrent liabilities	**3,743,799**	3,477,755
Total liabilities	**4,482,512**	4,116,107
NET ASSETS		
Invested in capital assets, net of related debt	**508,590**	509,442
Restricted for debt service	**107,283**	84,804
Restricted for capital projects	**26,087**	20,854
Restricted for other	**169,833**	164,677
Unrestricted	**698,745**	644,609
Total net assets	**1,510,538**	1,424,386
Total liabilities and net assets	**$5,993,050**	$5,540,493

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COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

South Carolina Public Service Authority
Years ended December 31, 2007 and 2006

	2007	2006
	(Thousands)	
Operating revenues		
Sale of electricity	**$1,447,994**	$1,395,942
Sale of water	**5,012**	4,917
Other operating revenue	**11,819**	12,484
Total operating revenues	**1,464,825**	1,413,343
Operating expenses		
Electric operating expenses		
Production	**83,579**	70,235
Fuel	**663,463**	654,760
Purchased and interchanged power	**56,871**	104,280
Transmission	**15,696**	14,375
Distribution	**9,139**	8,938
Customer accounts	**9,740**	9,287
Sales	**3,499**	3,367
Administrative and general	**66,044**	60,148
Electric maintenance expense	**98,499**	84,609
Water operation expense	**1,524**	1,614
Water maintenance expense	**469**	335
Total operation and maintenance expenses	**1,008,523**	1,011,948
Depreciation and amortization	**185,647**	157,832
Sums in lieu of taxes	**3,987**	4,209
Total operating expenses	**1,198,157**	1,173,989
Operating income	**$ 266,668**	$ 239,354
Nonoperating revenues (expenses)		
Interest and investment revenue	**$ 15,394**	$ 25,800
Net increase in the fair value of investments	**9,569**	9,666
Interest expense on long-term debt	**(167,570)**	(163,208)
Other interest expense	**(26,117)**	(22,297)
Costs to be recovered from future revenue	**(1,478)**	4,885
Other - net	**4,679**	8,567
Total nonoperating revenues (expenses)	**(165,523)**	(136,587)
Income before transfers	**101,145**	102,767
Transfers out		
Distribution to the State	**(14,993)**	(14,951)
Total transfers out	**(14,993)**	(14,951)
Change in net assets	**86,152**	87,816
Total net assets-beginning	**1,424,386**	1,336,570
Total net assets-ending	**$1,510,538**	$1,424,386

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, 2007 and 2006

	2007	2006
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$1,480,561**	$1,403,306
Payments to non-fuel suppliers	**(421,818)**	(370,537)
Payments for fuel	**(655,408)**	(645,495)
Purchased power	**(54,766)**	(101,785)
Payments to employees	**(130,566)**	(122,032)
Other receipts - net	**199,183**	169,466
Net cash provided by operating activities	**417,186**	332,923
Cash flows from non-capital related financing activities		
Distribution to the State of South Carolina	**(14,993)**	(14,951)
Net cash used in non-capital related financing activities	**(14,993)**	(14,951)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	**440,495**	724,535
Net commercial paper issuance	**88,418**	(90,486)
Repayment and refunding of bonds	**(182,303)**	(180,106)
Interest paid on borrowings	**(173,328)**	(150,712)
Construction and betterments of utility plant	**(588,603)**	(559,355)
Debt premium	**11,374**	18,414
Other - net	**504**	(2,036)
Net cash used in capital-related financing activities	**(403,443)**	(239,746)
Cash flows from investing activities		
Net decrease in investments	**50,235**	(119,310)
Interest on investments	**16,753**	23,144
Proceeds from sale of surplus property	**591**	3,166
Net cash provided by investing activities	**67,579**	(93,000)
Net increase (decrease) in cash and cash equivalents	**66,329**	(14,774)
Cash and cash equivalents-beginning	**238,358**	253,132
Cash and cash equivalents-ending	**$ 304,687**	$ 238,358

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

COMBINED STATMENTS OF CASH FLOWS (continued)

South Carolina Public Service Authority
Years ended December 31, 2007 and 2006

	2007	2006
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 266,668**	$ 239,354
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**196,458**	167,329
Net power gains involving associated companies	**(39,342)**	(31,577)
Distributions from associated companies	**35,844**	27,420
Advances to associated companies	**12**	10
Other income	**300**	1,599
Changes in assets and liabilities		
Accounts receivable - net	**15,749**	(10,076)
Inventories	**(56,353)**	(85,398)
Prepaid expenses	**(1,263)**	30,274
Other deferred debits	**16,165**	(830)
Accounts payable	**(24,920)**	36,518
Other current liabilities	**3,529**	(25,795)
Other noncurrent liabilities	**4,339**	(15,905)
Net cash provided by operating activities	**$ 417,186**	$ 332,923
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	**$ 92,814**	$ 106,179
Restricted cash and cash equivalents	**119,431**	76,995
Noncurrent		
Unrestricted cash and cash equivalents	**506**	1,674
Restricted cash and cash equivalents	**91,936**	53,510
Cash and cash equivalents at the end of the year	**$ 304,687**	$ 238,358

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 Regional Water System after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water system. The Authority also complies with policies and practices prescribed by its Board and to practices common in both industries. As the Board is authorized to set rates, the Authority has historically followed FASB Statement No. 71, “Accounting for the Effects of Certain Types of Regulation” (FASB 71). This Statement provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Reclassifications - 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 cash and cash equivalents. In 2001, the Authority adopted GASB Statement No. 34, “Basic Financial Statements - Management’s Discussion and Analysis - for State and Local Governments” (GASB 34) which requires cash and cash equivalents to be shown as either restricted or unrestricted. “Restricted” refers to those funds limited by law, regulations or Board action as to their allowable disbursement. “Unrestricted” refers to all other funds not meeting the requirements of restricted.

E - Inventory - Material 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. 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.

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 2007 or 2006. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the net carrying basis of various classes of plant which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management and the Board in establishing appropriate composite depreciation rates. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.5 and 3.6 percent for each of the periods ended December 31, 2007 and 2006, respectively. Amortization of capitalized leases is also included in depreciation expense.

H - Investment in Associated Companies - The Authority is a member of The Energy Authority (TEA) with a 21 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,	**2007**	2006
	(Thousands)	
Balance as of January 1,	**$7,510**	$6,395
Reduction to power costs and increases in electric revenues	**35,836**	31,021
Less: Distributions from TEA	**35,844**	27,420
Less: Other (includes equity losses)	**0**	2,486
Balance as of December 31,	**$7,502**	$7,510

At December 31, 2007, the Authority had a payable to TEA of $5.4 million for power and gas purchases. In addition, at December 31, 2007, the Authority had a receivable due from TEA of approximately $10.7 million for power sales and sales of excess gas capacity.

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others" (FIN 45). 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 effected, 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 and at December 31, 2007, the trade guarantees are an amount not to exceed approximately $89.8 million.

The Authority is also a member of Colectric Partners (Colectric) with a 25 percent ownership interest. In addition to the Authority, Colectric's member 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 various Colectric initiatives based on individual utility needs.

Currently, the Authority participates in two of Colectric's initiatives. The first involves managing the major gas turbine overhauls thereby promoting the sharing of spare parts and technical expertise. The second initiative is a supply chain management 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 FIN 45. The Authority's initial investment in Colectric was $413,000. The balance in the Authority's Member Equity account at December 31, 2007 was approximately $150,000.

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

J - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers that have not been billed are accrued. Accrued revenue for retail customers totaled $10.4 million in 2007 and $10.7 million in 2006.

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

K - Payment to the State - The Authority is operated for the benefit of the people of South Carolina (the "State") 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 "Transfers out" on the Combined Statements of Revenues, Expense and Changes in Net Assets) as a reduction to net assets when paid.

Payments made to the State approximated $15.0 million in both 2007 and 2006.

L - Accounting for Derivative Instruments - The Authority follows the requirements of FASB No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FASB 133) as amended by FASB No. 149. The majority of the Authority's derivative instruments have been determined to meet the normal purchases and normal sales exception provided by FASB 133.

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. In 2006, due to the increased market volatility of crude oil and its impact on the Authority's total fuel cost, the Authority began hedging crude oil.

Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as gas or transportation costs are incurred in the production cycle. At December 31, 2007, the Authority recorded approximately $155,000 in net unrealized gains from natural gas transactions using mark-to-market accounting as outlined in FASB 133. During 2007, the Authority recognized approximately $6.5 million in net losses associated with natural gas and crude oil hedging transactions. For year end 2006, the Authority had recorded $6.1 million in net unrealized losses from natural gas and crude oil transactions using mark-to-market accounting and recognized $2.0 million in net gains associated with hedging transactions.

M - Retirement of Long-Lived Assets - Statement of Financial Accounting Standards No. 143 "Accounting for Asset Retirement Obligations" (SFAS 143) addresses financial accounting and reporting for legal obligations associated with the retirement of long-lived assets and the related retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from acquisition, construction and/or normal use of the asset. The Authority has a one-third undivided interest in the V.C. Summer Nuclear Station ("Summer") and is therefore subject to the requirements of SFAS 143 due to legal and regulatory requirements related to nuclear decommissioning. Summer was placed in service in 1983 and in 2004, the Nuclear Regulatory Commission (NRC) extended the operating license to August 6, 2042.

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

SFAS 143 was effective for fiscal years beginning after June 15, 2002, and was adopted by the Authority on January 1, 2003. At December 31, 2007 and 2006, the Authority recorded an asset retirement obligation (ARO) on its one-third share of Summer of approximately $235.9 million and $226.0 million, respectively. Approximately $22.7 million was recorded on the accompanying balance sheet as an associated ARC within "Capital assets." The ARC was recorded commencing on the in-service date of the nuclear facility.

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

FIN 47, together with SFAS 143, provides guidance for recording and disclosing liabilities related to future legally enforceable obligations to retire assets (ARO). At December 31, 2007 and 2006, the Authority recorded an ARO on the closing of its ash ponds of approximately $54.7 million and $51.9 million, respectively. Approximately $10.4 million was recorded as an associated ARC within "Capital assets" on the accompanying balance sheet.

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 additional $2.6 million Ash Pond ARO liability for 2006 was included in "Accretion Expense." The following table summarizes the Authority's transactions:

Reconciliation of Asset Retirement Obligation Liability		
Years Ended December 31,	**2007**	2006
	(Millions)	
Balance as of January 1,	**$277.9**	$322.4
Accretion expense	**12.7**	15.7
Revision in estimated cash flows	**0.0**	(60.2)
Balance as of December 31,	**$290.6**	$277.9

N - Review of New Accounting Standards - In June 2004, GASB issued statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). The purpose of this Statement is to set new accounting standards for state and local government employers that offer retiree health benefits and other non-pension postemployment benefits. In particular, GASB 45 requires the accrual of liabilities and expenses of other postemployment benefits (OPEB) over the working career of plan members. The approach followed in GASB 45 generally is consistent with the approach adopted in GASB 27 with modifications to reflect differences between pension benefits and OPEB. The requirements of GASB 45 is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. The Authority falls under phase 1 for entities (for purpose of implementation of Statement 34) with annual revenues of $100.0 million or more and therefore, was required to implement GASB 45 during 2007. See Note 12 for disclosure.

In September 2006, GASB issued Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" (GASB 48). Governments sometimes exchange an interest in their expected cash flows from collecting specific receivables or future revenues for immediate cash payments—generally, a single lump sum. This Statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. GASB 48 was effective for periods beginning after December 15, 2006 and did not have a material effect on the Authority's financial position or results of operations.

Also during September 2006, FASB issued Statement of Financial Accounting Standards 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). The purpose of this Statement is to require recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the balance sheet. SFAS 158 became effective for the Authority during 2007 due to the joint ownership agreement with SCE&G for the V.C. Summer Nuclear Station. The adoption of SFAS 158 resulted in the Authority recording additional regulatory assets and liabilities on the balance sheet. See Notes 11 and 12 for disclosure.

O - Issued But Not Yet Effective Pronouncements - In November 2006, GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" (GASB 49). GASB 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document 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 landfill closure and post closure care and nuclear power plant decommissioning. GASB 49 is effective for periods beginning after December 15, 2007 and is currently under review for any impact on the Authority's financial position or results of operations. The Authority currently follows the requirements of AICPA Statement of Position (SOP) 96-1, Environmental Remediation Liabilities, which became effective in fiscal year 1997. SOP 96-1 provides guidance on specific circumstances of recognizing, measuring, accruing and disclosing environmental remediation liabilities.

In May 2007, GASB issued Statement No. 50, "Pension Disclosure - an amendment of GASB Statements No. 25 and No. 27" (GASB 50). GASB 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB). The reporting changes required by this Statement amend applicable note disclosure and required supplemental information (RSI) requirements of GASB 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of GASB 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and GASB 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." GASB 50 is effective for periods beginning after June 15, 2007. The Authority believes it is in compliance with this Statement and therefore, does not expect any material effect on our financial position or results of operations.

In June 2007, GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" (GASB 51). This Statement came about due to questions raised regarding the inclusion of intangible assets as capital assets for accounting and financial reporting purposes as the result of GASB 34. Examples of intangible assets include easements, water rights, timber rights, patents, licenses and software. The objective of this Statement is to establish accounting and reporting requirements for intangible assets that reduce inconsistencies between intangible and tangible assets with respect to recognition, initial measurement and amortization period. GASB 51 establishes six criteria for recognition, measurement and amortization. The Authority currently adheres to the criteria established in GASB 51 and therefore, does not expect any material effect on our financial position or results of operations. This Statement is effective for periods beginning after June 15, 2009.

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. Endowments exist to invest resources for the purpose of generating income. Other entities that exist for similar purposes are pension and other postemployment benefit plans and IRS Section 457 deferred compensation plans which report land and other real estate held as investments at their fair value. GASB 52 establishes consistent standards for the reporting of land and other real estate held as investments. It requires endowments to report their land and real estate investments at fair value. The Statement requires that governments report the changes in fair value as investment income and to disclose the methods and assumptions used to determine fair value. This Statement is 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.

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE:

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

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
	(Thousands)			
Utility Plant	$4,657,520	$ 958,809	($ 27,822)	$5,588,507
Long lived-assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,103,066)	(185,192)	23,114	(2,265,144)
Total utility plant-net	**$2,587,532**	**$ 773,617**	**($ 4,708)**	**$3,356,441**
Construction work in progress	1,286,639	569,025	(953,386)	902,278
Other physical property-net	2,120	42	(90)	2,072
Totals	**$3,876,291**	**$1,342,684**	**($958,184)**	**$4,260,791**

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE:

Cash and investments as of December 31, 2007 are classified in the accompanying financial statements as follows:

Combined Balance Sheet:	
	(Thousands)
Current assets	
Unrestricted cash and cash equivalents	$ 92,814
Unrestricted investments	19,765
Restricted cash and cash equivalents	119,431
Restricted investments	85,814
Noncurrent assets	
Unrestricted cash and cash equivalents	506
Unrestricted investments	85,881
Restricted cash and cash equivalents	91,936
Restricted investments	258,614
Total cash and investments	$754,761

Cash and investments as of December 31, 2007 consisted of the following:

Cash/Deposits	$ 339
Investments	754,422
Total cash and investments	$754,761

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 various debt resolutions. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a ten year maximum maturity. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

In 1998, the Authority adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). GASB 31 establishes standards of accounting and financial reporting for certain investments in securities. This Statement requires that all equity and debt securities be recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets. As of December 31, 2007 and 2006, the Authority had investments totaling approximately $754.4 million and $714.7 million, respectively.

As of December 31, 2007, the Authority's cash and investments carried at fair market value included nuclear decommissioning funds of $141.2 million including unrealized holding gains of $14.5 million. As of December 31, 2006, decommissioning funds totaled approximately $128.6 million including unrealized holding gains of $9.8 million. In accordance with the provisions of FASB 71, earnings, both realized and unrealized, on the decommissioning fund assets are credited to the Regulatory asset - asset retirement obligation and not as a separate component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets.

All of the Authority's investments, with the exception of decommissioning funds, are limited to a maturity of ten years or less. For the year ended December 31, 2007, the Authority made total investment purchases and sales at cost of approximately $37.1 billion and $37.0 billion, respectively. Of these amounts, the Authority's investment purchases and sales at cost for its decommissioning funds were $219.9 million and $216.6 million, respectively. Compared to the year ended December 31, 2006, the Authority's total investment purchases and sales at cost were approximately $35.4 billion and $35.3 billion, respectively. Of these amounts, investment purchases and sales at cost for the decommissioning funds were $229.2 million and $225.5 million, respectively.

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

Under disclosure requirements for GASB 3, the Authority's repurchase agreements at December 31, 2007 totaled approximately $193.7 million. The Authority requires that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the repurchase agreement. Securities underlying repurchase agreements are delivered by broker/dealers to the Authority's custodial agents. Prior disclosure requirements concerning credit and market risk are now included in GASB 40 disclosures.

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

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. This is measured by the assignment of rating by a nationally recognized statistical rating organization. State law and restrictions established by bond indenture and resolution limit investments in debt securities to those securities issued by the U.S. government and agencies or 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, 2007, all of the agency's securities held by the Authority were rated AAA by Fitch and Aaa by Moody's Investors.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2007, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore there is no custodial credit risk for securities.

At December 31, 2007, the Authority had deposits exposed to custodial credit risk as follows:

Depository Account Type	Bank Balance
	(Thousands)
Uninsured and collateral held by Bank's agent not in Authority's name	$10,078

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 are as follows:

Issuer	Investment Type	Fair Value
		(Thousands)
Federal Home Loan Bank	Federal agency securities	$288,035
Federal National Mortgage Association	Federal agency securities	$177,886

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

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

Investment Type	Fair Value	Weighted Average Maturity
	(Thousands)	(Years)
Certificates of Deposits	$ 1,950	0.24
Federal Agency Discount Notes	229,188	0.02
Federal Agency Securities	286,536	5.32
Repurchase Agreements	193,749	0.01
U.S. Treasury Obligations	42,999	4.82
Total	$754,422	
Portfolio Weighted Average Maturity		2.24

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 $48.5 million in U.S. Treasury Strips ranging in maturity from February 15, 2008 to May 15, 2019. They also hold $59.7 million in government agency zero coupon securities (i.e. Resolution Corp, FNMA, FICO and REFCORP Securities) in the two portfolios ranging in maturity from January 15, 2008 to November 15, 2026. 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, 2007 and 2006 consisted of the following:

	2007	2006	Interest Rate(s) (1)	Call Price (1)
	(Thousands)		(%)	(%)
Capitalized Lease Obligations (Net): (mature through 2014)	**$ 10,398**	$ 9,896	2.00-5.00	N/A
Revenue Bonds: (mature through 2032)				
1997 Tax-exempt Refunding Series A	**99,515**	204,885	4.875-5.125	101
1998 Tax-exempt Refunding Series B	**21,735**	22,485	4.50-5.25	101
Total Revenue Bonds	**121,250**	227,370		
Revenue Obligations: (mature through 2042)				
1999 Tax-exempt Improvement Series A	**63,265**	69,960	5.50-5.625	101
1999 Taxable Improvement Series B	**58,975**	63,680	7.17-7.42	Non-callable
2001 Tax-exempt Improvement Series A	**40,025**	42,180	4.50-5.25	101
2002 Tax-exempt Refunding Series A	**96,510**	100,615	5.125-5.50	101
2002 Tax-exempt Improvement Series B	**271,140**	271,140	5.00-5.375	100
2002 Taxable Improvement Series C	**20,970**	51,835	5.51	P&I Plus Make-Whole Premium
2002 Tax-exempt Refunding Series D	**374,125**	395,840	4.00-5.25	100
2003 Tax-exempt Refunding Series A	**335,030**	335,030	4.75-5.00	100
2004 Tax-exempt Improvement Series A	**434,340**	434,610	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	**19,433**	19,664	4.25-4.90	100
2004 Tax-exempt Improvement Series M - CABS	**9,128**	8,813	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	**278,005**	278,005	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	**10,897**	10,920	3.65-4.35	100
2005 Tax-exempt Improvement Series M - CABS	**4,765**	4,631	4.00-4.35	Accreted Value
2006 Tax-exempt Improvement Series A	**465,550**	470,765	3.25-5.00	100
2006 Taxable Improvement Series B	**129,115**	129,115	4.90-5.05	P&I Plus Make-Whole Premium
2006 Tax-exempt Improvement Series M - CIBS	**7,253**	7,268	3.75-4.20	100
2006 Tax-exempt Improvement Series M - CABS	**2,725**	2,654	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	**342,525**	0	4.00-5.00	100
2007 Tax-exempt Refunding Series B	**97,970**	0	4.00-5.00	Non-callable
Total Revenue Obligations	**3,397,581**	3,032,560		
Less: Current Portion - Long-term Debt	**106,771**	79,136		
Total Long-term Debt - (Net of current portion)	**$3,422,458**	$3,190,690		

(1) Apply only to bonds outstanding as of 12/31/2007.

Long-term debt activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
	(Thousands)			
Capitalized Leases	$ 9,896	($ 94)	($ 1,819)	$ 7,983
Revenue Bonds	226,620	0	(106,155)	120,465
Revenue Obligations	2,954,174	441,205	(101,369)	3,294,010
Total Long-term Debt - (Net of Current Portion)	**$3,190,690**	**$441,111**	**($209,343)**	**$3,422,458**

Maturities of long-term debt are as follows:

	Capitalized Leases	Revenue Bonds	Revenue Obligations	Total Principal	Total Interest	Total
Year Ending December 31,	(Thousands)					
2008	$ 2,564	$ 785	$ 100,910	$ 104,259	$ 170,975	$ 275,234
2009	2,383	825	103,400	106,608	168,721	275,329
2010	1,685	3,370	115,040	120,095	163,039	283,134
2011	1,444	10,685	110,325	122,454	156,519	278,973
2012	1,243	15,995	108,228	125,466	149,888	275,354
2013-2017	1,228	5,620	833,681	840,529	638,480	1,479,009
2018-2022	0	7,290	970,269	977,559	406,636	1,384,195
2023-2027	0	12,985	343,243	356,228	240,951	597,179
2028-2032	0	63,695	311,945	375,640	148,571	524,211
2033-2037	0	0	323,170	323,170	61,719	384,889
2038-2042	0	0	77,370	77,370	5,011	82,381
Less: Capitalized Lease Cushion of Credit Account	(149)	0	0	(149)	0	(149)
Total	$10,398	$121,250	$3,397,581	$3,529,229	$2,310,510	$5,839,739

Refunded and defeased bonds outstanding, original loss on refunding, and the unamortized loss at December 31, 2007 are as follows:

Refunding Issue	Refunded Bonds	Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
			(Thousands)	
Cash Defeasance	$ 20,000 of the 1982 Series A	$ 0	$ 2,763	$ 1,068
1997 Refunding Series A	$ 100,000 of the 1978 Series 68,325 of the 1991 Refunding & Improvement Series B 37,495 of the 1991 Series D	0	16,990	4,796
Commercial Paper	$ 76,050 of the 1973 Series 105,605 of the 1977 Series 81,420 of the 1978 Series	0	2,099	601
1998 Refunding Series B	$ 25,000 of the 1992 Series B	0	1,970	951
2002 Refunding Series A	$ 113,380 of the 1992 Refunding Series A	0	23,378	11,050
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	40,302
2003 Refunding Series A	$ 336,385 of the 1993 Refunding Series C 15,750 of the 1995 Refunding Series A	0	57,064	43,816
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	19,684
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	60,814
2005 Refunding Series C	$ 86,335 of the 1993 Refunding Series C	0	12,125	10,291
2006 Refunding Series C	$ 105,005 of the 1999 Series A 10,000 of the 2002 Series B	115,005	7,054	5,219
2007 Refunding Series B	$ 105,370 of the 1997 Refunding Series A	105,370	8,832	8,578
Total		$220,375	$303,501	$207,170

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 \$4.0 billion and \$3.6 billion at December 31, 2007 and 2006, respectively.

On July 20, 2007, the Authority's Board authorized the sale of approximately \$342.5 million Revenue Obligations, 2007 Series A (2007A Bonds). The 2007A Bonds were issued August 8, 2007 at an all-in true interest cost of 4.74 percent (aggregate true interest cost). The 2007A Bonds will mature between January 1, 2008 and January 1, 2042.

On September 21, 2007, the Authority's Board authorized the sale of approximately \$98.0 million Revenue Obligations, 2007 Refunding Series B (2007B Bonds). This refunding reduced the Authority's total debt service over the life of its bonds by approximately \$11.5 million, resulting in an economic gain of approximately \$5.6 million. The debt was issued at an all-in true interest cost of 4.02 percent. Yields range from 3.65 percent on the 2013 maturity to 4.06 percent on the 2019 maturity.

As of December 31, 2007, 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 system and all necessary repairs, replacements and renewals thereof;
(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, 2007 and 2006, the information related to commercial paper was as follows:

	2007	2006
Effective interest rate (at December 31)	**3.52%**	3.61%
Average annual amount outstanding (000's)	**\$295,396**	\$195,831
Average maturity	**47 Days**	49 Days
Average annual effective interest rate	**3.92%**	3.57%

At December 31, 2007 and 2006 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 2007 or 2006.

Commercial paper outstanding at December 31, was as follows:

	2007	2006
	(Thousands)	
Commercial Paper-Gross	**$283,549**	$195,131
Less: Unamortized Discount on Taxable Commercial Paper	**297**	59
Commercial Paper-Net	**$283,252**	$195,072

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, 2007 and 2006, the plant accounts before depreciation included approximately $499.0 million and $497.5 million, respectively, representing the Authority's investment, including capitalized interest, in the Summer Nuclear Station. The accumulated depreciation at December 31, 2007 and 2006 was $286.5 million and $272.0 million, respectively. For the years ended December 31, 2007 and 2006, the Authority's operation and maintenance expenses included $56.7 million and $53.4 million, respectively, for the Summer Nuclear Station.

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 $141.2 million (adjusted to market) at December 31, 2007, 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.

The Energy Policy Act of 1992 gave the Department of Energy (DOE) the authority to assess utilities for the decommissioning of its facilities used for the enrichment of uranium included in nuclear fuel costs. In order to decommission these facilities, the DOE estimated that it would need to charge utilities a total of $150.0 million, indexed for inflation, annually for 15 years based on enrichment services used by utilities in past periods. Based on an estimate from SCE&G covering the 15 years, as of December 31, 2007, the Authority had met its obligation to pay its one-third share of the estimated liability. At December 31, 2006, the Authority's remaining one-third share of this liability had been $66,000.

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. Construction may not commence until the Board has approved a final budget and construction schedule. The Authority and SCE&G have entered into a short-term Bridge Agreement which contemplates an Authority ownership interest of 45 percent in the two units and governs the relationship of the Authority and SCE&G while proceeding toward obtaining a construction and operating license. The Authority anticipates the Bridge Agreement will be replaced by more permanent agreements governing construction, operation and decommissioning of the units. The Bridge Agreement allows either or both parties to withdraw from the project under certain circumstances.

In December 2007, SCE&G entered into a contract with Westinghouse Electric Company, LLC for plant modifications at Summer Nuclear Station. These modifications are to be completed during the 2009 refueling outage. The Authority's one third-share of the contract equals approximately $2.4 million, including a 20 percent initial payment. The remaining $1.9 million commitment will be satisfied with payments in 2008 and 2009 according to terms of the contract.

NOTE 8 - LEASES:

The Authority has capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering a steam electric generating plant, transmission facilities and various other facilities. The remaining lease terms range from 1 to 7 years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Utilities Service (formerly Rural Electrification Administration) for funds borrowed to construct the above mentioned facilities. The Authority has options to purchase the leased properties at any time during the period of the lease agreements for sums equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

In addition, during 2004, the Authority became a joint participant with Central in the Rural Utilities Service (RUS) cushion of credit payments programs (COC). This program allows the borrower to build up a cushion of money for future application toward their debt while earning 5 percent interest. During 2007, approximately $3.3 million in lease payments were made from the COC account. At December 31, 2007 and 2006, the balance in the Authority's portion of the joint account was approximately $149,000 and $3.4 million, respectively.

Future minimum lease payments on Central leases at December 31, 2007 are as follows:

Year ending December 31,	(Thousands)
2008	$3,039
2009	2,737
2010	1,934
2011	1,610
2012	1,343
2013 - 2014	1,275
Total minimum lease payments	$11,938
Less amounts representing interest	1,391
Principal Balance	$10,547
Less: Cushion of Credit Account	149
Balance at December 31, 2007	$10,398

Property under capital leases and related accumulated amortization included in utility plant at December 31, 2007, totaled approximately $89.4 million and $84.4 million, respectively, and at December 31, 2006, totaled $89.5 million and $81.9 million, respectively.

Operating lease payments totaled approximately $7.6 million and $7.3 million during the years ended December 31, 2007 and 2006, respectively. Included in these operating lease payments are periodic expenses related to leased coal cars, which are initially reflected in fuel inventory and subsequently reported in fuel expense based on the tons burned. The terms of the current coal car leases vary from twelve months to fourteen months, with the longest lease expiring in 2009. The approximate amounts for the coal car leases to be paid for the years 2008 through 2009 are $4.8 million and $297,000, respectively.

NOTE 9 - CONTRACTS WITH ELECTRIC POWER COOPERATIVES:

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 15 distribution cooperatives and Saluda River Electric Cooperative, Inc. (Saluda) 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 and Saluda receive from the Southeastern Power Administration (SEPA) and Saluda's ownership interest in the Catawba Nuclear Station. Saluda is a generation cooperative that provides wholesale electric service to each of the five electric cooperatives (the "Saluda Cooperatives") that are members of Saluda. Under agreements between Central and the Saluda Cooperatives, each of the Saluda Cooperatives becomes a member of Central at the earlier of (i) such time as Saluda River's members' requirement contracts with Saluda River are terminated or (ii) such time as Saluda ceases its corporate existence or (iii) January 31, 2009. At such time, the Saluda Cooperatives become all requirements customers of Central and receive their power requirements from the Authority under the Coordination Agreement.

Central, under the terms of the contract with the Authority, has the right to audit costs billed to them under the cost of service contract. Differences as a result of this process are accrued if they are probable and estimable under FASB Statement No. 5, "Accounting for Contingencies" (FASB 5). To the extent that differences arise due to this process, prospective adjustments are made to cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Assets. Such adjustments in 2007 and 2006 were not material to the Authority's overall operating revenue.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Budget - The Authority's capital budget provides for expenditures of approximately $620.7 million during the year ending December 31, 2008 and $1,094.4 million during the two years thereafter. These expenditures include $970.0 million for new generating units being constructed to begin operation in 2009, 2013, 2016 and 2019, and $42.8 million for environmental compliance expenditures. The total project costs of the new generating units to begin operation in 2009 and 2013 are $771.8 million and $998.0 million, respectively. 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, 2007. 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,	(Thousands)
2008	$ 355,219
2009	294,094
2010	194,427
2011	174,960
2012	183,760
2013 - 2017	137,450
Total	$1,339,910

The Authority has an outstanding minimum obligation under an existing long-term purchased power contract as of December 31, 2007. The obligation is approximately $70.3 million with a remaining term of 27 years. Also, as of December 31, 2007, 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 two years notice. The obligation is a $600,000 per year payment for the lease in addition to operating expenses associated with the facility.

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

The Authority has commitments for nuclear fuel enrichment and fabrication contracts which are contingent upon the operating requirements of the nuclear unit. As of December 31, 2007, these commitments total approximately $49.0 million over the next seven years.

In 2003, the Authority amended the Rainey Generating Station Long-Term Service Agreement (LTSA) with General Electric International, Inc. in the approximate amount of $90.0 million, excluding escalation. The agreement provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. In exchange for reduced pricing and added features, the contract term was extended through the second major inspection for Rainey 1 (expected to be completed in 2023) and through the second hot gas path inspections for Rainey 2A and 2B (expected to be completed in 2015), but can be terminated for convenience on Rainey 1 in 2008, and on Rainey 2A and 2B in 2009, depending on unit operation. The previous agreement was in the approximate amount of $76.0 million, excluding escalation, and was effective through 2009. The Authority's Board has approved recovery of the LTSA on a straight-line basis over the term of the agreement.

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

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

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Policies are subject to deductibles ranging from $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 2007, 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 2007 or 2006. 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, 2007, the amount of the self-insured liabilities for auto, dental, worker's compensation and environmental remediation was approximately $2.1 million. The liability is the Authority's best estimate based on available information.

Changes in the reported liability were as follows:

	2007	2006
	(Thousands)	
Unpaid claims and claim expense at beginning of year	$2,402	$2,597
Incurred claims and claim adjustment expenses:		
Add: Provision for insured events of the current year	2,360	1,375
Less: Payments for current and prior years	2,622	1,570
Total unpaid claims and claim expenses at end of year	$2,140	$2,402

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;

(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 $10.9 billion by the Price-Anderson Indemnification Act. This $10.9 billion would be covered by nuclear liability insurance of about $300.0 million per site, with potential retrospective assessments of up to $100.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $15.0 million per incident, per year). Based on its one-third interest in Summer Nuclear Station, the Authority could be responsible for the maximum assessment of $33.5 million, not to exceed approximately $5.0 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $500.0 million primary and $1.5 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. In addition to the premiums paid on the primary and excess policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed 10 times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be $2.6 million for the primary policy and $2.9 million for the excess policy. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. This policy also carries a potential retrospective assessment of $1.5 million.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage, or cost increases for any periods through December 31, 2007.

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 (SO2) and the NOx State Implementation Plan (SIP) Call Programs, the EPA recently promulgated two Clean Air Regulations: Clean Air Interstate Rule (CAIR), and Clean Air Mercury Rule (CAMR). Both CAIR and CAMR were effective in July 2005. Together, they address further reductions in SO2, NOx and Mercury (Hg). The Authority, along with other utilities, has 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. On February 8, 2008, the CAMR was vacated by the DC Circuit Court. It is not known whether the Environmental Protection Agency (EPA) will appeal this decision. 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 the Environmental Protection Agency (EPA) and DHEC was related to certain environmental issues associated with coal-fired units. It involved the payment of a civil penalty, an agreement to perform certain environmentally beneficial projects, and the expenditure of capital costs of approximately $428.5 million to achieve emissions reductions over the period ending 2013. These capital costs are expected to be largely offset by savings resulting from a reduced need to purchase emission credits.

Safe Drinking Water Act - The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting drinking water systems as Santee Cooper's Regional Water System, 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 continues to operate in compliance with this permit.

Industrial wastewater discharges from all stations and the Regional Water Plant are governed by individual NPDES permits. Cross Generating Station's NPDES permit was reissued on November 3, 2006 and it expires on August 31, 2010. Grainger Generating Station's NPDES permit was reissued effective October 1, 2002, with an expiration date of September 30, 2006. An application for renewal of the Grainger Generating Station NPDES permit was submitted on March 28, 2006. The Jefferies Generating Station NPDES permit was reissued effective March 1, 2003, with an expiration date of February 29, 2008. An application for renewal of the Jefferies permit was submitted to DHEC on August 29, 2007. The Winyah Generating Station NPDES permit was reissued effective October 1, 2000, with an expiration date of September 30, 2005. An application for renewal of the Winyah Generating Station NPDES permit was submitted on March 29, 2005. The permit was reissued with an effective date of March 1, 2007 and it expires on July 31, 2011. The Rainey Generating Station NPDES permit was reissued effective August 1, 2003, with an expiration date of July 31, 2008. An application for renewal of the Rainey permit was submitted to DHEC on January 31, 2008. The Authority's Regional Water System's NPDES permit was reissued effective October 1, 2001 with an expiration date of October 31, 2006. An application for renewal was submitted April 24, 2006.

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 is in the process of compliance with the new standard before the regulatory required implementation date of July 1, 2009.

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 only 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 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 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 has been significantly reduced. The Authority is required by the EPA and DHEC to maintain documentation of sufficient funds or insurance to cover environmental impacts.

Homeland Security - The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002 in response to the terrorist attacks of September 11, 2001. 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 requires 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). After this, it is possible that DHS will require the completion of a Security Vulnerability Assessment for one or more of the affected facilities, and then possibly a Site Security Plan. The Authority has been proactive in conducting security assessments independently and with guidance from DHEC since 2001, and will continue to comply with this new and evolving body of regulations.

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

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

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

On May 19, 2006, the FERC issued a Notice of Proposed Rulemaking (NOPR) to consider possible reforms to Order 888 and the pro forma OATT. The purpose of the NOPR is to ensure that the OATT achieves its original purpose, namely, that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. This is the first comprehensive review of OATT since Order 888 was issued in 1996. FERC issued a Final Rule in this rule-making proceeding on February 16, 2007 (Order 890) making substantial revisions to the pro forma OATT. Among other things, Order 890 eliminates the existing wide discretion that transmission providers have in calculating Available Transfer Capability, requires transmission providers to participate in an open, transparent, and coordinated planning process and makes other modifications to improve and clarify ambiguous provisions, among other things. On January 18, 2007, the Authority's Board adopted an Amended and Restated OATT that incorporates into the Authority's open access transmission tariff the pro forma tariff changes promulgated by Order 890.

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

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

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

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

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

EPACT 2005 introduces a new Section 215 of the FPA which authorizes the FERC to certify an entity as the nation's Electric Reliability Organization (ERO) that would propose reliability standards that would be reviewed by FERC before becoming final. On July 20, 2006, the FERC issued an order certifying the North American Electric Reliability Corporation (NERC) as ERO.

On April 4, 2006, NERC submitted 107 proposed reliability standards to FERC for approval under Section 215 of the FPA. FERC has opened a rule making proceeding to consider those proposed standards. A Final Order was issued on March 16, 2007 approving 83 of the proposed standards and holding 24 of the proposed standards in abeyance. Since the date NERC submitted the initial group of reliability standards to FERC, NERC has submitted additional reliability standards to FERC for approval, including reliability standards relating to critical infrastructure protection.

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. 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. No estimate relative to potential loss to the Authority can be made at this time.

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, 2007, 2006 and 2005 was approximately $105.0 million, $101.0 million and $96.0 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 is required by the same statute to contribute 9.06 percent of total payroll for retirement and an additional 0.15 percent for group life. The contribution requirement for the years ended December 31, 2007, 2006 and 2005 was approximately \$9.7 million, \$8.4 million and \$7.7 million, respectively, from the Authority and \$6.8 million, \$6.4 million and \$5.9 million, respectively from employees. The Authority made 100 percent of the required contributions for each of the years ended December 31, 2007, 2006 and 2005.

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 9.06 percent employer cost) however, 5.0 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 4.06 percent is to the Retirement System. The Authority had 36 employees participating in the State ORP as of December 31, 2007 and consequently the related payments are not material.

The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel in accordance with FASB Statement No. 87, "Employers' Accounting for Pensions" (FASB 87). The established pension plan generates earnings which are shared proportionately and used to reduce the allocated funding.

As of December 31, 2007 and 2006, the Authority had over-funded its share of the plan FASB 87 requirements by \$10.9 million and \$10.5 million, respectively. This receivable however, is offset by the result of the Authority adopting SFAS 158 at December 31, 2007. SFAS 158 resulted in the Authority recording a regulatory asset and liability on the balance sheet for approximately \$6.6 million for the unfunded portion of pension benefits. 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, 2007.

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 include 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 2007 and 2006 was approximately \$1.5 million and \$2.1 million, respectively. At December 31, 2007 and 2006 the accrued liability was approximately \$4.8 million and \$5.7 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 carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination, the Authority pays employees for accumulated vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their accumulated sick leave at the pay rate then in effect.

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 28 years of service or at age 60 with at least 20 years of service. Currently, approximately 533 retirees meet these requirements. 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, 2006 was $137.5 million. For each of the years ended December 31, 2007 and 2006, these costs totaled approximately $2.4 million and $2.3 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 thirty years.

Annual OPEB Cost - The Authority's annual OPEB cost (expense) for the current year and the related information are as follows in whole dollar amounts. Year 2007 is the first year for this information to be reported.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	$ 9,420,159	38%	$ 5,828,859

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2007, was as follows:

Actuarial accrued liability (AAL)	$ 137,543,180
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	$ 137,543,180
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;

(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)
6/30/2006	None	$137,543,180	$137,543,180	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, 2007 and 2006 were approximately $8.1 million and $7.7 million, respectively.

In addition, the Authority adopted the balance sheet recognition provision of SFAS 158 at December 31, 2007. A regulatory asset and liability of approximately $1.6 million was 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, 2007.

NOTE 13 - CREDIT RISK AND MAJOR CUSTOMERS:

Sales to two major customers for the years ended December 31, 2007 and 2006 were as follows:

	2007	2006
	(Thousands)	
Central (including Saluda)	**$737,000**	$722,000
Alumax of South Carolina	**$142,000**	$147,000

No other customer accounted for more than 10 percent of the Authority's sales for either of the years ended December 31, 2007 or 2006.

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

NOTE 14 - STORM DAMAGE:

In August 2004, the Authority's system sustained damages from Hurricanes Charley and Gaston. As of December 31, 2007, cost estimates to repair and replace the Authority's damaged facilities are approximately $8.9 million with $3.9 million representing damage to the Jefferies Steam and Hydro Generation facilities and $3.0 million representing damage to the East and West Dams in Pinopolis. The remaining costs reflect damage to other facilities including the transmission and distribution systems, seawalls at the Wampee and Somerset properties, dump truck bodies and costs of clearing roads and subdivisions.

The Authority has filed for and anticipates disaster relief assistance from federal sources. This assistance is expected to be 75 percent of storm damage costs or approximately $6.7 million.

Through December 31, 2007, the Authority had received $3.3 million in federal assistance on both storms. The Authority does not expect to increase rates due to the impact of Hurricanes Charley and Gaston and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

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SCHEDULE OF BONDS OUTSTANDING(1)
As of December 31, 2007 (In Thousands)

	REVENUE BONDS				REVENUE OBLIGATIONS																			
Maturity Date	1997A Refunding Series		1998B Refunding Series		1999A Tax-Exempt Series		1999B Taxable Series		2001A Improvement Series		2002A Refunding Series		2002B Tax-Exempt Series		2002C Taxable Series		2002D Refunding Series		2003A Refunding Series		2004A Tax-Exempt Series		2004B Taxable Series	
Jan 1	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt
2008			4 1/2	785	5 1/2	7,070	7.17	4,980	4 1/2	2,240	5 1/2	7,860			5.51	20,970	4.00	28,690			5.00	4,665		
2009			4 1/2	825	5 1/2	7,480	7.22	5,270	4 1/2	2,340	5 1/2	8,290	5.00	3,815			5.00	14,800			5.00	36,680		
2010	4 7/8	2,505	4.70	865	5 1/2	7,940	7.27	5,590 *		2,450 (2)	5 1/2	8,745	5.00	6,835			5.00	30,430			5.00	6,090	3.57	2,665
2011	4.90	9,780	4 3/4	905	5 1/2	18,325	7.27	38,390 *			5 1/2	10,110					5 1/4	5,800			3.00	505	3.89	2,750
2012	5.00	15,040	5 1/4	955 *	5 5/8	10,910	7.32	1,465	5.00	2,565	5 1/2	11,555	5 3/8	7,175			5 1/4	30,095			5.00	6,395	4.17	2,870
2013			5 1/4	1,010 *	5 5/8	11,540	7.37	1,580	5.00	2,690	5 1/2	12,190	5 3/8	7,565			5 1/4	36,500			5.00	6,740	4.33	2,985
2014			5.00	1,065 *			7.42	1,700	5.00	2,830	5 1/2	7,310	5 3/8	7,970			5 1/4	42,160			5.00	7,070	4.47	3,115
2015			5.00	1,120 *					5 1/4	2,965	5 1/2	2,155	5 3/8	8,395			5 1/4	27,645	5.00	23,575	5.00	7,430	4.52	3,250
2016			5.00	1,180 *					5 1/4	3,125	5 1/2	2,315	5 3/8	8,850			5.00	18,340	5.00	27,285	5.00	18,250		
2017			5.00	1,245 *					5 1/4	3,290	5 1/2	2,480	5 3/8	9,325			5.00	19,195	5.00	18,980	5.00	41,540		
2018			5.00	1,310 *					5 1/4	2,800	5 1/2	2,615	5 3/8	9,825			5.00	20,095	5.00	13,985	5.00	44,525		
2019			5.00	1,380 *					5 1/4	2,945	5 1/2	6,185	5.00	2,000			5.00	31,095	5.00	19,120	5.00	34,245		
2020			5.00	1,455 *					5 1/4	3,100	5 1/8	8,700					5.00	40,860	5.00	22,960	5.00	35,400		
2021			5.00	1,530 *					4 3/4	3,265 *	5 1/8	6,000					5.00	28,420	5.00	26,125	5.00	38,255		
2022			5.00	1,615 *					4 3/4	3,420 *									5.00	28,380	5.00	66,780		
2023	5.00	440 *	5.00	1,700 *																	4 3/8	3,135		
2024	5.00	465 *	5.00	1,790 *																	4 1/2	3,265		
2025	5.00	485 *	5.00	1,000 *																	5.00	3,415 *		
2026	5.00	510 *																	5.00	29,920	5.00	3,585 *		
2027	5.00	6,595 *																	5.00	25,355	5.00	3,755 *		
2028	5.00	12,985 *																	4 3/4	20,565	5.00	3,945 *		
2029	5.00	13,635 *																	4 3/4	21,540	5.00	4,145 *		
2030	5 1/8	14,315 *																	4 3/4	22,555	5.00	4,345 *		
2031	5 1/8	15,050 *											5 1/8	2,555 *					4 3/4	23,630	5.00	4,570 *		
2032	5 1/8	7,710 *											5 1/8	30,280 *					4 3/4	11,055	5.00	4,790 *		
2033													5 1/4	31,835							5.00	5,035 *		
2034													5 1/8	33,505 *							5.00	5,285 *		
2035													5 1/8	35,220 *							5.00	5,550 *		
2036													5 1/8	27,025 *							5.00	5,825 *		
2037													5 1/8	38,965 *							5.00	6,120 *		
2038																					5.00	6,345 *		
2039																					5.00	6,660 *		
2040																								
2041																								
2042																								
Add:																								
Total Outstanding																								
As of 12/31/07		99,515		21,735		63,265		58,975		40,025		96,510		271,140		20,970		374,125		335,030		434,340		17,635
Bonds Redeemed																								
As of 12/31/07		9,670		5,080		30,050		66,345		6,260		11,525		0		70,805		66,635		0		530		0
Bonds Refunded																								
As of 12/31/07		105,370		0		105,005		0		0		0		10,000		0		0		0		0		0
Less:																								
Accreted Value																								
as of 12/31/07		-		-		-		-		-		-		-		-		-		-		-		-
Net:																								
Original Issue Amt.		214,555		26,815		198,320		125,320		46,285		108,035		281,140		91,775		440,760		335,030		434,870		17,635

(1) Rounding may cause small variances.
(2) The 2010 maturity has a split coupon; $2,000,000 at 5.00% and $450,000 at 4.00%.
(3) Includes accretion on Capital Appreciation Bonds through 12/31/07.
(4) The 2025 maturity includes principal in the amount of $24,745,000 at an interest rate of 4.75% and principal in the amount of $1,905,000 at an interest rate of 4.125%.
(5) The 2017 maturity includes principal in the amount of $4,655,000 at an interest rate of 4.00% and principal in the amount of $35,000,000 at an interest rate of 5.00%.
(6) The 2030 maturity includes principal in the amount of $6,080,000 at an interest rate of 4.50% and principal in the amount of $20,000,000 at an interest rate of 5.00%.
(7) The 2014 maturity includes principal in the amount of $10,000,000 at an interest rate of 5.00% and principal in the amount of $2,550,000 at an interest rate of 4.00%.
(8) The 2015 maturity includes principal in the amount of $10,000,000 at an interest rate of 5.00% and principal in the amount of $3,165,000 at an interest rate of 4.00%.
(9) The 2014 maturity includes principal in the amount of $7,570,000 at an interest rate of 4.00% and principal in the amount of $895,000 at an interest rate of 5.00%.
(10) The 2015 maturity includes principal in the amount of $5,730,000 at an interest rate of 4.10% and principal in the amount of $1,495,000 at an interest rate of 5.00%.
(11) The 2017 maturity includes principal in the amount of $7,150,000 at an interest rate of 4.25% and principal in the amount of $4,310,000 at an interest rate of 5.00%.
(12) The 2018 maturity includes principal in the amount of $2,425,000 at an interest rate of 4.25% and principal in the amount of $9,550,000 at an interest rate of 5.00%.
(13) The 2019 maturity includes principal in the amount of $4,335,000 at an interest rate of 4.25% and principal in the amount of $7,505,000 at an interest rate of 5.00%.

REVENUE OBLIGATIONS

2004M Tax-Exempt Series		2005A Refunding Series		2005B Refunding Series		2005C Refunding Series		2005M Tax-Exempt Series		2006A Tax-Exempt Series		2006B Taxable Series		2006M Tax-Exempt Series		2006C Refunding Series		2007A Tax-Exempt Series		2007B Refunding Series		Total Principal Maturities(19)	Total Revenue Interest(19)	Total Debt Service(19)
Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt	Int. Rate	Amt			
				5.00	7,600					3 1/4	4,490	4.90	11,070					4.00	1,275			101,695	170,500	272,195
										3 3/8	7,975	4.90	7,750					4.00	9,000			104,225	168,368	272,593
				5.00	19,155					5.00	3,380	4.90	14,045					4.00	7,715			118,410	162,790	281,200
				5.00	10,255					3.40	3,165	4.90	13,000					4.00	8,025			121,010	156,353	277,363
				5.00	8,915			3.65	3,873	3 1/2	4,065	4.95	10,000					4.00	8,345			124,223	149,787	274,010
				5.00	9,355					3.60	5,000	5.00	13,750	3 3/4	2,634			5.00	8,065		15,115 (15)	136,719	143,175	279,894
		5 1/2	8,635	5.00	5,660					3 5/8	5,000	5.00	28,250				12,550 (7)		8,465 (9)		15,865 (16)	157,645	135,721	293,366
4 1/4	12,840	5 1/2	11,395							5.00	10,000	5.05	31,250				13,165 (8)		7,225 (10)		12,160 (17)	174,570	127,414	301,984
4 3/8	5,484 (3)	5 1/2	17,705					4.00	7,808 (3)	5.00	34,400					5.00	13,800	5.00	9,855	5.00	8,185	176,582	122,358 (20)	298,940
		5 1/4	4,880	5.00	18,690						39,655 (5)					5.00	14,515		11,460 (11)	5.00	8,530	193,785	109,764	303,549
		5 1/4	5,190	5.00	19,580					5.00	13,285			4.00	4,189 (3)	5.00	9,205		11,975 (12)	5.00	21,410	179,989	101,273 (20)	281,263
		5 1/4	14,520	5.00	20,505					5.00	21,700					5.00	9,685		11,840 (13)		16,705 (18)	191,925	91,176	283,101
		5 1/4	28,900	5.00	21,555					5.00	9,375					5.00	10,180	5.00	11,965			194,450	81,452	275,902
		5 1/4	23,890	5.00	43,650					4 1/8	4,880					5.00	10,710	5.00	14,475			201,200	71,508	272,708
		5 1/4	10,180	5.00	67,485					4.20	4,000					5.00	11,260	5.00	16,875			209,995	61,227	271,222
4.90	6,593			5.00	25,600	4 3/4	26,060	4.35	3,981 (3)	5.00	16,500			4.20	3,155 (3)			5.00	9,650			96,814	55,872 (20)	152,687
5.00	3,645 (3)					4 3/4	25,440			5.00	24,700								3,740 (14)			63,045	54,337 (20)	117,382
							26,650 (4)			5.00	25,000							5.00	13,625			70,175	46,792	116,967
										5.00	18,000							5.00	9,475			61,490	43,540	105,030
										5.00	19,000							4 1/2	10,000			64,705	40,410	105,115
										5.00	23,400							5.00	9,285 *			70,180	37,088	107,268
										5.00	24,600							5.00	9,320 *			73,240	33,556	106,796
											26,080 (6)							5.00	9,785 *			77,080	29,859	106,939
										5.00	24,565 *							5.00	10,280 *			80,650	25,969	106,619
										5.00	9,870 *							5.00	10,785 *			74,490	22,099	96,589
										5.00	10,370 *							5.00	11,185 *			58,425	18,726	77,151
										5.00	10,870 *							5.00	11,750 *			61,410	15,670	77,080
										5.00	11,370 *							5.00	12,335 *			64,475	12,479	76,954
										5.00	11,955 *					4 1/2	9,685	5.00	12,950 *			67,440	9,167	76,607
										5.00	12,735 *							5.00	13,600 *			71,420	5,678	77,098
										5.00	13,370 *							5.00	14,280 *			33,995	3,019	37,014
										5.00	12,795 *							5.00	14,995 *			34,450	1,308	35,758
																		5.00	2,830 *			2,830	376	3,206
																		5.00	2,975 *			2,975	230	3,205
																		5.00	3,120 *			3,120	78	3,198
	28,561 (3)		125,295		278,005		78,150		15,662 (3)		465,550		129,115		9,978 (3)		114,755		342,525		97,970	3,518,831	2,309,118	5,827,949
	712		0		0		0		108		5,215		0		51		0		0		0	272,985		
	0		0		0		0		0		0		0		0		0		0		0	220,375		
	1,319		-		-		-		403		-		-		129		-		-		-	1,851		
	27,954		125,295		278,005		78,150		15,367		470,765		129,115		9,901		114,755		342,525		97,970	4,010,341		

(14) The 2024 maturity includes principal in the amount of $1,095,000 at an interest rate of 4.50% and principal in the amount of $2,645,000 at an interest rate of 5.00%.
(15) The 2013 maturity includes principal in the amount of $3,180,000 at an interest rate of 4.00% and principal in the amount of $11,935,000 at an interest rate of 5.00%.
(16) The 2014 maturity includes principal in the amount of $1,685,000 at an interest rate of 4.00% and principal in the amount of $14,180,000 at an interest rate of 5.00%.
(17) The 2015 maturity includes principal in the amount of $4,725,000 at an interest rate of 4.00% and principal in the amount of $7,435,000 at an interest rate of 5.00%.
(18) The 2019 maturity includes principal in the amount of $450,000 at an interest rate of 4.00% and principal in the amount of $16,255,000 at an interest rate of 5.00%.
(19) Included in year that payment is made.
(20) Includes remaining accretion on Capital Appreciation Bonds.

SCHEDULE OF REFUNDED BONDS OUTSTANDING
As of December 31, 2007
(In Thousands)

Call Date	January 1, 2008			January 1, 2010		January 1, 2010	
Series	1997A			1999A		2002B	
Original Maturity	Refunding Series			Tax-Exempt Series		Tax-Exempt Series	
Jan 1	Int. Rate	Amt		Int. Rate	Amt	Int. Rate	Amt
2008							
2009							
2010							
2011							
2012							
2013	5.00	15,815					
2014	5.00	16,630		5 3/4	12,220		
2015	5.00	12,980		5 3/4	12,940		
2016	5.00	9,095	*	5 1/2	13,690		
2017	5.00	9,485	*	5 1/2	14,470		
2018	5.00	22,410	*	5 1/2	9,230		
2019	5.00	17,755	*	5 1/2	9,755		
2020	5.00	380	*	5 1/2	10,305		
2021	5.00	400	*	5 1/2	10,890		
2022	5.00	420	*	5 1/2	11,505		
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036						5 1/2	10,000
2037							
2038							
2039							
2040							
2041							
2042							
Totals per Series		105,370			105,005		10,000
Totals per Call Date		105,370					115,005

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. Currently, the Berkeley County seat is vacant.

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.

CLARENCE DAVIS
2ND VICE CHAIRMAN
2ND CONGRESSIONAL DISTRICT
COLUMBIA, S.C.

Partner in Nelson Mullins Riley & Scarborough LLP, a Columbia-based law firm.

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.

DR. JOHN MOLNAR
HORRY COUNTY
MYRTLE BEACH, S.C.

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

JAMES W. SANDERS, SR.
5TH CONGRESSIONAL DISTRICT
GAFFNEY, S.C.

Pastor of Bethel Baptist Church in Gaffney for 56 years 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

Senior Vice Presidents

Terry L. Blackwell	*Power Delivery*
Maxie C. Chaplin	*Generation*

Vice Presidents

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

Auditor

Thomas L. Richardson

Corporate Secretary

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

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