1993 ANNUAL REPORT

94 06 0139

Fellow Shareholders:

I am pleased

to provide you

with the

1993 Annual Report

for SCANA Corporation,

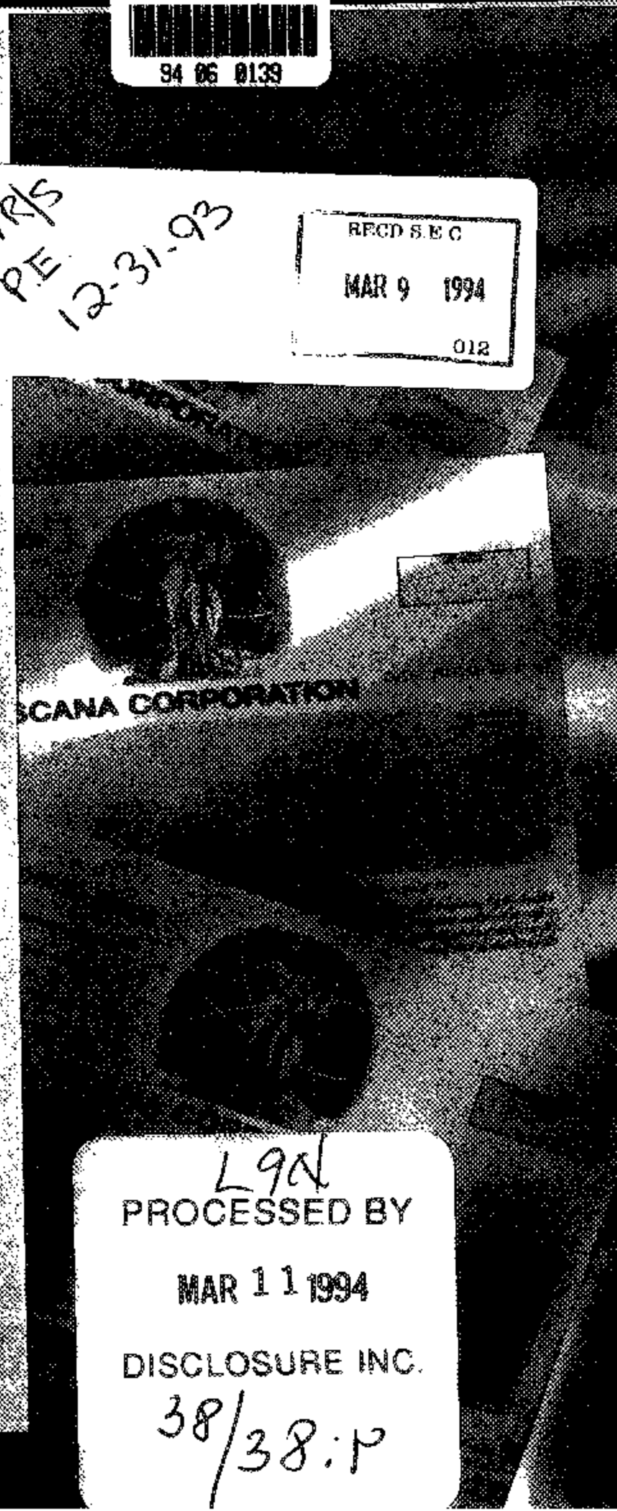
which reflects

THE MOST SUCCESSFUL

YEAR IN THE COMPANY'S

147-YEAR HISTORY.

SCANA



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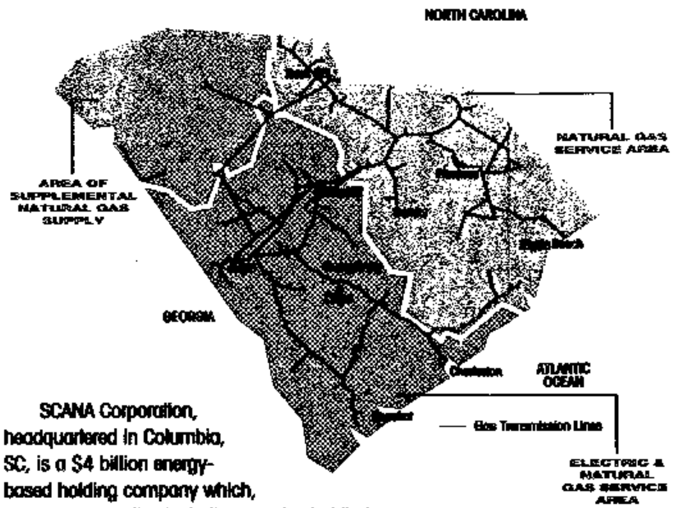
Utility Service Area



SCANA Corporation, headquartered in Columbia, SC, is a $4 billion energy-based holding company which, through eleven direct wholly owned subsidiaries, engages principally in electric and natural gas utility operations and other energy-related businesses.

SCANA's principal subsidiary, South Carolina Electric & Gas Company (SCE&G), is a regulated public utility engaged in the generation, transmission, distribution and sale of electricity and in the purchase and sale, primarily at retail, of natural gas in South Carolina. SCE&G provides electric service to approximately 469,000 customers in a 15,000 square-mile area in the central, southern and southwestern portions of the state. Natural gas service is provided to approximately 221,000 customers over a 19,000 square-mile service area. Through the combined operations of SCE&G and South Carolina Pipeline Corporation, SCANA's gas transmission subsidiary, natural gas services are provided throughout the state on a direct or supplemental basis. The total population of the Company's utility service areas is approximately three million. SCE&G also provides urban bus service in the metropolitan areas of Columbia and Charleston.

SCANA's nonregulated diversified operations extend beyond South Carolina and include acquiring and operating oil and gas producing properties; marketing natural gas and light hydrocarbons; producing, storing, distributing and selling propane; providing fiber optic, video and radio communications; and power plant management and maintenance services. At year-end 1993, the Company and its subsidiaries had 4,788 employees.

Steam Generation
Canadys
McMeekin
Urquhart
Wateree
Williams

Hydro Generation
Columbia Canal
Fairfield Pumped Storage
Neal Shoals
Parr
Saluda
Stevens Creek

Internal Combustion Generation
Burton
Canadys
Coit
Faber Place
Hagood
Hardeeville
Parr
Urquhart
Williams

Nuclear Generation
Summer Station

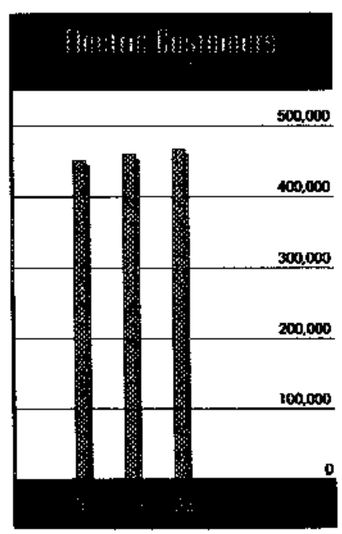
Utility Customer Profile

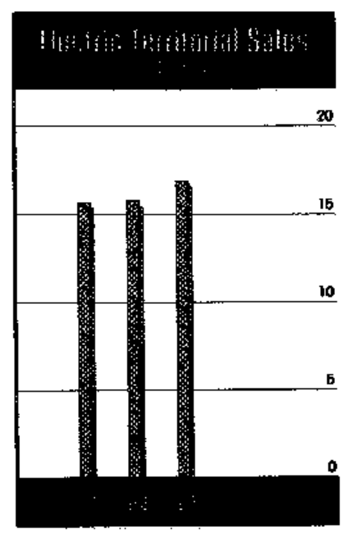
Electric

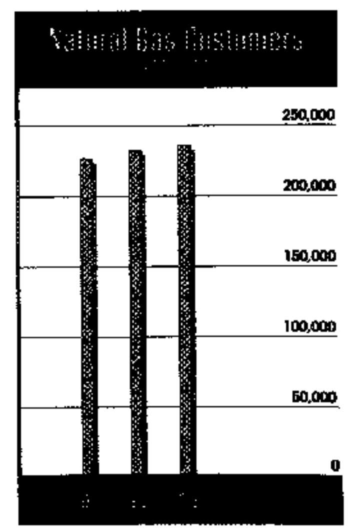
During 1993 we added 6,974 net new customers, raising the total electric customer base by 1.5% to 468,874 at year end. Territorial sales of electricity in 1993 totaled 16.9 billion kilowatt-hours (KWH), a 6.9% increase from 1992. Sales to ultimate consumers represented 93% of KWH sales in 1993 while sales to wholesale customers accounted for 7%.

Natural Gas

During 1993 we added 3,853 net new customers, bringing the consolidated natural gas customer base to 234,736 at year-end, a 1.6% increase over 1992. Residential customers comprise 90% of the consolidated natural gas customer base. Consolidated sales of natural gas totaled 717 million therms in 1993, a 5.8% decrease from 1992. Approximately 73% of consolidated therm sales in 1993 were to ultimate consumers while sales to wholesale consumers accounted for 27%.

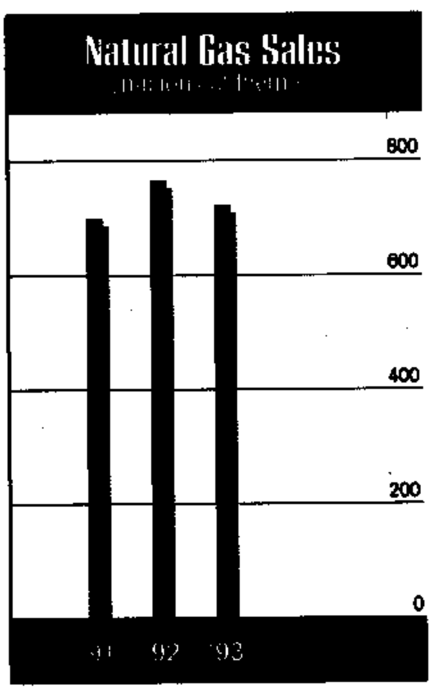






Financial & [illegible]perating High[illegible]igh[illegible]

	[illegible]3	1992	% Increase (Decrease)
	(Millions of dollars except statistics and per share amounts)		
Common Stock Data			
Earnings Per Weighted Average Share of Common Stock	$ 3[illegible]2	$ 2.84	31.0
Dividends Declared Per Share of Common Stock	$ 2.[illegible]4	$ 2.68	2.2
Book Value Per Share of Common Stock (Year-End)	$ [illegible]8.[illegible]9	$ 26.46	8.0
Market Price Per Share of Common Stock (Year-End)	$ [illegible]9.[illegible]5	$ 40.50	22.8
Common Stockholders' Equity (Year-End)	$ [illegible]33[illegible].0	$ 1,161.9	14.7
Common Stock Outstanding:			
Average (Thousands)	[illegible]5,2[illegible]3	41,475	9.0
Year-End (Thousands)	6,6[illegible]9	43,911	6.2
Total Company			
Total Operating Revenues	$ [illegible]264.2	$ 1,138.4	11.0
Total Operating Expenses	$ [illegible],018.9	$ 928.6	9.7
Net Income	$ 168.0	$ 117.6	42.9
Property Additions and Construction Expenditures	$ 526.0	$ 387.9	35.6
Utility Plant, Net	$ 3,004.1	$ 2,810.3	6.9
Electric Operations			
Electric Operating Revenues	$ 940.1	$ 829.5	13.3
Electric Operating Income	$ 222.0	$ 180.6	22.9
Territorial Sales (Million KWH)	16,880	15,794	6.9
Customers (Year-End)	468,874	461,900	1.5
Generating Capability - Net MW (Year-End)	3,864	3,912	(1.2)
Territorial Peak Demand - Net MW	3,557	3,380	5.2
Gas Utility Operations			
Gas Operating Revenues	$ 320.2	$ 305.3	4.9
Gas Operating Income	$ 29.4	$ 34.9	(15.8)
Sales (Thousand Therms)	717,417	761,721	(5.8)
Customers (Year-End)	234,736	231,153	1.6



About the Cover

SCANA Corporation's common stock is owned by more than 42,000 shareholders who reside in all 50 states and several foreign countries. Of the more than 46 million common shares outstanding, 11.4% is owned by active and retired SCANA employees.

Through its Shareholder Services Department, SCANA offers a variety of services to shareholders, including direct deposit of dividends, seasonal addresses for Company mailings, consolidation of multiple stock accounts, transfer of stock certificates, and a toll-free number (1-800-763-5891) for shareholder inquiries.

The Company also offers a Dividend Reinvestment and Stock Purchase Plan. Participants may purchase shares of common stock through automatic reinvestment of cash dividends and/or by making optional cash payments of up to $36,000 in any calendar year, without brokerage commissions or service charges. The Plan features a direct purchase option which permits any U.S. resident to make a first-time purchase of stock directly from the Company.

Fellow Shareholders:

I am pleased to provide you with the 1993 Annual Report for SCANA Corporation, which reflects the most successful year in the Company's 147-year history. This success is attributable in part to purposeful changes in the Company initiated over the past several years as well as to the efforts of highly skilled and dedicated employees. I am excited to be able to outline the progress that has been made and hope you will get a sense of the momentum we are building.

Earnings for 1993 were $3.72 per common share, a significant increase over the $2.84 per share reported for the previous year. In 1992 earnings were reduced from $3.11 to $2.84 per share as a result of a nonrecurring, cumulative electric rate refund stemming from a South Carolina Supreme Court decision. Thus a better comparison from continuing operations shows an increase in 1993 earnings per share of 20%, despite a 9% increase in the average number of common shares outstanding. The specific reasons for the increase in earnings are explained in some detail elsewhere in the report. However, it is worth noting that earnings from our natural gas exploration and production company contributed $.25 per share in 1993, up $.20 per share from 1992. This is a relatively new business for SCANA Corporation and reflects the growth potential available to us as we continue to seek and focus on opportunities in energy-related businesses beyond our traditional electric and natural gas utility businesses.

The indicated annual dividend rate was raised 2.9% effective April 1, 1994 to $2.82 per common share. The magnitude of the increase reflects the fundamental progress of our businesses in sales and earnings. SCANA Corporation has increased its dividend 19 years in a row, and 41 of the last 42 years.

Record cold weather in January 1994 placed substantial demands on each of SCANA's energy subsidiaries. All were more than equal to the task. New records were set for electric energy sales and we had a new winter peak demand for the system. All generating plants performed well, and we experienced no voltage reductions or rotating blackouts as was the case with several other companies. Peak demand and total sales of natural gas to residential and commercial customers also set records. Our natural gas pipeline system, including the two liquefied natural gas storage facilities, worked flawlessly. Despite supply limitations, the pipeline company and propane company managed inventories and flowing supplies to keep energy available to industries which were without an alternate fuel source, thereby allowing them to continue operations. In retrospect, it was our employees' dedication, competence and "can do" attitude, together with the wisdom of our supply strategies and some very long work days, which enabled our customers to have the energy they needed during the crisis.

Construction continues significantly ahead of schedule and on budget for our new Cope Electric Generating Station, with commercial operation scheduled for early 1996. With supply shortages of electricity occurring on many systems affected by the recent cold weather, I am pleased that we have this additional 385 megawatts of baseload capacity under construction in order to meet our customers' future needs.

In addition to the outstanding operating performance mentioned above, South Carolina Electric & Gas Company continued its preparations for a less regulated, more competitive business environment. Through the formation of strategic business units and completion of organizational effectiveness reviews, SCE&G has become more decentralized operationally and more focused on its various customers. Despite an overall electric rate increase of 7.4% which went into effect June 1, 1993, our electric rates are among the lowest in the Southeast, and we enjoy a significant competitive price advantage over our neighboring regulated utilities and most electric cooperatives.

In January 1994 we settled the litigation with Westinghouse Electric Corporation concerning the steam generators it furnished for our V. C. Summer Nuclear Station. As I previously reported, these generators have experienced unusual wear and maintenance requirements which made it necessary for us to replace them with new equipment. While the terms of the settlement were sealed by the court, I am satisfied that the result will provide substantial benefits to our customers without the expense and risk of a trial. New generators will be installed during a refueling outage scheduled for the fourth quarter of 1994.

In January 1994 the Supreme Court of South Carolina issued a decision which upholds prior rulings of the state's Public Service Commission that permit industrial interruptible natural gas sales to be regulated on the basis of "value of service" rather than a strict cost of service. This ruling is very important in that it affirms a 30-year practice of our natural gas companies to negotiate sales prices directly with industrial customers which can use alternate fuels in price competition with natural gas. This very progressive ruling takes on added significance when viewed in light of the increasing deregulation and price competition in the electric industry, particularly for industrial loads.

SCANA senior staff from left to right:
Lawrence M. Gressette, Jr., Cathy B. Novinger, A. H. Gibbes, Max Eastwood,
Bruce D. Kenyon, W. B. Timmerman

In 1994 we will complete the divestiture of SCANA Development Corporation, which will conclude our direct participation in the real estate development business. During my tenure, a key goal for SCANA Corporation has been to focus on energy and energy-related businesses. I am pleased that after this transaction, we will have substantially achieved that goal.

Many positive things have occurred in the past twelve months which are outlined in some detail in this report. While the energy industry in general, and the electric industry in particular, continue to change and become more competitive, SCANA Corporation is moving forward with great success, adapting to the new realities while continuing to meet the needs of our customers, shareholders, and employees.

As a group, active and retired employees own 11.4% of the common stock of our Company. Their level of financial investment is unique. Much more importantly, however, it is the cumulative commitment to success, the expertise and hard work of our employees which moves us forward every day.

I am very proud of the progress outlined in this report and with the momentum which we have achieved. It will not be easy to surpass the best year in our Company's history, but we have outstanding human resources, a strong financial condition and a history of operational excellence to drive us forward.

Respectfully submitted,

Lawrence M. Gressette, Jr.
Chairman of the Board, President and
Chief Executive Officer
February 7, 1994

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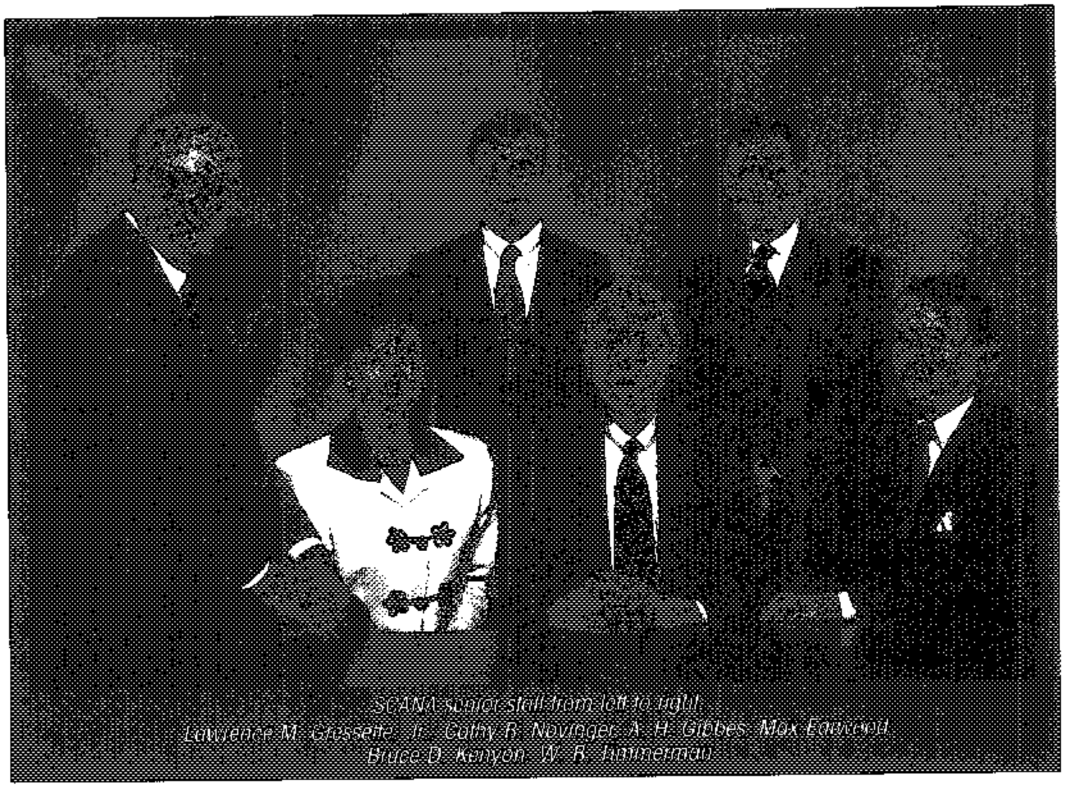

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Lawrence M. Gressette Jr.

Lawrence M. Gressette, Jr.
Chairman of the Board, President and
Chief Executive Officer
February 7, 1994

SCANA Corporation is a family of companies with investments concentrated in energy-related businesses. We generate and deliver electricity. We maintain and operate power plants for third parties. We own, develop and produce natural gas reserves. We market and transport natural gas. We sell propane. We are leaders in the field of fiber optic telecommunications. And we encourage community and economic development through matching grant and loan programs. SCANA provides the energy and services that help South Carolina and the nation grow. Our strategy of diversifying into energy-related fields has a proven track record in 27 states throughout the country, as 1993 proved to be a successful and profitable year. We will continue to focus our efforts on energy-related businesses. We are proud of our accomplishments and excited about the future.

South Carolina Electric & Gas Company

Electric Operations

SCANA's largest subsidiary continues on a fast track preparing for competition in the electric utility industry. We are transforming our company from a successful, regulated utility into an excellent free-market competitor. During 1993 we laid important structural groundwork for the changes we must make. We fully implemented a strategic business unit concept and continued to refine our control processes to better track and minimize costs.

A strengthened commitment to research and technology transfer opportunities provides us with expanded business opportunities and new services. In collaboration with the Electric Power Research Institute, we are developing programs to recycle more waste products, refine high speed circuit breaker technology and generate interest in solar-powered photovoltaic panels.

Another important part of our transformation is targeting customer service and new technologies. We are committed to a customer focused, continuous improvement concept that stresses customer service and the highest standards of performance. To that end we are streamlining our customer inquiry services to make it easier for our customers to do business with us.

Our fossil/hydro and substation operations are taking advantage of thermographic technology to improve our predictive maintenance plan. A video camera allows on the spot analysis of equipment and systems, locating high temperature areas and potential problems.

During 1993 construction of a new $450 million baseload generating station near Cope, SC continued ahead of schedule and on budget. The 385-megawatt coal-fired facility is the sixth fossil plant on SCE&G's system. It also will be one of the most environmentally-sensitive plants ever constructed when it begins operations in 1996.

SCE&G was granted a two-phase increase in retail electric base rates in 1993 totaling $60.5 million or 7.4 percent on an annual basis. The additional revenue will allow us to recover carrying costs associated with the ongoing construction of the new plant. This represented our first electric rate increase in nearly four years. However, during the remainder of the decade, we will incur capital expenditures that could require additional rate actions. These expenditures involve completion of the plant Cope and compliance with requirements of the Clean Air Act. We will maintain our competitive position by controlling costs, selling aggressively, and pursuing economic development opportunities.

Nuclear Operations

One of the most significant short-term challenges we face involves replacing the steam generators at the V.C. Summer Nuclear Station. These three large heat exchangers have experienced tube cracks and leaks since the beginning of plant operations in 1984 and must be replaced to ensure continued reliability. The work will be done in conjunction with a refueling outage scheduled for the fall of 1994 and represents the largest modification anticipated during the life of the plant. In a related matter, we reached a settlement with Westinghouse Electric Corporation in January 1994 that resolved a dispute over the steam generators. SCE&G filed suit in May 1990 against Westinghouse in the U.S. District Court for South Carolina seeking compensation for damages to Summer Station. Terms of the settlement are confidential and have been sealed by the court. However, it is our opinion that the settlement was in the best interest of all parties and avoided what could have been a costly and uncertain trial.

During 1993 Summer Station continued its tradition of operational excellence. For the fourth consecutive time the plant was recognized as having one of the highest safety performance records in the nation. The Nuclear Regulatory Commission granted this latest "excellent" rating to only five of the 109 nuclear power plants operating in the United States. In addition, the Commission's latest Systematic Assessment of Licensee Performance (SALP) report rated Summer Station's overall performance as "excellent" for the 18-month period from September 1991 through February 1993.

Natural Gas Operations

We continue moving aggressively to increase off-peak and nonweather-related sales of natural gas. We envision going beyond the meter to offer services for appliances and other equipment. Substantial opportunities exist to capture new markets in space and water heating and air conditioning. Particularly promising is a new market for natural gas vehicles. The Comprehensive National Energy Policy Act of 1992 included mandates for government fleets and others to convert to alternative fuels. We

SCE&G has opened its first publicly accessible fueling station for natural gas vehicles in Columbia, South Carolina.

succeeded in making progress during 1993 for natural gas to be the fuel of choice for this conversion. We reached an agreement with the federal government to be the fuel supplier for 275 natural gas vehicles ordered for its Savannah River Site facility.

Restructuring of the natural gas industry continues. The Federal Energy Regulatory Commission's Order 636 will result in cost shifting among some customer classes and a greater responsibility to be a reliable supplier of natural gas to our utility markets. We will systematically evaluate our gas purchasing and delivery practices as the evolution of the natural gas industry continues.

During 1993 we completed construction of a $24 million liquefied natural gas facility near Salley, SC that provides additional storage capacity and greater reliability as well as lower costs. The tank's reserves can be converted back into a gaseous state to supplement deliveries to our customers during cold periods of peak demand. This facility reduces the need for expensive purchases of firm capacity.

South Carolina Pipeline Corporation

Order 636 will have a substantial impact on SCANA's gas transmission subsidiary as well by changing the method by which we contract to receive natural gas. While Pipeline Corporation still has an obligation to be a supplier (as it is still regulated by The Public Service Commission of South Carolina), over time we will become primarily a transportation vehicle for natural gas. The ownership and sale of the gas will be handled by unregulated suppliers dealing directly with end-users. Our current mission is to match natural gas supplies with prices our customers will pay. We have structured the company to operate successfully in this increasingly competitive environment, and have implemented a natural gas supply plan that includes flexible sales agreements.

This strategy aligns our wellhead commitments with stored gas and spot purchases to create the proper volume of natural gas available at the proper times for our customers, while minimizing its cost. We also are considering expansion into North Carolina markets as part of a growth plan.

SCANA Petroleum Resources, Inc.

SCANA's largest non-regulated subsidiary is capitalizing on attractive new business opportunities by acquiring high value oil and natural gas reserves as restructuring occurs in the domestic exploration and production industry. We nearly doubled our reserves in 1993 with the purchase of NICOR Exploration and Production Company of Denver. Petroleum Resources now ranks among the largest independent oil and natural gas producers in the country. Houston-based Petroleum Resources now owns approximately 238 billion cubic feet equivalent of proven natural gas reserves, representing a total investment of about $248 million. None of these reserves is delivered to South Carolina, thereby forcing geographic diversity and growth. We will continue to seek attractive acquisitions that complement our existing domestic reserve base.

SCANA Hydrocarbons, Inc.

Order 636 allows direct sales of natural gas to end-users. SCANA Hydrocarbons operates in this capacity. Our advantage over competitors is our knowledge of end-users' needs and our reputation as a high-quality marketing company. We continue to build that advantage by maintaining our reputation with existing customers and working to develop relationships with new customers that are mutually beneficial.

With offices in Columbia and Houston, SCANA Hydrocarbons is handling expanded marketing responsibilities for Petroleum Resources. We sold approximately 57.3 billion cubic feet of natural gas in 1993 from Petroleum Resources and other third-party suppliers to customers in 27 states. These sales represent a 119 percent increase over 1992.

Suburban Propane Group, Inc.

Aggressive marketing is the thrust of Suburban Propane Group, fully integrated now from the merger of three separate companies in prior years. This subsidiary serves 30,000 customers primarily in South Carolina. Our focus is on providing the highest level of service at a competitive price. We continue to add customers in the areas we already serve, while pursuing growth through additional acquisitions of other retail propane operations. During 1993 we added two new offices in Columbia and Darlington, SC to sell propane and gas appliances. We now sell, install and repair all types of natural and propane gas appliances from 19 separate stores. Propane sales in 1993 totaled approximately 20 million gallons.

Primesouth, Inc.

We curtailed Primesouth's construction activities in 1993 to better focus its expertise on maintaining and operating power plants for third parties. Construction projects in South Carolina and North Carolina are being completed but no new projects will be undertaken. We also operate power plants for clients in Pennsylvania, New York, Michigan and Virginia.

MPX Systems, Inc.

SCANA's telecommunications subsidiary operates a fiber optic-based network consisting of more than 600 miles of fiber optics in South Carolina, Georgia and Alabama. We lease these facilities to major carriers in those states. We expanded in 1993 by building additional capacity in Georgia and Alabama and continue to look for new communications-related ventures in other southeastern states.

We also developed and are marketing an emergency radio network that will make common communication available to all public safety and law enforcement agencies within the state of South Carolina. This public safety network can provide independent communications for individual agencies. But more importantly, it ties together all emergency service providers in the event of a natural disaster or other emergency situations. Approximately 40 percent of the state is currently covered by this system. We will continue to aggressively market this critical public safety network throughout the rest of the state. By utilizing the public safety network as our wireless platform and capitalizing on our fiber infrastructure, we will be uniquely positioned to vigorously pursue new markets as applications unfold that are driven by the "information super highway."

SCANA Development Corporation

Consistent with our strategic plan to concentrate our efforts on core energy businesses, we have entered into an agreement to sell in 1994 substantially all of the assets of SCANA Development Corporation, our real estate subsidiary. Upon completion of the sale, SDC operations will be discontinued. The sale will not have a material impact on results of operations.

SCANA Corporation

B. L. Amick [2,4,5]
Chairman of the Board and
Chief Executive Officer
Amick Farms, Inc.
Batesburg, South Carolina

W. B. Bookhart, Jr. [2,4,5]
Partner
Bookhart Farms
Elloree, South Carolina

W. T. Cassels, Jr. [2,3,5]
Chairman of the Board
Southeastern Freight Lines, Inc.
Columbia, South Carolina

H. M. Chapman [1,3,5]
Chairman
NationsBank South
Atlanta, Georgia

J. B. Edwards, DMD [1,4,5]
President
Medical University of South Carolina
Charleston, South Carolina

Elaine T. Freeman [2,4,5]
Executive Director
ETV Endowment of South Carolina
Spartanburg, South Carolina

L. M. Gressette, Jr. [1]
Chairman of the Board, President and
Chief Executive Officer
SCANA Corporation
Columbia, South Carolina

B. A. Hagood [2,3,5]
Chairman of the Board
William M. Bird and Company, Inc.
Charleston, South Carolina

W. H. Hipp [1,3,5]
President and Chief Executive Officer
The Liberty Corporation
Greenville, South Carolina

B. D. Kenyon
President and Chief Operating Officer
South Carolina Electric & Gas Company
Columbia, South Carolina

F. C. McMaster [1,4,5]
President
Winnsboro Petroleum Company
Winnsboro, South Carolina

Henry Ponder, Ph.D. [2,3,5]
President
Fisk University
Nashville, Tennessee

J. B. Rhodes [2,3,5]
Chairman and Chief Executive Officer
Rhodes Oil Company, Inc.
Walterboro, South Carolina

W. B. Timmerman
Senior Vice President,
Chief Financial Officer,
Controller and Assistant Secretary
SCANA Corporation
Columbia, South Carolina

E. C. Wall, Jr. [1,3,5]
President
Canal Industries, Inc.
Conway, South Carolina

John A. Warren [4,5,6]
Chairman of the Board Emeritus
SCANA Corporation
Columbia, South Carolina

COMMITTEES OF THE BOARD OF DIRECTORS

1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Management Development and Corporate Performance Committee
4 Member of Nuclear Oversight Committee
5 Member of Long-Term Compensation Committee
6 Chairman of Executive Committee

DIRECTORS EMERITI

W. R. Bruce, Sr.
K. W. French
J. B. Guess, III
J. F. Hassell, Jr.
F. M. Hipp
J. H. Lumpkin, Sr.
A. C. Mustard
E. W. Pike, Jr.
V. C. Summer

SCANA OFFICERS

SCANA Corporation

L.M. Gressette, Jr.
Chairman of the Board, President and Chief Executive Officer (1)

Cathy B. Novinger
Senior Vice President
Administration, Governmental and Public Affairs

W. B. Timmerman
Senior Vice President, Chief Financial Officer, Controller and Assistant Secretary (2)

K. B. Marsh
Vice President- Finance, Treasurer and Secretary (3)

A. H. Gibbes
General Counsel and Assistant Secretary

(1) Also Chairman and Chief Executive Officer of all subsidiaries
(2) Also Chief Financial Officer of all subsidiaries
(3) Also Secretary of all subsidiaries

B. T. Horton, Jr.
Vice President and Treasurer

Johnny Kinloch
Vice President
Transit and Fleet Maintenance and Community Affairs

C. B. McFadden
Vice President
Customer Relations-Southern Division

S. C. McMeekin, Jr.
Vice President
Customer Relations-Northern Division

W. E. Moore, Jr.
Vice President
Fossil and Hydro Operations

J. L. Skolds
Vice President
Nuclear Operations

Patricia T. Smith
Vice President and General Counsel

M. S. Tibshrany
Vice President
Power Delivery

OFFICERS OF PRINCIPAL SUBSIDIARIES

South Carolina Electric & Gas Company

B. D. Kenyon
President and Chief Operating Officer

G. J. Bullwinkel, Jr.
Senior Vice President
Fossil and Hydro Production

R. W. Stedman
Senior Vice President
Administrative Support Group

J. H. Young, Jr.
Senior Vice President
Customer Relations

J. E. Addison
Vice President and Controller

W. A. Darby
Vice President
Gas Operations

South Carolina Pipeline Corporation

Max Earwood
President and Treasurer

H. T. Arthur, II
Vice President and General Counsel

B. J. MacInnis
Vice President

SCANA Petroleum Resources, Inc.

Max Earwood
President and Treasurer

G. J. Wilson, Jr.
Executive Vice President and General Manager

R. L. Easterwood
Vice President

SCANA Hydrocarbons, Inc.

Max Earwood
President and Treasurer

C. A. Rampey, Jr.
Executive Vice President and General Manager

B. J. MacInnis
Vice President

Primesouth, Inc.

J. M. Woods, III
President and Treasurer

J. C. Chapman
Senior Vice President and Assistant Secretary

MPX Systems, Inc.

L. M. Gressette, Jr.
President

M. D. Blackwell
Executive Vice President and General Manager

Suburban Propane Group, Inc.

W. B. Timmerman
President

D. L. Sharp
Executive Vice President and General Manager

J. M. Clark, Jr.
Vice President

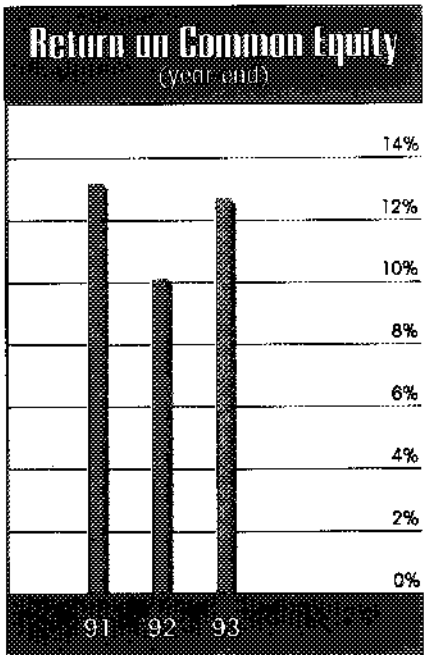
SCANA Development Corporation

A. H. Gibbes
President and Treasurer

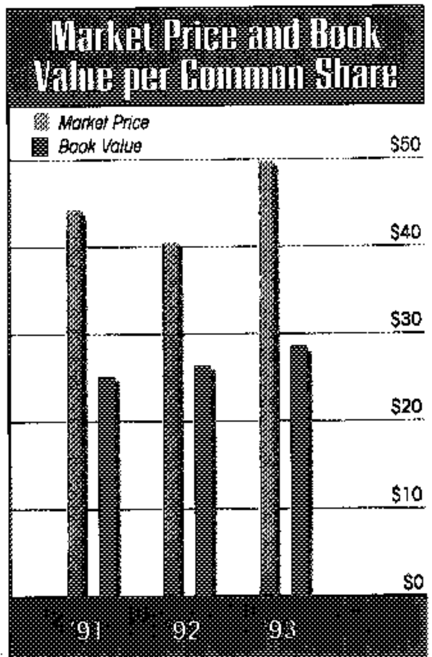
Judith H. Battle
Vice President- Finance and Accounting, Controller and Assistant Secretary

M. L. Holmes, Sr.
Vice President
Commercial Operations

B. S. Samuel
Vice President
Residential Development



A higher electric sales margin and additional nonoperating income from SCANA Petroleum Resources, Inc. led to a 31% increase in earnings per share.



The market price of SCANA's common stock increased nearly 23% during 1993, pushing the market-to-book ratio to 174% at year-end.

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Management Report

The management of SCANA Corporation (Company) is responsible for the preparation and integrity of the financial data included in the accompanying Consolidated Financial Statements. These statements have been prepared in conformity with generally accepted accounting principles, as applicable. In situations that prevent exact accounting measurements, management has used informed judgments and estimates. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Company maintains and relies upon a system of internal accounting controls designed to provide reasonable assurance that all transactions are properly recorded in the books and records and that assets are protected against loss or unauthorized use. The degree of internal accounting control is based upon the determination of the optimum balance between the cost incurred in maintaining a system of internal controls and the benefits to be derived. The system of internal accounting controls is supported by written policies and guidelines and is complemented by the selection, training and development of professional financial managers and by a staff of internal auditors who conduct comprehensive internal audits.

The Board of Directors provides oversight for the preparation of the financial statements through its Audit Committee, which is composed entirely of nonemployee directors. The Audit Committee meets periodically with management and internal auditors to review their activities and responsibilities. The Audit Committee also meets periodically with the Company's independent auditors, Deloitte & Touche. The internal and independent auditors have free access to the Audit Committee to discuss internal accounting controls, auditing and financial reporting matters.

W.B. Timmerman
Senior Vice President, Controller
and Chief Financial Officer
February 7, 1994

SCANA CORPORATION:

We have audited the Consolidated Balance Sheets and Consolidated Statements of Capitalization of SCANA Corporation and subsidiaries (Company) as of December 31, 1993 and 1992 and the related Consolidated Statements of Income and Retained Earnings and of Cash Flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

Deloitte & Touche
Columbia, South Carolina
February 7, 1994

Consolidated Balance Sheets

December 31,	1993	1992
ASSETS	*(Thousands of Dollars)*	
Utility Plant (Notes 1, 3 and 4):		
Electric	$3,328,915	$3,203,849
Gas	451,493	411,584
Transit	3,769	3,287
Common	72,804	65,124
Total	3,856,981	3,683,844
Less accumulated depreciation and amortization	1,259,689	1,192,873
Total	2,597,292	2,490,971
Construction work in progress	349,530	250,229
Nuclear fuel, net of accumulated amortization	29,087	39,916
Acquisition adjustment-gas, net of accumulated amortization	28,166	29,163
Utility Plant, Net	3,004,075	2,810,279
Nonutility Property and Investments (net of accumulated depreciation and depletion)(Note 6)	393,728	250,084
Current Assets:		
Cash and temporary cash investments (Note 8)	20,766	32,050
Receivables	174,121	138,684
Inventories (at average cost):		
Fuel (Notes 3 and 4)	62,977	52,598
Materials and supplies	46,890	46,274
Prepayments	21,826	22,628
Accumulated deferred income taxes	8,607	—
Total Current Assets	335,187	292,234
Deferred Debits:		
Unamortized debt expense	13,076	10,104
Accumulated deferred income taxes (Notes 1 and 7)	—	45,599
Unamortized deferred return on plant investment (Note 1)	14,860	19,106
Nuclear plant decommissioning fund (Note 1)	25,103	20,841
Other (Notes 1 and 10)	254,497	109,474
Total Deferred Debits	307,536	205,124
Total	$4,040,526	$3,557,721

December 31,	[illegible]	1992
	(Thousands of Dollars)	
CAPITALIZATION AND LIABILITIES		
Stockholders' Investment (Note 5):		
Common equity	$1,333,045	$1,161,896
Preferred stock (Not subject to purchase or sinking funds)	26,027	26,027
Total Stockholders' Investment	1,359,072	1,187,923
Preferred Stock, Net (Subject to purchase or sinking funds)(Notes 6 and 8)	52,840	56,154
Long-Term Debt, Net (Notes 3, 4 and 8)	1,424,399	1,204,754
Total Capitalization	2,836,311	2,448,831
Current Liabilities:		
Short-term borrowings (Notes 8 and 9)	43,019	41,156
Current portion of long-term debt (Note 3)	34,322	24,704
Current portion of preferred stock (Note 6)	2,504	2,485
Accounts payable	129,495	101,785
Estimated rate refunds and related interest (Note 2)	2,509	17,811
Customer deposits	13,498	14,102
Taxes accrued	50,063	65,004
Interest accrued	21,784	29,295
Dividends declared	33,637	31,302
Other	12,649	8,438
Total Current Liabilities	343,480	336,082
Deferred Credits:		
Accumulated deferred income taxes (Notes 1 and 7)	568,172	539,439
Accumulated deferred investment tax credits (Notes 1 and 7)	94,981	98,639
Accumulated reserve for nuclear plant decommissioning (Note 1)	25,103	20,841
Other (Note 1)	172,479	113,889
Total Deferred Credits	860,735	772,808
Commitments and Contingencies (Note 10)	—	—
Total	$4,040,526	$3,557,721

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income and Retained Earnings

For the Years Ended December 31,	1993	1992	1991
		(Thousands of Dollars except per share amounts)	
Operating Revenues (Notes 1 and 2):			
Electric	940,121	$ 829,477	$ 867,215
Gas	320,195	305,275	276,742
Transit	3,851	3,623	3,869
Total Operating Revenues	1,264,167	1,138,375	1,147,826
Operating Expenses:			
Fuel used in electric generation	228,688	206,151	224,867
Purchased power	13,057	7,323	9,816
Gas purchased for resale	209,743	191,577	171,869
Other operation (Note 1)	223,239	215,800	208,614
Maintenance (Note 1)	67,652	65,442	61,599
Depreciation and amortization (Note 1)	112,844	108,315	102,669
Income taxes (Notes 1 and 7)	90,007	60,947	77,562
Other taxes	73,626	73,040	68,470
Total Operating Expenses	1,018,856	928,595	925,466
Operating Income	245,311	209,780	222,360
Other Income (Note 1):			
Other income, net of income taxes	21,147	6,388	8,201
Allowance for equity funds used during construction	8,929	5,495	3,454
Total Other Income	30,076	11,883	11,655
Income Before Interest Charges and Preferred Stock Dividends	275,387	221,663	234,015
Interest Charges (Credits):			
Interest on long-term debt, net	98,695	93,052	88,690
Other interest expense	8,672	8,819	7,648
Allowance for borrowed funds used during construction (Note 1)	(6,178)	(4,271)	(4,880)
Total Interest Charges, Net	101,189	97,600	91,458
Income Before Preferred Stock Cash Dividends of Subsidiary	174,198	124,063	142,557
Preferred Stock Cash Dividends of Subsidiary (At stated rates)	(6,217)	(6,473)	(6,706)
Net Income	167,981	117,590	135,851
Retained Earnings at Beginning of Year	462,893	457,393	428,626
Common Stock Cash Dividends Declared (Note 5)	(124,494)	(112,090)	(105,868)
Other	—	—	(1,216)
Retained Earnings at End of Year	$ 506,380	$ 462,893	$ 457,393
Net Income	$ 167,981	$ 117,590	$ 135,851
Weighted Average Number of Common Shares Outstanding (Thousands)	45,203	41,475	40,361
Earnings Per Weighted Average Share of Common Stock	$3.72	$2.84	$3.37

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the Years Ended December 31,	1993	1992	1991
		(Thousands of Dollars)	
Cash Flows From Operating Activities:			
Net income	$167,981	$117,590	$135,851
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation, depletion and amortization	158,024	126,695	117,402
Amortization of nuclear fuel	18,156	23,190	18,384
Deferred income taxes, net	65,205	(10,783)	30,199
Deferred investment tax credits, net	(3,658)	(3,667)	(3,646)
Net regulatory asset - adoption of SFAS No. 109	(31,531)	—	—
Dividends declared on preferred stock of subsidiary	6,217	6,473	6,706
Allowance for funds used during construction	(15,107)	(9,766)	(8,334)
Unamortized loss on reacquired debt	(17,063)	(81)	171
Nuclear refueling accrual	(6,086)	11,862	(6,192)
Equity in (earnings) losses of investees	(319)	652	412
Over (under) collections, fuel adjustment clause	(14,308)	7,482	(1,207)
Changes in certain current assets and liabilities:			
(Increase) decrease in receivables	(35,244)	(8,918)	(2,506)
(Increase) decrease in inventories	(10,995)	(234)	7,785
Increase (decrease) in accounts payable	28,109	7,282	6,978
Increase (decrease) in estimated rate refunds and related interest	(15,302)	17,811	—
Increase (decrease) in taxes accrued	(14,941)	1,691	9,095
Increase (decrease) in interest accrued	(7,511)	663	4,410
Other, net	3,955	12,354	3,567
Net Cash Provided From Operating Activities	275,582	300,296	319,075
Cash Flows From Investing Activities:			
Utility property additions and construction expenditures	(322,381)	(277,636)	(239,140)
Increase in nonutility property and investments:			
Acquisition of oil and gas producing properties	(122,621)	(74,766)	(3,167)
Nonutility property	(81,044)	(35,462)	(20,750)
Investments	(4,066)	(2,591)	4,895
Repurchase/reissuance of common stock for immaterial acquisition, net of cash acquired	—	—	(25,514)
Principal noncash item:			
Allowance for funds used during construction	15,107	9,766	8,334
Net Cash Used For Investing Activities	(515,005)	(380,689)	(276,342)
Cash Flows From Financing Activities:			
Proceeds:			
Issuance of mortgage bonds	600,000	—	300,000
Issuance of common stock	129,066	126,809	—
Issuance of notes	85,000	150,900	—
Issuance of bank notes and loans	63,059	3,354	80,000
Other long-term debt	3,005	—	—
Repayments:			
Mortgage bonds	(430,000)	(35,890)	(8,000)
Notes	(71,700)	(95,217)	(81,016)
Other long-term debt	(1,535)	(310)	(76,649)
Repurchase of common stock	—	—	(3,656)
Preferred stock	(3,295)	(3,199)	(2,622)
Dividend payments:			
Common stock	(122,129)	(109,383)	(104,910)
Preferred stock	(6,247)	(6,558)	(6,718)
Short-term borrowings, net	1,863	20,390	(113,304)
Fuel financings, net	(18,948)	(6,628)	(4,292)
Net Cash Provided By (Used For) Financing Activities	228,139	44,268	(21,167)
Net Increase (Decrease) in Cash and Temporary Cash Investments	(11,284)	(36,125)	22,566
Cash and Temporary Cash Investments, January 1	32,050	68,175	45,609
Cash and Temporary Cash Investments, December 31	$ 20,766	$ 32,050	$ 68,175
Supplemental Cash Information:			
Cash paid for - Interest	$113,010	$100,340	$ 90,623
- Income taxes	93,337	81,819	45,357
Noncash Financing Activities:			
Capital lease obligations recorded	—	—	2,864
Department of Energy Decontamination and Decommissioning Obligation	4,965	—	—

See Notes to Consolidated Financial Statements.

Consolidated Statements of Capitalization

December 31,	1993		1992	
	(Thousands of Dollars)			
Common Equity (Note 5):				
Common stock, without par value, authorized 75,000,000 shares; issued and outstanding, 1993 - 46,619,457 shares and 1992 - 43,910,631 shares	$ 826,665		$ 699,003	
Retained earnings	506,380		462,893	
Total Common Equity	1,333,045	47%	1,161,896	48%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Not subject to purchase or sinking funds)(Note 5):

$100 Par Value - Authorized 200,000 shares
$ 50 Par Value - Authorized 125,209 shares

	Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993		1992	
$100 Par	8.40%	197,668	197,668	102.80	11-30-96	101.00	19,767		19,767	
$ 50 Par	5.00%	125,209	125,209	52.50	—	52.50	6,260		6,260	
Total Preferred Stock (Not subject to purchase or sinking funds)							26,027	1%	26,027	1%

South Carolina Electric & Gas Company:
Cumulative Preferred Stock (Subject to purchase or sinking funds)(Notes 6 and 8):

$100 Par Value - Authorized 1,550,000 shares

Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993	1992
7.70%	92,992	96,000	101.00	—	101.00	9,299	9,600
8.12%	131,899	136,265	102.03	—	102.03	13,190	13,626
	224,891	232,265					

$ 50 Par Value - Authorized 1,639,886 shares

Series	Shares Outstanding 1993	Shares Outstanding 1992	Redemption Price Current	Redemption Price Through	Redemption Price Eventual Minimum	1993	1992
4.50%	20,800	22,400	51.00	—	51.00	1,040	1,120
4.60%	3,834	5,334	50.50	—	50.50	192	267
4.60%(A)	30,052	32,052	51.00	—	51.00	1,503	1,602
4.60%(B)	81,600	85,000	50.50	—	50.50	4,080	4,250
5.125%	74,000	75,000	51.00	—	51.00	3,700	3,750
6.00%	89,600	92,800	50.50	—	50.50	4,480	4,640
8.72%	160,000	192,000	51.00	12-31-98	50.00	8,000	9,600
9.40%	197,191	203,678	51.175	—	51.175	9,860	10,184
	657,077	708,264					

$ 25 Par Value - Authorized 2,000,000 shares; None outstanding in 1993 and 1992

	1993		1992	
Total Preferred Stock (Subject to purchase or sinking funds)	55,344		58,639	
Less: Current portion, including sinking fund requirements	2,504		2,485	
Total Preferred Stock, Net (Subject to purchase or sinking funds)	52,840	2%	56,154	2%

December 31,	Series	Year of Maturity	1993		1992	
			(Thousands of Dollars)			
Long-Term Debt (Notes 3, 4 and 8):						
SCANA Corporation:						
Bank Notes, due 1995 (various rates between 3.875% and 3.89%)			60,000		60,000	
Medium-term Notes:	5.76%	1998	20,000		—	
	7.17%	1999	42,400		42,400	
	6.60%	1999	30,000		30,000	
	6.15%	2000	20,000		—	
	6.51%	2003	20,000		—	
South Carolina Electric & Gas Company:						
First Mortgage Bonds:	6%	2000	100,000		—	
	6 1/4%	2003	100,000		—	
	7 1/8%	2013	150,000		—	
	7 1/2%	2023	150,000		—	
	7 5/8%	2023	100,000		—	
First and Refunding Mortgage Bonds:	4 7/8%	1995	16,000		16,000	
	5.45%	1996	15,000		15,000	
	6%	1997	15,000		15,000	
	6 1/2%	1998	20,000		20,000	
	8%	1999	—		35,000	
	9 1/8%	1999	—		15,000	
	8%	2001	—		35,000	
	7 1/4%	2002	30,000		30,000	
	9%	2006	145,000		145,000	
	9 1/8%	2006	—		50,000	
	8.40%	2006	—		50,000	
	8 3/8%	2007	—		30,000	
	8.90%	2008	—		30,000	
	10 1/8%	2009	—		35,000	
	9 7/8%	2009	—		50,000	
	8 3/4%	2017	—		100,000	
	8 7/8%	2021	155,000		155,000	
Pollution Control Facilities Revenue Bonds:						
5.95% Series, due 2003			6,760		6,855	
Fairfield County Series 1984, due 2014 (6.50%)			56,820		56,820	
Richland County Series 1985, due 2014 (6.50%)			5,210		5,210	
Fairfield County Series 1986, due 2014 (6.50%)			1,090		1,090	
Colleton and Dorchester Counties Series 1987, due 2014 (6.60%)			4,365		4,365	
Capitalized Lease Obligations, due 1991-1997 (various rates between 5 3/4% and 10%)			2,897		4,875	
Installment Note Payable, due 1996			2,277		—	
Department of Energy Decontamination and Decommissioning Obligation			4,634		—	
South Carolina Generating Company, Inc.:						
Berkeley County Pollution Control Facilities Revenue Bonds, due 2014 (6.50%)			35,850		35,850	
Note, 7.78%, due 2011			71,100		74,800	
South Carolina Fuel Company, Inc.:						
Nuclear and Fossil Fuel Liability			36,750		55,698	
South Carolina Pipeline Corporation:						
Notes, 6.72% due 2013			25,000		—	
Note, 9.27%, due 1991-1994			8,000		16,000	
SCANA Development Corporation, Inc.:						
Notes, due 1994-2004 (various rates between 8.5% and 12.0%)			1,770		1,384	
Bank Loans, due 1994-1998 (various rates between 6% and 6.25%)			13,839		10,952	
Primesouth:						
Term Loan and Capitalized Lease Obligation			—		902	
Total Long-Term Debt			1,464,762		1,233,201	
Less - Current maturities, including sinking fund requirements			34,322		24,704	
- Unamortized discount			6,041		3,743	
Total Long-Term Debt, Net			1,424,399	50%	1,204,754	49%
Total Capitalization			$2,836,311	100%	$2,448,831	100%

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Principles of Consolidation

SCANA Corporation (Company), a South Carolina corporation, is a public utility holding company within the meaning of the Public Utility Holding Company Act of 1935, but is exempt from registration under such Act.

The accompanying Consolidated Financial Statements reflect the consolidation of the accounts of the Company and its wholly owned subsidiaries:

Regulated utilities

South Carolina Electric & Gas Company (SCE&G)
South Carolina Fuel Company, Inc.
South Carolina Generating Company, Inc. (GENCO)
South Carolina Pipeline Corporation (Pipeline Corporation)

Nonregulated businesses

SCANA Petroleum Resources, Inc. (Petroleum Resources)
SCANA Hydrocarbons, Inc.
Suburban Propane Group, Inc.
SCANA Development Corporation
MPX Systems, Inc.
Primesouth, Inc.
SCANA Capital Resources, Inc.

Investments in joint ventures in real estate are reported using the equity method of accounting. Significant intercompany balances and transactions have been eliminated in consolidation.

In January 1994 the Company signed an agreement to sell in 1994 substantially all of the real estate assets of SCANA Development Corporation to Liberty Properties Group, Inc. of Greenville, South Carolina for $91.5 million. Under the terms of the agreement, a portion of the sales price will be received in cash at the time of closing. The remainder of the sales price, which is related to certain projects currently under construction, will be received in cash as those projects are completed. The transaction will not have a material impact on results of operations.

B. System of Accounts

The accounting records of the Company's regulated subsidiaries are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and as adopted by The Public Service Commission of South Carolina (PSC).

C. Utility Plant

Utility plant is stated substantially at original cost. The costs of additions, renewals and betterments to utility plant, including direct labor, material and indirect charges for engineering, supervision and an allowance for funds used during construction, are added to utility plant accounts. The original cost of utility property retired or otherwise disposed of is removed from utility plant accounts and generally charged, along with the cost of removal, less salvage, to accumulated depreciation. The costs of repairs, replacements and renewals of items of property determined to be less than a unit of property are charged to maintenance expense.

SCE&G, operator of the V. C. Summer Nuclear Station (Summer Station), and the South Carolina Public Service Authority (PSA) are joint owners of Summer Station in the proportions of two-thirds and one-third, respectively. The parties share the operating costs and energy output of the plant in these proportions. Each party, however, provides its own financing. Plant in service related to SCE&G's portion of Summer Station was approximately $920.2 million and $916.0 million as of December 31, 1993 and 1992, respectively. Accumulated depreciation associated with SCE&G's share of Summer Station was approximately $285.3 million and $262.2 million as of December 31, 1993 and 1992, respectively. SCE&G's share of the direct expenses associated with operating Summer Station is included in the Company's "Other operation" and "Maintenance" expenses.

D. Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC), a noncash item, reflects the period cost of capital devoted to plant under construction. This accounting practice results in the inclusion, as a component of construction cost, of the costs of debt and equity capital dedicated to construction investment. AFC is included in rate base investment and depreciated as a component of plant cost in establishing rates for utility services. The Company's regulated subsidiaries calculated AFC using composite rates of 9.3%, 9.6% and 9.7% for 1993, 1992 and 1991, respectively. These rates do not exceed the maximum allowable rate as calculated under FERC Order No. 561. Interest on nuclear fuel in process is capitalized at the actual interest amount.

E. Deferred Return on Plant Investment

Commencing July 1, 1987, as approved by a PSC order on that date, SCE&G ceased the deferral of carrying costs associated with 400 MW of electric generating capacity previously removed from rate base and began amortizing the accumulated deferred carrying costs on a straight-line basis over a ten-year period. Amortization of deferred carrying costs, included in "Depreciation and amortization," was approximately $4.2 million for each of 1993, 1992 and 1991.

F. Revenue Recognition

Customers' meters are read and bills are rendered on a monthly cycle basis. Base revenue is recorded during the accounting period in which the meters are read.

Fuel costs for electric generation are collected through the fuel component in retail electric rates. The fuel component contained in electric rates is established by the PSC during semiannual fuel cost hearings. Any difference between actual fuel cost and that contained in the fuel component is deferred and included when determining the fuel cost component during the next semiannual fuel cost hearing. At December 31, 1993 and 1992 SCE&G had overcollected through the electric fuel clause component approximately $9.2 million and $17.7 million, respectively, which are included in "Deferred Credits-Other."

Customers subject to the gas cost adjustment clause are billed based on a fixed cost of gas determined by the PSC during annual gas cost recovery hearings. Any difference between actual gas cost and that contained in the rates is deferred and included when establishing gas costs during the next annual gas cost recovery hearing. At December 31, 1993 and 1992 the Company had undercollected through the gas cost recovery procedure approximately $12.0 million and $6.2 million, respectively, which are included in "Deferred Debits-Other."

G. Depreciation, Depletion and Amortization

Provisions for depreciation are recorded using the straight-line method for financial reporting purposes and are based on the estimated service lives of the various classes of property. The composite weighted average depreciation rates were as follows:

	1993	1992	1991
SCE&G	2.97%	3.00%	2.97%
GENCO	2.64%	2.63%	2.59%
Pipeline Corporation	2.39%	2.62%	2.62%
Aggregate of Above	2.92%	2.96%	2.94%

Nuclear fuel amortization, which is included in "Fuel used in electric generation" and is recovered through the fuel cost component of SCE&G's rates, is recorded using the units-of-production method. Provisions for amortization of nuclear fuel include amounts necessary to satisfy obligations to the United States Department of Energy under a contract for disposal of spent nuclear fuel.

The acquisition adjustment relating to the purchase of certain gas properties in 1982 is being amortized over a 40-year period using the straight-line method.

Depreciation, depletion and amortization of the capitalized costs of oil and gas producing properties is provided for on the units-of-production basis. Units-of-production rates are based on estimated proven reserves.

H. Nuclear Decommissioning

Decommissioning of Summer Station is presently projected to commence in the year 2022 when the operating license expires. The expenditures (on a before-tax basis) related to SCE&G's share of decommissioning activities are currently estimated, in 2022 dollars assuming a 4.5% annual rate of inflation, to be approximately $545.3 million including partial reclamation costs. SCE&G is providing for its share of estimated decommissioning costs of Summer Station over the life of Summer Station. SCE&G collected through rates $2.5 million and $1.6 million in 1993 and 1992, respectively. The amounts collected are deposited in an external trust fund in compliance with the financial assurance requirements of the Nuclear Regulatory Commission. Management intends for the fund, including earnings thereon, to provide for all eventual decommissioning expenditures on an after-tax basis.

In addition, pursuant to the National Energy Policy Act passed by Congress in 1992, SCE&G has recorded a liability for its estimated share of amounts required by the U.S. Department of Energy for its decommissioning fund. SCE&G will recover the costs associated with this liability, totaling $4.6 million at December 31, 1993, through the fuel cost component of its rates; accordingly, these amounts have been deferred and are included in "Deferred Debits-Other" and "Long-term Debt, Net."

I. Income Taxes

The Company and its subsidiaries file consolidated Federal and State income tax returns. Income taxes are allocated to all subsidiaries based on their contributions to consolidated taxable income.

The Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," effective January 1, 1993. Prior years' financial statements have not been restated. Deferred tax assets and liabilities were adjusted from the amounts recorded at December 31, 1992 under prior standards to the amounts required at January 1, 1993 under Statement No. 109 at currently enacted income tax rates. The adjustments were charged or credited to regulatory assets or liabilities if the Company expects to recover the resulting additional income tax expense from, or pass through the resulting reductions in income tax expense to, customers of the Company's regulated subsidiaries; otherwise they were charged or credited to income tax expense. The cumulative effect of adopting Statement No. 109 on retained earnings as of January 1, 1993, as well as the effect of adoption on net income for the year ended December 31, 1993, was not material. The combined effect of adopting Statement No. 109 and adjusting deferred tax assets and liabilities for the change in 1993 of the corporate Federal income tax rate from 34% to 35% resulted in balances of $100.8 million in regulatory assets (included in "Deferred Debits-Other") and $69.3 million in regulatory liabilities (included in "Deferred Credits-Other") for the Company's regulated subsidiaries.

In accordance with Statement No. 109, deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the book and tax basis of assets and liabilities at currently enacted tax rates. Deferred tax assets and liabilities are adjusted for changes in such rates through charges or credits to regulatory assets or liabilities if they are expected to be recovered from, or passed through to, customers of the Company's regulated subsidiaries; otherwise, they are charged or credited to income tax expense.

Prior to the adoption of Statement No. 109 on January 1, 1993, the Company recorded a deferred income tax provision on all material timing differences between the inclusion of items in pretax financial income and taxable income each year, except for those which were expected to be passed through to, or collected from, customers of the Company's regulated subsidiaries. Accumulated deferred income taxes were generally not adjusted for changes in enacted tax rates.

J. Pension Expense

The Company has a noncontributory defined benefit pension plan covering substantially all permanent employees. Benefits are based on years of accredited service and the employee's average annual base earnings received during the last three years of employment. The Company's policy has been to fund pension costs accrued to the extent permitted by the applicable Federal income tax regulations as determined by an independent actuary.

Net periodic pension cost, as determined by an independent actuary, for the years ended December 31, 1993, 1992 and 1991 included the following components:

	1993	1992	1991
	(Thousands of Dollars)		
Service cost-benefits earned during the period	$ 7,629	$ 7,174	$ 6,367
Interest cost on projected benefit obligation	20,413	19,628	18,334
Adjustments: Return on plan assets	(50,389)	(28,607)	(51,440)
Net amortization and deferral	25,936	8,096	36,263
Net periodic pension cost	$ 3,589	$ 6,291	$ 9,524

The following table sets forth the funded status of the plan, as determined by an independent actuary, at December 31, 1993 and 1992:

	1993	1992
	(Thousands of Dollars)	
Actuarial present value of benefit obligations:		
Vested benefit obligation	$204,794	$177,930
Nonvested benefit obligation	14,085	17,110
Accumulated benefit obligation	$218,879	$195,040
Projected benefit obligation	$295,718	$258,440
Plan assets at fair value (invested primarily in equity and debt securities)	351,648	304,114
Plan assets greater than projected benefit obligation	55,930	45,674
Unrecognized net transition liability	10,713	11,555
Unrecognized prior service costs	9,294	10,563
Unrecognized net gain	(64,607)	(63,633)
Pension asset recognized in Consolidated Balance Sheets	$ 11,330	$ 4,159

The accumulated benefit obligation is based on the plan's benefit formulas without considering expected future salary increases. The following table sets forth the assumptions used in the amounts shown above for the years 1993, 1992 and 1991.

	1993	1992 and 1991
Annual discount rate used to determine benefit obligations	7.25%	8.0%
Expected long-term rate of return on plan assets	7.25%	8.0%
Discount rate used in determining pension cost	8.0%	8.0%
Assumed annual rate of future salary increases for projected benefit obligation	4.75%	5.5%

The change in the annual discount rate used to determine benefit obligations from 8.0% to 7.25% as of December 31, 1993 increased the projected benefit obligation and reduced the unrecognized net gain by approximately $4.1 million.

In addition to pension benefits, the Company provides certain health care and life insurance benefits to active and retired employees. On January 1, 1993 the Company adopted Statement No. 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions." The Statement requires that the cost of postretirement benefits other than pensions be accrued during the years the employees render the service necessary to be eligible for the applicable benefits. The Company previously expensed these benefits, which are primarily health care, as claims were incurred. The accumulated obligation for these benefits at January 1, 1993 was approximately $68 million (transition liability) and the annualized increase in expenses (net of payments to current retirees), including the amortization of the transition liability over approximately 20 years as provided for by the Statement, is approximately $4.7 million. In its June 1993 electric rate order (see Note 2A) the PSC approved the inclusion in rates of the portion of increased expenses related to electric operations. Such expenses had been deferred through May 31, 1993 pursuant to a December 10, 1992 accounting directive allowing deferral pending consideration of recovery in future rate proceedings. The Company expensed approximately $4.3 million, net of payments to current retirees, for the year ended December 31, 1993.

Net periodic postretirement benefit cost, as determined by an independent actuary for the year ended December 31, 1993 included the following components (thousands of dollars):

Service cost-benefits earned during the period	$ 1,908
Interest cost on accumulated postretirement benefit obligation	5,502
Adjustments: Return on plan assets	—
Amortization of unrecognized transition obligation	3,344
Other net amortization and deferral	—
Net periodic postretirement benefit cost	$ 10,754

The following table sets forth the unfunded status of the plan, as determined by an independent actuary, at December 31, 1993 (thousands of dollars):

Accumulated postretirement benefit obligations for:	
Retirees	$ 40,865
Other fully eligible participants	25,767
Other active participants	6,841
Accumulated postretirement benefit obligation	73,473
Plan assets at fair value	—
Plan assets less accumulated postretirement benefit obligation	(73,473)
Unrecognized net transition liability	64,925
Unrecognized prior service costs	—
Unrecognized net (gain) loss	4,248
Postretirement benefit liability recognized in Consolidated Balance Sheet	$ (4,300)

The accumulated postretirement obligation is based upon the plan's benefit provisions and the following assumptions:

Assumed health care cost trend rate used to measure expected 1994 costs	12.25%
Ultimate health care cost trend rate (to be achieved in 2004)	5.25%
Discount rate used in determining postretirement benefit costs	7.25%
Assumed annual rate of salary increases	4.75%

The effect of a one-percentage-point increase in the assumed health care cost trend rate for each future year on the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended December 31, 1993 and the accumulated postretirement benefit obligation as of December 31, 1993 would be to increase such amounts by $60,000 and $1.7 million, respectively.

K. Debt Premium, Discount and Expense, Unamortized Loss on Reacquired Debt

Long-term debt premium, discount and expense are being amortized as components of "interest on long-term debt, net" over the terms of the respective debt issues. Gains or losses on reacquired debt that is refinanced are deferred and amortized over the term of the replacement debt.

L. Environmental

The Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date for site assessments and cleanup relate primarily to regulated operations; such amounts have been deferred and are being amortized and recovered through rates over a ten-year period. Such amounts totaled $19.6 million and $18.3 million at December 31, 1993 and 1992, respectively, and are included in "Deferred Debits-Other."

M. Gas Futures Contracts

The Company sells gas futures contracts to hedge price risks for a portion of Petroleum Resources' production. Gains and losses on such contracts, which are not material, are recognized concurrently with the revenue from the associated gas sales.

N. Postemployment Benefits

In November 1992 the Financial Accounting Standards Board issued Statement No. 112 "Employers' Accounting for Postemployment Benefits." The Statement, which is effective for calendar year 1994, establishes certain conditions for the recognition of costs of benefits to former employees after employment but before retirement. The Statement requires recognition of the obligation to provide postemployment benefits if such obligation is attributable to services previously rendered, the obligation relates to rights which vest, payment of the benefits is probable, and the amount of such benefits can be reasonably estimated. The Company does not anticipate that application of this Statement will have a significant impact on results of operations or financial position.

O. Temporary Cash Investments

The Company considers temporary cash investments having original maturities of three months or less to be cash equivalents. Temporary cash investments are generally in the form of commercial paper, certificates of deposit and repurchase agreements.

P. Reclassifications

Certain amounts from prior periods have been reclassified to conform with the 1993 presentation.

2. RATE MATTERS:

A. On June 7, 1993 the PSC issued an order on the Company's pending electric rate proceeding allowing an authorized return on common equity of 11.5%, resulting in a 7.4% annual increase in retail electric rates, or a projected $60.5 million annually based on a test year. These rates are to be implemented in two phases over a two-year period: phase one, effective June 1993, producing $42.0 million annually, and phase two, effective June 1994, producing $18.5 million annually, based on a test year.

B. On September 14, 1992 the PSC issued an order granting SCE&G a $.25 increase in transit fares from $.50 to $.75 in both Columbia and Charleston, South Carolina; however, the PSC also required $.40 fares for low income customers and denied SCE&G's request to reduce the number of routes and frequency of service. The new rates were placed into effect on October 5, 1992. SCE&G has appealed the PSC's order to the Circuit Court. During oral arguments in February 1994 the Circuit Court retained jurisdiction and remanded the decision to the PSC for the limited purpose of answering questions concerning the applicable regulatory principles used by the PSC in determining these transit rates.

C. Since November 1, 1991 SCE&G's gas rate schedules for its residential, small commercial and small industrial customers have included a weather normalization adjustment (WNA). The WNA minimizes fluctuations in gas revenues due to abnormal weather conditions and has been approved through November 1994 subject to an annual review by the PSC. The PSC order was based on a return on common equity of 12.25% (see Note 2G). The WNA became effective the first billing cycle in December 1991.

D. In May 1989 the PSC approved a volumetric and direct billing method for Pipeline Corporation to recover take-or-pay costs incurred from its interstate pipeline suppliers pursuant to FERC-approved final and nonappealable settlements. In December 1992 the South Carolina Supreme Court (Supreme Court) approved Pipeline Corporation's full recovery of the take-or-pay charges imposed by its suppliers and treatment of these charges as a cost of gas. However, the Supreme Court declared the PSC-approved "purchase deficiency" methodology for recovery of these costs to be unlawful retroactive ratemaking and remanded the docket to the PSC to reconsider its recovery methodology. The Company believes that the elimination of the purchase deficiency method of recovery will affect the timing for recovery of take-or-pay charges and shift the allocations among Pipeline Corporation's customers (including SCE&G) but that all such charges should be ultimately recovered. The case has been remitted to the PSC by the Supreme Court and the Company anticipates the PSC will issue an Order authorizing full recovery of incurred take-or-pay costs on a prospective volumetric basis after the completion of accounting verification by the PSC Staff of the principal and associated interest costs.

E. On August 8, 1990 the PSC issued an order, effective November 1, 1990, approving changes in Pipeline Corporation's gas rate design for sales for resale service and upholding the "value-of-service" method of regulation for its direct industrial service. Direct Industrial customers seeking "cost-of-service" based rates initiated two separate appeals to the Circuit Court, which reversed and remanded to the PSC its August 8, 1990 order. Pipeline Corporation appealed that decision to the Supreme Court which reversed the two Circuit Court decisions and reinstated the PSC Order. The Supreme Court held that the industrial customer group's appeal was premature and failed to exhaust administrative remedies. Additionally, the Supreme Court interpreted the ratemaking statutes of South Carolina to give discretion to the PSC in selecting the methodology to be used in setting rates for natural gas service.

F. On July 3, 1989 the PSC granted SCE&G approximately $21.9 million of a requested $27.2 million annual increase in retail electric revenues based upon an allowed return on common equity of 13.25%. The Consumer Advocate appealed the decision to the Supreme Court which, on August 31, 1992, found that the evidence in the record of that case did not support a return on common equity higher than 13.0% and remanded to the PSC a portion of its July 1989 order for a determination of the proper return on common equity consistent with the Supreme Court's opinion. On January 19, 1993 the PSC issued an order allowing a return on common equity of 13.0%, approving a refund based on the difference in rates created by the difference between the 13.0% and the 13.25% return on common equity and making other non-material adjustments to the calculation of cost-of-service. The total refund, before interest and income taxes, was approximately $14.6 million and was charged against 1992 "Electric Revenues." The refund plus interest was made during 1993.

G. On November 28, 1989 the PSC granted SCE&G an increase in firm retail natural gas rates, effective November 30, 1989, designed to increase annual revenues by $10.1 million, or 89.5% out of the requested increase of approximately $11.3 million. In its order the PSC authorized a 12.75% return on common equity. The Consumer Advocate appealed to the Supreme Court which on August 31, 1992 remanded the order to the PSC for redetermination of the proper amount of litigation expenses to include in the test period. In January 1993 the PSC reduced the amount of litigation expense and ordered a refund totaling approximately $163,000 which was charged against 1992 "Gas Revenues." The refund was made during 1993.

3. LONG-TERM DEBT:

The annual amounts of long-term debt maturities, including the amounts due under the nuclear and fossil fuel agreement (see Note 4), and sinking fund requirements for the years 1994 through 1998 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1994	$34,322	1997	$34,591
1995	94,067	1998	59,228
1996	69,269		

Approximately $10.9 million of the current portion of long-term debt for 1994 may be satisfied by either deposit and cancellation of bonds issued upon the basis of property additions or bond retirement credits, or by deposit of cash with the Trustee.

During 1993 certain issues of SCE&G's First and Refunding Mortgage Bonds were redeemed and replaced with SCE&G's First Mortgage Bonds.

In January 1994 the Company arranged for unsecured bank loans totaling $60 million, due January 13, 1995 at interest rates between 3.875% and 3.89%. Proceeds from the loan were used to repay a $60 million bank loan due January 14, 1994; accordingly, such loan is included in long-term debt at December 31, 1993.

Substantially all utility plant and fuel inventories are pledged as collateral in connection with long-term debt.

4. FUEL FINANCINGS:

Nuclear and fossil fuel inventories are financed through the issuance of short-term commercial paper. These short-term borrowings are supported by an irrevocable revolving credit agreement which expires July 31, 1996. Accordingly, the amounts outstanding have been included in long-term debt. The credit agreement provides for a maximum amount of $75 million that may be outstanding at any time.

Commercial paper outstanding totaled $36.8 million and $55.7 million at December 31, 1993 and 1992 at weighted average interest rates of 3.47% and 3.81%, respectively.

5. STOCKHOLDERS' INVESTMENT (Including Preferred Stock Not Subject to Purchase or Sinking Funds):

The changes in "Common Stock," without par value, during 1993, 1992 and 1991 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1990	40,882,176	$575,251
Repurchase of common stock	(1,000,000)	(37,425)
Acquisition of propane operations	902,311	33,769
Other	(160)	2
Balance December 31, 1991	40,784,327	571,597
Issuance of common stock	3,126,304	127,406
Balance December 31, 1992	43,910,631	699,003
Issuance of common stock	2,708,826	127,662
Balance December 31, 1993	46,619,457	$826,665

The Restated Articles of Incorporation of the Company do not limit the dividends that may be payable on its common stock. However, the Restated Articles of Incorporation of SCE&G and the Indenture underlying its First and Refunding Mortgage Bonds contain provisions that may limit the payment of cash dividends on its common stock. In addition, with respect to hydroelectric projects, the Federal Power Act may require the appropriation of a portion of the earnings therefrom. At December 31, 1993 approximately $10.6 million of retained earnings were restricted as to payment of cash dividends on common stock.

Cash dividends on common stock were declared at an annual rate per share of $2.74, $2.68 and $2.62 for 1993, 1992 and 1991, respectively.

6. PREFERRED STOCK (Subject to Purchase or Sinking Funds):

The call premium of the respective series of preferred stock in no case exceeds the amount of the annual dividend. Retirements under sinking fund requirements are at par values.

At any time when dividends have not been paid in full or declared and set apart for payment on all series of preferred stock, SCE&G may not redeem any shares of preferred stock (unless all shares of preferred stock then outstanding are redeemed) or purchase or otherwise acquire for value any shares of preferred stock except in accordance with an offer made to all holders of preferred stock. SCE&G may not redeem any shares of preferred stock (unless all shares of preferred stock then outstanding are redeemed) or purchase or otherwise acquire for value any shares of preferred stock (except out of monies set aside as purchase funds or sinking funds for one or more series of preferred stock) at any time when it is in default under the provisions of the purchase fund or sinking fund for any series of preferred stock.

The aggregate annual amounts of purchase fund or sinking fund requirements for preferred stock for the years 1994 through 1998 are summarized as follows:

Year	Amount	Year	Amount
	(Thousands of Dollars)		
1994	$2,504	1997	$2,440
1995	2,515	1998	2,440
1996	2,482		

The changes in "Total Preferred Stock (Subject to purchase or sinking funds)" during 1993, 1992 and 1991 are summarized as follows:

	Number of Shares	Thousands of Dollars
Balance December 31, 1990	1,050,201	$64,460
Shares Redeemed:		
$100 par value	(628)	(63)
50 par value	(51,169)	(2,559)
Balance December 31, 1991	998,404	61,838
Shares Redeemed:		
$100 par value	(6,098)	(610)
50 par value	(51,777)	(2,589)
Balance December 31, 1992	940,529	58,639
Shares Redeemed:		
$100 par value	(7,374)	(737)
50 par value	(51,187)	(2,558)
Balance December 31, 1993	881,968	$55,344

7. INCOME TAXES:

Total income tax expense for 1993, 1992 and 1991 is as follows:

	1993	1992	1991
	(Thousands of Dollars)		
Current taxes:			
Federal	$59,590	$67,240	$43,485
State	6,409	8,146	5,284
Total current taxes	65,999	75,386	48,769
Deferred taxes, net:			
Federal	23,219	(11,888)	25,548
State	6,003	413	4,653
Total deferred taxes	29,222	(11,475)	30,201
Investment tax credits:			
Amortization of amounts deferred (credit)	(3,659)	(3,659)	(3,645)
Total income tax expense	$91,562	$60,252	$75,325

Total income taxes differ from amounts computed by applying the statutory Federal income tax rate of 35% for 1993 and 34% for 1992 and 1991 to pretax income as follows:

	1993	1992	1991
	(Thousands of Dollars)		
Net income	$167,98	$117,590	$135,851
Total income tax expense:			
Charged to operating expenses	90,00	60,947	77,562
Charged (credited) to other income	1,55	(695)	(2,237)
Preferred stock dividends	6,21	6,473	6,706
Total pretax income	$265,760	$184,315	$217,882
Income taxes on above at statutory Federal income tax rate	$ 93,016	$ 62,667	$ 74,080
Increases (decreases) attributable to:			
Allowance for funds used during construction (excluding nuclear fuel)	(3,125)	(1,868)	(1,174)
Deferred return on plant investment, net of amortization	1,486	1,444	1,444
Depreciation differences	2,794	2,129	1,613
Amortization of investment tax credits	(3,659)	(3,659)	(3,645)
State income taxes (less Federal income tax effect)	8,068	5,649	6,559
Deferred income tax flowback at higher than statutory rates	(4,411)	(5,565)	(3,226)
Alternate fuel production tax credit	(1,373)	(275)	—
Other differences, net	(1,234)	(270)	(326)
Total income tax expense	$ 91,562	$ 60,252	$ 75,325

The Omnibus Budget Reconciliation Act was signed into law on August 10, 1993, increasing the corporate tax rate from 34% to 35% effective January 1, 1993. The impact of this change on the Company's financial position and results of operations was not material.

The tax effects of significant temporary differences comprising the Company's net deferred tax liability of $559.6 million at December 31, 1993 determined in accordance with Statement No. 109 (see Note 1I) are as follows (thousands of dollars):

Deferred tax assets:	
Unamortized investment tax credits	$ 58,839
Cycle billing	15,084
Nuclear operations expenses	4,908
Deferred compensation	5,315
Uncollectible accounts	1,892
Other postretirement benefits	1,631
Injuries and damages	722
Other	8,488
Total deferred tax assets	96,879
Deferred tax liabilities:	
Accelerated depreciation and amortization	604,091
Intangible drilling costs	15,768
Reacquired debt	7,574
Property taxes	6,406
Pension expense	6,266
Take-or-pay contracts	4,528
Nuclear system maintenance	2,965
Early retirement programs	1,961
Nuclear decontamination fund	1,417
Other	5,468
Total deferred tax liabilities	656,444
Net deferred tax liability	$559,565

"Total deferred taxes" charged (credited) to income tax expense result from timing differences in recognition of the following items:

	1992	1991
	(Thousands of Dollars)	
Charged (credited) to expense:		
Accelerated depreciation and amortization	$ 2,313	$23,900
Deferred fuel accounting	(2,958)	461
Property taxes	562	1,692
Cycle billing	(1,321)	3,608
Take-or-pay contracts	(1,118)	(1,099)
Intangible drilling costs	5,122	276
Nuclear refueling accrual	(4,430)	2,052
Electric rate refund	(6,571)	—
Injuries and damages	(1,377)	—
Other, net	(1,697)	(689)
Total deferred taxes	$(11,475)	$30,201

The Internal Revenue Service has examined and closed consolidated Federal income tax returns of the Company through 1989 and is currently examining the 1990 and 1991 Federal income tax returns. No adjustments are currently proposed by the examining agent. The Company does not anticipate that any adjustments which might result from this examination will have a significant impact on the earnings or financial position of the Company.

8. FINANCIAL INSTRUMENTS:

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1993 and 1992 are as follows (thousands of dollars):

	1993		1992	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and temporary cash investments	$ 20,766	$ 20,766	$ 32,050	$ 32,050
Investments	5,312	15,235	5,066	10,195
Short-term borrowings	43,019	43,019	41,156	41,156
Total Long-Term Debt	1,458,721	1,551,873	1,229,468	1,272,922
Total Preferred Stock (Subject to purchase or sinking funds)	55,344	51,618	58,639	53,771
Gas futures contracts	137	650	338	260

The information presented herein is based on pertinent information available to the Company as of December 31, 1993 and 1992. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such financial instruments have not been comprehensively revalued since December 31, 1993 and the current estimated fair value may differ significantly from the estimated fair value at that date.

The following methods and assumptions were used to estimate the fair value of the above classes of financial instruments:

Cash and temporary cash investments, including commercial paper, repurchase agreements, treasury bills and notes are valued at their carrying amount.

Fair values of investments and long-term debt are based on quoted market prices for similar instruments, or for those instruments for which there are no quoted market prices available, fair values are based on net present value calculations. Investments which are not considered to be financial instruments (goodwill) have been excluded from the carrying amount and estimated fair value. Settlement of long-term debt may not be possible or may not be a prudent management decision.

Short-term borrowings are valued at their carrying amount.

The fair value of preferred stock (subject to purchase or sinking funds) and gas futures contracts is estimated on the basis of market prices.

Potential taxes and other expenses that would be incurred in an actual sale or settlement have not been taken into consideration.

9. SHORT-TERM BORROWINGS:

The Company pays fees to banks as compensation for its lines of credit. Commercial paper borrowings are for 270 days or less. Details of lines of credit and short-term borrowings at December 31, 1993, 1992 and 1991 and for the years then ended are as follows:

	1993	1992	1991
	(Millions of Dollars)		
Authorized lines of credit at year-end	$175.0	$153.9	$141.7
Unused lines of credit at year-end	$148.0	$127.8	$141.6
Short-term borrowings (including commercial paper) during the year:			
Maximum outstanding	$304.8	$143.0	$134.0
Average outstanding	$117.2	$ 75.3	$ 74.3
Weighted average daily interest rates:			
Bank loans	3.57%	4.47%	6.32%
Commercial paper	3.13%	3.69%	6.31%
Short-term borrowings outstanding at year-end:			
Bank loans	$ 42.0	$ 41.1	$ 20.7
Weighted average interest rate	3.71%	4.49%	5.89%
Commercial paper	$ 1.0	—	—
Weighted average interest rate	3.50%	—	—

10. COMMITMENTS AND CONTINGENCIES:

A. Construction

SCE&G entered into a contract with Duke/Fluor Daniel in 1991 to design, engineer and build a 385 MW coal-fired electric generating plant near Cope, South Carolina in Orangeburg County. Construction of the plant began in November 1992 and commercial operation is expected in late 1995 or early 1996. The estimated price of the Cope plant, excluding financing costs and AFC but including an allowance for escalation, is $450 million. In addition, the transmission lines for interconnection with the Company's system are expected to cost $26 million.

Under the Duke/Fluor Daniel contract SCE&G must make specified monthly minimum payments. These minimum payments do not include amounts for inflation on a portion of the contract which is subject to escalation (approximately 34% of the total contract amount). The aggregate amount of such required minimum payments remaining at December 31, 1993 is as follows (thousands of dollars):

1994	$168,152
1995	59,766
1996	5,603
Total	$233,521

Through December 31, 1993 SCE&G paid $142.0 million under the contract.

B. Nuclear Insurance

The Price-Anderson Indemnification Act, which deals with public liability for a nuclear incident, currently establishes the liability limit for third-party claims associated with any nuclear incident at $9.4 billion. Each reactor licensee is currently liable for up to $79.3 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than $10 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be approximately $52.9 million per incident, but not more than $6.7 million per year.

SCE&G currently maintains policies (for itself and on behalf of the PSA) with Nuclear Electric Insurance Limited (NEIL) and American Nuclear Insurers (ANI) providing combined property and decontamination insurance coverage of $1.4 billion for any losses in excess of $500 million pursuant to existing primary coverages (with ANI) on Summer Station. SCE&G pays annual premiums and, in addition, could be assessed a retroactive premium not to exceed 7 1/2 times its annual premium in the event of property damage loss to any nuclear generating facilities covered by NEIL. Based on the current annual premium, this retroactive premium would not exceed $8.1 million.

To the extent that insurable claims for property damage, decontamination, repair and replacement and other costs and expenses arising from a nuclear incident at Summer Station exceed the policy limits of insurance, or to the extent such insurance becomes unavailable in the future, and to the extent that SCE&G's rates would not recover the cost of any purchased replacement power, SCE&G will retain the risk of loss as a self-insurer. SCE&G has no reason to anticipate a serious nuclear incident at Summer Station. If such an incident were to occur, it could have a materially adverse impact on the Company's financial position.

C. Litigation

In January 1994 SCE&G, acting on behalf of itself and the PSA (as co-owners of Summer Station), reached a settlement with Westinghouse Electric Corporation (Westinghouse) resolving a dispute involving steam generators provided by Westinghouse to Summer Station which are defective in design, workmanship and materials. Terms of the settlement are confidential by agreement of the parties and order of the court. SCE&G had filed an action in May 1990 against Westinghouse in the U.S. District Court for South Carolina; an order dismissing this suit was issued on January 12, 1994.

D. Environmental

As described in Note 1L, the Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date for site assessments and cleanup relate primarily to regulated operations; such amounts have been deferred and are being amortized and recovered through rates over a ten-year period.

11. SEGMENT OF BUSINESS INFORMATION:

Segment information at December 31, 1993, 1992 and 1991 and for the years then ended is as follows:

1993

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 940,121	$320,115	$ 3,85	$1,264,167
Operating expenses, excluding depreciation and amortization	620,291	275,984	9,73[illegible]	906,012
Depreciation and amortization	97,849	14,820	175	112,844
Total operating expenses	718,140	290,804	9,912	1,018,856
Operating income (loss)	$ 221,981	$ 29,391	$(6,061)	245,311
Add - Other income, net				30,076
Less - Interest charges				101,189
- Preferred stock dividends				6,217
Net income				$ 167,981
Capital expenditures: Identifiable	$ 279,082	$ 28,761	$ 604	$ 308,447
Utilized for overall Company operations				13,934
Total				$ 322,381
Identifiable assets at December 31, 1993:				
Utility plant, net	$2,628,374	$312,437	$ 1,673	$2,942,484
Inventories	77,805	22,019	463	100,287
Total	$2,706,179	$334,456	$ 2,136	3,042,771
Assets utilized for overall Company operations				997,755
Total assets				$4,040,526

1992

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 829,477	$305,275	$ 3,623	$1,138,375
Operating expenses, excluding depreciation and amortization	554,897	256,178	9,205	820,280
Depreciation and amortization	93,978	14,174	163	108,315
Total operating expenses	648,875	270,352	9,368	928,595
Operating income (loss)	$ 180,602	$ 34,923	$(5,745)	209,780
Add - Other income, net				11,883
Less - Interest charges				97,600
- Preferred stock dividends				6,473
Net income				$ 117,590
Capital expenditures: Identifiable	$ 234,918	$ 33,495	$ 346	$ 268,759
Utilized for overall Company operations				8,877
Total				$ 277,636
Identifiable assets at December 31, 1992:				
Utility plant, net	$2,456,691	$299,591	$ 1,240	$2,757,522
Inventories	82,717	8,155	481	91,353
Total	$2,539,408	$307,746	$ 1,721	2,848,875
Assets utilized for overall Company operations				708,846
Total assets				$3,557,721

1991

	Electric	Gas	Transit	Total
		(Thousands of Dollars)		
Operating revenues	$ 867,215	$276,742	$ 3,869	$1,147,826
Operating expenses, excluding depreciation and amortization	580,265	233,509	9,023	822,797
Depreciation and amortization	88,803	13,720	146	102,669
Total operating expenses	669,068	247,229	9,169	925,466
Operating income (loss)	$ 198,147	$ 29,513	$(5,300)	222,360
Add - Other income, net				11,655
Less - Interest charges				91,458
- Preferred stock dividends				6,706
Net income				$ 135,851
Capital expenditures: Identifiable	$ 205,704	$ 25,380	$ 89	$ 231,173
Utilized for overall Company operations				7,967
Total				$ 239,140
Identifiable assets at December 31, 1991:				
Utility plant, net	$2,333,877	$280,805	$ 1,073	$2,615,755
Inventories	83,637	7,242	476	91,355
Total	$2,417,514	$288,047	$ 1,549	2,707,110
Assets utilized for overall Company operations				598,752
Total assets				$3,305,862

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

1993

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$321,840	$280,382	$359,453	$302,492	$1,264,167
Operating income (000)	63,714	45,370	84,638	51,589	245,311
Net income (000)	45,110	26,909	64,427	31,535	167,981
Earnings per weighted average share of common stock as reported	1.02	.61	1.41	.68	3.72

1992

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Total operating revenues (000)	$297,414	$255,343	$305,594	$280,024	$1,138,375
Operating income (000)	56,978	40,203	64,486	48,113	209,780
Net income (000)	34,132	16,753	39,643	27,062	117,590
Earnings per weighted average share of common stock as reported	.83	.41	.96	.64	2.84

LIQUIDITY AND CAPITAL RESOURCES

The cash requirements of the Company arise primarily from SCE&G's operational needs, the Company's construction program and the need to fund the activities or investments of the Company's nonregulated subsidiaries. The ability of the Company's regulated subsidiaries to replace existing plant investment, as well as to expand to meet future demand for electricity and gas, will depend upon their ability to attract the necessary financial capital on reasonable terms. The Company's regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and the regulated subsidiaries expand their construction programs, it is necessary to seek increases in rates. As a result the Company's future financial position and results of operations will be affected by the regulated subsidiaries' ability to obtain adequate and timely rate relief.

Due to continuing customer growth, SCE&G entered into a contract with Duke/Fluor Daniel in 1991 to design, engineer and build a 385 MW coal-fired electric generating plant near Cope, South Carolina in Orangeburg County. Construction of the plant began in November 1992 with commercial operation expected in late 1995 or early 1996. The estimated price of the Cope plant, excluding financing costs and allowance for funds used during construction (AFC) but including an allowance for escalation, is $450 million. In addition, the transmission lines for interconnection with the Company's system are expected to cost $26 million. Until the completion of the new plant, SCE&G is contracting for additional capacity as necessary to ensure that the energy demands of its customers can be met.

As discussed in Note 2A of Notes to Consolidated Financial Statements, on June 7, 1993 The Public Service Commission of South Carolina (PSC) issued an order granting SCE&G a 7.4% annual increase in retail electric rates to be implemented in two phases of $42.0 million annually effective June 1993 and $18.5 million annually effective June 1994, based on a test year.

Approximately 28% of total cash requirements (excluding dividends) was provided from internal sources in 1993 as compared to 40% in 1992.

The Company has in effect a medium-term note program for the issuance from time to time of unsecured medium-term debt securities. The proceeds from the sales of these securities may be used to fund additional business activities in nonutility subsidiaries, to reduce short-term debt incurred in connection therewith or for general corporate purposes. In 1993 the Company issued $60 million of such medium-term notes. The proceeds from the sales of these securities were used for the funding of nonutility subsidiary activities. At December 31, 1993 the Company has available for issuance $67.6 million under the current registration statement.

SCE&G's First and Refunding Mortgage Bond Indenture, dated April 1, 1945 (Old Mortgage), contains provisions prohibiting the issuance of additional bonds thereunder (Class A Bonds) unless net earnings (as therein defined) for 12 consecutive months out of the 15 months prior to the month of issuance is at least twice the annual interest requirements on all Class A Bonds to be outstanding (Bond Ratio). For the year ended December 31, 1993 the Bond Ratio was 3.70. The issuance of additional Class A Bonds is restricted also to an additional principal amount equal to 60% of unfunded net property additions (which unfunded net property additions totaled approximately $219.9 million at December 31, 1993), Class A Bonds issued on the basis of retirements of Class A Bonds (which retirement credits totaled $10.9 million at December 31, 1993), and Class A Bonds issued on the basis of cash on deposit with the Trustee.

SCE&G has placed a new bond indenture (New Mortgage) dated April 1, 1993 on substantially all of its electric properties under which its future mortgage-backed debt (New Bonds) will be issued. New Bonds are expected to be issued under the New Mortgage on the basis of a like principal amount of Class A Bonds issued under the Old Mortgage which have been deposited with the Trustee of the New Mortgage (of which $157 million were available for such purpose as of December 31, 1993), until such time as all presently outstanding Class A Bonds are retired. Thereafter, New Bonds will be issuable on the basis of property additions in a principal amount equal to 70% of the original cost of electric and common plant properties (compared to 60% of value for Class A Bonds under the Old Mortgage), cash deposited with the Trustee, and retirement of New Bonds. New Bonds will be issuable under the New Mortgage only if adjusted net earnings (as therein defined) for 12 consecutive months out of the 18 months immediately preceding the month of issuance are at least twice the annual interest requirements on all outstanding bonds (including Class A Bonds) and New Bonds to be outstanding (New Bond Ratio). For the year ended December 31, 1993 the New Bond Ratio was 5.0.

On April 29, 1993 the Securities and Exchange Commission (SEC) declared effective a registration statement for the issuance of up to $700 million of First Mortgage Bonds by SCE&G under the New Mortgage. The following series, aggregating $600 million, have been issued under such registration statement:

- On June 9, 1993, $100 million, 7 5/8% Series due June 1, 2023 to repay short-term borrowings in a like amount.
- On July 1, 1993, $100 million, 6% Series due June 15, 2000; and $150 million, 7 1/8% Series due June 15, 2013; and on July 20, 1993, $150 million, 7 1/2% Series due June 15, 2023, to redeem, on July 20, 1993, $382,035,000 of First and Refunding Mortgage Bonds maturing between 1999 and 2017 and bearing interest at rates between 8% and 9 7/8% per annum.
- On December 20, 1993, $100 million, 6 1/4% Series due December 15, 2003 to repay short-term borrowings in a like amount.

The following additional financing transactions have occurred since December 31, 1992:

- On January 15, 1993 the Company closed on an unsecured bank loan in the principal amount of $60 million, due January 14, 1994, and used the proceeds to pay off a loan in a like amount. The interest rate is the three month LIBOR plus 30 basis points and is reset quarterly. On January 14, 1994 the Company refinanced the loan with unsecured bank loans totaling $60 million, due January 13, 1995 at interest rates between 3.875% and 3.89%.
- On April 15, 1993 the Company arranged for a $15 million term loan, due April 14, 1994, to repay short-term borrowings in a like amount. The interest rate is the three month LIBOR plus 16 basis points and is reset quarterly.
- On June 1, 1993 SCE&G redeemed the following amounts of First and Refunding Mortgage Bonds: $35 million, 10 1/8% Series due 2009 and $13 million, 9 7/8% Series due 2009.
- On June 2, 1993 the Company entered into a $123 million 90-day bank loan (90-day bank loan) to finance the acquisition by Petroleum Resources of approximately 125 billion cubic feet equivalent of natural gas reserves through the purchase of NICOR Exploration and Production Company. (NICOR).
- On July 1, 1993 the Company issued $60 million of medium-term notes bearing interest at the following rates and maturing on the following dates in the following amounts: $20 million, 5.76%, due July 1, 1998; $20 million, 6.15%, due July 3, 2000; $20 million, 6.51%, due July 1, 2003. The proceeds were used to repay a portion of the 90-day bank loan discussed above.

• In early August 1993 the Company issued 1,467,000 shares of common stock with net proceeds totaling $69,345,090. The proceeds were used to repay the remainder of the 90-day bank loan previously discussed and for general corporate purposes.
• On September 30, 1993 Pipeline Corporation sold unsecured promissory notes totaling $25 million, 6.72% due September 30, 2013. The proceeds were used to repay short-term borrowings in a like amount.

Without the consent of at least a majority of the total voting power of SCE&G's preferred stock, SCE&G may not issue or assume any unsecured indebtedness if, after such issue or assumption, the total principal amount of all such unsecured indebtedness would exceed 10% of the aggregate principal amount of all of SCE&G's secured indebtedness and capital and surplus; provided, however, that no such consent shall be required to enter into agreements for payment of principal, interest and premium for securities issued for pollution control purposes.

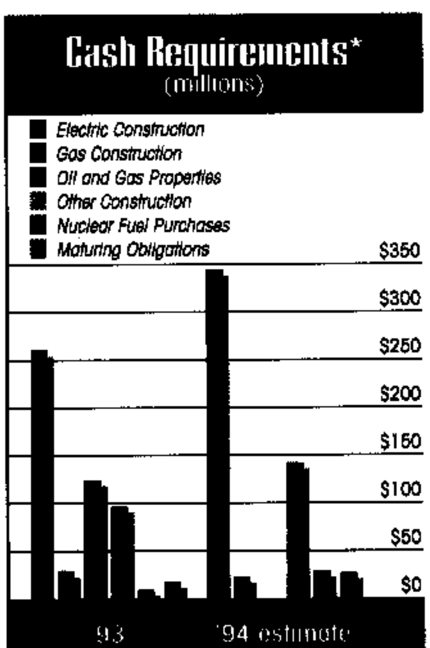
Pursuant to Section 204 of the Federal Power Act, SCE&G and GENCO must obtain FERC authority to issue short-term indebtedness. The FERC has authorized SCE&G to issue up to $200 million of unsecured promissory notes or commercial paper with maturity dates of 12 months or less but not later than December 31, 1995. GENCO has not sought such authorization.

The Company has $175.0 million authorized lines of credit and has unused lines of credit of $148.0 million at December 31, 1993. In addition, the Company has a credit agreement for a maximum of $75 million to finance nuclear and fossil fuel inventories, with $38.2 million available at December 31, 1993.

SCE&G's Restated Articles of Incorporation prohibit issuance of additional shares of preferred stock without consent of the preferred stockholders unless net earnings (as defined therein) for the 12 consecutive months immediately preceding the month of issuance is at least one and one-half times the aggregate of all interest charges and preferred stock dividend requirements (Preferred Stock Ratio). For the year ended December 31, 1993 the Preferred Stock Ratio was 2.52.

On October 12, 1993 the Company registered with the SEC 2,000,000 additional shares of the Company's common stock to be issued and sold under the Dividend Reinvestment and Stock Purchase Plan (DRP).

During 1993 the Company issued 529,954 shares of the Company's common stock under the DRP. In addition, the Company issued 705,498 shares of its common stock pursuant to its Stock Purchase-Savings Plan (SPSP). The Company has authorized and reserved for issuance, and registered under effective registration statements, 2,065,824 and 872,420 shares of common stock pursuant to the DRP and the SPSP, respectively.



*excluding fuel liabilities and short-term borrowings

In January 1994 the Company signed an agreement to sell in 1994 substantially all of the real estate assets of SCANA Development Corporation (Development Corporation) to Liberty Properties Group, Inc. of Greenville, South Carolina for $91.5 million. Under the terms of the agreement, a portion of the sales price will be received in cash at the time of closing. The remainder of the sales price, which is related to certain projects currently under construction, will be received in cash as those projects are completed. The net proceeds from the sale will be used to retire Development Corporation's debt and for general corporate purposes, including the funding of other nonutility subsidiaries' business activities. The transaction will not have a material impact on results of operations.

Estimated capital requirements for construction in the year 1994 are reflected in the Cash Requirements chart.

The Company anticipates that its 1994 cash requirements of $559.7 will be met through internally generated funds (approximately 38% excluding dividends), the sales of additional equity securities and the incurrence of additional short-term and long-term indebtedness. The timing and amount of such financing will depend upon market conditions and other factors. Actual 1994 expenditures may vary from the estimates set forth above due to factors such as inflation and economic conditions, regulation and legislation, rates of load growth, environmental protection standards and the cost and availability of capital.

The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements.

Environmental Matters

The Clean Air Act requires electric utilities to reduce substantially emissions of sulfur dioxide and nitrogen oxide by the year 2000. These requirements are being phased in over two periods. The first phase has a compliance date of January 1, 1995 and the second, January 1, 2000. The Company meets all requirements of Phase I and therefore will not have to implement changes until compliance with Phase II requirements is necessary. The Company then will most likely meet its compliance requirements through the burning of natural gas and/or lower sulfur coal, the addition of scrubbers to coal-fired generating units, and the purchase of sulfur dioxide emission allowances. Low nitrogen oxide burners will be installed to reduce nitrogen oxide emissions.

The Company is continuing to refine a compliance plan that must be filed with the U.S. Environmental Protection Agency (EPA) by January 1, 1996. The Company currently estimates that air emissions control equipment will require capital expenditures of $252 million over the 1994-1998 period to retrofit existing facilities and an increased operation and maintenance cost of $31 million per year. To meet compliance requirements through the year 2003, the Company anticipates total capital expenditures of $275 million.

The South Carolina Solid Waste Policy and Management Act of 1991 requires promulgation of regulations addressing specified subjects, one of which affects the management of industrial solid waste. This regulation will establish minimum criteria for industrial landfills as mandated under the Act. The proposed regulation, if adopted as a final regulation in its present form, could significantly impact SCE&G's and GENCO's engineering, design and operation of existing and future ash management facilities. Potential cost impacts could be substantial.

As described in Note 1L of Notes to Consolidated Financial Statements, the Company has an environmental assessment program to identify and assess current and former operations sites that could require environmental cleanup. As site assessments are initiated, an estimate is made of the amount of expenditures, if any, necessary to investigate and clean up each site. These estimates are refined as additional information becomes available; therefore actual expenditures could significantly differ from the original estimates. Amounts estimated and accrued to date ($19.6 million) for site assessments and cleanup of regulated operations have been deferred and are being amortized and recovered through rates over a ten-year period. Estimates to date include, among other things, the costs estimated to be associated with the matters discussed in the following paragraphs.

The Company and its principal subsidiary, SCE&G, each own two decommissioned manufactured gas plant sites which contain residues of by-product chemicals. The Company and SCE&G have each maintained an active review of their respective sites to monitor the nature and extent of the residual contamination.

In September 1992 the EPA notified SCE&G, the City of Charleston and the Charleston Housing Authority of their potential liability for the investigation and cleanup of the Calhoun Park Area Site in Charleston, South Carolina. This site originally encompassed approximately 18 acres and included properties which were the locations for industrial operations, including a wood preserving (creosote) plant and one of SCE&G's decommissioned manufactured gas plants. The original scope of this investigation has been expanded to approximately 30 acres including adjacent properties owned by the National Park Service and City of Charleston, and private properties. The site has not been placed on the National Priority List, but may be added before cleanup is initiated. The potentially responsible parties (PRP) have agreed with the EPA to participate in an innovative approach to site investigation and cleanup called "Superfund Accelerated Cleanup Model," allowing the pre-cleanup site investigations process to be compressed significantly. The PRPs have negotiated an administrative order by consent for the conduct of a Remedial Investigation/Feasibility Study (RI/FS) and a corresponding Scope of Work. Actual field work began November 1, 1993 after final approval and authorization was granted by EPA. SCE&G is also working with the City of Charleston to investigate potential contamination from the manufactured gas plant at the city's aquarium site.

During 1993 SCE&G settled its obligations at the Yellow Water Road Superfund Site near Jacksonville, Florida, the Spencer Transformer and Equipment Site in West Virginia and Elliott's Auto Parts in Benton, Arkansas. No further expenses are anticipated for these sites.

SCE&G has been listed as a PRP and has recorded liabilities, which are not considered material, for the Macon-Dockery waste disposal site near Rockingham, North Carolina, the Aqua-Tech Environmental, Inc. site in Greer, South Carolina and a landfill owned by Lexington County in South Carolina.

Litigation

In January 1994 SCE&G, acting on behalf of itself and the PSA (as co-owners of Summer Station), reached a settlement with Westinghouse resolving a dispute involving steam generators provided by Westinghouse to Summer Station which are defective in design, workmanship and materials. Terms of the settlement are confidential by agreement of the parties and order of the court. SCE&G had filed an action in May 1990 against Westinghouse in the U.S. District Court for South Carolina; an order dismissing this suit was issued on January 12, 1994.

Regulatory Matters

On June 7, 1993 the PSC issued an order on SCE&G's pending electric rate proceeding allowing an authorized return on common equity of 11.5%, resulting in a 7.4% annual increase in retail electric rates, or a projected $60.5 million annually on a test year basis. These rates are to be implemented in two phases over a two-year period: phase one, effective June 1993, producing $42.0 million annually, and phase two, effective June 1994, producing $18.5 million annually, on a test year basis.

The Company's regulated business operations are likely to be impacted by the National Energy Policy Act (NEPA) and FERC Order No. 636. NEPA is designed to create a more competitive wholesale power supply market by creating "exempt wholesale generators" and by potentially requiring utilities owning transmission facilities to provide transmission access to wholesalers. Order No. 636 is intended to deregulate the markets for interstate sales of natural gas by requiring that pipelines provide transportation services that are equal in quality for all gas suppliers whether the customer purchases gas from the pipeline or another supplier. In the opinion of the Company, it will be able to meet successfully the challenges of these altered business climates.

Other

In November 1992 the Financial Accounting Standards Board issued Statement No. 112 "Employers' Accounting for Postemployment Benefits." The Statement, which is effective for calendar year 1994, establishes certain conditions for the recognition of costs of benefits to former employees after employment but before retirement. The Statement requires recognition of the obligation to provide postemployment benefits if such obligation is attributable to services previously rendered, the obligation relates to rights which vest, payment of the benefits is probable and the amount of such benefits can be reasonably estimated. The Company does not anticipate that application of this Statement will have a significant impact on results of operations or financial position.

RESULTS OF OPERATIONS

Earnings and Dividends

Earnings per share of common stock, the percent increase (decrease) from the previous year and the rate of return earned on common equity for the years 1991 through 1993 were as follows:

	1993	1992	1991
Earnings per share	$3.72	$2.84	$3.37
Percent increase (decrease) in earnings per share	31.0%	(15.7%)	(24.1%)
Return earned on common equity (year-end)	12.6%	10.1%	13.2%

- **1993** Earnings per share and return on common equity increased in 1993 primarily due to a higher electric sales margin and additional nonoperating income.
- **1992** Earnings per share and return on common equity in 1992 decreased primarily due to the recording of an $11.1 million (after interest and income taxes) reserve against earnings related to the August 31, 1992 retail electric rate ruling from the South Carolina Supreme Court (see Note 2F of Notes to the Consolidated Financial Statements) and increases in other operating and interest expenses.

The Company's financial statements include AFC. AFC is a utility accounting practice whereby a portion of the cost of both equity and borrowed funds used to finance construction (which is shown on the balance sheet as construction work in progress) is capitalized. Both an equity and debt portion of AFC are included in nonoperating income as noncash items which have the effect of increasing reported net income. AFC represented approximately 5.8% of income before income taxes in 1993, 5.5% in 1992 and 3.9% in 1991.

In 1993 the Company's Board of Directors raised the quarterly cash dividend on common stock to 68.5 cents per share from 67 cents per share. The increase, effective with the dividend payable on April 1, 1993, raised the indicated annual dividend rate to $2.74 per share from $2.68. The Company has increased the dividend rate on its common stock in 40 of the last 41 years.

Electric Operations

- **1993** The increase in electric sales margin from 1992 to 1993 is primarily a result of increased residential and commercial KWH sales due to weather and customer growth, an increase in retail electric rates beginning in June 1993 and the recording in 1992 of a $14.6 million reserve as discussed below.
- **1992** The 1992 electric sales margin decreased from 1991 due to the recording of a $14.6 million reserve, before interest and income taxes, related to the August 31, 1992 ruling from the South Carolina Supreme Court (see Note 2F of Notes to Consolidated Financial Statements) and a $1.9 million billing-related litigation settlement included in 1991 electric operating revenues.

Warmer weather and an increase in the number of electric customers resulted in an all-time peak demand record of 3,557 MW on July 29, 1993. The previous year's record of 3,380 MW was set on July 13, 1992.

Gas Operations

- **1993** In 1993 the gas sales margin decreased from 1992 as a result of higher gas prices which reduced Pipeline Corporation's sales due to the competitiveness of alternative fuels. This reduction was partially offset by increases in higher margin residential and commercial sales and increased transportation volumes.
- **1992** The gas sales margin for 1992 increased from 1991 as a result of recoveries of $4.2 million allowed under a weather normalization adjustment which became effective the first billing cycle in December 1991; increases in residential usage due to cooler weather during 1992; and increased transportation volumes.

Other Operating Expenses

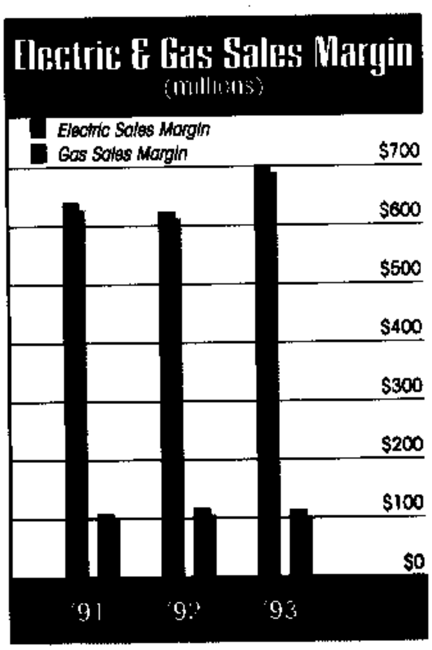
- **1993** Other operation and maintenance expenses increased for 1993 primarily due to the implementation of Financial Accounting Standards Board Statement No. 106 (see Note 1J of Notes to Consolidated Financial Statements) pursuant to the June 1993 PSC electric rate order and the amortization of environmental expenses. The depreciation and amortization increase reflects additions to plant in service. The increase in income taxes corresponds to the increase in income and reflects the increase in the corporate tax rate from 34% to 35% retroactive to January 1, 1993.
- **1992** Other operation and maintenance expenses increased for 1992 primarily due to increases in administrative and general expenses, increases in nuclear regulatory fees and nuclear and transmission systems maintenance. The increase in depreciation and amortization expense reflects additions to plant in service. Income taxes decreased primarily due to the tax impact of the rate refund (see Note 2F of Notes to Consolidated Financial Statements) and to other decreases in income. Other taxes increased primarily from higher property taxes caused by property additions and increased millage rates. In addition to the above, other taxes increased due to increases in state license fees.

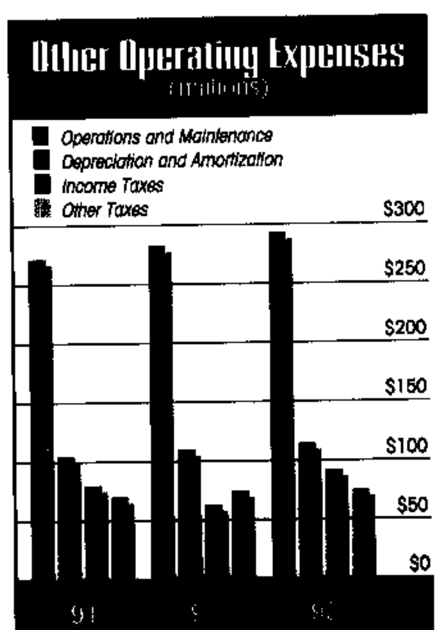
Other Income

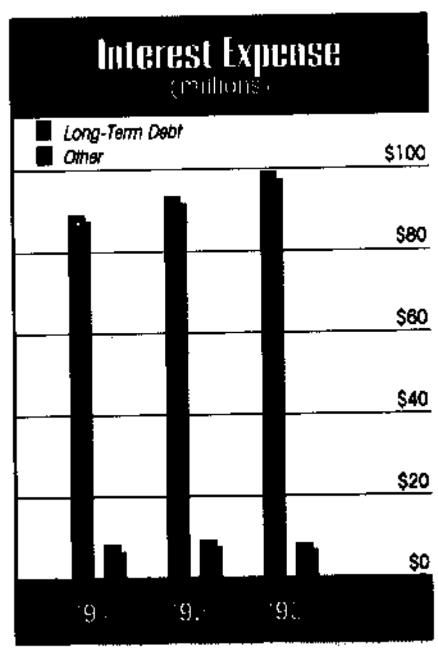
Other income, net of income taxes, increased approximately $14.7 million in 1993 primarily due to additional income from Petroleum Resources related to higher natural gas prices and additional income resulting from the acquisition of NICOR in June 1993.

Interest Expense

- **1993** Interest on long-term debt increased approximately $5.6 million in 1993 compared to 1992 due to the issuance of $72.4 million medium-term notes during the latter part of 1992 and $60 million medium-term notes in July 1993 to finance acquisitions of natural gas reserves and the issuance of $200 million of SCE&G's First Mortgage Bonds to finance utility construction. The resulting increases more than offset the interest savings resulting from the redemption of $382 million of First and Refunding Mortgage Bonds with the proceeds from the issuance of $400 million of First Mortgage Bonds by SCE&G at lower interest rates.
- **1992** Interest on long-term debt increased approximately $4.4 million in 1992 compared to 1991 due to the issuances of $145 million and $155 million of First and Refunding Mortgage Bonds on July 24, 1991 and August 29, 1991, respectively, which more than offset the decreases in interest expense resulting from the repayment of debt and lower interest rates on remaining debt.







Selected Financial Data

For the Years Ended December 31,	199	1992	1991	1990	1989	1983
Statement of Income Data	*(Thousands of Dollars except statistics and per share amounts)*					
Operating Revenues:						
Electric	$ 940,1[illegible]1	$ 829,477	$ 867,215	$ 851,146	$ 841,453	$636,319
Gas	320,[illegible]5	305,275	276,742	292,380	297,069	337,282
Transit	3,[illegible]51	3,623	3,869	4,033	4,102	3,242
Total Operating Revenues	1,264,[illegible]67	1,138,375	1,147,826	1,147,559	1,142,624	976,843
Operating Expenses:						
Fuel used in electric generation and purchased power	241,745	213,474	234,683	223,972	241,352	272,716
Gas purchased for resale	209,743	191,577	171,869	191,939	212,112	277,091
Other operation and maintenance	290,891	281,242	270,213	265,887	249,464	125,231
Depreciation and amortization	112,844	108,315	102,669	97,801	102,296	45,000
Taxes	163,633	133,987	146,032	142,003	124,216	106,932
Total Operating Expenses	1,018,856	928,595	925,466	921,602	929,440	826,970
Operating Income	245,311	209,780	222,360	225,957	213,184	149,873
Other Income	30,076	11,883	11,655	54,874	7,125	11,571
Income Before Interest Charges and Preferred Stock Dividends	275,387	221,663	234,015	280,831	220,309	161,444
Interest Charges, Net	101,189	97,600	91,458	92,317	90,421	57,506
Preferred Stock Cash Dividends of Subsidiary	6,217	6,473	6,706	6,911	7,263	17,186
Net Income	$ 167,981	$ 117,590	$ 135,851	$ 181,603	$ 122,625	$ 86,752
Percent of Operating Income (Loss) Before Income Taxes						
Electric	90%	85%	89%	89%	91%	93%
Gas	13%	18%	14%	14%	12%	10%
Transit	(3%)	(3%)	(3%)	(3%)	(3%)	(3%)
Common Stock Data						
Weighted Average Number of Common Shares Outstanding (Thousands)	45,203	41,475	40,361	40,882	40,296	37,844
Earnings Per Weighted Average Share of Common Stock	$3.72	$2.84	$3.37	$4.44	$3.04	$2.29
Dividends Declared Per Share of Common Stock	$2.74	$2.68	$2.62	$2.52	$2.46	$2.00
Common Shares Outstanding (Year-End) (Thousands)	46,619	43,911	40,784	40,882	40,296	38,728
Book Value Per Share of Common Stock (Year-End)	$28.59	$26.46	$25.23	$24.56	$22.79	$18.33

For the Years Ended December 31,	1993	1992	1991	1990	1989	1983
Balance Sheet Data	*(Thousands of Dollars except statistics and per share amounts)*					
Utility Plant, Net	3,004,075	$2,810,279	$2,664,651	$2,549,763	$2,444,278	$2,018,942
Total Assets	$4,040,526	$3,557,721	$3,305,862	$3,144,936	$2,984,507	$2,365,777
Common Equity	$1,333,045	$1,161,896	$1,028,990	$1,003,877	$ 918,235	$ 709,908
Preferred Stock (Not Subject to Purchase or Sinking Fund Requirements)	26,027	26,027	26,027	26,027	26,027	26,262
Preferred Stock, Net (Subject to Purchase or Sinking Fund Requirements)	52,840	56,154	59,469	62,704	66,099	157,589
Long-Term Debt, Net	1,424,399	1,204,754	1,122,396	938,933	1,003,972	796,518
Total Capitalization	$2,836,311	$2,448,831	$2,236,882	$2,031,541	$2,014,333	$1,690,277
Other Statistics						
Electric:						
Customers (Year-End)	468,874	461,900	453,660	446,516	435,004	366,424
Territorial Sales (Million KWH)	16,880	15,794	15,695	15,385	14,886	12,063
Residential:						
Average annual use per customer (KWH)	14,077	13,037	13,246	13,330	12,891	12,009
Average annual rate per KWH	$.0707	$.0695	$.0700	$.0707	$.0699	$.0642
Generating Capability - Net MW (Year-End)	3,864	3,912	3,912	3,891	3,891	3,359
Territorial Peak Demand - Net MW	3,557	3,380	3,300	3,222	3,144	2,700
Gas:						
Customers (Year-End)	234,736	231,153	225,819	220,817	205,657	187,638
Sales (Thousand Therms)	717,417	761,721	694,801	711,821	714,585	671,429
Residential:						
Average annual use per customer (therms)	605	577	521	497	575	610
Average annual rate per therm	$.76	$.74	$.77	$.77	$.69	$.65
Transit:						
Number of Coaches	93	95	102	109	84	112
Revenue Passengers Carried (Thousands)	4,568	5,837	6,395	6,788	6,430	9,744

Common Stock Information

	1993				1992			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Price Range: (a)								
High	52 1/4	51 7/8	48 3/8	46 1/2	43 1/8	44 3/4	41 3/4	44 3/8
Low	47 7/8	47 5/8	45	40 1/8	39 3/8	40 1/2	38 5/8	38 5/8

Dividends Per Share:

1993	Amount	Date Declared	Date Paid
First Quarter	$.685	February 16, 1993	April 1, 1993
Second Quarter	.685	April 29, 1993	July 1, 1993
Third Quarter	.685	August 25, 1993	October 1, 1993
Fourth Quarter	.685	October 19, 1993	January 1, 1994

1992	Amount	Date Declared	Date Paid
First Quarter	$ .67	February 18, 1992	April 1, 1992
Second Quarter	.67	April 22, 1992	July 1, 1992
Third Quarter	.67	August 26, 1992	October 1, 1992
Fourth Quarter	.67	October 20, 1992	January 1, 1993

	December 31,	
	1993	1992
Number of common shares outstanding	46,619,457	43,910,631
Number of common stockholders of record	41,564	42,937

The principal market for SCANA common stock is the New York Stock Exchange. The ticker symbol used is SCG. The corporate name SCANA is used in newspaper stock listings.

(a) As reported on the New York Stock Exchange Composite Listing.

SECURITIES RATINGS (As of December 31, 1993)

	SCANA CORPORATION	SOUTH CAROLINA ELECTRIC & GAS COMPANY			
Rating Agency	Medium-Term Notes	First Mortgage Bonds	First and Refunding Mortgage Bonds	Preferred Stock	Commercial Paper
Duff & Phelps	NR	A+	A+	A	NR
Moody's	A3	A1	A1	a1	P-1
Standard & Poor's	A-	A	A	A-	A-1

NR - Not Rated

INVESTOR INFORMATION

Notice of Annual Meeting

SCANA Corporation's 1994 Annual Meeting of Stockholders will be held in Columbia, SC on Thursday, April 28. The meeting will begin at 10:00 a.m. in the Ballroom of the Adam's Mark Hotel (formerly the Columbia Marriott Hotel), 1200 Hampton Street. A formal notice of the meeting and a proxy statement will be mailed to all stockholders in March. Stockholders who are unable to attend the Annual Meeting should return their proxy card promptly by mail.

Mailing Address

SCANA Corporation, Columbia, SC 29218

Corporate Headquarters

1426 Main Street, Columbia, SC 29201
Phone: (803) 748-3000

Stock Exchange Listings

The common stock of SCANA Corporation is listed and traded on the New York Stock Exchange and has unlisted trading privileges on the Boston, Cincinnati, Midwest, Pacific and Philadelphia exchanges. The trading symbol is **SCG.** Newspaper listings of daily stock transactions use the name **SCANA**. The 5% Series cumulative preferred stock of South Carolina Electric & Gas Company (SCE&G), SCANA's principal subsidiary, is also listed and traded on the NYSE. The trading symbol is **SAC Pr**; the newspaper listing is **SCrE pf**. SCE&G's other series of cumulative preferred stock are not actively traded and market prices are not published.

Expected 1994 Common Stock Dividend Dates

Declaration Date	Ex-Dividend Date	Dividend Record Date	Dividend Payment Date
Feb. 15	Mar. 4	Mar. 10	Apr. 1
Apr. 28	Jun. 6	Jun. 10	Jul. 1
Aug. 24	Sep. 2	Sep. 9	Oct. 1
Oct. 18	Dec. 5	Dec. 9	Jan. 1 (95)

Note: Dividend declaration, record and payment dates are subject to the discretion of the Board of Directors. Dates shown are based on the assumption that past patterns will prevail. Dividends on SCE&G's issues of cumulative preferred stock are paid quarterly on the same dates as the common stock dividends.

Stockholder Inquiries

Stockholders with questions about stock transfer requirements, replacement of lost or stolen stock certificates, dividend payments (including replacement of lost or stolen dividend checks), direct deposit of dividends, address changes, elimination of duplicate mailings or other stock ownership matters may write the Shareholder Services Department (Mail Code 054) at the Company's mailing address, or call (800) 763-5891. Calls not received during normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday) will be recorded and handled the next business day.

Dividend Reinvestment Plan

The Plan provides stockholders and other investors with a convenient and economical method of purchasing shares of SCANA's common stock without brokerage commissions or service charges. Participants in the Plan may purchase shares through automatic reinvestment of cash dividends by making an initial cash investment of at least $250 but not more than $36,000. A Prospectus describing the Plan and enrollment information are available upon request.

Stock Recordkeeping and Transfer

SCANA Corporation maintains stockholder records, issues dividend checks and acts as Transfer Agent and Registrar for the Company's common stock and SCE&G's preferred stock. Stockholders may send certificates directly to the Company's Shareholder Services Department (Mail Code 054) for transfer. There is no charge for this service. The Company recommends that certificates be mailed by registered or certified mail. Signatures required for transfer must be guaranteed by an official of a financial institution that is an approved member of a Medallion Signature Guarantee Program.

Bondholder Inquiries

Questions concerning replacement of interest checks, tax information, transfers and other bond account information should be directed to the appropriate Bond Trustee and Paying Agent listed below. A listing of issues under each classification of SCE&G bonds is shown under the heading "Long-Term Debt" on page 17 of this report.

SCE&G First and Refunding Mortgage Bonds:
Chemical Bank
Corporate Trust Department-15th Floor
450 West 33rd Street, New York, NY 10001
Phone: (800) 648-8380

SCE&G First Mortgage Bonds:
NationsBank of Georgia, N.A.
715 Peachtree Street, NE - 6th Floor, Atlanta, GA 30308
Phone: (800) 848-8198

Auditors

Deloitte & Touche, Certified Public Accountants
1426 Main Street, Columbia, SC 29201

Investor Communications

Interim reports providing summary financial statements and Company news are mailed to stockholders following the close of the first, second and third quarters. **A copy of SCANA's 1993 Annual Report on Form 10-K (as filed with the Securities and Exchange Commission) and the Statistical Supplement to the 1993 Annual Report to Stockholders are available without charge.** Inquiries concerning activities of SCANA Corporation and its subsidiaries and requests for Company publications should be addressed to the Investor Relations Department (Mail Code 054) at the Company's mailing address.

Investor Contact

H. John Winn, III
Manager - Investor Relations and Shareholder Services
Phone: (803) 748-3240, FAX: (803) 733-2887

Investors' Association

For information about this organization's activities, write to:
Association of SCANA Corporation Investors
c/o Mr. Paul Quattlebaum, Jr.
33 Broughton Road, Charleston, SC 29407

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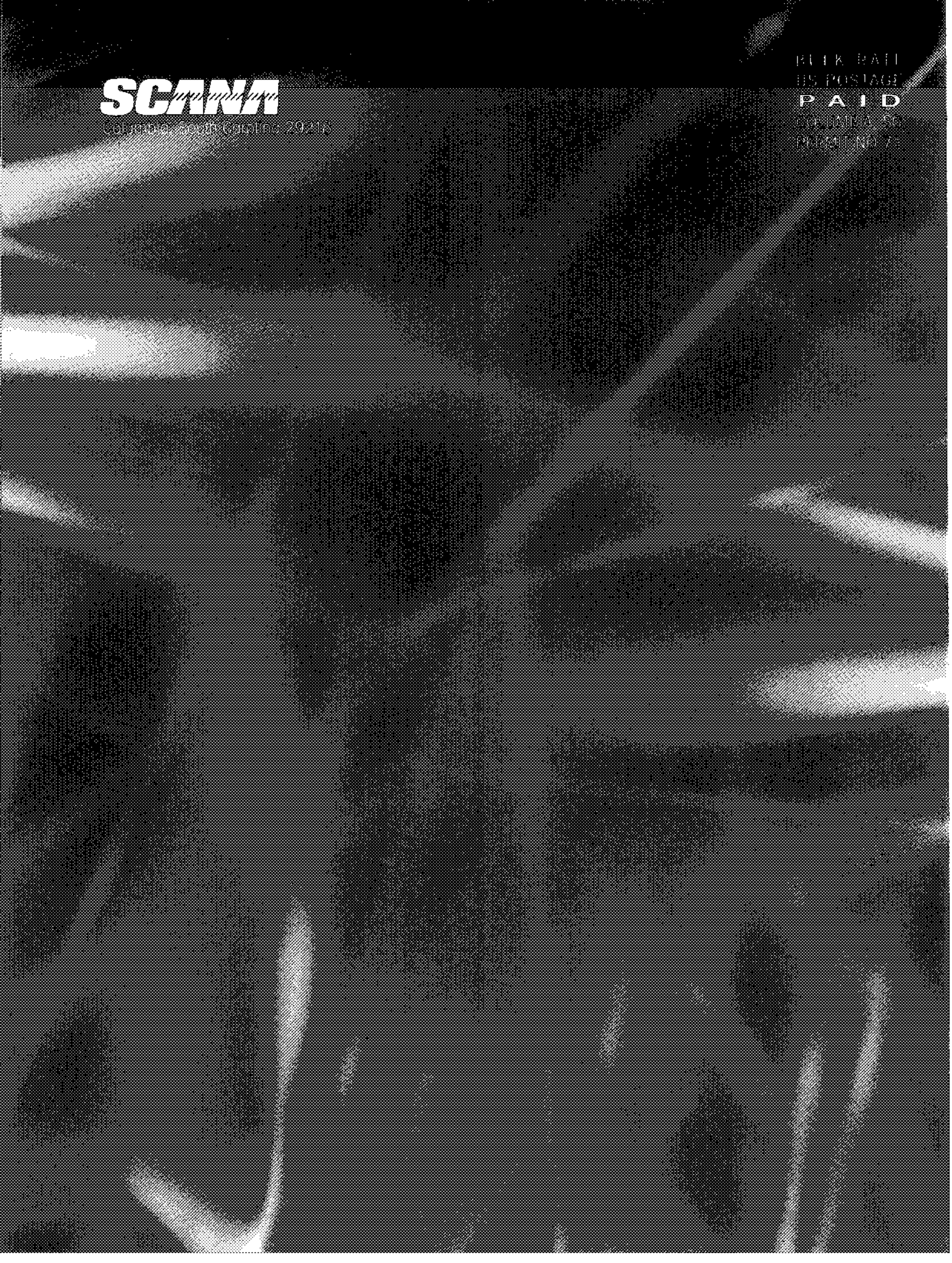

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Columbia, South Carolina 29218

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