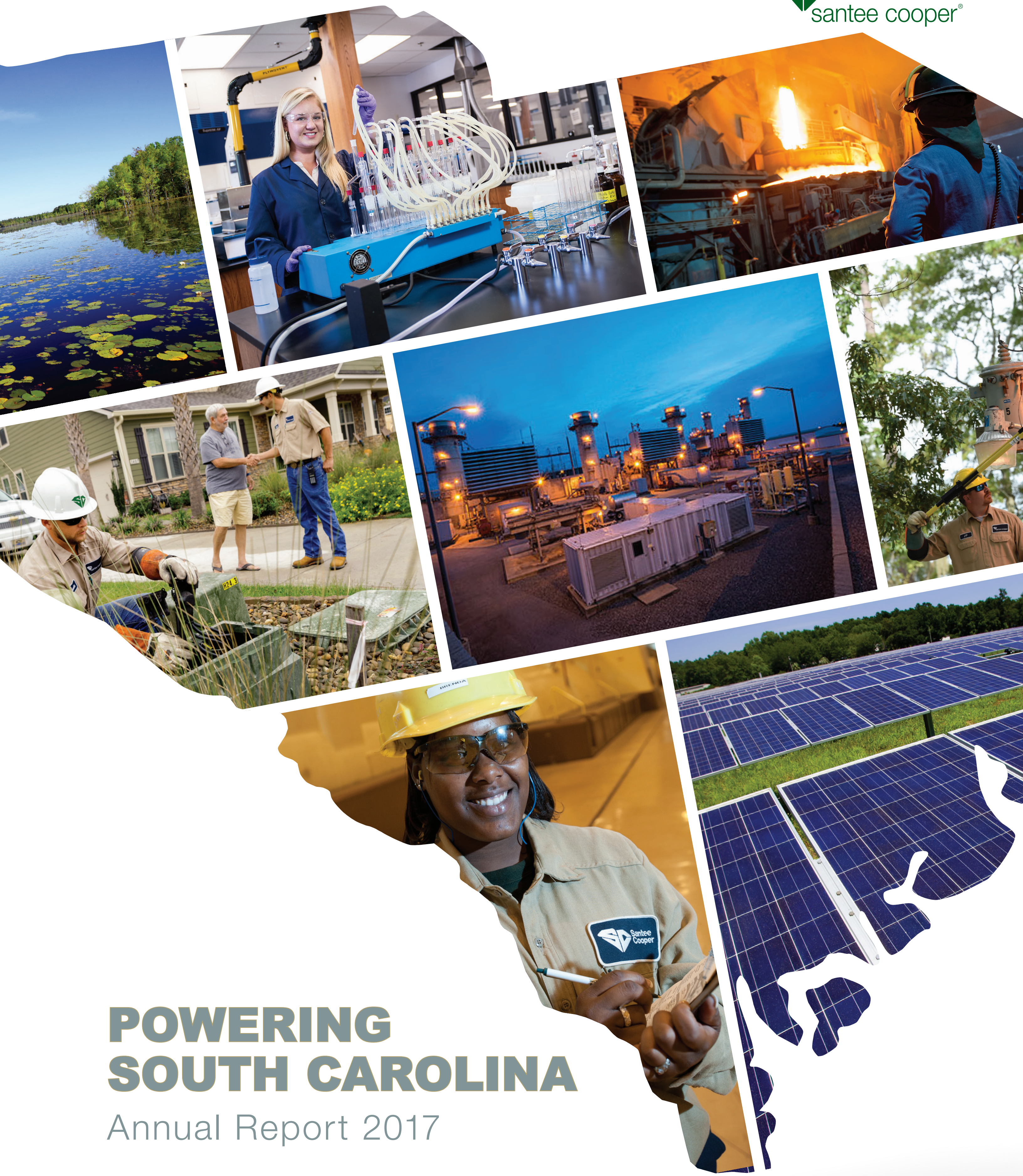


POWERING SOUTH CAROLINA

Annual Report 2017

Table Of Contents

Chairman and CEO Letter

Although 2017 included many milestones and accomplishments for Santee Cooper, including our 75th anniversary of generating electricity, there is no question that the year was dominated by one thing: our difficult decision regarding the expansion of V.C. Summer Nuclear Station.

On July 31, the Santee Cooper Board of Directors voted to suspend construction of Summer Units 2 and 3, which we were building with majority owner South Carolina Electric and Gas Co. This decision followed a comprehensive project review spurred by the March 29 bankruptcy filing of our engineering, procurement and construction contractor, Westinghouse Electric Co. Our analysis showed that completing the units post-Westinghouse bankruptcy would cost our customers another 41 percent in rate increases by 2030, and another nearly $7 billion on top of the $4.5 billion already spent. The project had become uneconomical.

Since then, Santee Cooper has focused on cutting our costs and working to offset the project debt. Successes so far include the successful sale of our settlement with Westinghouse's parent, Toshiba, to Citibank. The sale gave us the certainty of an immediate, lump sum payment of nearly $900 million rather than the five-year payout Toshiba offered, and the deal spurred two credit rating agencies to upgrade their outlooks of Santee Cooper to stable. (We retained A+ ratings at all three agencies.) The settlement proceeds will offset project costs to customers.

Our cost-cutting efforts and the Toshiba settlement also let us withdraw the planned 2018 and 2019 base retail rate adjustments, and we are working to defer base rate adjustments further into the future. At year's end, we were considering options for the V.C. Summer 2 and 3 site, license and assets. That evaluation likely will continue through much of 2018.

This situation continues to present challenges for us and for the state's leadership, which is exploring potential actions that could change our governance, ratemaking processes or even privatize us. Selling Santee Cooper has come up in the past, and we continue to believe that any objective evaluation will demonstrate our continued value as a public power utility. Santee Cooper continues to offer competitively priced and reliable electricity that benefits 2 million residents today and attracts industries with jobs for tomorrow. Our residential rates are 15 percent lower than the national average, and our industrial costs are 31 percent lower than the national average.

Now let us summarize a few of the successes from last year:

> We earned the American Public Power Association's RP3 Diamond Level designation, which recognizes proficiency in four key areas: reliability, safety, workforce development and system improvement. Criteria include sound business practices and a utility-wide commitment to safe and reliable delivery of electricity.

> Continuous improvement teams and projects found efficiencies, eliminated waste and redundancies, and produced significant savings for customers.

> We maintained transmission and distribution reliability ratings above 99.99 percent, meaning customers are without electricity less than a half hour on average for the year.

> Our Reduce The Use energy efficiency programs are on track to help customers save 209 million kilowatt-hours a year by 2020, which helps them save money, too.

> Better than nine out of 10 residential and commercial customers said they are satisfied with Santee Cooper in our 2017 surveys, well above the national average. Customers say they are most pleased with our quality of power, reliability and customer service.

> Our rooftop and community solar programs achieved 2017 participation goals, helping customers who are interested in purchasing rooftop solar panels or joining our Solar Share program. We also added another Green Power Solar School to our statewide system, at the Center for Advanced Technical Studies in Chapin, and added a new solar farm to the grid - the Bell Bay Solar Farm in Horry County.

February marked the 75th anniversary of our oldest generating unit, at Jefferies Hydroelectric Station. The unit was brought online ahead of schedule to power a defense contractor supporting the U.S. efforts in World War II. We have always existed to improve the quality of life for all South Carolinians – largely by delivering low-cost, reliable electricity that powers people and businesses across the state.

Jefferies (it was called the Pinopolis Power Plant back then) quickly added four other hydro units, so state-of-the-art that they drew 65,000 visitors from every state in the union during and immediately after their construction. We completed renovations in 2017 on two of those units, making them more efficient than they were in 1942. All five still contribute to our system. That firm foundation has powered generations of South Carolinians already, and we stand ready to power generations to come.

Demonstrating our continued commitment to economic development, Santee Cooper has provided loans, grants and facilities through the years to support economic development in all 46 of the state's counties. In 2017, we made loans and grants supporting the Dillon County Inland Port, a new training center at

Volvo Car USA's Berkeley County manufacturing plant, and a large industrial building in Dillon County's Northeastern Commerce Center, among other projects. Our programs helped recruit Samsung to Newberry County and supported Volvo's decision to expand its Berkeley plant.

All told, we helped support 30 industrial announcements in 2017 involving $1.6 billion in capital investment and 5,363 new jobs.

Santee Cooper made solid progress on Camp Hall, a first-of-its-kind industrial community we are developing around a central focus: the next generation of commerce and the needs of the workers. Camp Hall will provide a unique intersection of commerce, community and convenience. Using our decades of industrial development experience, Santee Cooper is creating a workforce-centric space with amenities and conveniences that will recruit and retain top talent. Watch it unfold at **www.camphall.com**.

In 2017, we bid farewell to former President and CEO Lonnie Carter, who announced his retirement in August, and to former Board Chairman W. Leighton Lord III, who resigned in December. Santee Cooper made many advances under their leadership, and we wish them both the best.

In closing, let us say that Santee Cooper succeeds because of our great workforce. We have 1,745 employees working in 17 counties across the state, providing excellent customer service, delivering reliable and affordable power and water, promoting economic development and generally lifting up their communities. For example, more than half of our line technicians volunteered to travel to St. Croix over Thanksgiving and Christmas to help restore power to an island that had been mostly in the dark since the summer's brutal hurricanes. We were able to send more than two dozen employees, in two shifts, and they were part of a utility response that restored power to almost 80 percent of the island.

We heard from many grateful islanders, including one gentleman happy to have his power back after 217 days. His words were for the team in St. Croix, but could easily describe our entire workforce:

> *"I wanted to compliment your entire organization for the quality, courteousness and professionalism of your employees that you've assigned to help us," he said. "Your company is demonstrating that professionalism, care and customer service are still alive and well."*

All the best,

William A. Finn
Acting Chairman

Jim Brogdon
Interim President and CEO

Corporate Statistics

System Data 2017

Miles of transmission system lines: **5,112**

Miles of distribution system lines: **2,934**

Number of transmission substations: **106**

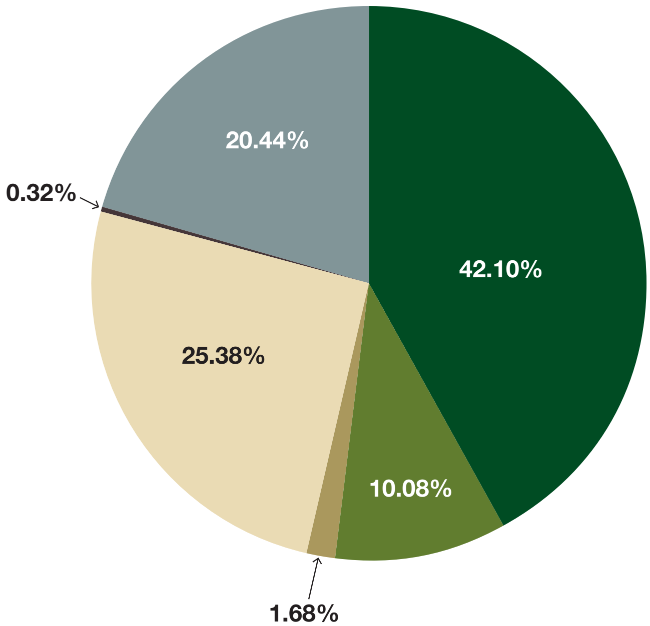
Number of distribution substations: **54**

Number of CEPCI Delivery Points (DPs): **459**

	2017	2016	2015	2014	2013
FINANCIAL (Thousands)					
Total Revenues & Income	**$1,732,327**	$1,718,565	$1,842,541	$2,023,414	$1,823,502
Total Expenses & Interest Charges	**$1,618,084**	$1,604,119	1,781,591	1,894,217	1,744,960
Other	**($5,561)**	($6,708)	(6,435)	19,798	7,396
Reinvested Earnings	**$108,682**	$107,738	54,515	148,995	85,938
OTHER FINANCIAL					
(Excluding CP and Other)					
Debt Service Coverage *(prior to Distribution to State)*	**1.51**	1.55	1.45	1.53	1.52
Debt / Equity Ratio	**78/22**	79/21	78/22	75/25	75/25
STATISTICAL					
Number of Customers (at Year-End)					
Retail Customers	**180,658**	176,748	174,023	171,567	168,813
Military and Large Industrial	**26**	27	27	28	29
Wholesale	**4**	4	4	4	4
Total Customers	**180,688**	176,779	174,054	171,599	168,846
Generation (GWh):					
Coal	**9,589**	12,347	12,832	16,607	13,949
Nuclear	**2,296**	2,886	2,366	2,297	2,788
Hydro	**382**	444	523	506	624
Natural Gas and Oil	**5,783**	4,834	6,212	3,821	4,315
Landfill Gas and Renewables	**73**	81	93	96	115
Total Generation (GWh)	**18,123**	20,592	22,026	23,327	21,791
Purchases, Net Interchanges, etc. (GWh)	**4,980**	3,433	4,987	4,738	5,335
Wheeling, Interdepartmental, and Losses	**(324)**	(325)	(515)	(712)	(762)
Total Energy Sales (GWh)	**22,779**	23,700	26,498	27,353	26,364
Summer Maximum Continuous Rating (MCR) Generating Capability (MW)	**5,104**[1]	5,104	5,093	5,182	5,183
Territorial Peak Demand (MW)	**4,989**	4,794	5,869	5,673	5,029

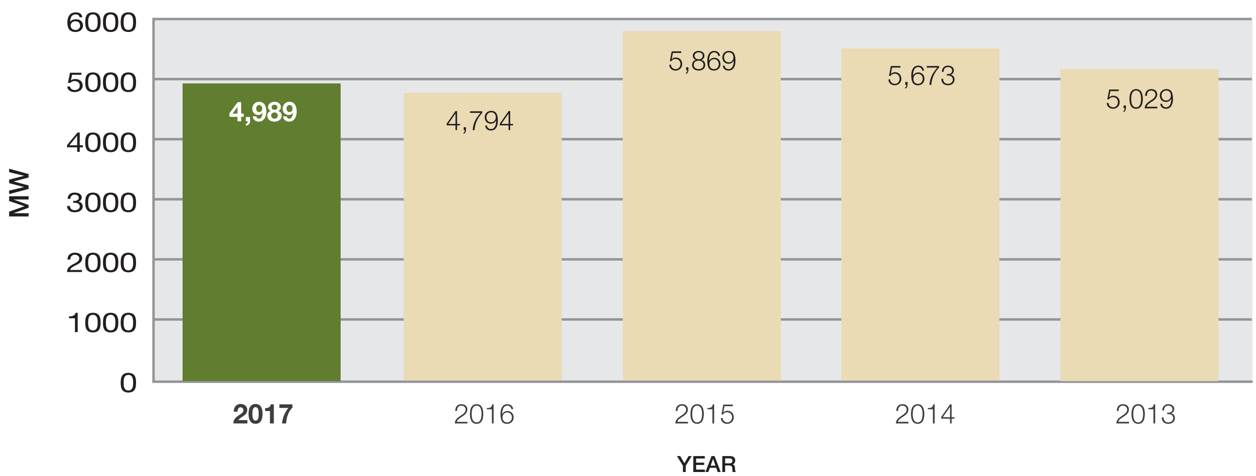
(1) The Authority recently implemented a plan to lower O&M expenses by idling Cross Unit 2 after March 1, 2017. Upon idling the unit, a return to service period of up to two years would be required to operate the unit.

2017 GENERATION BY FUEL MIX

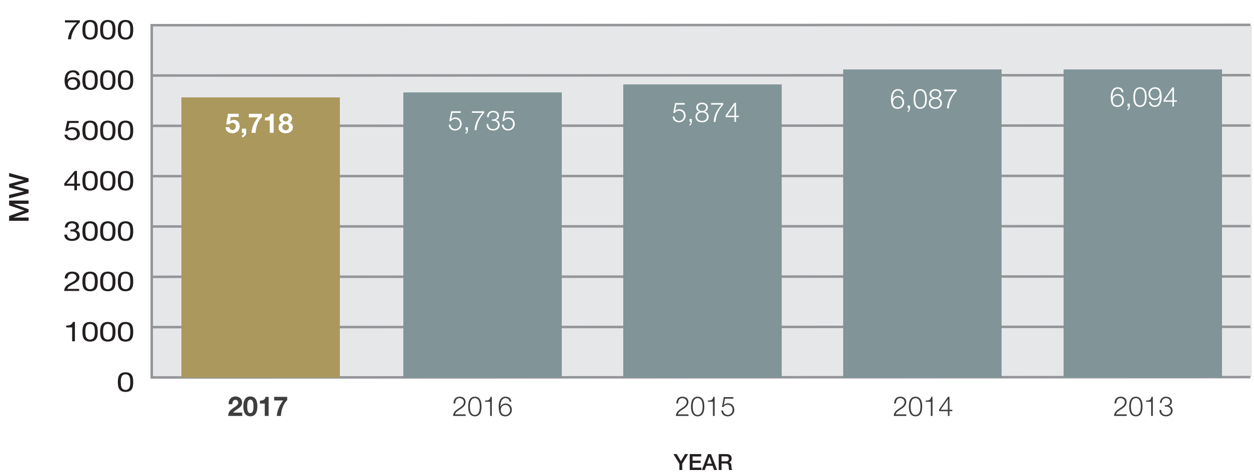


Source		GWh
Coal	42.10%	9,589
Nuclear	10.08%	2,296
Hydro	1.68%	382
Natural Gas & Oil	25.38%	5,783
Other Renewables	0.32%	73
Purchases (Net)	20.44%	4,656
	100.00%	22,779

PEAK DEMAND



TOTAL SUMMER CAPABILITY (MCR) WITH FIRM PURCHASES



Audit Committee Chairwoman's Letter

The Audit Committee of the Board of Directors is comprised of independent directors Peggy H. Pinnell – Chairwoman, William A. Finn, Merrell W. Floyd, Dan J. Ray, Jack F. Wolfe Jr., Alfred J. Reid Jr.* and Stephen H. Mudge.

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the Board of Directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. 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.

Peggy H. Pinnell

Peggy H. Pinnell
Chairwoman
2017 Audit Committee

Notes:
Director Alfred L. Reid Jr. resigned from the Santee Cooper Board of Directors on June 28, 2017.

Management's Discussion and Analysis
of Financial Condition and Results of Operations

Introduction

The South Carolina Public Service Authority (the Authority or Santee Cooper) is a component unit of the State of South Carolina (the State), created by the State in 1934 for the purpose of providing and aiding interstate commerce, navigation, electric power and wholesale water to the people of South Carolina. The statute under which it was created provides that the Authority will establish rates and charges so as to produce revenues sufficient to provide for payment of all expenses, the conservation, maintenance and operation of its facilities and properties and the payment of the principal and interest on its notes, bonds, or other obligations. Provided, however, that prior to putting into effect any increase in rates the Authority shall give at least a sixty day notice of such increase to all customers who will be affected.

The Authority's assets include wholly owned and ownership interests in a variety of coal, natural gas, nuclear, hydro, biomass, landfill and solar generating units totaling 5,104 megawatts (MW) of summer power supply peak capability. This consists of 3,500 MW of coal-fired capacity, 1,117 MW of natural gas and oil capacity, 322 MW of nuclear capacity, 136 MW of hydro capacity and 29 MW of landfill methane gas capacity. As part of a plan to lower operations and maintenance (O&M) expenses, the Authority idled Cross Unit 2 on March 1, 2017. Upon idling the unit, a return to service period of up to two years would be required to operate the unit. In addition to the generation assets, the Authority may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to maximize the efficient use of generating resources, reduce operating costs and increase operating revenues. The Authority also operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central Electric Power Cooperative (Central), the Authority's largest cost of service customer.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Suzanne H. Ritter, Vice President and Controller, South Carolina Public Service Authority, P.O. Box 2946101, Moncks Corner, SC 29461-6106.

Overview of the Financial Statements

This discussion serves as an introduction to the basic financial statements of the Authority to provide the reader with an overview of the Authority's financial position and operations. As discussed in the notes to the Financial Statements (Note 1 - A "Reporting Entity"), the financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems.

The Statements of Net Position summarize information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

The operating results of the Authority are presented in the Statements of Revenues, Expenses and Changes in Net Position. Revenues represent billings for electricity and wholesale water sales. Expenses primarily include operating costs and debt service related charges.

The Statements of Cash Flows are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements related to cash provided by or used in operations, non-capital related financing, capital related financing and investing activities.

The Notes are an integral part of the Authority's basic financial statements and provide additional information on certain components of these statements.

FINANCIAL CONDITION OVERVIEW

The Authority's Statements of Net Position as of December 31, 2017, 2016 and 2015 are summarized below:

	2017	2016	2015
		(Thousands)	
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Capital assets	**$ 4,832,022**	$ 8,214,787	$ 7,509,121
Current assets	**2,618,394**	2,779,166	3,155,271
Other noncurrent assets	**5,510,276**	1,244,276	1,329,395
Deferred outflows of resources	**239,722**	271,595	256,734
Total assets & deferred outflows of resources	**$ 13,200,414**	$ 12,509,824	$ 12,250,521
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-term debt - net	**$ 7,897,142**	$ 8,134,916	$ 7,306,469
Current liabilities	**863,865**	916,567	1,299,591
Other noncurrent liabilities	**1,182,967**	1,185,935	1,469,189
Deferred inflows of resources	**1,135,173**	242,070	233,482
Total liabilities & deferred inflows of resources	**$ 11,079,147**	$ 10,479,488	$ 10,308,731
NET POSITION			
Net investment in capital assets	**$ 1,523,505**	$ 1,168,907	$ 1,195,402
Restricted for debt service	**32,430**	39,158	79,771
Restricted for capital projects	**1,284**	1,663	4,304
Unrestricted	**564,048**	820,608	662,313
Total net position	**$ 2,121,267**	$ 2,030,336	$ 1,941,790
Total liabilities, deferred inflows of resources & net position	**$ 13,200,414**	$ 12,509,824	$ 12,250,521

2017 COMPARED TO 2016

The primary changes in the Authority's financial condition as of December 31, 2017 and 2016 were as follows:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows of resources increased $690.6 million during 2017 due to increases of $4.266 billion in other noncurrent assets. These increases were offset by decreases of $3.383 billion in capital assets, $160.8 million in current assets and $31.9 million in deferred outflows of resources.

The decrease in capital assets of $3.383 billion was primarily due to the reclassification of impaired nuclear assets from construction work in progress (CWIP) of $4.211 billion to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3. These decreases were offset by increases in utility plant of $248.5 million and CWIP of $743.0 million.

The decrease in current assets of $160.8 million was due to a decrease of $112.1 million in fossil fuel inventory primarily due to lower coal purchases during 2017. Prepaid expenses and other current assets decreased $31.9 million primarily due to the current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, S.C. The remaining $16.8 million was a decrease resulting from the net change in receivables, materials inventory, nuclear fuel and interest receivable.

The increase in other noncurrent assets of $4.266 billion was primarily due to the reclassification of impaired nuclear CWIP to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3.

The decrease in deferred outflows of resources of $31.9 million was largely due to the decrease of $21.7 million in unamortized loss on refunded and defeased debt, which resulted from amortization in 2017. Also contributing was pension related deferred outflows of $10.5 million from the Authority reporting its share of pension deferrals. Other changes resulted in a $300,000 increase.

Liabilities, Deferred Inflows of Resources & Net Position

Liabilities & deferred inflows of resources increased $599.7 million due to increases of $893.1 million in deferred inflows of resources. These increases were offset by decreases of $237.8 million in long-term debt-net; $52.7 million in current liabilities; and $3.0 million in other noncurrent liabilities.

Net long-term debt decreased $237.8 million due to a $157.1 million cash defeasance of bonds as well as $43.1 million for transfers to current portion of long-term debt. Unamortized debt discounts and premiums decreased $36.5 million for amortization of discounts and premiums and $5.7 million in removals from refunding activity. Somewhat offsetting this was a net increase of $1.5 million on the long-term revolving credit agreement due to current year draws and increase in accretion of $3.1 million on minibonds.

The decrease in current liabilities of $52.7 million was due to decreases in commercial paper of $255.4 million and the current portion of long-term debt of $85.5 million. These decreases were offset by increases of $219.0 million in short-term revolving credit agreements and $70.7 million in accounts payable. Further reductions of $1.5 million were due to the residual changes in the other accounts in this category.

The decrease in other noncurrent liabilities of $3.0 million was due to a lower asset retirement obligation of $9.9 million. Partially offsetting this were increases in pension liabilities of $13.8 million. Net decreases of $6.9 million among the remaining accounts make up the residual variance.

Deferred inflows of resources increased $893.1 million due to recording of an $898.2 million regulatory deferred inflow for the Toshiba Settlement and increases of $8.3 million in nuclear decommissioning costs from market value adjustments, amortization and interest accruals associated with decommissioning funds. Partially offsetting these increases were $4.6 million lower accumulated increase in fair value of hedging derivatives and pension related deferred inflows of $8.8 million from the Authority's share of pension deferrals.

The increase in net position of $90.9 million was mainly due to increases in net investment in capital assets of $354.6 million. Somewhat offsetting these increases were decreases in unrestricted of $256.6 million as well as decreases in restricted for debt service of $6.7 million due to changes in accrued interest on long-term debt and reductions in the bond and debt service funds. Further reductions of $400,000 were due to the residual changes in the other accounts in this category.

2016 Compared to 2015

The primary change in the Authority's financial condition as of December 31, 2016 and 2015 were as follows:

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources increased $259.3 million during 2016 due to increases of $705.7 million in capital assets and $14.8 million in deferred outflows of resources. These increases were offset by decreases of $376.1 million in current assets and $85.1 million in other noncurrent assets.

The increase in capital assets of $705.7 million was due to net construction work in progress increases of $955.6 million partially offset by a net decrease in utility plant and other physical property of $249.9 million. The increase resulted primarily from additions associated with Summer Nuclear Units 2 and 3, which are not currently in service.

The decrease in current assets of $376.1 million was due to a net decrease of $282.3 million in unrestricted and restricted cash, cash equivalents and investments resulting from the 2016 bond activity impact, construction payments and debt service payments. Fossil fuel inventory decreased $88.4 million due to lower coal purchases during 2016. Prepaid expenses and other current assets decreased $36.4 million primarily due to the current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, S.C. The remaining $31.0 million was an increase resulting from the net change in receivables, materials inventory, nuclear fuel and interest receivable.

The decrease in other noncurrent assets of $85.1 million resulted from a reduction of $61.3 million in deferred interest related to the sale of five percent of the Summer Nuclear Units 2 and 3 being transferred to construction work in progress as capitalized interest. Further decreases of $27.7 million were provided by the asset retirement obligation due to accretion and depreciation on nuclear and ash pond assets. Other items with a net increase of $3.9 million are due to the residual changes in the other accounts in this category.

The increase in deferred outflows of resources of $14.8 million was largely due to the increase of $46.4 million in unamortized loss on refunded and defeased debt, which resulted from the 2016 bond activity. Pension related deferred outflows increased $20.2 million from the Authority reporting its share of pension deferrals. The net impact of accumulated decrease in fair value of hedging derivatives was a reduction of $51.8 million from decreased mark-to-market losses driven by higher natural gas prices during 2016.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Liabilities & deferred inflows of resources increased $170.8 million due to increases of $828.4 million in long-term debt-net and $8.6 million in deferred inflows of resources. These increases were partially offset by decreases of $383.0 million in current liabilities and $283.2 million in other noncurrent liabilities.

Net long-term debt increased $828.4 million due mainly to net additions of $700.1 million in total long-term debt and $128.3 million in unamortized debt discounts and premiums. The increase in long-term debt was mainly due to additions of $1.6 billion from the 2016 bond activity. Offsetting this were decreases of $120.9 million for transfers to current portion of long-term debt and $751.5 million for defeasance and/or refunding activity. Unamortized debt discounts and premiums increased due to net additions of $173.2 million from the 2016 bond activity offset by decreases of $38.0 million for amortization of discounts and premiums and $6.9 million in removals from refunding activity.

The decrease in current liabilities of $383.0 million was due to decreases of $197.6 million in commercial paper and $129.1 million in accounts payable. Additional changes were caused by decreases in the current portion of long-term debt of $38.8 million and a $13.0 million reduction in accrued interest on long-term debt. Further reductions of $4.5 million were due to the residual changes in the other accounts in this category.

Other noncurrent liabilities decreased $283.3 million primarily from an adjustment to the asset retirement obligation of $306.2 million resulting from the 2016 TLG Service, Inc. decommissioning study generating a lower liability for nuclear decommissioning costs. Further decreases were due to lower gas hedging transactions of $24.5 million. Partially offsetting these decreases were higher pension and Other Post-Employment Benefits (OPEB) liabilities of $42.8 million. Net increases of $4.6 million among the remaining accounts make up the residual variance.

Deferred inflows of resources increased $8.6 million due to increases of $7.1 million in nuclear decommissioning costs from market value adjustments, amortization and interest accruals for decommissioning funds and $5.3 million from accumulated increase in fair value of hedging derivatives. Partially offsetting these increases were pension related deferred inflow decreases of $3.8 million associated with the Authority's share of pension deferrals.

The increase in net position of $88.5 million was mainly due to an increase in unrestricted of $158.3 million. This increase was offset by a $26.5 million decrease related to net investment in capital assets due to a higher amount of unspent construction proceeds netted against a lower amount of construction work in progress and utility plant. Restricted for debt service decreased $40.7 million due to changes in accrued interest on long-term debt and reductions in bond and debt service funds. A $2.6 million reduction of non-borrowed funds for the Lake Moultrie Water System capacity upgrade caused a decrease in restricted for capital projects.

RESULTS OF OPERATIONS

Santee Cooper's Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2017, 2016 and 2015 are summarized as follows:

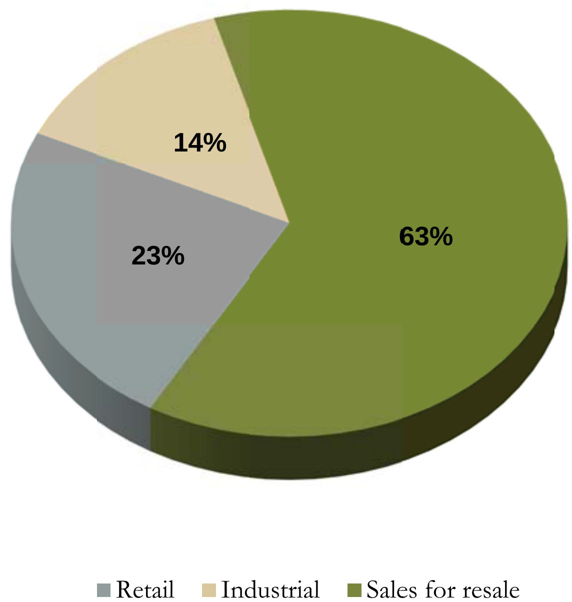
	2017	2016	2015
		(Thousands)	
Operating revenues	**$ 1,756,983**	$ 1,745,657	$ 1,879,553
Operating expenses	**1,357,171**	1,374,942	1,502,488
Operating income	**399,812**	370,715	377,065
Interest expense	**(260,909)**	(229,177)	(279,103)
Costs to be recovered from future revenue	**(4,339)**	(6,708)	(6,435)
Other income (expense)	**(25,882)**	(27,092)	(37,012)
Capital contributions & transfers	**(17,751)**	(19,192)	(20,116)
Change in net position	**$ 90,931**	$ 88,546	$ 34,399
Net position - beginning of period as previously reported	**2,030,336**	1,941,790	2,168,463
Restatement	**0**	0	(261,072)
Net position - beginning of period as restated	**2,030,336**	1,941,790	1,907,391
Ending net position	**$ 2,121,267**	$ 2,030,336	$ 1,941,790

2017 Compared to 2016

Operating Revenues

As compared to 2016, operating revenues increased $11.3 million (1%) primarily due to higher wholesale demand, fuel and energy-related fixed cost rates as well as the retail base rate adjustments that went into effect April 1, 2017. Impacts between the 2016 and 2017 Central Cost of Service adjustments also added to this increase. Lower energy sales (4%) resulting from milder weather and the combined reduced load from industrial and wholesale customers somewhat offset these increases. Energy sales for 2017 totaled approximately 22.8 million megawatt hours (MWhs) as compared to approximately 23.7 million MWhs for 2016.

2017 Revenues from Sales of Electricity*
by Customer Class

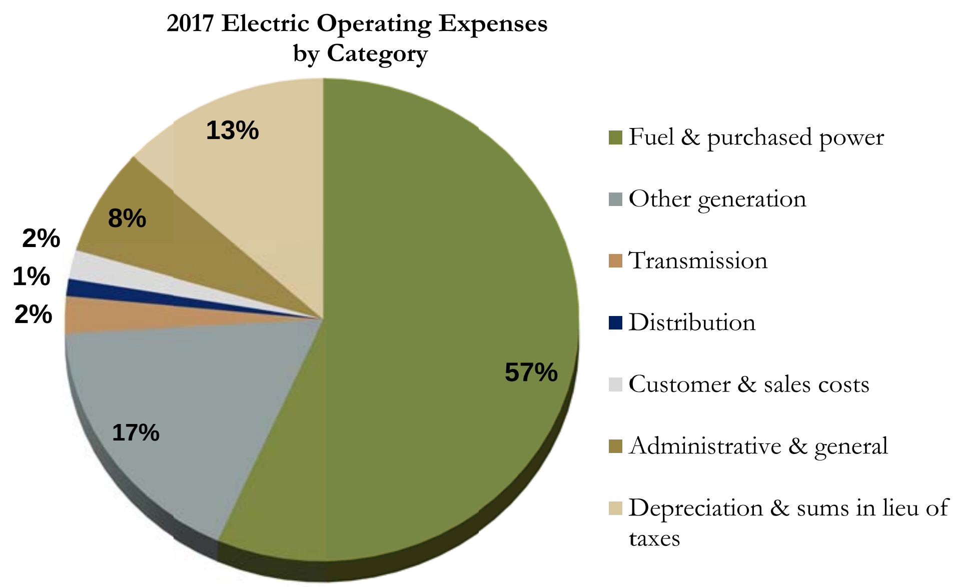


	2017	2016	2015
Revenues from Sales of Electricity*		(Thousands)	
Retail	**$ 407,752**	$ 406,246	$ 381,049
Industrial	**235,068**	234,463	354,148
Sales for resale	**1,089,472**	1,080,399	1,121,326
Totals	**$ 1,732,292**	$ 1,721,108	$ 1,856,523

*Excludes interdepartmental sales of $530 for 2017, $524 for 2016 and $478 for 2015.

Operating Expenses

Operating expenses for 2017 decreased $17.8 million (1%) as compared to 2016. The main driver was fuel and purchased power expense which decreased by $15.0 million due to lower kWh sales, higher commodity prices in the prior year and a shift in economic dispatch due to lower prices in the energy markets. Also contributing were decreases in non-fuel generation ($14.2 million) from contract services and materials primarily due to a planned spring outage at Winyah Generating Station not occurring in the current year. Somewhat offsetting these decreases were higher administrative & general ($7.6 million) from labor and contract services. Other smaller variances ($3.8 million) netted an increase and were spread among the remaining cost categories.



		2017		2016		2015
Electric Operating Expenses				(Thousands)		
Fuel & purchased power	**$**	**760,696**	$	775,737	$	906,954
Other generation		**224,748**		238,912		237,680
Transmission		**32,762**		33,767		35,425
Distribution		**15,379**		15,865		15,340
Customer & sales costs		**28,112**		26,636		28,792
Administrative & general		**105,647**		98,006		93,171
Depreciation & sums in lieu of taxes		**184,203**		180,725		180,167
Totals	**$**	**1,351,547**	$	1,369,648	$	1,497,529

Net Below the Line Items

- Other income increased by $1.2 million primarily due to higher increase in the fair value of investments and a decrease in the loss on sale of coal due to the remainder of the Jefferies Generating Station coal sale being finalized in 2016.

- Interest expense for 2017 was $31.7 million higher primarily due to a current year decrease in capitalized interest associated with Summer Nuclear Units 2 and 3.

- Cost to be recovered (CTBR) decreased $2.4 million.

- Capital contributions and transfers represent dollars paid to the state of South Carolina. This payment, which is based on a percentage of total budgeted revenues, decreased by $1.4 million due to lower revenues in the 2017 budget as compared to the 2016 budget.

2016 Compared to 2015

Operating Revenues

As compared to 2015, operating revenues decreased $133.9 million (7%). The drivers for this decrease were lower kWh sales (11%) and demand usage (14%) resulting from the combined reduced load from industrial and wholesale customers as well as impacts between the 2015 and 2016 Central COS adjustments. Lower fuel rate revenues also contributed to this decrease. Partially offsetting this decrease was higher demand, operation and maintenance (O&M) and energy related fixed cost rates. Energy sales for 2016 totaled approximately 23.7 million megawatt hours (MWhs) as compared to approximately 26.5 million MWhs for 2015.

Operating Expenses

Operating expenses for 2016 decreased $127.5 million (8%) as compared to 2015. The main driver was fuel and purchased power expense which decreased by $131.2 million due to lower kWh sales, higher commodity prices in the prior year and a shift in generation mix. Partially offsetting these decreases were higher non-fuel generation ($1.2 million) from labor and Summer Nuclear Unit 1 expenses as well as administrative & general ($4.8 million) from pension-related benefits, prepayment write-off, donations and sponsorships. Other smaller variances ($2.3 million) netted a decrease and were spread among the remaining cost categories.

Net Below the Line Items

- Other income increased by $9.9 million due to higher interest income, increase in the fair value of investments and a decrease in the loss on sale of coal due to the remainder of the Jefferies Generating Station coal sale being finalized.

- Interest expense for 2016 was $49.9 million lower primarily due to an increase in capitalized interest associated with Summer Nuclear Units 2 and 3. This increase resulted from a plan to decrease the amount of interest expense paid from revenues during construction.

- Cost to be recovered (CTBR) changed $0.3 million.

- Capital contributions and transfers represent dollars paid to the state of South Carolina. This payment, which is based on a percentage of total budgeted revenues, decreased by $0.9 million due to lower revenues in the 2016 budget compared to the 2015 budget.

Economic Conditions

The Authority and the electric industry continue to face economic and industry challenges that impact the competitiveness and financial condition of the utility. As market conditions fluctuate, the Authority's mission continues to be to deliver low-cost and reliable electricity and water to its customers.

To address these challenges, the Authority has developed business growth initiatives that revolve around four strategic initiatives - marketing, product development, project management and competitive rates. The Authority is marketing industrial and commercial properties that are served directly by the Authority and its Electric Cooperative partners and municipal customers. Product development activities include the creation and/or improvement of industrial properties, the acquisition of property, expansion of infrastructure into industrial properties, and/or constructing buildings for industrial use. Since June 2012, the Authority has invested over $70.0 million throughout South Carolina in product development through low-interest revolving loans to public entities. In addition, the Authority created two additional funds to further improve the readiness of industrial sites in Cooperative and municipal customers' territories, directly or indirectly served by Santee Cooper. Approvals through 2017 total more than $8.0 million from the municipal site readiness fund and over $20.0 million from the South Carolina Power Team Site Readiness Fund. The Authority's industrial customers benefit from industrial rates that are currently 31% below the national average.

In May 2015, Swedish automaker Volvo announced that it will build its first U.S. factory in Berkeley County, S.C., spending up to $500.0 million on a plant with an initial capacity of 100,000 vehicles a year. Volvo's announcement stated the first vehicles should roll off the line in 2018. The Authority worked with the State, Berkeley County and the Electric Cooperatives to recruit Volvo to this site. The manufacturing site will be served by Edisto Electric Cooperative, one of the Central Cooperatives. More recently, in September 2017 Volvo announced a $500.0 million expansion that included an additional 1,900 jobs bringing the total capital investment to $1.000 billion and 3,900 jobs. The Authority owns approximately 3,900 acres adjacent to the Volvo site and is currently master planning the property as an industrial park to serve Volvo suppliers and other industries. The Volvo project, as well as the industrial park development, is proceeding as planned.

The Authority's commitment to economic development efforts in the state and support of its Electric Cooperative partners also brought additional announcements during 2017 such as Samsung, Dillon Inland Port, and Harbor Freight's expansion of current operations.

The Authority's largest customer, Central Electric Power Cooperative Inc., (Central), accounted for 59.3 percent of sales revenues. Central provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central pursuant to long-term all requirements power supply agreements. In September 2009 Central and the Authority entered into an agreement that, among other things, allows Central to transition the purchase of the portion of the power and energy requirements of the five former Saluda members, the "Upstate Load," directly connected to the transmission system of Duke Energy Carolinas, LLC to another supplier and in January 2013, Central began transitioning the Upstate Load to Duke Energy Carolinas, a subsidiary of Duke Energy Corporation, (Duke). The September 2009 Agreement provides for approximately 15 percent of the Upstate Load to transition to Duke annually between 2013 and 2018, with the remaining 10 percent of the Upstate Load transitioning to Duke in 2019. By the end of the transition in 2019 the Upstate Load transferred will amount to approximately 900 Megawatts. Nothing would preclude the Authority from serving this load when the Duke agreement ends on December 31, 2030.

The Authority and Central continue to work cooperatively to better align their future interests and formalize how they will jointly plan for new resources. As part of this, in May 2013, the Authority and Central agreed to extend their rights to terminate as noted in the September 2009 Agreement until December 31, 2058, (Central Agreement). Under the Central Agreement 10-year rolling notice provision, for a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. Central has entered into requirement agreements with all 20 of its member cooperatives that extend through December 31, 2058 and obligate those members to pay their share of Central's costs, including costs paid under the Central Agreement. This amendment also provides more stability and certainty to the credit agencies as they rate the Authority's bonds going forward.

Legislative Matters

Following the Authority's July 31, 2017 decision to suspend construction on the VC Summer nuclear project, SC House Speaker Jay Lucas and the SC Senate President Pro Tempore Hugh Leatherman each initiated committees to review the project. Since that time and during the remainder of 2017, the SC House and SC Senate review committees conducted several hearings. As a result of these hearings, several bills were filed for the SC General Assembly to consider in their 2018 legislative session.

In the SC House, six bills have been introduced, including H.4376 which proposes to address the Authority's board, rate process and rate recovery for the Summer Nuclear project.

In the SC Senate, several bills have been introduced including: S.771 which proposes an independent valuation of the Authority; S.772 which proposes an independent valuation of the State's 45% interest in the Summer Nuclear project; S.753 which proposes to limit the Authority's use of the Toshiba settlement related to the Summer Nuclear project; S.754 which proposes broad changes to the State's electric utility policies, including addressing the Authority's board, its rate recovery for the Summer Nuclear project and other administrative changes; and S.909 which proposes that the owners of the Summer Nuclear project must preserve certain assets until July, 2019.

The SC General Assembly is scheduled to meet from January 9, 2018 to May 10, 2018, and will consider the legislation described above and any additional legislation that may be introduced. Santee Cooper is educating and informing the SC General Assembly of the impact of the all relevant legislation on its customers and operations.

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 three-year budget for the capital improvement program approved in 2017, 2016 and 2015 was as follows:

	2017 Budget 2018-20	2016 Budget 2017-19	2015 Budget 2016-18
Capital Improvement Expenditures		(Thousands)	
Environmental compliance	**$ 333,534**	$ 582,922	$ 318,972
General improvements to the system	**533,021**	1,048,474	698,773
Summer Nuclear Units 2 and 3 [1]	**6,994**	2,222,554	1,693,252
Totals	**$ 873,549**	$ 3,853,950	$ 2,710,997

[1] Construction suspended in July 2017. Budget 2018-20 reflects ramp down cost estimates in year 2018.

As determined by the Authority, the cost of the capital improvement program will be provided from revenues, additional revenue obligations, commercial paper, internal funding sources and other short-term obligations.

Summer Nuclear Units 2 and 3

Engineering, Procurement and Construction Agreement and Project History. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority (together, the "Owners"), entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a consortium consisting of Westinghouse and Stone & Webster, Inc. (the "Consortium"). Pursuant to the EPC Agreement, the Consortium would supply, construct, test, and startup two 1,117 MW nuclear generating units utilizing Westinghouse's AP 1000 standard plant design. The EPC Agreement included substantial completion dates of April 2016 and January 2019 for Summer Nuclear Units 2 and 3 (the "Project"), respectively.

On October 20, 2011, the Owners entered into a Design and Construction Agreement specifying an Authority ownership interest of 45% in each of Summer Nuclear Unit 2 and Summer Nuclear Unit 3. Among other things, the Design and Construction Agreement allowed either or both parties to withdraw from the project under certain circumstances. The Authority and SCE&G also entered into an Operating and Decommissioning Agreement on October 20, 2011 with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement defined the conditions under which the Authority or SCE&G could convey an undivided ownership interest in the units to a third party.

On December 30, 2011 the Nuclear Regulatory Commission (NRC) approved the AP 1000 standard plant design (DCD Revision 19) for Summer Nuclear Units 2 and 3. On March 30, 2012, the NRC issued the Combined Construction and Operating Licenses (the "COLs") with certain conditions for Summer Nuclear Units 2 and 3.

On October 27, 2015, the Owners executed a Limited Agency Agreement that appointed SCE&G to act as the Authority's agent in connection with an amendment to the EPC Agreement. The amended EPC Agreement, which became effective on December 31, 2015, included among other things an irrevocable option (the "Fixed Price Option") which SCE&G executed on behalf of the Owners on July 1, 2016, to further amend the EPC Agreement to fix the total amount to be paid to the Consortium for its entire scope of work on the Project (excluding a limited amount of work within the time and materials component of the contract price) after June 30, 2015 at $6.082 billion (Authority's 45% portion being $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. The amended EPC Agreement also provided for Toshiba Corporation, Westinghouse's parent company, to reaffirm its guaranty of Westinghouse's payment obligations (the "Guaranty") and revised the substantial completion dates of Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

Toshiba Financial Difficulties/Westinghouse Bankruptcy. In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba Corporation's ("Toshiba") credit ratings declined to below investment grade. Pursuant to the terms of the EPC Agreement, the Owners obtained payment and performance bonds from Westinghouse in the form of standby letters of credit totaling $45.0 million (the Authority's 45% share is $20.3 million).

On December 27, 2016, Toshiba announced financial difficulties related to the goodwill associated with the Westinghouse acquisition of Stone & Webster. Following several announcements and related media reports, on February 14, 2017, Toshiba, the parent company of Westinghouse and the guarantor of its financial and performance obligations with respect to the EPC Agreement, announced that it preliminarily recorded a multi-billion dollar impairment loss associated with the construction of Summer Nuclear Units 2 and 3 and the two additional AP1000 units being constructed by Westinghouse for another company in the United States (Plant Vogtle). The impaired goodwill resulted from Westinghouse's analysis that the cost to complete the four Westinghouse AP1000 new nuclear plants in the United States would far surpass the original estimates for construction. Toshiba attributed the cost overruns to, among other things, higher labor costs arising from lower than anticipated work efficiency and the inability to improve such work efficiency over time. On April 11, 2017 Toshiba released their unaudited quarterly securities report for the period covering April 1, 2016 to December 31, 2016 showing a loss of 532 billion Yen (US $4.800 billion).

On March 29, 2017, Westinghouse and 29 affiliated companies filed a Petition pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York. This Petition allows for a transition and evaluation period during which the Owners will assess information provided by Westinghouse and determine the most prudent path forward for the project. After the filing of the bankruptcy proceeding, the Owners entered into negotiations with Toshiba Corporation for the purpose of acknowledging and defining Toshiba's obligation under Toshiba's May 23, 2008 Guaranty and establishing a schedule for the full payment of that obligation to the Owners.

Toshiba Settlement Agreement (the "Settlement Agreement"). On July 27, 2017 the Owners and Toshiba entered into a Settlement Agreement that provided, among other things: A) Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (Authority's 45% share was $975.6 million) , in accordance with a schedule set forth in the Settlement Agreement; B) Toshiba's agreement that payment of the Guaranty obligation and related payment schedule would not be dependent on whether one or both of the two units are completed; C) Toshiba's agreement that the Owners' were not releasing any claims or rights against Westinghouse; D) Toshiba's agreement not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance its financial condition; E) Toshiba, Westinghouse, and the owners of the Vogtle and Summer Nuclear AP1000 Project's agreement to become parties to a consent order in the Bankruptcy Court that approves assignment by Toshiba to the Summer Nuclear and Vogtle owners of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba, any of Toshiba's rights against Westinghouse relating to loans, and similar receivables; F) agreement by the parties to the Settlement Agreement to work towards an expeditious sale of Westinghouse; G) the Owners' agreement that the distribution proceeds received from the Westinghouse bankruptcy would be a credit against the Guaranty; and H) the Owners' agreement not to exercise remedies of the Guaranty, absent a default, until September 2022.

On September 1, 2017 the Owners filed two proofs of claim in unliquidated amounts in the Westinghouse Bankruptcy Proceeding.

On September 27, 2017 the Owners entered into an Assignment and Purchase Agreement under which they sold and assigned rights to receive payment under the Settlement Agreement and rights, duties and obligations arising under two proofs of claim filed in the Westinghouse Bankruptcy Proceeding to CITIBANK, N.A., in exchange for a purchase price in the amount of $1,847,075,400. The Authority's share of the purchase price was $831,183,930. Excluded from the sale was the first $150.0 million (Authority's 45% share was $67.5 million) payment under the Toshiba Settlement Agreement, which was received by the Owners.

On January 2, 2018, the Owners entered into Amendment No. 1 of the Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement, which amendments had the effect of capping at $60.0 million the Owners' current obligation to reimburse CITIBANK for payments from the Westinghouse Estate that had the effect of reducing mechanics liens at the site (Authority's 45% share is $27.0 million).

Cost to Complete and Construction Suspension. Beginning in late March, 2017, the Owners formed an independent team led by the SCE&G construction manager to undertake a rigorous Estimate-to-Complete ("ETC") validation process, including the costing/scheduling expertise of High Bridge Associates and the expertise of AECOM Energy & Construction Inc. in the area of salvage, site restoration and preservation. The process began with gathering and validating information and data received from Westinghouse and Fluor, and creating a new schedule model using Owner, Fluor and Westinghouse schedules. On a parallel track and during the same time frame, the Authority retained nFront Consulting LLC to undertake an assessment of the projected cost of power from Summer Nuclear Units 2 and 3 if completed, compared to other alternatives in meeting future energy needs of the Authority.

Based upon the ETC validation process, management of the Authority found the results of the ETC validation process adequate to determine the viability of the Summer Nuclear Project; those results estimating the schedule to complete Unit 2 would be delayed at least 40 months beyond the August 2019 contract completion date, and the estimated schedule to complete Unit 3 would be delayed at least 43 months beyond the August 2020 contract completion date. Based on both studies, the estimated cost to the Authority to complete both units, including construction period interest, increased from $8.100 billion to $11.400 billion, and the cumulative average system cost of power would be substantially higher if one or both units were completed as compared to suspending construction.

On July 31, 2017, the Board of Directors of the Authority, by Resolution authorized the President and CEO, among other things, to immediately begin taking those actions necessary to wind-down and suspend construction on the two 1100 MW nuclear units at the Summer Nuclear site in Fairfield County, and protect and preserve both the site and related plant components and equipment. That resolution contemplated the establishment of a Project construction cessation plan and process of seeking additional support for the Project to remain in place for up to a period of one year from the date of the Resolution. There are currently no legal or regulatory requirements for the site to be maintained or restored to its original condition. As such, no removal or restoration costs have been accrued.

Upon suspending the Project, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund the New Nuclear Project as of July 31, 2017.

The Owners identified assets that could be utilized at Summer Nuclear Unit 1, consisting of various buildings and structures totaling $44.8 million (Authority's 45% share). These assets were transferred to Summer Nuclear Unit 1, and as a result in the difference of ownership percentage, the assets were recorded on Unit 1 at $32.8 million (Authority's 33.33% share) and a receivable in the amount of $12.0 million was recorded on the Authority's books. In addition, the Authority constructed transmission assets concurrently with the Project. These assets total $183.6 million and will be utilized to enhance the Authority's transmission system.

Impairment of Project Assets. With suspension of the Project construction, the Authority sought additional project partners and financial support. South Carolina's Governor indicated that he contacted a number of companies inquiring about their interest in purchasing or partnering in the Project. The Authority has not received or been informed of any proposal to purchase the Project or partner in the Project. As such an evaluation was conducted to determine whether the assets were impaired. In accordance with GASB 42, the assets are impaired based on A) the decline in service utility of the capital asset is large in magnitude and B) the event or change in circumstance is outside the normal life cycle of the capital asset. While the Project could be completed at some point in the future, the Authority has no near term plans to complete the Project. With the exception of the assets described above that will be utilized at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the remaining Project assets, including the nuclear fuel, are impaired.

In addition to the lack of proposals by a third party to purchase or partner in the Project, the Authority also considered several other items in order to determine the fair value of the impaired assets.

The AP1000 is a new technology. There are no completed AP1000s in the United States and only two other units under construction in the United States. There is not an active liquid market for the purchase of these partially completed units.

SCE&G obtained several estimates of the salvage value of the remaining Project assets. The highest estimate was for approximately $150.0 million (Authority's share of this would be 45%). Westinghouse cited contractual provisions that it believes indicate that the Owners may not have unencumbered title to the proceeds of the sale of the assets. Should the sale of the assets move forward, a final determination regarding ownership of the sale proceeds might be delayed.

On December 31, 2017 the Owners entered into a non-binding Letter of Intent with Southern Nuclear Operating Company ("SNC") for the sale of certain specified Project assets to SNC. SNC is constructing the only other AP1000 units in the United States. The Authority expects if a sale is completed, the gross proceeds would be less than $50.0 million (Authority's share of this would be 45%). As of December 31, 2017 the parties had not agreed to the price for the specific assets.

On December 27, 2017 SCE&G, based on the decision to abandon the Project, submitted a letter request to the NRC approval to withdraw the COLs for Summer Nuclear Units 2 and 3. On January 8, 2018, Santee Cooper submitted a letter in response to this request in which Santee Cooper requested, among other things, that the NRC not take action for 180 days or until such time that the Authority can evaluate any risks it could incur by taking on the nuclear licenses.

Based on these considerations the Authority determined a fair value of zero for the non-fuel impaired Project assets.

With the suspension of construction of Summer Nuclear Units 2 and 3 the nuclear fuel material for the first core load of the units will no longer be needed or used in Units 2 and 3. Due to the nature of the Unit 2 and 3 fuel, it cannot be used as is at Summer Nuclear Unit 1. SCE&G performed an analysis to determine how this fuel might be disposed and the fair value of the fuel. The analysis considered both selling the fuel into the market and exchanging the fuel for material that can be used in Unit 1. SCE&G used estimated market prices as of December 31, 2017 obtained from nuclear fuel suppliers when estimating the value of the fuel. Using SCE&G's analysis the Authority has determined that the fair value of this fuel is 33.52% of the book value of the fuel, or $34.6 million, as of December 31, 2017. The remaining $68.5 million is being written off as impaired.

Based on the results in determining the fair value, the write-off of Summer Nuclear Units 2 and 3 construction costs and nuclear fuel for the year ended December 31, 2017 totaled $4.211 billion.

Regulatory Accounting Treatment

Nuclear Asset Impairment. On January 22, 2018, the Board approved the use of regulatory accounting for the $4.211 billion impairment write down. The majority of the Project was financed with borrowed funds. For rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. As such, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the associated debt principal payments. In the event the principal maturities change materially the amortization will be adjusted to better align with the new maturities.

Post Project Suspension Interest Expense. On December 11, 2017 the Board issued a resolution authorizing the use of regulatory accounting to defer a portion of the post suspension Project interest. With the cessation of capitalized interest and the timing of the suspension the Authority would be unable to collect a portion of the post suspension Project interest in rates. The regulatory asset for post suspension nuclear interest totaled $37.1 million and will be amortized through November 2056 to align with the principal payments on the debt used to pay the interest.

Toshiba Settlement Agreement. The Board of Directors also approved a resolution dated December 11, 2017, authorizing using regulatory accounting to defer recognition of income from the Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds.

The following table summarizes nuclear related regulatory items:

Regulatory Item	Classification	Amount
Nuclear impairment	Asset	$ 4.211 billion
Nuclear post-suspension interest	Asset	$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$ 898.2 million

Financing Activities

Although there were no major financial transactions during 2017, the Authority entered into a cash defeasance whereby proceeds were deposited into an escrow account to fund near term maturities coming due on December 1, 2018 and January 1, 2019, respectively. The resulting transaction included the removal of approximately $155.9 million in debt outstanding. The principal and interest net debt service savings for December 2017 and year 2018 totaled approximately $156.9 million.

Liquidity and Capital Resources

Santee Cooper has significant cash flow from operating activities, access to capital markets, bank facilities and special funds deposit balances.

At December 31, 2017, Santee Cooper had $1.800 billion of cash and investments, of which $1.500 billion was available for liquidity purposes to fund various operating, construction, debt service and contingency requirements. Balances in the decommissioning funds totaled $225.8 million.

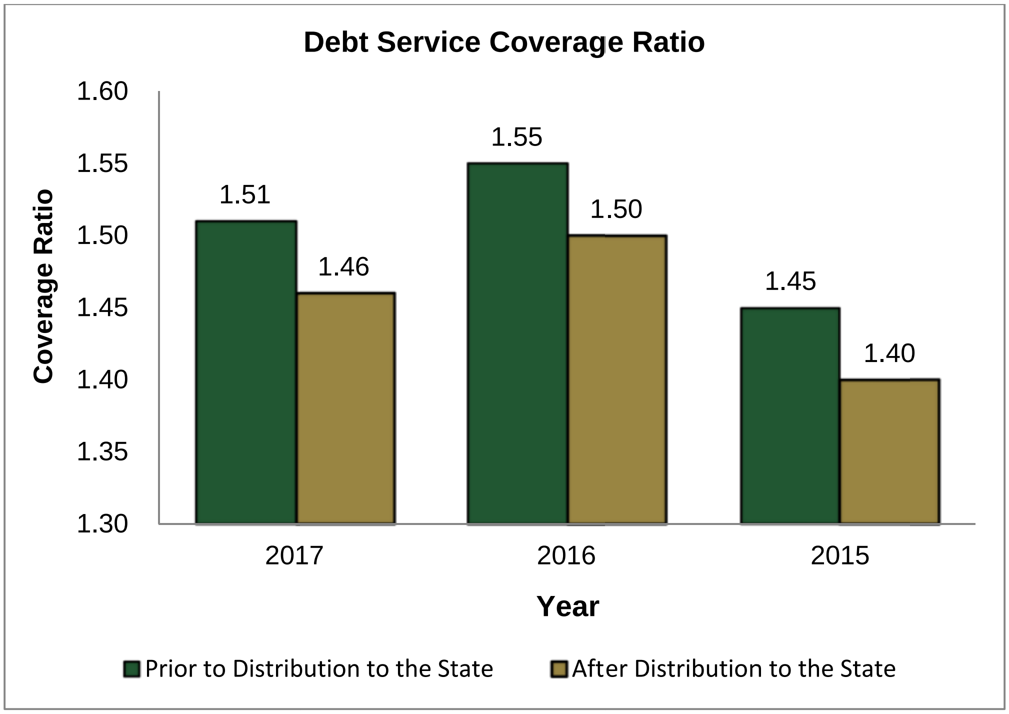
Revolving credit agreements used to support the issuance of commercial paper totaled $350.0 million at December 31, 2017. The agreements with five banks mature at various dates in 2018 and 2019 and management expects to renew or replace the agreements as needed prior to expiration.

To obtain other funds, if needed, the Authority entered into a new Revolving Credit Agreement with Barclays Bank PLC, TD Bank, N.A., JP Morgan Chase Bank, N.A., and Wells Fargo, N.A. These agreements allow the Authority to borrow up to $850.0 million and expire on various dates in 2019, 2020, and 2021. At December 31, 2017, the Authority has secured $320.5 million under the Direct Purchase Revolving Credit Agreements.

Net cash generated by the Authority during 2017 was $624.5 million. This increase in cash was due to net cash provided by operating and investing activities of $691.5 million and $622.4 million, respectively, offset by cash used in financing activities of $689.4 million.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (excluding commercial paper and other) for the years ended December 31, 2017, 2016 and 2015 is shown below:



BOND RATINGS

Bond ratings assigned by various agencies for the years ended December 31, 2017, 2016 and 2015 were as follows:

Agency / Lien Level	2017	2016	2015
Fitch Ratings			
Revenue Obligations	**A+**	A+	A+
Commercial Paper[1]	**F1+/F1**	F1	F1
Moody's Investors Service, Inc.			
Revenue Obligations	**A1**	A1	A1
Commercial Paper	**P-1**	P-1	P-1
Standard & Poor's Rating Services			
Revenue Obligations	**A+**	AA-	AA-
Commercial Paper	**A-1+/A-1**	A-1	A-1

[1] The commercial paper ratings are a function of the Direct Pay Letters of Credit issued by various banks. The banks issuing the Letters of Credit have various ratings by certain of the rating agencies.

Bond Market Transactions for Years 2017, 2016 and 2015

YEAR 2017

No Bond Market Transactions - South Carolina Public Service Authority did not issue any Revenue Bond Obligations in 2017.

YEAR 2016

Revenue Obligations:	**2016 Tax-exempt Refunding Series A**	**Par Amount:**	$ 543,745,000
Purpose:	Refund a portion of the following: 2007 Series A, 2008 Series A, 2009 Refunding Series A, 2009 Series B, and 2014 Series A	**Date Closed:**	February 10, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.66 percent		
Revenue Obligations:	**2016 Series M1 - Current Interest Bearing Bonds (CIBS)**	**Par Amount:**	$ 33,282,500
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 19, 2016
Comments:	Tax-exempt minibonds		
Revenue Obligations:	**2016 Series M1 – Capital Appreciation Bonds (CABS)**	**Par Amount:**	$ 8,860,200
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 19, 2016
Comments:	Tax-exempt minibonds		
Revenue Obligations:	**2016 Tax-exempt Refunding and Improvement Series B**	**Par Amount:**	$ 508,705,000
Purpose:	To finance a portion of the Authority's ongoing capital program and refund a portion of the following: 2009 Series E	**Date Closed:**	July 20, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.75 percent		
Revenue Obligations:	**2016 Taxable Series D**	**Par Amount:**	$ 322,650,000
Purpose:	To retire certain Commercial Paper Notes and to finance a portion of the Authority's ongoing capital program	**Date Closed:**	July 20, 2016
Comments:	Taxable bonds with an all-in true interest cost of 2.45 percent		
Revenue Obligations:	**2016 Tax-exempt Refunding Series C**	**Par Amount:**	$ 52,400,000
Purpose:	Refund a portion of the following: 2006 Series C	**Date Closed:**	October 13, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.11 percent		

YEAR 2015

Revenue Obligations:	2015 Tax-exempt Refunding and Improvement Series A	**Par Amount:**	$ 598,960,000
Purpose:	Refund a portion of the following: 2006 Series A, 2007 Series A, 2008 Series A, and 2009 Series B	**Date Closed:**	February 26, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.53 percent		
Revenue Obligations:	2015 Taxable Series D	**Par Amount:**	$ 169,657,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	February 26, 2015
Comments:	Taxable bonds with an all-in true interest cost of 4.28 percent		
Revenue Obligations:	2015 Tax-exempt Refunding Series B	**Par Amount:**	$ 64,870,000
Purpose:	Refund a portion of the following: 2005 Refunding Series C	**Date Closed:**	April 7, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 2.20 percent		
Revenue Obligations:	2015 Series M1 – Current Interest Bearing Bonds (CIBS)	**Par Amount:**	$ 28,879,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 21, 2015
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2015 Series M1 – Capital Appreciation Bonds (CABS)	**Par Amount:**	$ 7,257,600
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 21, 2015
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2015 Tax-Exempt Refunding Series C	**Par Amount:**	$ 270,170,000
Purpose:	Refund a portion of the following: 2005 Refunding Series A and 2005 Refunding Series B	**Date Closed:**	October 6, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 2.14 percent		
Revenue Obligations:	2015 Tax-Exempt Series E	**Par Amount:**	$ 300,000,000
Purpose:	To retire certain Commercial Paper Notes and to finance a portion of the Authority's ongoing capital program	**Date Closed:**	December 22, 2015
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.74 percent		

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Carolina Public Service Authority (the "Authority") (a component unit of the State of South Carolina), as of December 31, 2017 and 2016, and for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 7 to the basic financial statements, significant events occurred in the current year related to the Summer Nuclear Units 2 and 3 Project (the "Project"). The construction of the Project was suspended and the related capitalized assets were determined to be impaired and ultimately reclassified as a regulatory asset. In addition, a settlement was reached under a guarantee with the parent of the construction contractor, the amount of which has been classified under regulatory accounting as a deferred inflow. Also as result of the suspension of the Project, there is significant ongoing activity that is discussed in Notes 10 and 15 to the basic financial statements related to Legislative and Legal Matters. Our opinions are not modified with respect to these matters.

As discussed in Note 12 to the financial statements, the Authority retroactively implemented Governmental Accounting Standards Board ("GASB") Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* beginning January 1, 2016. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Authority's business-type activities and fiduciary activities. The Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairwoman's Letter, Leadership, and Office Locations, as listed in the table of contents of the annual report, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2018 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
March 2, 2018

Statements of Net Position - Business - Type Activities

South Carolina Public Service Authority
As of December 31, 2017 and 2016

		2017		2016
		(Thousands)		
ASSETS				
Current assets				
Unrestricted cash and cash equivalents	$	731,758	$	90,873
Unrestricted investments		740,777		725,865
Restricted cash and cash equivalents		71,338		87,524
Restricted investments		163,360		792,490
Receivables, net of allowance for doubtful accounts of $2,177 and $2,179 at December 31, 2017 and 2016, respectively		228,575		198,532
Materials inventory		132,859		131,678
Fuel inventory				
Fossil fuels		307,279		419,332
Nuclear fuel-net		107,420		164,960
Interest receivable		2,522		3,425
Prepaid expenses and other current assets		132,506		164,487
Total current assets		2,618,394		2,779,166
Noncurrent assets				
Restricted cash and cash equivalents		27		251
Restricted investments		135,654		130,925
Capital assets				
Utility plant		7,545,203		7,271,505
Long lived assets-asset retirement cost		265,116		265,116
Accumulated depreciation		(3,773,415)		(3,620,430)
Total utility plant-net		4,036,904		3,916,191
Construction work in progress		763,490		4,292,907
Other physical property-net		31,628		5,689
Investment in associated companies		6,587		6,569
Costs to be recovered from future revenue		229,876		234,215
Regulatory asset-asset retirement obligation		694,036		672,036
Regulatory assets		4,248,478		0
Other noncurrent and regulatory assets		195,618		200,280
Total noncurrent assets		10,342,298		9,459,063
Total assets	$	12,960,692	$	12,238,229
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows – pension	$	41,181	$	51,616
Accumulated decrease in fair value of hedging derivatives		39,916		39,630
Unamortized loss on refunded and defeased debt		158,625		180,349
Total deferred outflows of resources	$	239,722	$	271,595
Total assets & deferred outflows of resources	$	13,200,414	$	12,509,824

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

Statements of Net Position - Business - Type Activities (continued)

South Carolina Public Service Authority
As of December 31, 2017 and 2016

		2017		2016
		(Thousands)		
LIABILITIES				
Current liabilities				
Current portion of long-term debt	$	**48,546**	$	134,055
Accrued interest on long-term debt		**50,383**		54,418
Revolving credit agreement		**219,000**		0
Commercial paper		**144,484**		399,899
Accounts payable		**304,377**		233,645
Other current liabilities		**97,075**		94,550
Total current liabilities		**863,865**		916,567
Noncurrent liabilities				
Construction liabilities		**17,130**		11,059
Net pension liability		**338,783**		324,956
Asset retirement obligation liability		**729,969**		739,821
Total long-term debt (net of current portion)		**7,465,968**		7,661,497
Unamortized debt discounts and premiums		**431,174**		473,419
Long-term debt-net		**7,897,142**		8,134,916
Other credits and noncurrent liabilities		**97,085**		110,099
Total noncurrent liabilities		**9,080,109**		9,320,851
Total liabilities	$	**9,943,974**	$	10,237,418
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	$	**4,817**	$	13,582
Accumulated increase in fair value of hedging derivatives		**5,374**		9,991
Nuclear decommissioning costs		**226,767**		218,497
Regulatory inflows - Toshiba settlement		**898,215**		0
Total deferred inflows of resources	$	**1,135,173**	$	242,070
NET POSITION				
Net investment in capital assets	$	**1,523,505**	$	1,168,907
Restricted for debt service		**32,430**		39,158
Restricted for capital projects		**1,284**		1,663
Unrestricted		**564,048**		820,608
Total net position	$	**2,121,267**	$	2,030,336
Total liabilities, deferred inflows of resources & net position	$	**13,200,414**	$	12,509,824

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Statements of Revenues, Expenses and Changes in Net Position - Business - Type Activities
South Carolina Public Service Authority
Years Ended December 31, 2017 and 2016

	2017	2016
	(Thousands)	
Operating revenues		
Sale of electricity	**$ 1,732,292**	$ 1,721,108
Sale of water	**8,575**	8,230
Other operating revenue	**16,116**	16,319
Total operating revenues	**1,756,983**	1,745,657
Operating expenses		
Electric operating expenses		
Production	**131,951**	137,166
Fuel	**562,539**	632,171
Purchased and interchanged power	**198,157**	143,566
Transmission	**23,663**	24,516
Distribution	**11,771**	10,999
Customer accounts	**16,094**	16,745
Sales	**12,018**	9,891
Administrative and general	**100,779**	94,022
Electric maintenance expenses	**110,368**	119,847
Water operating expenses	**3,061**	3,005
Water maintenance expenses	**1,090**	1,068
Total operating and maintenance expenses	**1,171,491**	1,192,996
Depreciation	**181,094**	177,004
Sums in lieu of taxes	**4,586**	4,942
Total operating expenses	**1,357,171**	1,374,942
Operating income	**399,812**	370,715
Nonoperating revenues (expenses)		
Interest and investment revenue	**12,403**	13,001
Net decrease in the fair value of investments	**(438)**	(1,635)
Interest expense on long-term debt	**(267,847)**	(239,672)
Interest expense on commercial paper and other	**(5,013)**	(3,896)
Amortization expense	**11,951**	14,391
Costs to be recovered from future revenue	**(4,339)**	(6,708)
U.S. Treasury subsidy on Build America Bonds	**7,583**	7,575
Other-net	**(45,430)**	(46,033)
Total nonoperating revenues (expenses)	**(291,130)**	(262,977)
Income before transfers	**108,682**	107,738
Capital contributions & transfers		
Distribution to the State	**(17,751)**	(19,192)
Total capital contributions & transfers	**(17,751)**	(19,192)
Change in net position	**90,931**	88,546
Net position-beginning	**2,030,336**	1,941,790
Total net position-ending	**$ 2,121,267**	$ 2,030,336

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

Statements of Cash Flows - Business - Type Activities

South Carolina Public Service Authority
Years Ended December 31, 2017 and 2016

	2017	2016
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	$ 1,726,942	$ 1,722,539
Payments to non-fuel suppliers	(308,098)	(380,450)
Payments for fuel	(557,944)	(624,554)
Purchased power	(198,157)	(143,566)
Payments to employees	(190,707)	(185,588)
Other receipts-net	219,440	325,296
Net cash provided by operating activities	691,476	713,677
Cash flows from non-capital related financing activities		
Distribution to the State	(17,751)	(19,192)
Proceeds from sale of bonds	0	78,011
Proceeds from long-term revolving credit agreement draw	190,000	100,000
Repayment of revolving credit agreement draw	(70,000)	0
Proceeds from issuance of commercial paper notes	30,450	78,115
Repayment of commercial paper notes	(268,888)	(238,607)
Refunding/defeasance of long-term debt	(120)	(80,555)
Repayment of long-term debt	(746)	(260)
Interest paid on long-term debt	(11,051)	(9,433)
Interest paid on commercial paper and other	(4,904)	(6,204)
Bond issuance and other related costs	(185)	2,726
Net cash used in non-capital related financing activities	(153,195)	(95,399)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	0	1,391,631
Proceeds from revolving credit agreement draw	126,500	0
Repayment of revolving credit agreement draw	(26,000)	0
Proceeds from issuance of commercial paper notes	23,284	58,974
Repayment of commercial paper notes	(40,261)	(96,103)
Refunding/defeasance of long-term debt	(157,488)	(670,925)
Repayment of long-term debt	(127,308)	(159,529)
Interest paid on long-term debt	(364,062)	(362,102)
Interest paid on commercial paper and other	(2,415)	(1,336)
Construction and betterments of utility plant	(824,255)	(1,126,306)
Bond issuance and other related costs	(8,715)	87,450
Toshiba settlement proceeds	898,215	0
Other-net	(33,661)	(28,981)
Net cash used in capital related financing activities	(536,166)	(907,227)
Cash flows from investing activities		
Net decrease in investments	609,051	172,117
Interest on investments	13,309	12,932
Net cash provided by investing activities	622,360	185,049
Net increase (decrease) in cash and cash equivalents	624,475	(103,900)
Cash and cash equivalents-beginning	178,648	282,548
Cash and cash equivalents-ending	$ 803,123	$ 178,648

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

Statements of Cash Flows - Business - Type Activities (continued)

South Carolina Public Service Authority
Years Ended December 31, 2017 and 2016

		2017		2016
		(Thousands)		
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$	**399,812**	$	370,715
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation		**181,094**		177,004
Amortization of nuclear fuel		**24,792**		28,125
Net power gains involving associated companies		**(50,542)**		(35,616)
Distributions from associated companies		**46,122**		31,749
Advances to associated companies		**(27)**		(36)
Other income and expenses		**(29,488)**		(31,901)
Changes in assets and liabilities				
Accounts receivable-net		**(30,043)**		(22,601)
Inventories		**110,872**		82,965
Prepaid expenses		**25,208**		65,874
Other deferred debits		**(14,092)**		41,139
Accounts payable		**21,011**		(8,943)
Other current liabilities		**394**		(1,881)
Other noncurrent liabilities		**6,363**		17,084
Net cash provided by operating activities	**$**	**691,476**	**$**	713,677

		2017		2016
Composition of cash and cash equivalents				
Current				
Unrestricted cash and cash equivalents	$	**731,758**	$	90,873
Restricted cash and cash equivalents		**71,338**		87,524
Noncurrent				
Restricted cash and cash equivalents		**27**		251
Cash and cash equivalents at the end of the year	**$**	**803,123**	$	178,648
Noncash capital activities	**$**	**139,536**	$	89,815

Statements of Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority
As of December 31, 2017 and 2016

	2017 (Audited)	2016 (Audited)
	(Thousands)	
ASSETS		
Cash and cash equivalents	**$ 2,326**	$ 2,640
Investments	**54,583**	46,251
Total current assets	**56,909**	48,891
Total assets	**$ 56,909**	$ 48,891
LIABILITIES		
Total liabilities	**$ 0**	$ 0
NET POSITION		
Restricted for other postemployment benefits (OPEB)	**$ 56,909**	$ 48,891
Total net position	**$ 56,909**	$ 48,891
Total liabilities & net position	**$ 56,909**	$ 48,891

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

Statements of Changes in Fiduciary Net Position - OPEB Trust Fund
South Carolina Public Service Authority
Years Ended December 31, 2017 and 2016

		2017 (Audited)		2016 (Audited)
		(Thousands)		
ADDITIONS				
Employer contributions	**$**	**5,948**	$	3,986
Total employer contributions		**5,948**		3,986
Investment income				
Appreciation (depreciation) in fair value of investments		**762**		(969)
Interest		**1,308**		1,096
Net investment income		**2,070**		127
Total additions		**8,018**		4,113
DEDUCTIONS				
Total deductions		**0**		0
Change in net position		**8,018**		4,113
Net position-beginning of period		**48,891**		44,778
Total net position-ending	**$**	**56,909**	$	48,891

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

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 (the State), 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 bonds, commercial paper 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. The Authority's financial statements include the accounts of the electric system and the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions.

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.

The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority follows GASB 62. This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in the Authority's reporting. This practice affects 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 - Current and Noncurrent - The Authority presents assets and liabilities in order of relative liquidity. The liquidity of an asset is determined by how readily it is expected to be converted to cash and whether restrictions limit the use of the resources. The liquidity of a liability is based on its maturity, or when cash is expected to be used to liquidate the liability.

D - Restricted Assets - For purposes of the Statements of Net Position and Statements of Cash Flows, assets are restricted when constraints are placed on their use by either:

(1) External creditors, grantors, contributors, or laws or regulations of other governments; or
(2) Law through constitutional provisions or enabling legislation.

Assets not meeting the requirements of restricted or invested in capital assets, net of related debt, are classified as unrestricted.

E - Cash and Cash Equivalents - For purposes of the Statements of Net Position and 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 unrestricted and restricted cash and cash equivalents.

F - 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.

G - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. The Authority capitalized $67.9 million and $187.7 million of interest in 2017 and 2016, respectively. 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.

H - 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 gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates. For assets not grouped in a plant class, straight-line depreciation is used over the estimated useful life of the asset.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	**2017**	2016
Annual average depreciation percentages	**2.5%**	2.5%

I - Retirement of Long Lived Assets - The Authority follows the guidance of FASB ASC 410 in regard to the decommissioning of V.C. Summer Nuclear Station (Summer Nuclear Unit 1) and closing coal-fired generation ash ponds. The requirements for both were recorded within capital assets on the accompanying Statements of Net Position.

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

Years Ended December 31,		**2017**			2016	
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 403.9**	**$ 336.0**	**$ 739.9**	$ 693.5	$ 352.5	$ 1,046.0
Accretion expense	**10.9**	**(20.8)**	**(9.9)**	(289.6)	(16.5)	(306.1)
Balance as of December 31,	**$ 414.8**	**$ 315.2**	**$ 730.0**	$ 403.9	$ 336.0	$ 739.9
Asset Retirement Cost (ARC):	**$ 92.0**	**$ 173.1**	**$ 265.1**	$ 92.0	$ 173.1	$ 265.1

J - Reporting Impairment Losses - The Authority follows the guidance of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in determining if a capital asset has been impaired and the accounting treatment of such impairment. An impairment is a significant, unexpected decline in the service utility of a capital asset. Events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used should be reclassified from plant balances and CWIP to another asset category and reported at the lower of carrying value or fair value.

On July 31, 2017, the Board made a decision to suspend construction on Summer Nuclear Units 2 and 3. As a result of the suspension and evaluation of circumstances, Summer Nuclear Units 2 and 3 were determined to be impaired and were written down to fair value. The resulting write-off of Summer Nuclear Units 2 and 3 construction costs, which include capitalized interest, for the year ended December 31, 2017 totaled $4.211 billion. See Note 7 Summer Nuclear Station.

K – Other Regulatory Items – In accordance with GASB 62's guidance on regulated operations, regulated accounting rules may be applied to business type activities that have regulated operations if certain criteria are met. GASB 65, paragraph 29, further clarified regulatory accounting rules under GASB 62. Under regulatory accounting a regulated utility may defer recognition of expenses or revenues if certain criteria are met and the revenues and expenses will be included in future rates. Significant regulatory items are presented as follows:

Pee Dee

The Authority made the decision in 2007 to build a coal-fired generation plant in Florence County, S.C. In 2009 the Authority chose not to pursue this option. Assets related to this project are classified as other current and noncurrent regulatory assets. The Board gave approval to write off the total asset balance of $261.3 million over a seven-year period ending December 2020. Accordingly, $42.2 million and $42.5 million were written off in 2017 and 2016 respectively. The remaining balance outstanding at December 31, 2017 was $124.9 million.

Summer Nuclear Units 2 and 3
On December 11, 2017 the Board approved the use of regulatory accounting for a portion of the nuclear post-suspension interest balance of $37.1 million and was moved to a regulatory asset. See Note 7 Summer Nuclear Station.

Based on a Board resolution dated January 22, 2018, the use of regulatory accounting was approved for the Summer Nuclear Units 2 and 3 $4.211 billion impairment. As a result, the impairment was reclassified to a regulatory asset in 2017. See Note 7 Summer Nuclear Station.

The Board of Directors also approved a resolution dated December 11, 2017 authorizing using regulatory accounting to defer recognition of income from the Toshiba Settlement Agreement. As a result, the Authority recorded a regulatory deferred inflow of $898.2 million. See Note 1 - M. The regulatory deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds. See Note 7 Summer Nuclear Station.

L - Investment in Associated Companies - The Authority is a member of The Energy Authority (TEA). Approximate ownership interests were as follows:

Years Ended December 31,	**2017**	2016
Owners	Ownership (%)	
City Utilities of Springfield (Missouri)	**5.55**	5.55
Cowlitz Public Utility District (Washington)	**5.55**	5.55
Gainesville Regional Utilities (Florida)	**5.55**	5.55
American Municipal Power (Ohio)	**16.67**	16.67
JEA (Florida)	**16.67**	16.67
MEAG Power (Georgia)	**16.67**	16.67
Nebraska Public Power District (Nebraska)	**16.67**	16.67
Santee Cooper (South Carolina)	**16.67**	16.67
Total	**100.00**	100.00

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. It 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, it assists members with fuel hedging activities and acts as an agent in the execution of forward 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:

Years Ended December 31,	**2017**	2016
	(Thousands)	
TEA Investment:		
Balance as of January 1,	**$ 6,391**	$ 6,858
Reduction to power costs and increases in electric revenues	**46,237**	31,281
Less: Distributions from TEA	**46,122**	31,734
Less: Other (includes equity losses)	**124**	14
Balance as of December 31,	**$ 6,382**	$ 6,391
Due To/Due From TEA:		
Payable to	**$ 26,871**	$ 21,259
Receivable from	**$ 3,346**	$ 1,672

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board**.** At December 31, 2017, the trade guarantees are an amount not to exceed approximately $88.9 million.

The Authority is also a member of TEA Solutions. TEA Solutions is a publicly supported non-profit corporation. Members and ownership interests were as follows:

Years Ended December 31,	**2017**	2016
Owners	Ownership (%)	
Cowlitz Public Service District (Washington)	**8.0**	8.0
American Municipal Power (Ohio)	**23.0**	23.0
JEA (Florida)	**23.0**	23.0
MEAG Power (Georgia)	**23.0**	23.0
Santee Cooper (South Carolina)	**23.0**	23.0
Total	**100.0**	100.0

TEA Solutions was formed mainly to (1) coordinate the operation of electric generation resources and the purchase and sale of electric power on behalf of the corporation's clients; (2) coordinate the purchase and sale of natural gas relating to fuel for clients' generation of electric energy or relating to clients' operation of a retail gas distribution system; and (3) provide consulting and software services to clients.

The Authority funded its initial share of TEA Solutions with a $150,000 contribution in 2013. This contribution was to cover legal, consulting and other start-up costs pertaining to TEA Solutions. The Authority's exposure relating to TEA Solutions is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. The balance in its member equity account at December 31, 2017 and 2016 was approximately $206,000 and $179,000, respectively.

M – Deferred Outflows / Deferred Inflows of Resources - In addition to assets, the Statements of Net Position reports a separate section for Deferred Outflows of Resources. These items represent a consumption of net position that applies to a future period and until that time will not be recognized as an expense or expenditure. The Authority has three items meeting this criterion: (1) deferred outflows – pension; (2) accumulated decrease in fair value of hedging derivatives; and (3) unamortized loss on refunded and defeased debt.

In addition to liabilities, the Statements of Net Position also reports a separate section for Deferred Inflows of resources. These items represent an acquisition of net position that applies to a future period and until that time will not be recognized as revenue. The Authority has four items meeting this criterion: (1) deferred inflows – pension; (2) accumulated increase in fair value of hedging derivatives; (3) nuclear decommissioning costs; and (4) Toshiba settlement.

The following table summarizes the Authority's total deferred items:

Years Ended December 31,	**2017**	2016
	(Thousands)	
Deferred outflows of resources	**$ 239,722**	$ 271,595
Deferred inflows of resources	**$ 1,135,173**	$ 242,070

N - Accounting for Derivative Instruments - In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred (reported as deferred outflows of resources and deferred inflows of resources on the Statements of Net Position). Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas and heating oil, core business commodity inputs for the Authority, have historically been hedged in an effort to mitigate gas and oil cost risk by reducing cost volatility and improving cost effectiveness. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2017 and 2016 is below:

Cash Flow Hedges and Summary of Activity

Years Ended December 31,			**2017**		2016
	Account Classification		(Millions)		
Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**(37.4)**	$	(31.0)
Heating oil	Regulatory assets/liabilities		**2.9**		1.4
Changes in Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**(6.4)**	$	53.5
Heating oil	Regulatory assets/liabilities		**1.5**		3.6
Recognized Net Gains (Losses)					
Natural gas	Operating expense-fuel	**$**	**(19.2)**	$	(38.5)
Heating oil	Operating expense-fuel		**0.5**		(1.6)
Realized But Not Recognized Net Gains (Losses)					
Natural gas	Regulatory assets/liabilities	**$**	**(6.9)**	$	(5.0)
Heating oil	Regulatory assets/liabilities		**(0.2)**		(0.1)
Notional					
			MBTUs		
Natural gas			**171,056**		102,192
			Gallons (000s)		
Heating oil			**7,602**		7,098
Maturities					
Natural gas			**Jan 2018-Dec 2022**		Jan 2017-Dec 2021
Heating oil			**Jan 2018-Dec 2019**		Jan 2017-Dec 2018

O - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $15.4 million in 2017 and $14.5 million in 2016.

Fuel costs are reflected in operating expenses as fuel is consumed. All customers are billed utilizing rates and contracts that include fuel cost recovery components, the majority of which include monthly automatic fuel adjustment provisions which provide for adjustments to the base rates to cover increases or decreases in the cost of fuel to the extent such costs vary from the predetermined base rates. The fuel adjustment provisions are based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

Rates to Central are determined in accordance with the cost of service methodology contained in the Central Agreement. Under this agreement Central initially pays monthly based on estimated rates and actual loads. The charges are then adjusted to reflect actual costs and loads, on a monthly basis for fuel and an annual basis for all other costs, and Central is charged or credited with the difference.

P - Bond Issuance Costs and Refunding Activity - GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, in October 2012, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regard to these costs.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

Q - Distribution to the State - Any and all net earnings of the Authority not necessary for the prudent conduct and operation of its business in the best interests of the Authority or to pay the principal of and interest on its bonds, notes, or other evidences of indebtedness or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others must be paid over semiannually to the State Treasurer for the general funds of the State. Nothing in this section shall prohibit 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. (Code of Laws of South Carolina, as amended Section 58-31-110).

Distributions made to the State in 2017 and 2016 totaled approximately $17.8 million and $19.2 million, respectively.

R - New Accounting Standards

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 72	**Fair Value Measurement and Application**	Implemented in 2016
Issue Date: February 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.	
Statement No. GASB 73	**Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68**	Reviewed and no action required
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement 68 for pension plans and pensions that are within their respective scopes.	
Statement No. GASB 74	**Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**	Implemented in 2017
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2016	
Description:	The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.	

Statement No. GASB 75	**Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**	Under review
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2017	
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.	
Statement No. GASB 76	**The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments**	Reviewed and no action required
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.	
Statement No. GASB 77	**Tax Abatement Disclosures**	Reviewed and no action required
Issue Date: August 2015	Effective for Periods Beginning After: December 15, 2015	
Description:	Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.	
Statement No. GASB 78	**Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans**	Reviewed and no action required
Issue Date: December 2015	Effective for Periods Beginning After: December 15, 2015	
Description:	This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.	

Statement No. GASB 79	**Certain External Investment Pools and Pool Participants**	Reviewed and no action required
Issue Date: December 2015	Effective for Periods Beginning After: June 15, 2015	
Description:	This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.	
Statement No. GASB 80	**Blending Requirements for Certain Component Units—an amendment of GASB Statement 14**	Reviewed and no action required
Issue Date: January 2016	Effective for Periods Beginning After: June 15, 2016	
Description:	The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.	
Statement No. GASB 81	**Irrevocable Split-Interest Agreements**	Reviewed and no action required
Issue Date: March 2016	Effective for Periods Beginning After: December 15, 2016	
Description:	The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.	
Statement No. GASB 82	**Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73**	Implemented in 2017
Issue Date: March 2016	Effective for Periods Beginning After: June 15, 2016	
Description:	The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.	

Statement No. GASB 83	**Certain Asset Retirement Obligations**	Under review
Issue Date: November 2016	Effective for Periods Beginning After: June 15, 2018	
Description:	This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.	
Statement No. GASB 84	**Fiduciary Activities**	Under review
Issue Date: January 2017	Effective for Periods Beginning After: December 15, 2018	
Description:	The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.	
Statement No. GASB 85	**Omnibus 2017**	Under review
Issue Date: March 2017	Effective for Periods Beginning After: June 15, 2017	
Description:	The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).	
Statement No. GASB 86	**Certain Debt Extinguishment Issues**	Under review
Issue Date: May 2017	Effective for Periods Beginning After: June 15, 2017	
Description:	The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.	
Statement No. GASB 87	**Leases**	Under review
Issue Date: June 2017	Effective for Periods Beginning After: December 15, 2019	
Description:	The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.	

Note 2 – Costs to be Recovered From Future Revenue (CTBR)

The Authority's 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 GASB 62, 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 CTBR. The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below:

Years Ended December 31,		**2017**		2016
		(Millions)		
CTBR regulatory asset:				
Balance	**$**	**229.8**	$	234.2
CTBR expense/(reduction to expense):				
Net expense	**$**	**4.3**	$	6.7

Note 3 – Capital Assets

Capital asset activity for the years ended December 31, 2017 and 2016 was as follows:

		Beginning Balances		**Increases**		**Decreases**		**Ending Balances**
				Year 2017 (Thousands)				
Utility plant	**$**	**7,271,505**	**$**	**310,248**	**$**	**(36,550)**	**$**	**7,545,203**
Long lived assets-asset retirement cost		**265,116**		**0**		**0**		**265,116**
Accumulated depreciation		**(3,620,430)**		**(212,721)**		**59,736**		**(3,773,415)**
Total utility plant-net		**3,916,191**		**97,527**		**23,186**		**4,036,904**
Construction work in progress		**4,292,907**		**949,829**		**(4,479,246)[1]**		**763,490**
Other physical property-net		**5,689**		**26,164**		**(225)**		**31,628**
Totals	**$**	**8,214,787**	**$**	**1,073,520**	**$**	**(4,456,285)**	**$**	**4,832,022**

[1] Includes a reclassification of $4.211 billion for impaired nuclear assets from construction work in progress to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3.

		Beginning Balances		**Increases**		**Decreases**		**Ending Balances**
				Year 2016 (Thousands)				
Utility plant	$	7,134,706	$	181,478	$	(44,679)	$	7,271,505
Long lived assets-asset retirement cost		507,394		0		(242,278)		265,116
Accumulated depreciation		(3,476,246)		(213,019)		68,835		(3,620,430)
Total utility plant-net		4,165,854		(31,541)		(218,122)		3,916,191
Construction work in progress		3,337,353		1,136,928		(181,374)		4,292,907
Other physical property-net		5,914		0		(225)		5,689
Totals	$	7,509,121	$	1,105,387	$	(399,721)	$	8,214,787

Note 4 – Cash and Investments Held by Trustee and Fund Details

All cash and investments of the Authority are held and maintained by custodians and trustees. The use of unexpended proceeds from sale of bonds, debt service funds and other sources is designated in accordance with applicable provisions of various bond resolutions, lease agreements, the Enabling Act included in the South Carolina Code of Laws (the "Enabling Act") or by management directive. Restricted funds have constraints placed on their use (see Note 1 - D – "Restricted Assets"). The use of unrestricted funds may be either designated for a specific use by management directive or undesignated, but are available to provide liquidity for operations as needed.

Following are the details of the Authority's funds which are classified in the accompanying financial statements as unrestricted and restricted cash, cash equivalents and investments:

Years Ended December 31,		**2017**			2016	
Funds	**Cash & Cash Equivalents**	**Investments**	**Total**	Cash & Cash Equivalents	Investments	Total
			(Thousands)			
Current Unrestricted:						
Capital Improvement	**$ 12,848**	**$ 62,343**	**$ 75,191**	$ 15,234	$ 99,820	$ 115,054
Debt Reduction	**23,043**	**87,166**	**110,209**	5,590	103,297	108,887
Funds from Taxable Borrowings	**2,488**	**35,907**	**38,395**	11,040	249,456	260,496
General Improvement	**960**	**1,944**	**2,904**	2,160	950	3,110
Internal Nuclear Decommissioning Fund	**1,764**	**88,362**	**90,126**	3,337	83,189	86,526
Nuclear Fuel	**18,915**	**11,999**	**30,914**	2,684	2,000	4,684
Revenue and Operating	**37,506**	**79,826**	**117,332**	48,852	102,630	151,482
Toshiba Guarantee Settlement Fund	**609,265**	**288,409**	**897,674**			
Special Reserve	**24,969**	**84,821**	**109,790**	1,976	84,523	86,499
Total	**$ 731,758**	**$ 740,777**	**$ 1,472,535**	$ 90,873	$ 725,865	$ 816,738
Current Restricted:						
Funds from Tax-exempt Borrowings	**$ 16,496**	**$ 113,740**	**$ 130,236**	19,963	734,074	754,037
Debt Service Funds and Other	**54,842**	**49,620**	**104,462**	67,561	58,416	125,977
Total	**$ 71,338**	**$ 163,360**	**$ 234,698**	$ 87,524	$ 792,490	$ 880,014
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	**$ 27**	**$ 135,654**	**$ 135,681**	$ 251	$ 130,925	$ 131,176
Total	**$ 27**	**$ 135,654**	**$ 135,681**	$ 251	$ 130,925	$ 131,176
TOTAL FUNDS	**$ 803,123**	**$ 1,039,791**	**$ 1,842,914**	$ 178,648	$ 1,649,280	$ 1,827,928

Cash and investments as of December 31, consisted of the following:		
Cash/Deposits	**$ (435)**	$ 48,796
Investments	**1,843,349**	1,779,132
Total cash and investments	**$ 1,842,914**	$ 1,827,928

Current Unrestricted Funds – These funds are used for operating activities for the Authority's respective systems. Although funds are segregated per management directive based on their intended use, since no restrictions apply, the funds are available to provide additional liquidity for operations. Included in this category is the internal Nuclear Decommissioning Fund intended by management to be used to offset future nuclear decommissioning costs and represents amounts in excess of the mandated Nuclear Regulatory Commission (NRC) decommissioning requirement which is funded separately in an external Nuclear Decommissioning Trust. Also included are funds from taxable borrowings intended to be used for both capital construction costs and for working capital purposes, as expected at the time proceeds are borrowed, as well as funds received from the Toshiba Settlement Agreement (see Note 7 Summer Nuclear Station), intended to be used to lower debt cost.

Current Restricted Funds – These funds are restricted in their allowed use. Debt service funds are restricted for payment of principal and interest debt service on outstanding debt. Funds from tax-exempt borrowings are intended to be used for capital construction costs as expected at the time proceeds are borrowed and are restricted pursuant to sections of both the U.S. Treasury Regulations and the Internal Revenue Code that govern the use of tax-exempt debt. Other funds are restricted for other special purposes.

Noncurrent Restricted Funds – These funds are restricted as to their specific use. The external Nuclear Decommissioning Trust is restricted for future nuclear decommissioning costs and represents the mandated NRC funding requirements.

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a 10 year maximum maturity in all portfolios, except the decommissioning funds. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the gains and losses in fair value are reflected as a component of non-operating income in the Statements of Revenues, Expenses and Changes in Net Position.

The Authority's investment activity in all fund categories is summarized as follows:

Years Ended December 31,	**2017**	2016
Total Portfolio	(Billions)	
Total investments	**$ 1.8**	$ 1.8
Purchases	**28.7**	23.9
Sales	**28.7**	24.2
Nuclear Decommissioning Portfolios	(Millions)	
Total investments	**$ 225.8**	$ 217.4
Purchases	**662.8**	863.8
Sales	**658.7**	856.9
Unrealized holding gain/(loss)	**4.2**	0.3
Repurchase Agreements [1]	(Millions)	
Balance at December 31	**$ 100.0**	$ 54.5

[1] Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.

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

Risk Type	Exposure
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2017 and 2016, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.
Custodial Credit Risk-Investments - 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, 2017 and 2016, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore, there is no custodial risk for investment securities.
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	At December 31, 2017 and 2016, the Authority had no exposure to custodial credit risk for deposits that were uninsured and/or collateral that was held by the bank's agent not in the Authority's name.
Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2017 and 2016 were as follows:

Security Type / Issuer	Fair Value 2017	Fair Value 2016
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	**$ 218,217**	$ 621,332
Federal National Mortgage Association	**124,782**	241,907
Federal Farm Credit Bank	**218,664**	365,633
Federal Home Loan Mortgage Corp	**Less than 5%**	358,934

Interest Rate Risk - 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 as of December 31, 2017 and 2016:

		Investment Maturities as of December 31, 2017			
Security Type	**Fair Value**	**Less than 1 Year**	**1 - 5**	**6 - 10**	**More than 10 Years**
		(Thousands)			
Certificates of Deposits & Collateralized Deposits	**$ 522,530**	**$ 522,530**	**$ 0**	**$ 0**	**$ 0**
Repurchase Agreements	**100,000**	**100,000**	**0**	**0**	**0**
Federal Agency Discount Notes	**262,305**	**262,305**	**0**	**0**	**0**
Federal Agency Securities	**635,026**	**410,509**	**107,868**	**11,029**	**105,620**
US Treasury Bills, Notes and Strips	**323,488**	**303,054**	**876**	**0**	**19,558**
	$ 1,843,349	**$ 1,598,398**	**$ 108,744**	**$ 11,029**	**$ 125,178**

		Investment Maturities as of December 31, 2016			
Security Type	Fair Value	Less than 1 Year	1 - 5	6 - 10	More than 10 Years
		(Thousands)			
Certificates of Deposits	$ 950	$ 950	$ 0	$ 0	$ 0
Repurchase Agreements	54,453	54,453	0	0	0
Federal Agency Discount Notes	307,774	307,774	0	0	0
Federal Agency Securities	1,305,998	629,651	573,496	16,611	86,240
US Treasury Bills, Notes and Strips	109,957	88,651	3,335	0	17,971
	$ 1,779,132	$ 1,081,479	$ 576,831	$ 16,611	$ 104,211

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 $34.3 million par in U.S. Treasury Strips ranging in maturity from May 15, 2018 to May 15, 2039. The accounts also hold $50.2 million par in government agency zero coupon securities in the two portfolios ranging in maturity from May 11, 2018 to April 15, 2030. 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. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2042. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

Foreign Currency Risk - 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.

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The Authority had the following recurring fair value measurements as of December 31, 2017 and 2016:

		Level		
2017	**Total**	**1**	**2**	**3**
		(Thousands)		
Certificates of Deposits	**$ 522,530**	**$ 0**	**$ 522,530**	**$ 0**
Repurchase Agreements	**100,000**	**0**	**100,000**	**0**
Federal Agency Discount Notes	**262,305**	**0**	**262,305**	**0**
Federal Agency Securities	**635,026**	**0**	**635,026**	**0**
US Treasury Bills, Notes and Strips	**323,488**	**0**	**323,488**	**0**
	$ 1,843,349	**$ 0**	**$ 1,843,349**	**$ 0**

		Level		
2016	Total	1	2	3
		(Thousands)		
Certificates of Deposits	$ 950	$ 0	$ 950	$ 0
Repurchase Agreements	54,453	0	54,453	0
Federal Agency Discount Notes	307,774	0	307,774	0
Federal Agency Securities	1,305,998	0	1,305,998	0
US Treasury Bills, Notes and Strips	109,957	0	109,957	0
	$ 1,779,132	$ 0	$ 1,779,132	$ 0

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Certificates of Deposits and Repurchase Agreements classified in Level 2 are valued using pricing based on the securities' relationship to benchmark quoted prices.

Note 5 – Long -Term Debt

Debt Outstanding

The Authority's long-term debt at December 31, 2017 and 2016 consisted of the following:

	2017	2016	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Revenue Obligations: (mature through 2056)				
2004 Series M (4)	**$ 11,510**	$ 11,389	4.90-5.00	100/Accreted Value
2005 Series M (4)	**4,291**	4,266	4.35	100/Accreted Value
2006 Series M (4)	**8,134**	8,051	4.00-4.20	100/Accreted Value
2007 Refunding Series B	**12,410**	35,825	5.00	Non-callable
2008 Taxable Series B	**0**	25,000	N/A	N/A
2008 Series M (4)	**21,084**	21,393	3.80-4.80	100/Accreted Value
2009 Tax-exempt Refunding Series A	**59,210**	60,390	4.00-5.00	100
2009 Taxable Series C	**71,440**	82,395	5.14-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Series E	**2,285**	2,285	4.75	100
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1 (4)	**21,252**	26,493	3.50-4.30	100/Accreted Value
2010 Refunding Series B	**101,455**	128,135	4.00-5.00	100
2010 Series M2 (4)	**12,595**	15,691	2.875-3.875	100/Accreted Value
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 (4)	**23,341**	23,618	3.50-4.80	100/Accreted Value
2011 Refunding Series B	**144,620**	225,640	4.00-5.00	Non-callable
2011 Refunding Series C	**135,855**	135,855	4.375-5.00	100
2011 Series M2 (4)	**19,515**	20,228	2.70-4.20	100/Accreted Value
2012 Refunding Series A	**74,520**	82,060	3.00-5.00	100
2012 Refunding Series B	**12,200**	19,200	5.00	Non-callable
2012 Refunding Series C	**34,555**	60,435	5.00	Non-callable
2012 Tax-exempt Series D	**298,785**	298,785	3.50-5.00	100
2012 Taxable Series E	**262,830**	262,830	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 (4)	**18,158**	20,869	2.55-4.00	100/Accreted Value
2012 Series M2 (4)	**15,624**	18,063	2.25-3.70	100/Accreted Value
2013 Series M1 (4)	**22,207**	23,152	1.30-3.90	100/Accreted Value
2013 Tax-exempt Series A	**252,655**	252,655	5.00-5.75	100
2013 Tax-exempt Refunding Series B	**388,730**	388,730	5.00-5.125	100
2013 Taxable Series C	**250,000**	250,000	5.784	P&I Plus Make-Whole Premium
2013 Tax-exempt Series E	**506,765**	506,765	5.00-5.50	100
2014 Series M1 (4)	**34,040**	39,883	3.00-4.30	100/Accreted Value
2014 Tax-exempt Series A	**525,000**	525,000	5.00-5.50	100
2014 Tax-exempt Refunding Series B	**42,275**	42,275	5.00	100
2014 Tax-exempt Refunding Series C	**704,525**	704,525	3.00-5.50	100
2014 Taxable Refunding Series D	**31,795**	31,795	2.906-3.606	P&I Plus Make-Whole Premium
2015 Tax-exempt Refunding Series A	**591,825**	594,380	3.00-5.00	100
2015 Tax-exempt Refunding Series B	**64,870**	64,870	5.00	Non-callable
2015 Series M1 (4)	**35,437**	36,508	1.75-3.85	100/Accreted Value
2015 Tax-exempt Refunding Series C	**198,770**	246,635	5.00	Non-callable
2015 Taxable Series D	**169,657**	169,657	4.77	P&I Plus Make-Whole Premium
2015 Tax-exempt Series E	**300,000**	300,000	5.25	100

	2017	2016	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
2016 Tax-exempt Refunding Series A	**543,745**	543,745	3.125-5.00	100
2016 Series M1 (4)	**41,294**	42,326	1.65-3.75	100/Accreted Value
2016 Tax-exempt Refunding Series B	**508,705**	508,705	2.25-5.25	100
2016 Tax-exempt Refunding Series C	**52,400**	52,400	3.00-5.00	100
2016 Taxable Series D	**322,650**	322,650	2.388	P&I Plus Make-Whole Premium
Total Revenue Obligations	**7,413,014**	7,695,552		
Long-Term Revolving Credit Agreement: (matures through 2029)	**101,500**	100,000	Variable	
Less: Current Portion - Long-term Debt	**48,546**	134,055		
Total Long-term Debt - (Net of current portion)	**$ 7,465,968**	$ 7,661,497		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2017.

(2) Call Price may only apply to certain maturities outstanding at December 31, 2017.

(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount up to 35% of interest payable on the bonds.

(4) Includes Current Interest Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Changes in Long-Term Debt

Long-term debt (LTD) activity for the years ended December 31, 2017 and 2016 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Total LTD (Net of Current Portion)	Unamortized Debt Discounts and Premiums	LTD-Net Ending Balances
				YEAR 2017 (Thousands)				
Revenue Obligations	**$ 7,695,552**	**$ 3,124**	**$ (285,662)**	**$ 7,413,014**	**$ 48,546**	**$ 7,364,468**	**$ 431,174**	**$ 7,795,642**
Long-Term Revolving Credit Agreement	**100,000**	**101,500**	**(100,000)**	**101,500**	**0**	**101,500**	**0**	**101,500**
Totals	**$ 7,795,552**	**$ 104,624**	**$ (385,662)**	**$ 7,514,514**	**$ 48,546**	**$ 7,465,968**	**$ 431,174**	**$ 7,897,142**
				YEAR 2016 (Thousands)				
Revenue Obligations	$ 7,134,232	$ 1,472,590	$ (911,270)	$ 7,695,552	$ 134,055	$ 7,561,497	$ 473,419	$ 8,034,916
Long-Term Revolving Credit Agreement	0	100,000	0	100,000	0	100,000	0	100,000
Totals	$ 7,134,232	$ 1,572,590	$ (911,270)	$ 7,795,552	$ 134,055	$ 7,661,497	$ 473,419	$ 8,134,916

Summary of Long-Term Principal and Interest

Maturities and projected interest payments of long-term debt are as follows:

Year Ending December 31,	Revenue Obligations	Long-Term Revolving Credit Agreement	Total Principal	TOTAL INTEREST [1]	TOTAL
			(Thousands)		
2018	$ 31,566	$ 0	$ 31,566	$ 362,493	$ 394,059
2019	133,090	80,234	213,324	359,257	572,581
2020	181,805	12,266	194,071	351,183	545,254
2021	228,954	0	228,954	342,676	571,630
2022	132,619	1,335	133,954	332,183	466,137
2023-2027	1,004,176	6,675	1,010,851	1,545,488	2,556,339
2028-2032	769,503	990	770,493	1,377,024	2,147,517
2033-2037	1,008,244	0	1,008,244	1,174,824	2,183,068
2038-2042	872,544	0	872,544	944,838	1,817,382
2043-2047	1,241,648	0	1,241,648	677,645	1,919,293
2048-2052	1,215,715	0	1,215,715	339,926	1,555,641
2053-2056	593,150	0	593,150	59,011	652,161
Total	$ 7,413,014	$ 101,500	$ 7,514,514	$ 7,866,548	$ 15,381,062

[1] Does not reflect impact of subsidy interest payments on 2010 Taxable C (Build America Bonds). Years 2018-2029 include projected interest for Long-Term Revolving Credit Agreement.

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Summary of Refunded and Defeased Debt and Unamortized Losses

Refunded and defeased debt, original loss on refunding and the unamortized loss at December 31, 2017 are as follows:

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
Cash Defeasance	$	20,000	1982 Series A	$ 0	$ 2,763	$ 331
2009 Refunding Series A	$	99,515	1997 Refunding Series A			
		20,125	1998 Refunding Series B	0	8,707	3,158
2010 Refunding Series B	$	30,430	2001 Series A			
		118,600	2002 Series B			
		84,780	2002 Refunding Series D	0	22,954	4,871
2011 Refunding Series B	$	8,990	2002 Refunding Series D			
		291,825	2004 Series A	0	23,287	4,333
2011 Refunding Series C	$	134,715	2002 Series B			
		5,160	2007 Series A	0	4,362	3,219
2012 Refunding Series A	$	73,535	2003 Refunding Series A			
		34,160	2004 Series A	0	12,206	5,320
Feb 2012 Defeasance	$	5,615	2003 Refunding Series A	0	749	526
2013 Refunding Series B	$	209,426	2003 Refunding Series A			
		7,070	2004 Series A			
		5,000	2006 Series A			
		6,565	2007 Series A			
		82,605	2008 Series B			
		1,125	2009 Series B			
		30,158	2011 Series A (LIBOR Index)			
		2,040	2012 Series D	0	14,446	12,118
2013 Refunding Series C	$	35,584	2003 Refunding Series A			
		97,695	2008 Series B	0	4,601	3,667
2014 Refunding Series C &	$	10,870	2003 Refunding Series A			
Taxable Refunding Series D		11,395	2005 Refunding Series A			
		419,105	2006 Series A			
		10,385	2006 Refunding Series C			
		175,775	2007 Series A			
		4,230	2007 Refunding Series B			
		15,000	2008 Series A			
		15,200	2009 Series B			
		12,920	2010 Refunding Series B			
		3,100	2011 Refunding Series B			
		5,625	2012 Refunding Series A			
		2,000	2012 Refunding Series B			
		15,185	2012 Refunding Series C			
		11,335	2012 Series D			
		18,185	2013 Taxable Series D (LIBOR Index)			
		44,075	Expansion Bond Refunding CP	23,745	32,936	28,046

Summary of Refunded and Defeased Debt and Unamortized Losses (continued)

Refunding Description		Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
		(Thousands)			(Thousands)	
2015 Refunding Series A	$	13,370	2006 Series A			
		32,750	2007 Series A			
		93,035	2008 Series A			
		30,765	2009 Series B	$ 123,800	$ 21,487	$ 15,223
2015 Refunding Series B	$	78,150	2005 Refunding Series C	0	4,987	3,420
2015 Refunding Series C	$	87,560	2005 Refunding Series A			
		217,065	2005 Refunding Series B	0	24,366	11,698
2015 Series E	$	100,000	Barclays Revolving Credit Agreement	0	89	84
2016 Refunding Series A	$	75,885	2007 Series A			
		278,950	2008 Series A			
		20,905	2009 Refunding Series A			
		112,210	2009 Series B			
		75,000	2014 Series A (Step Coupon Bond)	487,065	56,068	50,606
2016 Refunding Series B	$	97,715	2009 Series E	97,715	12,873	12,005
Total				$ 732,325	$ 246,881	$ 158,625

Analysis of Prior Year Current Portion of Long-term Debt

As a part of its long-term capital structure plan, the Authority will be involved in a multi-year refinancing plan. As a result, each year certain maturities classified as current portion of long-term debt may be refinanced in the subsequent year prior to the maturity date.

Below is an analysis of the 2016 current portion of long-term debt showing the amounts paid as debt service in 2017. The remaining amount represents five percent of the original principal for all outstanding minibond issues.

Analysis of December 31, 2016 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from Revenues	$ 116,510
Other:	
5% current portion requirement for original minibond issue amount [1]	17,545
Total	$ 134,055

[1] Represents five percent annual cap on the requirement related to put features on all outstanding minibond issues. This is an accounting entry only and does not impact debt service.

An analysis of the $172,896 current portion of long-term debt at December 31, 2015 showed that $153,221 was debt service paid from revenues. Also included in the current portion was $4,238 in minibond CAB accretion paid in 2016, but collected as debt service during years prior to the maturity date. The remaining $15,437 represented five percent of the original principal for outstanding minibond issues.

Reconciliations of Interest Charges

Years Ended December 31,	**2017**	2016
	(Thousands)	
Reconciliation of interest cost to interest expense:		
Total interest cost	**$ 376,108**	$ 366,467
Capitalized interest	**(67,911)**	(126,385)
Deferred interest expense [1]	**(37,076)**	0
Interest charged to fuel expense	**(3,274)**	(410)
Total interest expense on long-term debt	**$ 267,847**	$ 239,672
Reconciliation of interest cost to interest payments:		
Total interest cost	**$ 376,108**	$ 366,467
Accrued interest-current year	**(50,383)**	(54,418)
Accrued interest-prior year	**54,418**	67,378
Interest released by refundings	**(1,906)**	(4,945)
Accretion on capital appreciation minibonds	**(3,124)**	(2,947)
Total interest payments on long-term debt	**$ 375,113**	$ 371,535

[1] On December 31, 2017, deferred interest was transferred to a regulatory asset per Board approval during the December Board meeting.

Debt Service Coverage

Years Ended December 31,	2017	2016
	(Thousands)	
Operating revenues	**$ 1,756,983**	$ 1,745,657
Interest and investment revenue	**12,403**	13,001
Total revenues and income	**1,769,386**	1,758,658
Operating expenses	**(1,357,171)**	(1,374,942)
Depreciation	**181,094**	177,004
Total expenses	**(1,176,077)**	(1,197,938)
Funds available for debt service prior to distribution to the State	**593,309**	560,720
Distribution to the State	**(17,751)**	(19,192)
Funds available for debt service after distribution to the State	**$ 575,558**	$ 541,528
Debt Service on Accrual Basis:		
Principal on long-term debt	**$ 124,857**	$ 120,797
Interest on long-term debt	**267,847**	239,672
Long-term debt service paid from Revenues	**392,704**	360,469
Commercial paper and other principal and interest	**17,014**	25,023
Total debt service paid from Revenues	**$ 409,718**	$ 385,492
Debt Service Coverage Ratio:		
Excluding commercial paper and other:		
Prior to distribution to the State	**1.51**	1.55
After distribution to the State	**1.46**	1.50
Including commercial paper and other:		
Prior to distribution to the State	**1.44**	1.45
After distribution to the State	**1.40**	1.40

Fair Value of Debt Outstanding

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 $8.400 billion and $8.800 billion at December 31, 2017 and 2016, respectively.

Bond Market Transactions

There were no bond issuances for the year ended December 31, 2017.

Bond market transactions for the year ended December 31, 2016 were as follows:

Revenue Obligations, 2016 Tax-exempt Refunding Series A — **Par Amount: $543,745,000** — **Date Authorized: January 8, 2016**

Summary:
- Issued on February 10, 2016 at an aggregate all-in true interest cost of 3.66 percent
- Maturities between December 1, 2021 and December 1, 2048

Revenue Obligations, 2016 Series M1 — **Par Amount: $42,142,700** — **Date Authorized: May 1, 2016**

Summary:
- Issued Current Interest Bearing Bonds in $500 denominations and Capital Appreciation Bonds in $200 denominations
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State and electric customers of the Bamberg Board of Public Works and the City of Georgetown
- Interest rates range from 1.65 percent in 2021 and 3.75 percent in 2036

Revenue Obligations, 2016 Tax-exempt Refunding and Improvement Series B and Taxable Series D — **Par Amount: $831,355,000** — **Date Authorized: June 30, 2016**

Summary:
- Issued on July 20, 2016 at an aggregate all-in true interest cost of 3.53 percent
- Maturities between December 1, 2023 and December 1, 2056

Revenue Obligations, 2016 Tax-exempt Refunding Series C — **Par Amount: $52,400,000** — **Date Authorized: July 22, 2016**

Summary:
- Issued on October 13, 2016 at an aggregate all-in true interest cost of 3.11 percent
- Maturities between December 1, 2022 and December 1, 2036

Debt Covenant Compliance

As of December 31, 2017 and 2016, management believes the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's Electric and Water Systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the Systems;
(2) payments for debt service on capitalized leases;
(3) payments for debt service on commercial paper; and
(4) payments made into the Capital Improvement Fund.

Bond Outstanding Summary

As of December 31,	2017	2016
Outstanding Revenue Obligations	**$ 7.400 Billion**	$ 7.700 Billion
Estimated remaining interest payments	**$ 7.900 Billion**	$ 8.500 Billion
Issuance years (inclusive)	**2004 through 2016**	2004 through 2016
Maturity years (inclusive)	**2018 through 2056**	2017 through 2056

Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.

Note 6 – Variable Rate Debt

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. At December 31, 2017, six percent of the Authority's aggregate debt outstanding was variable rate. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,		2017		2016
Commercial paper outstanding (000's)	**$**	**144,484**	**$**	399,899
Effective interest rate (at December 31)		**1.48%**		0.77%
Average annual amount outstanding (000's)	**$**	**269,521**	**$**	547,543
Average maturity		**35 Days**		38 Days
Average annual effective interest rate		**1.09%**		0.53%

As of December 31, 2017, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Bank of America, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $389.4 million. These agreements are used to support the Authority's issuance of up to $350.0 million of commercial paper. As of December 31, 2016 the Authority had Revolving Credit Agreements with Bank of America, N.A., J.P. Morgan Chase Bank, N.A., TD Bank, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $750.0 million. These agreements were used to support the Authority's issuance of up to $750.0 million of commercial paper. There were no borrowings under the agreements during 2017 or 2016.

As of December 31, 2017, the Authority had a Revolving Credit Agreement with Barclays Bank PLC for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on September 22, 2015, was amended on June 9, 2017, and expires November 26, 2020. In August 2016, the Authority secured a $100.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $100.0 million of Commercial Paper Notes. In March 2017, the Authority secured a $50.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $50.0 million of Commercial Paper Notes. In April 2017, the Authority secured a $50.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $50.0 million of Commercial Paper Notes. The Authority paid off $70.0 million of these Direct Purchase Revolving Credit Agreement loans in 2017. A total of $130.0 million of loans under this Agreement remain outstanding at December 31, 2017.

As of December 31, 2017, the Authority had a Revolving Credit Agreement with TD Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on July 27, 2017, and expires June 30, 2021. In August 2017, the Authority secured a $125.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $125.0 million of Commercial Paper Notes. In December 2017, the Authority secured an $89.0 million loan under the Direct Purchase Revolving Credit Agreement to defease certain outstanding Revenue Obligation Bonds. The Authority paid off $26.0 million of these Direct Purchase Revolving Credit Agreement loans in 2017. A total of $188.0 million of loans under this Agreement remain outstanding at December 31, 2017.

As of December 31, 2017, the Authority had a Revolving Credit Agreement with J.P. Morgan Chase Bank, N.A. for $250.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on August 1, 2017, and expires August 7, 2020. In August 2017, the Authority secured a $2.5 million loan under the Direct Purchase Revolving Credit Agreement to pay off $2.5 million of Commercial Paper Notes. A total of $2.5 million of loans under this Agreement remain outstanding at December 31, 2017.

As of December 31, 2017, the Authority had a Revolving Credit Agreement with Wells Fargo Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on August 1, 2017, and expires August 9, 2019. There were no borrowings under this agreement in 2017.

Note 7 – Summer Nuclear Station

Nuclear Unit 1

The Authority and SCE&G are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at 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 Unit 1 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**.** In 2004, the NRC granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042.

Authority's Share of Summer Nuclear - Unit 1

Years Ended December 31,		**2017**		2016
		(Millions)		
Plant balances before depreciation	$	**556.4**	$	545.3
Accumulated depreciation		**349.3**		341.7
Operation & maintenance expense		**86.1**		95.6

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. This amortization is included in fuel expense and recovered through the Authority's rates.

SCE&G contracted with HOLTEC International, The Shaw Group, Inc. and Westinghouse to build a licensed Independent Spent Fuel Storage Installation (ISFSI), which was completed and commenced receiving fuel in 2016. Because of Department of Energy's (DOE) failure to meet its obligation to dispose of spent fuel, SCE&G and the Authority are being reimbursed by DOE for ISFSI project costs. The Authority expects this reimbursement will equal approximately 75 percent of total project cost. Through December 31, 2017, reimbursements received equal 73 percent of total project expenditures.

The 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 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 2016 and the NRC's imposed minimum requirement. Based on these estimates and assuming a SAFSTOR (delayed) decommissioning, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $415.1 million in 2016 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 total approximately $225.8 million (adjusted to market) at December 31, 2017, along with investment earnings and credits from future DOE reimbursements for spent fuel storage, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning cost.

Nuclear Units 2 and 3

Engineering, Procurement and Construction Agreement and Project History. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority (together, the "Owners"), entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a consortium consisting of Westinghouse and Stone & Webster, Inc. (the "Consortium"). Pursuant to the EPC Agreement, the Consortium would supply, construct, test, and startup two 1,117 MW nuclear generating units utilizing Westinghouse's AP 1000 standard plant design. The EPC Agreement included substantial completion dates of April 2016 and January 2019 for Summer Nuclear Units 2 and 3, respectively.

On October 20, 2011, the Owners entered into a Design and Construction Agreement specifying an Authority ownership interest of 45% in each of Summer Nuclear Unit 2 and Summer Nuclear Unit 3. Among other things, the Design and Construction Agreement allowed either or both parties to withdraw from the project under certain circumstances. The Authority and SCE&G also entered into an Operating and Decommissioning Agreement on October 20, 2011 with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement defined the conditions under which the Authority or SCE&G could convey an undivided ownership interest in the units to a third party.

On December 30, 2011 the NRC approved the AP 1000 standard plant design (DCD Revision 19) for Summer Nuclear Units 2 and 3. On March 30, 2012, the NRC issued the Combined Construction and Operating Licenses (the "COLs") with certain conditions for Summer Nuclear Units 2 and 3.

On October 27, 2015, the Owners executed a Limited Agency Agreement that appointed SCE&G to act as the Authority's agent in connection with an amendment to the EPC Agreement. The amended EPC Agreement, which became effective on December 31, 2015, included among other things an irrevocable option (the "Fixed Price Option") which SCE&G executed on behalf of the Owners on July 1, 2016, to further amend the EPC Agreement to fix the total amount to be paid to the Consortium for its entire scope of work on the Project (excluding a limited amount of work within the time and materials component of the contract price) after June 30, 2015 at $6.082 billion (Authority's 45% portion being approximately $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. The amended EPC Agreement also provided for Toshiba Corporation, Westinghouse's parent company, to reaffirm its guaranty of Westinghouse's payment obligations (the "Guaranty") and revised the substantial completion dates of Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

Toshiba Financial Difficulties/Westinghouse Bankruptcy. In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba Corporation's ("Toshiba") credit ratings declined to below investment grade. Pursuant to the terms of the EPC Agreement, the Owners obtained payment and performance bonds from Westinghouse in the form of standby letters of credit totaling $45.0 million (the Authority's 45% share is $20.3 million).

On December 27, 2016, Toshiba announced financial difficulties related to the goodwill associated with the Westinghouse acquisition of Stone & Webster. Following several announcements and related media reports, on February 14, 2017, Toshiba, the parent company of Westinghouse and the guarantor of its financial and performance obligations with respect to the EPC Agreement, announced that it preliminarily recorded a multi-billion dollar impairment loss associated with the construction of Summer Nuclear Units 2 and 3 and the two additional AP1000 units being constructed by Westinghouse for another company in the United States (Plant Vogtle). The impaired goodwill resulted from Westinghouse's analysis that the cost to complete the four Westinghouse AP1000 new nuclear plants in the United States would far surpass the original estimates for construction. Toshiba attributed the cost overruns to, among other things, higher labor costs arising from lower than anticipated work efficiency and the inability to improve such work efficiency over time. On April 11, 2017 Toshiba released their unaudited quarterly securities report for the period covering April 1, 2016 to December 31, 2016 showing a loss of 532 billion Yen (US $4.800 billion).

On March 29, 2017, Westinghouse and 29 affiliated companies filed a Petition pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York. This Petition allows for a transition and evaluation period during which the Owners will assess information provided by Westinghouse and determine the most prudent path forward for the project. After the filing of the bankruptcy proceeding, the Owners entered into negotiations with Toshiba Corporation for the purpose of acknowledging and defining Toshiba's obligation under Toshiba's May 23, 2008 Guaranty and establishing a schedule for the full payment of that obligation to the Owners.

Toshiba Settlement Agreement (the "Settlement Agreement"). On July 27, 2017 the Owners and Toshiba entered into a Settlement Agreement that provided, among other things: A) Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's 45% share was $975.6 million), in accordance with a schedule set forth in the Settlement Agreement; B) Toshiba's agreement that payment of the Guaranty obligation and related payment schedule would not be dependent on whether one or both of the two units are completed; C) Toshiba's agreement that the Owners' were not releasing any claims or rights against Westinghouse; D) Toshiba's agreement not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance its financial condition; E) Toshiba, Westinghouse, and the owners of the Vogtle and Summer Nuclear AP1000 Project's agreement to become parties to a consent order in the Bankruptcy Court that approves assignment by Toshiba to the Summer Nuclear and Vogtle owners of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba, any of Toshiba's rights against Westinghouse relating to loans, and similar receivables; F) agreement by the parties to the Settlement Agreement to work towards an expeditious sale of Westinghouse; G) the Owners' agreement that the distribution proceeds received from the Westinghouse bankruptcy would be a credit against the Guaranty; and H) the Owners' agreement not to exercise remedies of the Guaranty, absent a default, until September 2022.

On September 1, 2017 the Owners filed two proofs of claim in unliquidated amounts in the Westinghouse Bankruptcy Proceeding.

On September 27, 2017 the Owners entered into an Assignment and Purchase Agreement under which they sold and assigned rights to receive payment under the Settlement Agreement and rights, duties and obligations arising under two proofs of claim filed in the Westinghouse Bankruptcy Proceeding to CITIBANK, N.A., in exchange for a purchase price in the amount of $1,847,075,400. The Authority's share of the purchase price was $831,183,930. Excluded from the sale was the first $150.0 million (Authority's 45% share was $67.5 million) payment under the Toshiba Settlement Agreement, which was received by the Owners.

On January 2, 2018, the Owners entered into Amendment No. 1 of the Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement, which amendments had the effect of capping at $60.0 million the Owners' current obligation to reimburse CITIBANK for payments from the Westinghouse Estate that had the effect of reducing mechanics liens at the site (Authority's 45% share is $27.0 million).

Cost to Complete and Construction Suspension. Beginning in late March, 2017, the Owners formed an independent team led by the SCE&G construction manager to undertake a rigorous Estimate-to-Complete ("ETC") validation process, including the costing/scheduling expertise of High Bridge Associates and the expertise of AECOM Energy & Construction Inc. in the area of salvage, site restoration and preservation. The process began with gathering and validating information and data received from Westinghouse and Fluor, and creating a new schedule model using Owner, Fluor and Westinghouse schedules. On a parallel track and during the same time frame, the Authority retained nFront Consulting LLC to undertake an assessment of the projected cost of power from Summer Nuclear Units 2 and 3 if completed, compared to other alternatives in meeting future energy needs of the Authority. On a parallel track and during the same time frame, the Authority retained nFront Consulting LLC to undertake an assessment of the projected cost of power from Summer Nuclear Units 2 and 3 if completed, compared to other alternatives in meeting future energy needs of the Authority.

Based upon the ETC validation process, management of the Authority found the results of the ETC validation process adequate to determine the viability of the Summer Nuclear Project; those results estimating the schedule to complete Unit 2 would be delayed at least 40 months beyond the August 2019 contract completion date, and the estimated schedule to complete Unit 3 would be delayed at least 43 months beyond the August 2020 contract completion date. Based on results of the two studies, the estimated cost to the Authority to complete both units, including construction period interest, increased from $8.100 billion to $11.400 billion, and cumulative average system cost of power would be substantially higher if one or both units were completed as compared to suspending construction.

On July 31, 2017, the Board of Directors of the Authority, by Resolution authorized the President and CEO, among other things, to immediately begin taking those actions necessary to wind-down and suspend construction on the two 1100 MW nuclear units at the Summer Nuclear site in Fairfield County, and protect and preserve both the site and related plant components and equipment. That resolution contemplated the establishment of a Project construction cessation plan and process of seeking additional support for the Project to remain in place for up to a period of one year from the date of the Resolution. There are currently no legal or regulatory requirements for the site to be maintained or restored to its original condition. As such, no removal or restoration costs have been accrued.

Upon suspending the Project, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund the New Nuclear Project as of July 1, 2017.

The Owners identified assets that could be utilized at Summer Nuclear Unit 1, consisting of various buildings, structures and software totaling $44.0 million (Authority's 45% share). These assets were transferred to Summer Nuclear Unit 1, and as a result in the difference of ownership percentage, the assets were recorded on Unit 1 at $32.8 million (Authority's 33.33% share) and a receivable in the amount of $12.0 million was recorded on the Authority's books. In addition, the Authority constructed transmission assets concurrently with the Project. These assets total $183.6 million and will be utilized to enhance the Authority's transmission system.

Impairment of Project Assets. With suspension of the Project construction, the Authority sought additional project partners and financial support. South Carolina's Governor indicated that he contacted a number of companies inquiring about their interest in purchasing or partnering in the Project. The Authority has not received or been informed of any proposal to purchase the Project or partner in the Project. As such an evaluation was conducted to determine whether the assets were impaired. In accordance with GASB 42, the assets are impaired based on A) the decline in service utility of the capital asset is large in magnitude and B) the event or change in circumstance is outside the normal life cycle of the capital asset. While the Project could be completed at some point in the future, the Authority has no near term plans to complete the Project. With the exception of the assets described above that will be utilized at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the remaining Project assets, including the nuclear fuel, are impaired.

In addition to the lack of proposals by a third party to purchase or partner in the Project, the Authority also considered several other items in order to determine the fair value of the impaired assets.

The AP1000 is a new technology. There are no completed AP1000s in the United States and only two other units under construction in the United States. There is not an active liquid market for the purchase of these partially completed units.

SCE&G obtained several estimates of the salvage value of the remaining Project assets. The highest estimate was for approximately $150.0 million (Authority's share of this would be 45%). Westinghouse cited contractual provisions that it believes indicate that the Owners may not have unencumbered title to the proceeds of the sale of the assets. Should the sale of the assets move forward, a final determination regarding ownership of the sale proceeds might be delayed.

On December 31, 2017 the Owners entered into a non-binding Letter of Intent with Southern Nuclear Operating Company ("SNC") for the sale of certain specified Project assets to SNC. SNC is constructing the only other AP1000 units in the United States. The Authority expects if a sale is completed, the gross proceeds would be less than $50.0 million (Authority's share of this would be 45%). As of December 31, 2017 the parties had not agreed to the price for the specific assets.

On December 27, 2017 SCE&G, based on their decision to abandon the Project, submitted a letter request to the Nuclear Regulatory Commission (NRC) approval to withdraw the Combined Licenses (COLs) for Summer Nuclear Units 2 and 3. On January 8, 2018, Santee Cooper submitted a letter in response to this request in which Santee Cooper requested, among other things, that the NRC not take action for 180 days or until such time that the Authority can evaluate any risks it could incur by taking on the nuclear licenses.

Based on these considerations the Authority determined a fair value of zero for the non-fuel impaired Project assets.

With the suspension of construction of Summer Nuclear Units 2 and 3 the nuclear fuel material for the first core load of the units will no longer be needed or used in Units 2 and 3. Due to the nature of the Unit 2 and 3 fuel, it cannot be used as is at Summer Nuclear Unit 1. SCE&G performed an analysis to determine how this fuel might be disposed and the fair value of the fuel. The analysis considered both selling the fuel into the market and exchanging the fuel for material that can be used in Unit 1. SCE&G used estimated market prices as of December 31, 2017 obtained from nuclear fuel suppliers when estimating the value of the fuel. Using SCE&G's analysis the Authority has determined that the fair value of this fuel is 32.52% of the book value of the fuel, or $34.6 million, as of December 31, 2017. The remaining $68.5 million is being written off as impaired.

Based on the results in determining the fair value, the write-off of Summer Nuclear Units 2 and 3 construction costs and nuclear fuel for the year ended December 31, 2017 totaled $4.211 billion.

Regulatory Accounting Treatment

Nuclear Asset Impairment. On January 22, 2018, the Board approved the use of regulatory accounting for the $4.211 billion impairment write down. The majority of the Project was financed with borrowed funds. For rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. As such, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the associated debt principal payments. In the event the principal maturities change materially the amortization will be adjusted to better align with the new maturities.

Post Project Suspension Interest Expense. On December 11, 2017 the Board issued a resolution authorizing the use of regulatory accounting to defer a portion of the post suspension Project interest. With the cessation of capitalized interest and the timing of the suspension the Authority would be unable to collect a portion of the post suspension Project interest in rates. The regulatory asset for post suspension nuclear interest totaled $37.1 million and will be amortized through November 2056 to align with the principal payments on the debt used to pay the interest.

Toshiba Settlement Agreement. The Board of Directors also approved a resolution dated December 11, 2017 authorizing using regulatory accounting to recognize income from the Toshiba Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds.

The following table summarizes nuclear related regulatory items:

Regulatory Item	Classification	Amount	
Nuclear impairment	Asset	$	4.211 billion
Nuclear post-suspension interest	Asset	$	37.1 million
Toshiba Settlement Agreement proceeds	Deferred Inflow	$	898.2 million

Note 8 – Leases

The Authority had no outstanding capital leases as of December 31, 2017 or 2016.

Information related to property under operating lease payments follows:

Years Ended December 31,		**2017**	2016
		(Millions)	
Operating lease payments [1]	**$**	**0**	2.1

[1] Includes periodic leased coal car expenses which are initially reflected in fuel inventory and subsequently reported in fuel expense based on tons burned.

The Authority did not have any coal car leases for 2017 or beyond.

Hydroelectric generating facility lease:

- Obligation is $600,000 per year plus operating expenses.
- Lease will terminate on March 3, 2020.

Note 9 – Contracts with Electric Power Cooperatives

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the Coordination Agreement). Under this agreement, the Authority is the predominant supplier of energy needs for Central, excluding amounts supplied by Duke Energy Carolinas, LLC (Duke) to the Upstate Load which is defined below, energy Central receives from the Southeastern Power Administration (SEPA) and negligible amounts generated and purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them through the Coordination Agreement. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2017 and 2016 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives (Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc.) who are directly connected to the transmission system of Duke (the Upstate Load) from a supplier other than the Authority. The Upstate Load began transitioning to the new supplier, Duke, in 2013. The transition will be complete on January 1, 2019 and will amount to approximately 900 MW.

In 2013 the Central and Authority Boards approved an Amendment to the Central Agreement. As part of this Central agreed to extend their rights to terminate the agreement until December 31, 2058. The Central Agreement includes a 10-year rolling notice provision. For a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. The Central Agreement provides for closer cooperation on planning of future resources, gives Central the ability to "opt-out" of future generation resources, and provides for cost recovery of all resources completed or under construction as of the amendment effective date, including Summer Nuclear Units 2 and 3.

Note 10 – Commitments and Contingencies

Budget – The Authority's 2018 three-year capital budget is as follows:

Years Ending December 31,	2018	2019	2020
		(Millions)	
Environmental Compliance [1]	$ 178.7	$ 69.2	$ 85.7
General Improvements to the system	193.0	189.8	150.2
Summer Nuclear Units 2 and 3 [2]	6.9	0	0
Total capital budget [3]	$ 378.6	$ 259.0	$ 235.9

Budget Assumptions:
[1] Includes ashpond closure and remediation.
[2] Reflects ramp down cost estimates.
[3] Will be financed by internal funds or debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2017. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Years Ending December 31,	With Re-openers (All Tons) [1]	Without Re-openers (Fixed Tons) [2]
	(Thousands)	
2018	$ 132,000	$ 132,000
2019	70,125	70,125
2020	0	0
2021	0	0
2022	0	0
Total	$ 202,125	$ 202,125

[1] Includes tons which the Authority can elect not to receive.
[2] Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term capacity and purchased power contracts as of December 31, 2017:

Contracts with Minimum Fixed Payment Obligations

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	18 Years	$ 46.8

Contracts with Power Receipt and Payment Obligations [1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	8 Years	$ 141.9
2	2013	26 Years	538.8
1	2013	16 Years	7.0

[1] Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority purchases network integration transmission service through transmission agreements with Duke Energy Corporation and SCE&G. This network transmission service is used to serve the Upstate Load and other wholesale customers who are not in the Authority's direct-served territory; the Authority is obligated for costs associated with these transmission agreements. The table below shows the transmission obligations in 2018 and the total transmission obligations for 2018-2028. Note that the transmission obligations associated with the Upstate Load will end in 2019 (concurrent with the end of the transition period), at which time the Authority will no longer be responsible for purchasing transmission service for the Upstate Load served by the new supplier. The remaining wholesale customer obligations below represent projected transmission amounts through the term of the current contracts.

Transmission Obligations

	2018	2019-2028
	(Thousands)	
Upstate Load [1]	$ 1,288	$ 0
Other Customers	3,223	34,953
Total	$ 4,511	$ 34,953

[1] Obligation ends in 2019

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's Cross and Winyah coal-fired generating stations. The Authority also interchanges with some short line railroads via CSX for the movement of coal as well. The CSX contract, effective January 1, 2011, and extended per amendment effective January 1, 2016, continues to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation. The Authority is working to finalize an amendment that would update and extend the terms of the contract beyond the dates in the January 1, 2016 amendment.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for Summer Nuclear Units 1, 2 and 3. As of December 31, 2017, these contracts total approximately $152.8 million over the next 16 years.

In 2010, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEII). In lieu of exercising its option to terminate the Contract for convenience and to pursue non original equipment manufactured parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines.

The amended contract value is approximately $97.2 million, excluding escalation and adjustments for liquidated damages and bonuses. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2018). Rainey 2A and 2B have reached the contract "performance end date" under this agreement. The Authority's estimated remaining commitment on the contract is $8.0 million, including escalation. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

The Authority successfully negotiated a Contractual Service Agreement with GEII, effective March 2016, that covers all remaining units on the Rainey plant site and will include the units for Rainey 1 upon completion of the existing contract. The Contractual Service Agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a CPM, initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. The contract value is approximately $123.4 million, including escalation. The contract term extends through 2027 and covers 12 planned maintenance events on the units. The Authority's estimated remaining commitment on the contract is $105.6 million, including escalation.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation to supply gas transportation needs for its Rainey Generating Station. The service agreement is for 80,000 dekatherms per day of firm capacity. Additionally, for a term beginning November 1, 2017 through December 31, 2020, the Authority has firm capacity of an additional 25,000 dekatherms through a delivered natural gas agreement via The Energy Authority.

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 did not exceed commercial insurance coverage in 2017. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 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 2017, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, 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. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2017. In addition, there have been no third-party claims regarding environmental damages for 2017 or 2016.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker's compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,		**2017**		2016
		(Thousands)		
Unpaid claims and claim expense at beginning of year	**$**	**2,019**	$	1,479
Incurred claims and claim adjustment expenses:				
Add: Provision for current year events		**2,572**		2,625
Less: Payments for current and prior years		**2,911**		2,085
Total unpaid claims and claim expenses at end of year	**$**	**1,680**	$	2,019

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. The State assumes all risks for the following:

(1) claims of covered employees for health benefits covered through South Carolina Public Employee Benefit Authority (PEBA) Insurance Benefits; not applicable for worker's compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (PEBA Insurance Benefits and PEBA Retirement Benefits).

Employees elect health coverage through the State's self-insured plans with the exception of employee dental insurance for which the Authority is self-insured. Risk exposure for the dental plan is limited by plan provisions. 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 $13.400 billion by the Price-Anderson Indemnification Act. This $13.400 billion would be covered by nuclear liability insurance of $450.0 million per reactor unit, with potential retrospective assessments of up to $127.3 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $18.9 million per incident, per year). Based on its one-third interest in Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $42.4 million, not to exceed approximately $6.3 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), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain an excess property insurance policy with European Mutual Association for Nuclear Insurance (EMANI) to cover property damage and outage costs up to $415.0 million resulting from an event of non-nuclear origin. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.0 million for the primary policy, $3.3 million for the excess policies and $1.8 million for the accidental outage policy.

SCE&G and the Authority maintained builder's risk insurance for the Summer Nuclear Units 2 and 3 construction. The builder's risk policy, carried by NEIL, was cancelled by SCE&G effective December 27, 2017 and carries a potential retrospective premium of approximately $42.0 million for six years from the cancellation date. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy provides coverage of $300.0 million, with deductibles ranging from $25,000 to $75,000 and is scheduled to be cancelled by SCE&G on January 31, 2018.

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, 2017.

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

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the Environmental Protection Agency (EPA) has promulgated and is implementing the Cross State Air Pollution Rule (CSAPR) for SO2 and NOx emissions, effective January 1, 2015. The CSAPR rule is not expected to negatively impact Santee Cooper.

The Authority continues to review proposed greenhouse gas regulations and legislation to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration (PSD) Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology (BACT) Guidance in 2010 for use under the rule effective July 1, 2011. In 2014, EPA proposed three separate rules for (1) new, (2) existing, and (3) modified and reconstructed Electric Generating Units (EGU). On August 3, 2015, EPA announced a final rule to regulate carbon dioxide emissions from power plants entitled the Clean Power Plan (CPP). The final rule was published in the Federal Register on October 23, 2015. On February 9, 2016, the Supreme Court in a 5-4 vote granted an emergency stay of the CPP. The U.S. EPA has moved to repeal the CPP and introduce a revised rule. It is anticipated that this will occur by the end of 2018. The stay will remain in effect during this time.

Through the maximum achievable control technology (MACT) regulatory process, the EPA has promulgated Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants (HAPs) from coal and oil-fired electric utility steam boilers. The final MACT rule, renamed the Mercury and Air Toxics Standard (MATS) became effective April 16, 2015. The MATS rule includes emissions limitations for mercury, acid gases and other HAPS from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxins from coal-fired and oil-fired power plants. All Santee Cooper coal units are in compliance with the MATS rule.

On November 26, 2014, the U.S. EPA completed the federally mandated 5-year review of the national ambient air quality standards (NAAQS) and proposed a revised (more stringent) ground-level ozone standard range. This applies to both the primary (public health) and secondary (public welfare) standards. On October 1, 2015, EPA announced that the new NAAQS for ozone will be set at 70 parts per billion. This will apply to both the primary and secondary ozone standards. EPA projections, based on current monitoring networks, are that all counties in South Carolina will meet the revised standard without taking additional action to reduce emissions.

Safe Drinking Water Act - The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in 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. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority constantly strives to operate in compliance with these permits.

The EPA issued their final rule regarding Section 316(b) of the Clean Water Act (CWA) on August 15, 2014. The rule establishes requirements for cooling water intake structures (CWISs) at existing facilities. Section 316(b) of the CWA requires that the location, design, construction and capacity of cooling water intake structures (CWISs) reflect the best technology available (BTA) for minimizing adverse environmental impacts. Santee Cooper will continue to work with the regulatory agencies on implementation as required. The Authority believes compliance costs are not significant.

The EPA regulates oil spills prevention and preparedness under the CWA, Spill Prevention Control and Counter-measures (SPCC). These regulations require that applicable facilities, which include generating stations, substations and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

The EPA is also in the process of developing a new rule specifying requirements for spill prevention and preparedness for chemicals stored in aboveground storage tanks. Under a consent decree issued on February 16, 2016, the EPA is required to create new regulations that establish procedures, methods, equipment, and other requirements to prevent hazardous substance discharges. The proposed rule is scheduled to be published in the federal register in June 2018 and the final rule should be published in August 2019. Santee Cooper will continue to monitor the rule as it is being developed to determine the impacts.

The NPDES Steam Electric Effluent Limitation Guidelines (ELGs) rule became effective on January 4, 2016. It applies to all existing steam electric units greater than 50 MWs (other than oil-fired) and is to be phased in as soon as possible beginning November 1, 2018, but no later than December 31, 2023, via the reissuance of generating station NPDES Permits. New standards included a prohibition on discharge of bottom ash sluice water and stringent effluent limitations on flue gas desulfurization wastewater. In 2017, EPA announced its intent to conduct a new rulemaking which may revise some elements of the rule, and postponed the earliest compliance dates by two years to November 1, 2020; in practice, compliance with the ELG rule is integrated with the CCR rule (discussed further below).

The 2015 “Waters of the U.S.” rule (WOTUS) remains under judicial and agency review, with final applicability uncertain. The rule initially became effective on August 28, 2015. On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit issued an order staying the WOTUS rule nationwide pending completion of the Court’s review of the rule; on January 22, 2018, the Supreme Court announced a decision stating that district courts have jurisdiction over challenges to the WOTUS rule, with a final judgment likely in the first quarter of 2018. This decision will likely result in the Sixth Circuit’s lifting the nationwide stay, with challenges to the rule then moving to federal district courts. Parallel with judicial review, the President signed an Executive Order on February 28, 2017 entitled, “Restoring the Rule of Law, Federalism, and Economic Growth by Reviewing the ‘Waters of the United States’ Rule.” On November 16, 2017, EPA and the Corps of Engineers proposed to extend the effective date of a 2015 final rule, which redefined “Waters of the United States” (WOTUS) under the CWA. Given the January 2018 Supreme Court Decision, EPA and the Corps are expected to take final action in early 2018 to set the applicability date of the 2015 Rule two years from the date of final action on the proposal which would allow EPA and Corps additional time to complete the 2-step process to repeal and replace the 2015 Rule. The 2015 final rule expands the federal jurisdiction under the Clean Water Act, and would require additional permitting and mitigation for new construction or expansion projects regulated as Waters of the U.S. Santee Cooper will continue to monitor the rule as it is being developed to determine the impacts.

Hazardous and Non-Hazardous Substances, Wastes and Byproducts - 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 into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act (TSCA) impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

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. 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 TSCA, 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. The Authority strives to comply with all aspects of the Resource Conservation and Recovery Act (RCRA) regarding appropriate disposal of hazardous wastes.

The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, scrubber sludge and gypsum. These wastes, known as Coal Combustion Residuals (CCRs), are exempt from hazardous waste regulation under the RCRA. On April 17, 2015, the EPA published the rule to regulate CCRs as a RCRA Subtitle D, nonhazardous waste with an effective date of October 19, 2015. The EPA is in the process of amending the CCR Rule, with a CCR Remand Rule. The Notice of Proposed Rulemaking (NPRM) is expected in 2018. The rule establishes the following national minimum criteria for existing and new CCR landfills and surface impoundments:

- Location restrictions;
- Design and construction requirements;
- Operating criteria such as inspections, structural integrity evaluations and fugitive dust controls;
- Groundwater monitoring and corrective action;
- Closure requirements and post-closure care;
- Record keeping, notifications and Internet posting requirements.

The estimated construction costs for compliance with both the current ELG and CCR Rules from 2016 through 2030 is $703.0 million, including pond closures and installation of systems to eliminate discharge of ash transport water. Current capital budgets do not include this entire amount, as both rules are being reconsidered, and estimated compliance costs will be revisited as requirements are clarified.

At Cross Generating Station, construction of the Class 3 landfill was completed and certified to receive CCR waste on December 8, 2015. The Class 2 landfill received waste until December 31, 2015 and was closed by June 30, 2016.

The Authority received DHEC approval for plans to close the West Ash Pond and the Unit 2 slurry pond at Winyah Generating Station. The Unit 2 pond was certified closed on November 9, 2017 and a new landfill is being built in its footprint; closure of the West Ash Pond remains in progress.

The Authority has retired units and ancillary facilities at both the Grainger and Jefferies generating stations. Closure plans for both the Grainger and the Jefferies ash ponds have been approved by DHEC and closure through excavation and primarily beneficial use of the material moved is in progress.

The Solid Waste Disposal Act and Energy Policy Act give EPA authority to regulate Underground Storage Tanks (USTs). EPA regulations concerning USTs are contained in 40 CFR Parts 280-282. DHEC has granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280 dated 2008. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy number 2-11-02 provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance.

Pollution Remediation Obligations – The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

No pollution remediation liabilities were recorded for the years ended December 31, 2017 and 2016.

Homeland Security – The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Chemical Facility Anti-Terrorism Standards (CFATS) program identifies and regulates high-risk chemicals facilities to ensure they have security measures in place to reduce the risk associated with these chemicals. The Authority has been proactive in striving to comply with these evolving regulations by conducting valid threat and risk assessments to the facilities regulated by the CFATS program, also referred to as 6 CFR, Part 27. Once completed, the assessments become sensitive, federally controlled documents and are stored in accordance with all federal and state guidelines attendant to critical infrastructure information protection.

Legislative Matters – Following the Authority's July 31, 2017 decision to suspend construction on the Summer Nuclear project, SC House Speaker Jay Lucas and the SC Senate President Pro Tempore Hugh Leatherman each initiated committees to review the project. Since that time and during the remainder of 2017, the SC House and SC Senate review committees conducted several hearings. As a result of these hearings, several bills were filed for the SC General Assembly to consider in their 2018 legislative session.

In the SC House, six bills have been introduced, including H.4376 which proposes to address the Authority's board, rate process and rate recovery for the Summer Nuclear project.

In the SC Senate, several bills have been introduced including: S.771 which proposes an independent valuation of the Authority; S.772 which proposes an independent valuation of the State's 45% interest in the Summer Nuclear project; S.753 which proposes to limit the Authority's use of the Toshiba settlement related to the Summer Nuclear project; S.754 which proposes broad changes to the State's electric utility policies, including addressing the Authority's board, its rate recovery for the Summer Nuclear project and other administrative changes; and S.909 which proposes that the owners of the Summer Nuclear project must preserve certain assets until July, 2019.

The SC General Assembly is scheduled to meet from January 9, 2018 to May 10, 2018, and will consider the legislation described above and any additional legislation that may be introduced. Santee Cooper is educating and informing the SC General Assembly of the impact of the all relevant legislation on its customers and operations.

Legal Matters – Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on its financial condition.

Pee Dee Class Action. A purported class action was filed by George Hearn on behalf of the Authority's retail customers. The complaint contains a number of causes of action and allegations related to the Authority's decisions to construct and cancel construction of a coal-fired generation project in Florence County, SC. The Authority has filed a motion to dismiss and a hearing on the same is scheduled for early 2018. The Authority cannot predict the outcome of this lawsuit; case no. 2017-CP-26-5256. However, even if determined adversely to the Authority, this action would not have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

Century Antitrust Suit. On January 30, 2017, Century Aluminum filed suit alleging violations of the Sherman Act, the Clayton Act, the South Carolina Unfair Trade Practices Act, and the South Carolina Antitrust Act. The District Court found the Authority is immune from antitrust liability pursuant to the state-action immunity doctrine and granted the Authority's motion to dismiss. Century appealed this decision to the Fourth Circuit. Briefing is complete and oral argument is tentatively scheduled for May 7-9, 2018. The Authority cannot predict the outcome of this appeal; U.S. District Court, District of South Carolina, Charleston Division case no. 2:17–CV-274-RMG; In the Court of Appeals for the Fourth Circuit case no. 17-2192. If determined adversely to the Authority, this action may possibly have a material adverse effect on the Authority's ability to transact its business.

V.C. Summer Class Actions. Three purported class actions were filed on behalf of individuals either directly or indirectly served by the Authority. The complaints contain a number of causes of action and allegations related to the Authority's decisions to construct and cancel construction of two nuclear generation units in Fairfield County, SC. The Authority cannot predict the outcome of these lawsuits. If determined adversely to the Authority, these actions may possibly have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

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- *Cook et al. v. Santee Cooper et al.*: the Authority filed its motion to dismiss on October 24, 2017; pending in state court (Hampton County); case no. 2017-CP-25-00348.
- *Kolbe, Keffer, et al. v. Santee Cooper, Santee Cooper's Board of Directors (individually named), et al.*: the Authority and Directors filed their motions to dismiss on November 22, 2017; pending in state court (Berkeley County); case no. 2017-CP-08-02009.
- *Delmater et al. v. Santee Cooper, Lonnie Carter, et al.*: the Authority and Carter filed their motions to dismiss on January 10, 2018; pending in federal court (District of South Carolina, Columbia Division), case no. 3:17-cv-02563-TLW.

V.C. Summer Governmental Inquiries. Various executive-branch entities have requested information related to Summer Nuclear Units 2 and 3. Specifically, the Authority has received subpoenas for information from the U.S. Securities & Exchange Commission and the U.S. Department of Justice. It has also received information requests and directives to provide information from the Governor of South Carolina. The Authority also received legislative inquiries from the S.C. House of Representatives and the S.C. Senate. The Authority continues to comply and cooperate with these subpoenas, information requests and directives and legislative inquiries.

Sales Tax – On October 25, 2017, SCE&G returned its sales tax exemption certificates and special direct pay exemption certificate for the Summer Nuclear Units 2 and 3 project after receiving a request from the South Carolina Department of Revenue (the "DOR") to return the certificates and discontinue their use. On January 26, 2018 the DOR notified SCE&G that the sales and use tax returns for the Summer Nuclear Units 2 and 3 project have been assigned for a sales and use tax audit. SCE&G and the Authority met with the DOR on February 8, 2018 and the DOR clarified its position that, because the Summer Nuclear Units 2 and 3 project had been abandoned and the manufacturing facility was not completed and would not produce electricity, the materials for the Project were not tax-exempt and sales taxes were due on the previously tax exempt purchases. SCE&G and the Authority informed the DOR of their intent to dispute the position that sales taxes are due and owing.

Note 11 – Retirement Plans

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement System (SCRS) and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Description – Substantially all Authority regular employees must participate in one of the components of the SCRS, a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

Benefit Provided - Vested employees (Class Two Members) who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. Vested employees (Class Three Members) who retire at age 65 or meet the "rule of 90 requirements" (i.e., the total of the member's age and the member's creditable service equals at least 90 years), 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 for Class Two Members and eight years for Class Three Members. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service for Class Two Members. The SCRS 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 SCRS 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 SCRS 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.

Effective July 1, 2012, the TERI program will close for Class Two members (members with effective date prior to July 1, 2012) on June 30, 2018, and it is not available to Class Three members (members with effective date on or after July 1, 2012). TERI will be phased out in a 5-4-3-2-1 format. Members who enter the TERI program after July 1, 2013, will not be eligible to participate for the full five years. TERI participation will end on June 30, 2018, regardless of when a member enters the program.

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.

Effective July 1, 2002, new employees have a choice of the 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 SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (9.00 percent employee cost and 13.41 percent employer cost); however, under the State ORP, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 6.41 percent is contributed to the SCRS. As of December 31, 2017, the Authority had 67 employees participating in the State ORP and consequently the related payments are not material.

Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 (the "Act") increased employer retirement contribution rates by 2 percent to 13.56 percent for SCRS. The employer contribution rate for the State ORP was increased to 8.56 percent. The employer rate will continue to increase annually by 1 percent through July 1, 2022, with the ultimate employer rate reaching 18.56 percent. Employee rates for SCRS and the State ORP increased to and are capped at 9 percent. Employer and employee contribution rates may be decreased in equal amounts once the system is 85 percent funded. The employee contribution rate may not be less than ½ of the normal cost for the system. The Act also reduced the funding period for unfunded liabilities from 30 to 20 years over the next 10 years as well as lowered the current assumed annual rate of return from 7.5 percent to 7.25 percent. The assumed annual rate of return will expire July 1, 2021 and every four years thereafter. PEBA must propose an annual rate of return every four years, which will become effective if the General Assembly fails to enact a rate of return.

Contributions - All employees are required by State statute to contribute to the SCRS at the prevailing rate, currently 9.00 percent. The Authority contributed 13.41 percent of the total payroll for SCRS retirement. For 2017, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior three years were as follows:

Years Ended December 31,	**2017**	2016	2015
		(Millions)	
From the Authority	**$ 17.7**	$ 15.6	$ 14.8
From employees	**12.6**	11.8	11.0
Authority's covered payroll	**142.7**	140.1	136.4
Authority's contributions as a percentage of covered payroll	**12.4%**	11.1%	10.9%

The Authority made 100 percent of the required contributions for each of the three years.

Liabilities, Expense and Deferred Outflows (Inflows) of Resources Related to Pensions - At December 31, 2017, the Authority reported a liability of $338.8 million. This includes its share of the net pension liability from SCRS as well as pension liabilities associated with the supplemental executive retirement plans (SERP) noted under post-employment benefits, which were immaterial. The SCRS net pension liability was measured as of June 30, 2017 and determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $16.7 million paid to SCRS for the year ended June 30, 2017 relative to the actual contributions of $1,166.4 million from all participating employers. The schedule of the Authority's proportionate share of the net pension liability for the years ended June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
Authority's proportion of the net pension liability (%)	**1.43%**	1.45%
Authority's proportion of the net pension liability (millions)	**$ 323.0**	$ 325.0
Authority's covered employee payroll (millions)	**$ 142.7**	$ 140.1
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	**226%**	232%
Plan fiduciary net position as a percentage of the total pension liability	**53.30%**	56.99%

For the year ended December 31, 2017, the Authority recognized a pension expense of $32.0 million, our proportionate share of the total pension expense. At December 31, 2017, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 1,448**	**$ 178**
Changes of assumptions	**18,978**	**0**
Net difference between projected and actual earnings on pension plan investments	**9,034**	**0**
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	**719**	**2,639**
Authority's contributions subsequent to the measurement date	**8,318**	**0**
Total	**$ 38,497**	**$ 2,817**

The Authority reported $8.3 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2017. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2016, measurement date was 4.073 years for SCRS.

Year Ending December 31:	
	(Thousands)
2018	**$ 8,100**
2019	**13,250**
2020	**8,542**
2021	**(2,529)**
Total	**$ 27,363**

For the year ended December 31, 2016, the Authority recognized a pension expense of $27.6 million, our proportionate share of the total pension expense. At December 31, 2016, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 3,217	$ 335
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	36,641	10,538
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	1,035	822
Authority's contributions subsequent to the measurement date	8,161	0
Total	$ 49,054	$ 11,695

The Authority reported $8.2 million as deferred outflows of resources related to contributions subsequent to the measurement date which was recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2016. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2015, measurement date was 4.116 years for SCRS.

Year Ending December 31:	
	(Thousands)
2017	$ 7,141
2018	5,470
2019	10,671
2020	5,916
Total	$ 29,198

Actuarial Assumptions – Actuarial valuations of the Authority involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2017:

- **Measurement Date**	**June 30, 2017**
- **Valuation Date**	**July 1, 2016**
- **Expected Return on Investments**	**7.25%**
- **Inflation**	**2.25%**
- **Future Salary Increases**	**3.00% to 12.50% (varies by service)**
- **Mortality Assumption**	**RP 2000 Mortality Table set back projected at SCALE AA from year 2000. RP-2000 Males multiplied by 100%. RP-2000 Females multiplied by 111%.**

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2016:

- Measurement Date	June 30, 2016
- Valuation Date	June 30, 2015
- Expected Return on Investments	7.50%
- Inflation	2.75%
- Future Salary Increases	3.50% to 12.50% (varies by service)
- Mortality Assumption	RP 2000 Mortality Table set back projected at SCALE AA from year 2000. RP-2000 Males multiplied by 100%. RP-2000 Females multiplied by 90%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return - For the measurement date as of June 30, 2017, the long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by SC Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity			
Global Public Equity	31.0%	6.7%	2.08%
Private Equity	9.0%	9.6%	0.86%
Equity Options Strategies	5.0%	5.9%	0.30%
Real Assets			
Real Estate (Private)	5.0%	4.3%	0.22%
Real Estate (REITs)	2.0%	6.3%	0.13%
Infrastructure	1.0%	6.3%	0.06%
Opportunistic			
GTAA/Risk Parity	10.0%	4.2%	0.42%
Hedge Funds (non-PA)	4.0%	3.8%	0.15%
Other Opportunistic Strategies	3.0%	4.2%	0.12%
Diversified Credit			
Mixed Credit	6.0%	3.9%	0.24%
Emerging Markets Debt	5.0%	5.0%	0.25%
Private Debt	7.0%	4.4%	0.31%
Conservative Fixed Income			
Core Fixed Income	10.0%	1.6%	0.16%
Cash and Short Duration (Net)	2.0%	0.9%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

For the measurement date as of June 30, 2016, the long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the RSIC using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Long Term Expected Portfolio Real Rate of Return**
Short Term			
Cash	2.0%	1.9%	0.04%
Short Duration	3.0%	2.0%	0.06%
Domestic Fixed Income			
Core Fixed Income	7.0%	2.7%	0.19%
Mixed Credit	6.0%	3.8%	0.23%
Global Fixed Income			
Global Fixed Income	3.0%	2.8%	0.08%
Emerging Markets Debt	6.0%	5.1%	0.31%
Global Public Equity	31.0%	7.1%	2.20%
Global Tactical Asset Allocation	10.0%	4.9%	0.49%
Alternatives			
Hedge Funds (Low Beta)	8.0%	4.3%	0.34%
Private Debt	7.0%	9.9%	0.69%
Private Equity	9.0%	9.9%	0.89%
Real Estate (Broad Market)	5.0%	6.0%	0.30%
Commodities	3.0%	5.9%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Sensitivity Analysis – For the measurement date as of June 30, 2017, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discounts rates of 3.00% for both the pre-2007 and 3.50% for the non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 433,243	$ 338,783	$ 281,029

For the measurement date as of June 30, 2016, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.50% as well as SERP discounts rates of 3.50% for both the pre-2007 and the non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 403,006	$ 324,956	$ 259,794

Other Retirement Benefits - The Authority also provides retirement benefits to certain employees designated by management and the Board under SERP. 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, these plans were segregated into 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-2007 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. At December 31, 2017, the Authority reported an asset of $2.5 million and a liability of $15.6 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 1,743	$ 1,370
Changes of assumptions	424	19
Net difference between projected and actual earnings on pension plan investments	422	611
Authority's contributions subsequent to the measurement date	95	0
Total	$ 2,684	$ 2,000

The Authority reported $95,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2017.

Year Ending June 30:	
	(Thousands)
2018	$ 215
2019	215
2020	(61)
2021	220
2022	0
Total	$ 589

At December 31, 2016, the Authority reported a net liability associated with the three plans of $13.4 million as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 1,841	$ 1,832
Changes of assumptions	0	55
Net difference between projected and actual earnings on pension plan investments	625	0
Authority's contributions subsequent to the measurement date	96	0
Total	$ 2,562	$ 1,887

The Authority reported $96,000 as deferred outflows of resources related to contributions subsequent to the measurement date which was recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2016.

Year Ending June 30:	
	(Thousands)
2017	$ 165
2018	165
2019	166
2020	(111)
2021	194
Total	$ 579

Summer Nuclear Retirement - The Authority and SCE&G are parties to a joint ownership agreement at the Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2017 and 2016, the Authority had a noncurrent pension liability of $5.0 million and $2.9 million, respectively.

In accordance with FASB ASC 715, the Authority has a regulatory liability balance of approximately $16.4 million and $20.5 million for the unfunded portion of pension benefits at December 31, 2017 and 2016, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2017.

Note 12 – Other Postemployment Benefits (OPEB)

Vacation / Sick Leave – Full-time employees earn 10 days of vacation leave for service under five years and 15 days of vacation leave for service under 11 years. 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 two hours per pay period, plus 20 additional hours at year-end for sick leave.

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

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA Insurance Benefits provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement insurance benefits available are defined by PEBA Insurance Benefits and substantially all of the Authority's employees may become eligible for these benefits if they meet retirement eligibility with a minimum of 10 years of earned service or upon reaching age 60 after leaving employment with at least 20 years of service. Currently, approximately 911 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. PEBA Insurance Benefits may be contacted at: PO Box 11661, Columbia, S.C. 29211-1661 and PEBA Retirement Benefits may be contacted at PO Box 11660, Columbia, S.C. 29211-1960.

Funding Policy - Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. This method of funding will eventually result in lower contributions over time compared to the prior pay-as-you-go funding policy.

Investments - The investments of the Authority must follow the general guidelines set by the Enabling Legislation. The Authority is required to invest without limitation its revenues in obligations the interest and principal of which are guaranteed or are fully secured by contracts with the United States of America; in obligations of any agency, instrumentality or corporation which has been or may hereafter be created by or pursuant to an act of Congress; direct and general Obligations of the State of South Carolina; and certificates of deposit issued by any bank, trust company or national banking association which do business in South Carolina.

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Cash	4.1%	0.1%
Fixed Income	95.9%	2.6%
Total Blended Average	**100.0%**	**2.5%**

Rate of return. For the year ended December 30, 2017, the investment rate of return, net of expenses was 4.11 percent.

Net OPEB Liability-

The components of the net OPEB liability at December 31, 2016 were as follows:

Total OPEB Liability	$	220,532
Plan fiduciary net position		48,891
Authority's net OPEB liability	$	171,641
Plan fiduciary net position as a percentage of the total OPEB liability		**22.17%**

Actuarial Methods and Assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

The Individual Entry Age Normal actuarial cost method is used to calculate the ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The Individual Entry Age Normal method then provides for a systematic recognition of the cost of these anticipated payments. 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.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Authority's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of health benefits are based on the plan as understood by the Authority and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions	
Inflation rate	2.25% per annum
Investment rate of return	4.50% net of expenses
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30 year, open amortization
Payroll growth	3.00% per annum
Medical trend:	
Initial	6.75%
Ultimate	4.15% after 14 years
Drug trend:	
Initial	6.75%
Ultimate	4.15% after 14 years

Discount rate. The discount rate used to measure the total OPEB liability was 4.5 percent. The projection of cash flows used to determine the discount rate assumed that the Authority will contribute annually an amount equal to or above the ARC.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Authority calculated using the Authority's discount rate of 4.50% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
		(Thousands)	
Net OPEB liability	$ 205,827	$ 171,641	$ 143,834

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Authority calculated using the Authority's healthcare cost trend rate of 7.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	**Healthcare Cost Trend Rate**	**1.00% Increase**
		(Thousands)	
Net OPEB liability	$ 139,910	$ 171,641	$ 210,008

Annual OPEB Cost - The Authority's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that is projected (if paid on an on-going basis) to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's contribution towards ARC is equal to the actual disbursements during the year for health care benefits for retired employees plus annual funding amounts for the trust. The Authority's annual OPEB cost (expense) was as follows:

Year Ended December 31,	**2017**	2016
	(Thousands)	
Annual required contribution	**$ 12,213**	$ 11,908
Interest on OPEB obligation	**572**	531
Adjustment to ARC	**(530)**	(481)
Annual OPEB cost	**12,255**	11,958
Net estimated employer contributions	**(12,858)**	(10,413)
Decrease in net OPEB obligation	**$ (603)**	$ 1,545
Net OPEB obligation-beginning of year	**$ 12,714**	$ 11,169
Net OPEB obligation-end of year	**$ 12,111**	$ 12,714

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2017 and the preceding two years were as follows:

Years Ended December 31,	**Annual OPEB Cost**	**Employer Amount Contributed**	**Net OPEB Obligation**	**Percentage Contributed**
		(Thousands)		(%)
2015	$ 11,606	$ 10,639	$ 11,169	91.7
2016	11,958	10,413	12,714	87.1
2017	**12,255**	**12,858**	**12,111**	**104.9**

Funded Status and Funding Progress - The funded status of the Authority's retiree health care plan under GASB 45 as of December 31, 2016, the latest actuarial study date, and the preceding years is as follows:

Required Supplementary Information - Schedule of Funding Progress

Actuarial Study Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Annual Covered Payroll (c)**	**Unfunded AAL (UAAL) (b) - (a)**	**Funded Ratio (a / b)**	**Ratios of UAAL to Annual Covered Payroll (b-a)/(c)**
		(Thousands)				(%)
2006	$ 0	$ 137,543	$ 101,362	$ 137,543	0.0	135.7
2008	0	107,113	113,730	107,113	0.0	94.2
2010	11,132	131,076	119,318	119,944	8.5	100.5
2012	27,829	170,040	113,683	142,211	16.4	125.1
2014	39,364	184,355	120,204	144,991	21.4	120.6
2016	**48,891**	**220,532**	**127,957**	**171,640**	**22.2**	**134.1**

Note: As of December 31, 2017, the OPEB trust had assets of $56.9 million.

The required schedule of funding progress presented as required supplementary information provided multi-year trend information that shows whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liability for benefits.

Summer Nuclear OPEB - The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2017 and 2016 were both approximately $11.4 million and $11.1 million, respectively.

In accordance with FASB ASC 715, the Authority recorded a regulatory liability of approximately $3.3 million and $4.8 million for the unfunded portion of OPEB costs at December 31, 2017 and 2016, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2017.

Note 13 – Credit Risk and Major Customers

In 2017, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	**2017**	2016
	(Millions)	
Central	**$ 1,026**	$ 1,018

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance at each year ended December 31, 2017 and 2016 was $2.2 million and $2.2 million, respectively.

Note 14 – Storm Damage

2017

In addition to the $11.4 million costs for Hurricane Matthew accrued in 2016, the Authority incurred $5.5 million in capital and maintenance costs during 2017 that will also qualify for federal reimbursement.

In September 2017, the Authority's system sustained damages from Hurricane Irma. As a result, portions of South Carolina were declared federal disaster areas for damages, and the entire state was declared eligible for protective measure expense relief. During 2017, the Authority incurred $1.4 million in capital and maintenance costs.

Federal reimbursement for Hurricane Matthew, which was originally anticipated in 2017, and Hurricane Irma is anticipated in 2018. The Authority does not expect to increase rates due to the impacts of these events, and foresees no measurable long-term impact on its operations or the demand for electricity by its customers.

2016

In October 2016, the Authority's system sustained damages from Hurricane Matthew. As a result, many counties in South Carolina were declared federal disaster areas, and a relief plan was enacted. The Authority sustained damages to their generation, transmission and distribution systems. During 2016, the Authority incurred $11.4 million in capital and maintenance costs. A receivable of $9.2 million was recorded at December 31, 2016, in anticipation of federal reimbursement in 2017.

The Authority does not expect to increase rates due to the impacts of these events and foresees no measureable long-term impact on its operations or the demand for electricity by its customers.

Note 15 – Subsequent Events

Legislative Matters. In the SC House, six bills have been introduced, including H.4376 which proposes to address the Authority's board, rate process and rate recovery for the Summer Nuclear project.

In the SC Senate, several bills have been introduced including: S.771 which proposes an independent valuation of the Authority; S.772 which proposes an independent valuation of the State's 45% interest in the Summer Nuclear project; S.753 which proposes to limit the Authority's use of the Toshiba settlement related to the Summer Nuclear project; S.754 which proposes broad changes to the State's electric utility policies, including addressing the Authority's board, its rate recovery for the Summer Nuclear project and other administrative changes; and S.909 which proposes that the owners of the Summer Nuclear project must preserve certain assets until July, 2019.

The SC General Assembly is scheduled to meet from January 9, 2018 to May 10, 2018, and will consider the legislation described above and any additional legislation that may be introduced. Santee Cooper is educating and informing the SC General Assembly of the impact of the all relevant legislation on its customers and operations.

Legal Matters. Delmater et al. v. Santee Cooper, Lonnie Carter, et al.: the Authority and Carter filed their motions to dismiss on January 10, 2018; pending in federal court (District of South Carolina, Columbia Division), case no. 3:17-cv-02563-TLW.

On February 28, 2018, the Authority's largest customer Central Electric Cooperative, Inc. filed a cross-claim against it in the case of Cook, et al v. Santee Cooper, et al, relating to the construction of Summer Nuclear Units 2 and 3 in which both parties are defendants. The cross-claim alleges as causes of action breach of statutory duties and breach of contract concerning rates associated with Summer Nuclear 2 and 3, and seeks a constructive trust on funds the Authority obtained from its guaranty with Toshiba Corporation.

Sales Tax. On October 25, 2017, SCE&G returned its sales tax exemption certificates and special direct pay exemption certificate for the VC Summer 2 and 3 project after receiving a request from the South Carolina Department of Revenue (the "DOR") to return the certificates and discontinue their use. On January 26, 2018 the DOR notified SCE&G that the sales and use tax returns for the Summer Nuclear 2 and 3 project have been assigned for a sales and use tax audit. SCE&G and the Authority met with the DOR on February 8, 2018 and the DOR clarified its position that, because the VC Summer 2 and 3 project had been abandoned and the manufacturing facility was not completed and would not produce electricity, the materials for the Project were not tax-exempt and sales taxes were due on the previously tax exempt purchases. SCE&G and the Authority informed the DOR of their intent to dispute the position that sales taxes are due and owing.

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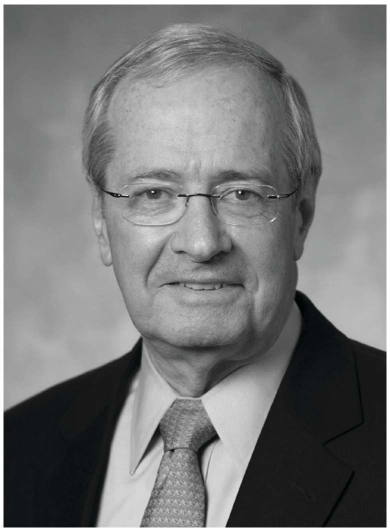
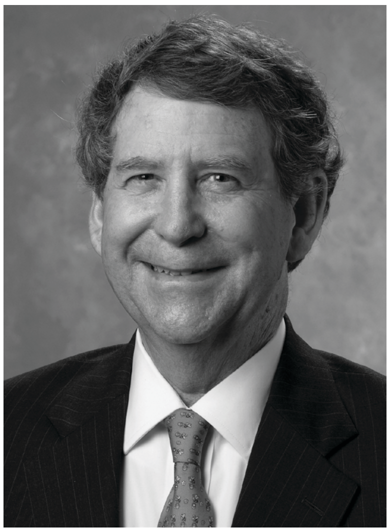
Board of Directors



William A. Finn
Acting Chairman
1st Congressional District
Mount Pleasant, S.C.

Director Finn is chairman of AstenJohnson Inc., a specialty textile company for the printing and papermaking industries based in Charleston.

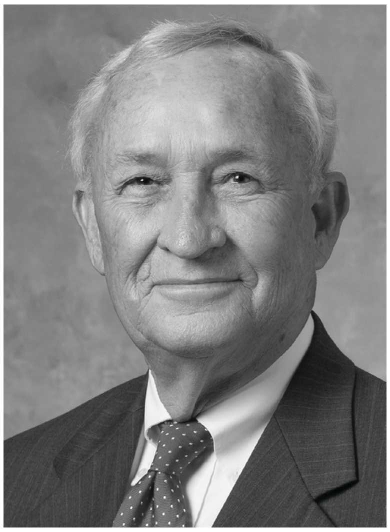


Barry D. Wynn
2nd Vice Chairman
4th Congressional District
Spartanburg, S.C.

Director Wynn is president of Colonial Trust Company, a private trust company specializing in investment management and estate services.

Kristofer D. Clark
3rd Congressional District
Easley, S.C.

Director Clark is a broker with Easlan Capital and owner of Pristine Properties LLC.



Merrell W. Floyd
7th Congressional District
Conway, S.C.

Director Floyd is a retired staff coordinator for Horry Electric Cooperative.

J. Calhoun Land IV
6th Congressional District
Manning, S.C.

Director Land is a partner in Land, Parker & Welch, a general practice firm in Manning.

Stephen H. Mudge
At-Large
Clemson, S.C.

Director Mudge is the co-founder, president and CEO of Serrus Capital Partners Inc., a Greenville, S.C.-based real estate investment firm.

Peggy H. Pinnell
Berkeley County
Moncks Corner, S.C.

Director Pinnell is the owner of the Peggy H. Pinnell Insurance Agency in Moncks Corner, a State Farm agency.

Dan J. Ray
Georgetown County
Georgetown, S.C.

Director Ray is president of DR Capital Group, a Pawleys Island-based financial advisory and investment company.

David F. Singleton
Horry County
Myrtle Beach, S.C.

Director Singleton is president of Singleton Properties, a real estate investment and sales firm.

Jack F. Wolfe Jr.
2nd Congressional District
Chapin, S.C.

Director Wolfe is a past president and CEO of Mid-Carolina Electric Cooperative in Lexington, S.C.

Notes:

As 1st Vice Chairman, Director William A. Finn assumed the role of Acting Chairman on Dec. 29, 2017, after Chairman W. Leighton Lord III's resignation from the Board on Dec. 29, 2017.

Director Alfred L. Reid Jr. resigned from the Santee Cooper Board of Directors on June 28, 2017. Governor McMaster appointed Charles Leaird to fill the unexpired term of Director Reid and the Senate referred the appointment to the Judiciary Committee on Jan. 9, 2018.

Advisory Board

Henry D. McMaster	Governor
Alan Wilson	Attorney General
Mark Hammond	Secretary of State
Richard Eckstrom	Comptroller General
Curtis M. Loftis Jr.	State Treasurer

Executive Leadership

James E. Brogdon[1]	Interim President and Chief Executive Officer
Marc R. Tye[2]	Executive Vice President and Chief Operating Officer
Jeffrey D. Armfield	Senior Vice President and Chief Financial Officer
J. Michael Baxley	Senior Vice President and General Counsel
Michael R. Crosby	Senior Vice President, Nuclear Energy
Dominick G. Maddalone	Senior Vice President, Technology Services and Chief Information Officer
Arnold R. Singleton	Senior Vice President, Power Delivery
Pamela J. Williams	Senior Vice President, Corporate Services

Management

S. Thomas Abrams	Vice President, Planning and Power Supply
Charles S. "Sam" Bennett	Vice President, Administration
Michael C. Brown	Vice President, Wholesale and Industrial Services
Victoria N. Budreau	Vice President, Fuels Strategy and Supply
Daniel D. Camp[3]	Vice President, Real Estate
Thomas B. Curtis	Vice President, Generating Stations
Rahul Dembla	Vice President, Planning and Pricing
B. Shawan Gillians[4]	Interim Treasurer
Jane H. Hood	Vice President, Environmental and Water Systems
Thomas L. Kierspe	Vice President, Transmission Operations
Richard S. Kizer	Vice President, Public Affairs
Kenneth W. Lott III[5]	Interim Vice President, Human Resources
J. Michael Poston	Vice President, Retail Operations
Suzanne H. Ritter	Vice President and Controller
Elizabeth H. Warner	Vice President, Legal Services and Corporate Secretary

Auditor

Monique Washington	General Auditor

1 – James E. Brogdon was named Interim President and Chief Executive Officer on Oct. 6, 2017, after Lonnie N. Carter announced his retirement on Aug. 25, 2017.

2 – Marc R. Tye was named Chief Operating Officer on Oct. 6, 2017.

3 – Daniel D. Camp was hired as Vice President, Real Estate on July 17, 2017.

4 – B. Shawan Gillians was named Interim Treasurer on March 16, 2017.

5 – Kenneth W. Lott III was named Interim Vice President, Human Resources, on March 16, 2017, replacing Laura G. Varn.

Office Locations*

CONWAY OFFICE
100 Elm St.
Conway, SC 29526
843-248-5755
843-248-7315 (fax)

MONCKS CORNER OFFICE
Santee Cooper Headquarters
1 Riverwood Drive
Moncks Corner, SC 29461
843-761-8000
843-761-4122 (fax)

MURRELLS INLET/ GARDEN CITY BEACH OFFICE
900 Inlet Square Drive
Murrells Inlet, SC 29576
843-651-1598
843-651-7889 (fax)

MYRTLE BEACH OFFICE
1703 Oak St.
Myrtle Beach, SC 29577
843-448-2411
843-626-1923 (fax)

NORTH MYRTLE BEACH OFFICE
1000 Second Ave. North
North Myrtle Beach, SC 29582
843-249-3505
843-249-6843 (fax)

*Santee Cooper announced on Jan. 22, 2018, that the utility will close the Garden City Beach Retail Office on April 27, 2018, the North Myrtle Beach Retail Office on June 1, 2018, and the Conway Retail Office on June 29, 2018.