

NEW ISSUE -- Book Entry

In the opinion of Bond Counsel, assuming continued compliance by the Authority with certain covenants, interest on the 2012M1 Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the 2012M1 Bonds is not an item of tax preference in computing the alternative minimum taxable income of individuals or corporations. Interest on the 2012M1 Bonds will, however, be included in the computation of certain taxes including alternative minimum tax for corporations. See "TAX MATTERS" for a description of certain other federal income tax consequences to certain recipients of interest on the 2012M1 Bonds. The 2012M1 Bonds and the interest thereon will be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

\$21,137,800

South Carolina Public Service Authority



Revenue Obligations, 2012 Series M1

Consisting of

\$2,076,000 1.40% Current Interest Bearing Bonds Due January 1, 2017
\$1,768,500 2.55% Current Interest Bearing Bonds Due January 1, 2022
\$1,865,500 3.50% Current Interest Bearing Bonds Due January 1, 2027
\$11,862,000 4.00% Current Interest Bearing Bonds Due January 1, 2032
\$1,105,800 2.55% Capital Appreciation Bonds Due January 1, 2021
\$801,400 3.50% Capital Appreciation Bonds Due January 1, 2026
\$1,658,600 4.00% Capital Appreciation Bonds Due January 1, 2031

Dated: May 1, 2012

The Revenue Obligations, 2012 Series M1 (the "2012M1 Bonds") will be sold directly by the South Carolina Public Service Authority (the "Authority") only to residents of the State of South Carolina (the "State"), customers of the Authority, members of electric cooperatives organized and existing under the laws of the State, and electric customers of the Bamberg Board of Public Works, South Carolina and the City of Georgetown, South Carolina.

The Current Interest Bearing Bonds will be issued in registered form in denominations of \$500 or integral multiples thereof. The Capital Appreciation Bonds will be issued in registered form in denominations of \$200 original principal amount or integral multiples thereof. The 2012M1 Bonds will be sold by the Authority directly to investors. The maximum amount of 2012M1 Bonds, as measured by the initial purchase price thereof, which may be initially purchased by one investor shall be \$50,000 as described herein. Any 2012M1 Bonds will be purchased by the Authority on demand by the owner thereof upon the terms and conditions set forth herein. The Authority's obligation to redeem the 2012M1 Bonds at the election of the Bondholders is limited to 5% of the original issue amount of the 2012M1 Bonds in any calendar year. Redemptions will also be limited on a monthly basis to one-twelfth of the 5% annual maximum. Interest on the Current Interest Bearing Bonds, payable on January 1 and July 1 of each year, commencing January 1, 2013 (240 days of interest), interest on the Capital Appreciation Bonds (compounded semiannually and payable only upon maturity or earlier redemption or elective purchase thereof), maturing principal of the Current Interest Bearing Bonds and maturing principal of the Capital Appreciation Bonds will be payable by check or draft mailed to the registered owners thereof by The Bank of New York Mellon Trust Company, N.A. (the "Trustee").

The 2012M1 Bonds will be subject to redemption prior to maturity at the option of the Authority on and after January 1, 2013, as set forth herein.

The 2012M1 Bonds are payable solely from, and secured by a lien upon and pledge of, the Revenues and moneys in the Revenue Fund of the Authority on a parity with the lien and pledge securing Revenue Obligations heretofore and hereafter issued pursuant to the Revenue Obligation Resolution, but junior, subordinate and inferior to the lien and pledge of Revenues securing certain bonds heretofore and hereafter issued.

The 2012M1 Bonds are being issued to fund a portion of the cost of the Authority's ongoing capital improvement program.

The 2012M1 Bonds are not debts of the State of South Carolina (the "State"), nor of any political subdivision thereof, and neither the State nor any of its political subdivisions shall be liable thereon, nor shall they be payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

The 2012M1 Bonds are offered when, as and if issued subject to the approval of legality by Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, Bond Counsel.

May 9, 2012

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SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
One Riverwood Drive
Moncks Corner, South Carolina 29461
(843) 761-8000

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The Bank of New York Mellon Trust Company, N.A.

Jacksonville, Florida

BOND COUNSEL

Haynsworth Sinkler Boyd, P.A.

Charleston, South Carolina

FINANCIAL ADVISOR

Public Financial Management, Inc.

Charlotte, North Carolina

No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations with respect to the 2012M1 Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2012M1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE 2012M1 BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
relating to
\$21,137,800
South Carolina Public Service Authority
Revenue Obligations, 2012 Series M1
Consisting of

\$2,076,000 1.40% Current Interest Bearing Bonds Due January 1, 2017
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\$1,658,600 4.00% Capital Appreciation Bonds Due January 1, 2031

INTRODUCTION

General

The purpose of this Official Statement is to set forth information concerning the South Carolina Public Service Authority (the "Authority"), Revenue Obligations, 2012 Series M1 (the "2012M1 Bonds") offered hereby.

The summary of the Revenue Obligation Resolution (hereinafter defined) herein contained is made subject to all of the provisions of such document, and such summary does not purport to be complete statements of such provisions. Reference is hereby made to such document for further information in connection therewith. Copies of such documents may be examined at the main office of the Authority in Moncks Corner, South Carolina, and at the office of Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina. The REPORT OF THE COMPANY'S FINANCIAL STATEMENTS is attached as Appendix I to this Official Statement.

Defined terms not herein defined are defined in Appendix II -- "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

The Authority

The Authority is a body corporate and politic created by Act No. 887 of the Acts of the State of South Carolina (the "State") for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended -- Sections 58-31-10 through 58-31-450) (the "Act"), which, among other things, authorizes the Authority to produce, distribute and sell electric power and to acquire, treat, transmit, distribute and sell water at wholesale. The Authority began electric power operations in 1942. The commercial operation of the regional water system began in October 1994.

Authorization of 2012M1 Bonds

The 2012M1 Bonds are issued pursuant to a resolution adopted by the Authority's Board of Directors on April 26, 1999, as amended and supplemented from time to time (the "Revenue Obligation Resolution"). The 2012M1 Bonds now being offered and all obligations heretofore and hereafter issued pursuant to the Revenue Obligation Resolution (collectively, the "Revenue Obligations") are on a parity with each other. The Revenue Obligations are secured by a lien upon and pledge of the Revenue Fund and the revenues of the Authority's System and other moneys paid into the Revenue Fund (the "Revenues"). See "SECURITY FOR THE 2012M1 BONDS." By supplemental resolution duly adopted, the Authority authorized the issuance of the 2012M1 Bonds.

Indebtedness of the Authority

Pursuant to the Act, the Board of Directors of the Authority adopted the Revenue Obligation Resolution providing for the issuance of the Authority's Revenue Obligations. As of March 31, 2012 there was outstanding approximately \$5,016,673,000 aggregate principal amount of Revenue Obligations.

In addition, the Authority has issued indebtedness evidenced by commercial paper notes (the "Commercial Paper Notes") and leases. As of March 31, 2012 there was outstanding \$353,033,000 of Commercial Paper Notes and approximately \$2,164,000 aggregate amount of leases. The lien and pledge of Revenues securing such Commercial Paper Notes and leases is junior to that securing the Revenue Obligations. See "SECURITY FOR THE 2012M1 BONDS -- Lease Fund Payments" and "SECURITY FOR THE 2012M1 BONDS -- Commercial Paper Notes and Revolving Credit Agreement."

Purpose of the 2012M1 Bonds

The 2012M1 Bonds are being issued to fund a portion of the cost of the Authority's ongoing capital improvement program. See "CAPITAL IMPROVEMENT PROGRAM."

DESCRIPTION OF THE CURRENT INTEREST BEARING BONDS

General

The Current Interest Bearing Bonds will be dated May 1, 2012 and will mature on January 1, 2017 at the interest rate of 1.40%, on January 1, 2022 at the interest rate of 2.55%, on January 1, 2027 at the interest rate of 3.50%, and on January 1, 2032 at the interest rate of 4.00%. The Current Interest Bearing Bonds will be issued as registered bonds without coupons in the denominations of five hundred (\$500) dollars or any integral multiple thereof and when issued will initially be in book-entry form. See "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM." Interest on the Current Interest Bearing Bonds, payable semiannually on each January 1 and July 1 commencing January 1, 2013 (at which time 240 days of interest will be due), and maturing principal of the Current Interest Bearing Bonds will be payable by check or draft mailed by The Bank of New York Mellon Trust Company, N.A., as Trustee, to the registered owners thereof as shown on the registration books on the fifteenth day of the month prior to each payment date. The total combined order of the Current Interest Bearing Bonds and Capital Appreciation Bonds, as measured by the initial purchase price thereof per series, which may be initially purchased by any one investor shall be \$50,000. The Current Interest Bearing Bonds may be transferred to another owner but only on the registration books of the Authority held by the Trustee, as registrar.

Redemption

The Current Interest Bearing Bonds shall be subject to redemption prior to maturity at the option of the Authority on and after January 1, 2013, upon not less than 30 days written notice, as a whole at any time, or in part from time to time on any interest payment date (and, in the event that less than all of the Current Interest Bearing Bonds are called for redemption, the particular Current Interest Bearing Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee, but only in integral multiples of \$500 denominations), at the redemption price of 100% of the principal amount of each Current Interest Bearing Bond to be redeemed, together with the interest accrued thereon to the date fixed for redemption.

Purchase of Current Interest Bearing Bonds by Authority

On or after January 1, 2013 any Current Interest Bearing Bond (or portion thereof in authorized denomination) will be purchased by the Authority, on the demand of the registered owner thereof, on the first day (or, if such day is not a business day, on the next succeeding business day) of the first or second month next succeeding the date of delivery of the written notice to the Authority at a purchase price equal to the principal amount thereof less a fee of \$15 per \$500 principal amount to be purchased, together with accrued interest to the purchase date, upon delivery to the Authority, of not less than 30 days written notice, properly endorsed with signature guaranteed, which states (i) the CUSIP number, face amount, maturity date and series designation of the Current Interest Bearing Bond to be purchased, and (ii) the portion of the principal amount

of such Current Interest Bearing Bond to be purchased (provided that such portion shall be an integral multiple of \$500).

The Authority's obligation to purchase 2012M1 Bonds tendered for purchase is limited to 5% of the original issue amount of the 2012M1 Bonds in any calendar year. Purchases will also be limited on a monthly basis to one-twelfth of the 5% annual maximum. Purchases will be processed in the order of receipt by the Authority of tenders for purchase.

The Current Interest Bearing Bonds purchased by the Authority at the option of the registered owner are payable from Revenues and other lawfully available funds of the Authority. Failure so to purchase will not constitute a default under the Revenue Obligation Resolution.

DESCRIPTION OF THE CAPITAL APPRECIATION BONDS

General

The Capital Appreciation Bonds will be dated May 1, 2012 and will mature on January 1, 2021 at the interest rate of 2.55%, on January 1, 2026 at the interest rate of 3.50% and on January 1, 2031 at the interest rate of 4.00%. The Capital Appreciation Bonds are payable in an amount (the "Accreted Value") equal to the principal amount of such Capital Appreciation Bonds plus interest from the date of such Capital Appreciation Bonds, compounded on January 1 and July 1 of each year. The Capital Appreciation Bonds will be issued as registered bonds without coupons in the denominations of two hundred (\$200) dollars or any integral multiple thereof and when issued will initially be in book-entry form. See "DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM." The Capital Appreciation Bonds will bear interest on the original principal amounts thereof, compounded semiannually on January 1 and July 1 of each year commencing January 1, 2013, and payable only upon maturity or earlier redemption or elective purchase thereof. The maturing Accreted Value of the Capital Appreciation Bonds and Current Interest Bearing Bonds, as measured by the initial purchase price thereof per series, which may be initially purchased by any one investor shall be \$50,000. The Capital Appreciation Bonds may be transferred to another owner but only on the registration books of the Authority held by the Trustee, as registrar.

Redemption

The Capital Appreciation Bonds shall be subject to redemption prior to maturity at the option of the Authority on and after January 1, 2013, upon not less than 30 days written notice, as a whole at any time, or in part from time to time on any January 1 or July 1 (and, in the event that less than all of the Capital Appreciation Bonds are called for redemption, the particular Capital Appreciation Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee, but only in integral multiples of \$200 denominations), at a redemption price equal to the Accreted Value on the redemption date of any such Capital Appreciation Bond to be redeemed.

Purchase of Capital Appreciation Bonds by Authority

On or after January 1, 2013 any Capital Appreciation Bond (or portion thereof in authorized denomination) will be purchased by the Authority, on the demand of the registered owner thereof, on the first day (or, if such day is not a business day, on the next succeeding business day) of the first or second month next succeeding the date of delivery of the written notice to the Authority at 100% of the Accreted Value thereof on the date of purchase less a fee of \$6.00 per \$200 original principal amount to be purchased, upon delivery to the Authority, of not less than 30 days written notice, properly endorsed with signature guaranteed, which states (i) the CUSIP number, original principal amount, maturity date and series designation of the Capital Appreciation Bond to be purchased, and (ii) the portion of the original principal amount of such Capital Appreciation Bond to be purchased (provided that such portion shall be an integral multiple of \$200).

The Authority's obligation to purchase 2012M1 Bonds tendered for purchase is limited to 5% of the original issue amount of the 2012M1 Bonds in any calendar year. Purchases will also be limited on a monthly basis to one-twelfth of the 5% annual maximum. Purchases will be processed in the order of receipt by the Authority of tenders for purchase.

The Capital Appreciation Bonds purchased by the Authority at the option of the registered owner are payable from Revenues and other lawfully available funds of the Authority. Failure so to purchase will not constitute a default under the Revenue Obligation Resolution.

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Accreted Value Table for Capital Appreciation Bonds Maturity January 1, 2021

The Accreted Value amount due at optional redemption, elective purchase or maturity of each \$200 original principal amount of any Capital Appreciation Bond with a maturity date of January 1, 2021, as of the first day of each month to maturity will be set forth below. The Accreted Value of each \$200 original principal amount of any Capital Appreciation Bond on any other date will be calculated on the assumption that such Accreted Value increases in equal daily amounts on the basis of twelve 30-day months.

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
Jan. 1, 2013	\$203.41	Jul. 1, 2016	\$222.27	Jan. 1, 2020	\$242.89
Feb. 1, 2013	203.84	Aug. 1, 2016	222.74	Feb. 1, 2020	243.40
Mar. 1, 2013	204.27	Sep. 1, 2016	223.22	Mar. 1, 2020	243.92
Apr. 1, 2013	204.70	Oct. 1, 2016	223.69	Apr. 1, 2020	244.43
May 1, 2013	205.14	Nov. 1, 2016	224.16	May 1, 2020	244.95
Jun. 1, 2013	205.57	Dec. 1, 2016	224.63	Jun. 1, 2020	245.47
Jul. 1, 2013	206.00	Jan. 1, 2017	225.11	Jul. 1, 2020	245.98
Aug. 1, 2013	206.44	Feb. 1, 2017	225.58	Aug. 1, 2020	246.50
Sep. 1, 2013	206.88	Mar. 1, 2017	226.06	Sep. 1, 2020	247.03
Oct. 1, 2013	207.31	Apr. 1, 2017	226.54	Oct. 1, 2020	247.55
Nov. 1, 2013	207.75	May 1, 2017	227.02	Nov. 1, 2020	248.07
Dec. 1, 2013	208.19	Jun. 1, 2017	227.50	Dec. 1, 2020	248.60
Jan. 1, 2014	208.63	Jul. 1, 2017	227.98	Jan. 1, 2021	249.12
Feb. 1, 2014	209.07	Aug. 1, 2017	228.46		
Mar. 1, 2014	209.51	Sep. 1, 2017	228.94		
Apr. 1, 2014	209.96	Oct. 1, 2017	229.43		
May 1, 2014	210.40	Nov. 1, 2017	229.91		
Jun. 1, 2014	210.85	Dec. 1, 2017	230.40		
Jul. 1, 2014	211.29	Jan. 1, 2018	230.89		
Aug. 1, 2014	211.74	Feb. 1, 2018	231.37		
Sep. 1, 2014	212.19	Mar. 1, 2018	231.86		
Oct. 1, 2014	212.63	Apr. 1, 2018	232.35		
Nov. 1, 2014	213.08	May 1, 2018	232.84		
Dec. 1, 2014	213.53	Jun. 1, 2018	233.34		
Jan. 1, 2015	213.98	Jul. 1, 2018	233.83		
Feb. 1, 2015	214.44	Aug. 1, 2018	234.32		
Mar. 1, 2015	214.89	Sep. 1, 2018	234.82		
Apr. 1, 2015	215.34	Oct. 1, 2018	235.32		
May 1, 2015	215.80	Nov. 1, 2018	235.81		
Jun. 1, 2015	216.26	Dec. 1, 2018	236.31		
Jul. 1, 2015	216.71	Jan. 1, 2019	236.81		
Aug. 1, 2015	217.17	Feb. 1, 2019	237.31		
Sep. 1, 2015	217.63	Mar. 1, 2019	237.81		
Oct. 1, 2015	218.09	Apr. 1, 2019	238.32		
Nov. 1, 2015	218.55	May 1, 2019	238.82		
Dec. 1, 2015	219.01	Jun. 1, 2019	239.32		
Jan. 1, 2016	219.48	Jul. 1, 2019	239.83		
Feb. 1, 2016	219.94	Aug. 1, 2019	240.34		
Mar. 1, 2016	220.41	Sep. 1, 2019	240.84		
Apr. 1, 2016	220.87	Oct. 1, 2019	241.35		
May 1, 2016	221.34	Nov. 1, 2019	241.86		
Jun. 1, 2016	221.81	Dec. 1, 2019	242.38		

Accreted Value Table for Capital Appreciation Bonds Maturity January 1, 2026

The Accreted Value amount due at optional redemption, elective purchase or maturity of each \$200 original principal amount of any Capital Appreciation Bond with a maturity date of January 1, 2026, as of the first day of each month to maturity will be set forth below. The Accreted Value of each \$200 original principal amount of any Capital Appreciation Bond on any other date will be calculated on the assumption that such Accreted Value increases in equal daily amounts on the basis of twelve 30-day months.

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
Jan. 1, 2013	\$204.69	Jul. 1, 2016	\$231.12	Jan. 1, 2020	\$260.96
Feb. 1, 2013	205.28	Aug. 1, 2016	231.79	Feb. 1, 2020	261.71
Mar. 1, 2013	205.87	Sep. 1, 2016	232.46	Mar. 1, 2020	262.47
Apr. 1, 2013	206.47	Oct. 1, 2016	233.13	Apr. 1, 2020	263.23
May 1, 2013	207.07	Nov. 1, 2016	233.81	May 1, 2020	263.99
Jun. 1, 2013	207.67	Dec. 1, 2016	234.48	Jun. 1, 2020	264.76
Jul. 1, 2013	208.27	Jan. 1, 2017	235.16	Jul. 1, 2020	265.53
Aug. 1, 2013	208.87	Feb. 1, 2017	235.84	Aug. 1, 2020	266.29
Sep. 1, 2013	209.48	Mar. 1, 2017	236.53	Sep. 1, 2020	267.07
Oct. 1, 2013	210.08	Apr. 1, 2017	237.21	Oct. 1, 2020	267.84
Nov. 1, 2013	210.69	May 1, 2017	237.90	Nov. 1, 2020	268.61
Dec. 1, 2013	211.30	Jun. 1, 2017	238.59	Dec. 1, 2020	269.39
Jan. 1, 2014	211.91	Jul. 1, 2017	239.28	Jan. 1, 2021	270.17
Feb. 1, 2014	212.53	Aug. 1, 2017	239.97	Feb. 1, 2021	270.95
Mar. 1, 2014	213.14	Sep. 1, 2017	240.66	Mar. 1, 2021	271.74
Apr. 1, 2014	213.76	Oct. 1, 2017	241.36	Apr. 1, 2021	272.53
May 1, 2014	214.38	Nov. 1, 2017	242.06	May 1, 2021	273.32
Jun. 1, 2014	215.00	Dec. 1, 2017	242.76	Jun. 1, 2021	274.11
Jul. 1, 2014	215.62	Jan. 1, 2018	243.46	Jul. 1, 2021	274.90
Aug. 1, 2014	216.25	Feb. 1, 2018	244.17	Aug. 1, 2021	275.70
Sep. 1, 2014	216.87	Mar. 1, 2018	244.88	Sep. 1, 2021	276.49
Oct. 1, 2014	217.50	Apr. 1, 2018	245.58	Oct. 1, 2021	277.30
Nov. 1, 2014	218.13	May 1, 2018	246.30	Nov. 1, 2021	278.10
Dec. 1, 2014	218.76	Jun. 1, 2018	247.01	Dec. 1, 2021	278.90
Jan. 1, 2015	219.40	Jul. 1, 2018	247.72	Jan. 1, 2022	279.71
Feb. 1, 2015	220.03	Aug. 1, 2018	248.44	Feb. 1, 2022	280.52
Mar. 1, 2015	220.67	Sep. 1, 2018	249.16	Mar. 1, 2022	281.33
Apr. 1, 2015	221.31	Oct. 1, 2018	249.88	Apr. 1, 2022	282.15
May 1, 2015	221.95	Nov. 1, 2018	250.61	May 1, 2022	282.97
Jun. 1, 2015	222.59	Dec. 1, 2018	251.33	Jun. 1, 2022	283.78
Jul. 1, 2015	223.24	Jan. 1, 2019	252.06	Jul. 1, 2022	284.61
Aug. 1, 2015	223.88	Feb. 1, 2019	252.79	Aug. 1, 2022	285.43
Sep. 1, 2015	224.53	Mar. 1, 2019	253.52	Sep. 1, 2022	286.26
Oct. 1, 2015	225.18	Apr. 1, 2019	254.26	Oct. 1, 2022	287.09
Nov. 1, 2015	225.83	May 1, 2019	254.99	Nov. 1, 2022	287.92
Dec. 1, 2015	226.49	Jun. 1, 2019	255.73	Dec. 1, 2022	288.75
Jan. 1, 2016	227.14	Jul. 1, 2019	256.47	Jan. 1, 2023	289.59
Feb. 1, 2016	227.80	Aug. 1, 2019	257.21	Feb. 1, 2023	290.43
Mar. 1, 2016	228.46	Sep. 1, 2019	257.96	Mar. 1, 2023	291.27
Apr. 1, 2016	229.12	Oct. 1, 2019	258.71	Apr. 1, 2023	292.11
May 1, 2016	229.78	Nov. 1, 2019	259.45	May 1, 2023	292.96
Jun. 1, 2016	230.45	Dec. 1, 2019	260.21	Jun. 1, 2023	293.80

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
Jul. 1, 2023	\$294.65	Oct. 1, 2024	\$307.72	Jan. 1, 2026	\$321.36
Aug. 1, 2023	295.51	Nov. 1, 2024	308.61		
Sep. 1, 2023	296.36	Dec. 1, 2024	309.50		
Oct. 1, 2023	297.22	Jan. 1, 2025	310.40		
Nov. 1, 2023	298.08	Feb. 1, 2025	311.30		
Dec. 1, 2023	298.95	Mar. 1, 2025	312.20		
Jan. 1, 2024	299.81	Apr. 1, 2025	313.10		
Feb. 1, 2024	300.68	May 1, 2025	314.01		
Mar. 1, 2024	301.55	Jun. 1, 2025	314.92		
Apr. 1, 2024	302.42	Jul. 1, 2025	315.83		
May 1, 2024	303.30	Aug. 1, 2025	316.74		
Jun. 1, 2024	304.18	Sep. 1, 2025	317.66		
Jul. 1, 2024	305.06	Oct. 1, 2025	318.58		
Aug. 1, 2024	305.94	Nov. 1, 2025	319.50		
Sep. 1, 2024	306.83	Dec. 1, 2025	320.43		

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Accreted Value Table for Capital Appreciation Bonds Maturity January 1, 2031

The Accreted Value amount due at optional redemption, elective purchase or maturity of each \$200 original principal amount of any Capital Appreciation Bond with a maturity date of January 1, 2031, as of the first day of each month to maturity will be set forth below. The Accreted Value of each \$200 original principal amount of any Capital Appreciation Bond on any other date will be calculated on the assumption that such Accreted Value increases in equal daily amounts on the basis of twelve 30-day months.

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
Jan. 1, 2013	\$205.36	Jul. 1, 2016	\$235.89	Jan. 1, 2020	\$270.97
Feb. 1, 2013	206.04	Aug. 1, 2016	236.67	Feb. 1, 2020	271.86
Mar. 1, 2013	206.72	Sep. 1, 2016	237.46	Mar. 1, 2020	272.76
Apr. 1, 2013	207.40	Oct. 1, 2016	238.24	Apr. 1, 2020	273.66
May 1, 2013	208.09	Nov. 1, 2016	239.03	May 1, 2020	274.57
Jun. 1, 2013	208.78	Dec. 1, 2016	239.82	Jun. 1, 2020	275.48
Jul. 1, 2013	209.47	Jan. 1, 2017	240.61	Jul. 1, 2020	276.39
Aug. 1, 2013	210.16	Feb. 1, 2017	241.41	Aug. 1, 2020	277.30
Sep. 1, 2013	210.85	Mar. 1, 2017	242.21	Sep. 1, 2020	278.22
Oct. 1, 2013	211.55	Apr. 1, 2017	243.01	Oct. 1, 2020	279.14
Nov. 1, 2013	212.25	May 1, 2017	243.81	Nov. 1, 2020	280.06
Dec. 1, 2013	212.95	Jun. 1, 2017	244.62	Dec. 1, 2020	280.99
Jan. 1, 2014	213.66	Jul. 1, 2017	245.42	Jan. 1, 2021	281.92
Feb. 1, 2014	214.36	Aug. 1, 2017	246.24	Feb. 1, 2021	282.85
Mar. 1, 2014	215.07	Sep. 1, 2017	247.05	Mar. 1, 2021	283.78
Apr. 1, 2014	215.78	Oct. 1, 2017	247.87	Apr. 1, 2021	284.72
May 1, 2014	216.50	Nov. 1, 2017	248.69	May 1, 2021	285.66
Jun. 1, 2014	217.21	Dec. 1, 2017	249.51	Jun. 1, 2021	286.61
Jul. 1, 2014	217.93	Jan. 1, 2018	250.33	Jul. 1, 2021	287.55
Aug. 1, 2014	218.65	Feb. 1, 2018	251.16	Aug. 1, 2021	288.50
Sep. 1, 2014	219.37	Mar. 1, 2018	251.99	Sep. 1, 2021	289.46
Oct. 1, 2014	220.10	Apr. 1, 2018	252.82	Oct. 1, 2021	290.41
Nov. 1, 2014	220.83	May 1, 2018	253.66	Nov. 1, 2021	291.37
Dec. 1, 2014	221.56	Jun. 1, 2018	254.50	Dec. 1, 2021	292.34
Jan. 1, 2015	222.29	Jul. 1, 2018	255.34	Jan. 1, 2022	293.30
Feb. 1, 2015	223.02	Aug. 1, 2018	256.18	Feb. 1, 2022	294.27
Mar. 1, 2015	223.76	Sep. 1, 2018	257.03	Mar. 1, 2022	295.25
Apr. 1, 2015	224.50	Oct. 1, 2018	257.88	Apr. 1, 2022	296.22
May 1, 2015	225.24	Nov. 1, 2018	258.73	May 1, 2022	297.20
Jun. 1, 2015	225.99	Dec. 1, 2018	259.59	Jun. 1, 2022	298.18
Jul. 1, 2015	226.73	Jan. 1, 2019	260.45	Jul. 1, 2022	299.17
Aug. 1, 2015	227.48	Feb. 1, 2019	261.31	Aug. 1, 2022	300.16
Sep. 1, 2015	228.24	Mar. 1, 2019	262.17	Sep. 1, 2022	301.15
Oct. 1, 2015	228.99	Apr. 1, 2019	263.04	Oct. 1, 2022	302.15
Nov. 1, 2015	229.75	May 1, 2019	263.91	Nov. 1, 2022	303.15
Dec. 1, 2015	230.51	Jun. 1, 2019	264.78	Dec. 1, 2022	304.15
Jan. 1, 2016	231.27	Jul. 1, 2019	265.66	Jan. 1, 2023	305.15
Feb. 1, 2016	232.03	Aug. 1, 2019	266.53	Feb. 1, 2023	306.16
Mar. 1, 2016	232.80	Sep. 1, 2019	267.41	Mar. 1, 2023	307.18
Apr. 1, 2016	233.57	Oct. 1, 2019	268.30	Apr. 1, 2023	308.19
May 1, 2016	234.34	Nov. 1, 2019	269.19	May 1, 2023	309.21
Jun. 1, 2016	235.12	Dec. 1, 2019	270.08	Jun. 1, 2023	310.23

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
Jul. 1, 2023	\$311.26	Jun. 1, 2026	\$349.37	May 1, 2029	\$392.15
Aug. 1, 2023	312.29	Jul. 1, 2026	350.53	Jun. 1, 2029	393.45
Sep. 1, 2023	313.32	Aug. 1, 2026	351.69	Jul. 1, 2029	394.75
Oct. 1, 2023	314.35	Sep. 1, 2026	352.85	Aug. 1, 2029	396.05
Nov. 1, 2023	315.39	Oct. 1, 2026	354.01	Sep. 1, 2029	397.36
Dec. 1, 2023	316.44	Nov. 1, 2026	355.18	Oct. 1, 2029	398.68
Jan. 1, 2024	317.48	Dec. 1, 2026	356.36	Nov. 1, 2029	400.00
Feb. 1, 2024	318.53	Jan. 1, 2027	357.54	Dec. 1, 2029	401.32
Mar. 1, 2024	319.58	Feb. 1, 2027	358.72	Jan. 1, 2030	402.64
Apr. 1, 2024	320.64	Mar. 1, 2027	359.90	Feb. 1, 2030	403.98
May 1, 2024	321.70	Apr. 1, 2027	361.09	Mar. 1, 2030	405.31
Jun. 1, 2024	322.77	May 1, 2027	362.29	Apr. 1, 2030	406.65
Jul. 1, 2024	323.83	Jun. 1, 2027	363.49	May 1, 2030	408.00
Aug. 1, 2024	324.90	Jul. 1, 2027	364.69	Jun. 1, 2030	409.34
Sep. 1, 2024	325.98	Aug. 1, 2027	365.89	Jul. 1, 2030	410.70
Oct. 1, 2024	327.05	Sep. 1, 2027	367.10	Aug. 1, 2030	412.06
Nov. 1, 2024	328.14	Oct. 1, 2027	368.32	Sep. 1, 2030	413.42
Dec. 1, 2024	329.22	Nov. 1, 2027	369.53	Oct. 1, 2030	414.78
Jan. 1, 2025	330.31	Dec. 1, 2027	370.76	Nov. 1, 2030	416.16
Feb. 1, 2025	331.40	Jan. 1, 2028	371.98	Dec. 1, 2030	417.53
Mar. 1, 2025	332.50	Feb. 1, 2028	373.21	Jan. 1, 2031	418.91
Apr. 1, 2025	333.60	Mar. 1, 2028	374.44		
May 1, 2025	334.70	Apr. 1, 2028	375.68		
Jun. 1, 2025	335.80	May 1, 2028	376.92		
Jul. 1, 2025	336.91	Jun. 1, 2028	378.17		
Aug. 1, 2025	338.03	Jul. 1, 2028	379.42		
Sep. 1, 2025	339.15	Aug. 1, 2028	380.68		
Oct. 1, 2025	340.27	Sep. 1, 2028	381.93		
Nov. 1, 2025	341.39	Oct. 1, 2028	383.20		
Dec. 1, 2025	342.52	Nov. 1, 2028	384.46		
Jan. 1, 2026	343.65	Dec. 1, 2028	385.73		
Feb. 1, 2026	344.79	Jan. 1, 2029	387.01		
Mar. 1, 2026	345.93	Feb. 1, 2029	388.29		
Apr. 1, 2026	347.07	Mar. 1, 2029	389.57		
May 1, 2026	348.22	Apr. 1, 2029	390.86		

DESCRIPTION OF BOOK-ENTRY ONLY SYSTEM

Unless and until the book-entry only system has been discontinued, the 2012M1 Bonds will be available only in book-entry form in authorized denominations. Owners of the 2012M1 Bonds will be listed in the books of record of the Registrar. Owners of the 2012M1 Bonds will not receive physical bond certificates representing their interests in the 2012M1 Bonds purchased.

Transfers of ownership interests in the 2012M1 Bonds are to be accomplished by entries made on the books of the Trustee acting on behalf of Owners. Owners will not receive certificates representing their ownership interests in the 2012M1 Bonds, unless the use of the book-entry system for the 2012M1 Bonds is discontinued.

DEBT SERVICE SCHEDULE⁽¹⁾
(Thousands of Dollars)

The following table sets forth on an accrual basis the debt service due on outstanding Revenue Obligations, the 2012M1 Bonds, and the total debt service in each calendar year indicated.

	Outstanding Revenue Obligations⁽²⁾(3)	2012M1 Bonds	Total Debt
2012	\$446,904(4)	\$ 409	\$447,313
2013	824,009(4)	614	824,623
2014	613,091(4)	614	613,705
2015	442,808	614	443,422
2016	452,817	2,690	455,507
2017	393,840	585	394,425
2018	415,984	585	416,568
2019	385,026	585	385,611
2020	374,667	1,962	376,630
2021	386,997	2,353	389,351
2022	296,773	540	297,313
2023	263,843	540	264,383
2024	266,475	540	267,015
2025	263,537	1,827	265,364
2026	256,801	2,405	259,206
2027	257,196	474	257,671
2028	269,217	474	269,692
2029	274,954	474	275,428
2030	248,025	3,949	251,974
2031	181,853	12,336	194,189
2032	165,953		165,953
2033	157,600		157,600
2034	159,590		159,590
2035	177,387		177,387
2036	177,994		177,994
2037	136,960		136,960
2038	95,729		95,729
2039	56,312		56,312
2040	77,981		77,981
2041	77,973		77,973
2042	74,703		74,703
2043	74,700		74,700
2044	75,102		75,102
2045	71,908		71,908
2046	69,391		69,391
2047	66,874		66,874
2048	64,356		64,356
2049	61,839		61,839

- (1) Does not include payments into the Lease Fund or debt service on Commercial Paper Notes, both of which are junior to debt service on Revenue Obligations. Does not reflect puts subsequent to December 15, 2011 of Revenue Obligations subject to tender for elective purchase.
- (2) Net of Subsidy Payment (hereinafter defined). Subject to the Authority's compliance with certain requirements under the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986, as amended (the "Code"), the Authority expects to receive cash subsidy payments from the United States Treasury equal to 35 percent of the interest payable on the Revenue Obligations, 2010 Series C Bonds (the "2010C Bonds") (any such payment, a "Subsidy Payment").
- (3) Includes debt service on the Revenue Obligations, 2012 Series C Bonds to be delivered on October 9, 2012.
- (4) Includes actual interest on the \$336,062,000 Revenue Obligations, 2011 Taxable Series A (LIBOR Index Bonds) through April 1, 2012, and thereafter based on a projected 1 Month LIBOR rate of 1.00%. Principal on the LIBOR Index Bonds shown in the year due rather than on an accrual basis.

SECURITY FOR THE 2012M1 BONDS

General

The 2012M1 Bonds are payable solely from, and secured by a lien upon and pledge of, the Revenues on a parity with the lien and pledge securing Revenue Obligations heretofore and hereafter issued pursuant to the Revenue Obligation Resolution, senior to (i) payments required to be made from or retained in the Revenue Fund to pay expenses of operating and maintaining the System, and (ii) the payments into the Lease Fund and the Capital Improvement Fund heretofore established and continued under the Revenue Obligation Resolution. See "FINANCIAL INFORMATION." In the Revenue Obligation Resolution the Authority has covenanted not to incur any indebtedness senior to the lien of the Revenue Obligations.

The Revenue Obligations, including the 2012M1 Bonds, are not obligations of the State, nor of any political subdivision thereof, and neither the State nor any of its political subdivisions shall be liable thereon, nor shall they be payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

Additional series of Revenue Obligations may be issued without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. In addition, no debt service reserve fund is established under the Revenue Obligation Resolution. See Appendix II -- "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

Rate Covenant

The Revenue Obligation Resolution provides that the Authority shall establish, maintain and collect rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished or supplied through the facilities of the System which shall be adequate to provide the Authority with Revenues sufficient: (a) to pay the principal of, premium, if any, and interest on the Revenue Obligations as and when the same shall become due and payable; (b) to make when due all payments which the Authority is obligated to make (i) into the Revenue Obligation Fund created under the Revenue Obligation Resolution, (ii) into the Lease Fund, and (iii) into the Capital Improvement Fund pursuant to the Revenue Obligation Resolution; (c) to make all other payments which the Authority is obligated to make pursuant to the Revenue Obligation Resolution; (d) to pay all proper operation and maintenance expenses and all necessary repairs, replacements and renewals thereof; (e) to pay all taxes, assessments or other governmental charges lawfully imposed on the Authority or the Revenues thereof or payments in lieu thereof; and (f) to pay any and all amounts which the Authority may become obligated to pay from the Revenues of the System by law or by contract.

As required by the Act, the Authority makes distributions to the State and payments in lieu of taxes to local governments. Nothing in the Act prohibits the Authority from paying to the State each year up to 1% of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. In 2011, distributions to the State and payments to local governments amounted to approximately \$28,436,000.

There is no agency, other than the Authority, having jurisdiction over the rates of the Authority.

Additional Indebtedness

The Revenue Obligation Resolution does not prohibit the issuance of obligations secured by a pledge of the Revenues junior and subordinate to the pledge securing the Revenue Obligations. In addition, the Authority may issue obligations secured by a pledge of revenues derived from separate utility systems not included in the System. See Appendix II -- "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION -- Separate Systems."

Lease Fund Payments

As of March 31, 2012 the aggregate principal payments required to be made into the Lease Fund through the year 2014 was approximately \$2,164,000 under existing leases of properties and facilities leased to the Authority.

The required payments into the Lease Fund are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing Revenue Obligations.

Commercial Paper Notes and Revolving Credit Agreements

The Board of Directors of the Authority has by resolution authorized the issuance of Commercial Paper Notes not to exceed the lesser of (i) 20% of the aggregate Authority debt outstanding as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available or (ii) the aggregate unused commitment of the Banks (hereinafter defined) (i.e., the commitment minus any loans outstanding under the revolving credit agreements) under any revolving credit agreements the Authority may enter into to obtain funds to repay the Commercial Paper Notes. The Commercial Paper Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing (i) Revenue Obligations, (ii) expenses of operating and maintaining the System, and (iii) payments into the Lease Fund, but prior to the payments into the Capital Improvement Fund. As of March 31, 2012, there was outstanding \$353,033,000 aggregate principal amount of Commercial Paper Notes.

To obtain funds, if needed to repay the Commercial Paper Notes, the Authority has entered into Revolving Credit Agreements (the "Revolving Credit Agreements") with U.S. Bank National Association, Wells Fargo Bank, National Association and JP Morgan Chase Bank, National Association, (collectively, the "Banks"). The agreement with U.S. Bank National Association allows the Authority to borrow up to \$100,000,000 and expires on June 9, 2012. The agreement with JP Morgan Chase Bank, National Association allows the Authority to borrow up to \$250,000,000 and expires on September 15, 2014. The agreement with Wells Fargo Bank, National Association allows the Authority to borrow up to \$150,000,000 and expires on September 15, 2014.

The Authority's obligation to repay any such loans is secured by a lien upon and pledge of Revenues *pari passu* with the lien upon and pledge of Revenues securing the Commercial Paper Notes. No loans are outstanding under the Revolving Credit Agreements.

Capital Improvement Fund Requirement

The Revenue Obligation Resolution requires, so long as any Revenue Obligations are outstanding, that the Authority deposit annually into the Capital Improvement Fund an amount which, together with the amounts deposited therein in the two immediately preceding Fiscal Years, will be at least equal to 8% of the Revenues required by the Revenue Obligation Resolution to be paid into the Revenue Fund in the three immediately preceding Fiscal Years. Permitted use of moneys in the Capital Improvement Fund includes payment of Capital Costs, as defined in the Revenue Obligation Resolution. See Appendix II -- "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

ORGANIZATION AND MANAGEMENT OF THE AUTHORITY

Pursuant to the Act, the Authority’s Board of Directors, appointed by the Governor, shall consist of eleven members, who reside in South Carolina and who shall have the qualifications provided for in the Act as determined by the State Regulation of Public Utilities Review Committee (“PURC”), and confirmed by the State Senate, as follows: one from each congressional district of the State; one from each of the counties of Berkeley, Horry and Georgetown who reside in the territory of the Authority and are customers of the Authority, and two from the State at large, one of whom shall be chairman. Two of the directors shall have substantial work experience within the operations of electric cooperatives or substantial experience on an electric cooperative board, but must not serve as an employee or board member of an electric cooperative during their term as director.

Each director shall serve for a term of seven years and until his successor has been appointed and qualified. Directors appointed to fill a vacancy on the board shall serve for the unexpired portion of the term only and until a successor has been appointed and qualified. Directors may be removed from office only for cause.

An individual appointed as a director may not serve on the board, even in an interim capacity, until he has been screened and found qualified by the PURC.

The Act prescribes the manner in which a director shall discharge his duties and sets forth conditions by which a director may be held accountable for his actions or inactions as a director.

Present directors are listed below.

<u>Name</u>	<u>Business</u>	<u>Residence</u>	<u>Term Expires May</u>
O. L. Thompson, Chairman	Business Executive	Charleston	2011(1)
William A. Finn, First Vice Chairman	Business Executive	Charleston	2013
Barry D. Wynn Second Vice Chairman	Business Executive	Spartanburg	2014
David A. Springs	Retired Business Executive	Murrells Inlet	2008(1)
Kristofer Clark	Business Executive	Easley	2012
Cecil E. Viverette	Retired Business Executive	Hilton Head	2012
J. Calhoun Land, IV	Attorney	Manning	2013
Peggy H. Pinnell	Business Executive	Moncks Corner	2014
W. Leighton Lord, III	Attorney	Columbia	2015
James R. Sanders, Jr.	Business Executive	Gaffney	2016
David F. Singleton	Business Executive	Myrtle Beach	2016

(1) Although their terms expired as indicated, they may continue to serve until successors have been appointed and qualified.

The President and Chief Executive Officer of the Authority is appointed by the Authority’s Board of Directors. The Authority’s executive management is appointed by the President and Chief Executive Officer with the approval of the Authority’s Board of Directors.

Authority executive management is:

<u>Name</u>	<u>Position</u>	<u>Utility Experience</u>
Lonnie N. Carter	President and Chief Executive Officer	29 years
Bill McCall, Jr.	Executive Vice President and Chief Operating Officer	40 years
Elaine G. Peterson	Executive Vice President and Chief Financial Officer	34 years
James E. Brogdon, Jr.	Executive Vice President and General Counsel	7 years
Rennie M. Singletary, III	Executive Vice President, Corporate Services	34 years
Terry L. Blackwell	Senior Vice President, Power Delivery	34 years
L. Phil Pierce	Senior Vice President, Generation	33 years
Marc R. Tye	Senior Vice President, Customer Service	29 years

Lonnie N. Carter joined the Authority in 1982 as an employee in the Controller’s Office. Since that time he has held various positions, including Manager of Corporate Forecasting, Vice President of Corporate Forecasting, Senior Vice President of Customer Service and Senior Vice President of Corporate Planning & Bulk Power. In 1997, he served as the first President and Chief Executive Officer of The Energy Authority, Inc. (“TEA”), a joint power marketing alliance through a non-profit corporation, whereby the Authority can purchase or sell energy and/or capacity when available. In 2004, he became President and Chief Executive Officer. He received a Bachelor of Science degree in Business Administration and a Masters in Business Administration from The Citadel.

Bill McCall, Jr. joined the Authority in 1971 as an engineer. Since that time he has held various positions, including Group Manager Production Operations, Manager Station Construction, Vice President Production Operations, Vice President Horry-Georgetown Division, Executive Vice President Generation and Chief Operating Officer. He received a Bachelor of Science degree in Mechanical Engineering from the University of South Carolina and a Masters in Business Administration from The Citadel.

Elaine G. Peterson joined the Authority in 1977 as an accountant in the Authority’s Career Foundation Program. Since that time she has held various positions, including Assistant to the Controller, Program for Employee Participation Coordinator, and Controller. She received a Bachelor of Science degree in Accounting from Clemson University and a Masters in Business Administration from The Citadel.

James E. Brogdon, Jr. joined the Authority in 2005 as Senior Vice President and General Counsel and a member of the executive management team. He practiced law in private practice and served as a judge of the South Carolina Circuit Court from 1996 to February 2005. He received a Bachelor of Arts degree in Economics from Wofford College and a Juris Doctor degree from the University of South Carolina School of Law.

Rennie M. Singletary joined the Authority in 1977 as an engineer. Since that time he has held various positions, including Jefferies Generating Station Manager and Vice President of Fossil and Hydro Generation. He received a Bachelor of Science degree and a Master of Science degree in Mechanical Engineering from Clemson University and a Masters in Business Administration from The Citadel.

Terry L. Blackwell joined the Authority in 1977 as an engineer in the Authority’s Career Foundation Program. Since that time he has held various positions, including Manager of Transmission Operations and Supervisor of Power Supply Planning. He received a Bachelor of Science degree in Electrical Engineering from N.C. State University.

L. Phil Pierce joined the Authority in 1979 as an engineer. Since that time he has held various positions, including Manager of Performance & Environmental Services and Manager of Cross Station Construction. He received a Bachelor of Science degree in Mechanical Engineering from Clemson University.

Marc R. Tye joined the Authority in 1984 as an engineer. Since that time he has held various positions, including Manager of Corporate Analysis & Pricing and Manager of Wholesale Markets. He received a Bachelor of Science degree in Electrical Engineering and a Masters in Business Administration from The Citadel.

The Authority had 1,804 employees as of March 30, 2012. Authority employees are members of a contributory state pension plan administered by the South Carolina State Retirement System.

The Act establishes an Advisory Board composed of the following officials of the State: the Governor, the Attorney General, the State Treasurer, the Comptroller General and the Secretary of State. The Advisory Board approves the hiring of the external auditors and sets the salary of the Authority's Board of Directors.

CUSTOMER BASE

Service Area

The Authority's primary business operation is the production, transmission and distribution of electrical energy, both at wholesale and retail, to citizens of South Carolina. The Authority is one of the nation's largest municipal wholesale utilities, whose System serves directly or indirectly approximately 2 million customers in all 46 counties of South Carolina. The Authority serves directly and indirectly some of the most rapidly developing areas of the State, including growing suburban areas outside Charleston, Columbia, Greenville and Spartanburg as well as the coastal areas of Myrtle Beach and the Grand Strand, Hilton Head Island, Kiawah Island and Seabrook Island.

The Authority's direct customers currently include 29 large industrial customers, Central Electric Power Cooperative Inc. ("Central"), and two municipal electric systems, the City of Georgetown and the City of Bamberg. Central is an association of 20 electric distribution cooperatives, including the five electric distribution cooperatives that were formerly members of Saluda River Electric Cooperative, Inc. ("Saluda"). Central serves primarily residential, commercial and small industrial customers in all 46 counties of the State. Through Central and the two municipal electric systems, approximately 734,000 customers are served indirectly by the Authority. See "CUSTOMER BASE -- Wholesale."

The Authority also serves directly approximately 165,000 residential, commercial and small industrial retail customers in parts of Berkeley, Georgetown and Horry counties. See "CUSTOMER BASE -- Direct Retail Service Area."

The Authority, from time to time, negotiates with existing and prospective customers and entities for the sale of electric power under long-term contracts. The Authority is unable to predict the outcome of such negotiations.

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Wholesale

Central. Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives (the “Central Cooperatives”) which are members of Central pursuant to long-term all requirements power supply agreements. The Central Cooperatives serve areas ranging from sparsely populated rural areas to heavily populated suburban areas. The table below lists each of the Central Cooperatives, the location of their headquarters, and the number of customers of each as of December 31, 2011, which is the latest information provided to the Authority.

<u>Central Cooperatives</u>	<u>Headquarters</u>	<u>Customers</u>
Aiken Electric Cooperative, Inc.	Aiken	45,304
Berkeley Electric Cooperative, Inc.	Moncks Corner	84,096
Black River Electric Cooperative, Inc.	Sumter	31,300
Blue Ridge Electric Cooperative, Inc.	Pickens	63,341
Broad River Electric Cooperative, Inc.	Gaffney	20,373
Coastal Electric Cooperative, Inc.	Walterboro	11,497
Edisto Electric Cooperative, Inc.	Bamberg	19,729
Fairfield Electric Cooperative, Inc.	Winnsboro	25,615
Horry Electric Cooperative, Inc.	Conway	66,816
Laurens Electric Cooperative, Inc.	Laurens	52,575
Little River Electric Cooperative, Inc.	Abbeville	13,987
Lynches River Electric Cooperative, Inc.	Pageland	20,433
Marlboro Electric Cooperative, Inc.	Bennettsville	6,490
Mid-Carolina Electric Cooperative, Inc.	Lexington	51,368
Newberry Electric Cooperative, Inc.	Newberry	12,592
Palmetto Electric Cooperative, Inc.	Ridgeland	67,715
Pee Dee Electric Cooperative, Inc.	Darlington	30,221
Santee Electric Cooperative, Inc.	Kingstree	43,931
Tri-County Electric Cooperative, Inc.	St. Matthews	17,856
York Electric Cooperative, Inc.	York	44,217

The Authority supplies the total power and energy requirements of the Central Cooperatives less amounts which Central purchases directly from Southeastern Power Administration (the “SEPA”), small amounts purchased from others and amounts provided by Broad River Electric Cooperative’s ownership interest in a small run of the river hydroelectric plant. The amounts supplied by the Authority are determined under the terms of an agreement between the Authority and Central (the “Central Agreement”) which became effective January 1981 upon approval by the Rural Electrification Administration, currently the Rural Utilities Services (the “RUS”). In 2011, revenues pursuant to the Central Agreement amounted to approximately 57.5% of revenues from sales.

The Authority and Central adopted an amendment to the Central Agreement in January 1988 which was approved by the RUS on July 20, 1988 and which revised the cost of service methodology, lowered the cost responsibility and rates to Central and extended the contract for a 35 year period ending on March 31, 2023. In addition to the change in the costing methodology, the amendment relinquishes all ownership rights of future generation by Central.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives located in the upper part of the State that were formerly members of Saluda and are connected to the transmission system of Duke Energy Carolinas, LLC (“Duke Carolinas”), a subsidiary of Duke Energy Corporation (“Duke”): Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (the “Upstate Load”) from a supplier other than the Authority. The Upstate Load, which is approximately 22% of Central’s current energy requirements, will transition to the new supplier over a six-year period beginning in 2013, and by 2019 will amount to approximately 1,000 Megawatts (“MW”). The agreement also provides that neither party will exercise any right to terminate the Central Agreement effective on or before December 31, 2030 and that the parties agree to negotiate in good faith terms and conditions by which the rights of the Authority and Central to terminate the Central Agreement will be deferred beyond 2030. The parties have begun these negotiations and the Authority cannot predict the ultimate outcome.

Under State law, the Authority may only serve directly new industrial customers located in its direct service area. However, if any industrial customers located outside the Authority's service area discontinue accepting electrical service from the Authority, the Authority may sell electrical service to new customers from its major transmission lines in areas outside the Authority's service area in an amount not exceeding that which was lost by such discontinuation of service.

If a new industrial customer is served by a Central Cooperative, the Authority will provide such power to the customer through the Central Cooperative (except for new industrial customers served by one of the former Saluda cooperatives after the end of the transition period described above). Central and the Authority have joined together to form a joint economic development effort, known as the Palmetto Economic Development Corporation, to benefit the State, the Authority and Central. Formed in September 1988, it works to more effectively recruit new industries and to increase job opportunities throughout the State. The joint operation is governed by an eight-member board of directors, four named by Central and four named by the Authority. In February 2012, the Authority and Central announced economic development rates for new and expanded large industrial loads to further enhance their economic development efforts.

For additional information on Central and the Central Cooperatives, please refer to the 2009 Statistical Report, Rural Electric Borrowers (RUS Informational Publication 201-1) which is the latest available statistical report, copies of which may be obtained from the U.S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, D.C. 20402-0001.

Other Wholesale. In addition to Central, the Authority provides wholesale electric service to the City of Georgetown, the City of Bamberg, and South Carolina Electric & Gas ("SCE&G") pursuant to long-term contracts. The initial terms of the contracts with the City of Bamberg and the City of Georgetown recently expired. Both contracts remain in effect unless and until terminated by 24 months advance written notice of such intention from either party to the other. As of the date of this Official Statement, such notice has not been given. The Authority desires to negotiate new long-term contracts with both cities but cannot predict the outcome of these negotiations. Sales to these customers and off-system sales to other utilities and power marketers during 2011 represented approximately 2.1% of revenues from sales.

The Authority has a long-term power agreement with Piedmont Municipal Power Agency ("PMPA") pursuant to which the Authority will provide PMPA its supplemental electric power and energy requirements (ranging from approximately 200 MW to 300 MW) above its current resources beginning on January 1, 2014, for a term of no less than 12 years.

The Authority also has an agreement pursuant to which it will provide Alabama Municipal Electric Authority 50 MW unit-contingent capacity and associated energy (25MW-50MW) beginning on January 1, 2014, for a term of 10 years.

Direct Retail Service Area

The Authority owns distribution facilities and serves in two non-contiguous areas covering portions of Berkeley, Georgetown and Horry Counties. These service areas include 2,757 miles of distribution lines. The following table presents retail customer growth from 2007 through 2011 in these areas.

Retail Customers				
Commercial and Small Industrial				
<u>Year</u>	<u>Residential</u>	<u>Small Industrial</u>	<u>Total</u>	<u>Annual Increase %</u>
2007	130,481	30,836	161,317	3.1
2008	131,869	30,788	162,657	0.8
2009	133,229	29,752	162,981	0.2
2010	134,704	28,897	163,601	0.4
2011	136,047	28,600	164,647	0.6

Sales to residential, commercial, small industrial customers and certain other customers are made pursuant to rate schedules established from time to time by the Authority. The vast majority of such rate

schedules include a fuel adjustment clause and demand sales adjustment clause. Sales to this customer group represented approximately 18.5% of revenues from sales in 2011.

Large Industrial Contracts

Sales to large industrial customers are made pursuant to long-term contracts. The Authority offers a large power rate schedule prepared on a cost of service basis for large industrial customers which contract for a minimum of 1,000 kilowatts (“kW”). The Authority requires that such customers enter into contracts for initial periods of not less than five years. All contracts contain rate provisions of the demand and energy type, and include fuel adjustment clauses, demand sales adjustment clauses, minimum demand charges and other provisions generally used in large industrial power rate schedules. The average cost per kilowatthour (“kWh”) varies depending upon the customer's usage and load factor.

Sales to large industrial customers during 2011 represented approximately 21.9% of revenues from sales, which includes 10.0% for Alumax of South Carolina, Inc. (“Alumax”), 4.9% for Nucor Corporation (“Nucor”), and 5.0% for the next eight largest industrial customers, of which no one customer represents more than 1.4% of sales.

Long-Term Power Contract with Alumax. The Authority has a long-term power contract with Alumax which extends through December 31, 2015. The contract provides for the delivery of approximately 400 MW of power under three different rate schedules or riders. Approximately 25% of the load is currently served under the Authority’s firm industrial rate schedule, with the majority of the remainder served under the supplemental curtailable schedule. A small portion of the load is served under the interruptible rate schedule. Alumax’s obligations under the contract are guaranteed by its parent company, Alcoa, Inc. The contract contains a provision that allows early termination on or after July 1, 2012 under certain conditions. Conditions have occurred which give Alumax the right to terminate the agreement no earlier than February 9, 2013. As of the date of this Official Statement, Alumax has not notified the Authority of its intent to act on the early termination provisions. Due to the nature of the Alumax load and various rate provisions, including the Authority’s fuel adjustment and demand sales adjustment clauses, a termination of the Alumax contract would not have a material impact on the Authority’s future financial performance.

The Authority is currently in discussions with Alumax regarding the extension of the current contract. The Authority is unable to predict the outcome of these discussions.

Long-Term Power Contract with Nucor. The Authority has a long-term power contract with Nucor which extends through April 30, 2015 and provides for two year rollover terms thereafter. The contract currently provides for delivery of approximately 300 MW of power, none of which is provided under the supplemental curtailable rate schedule.

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POWER SUPPLY AND POWER MARKETING

Generating Facilities

The Authority's generating facilities consist of the following facilities:

<u>Generating Facilities</u>	<u>Location</u>	<u>Initial Date in Service</u>	<u>Winter MCR(1) (MW)</u>	<u>Summer MCR(1) (MW)</u>	<u>Energy Source</u>
Jefferies Hydroelectric Generating Station	Moncks Corner	1942	128	128	Hydro
Wilson Dam Generating Station	Lake Marion	1950	2	2	Hydro
Jefferies Generating Station	Moncks Corner				
Nos. 1 and 2		1954	88	84	Oil
Nos. 3 and 4		1970	307	302	Coal
Grainger Generating Station Nos. 1 and 2	Conway	1966	170	166	Coal
Combustion Turbines Nos. 1 and 2	Myrtle Beach	1962	20	16	Oil/Gas
Combustion Turbines Nos. 3 and 4	Myrtle Beach	1972	40	38	Oil
Combustion Turbine No. 5	Myrtle Beach	1976	25	21	Oil
Combustion Turbine No. 1	Hilton Head Island	1973	20	19	Oil
Combustion Turbine No. 2	Hilton Head Island	1974	20	19	Oil
Combustion Turbine No. 3	Hilton Head Island	1979	60	52	Oil
Winyah Generating Station	Georgetown				
No. 1		1975	280	275	Coal
No. 2		1977	290	285	Coal
No. 3		1980	290	285	Coal
No. 4		1981	290	285	Coal
Summer Nuclear Station(2)	Jenkinsville	1983	318(3)	318(3)	Nuclear
Cross Generating Station	Cross				
Unit 1		1995	590	580	Coal
Unit 2		1983	585	570	Coal
Unit 3		2007	600	600	Coal
Unit 4		2008	600	600	Coal
Horry Landfill Gas Station	Conway	2001	4	4	LMG(4)
Lee County Landfill Gas Station	Bishopville	2005	10	10	LMG
Richland County Landfill Gas Station	Elgin	2006	8	8	LMG
Anderson County Landfill Gas Station	Belton	2008	3	3	LMG
Georgetown County Landfill Gas Station	Georgetown	2010	1	1	LMG
Berkeley County Landfill Gas Station	Moncks Corner	2011	3	3	LMG
Rainey Generating Station	Starr				
Unit 1		2002	520	460	Gas
Unit 2A		2002	180	146	Gas
Unit 2B		2002	180	146	Gas
Unit 3		2004	90	75	Gas
Unit 4		2004	90	75	Gas
Unit 5		2004	90	75	Gas
Diesel Generating Units		2003(5)	<u>14</u>	<u>14</u>	Oil
Total Capability			<u>5,916</u>	<u>5,665</u>	

(1) Maximum Continuous Ratings ("MCR")

(2) Virgil C. Summer Nuclear Station ("Summer Nuclear Station").

(3) Represents the Authority's one-third ownership interest.

(4) Landfill Methane Gas ("LMG")

(5) Year Purchased by the Authority.

Power Resources

The Authority plans for firm power supply from its own generating capacity and firm power contracts to equal its firm load, including a 13% summer reserve margin. The Authority's current total summer MCR of its owned generating capacity is 5,665 MW, of which 3,948 MW is generated by coal-fueled units, 130 MW by hydroelectric stations, 318 MW by a nuclear-fueled unit, 1,240 MW by oil, gas or oil/gas-fueled units and 29 MW from landfill methane gas. The Authority presently receives 84 MW of firm supply from the U.S. Army Corps of Engineers (the "Corps") and 327 MW of firm hydroelectric power from SEPA. The SEPA allocation consists of 192 MW for wheeling to the SEPA preference customers served by the Authority and 135 MW purchased by the Authority for its customers. The Authority also receives 8 MW of dependable capability from the Buzzards Roost hydro electric generating facility which it leases from Greenwood County, South Carolina and 38 MW of biomass capacity and associated energy under a power purchase agreement that commenced in September 2010 and extends for fifteen years. In addition, for the time period January 2011 through December 2014, the Authority has entered into an agreement with TEA for the purchase of unit-contingent power from a Southern Power Company simple cycle combustion turbine resource. This purchase is anticipated to provide a summer capability amount of 146 MW. The electric generation, transmission and distribution facilities owned by the Authority as well as certain generation and transmission facilities leased from Central, are operated by the Authority as a fully integrated electric system. The Authority has direct interconnections with five entities, including all those with which the Authority has long-term power contracts for energy interchange. See "POWER SUPPLY AND POWER MARKETING -- Interconnections and Interchanges."

The table below details the Authority's resources classified by energy source for the summer power supply peak capability.

<u>Source of Power Supply</u>	<u>(MW)</u>	<u>% of Total</u>
Coal	3,948	63.00
Natural Gas and Oil	1,240	19.78
Nuclear	318	5.07
Owned Hydro Generation	130	2.07
Landfill Methane Gas	<u>29</u>	<u>0.46</u>
Total MCR	5,665	
Purchases	<u>603</u>	<u>9.62</u>
Total MCR and Purchases	<u>6,268</u>	<u>100.00</u>

Non-Nuclear Generating Availability. The following table sets forth performance indicators for the Authority's coal-fired generation for the years 2009 through 2011.

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Capacity Factor - %	60.5	62.6	57.9
Availability Factor - %	94.0	91.9	88.7
Forced Outage Rate - %	2.2	2.6	5.9
Net Heat Rate (BTU/Kwh)	10,239	10,034	9,987

Performance monitoring systems are in place at the Authority's coal-fired generating stations and at its Rainey Generating Station to optimize each unit's operation while complying with environmental requirements.

All units are maintained with computerized maintenance management systems and the use of preventive, predictive, and proactive maintenance practices to achieve high reliability and efficiency at low maintenance cost. In its maintenance program, the Authority utilizes technologies such as vibration analysis, oil analysis, thermography, laser alignment, and non-destructive testing. The Authority continues to implement equipment maintenance programs for the units including major unit components such as control systems, steam generators, and turbine generators. See "CAPITAL IMPROVEMENT PROGRAM."

Summer Nuclear Station. The Authority owns a one-third undivided interest in the Summer Nuclear Station located in Fairfield County, South Carolina. The station has a pressurized water reactor with a maximum dependable rating of 954 MW net. SCE&G owns the remaining two-thirds interest and operates and maintains the station on its own behalf and as the Authority's agent.

The following table sets forth certain performance indicators for the Summer Nuclear Station for the years 2009 through 2011 and for the period of commercial operation, January 1, 1984 through December 31, 2011. The next refueling outage is scheduled to commence on October 12, 2012.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>January 1, 1984- December 31, 2011</u>
Net Generation -- MWh	6,872,043	8,487,079	7,426,233	188,679,421
Capacity Factor -- %	81.2	100.3	87.8	83.0
Availability Factor -- %	81.6	99.1	87.1	84.9
Forced Outage Rate -- %	3.9	0.9	0.7	2.6

The Nuclear Regulatory Commission (the "NRC") oversees plant performance through the Plant Performance Review (the "PPR"). The PPR is an ongoing process that combines the evaluation of inspection results and safety performance information. PPR results are classified into the areas of Reactor Safety, Radiation Safety and Safeguards and are used to identify and evaluate trends. Results are classified as green, yellow, white or red, with green being most favorable. A green classification indicates that plant management has proper oversight and does not require additional regulator oversight. Through the fourth quarter of 2011, all PPR classifications for Summer Nuclear Station are coded green. The station is in the Licensee Response column of the NRC Action Matrix.

In 2004, the NRC extended the operating license for Summer Nuclear Station to August 6, 2042, which was an additional twenty years.

Transmission

The Authority operates an integrated transmission system which includes lines owned and leased by the Authority as well as those owned by Central. The transmission system includes approximately 1,220 miles of 230 kilovolt ("kV"), 1,798 miles of 115 kV, 84 miles of 100 kV, 1,733 miles of 69 kV, 57 miles of 46 kV and 97 miles of 34 kV and below overhead and underground transmission lines. The Authority operates 103 transmission substations and switching stations serving 84 distribution substations and 486 Central Cooperative delivery points. Communications sites at 99 locations are in place to support the monitoring and controlling of integrated power system operations. The Authority plans the transmission system to operate during normal and contingency conditions that are outlined in electric system reliability standards adopted by the North American Electric Reliability Corporation ("NERC") and to maintain system voltages that are consistent with good utility practice.

Interconnections and Interchanges

The Authority's transmission system is interconnected with other major electric utilities in the region. It is directly interconnected with SCE&G at eight locations; with Progress Energy Carolinas ("Progress Energy") at eight locations; with Southern Company Services, Inc. ("Southern Company") at one location; and with Duke Carolinas, at two locations. The Authority is also interconnected with SCE&G, Duke, Southern Company and SEPA through a five-way interconnection at SEPA's J. Strom Thurmond Hydroelectric Project, and with Southern Company and SEPA through a three-way interconnection at SEPA's R. B. Russell Hydroelectric Project. Through these interconnections, the Authority's transmission system is integrated into the regional transmission system serving the southeastern areas of the United States and the Eastern Interconnection. The Authority has separate interchange agreements with each of the companies with which it is interconnected which provide for mutual exchanges of power.

Reliability Agreements

The Authority is a party to the Virginia-Carolinas Reliability Agreement (“VACAR”) which exists for the purpose of safeguarding the reliability of electric service of the parties thereto. Other parties to the VACAR agreement are SCE&G, Progress Energy, Duke, SEPA, APCI-Yadkin Division, Dominion Virginia Power, North Carolina Electric Membership Corporation, and Public Works Commission of the City of Fayetteville.

The Authority is also a member of the SERC Reliability Corporation, which is one of 8 regional entities under the NERC.

Distribution

The Authority owns distribution facilities in two service areas: the Berkeley District serving retail customers in St. Stephen, Bonneau Beach, Moncks Corner and Pinopolis; and the Horry-Georgetown Division serving retail customers in Conway, Myrtle Beach, North Myrtle Beach, Loris, Briarcliffe, Surfside Beach, Atlantic Beach, Pawleys Island, unincorporated areas along the Grand Strand and portions of rural Georgetown and Horry Counties. See “CUSTOMER BASE.”

General Plant

The Authority owns general plant consisting of office facilities; transportation and heavy equipment; computer equipment; and communication equipment necessary to support the Authority's operations. The Authority has nine customer service offices throughout its direct service territory and corporate headquarters located in Moncks Corner which includes a garage, maintenance facilities and warehouse facilities.

Fuel Supply

During 2011, the Authority's energy supply, including energy wheeled to SEPA preference customers, was derived as set forth in the following table.

<u>Source of Power Supply</u>	<u>% of Total</u>
Coal	70.5
Natural Gas and Oil	13.4
Nuclear	8.7
Owned Hydro Generation	0.9
Purchases	6.1
Landfill Methane Gas	0.4
Total	<u>100.0</u>

Coal. The Authority has contracted for bituminous coal for its Grainger, Jefferies, Winyah and Cross Generating Stations from a number of companies, and additional coal is acquired from spot market purchases. All of the Authority's suppliers have loading facilities for providing delivery of coal in unit train shipments. The Authority owns 1,905 coal cars and periodically supplements its fleet with cars provided by the railroad and through short term leases. Currently the Authority has 553 cars on short term lease. The lease on 447 of these cars ends March 31, 2012 and will not be renewed.

The Authority historically calculated coal days on hand using a methodology that did not accurately reflect the impact of substantial coal to gas switching, and the resulting reduction in the amount of coal used and expected to be used in the future. Therefore, the methodology for calculating coal days on hand was revised in 2012 to use the annual amount of coal budgeted to be burned divided by 365. The annual burn budget uses projections based on gas prices and forward price curves available at the time the budget is developed and should therefore factor in coal to gas generation switching based on economics. Using this methodology, the Authority had 210 days of coal on hand as of December 31, 2011 and 222 days as of March 1, 2012. In terms of tonnage, as of March 1, 2012 the Authority had approximately 5.2 million tons of coal on hand.

Sulfur dioxide (“SO₂”) air emission limitations dictate the maximum amount of coal sulfur content that can be used by generating units. The sulfur content of coal received under existing contracts ranges from approximately 0.9% to 3.0%. The Authority believes it can obtain an adequate coal supply with sulfur content within acceptable ranges to meet foreseeable needs. See “REGULATORY MATTERS -- Environmental Matters.”

Gas. The Authority has contracted with Transcontinental Gas Pipeline Corporation (“Transco”) to provide firm gas transportation in an amount approximately equal to the Rainey Generating Station combined cycle unit at full load.

Any additional gas transportation necessary to fuel the remaining needs of the simple cycle units at the station will be purchased on the spot market as needed. If gas is unavailable or uneconomical, the Authority will operate the station using fuel oil where possible. The Authority has backup oil storage facilities on site.

The Authority purchases the majority of its natural gas on a daily or short-term basis and does not currently have any purchases under long term agreements. The Authority’s natural gas risk is managed using a financial hedge strategy. See “POWER SUPPLY AND POWER MARKETING -- Fuel Supply -- *Commodity Risk Management.*” All of the Authority’s natural gas transactions are currently executed by TEA.

Commodity Risk Management. The Authority’s Board of Directors has approved a policy that deals with the philosophy, framework and delegation of authority necessary to govern the activities related to the Authority’s commodity risk management program.

The Authority has determined that all transactions executed under the policy will be executed through TEA.

Nuclear. Under the Joint Ownership Agreement for Summer Nuclear Station, Unit 1, SCE&G acts for itself and as agent for the Authority in the operation of the Summer Nuclear Station including the acquisition and management of nuclear fuel. Contracts are in place to supply uranium and conversion through 2020. Enrichment services will be met by contract through 2024.

Summer Nuclear Station has licensed on-site spent fuel storage capability until 2017 while still maintaining full core discharge capability. SCE&G has signed contracts with HOLTEC International, Shaw Group and Westinghouse Electric Company, Inc. (“Westinghouse”) to build a licensed Independent Spent Fuel Storage Installation (“ISFSI”) to commence receiving spent fuel in 2015.

Under the provisions of the Nuclear Waste Policy Act of 1982, on June 29, 1983 SCE&G and the Authority entered into a contract (the “Standard Contract”) with the Department of Energy (the “DOE”) for spent fuel and high level waste disposal services for the operating life of the Summer Nuclear Station. The Nuclear Waste Policy Act and the Standard Contract require the DOE to accept and dispose of spent nuclear fuel and high-level radioactive waste beginning not later than January 31, 1998. To date, the DOE has accepted no spent fuel from Summer Nuclear Station or any other utility, and has not indicated when it anticipates doing so.

On January 28, 2004, SCE&G and the Authority, in their capacity as co-owners of the Summer Nuclear Station, filed a breach of contract claim against the DOE in the U.S. Court of Claims. On January 9, 2006, SCE&G, the Authority and the United States Department of Justice entered into a formal written settlement agreement that resolved all issues in the litigation pending in the U.S. Court of Claims and resulted in the dismissal of that litigation with prejudice. Among other things, the agreement provides for the payment of \$9,000,000 to SCE&G and the Authority for costs they would not have had to incur but for the delay by the DOE in performing its obligations under the Standard Contract. On a prospective basis, the agreement provides a mechanism for SCE&G and the Authority to recover additional costs associated with any further delay by the DOE in performing its obligations under the Standard Contract.

Fuel Costs

The Authority's rates include various fuel adjustment provisions. Base fuel charges are adjusted to reflect actual fuel costs on a monthly basis for Central and on a three month moving average for most other customers.

Coal and natural gas prices have declined from the high prices seen in 2008 and are currently stable. The Authority strives to mitigate variations in price with a combination of long-term and short-term contracts, a fuel commodity risk hedging program, and by taking advantage of market opportunities, such as purchasing and blending off-specification coal when the economics are favorable. Coal prices spiked in 2008. In order to offset the impact on the customer, the Authority purchased additional spot coal at lower than normal prices in 2009 and 2010 thereby increasing its inventory levels. Coal inventory levels have remained high as a result of reduced usage of the Authority's coal plants due to lower gas prices, the impact the recession has had on the economy, and recent mild weather conditions.

The Authority forecasts coal prices to remain stable in 2012 and beyond if market trends continue. The Authority continues to monitor market trends, work with vendors, and make purchases when opportunities arise while maintaining stockpile levels. The Authority's current rail transportation contract extends through 2015.

The Energy Authority

The Authority is a member of TEA along with the City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA, MEAG Power, Nebraska Public Power District ("NPPD") and Public Utility District No. 1 of Cowlitz County, Washington.

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. TEA is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. In addition, TEA purchases and sells natural gas relating to fuel for members' generation of electricity. TEA does not engage in the construction or ownership of generation or transmission assets.

The standards of conduct provisions of Order 717 of the Federal Energy Regulatory Commission (the "FERC") require that employees of a utility engaged in transmission system operations function independently of employees of the utility or any of its affiliates who are engaged in the wholesale merchant function. The Authority believes that the establishment of TEA assists in satisfying that requirement.

All of TEA's revenues and its costs are allocated to the members. The Authority's exposure relating to TEA is limited to the Authority's capital investments in TEA, any accounts receivable from TEA and trade guarantees provided to TEA by the Authority.

The current amount approved by the Authority to support TEA's trading and procurement activities is an amount not to exceed approximately \$75.9 million. If payment is required to be made, it will be treated as an operation and maintenance expense.

Colectric Partners

The Authority is also a member of Colectric Partners ("Colectric"). Colectric's member participants are: the Authority, Florida Municipal Power Agency ("FMPA"), Gainesville Regional Utilities, JEA, MEAG Power, NPPD and Orlando Utilities Commission ("OUC").

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

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

RATES AND RATE COMPARISON

Rates

The Authority's Board of Directors is empowered and required to set rates as necessary to provide for expenses, including debt service, of the Authority. The Authority's current rates for customers, excluding Central, were adopted by the Authority's Board of Directors on August 24, 2009 and became effective November 1, 2009. The Authority has developed and offers time-of-use, non-firm and off-peak rates to its direct-served commercial and industrial customers to encourage them to reduce their peak demand. As of December 31, 2011, the Authority had 850 MW of non-firm power under contract. The Authority has also implemented seasonal energy charges for most rates affecting residential, commercial, and industrial customers. Seasonal energy charges reflect higher charges during the summer months when higher energy costs are incurred. The Authority's rate schedules include fuel adjustment clauses which provide for increases or decreases to the basic rate schedules to cover increases or decreases in the cost of fuel to the extent such costs vary from a predetermined base cost. The Authority's rate schedules also include a demand sales adjustment clause which provides for increases or decreases to the basic rate schedules to reflect increases or decreases in demand revenues from non-firm sales (such as supplemental curtailable, interruptible and economy power rate schedules and riders) and off-system sales to the extent such revenues vary from predetermined amounts included as credits to firm base rates.

On August 22, 2011, the Authority's Board of Directors requested management to complete a comprehensive review of the Authority's rate structure and rates, and present a recommendation concerning proposed revised rate schedules to the Board of Directors at its May 2012 meeting.

Rates under the Central Agreement, as amended, are determined in accordance with the cost of service methodology contained in the Central Agreement. Under this agreement Central initially pays for its power supply based on the Authority's projected costs and loads. The charges are then adjusted, on an annual basis, to reflect actual costs and load and Central is charged or credited the difference between the amounts paid based on projected rates and the amounts due based on actual rates.

During 2011 revenues from sales to wholesale requirements customers averaged 6.94 cents per kWh, revenues from sales to large industrial customers averaged 5.58 cents per kWh, and revenues from sales to residential, commercial, small industrial and other customers averaged 9.10 cents per kWh based on the then current rates which included fuel adjustments and credits for demand sales adjustments.

Rate Comparison

The Authority has seasonal rates for the majority of its residential, commercial, and industrial customers. Comparisons of the Authority's average monthly bills for firm service at selected usage levels with the average monthly bills of the three investor-owned utilities that serve the State based on rates on file with the South Carolina Public Service Commission (the "PSC") as of July 31, 2011 and December 31, 2011 are set forth on the following page.

As of July 31, 2011 (Summer)

	Residential Electric Service			
	500 kWh	1,000 kWh	2,000 kWh	3,000 kWh
Authority	\$59.18	\$108.36	\$206.72	\$305.08
Duke Energy Carolinas	48.64	90.49	181.65	272.80
Progress Energy Carolinas	55.84	105.18	203.86	302.54
SCE&G	66.52	126.91	254.78	382.65

	Commercial Electric Service		
	3,000 kWh	5,000 kWh	7,500 kWh
Authority	\$283.18	\$465.30	\$692.95
Duke Energy Carolinas	253.33	418.84	614.01
Progress Energy Carolinas	308.24	465.44	661.94
SCE&G	359.33	605.13	909.61

	Industrial Electric Service			
	1,000 kW 500,000 kWh	2,000 kW 1,000,000 kWh	9,000 kW 5,000,000 kWh	40,000 kW 25,000,000 kWh
Authority	\$38,113.90	\$73,827.80	\$345,328.10	\$1,645,986.00
Duke Energy Carolinas	27,688.60	52,731.05	250,210.10	1,230,087.15
Progress Energy Carolinas	37,185.00	73,945.00	353,045.00	1,663,625.00
SCE&G	38,655.00	75,535.00	356,905.00	1,709,075.00

As of December 31, 2011 (Non-Summer)

	Residential Electric Service			
	500 kWh	1,000 kWh	2,000 kWh	3,000 kWh
Authority	\$52.24	\$94.47	\$178.94	\$263.41
Duke Energy Carolinas	51.07	95.34	193.44	291.53
Progress Energy Carolinas	55.84	103.18	191.86	280.54
SCE&G	69.16	128.84	245.30	361.76

	Commercial Electric Service		
	3,000 kWh	5,000 kWh	7,500 kWh
Authority	\$241.51	\$395.85	\$588.78
Duke Energy Carolinas	267.76	442.88	650.08
Progress Energy Carolinas	308.24	465.44	661.94
SCE&G	379.11	602.37	881.45

	Industrial Electric Service			
	1,000 kW 500,000 kWh	2,000 kW 1,000,000 kWh	9,000 kW 5,000,000 kWh	40,000 kW 25,000,000 kWh
Authority	\$33,693.10	\$64,986.20	\$301,202.90	\$1,425,774.00
Duke Energy Carolinas	30,014.60	57,383.05	273,470.10	1,346,387.15
Progress Energy Carolinas	37,185.00	73,945.00	353,045.00	1,663,625.00
SCE&G	39,535.00	77,270.00	365,270.00	1,749,750.00

HISTORICAL SALES

Historical Demand, Sales and Revenues

The following table sets forth the territorial peak demand including firm off-system sales to other utilities, if any, on the Authority's System as well as the million kWh ("GWh") sales and electric revenues of the Authority for the years 2002 through 2011.

	<u>Peak Demand(1)</u>		<u>Sales</u>		<u>Revenue From Sales</u>		
	<u>Annual Increase</u>		<u>Annual Increase</u>		<u>Amount</u>	<u>Annual Increase</u>	<u>Cents</u>
	<u>MW</u>	<u>(Decrease)</u>	<u>GWh</u>	<u>(Decrease)</u>	<u>(Dollars in Thousands)</u>	<u>(Decrease)</u>	<u>Per kWh</u>
2002	4,817	(0.1)	24,121	7.7	1,019,113	6.2	4.23
2003	5,396	12.0	24,060	0.0	1,033,500	1.4	4.30
2004	5,111	(5.3)	24,451	1.6	1,136,042	9.9	4.65
2005	5,393	5.5	25,064	2.5	1,334,057	17.5	5.33
2006	5,218	(3.2)	25,422	1.4	1,396,252	4.6	5.49
2007	5,584	7.0	27,221	7.1	1,448,327	3.7	5.32
2008	5,672	1.6	26,687	(2.0)	1,568,618	8.3	5.88
2009	5,612	(1.1)	25,813	(3.3)	1,683,469	7.3	6.52
2010	5,762	2.7	28,182	9.2	1,875,263	11.4	6.65
2011	5,697	(1.1)	27,552	(2.2)	1,894,847	1.0	6.88
Annual Compound Growth Rate (2002-2011)		1.9		1.5		7.1	

(1) Includes firm off-system sales to other utilities.

The following tables set forth sales and revenues by customer class for the years 2007 through 2011.

<u>Class of Customers</u>	<u>Sales (GWh)</u>									
	<u>Year</u>									
	<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>	
	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>
Wholesale	15,628	57.4	15,511	58.1	15,607	60.5	17,231	61.1	16,263	59.0
Large Industrial	7,872	28.9	7,478	28.0	6,501	25.2	6,953	24.7	7,443	27.0
Residential, Commercial, Small Industrial and Other .	<u>3,721</u>	<u>13.7</u>	<u>3,698</u>	<u>13.9</u>	<u>3,705</u>	<u>14.3</u>	<u>3,998</u>	<u>14.2</u>	<u>3,845</u>	<u>14.0</u>
Total	<u>27,221</u>	<u>100.0</u>	<u>26,687</u>	<u>100.0</u>	<u>25,813</u>	<u>100.0</u>	<u>28,182</u>	<u>100.0</u>	<u>27,551</u>	<u>100.0</u>

<u>Class of Customers</u>	<u>Revenues (Dollars in Thousands)</u>									
	<u>Year</u>									
	<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>	
	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>
Wholesale	\$ 822,554	56.8	\$ 916,860	58.5	\$ 1,028,193	61.1	\$ 1,142,582	60.9	\$ 1,129,445	59.6
Large Industrial	343,350	23.7	359,712	22.9	346,318	20.6	376,247	20.1	415,309	21.9
Residential, Commercial, Small Industrial and Other .	<u>282,423</u>	<u>19.5</u>	<u>292,046</u>	<u>18.6</u>	<u>308,958</u>	<u>18.3</u>	<u>356,435</u>	<u>19.0</u>	<u>350,093</u>	<u>18.5</u>
Total	<u>\$1,448,327</u>	<u>100.0</u>	<u>\$1,568,618</u>	<u>100.0</u>	<u>\$1,683,469</u>	<u>100.0</u>	<u>\$1,875,264</u>	<u>100.0</u>	<u>\$1,894,847</u>	<u>100.0</u>

FINANCIAL INFORMATION

Historical Operating Results

A summary of the Authority's revenues available for debt service, lease payments and other purposes for years 2007 through 2011 is set forth below:

	Calendar Year (Dollars in Thousands)				
	2011	2010	2009	2008	2007
Operating Revenues	\$1,914,689	\$1,894,902	\$1,702,001	\$1,586,303	\$1,464,825
Other Income(1)	<u>8,081</u>	<u>126</u>	<u>3,946</u>	<u>13,666</u>	<u>20,856</u>
Total	1,922,770	\$1,895,028	\$1,705,947	\$1,599,969	\$1,485,681
Operating Expenses(2)	<u>1,366,423</u>	<u>1,318,814</u>	<u>1,201,140</u>	<u>1,121,693</u>	<u>1,008,718</u>
Revenues Available for Debt Service, Lease Payments and Other Purposes	556,347	576,214	504,807	478,276	476,963
Debt Service on Revenue Bonds(3)	<u>0</u>	<u>0</u>	<u>3,298</u>	<u>6,878</u>	<u>10,824</u>
Balance Available for Revenue Obligations, Lease Payments and Other Purposes	556,347	576,214	501,509	471,398	466,139
Debt Service on Revenue Obligations(4)	<u>342,621</u>	<u>362,506</u>	<u>339,875</u>	<u>276,464</u>	<u>258,316</u>
Balance Available for Lease Payments and Other Purposes	213,726	213,708	161,634	194,934	207,823
Debt Service on Lease Payments	<u>1,559</u>	<u>1,936</u>	<u>2,664</u>	<u>3,014</u>	<u>3,317</u>
Balance Available for Other Purposes	<u>\$ 212,167</u>	<u>\$ 211,772</u>	<u>\$ 158,970</u>	<u>\$ 191,920</u>	<u>\$ 204,506</u>
Debt Service Coverage(5):					
Revenue Bonds, Revenue Obligations and Lease Payments	1.61	1.58	1.45	1.67	1.75

- (1) Excludes gains on sale of leased lots or rail cars and includes interest subsidy payments for the 2010 Build America Bonds ("BABs").
- (2) Excludes depreciation and sums in lieu of taxes paid by Special Reserve Fund.
- (3) This category of bonds is no longer outstanding.
- (4) The Revenue Obligation Resolution provides for debt service of Revenue Obligations to be paid from Revenues prior to payments for operating and maintenance expenses. See "SECURITY FOR THE 2012M1 BONDS - Rate Covenant."
- (5) Calculation of coverage does not include debt service on Commercial Paper Notes.

CAPITAL IMPROVEMENT PROGRAM

General

While the Authority regularly reviews its capital improvement program, in its most recent financial projections, the Authority's capital improvement program for years 2012 through 2014 consists of a portion of two future nuclear units and general improvements to the Authority's System, including improvements to existing power supply facilities, extensions of and improvements to transmission and distribution facilities, environmental compliance, and other improvements to general facilities.

The total cost of the capital improvement program in years 2012 through 2014 is estimated to be approximately \$2,684,000,000, which includes approximately \$1,985,000,000 for a portion of two future nuclear units based on 45% ownership, approximately \$72,000,000 for environmental compliance expenditures, and approximately \$627,000,000 for general improvements to the System. The cost of the capital improvement program will be provided from Revenues of the Authority, additional Revenue Obligations, and Commercial Paper Notes and other short-term obligations of the Authority, as determined by the Authority.

As described below under "CAPITAL IMPROVEMENT PROGRAM -- Future Nuclear Units," the Authority currently has a 45% ownership interest in two new units at Summer Nuclear Station ("Summer 2" and "Summer 3"). Due to the on-going economic downturn and, as described under "CUSTOMER BASE -- Wholesale," the reduction in previously anticipated sales to Central, the Authority's overall demand and energy requirements are lower than originally estimated. In addition, proposed Environmental Protection Agency (the "EPA") regulations would significantly increase the operating costs of coal-fired generating stations, thereby causing the Authority to evaluate the possibility of mothballing or retiring certain existing resources. See "REGULATORY MATTERS -- Environmental Matters." These developments caused the Authority to re-evaluate its capital improvement program and long-term power supply plan, and as a result the Authority's Board of Directors cancelled units planned for the Pee Dee site. The Authority plans to apply any proceeds from the future sale of certain assets acquired for Pee Dee Unit 1 to reduce the borrowing on construction projects. Unrecovered costs associated with Pee Dee Unit 1 will be recovered through customer rates. In addition the Authority will seek to reduce its level of participation in Summer 2 and Summer 3 to approximately 20%. See CAPITAL IMPROVEMENT PROGRAM -- Future Nuclear Units."

Long-Term Power Supply Plan

The Authority's overall power supply objective is to continue to satisfy the electric power and energy needs of its customers with economical and reliable service. The Authority reviews, from time to time, its power resources and requirements and considers the possible addition of new power resources, which may include nuclear, natural gas, oil and coal fired units, as well as long-term power purchase agreements.

As described above under "CAPITAL IMPROVEMENT PROGRAM -- General," the Authority is currently evaluating the impact of recent developments on its generation resource plan.

Future Nuclear Units

In March 2008, the Authority and SCE&G submitted to the NRC an application for Combined Construction and Operating Licenses ("COLs") for two new nuclear units at Summer Nuclear Station ("Summer 2" and "Summer 3"). On, March 30, 2012, the NRC concluded its mandatory hearing on the application and found the NRC staff's review adequate to make the necessary regulatory safety and environmental findings, clearing the way for the formal issuance of the COLs. The COLs were issued by the NRC and received by the Authority on March 30, 2012.

The NRC's findings concluding the mandatory hearing imposed two conditions on the COLs, with the first requiring inspection and testing of squib valves, important components of the new reactors' passive cooling system. The second requires the development of strategies to respond to extreme natural events resulting in the loss of power at the new reactors. The NRC also directed the Office of New Reactors to issue to SCE&G and the Authority, simultaneously with the COLs, an Order requiring enhanced, reliable spent fuel pool instrumentation, as well as a request for information related to emergency plant staffing.

Summer 2 and Summer 3 will be constructed at an existing nuclear facility which is 400 feet above sea level and approximately 150 miles from the coast. SCE&G, acting for itself and as agent for the Authority, entered into an Engineering, Procurement and Construction (“EPC”) Agreement with Westinghouse and Stone & Webster, Inc. for the engineering, procurement, and construction of two 1100 MW nuclear generating units utilizing Westinghouse’s AP1000 nuclear reactor design. The Authority currently estimates the total construction cost associated with a 45% ownership interest in the two new nuclear units to be approximately \$5.1 billion including related transmission and initial fuel core; of this, \$4.7 billion is generation construction cost. The Authority’s Board of Directors has authorized the Authority to expend the total estimated construction cost on the nuclear project.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement specifying an Authority ownership interest of 45% in each of the two units. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the units to a third party. Together, the Design and Construction Agreement and the Operating and Decommissioning Agreement replace the Amended and Restated Bridge Agreement the Authority and SCE&G executed on May 23, 2008. The Authority anticipates that Summer 2 will go into service in March 2017. The Authority anticipates Summer 3 will go into service in May 2018.

As described under “CAPITAL IMPROVEMENT PROGRAM - General”, the Authority has evaluated its level of participation in a portion of the two future nuclear units and would like to retain about 20 percent ownership. The Authority has entered into a non-binding Letter of Intent (“LOI”) with Duke Carolinas that sets forth certain understandings and agreements between Duke Carolinas and the Authority with respect to (i) the evaluation of a potential arrangement for a portion of the Authority’s ownership interest and (ii) the basic terms for the negotiation of the definitive agreements for participation in the development of the two new nuclear units. The Authority continues active discussions with other potential parties.

The Authority filed Part I and Part II applications with the DOE under the DOE’s Loan Guarantee Program for nuclear facilities. The Authority is requesting a DOE loan guarantee for its portion of the nuclear project costs. On May 5, 2009, the Authority was notified by the DOE that the VC Summer nuclear project and the Authority had been selected for further due diligence and negotiations leading to a conditional commitment. Further due diligence has commenced. The Authority does not know, at this time, whether it will obtain a loan guarantee.

Individuals opposed to nuclear power could challenge the Authority’s attempts to pursue the nuclear project. The Authority intends to pursue the project notwithstanding opposition.

Biomass Projects

The Authority has entered into purchase power agreements with Loblolly Green Power, LLC (“Loblolly”) for 50 MWs of biomass-fuel energy, Southeast Renewable Energy (“SRE”) for 45 MWs of biomass-fueled energy, North Star Renewable Energy (“NSRE”) for 21 MWs of biomass-fueled energy and Green Energy Solutions, LLC (“GES”) for up to 25 MWs of biogas-fueled energy from multiple facilities. The Authority has also entered into three small power purchase agreements totaling 3.3 MWs for biogas-fueled energy.

The Loblolly contract has a twenty year term and the plant will be built in Newberry County. The SRE contracts have thirty year terms and the plants are scheduled to be built in the counties of Allendale, Dorchester and Kershaw. The NSRE contract has a 20 year term and the plant is scheduled to be built in Williamsburg County. The Loblolly, NSRE and SRE plants are expected to come online in 2013. The GES contract has a 28 year delivery period and the facilities are planned to be built over the next six years at various sites across the State.

General Improvements

The Authority's general improvement program consists primarily of extensions and improvements to the Authority's existing generating facilities, transmission and distribution systems, and general plant.

Regional Water Systems

Pursuant to the Act, the Authority is permitted to construct, own and operate facilities to treat, transmit and sell potable water at wholesale within the counties of Berkeley, Calhoun, Charleston, Clarendon, Colleton, Dorchester, Orangeburg and Sumter, South Carolina.

The Authority owns and operates the Lake Moultrie Regional Water System and the Lake Marion Regional Water System. Under current State law and by contract, each of the regional water systems is required to be self supporting.

The Authority sells water at wholesale from the Lake Moultrie System to the Lake Moultrie Water Agency, a joint municipal water system consisting of four governmental entities. The Lake Moultrie System treatment plant has a capacity of 36 million gallons per day.

The Authority sells water at wholesale from the Lake Marion Regional Water System to the Lake Marion Regional Water Agency, a joint municipal water system consisting of five governmental entities. The treatment plant portion of the water system was completed and declared commercial on May 1, 2008, and further development of the system is ongoing.

REGULATORY MATTERS

The Electric Utility Industry Generally

The electric utility industry in general has been affected by regulatory changes, market developments and other factors which have impacted, and will probably continue to impact, the financial condition and competitiveness of electric utilities and the level of utilization of facilities, such as those of the Authority. Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from national energy policies, (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and strategic alliances of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (e) increased competition from independent power producers, marketers and brokers, (f) self-generation by certain industrial and commercial customers, (g) issues relating to the ability to issue tax-exempt obligations, (h) restrictions on the ability to sell to nongovernmental entities electricity from projects financed with outstanding tax-exempt obligations, (i) changes from projected future load requirements, (j) increases in costs, and (k) shifts in the availability and relative costs of different fuels. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the Authority, and likely will affect individual utilities in different ways.

The Authority cannot determine with certainty what effects such factors will have on its business operations and financial condition, but the effects could be significant. Extensive information on the electric utility industry is available from sources in the public domain, and potential purchasers of the 2012M1 Bonds should obtain and review such information.

FERC Matters

The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The preliminary license application was submitted to stakeholders for review in

March 2003 and the final license application was submitted March 12, 2004. Due to a number of Additional Information Requests, the relicensing process has extended beyond the license expiration date. The FERC has issued a standing annual license renewal until a final license is issued.

The FERC issued a Ready for Environmental Analysis notice in March 2006. The FERC also has revised its National Environmental Policy Act scoping document from an Environmental Assessment to an Environmental Impact Statement (“EIS”) due in part to the size and complexity of the Authority project. The FERC issued its Final EIS in October, 2007. The South Carolina Department of Natural Resources, the U.S. Fish and Wildlife Service, and the Authority have jointly signed and filed a settlement agreement with the FERC that among other things, identifies fish passage and outflow guidelines during the term of the next license. NOAA Fisheries chose not to join in the settlement agreement and has submitted mandatory fishway conditions under §18 of the FPA and flow recommendations under §10 of that Act that are inconsistent with the settlement agreement. On July 15, 2010 National Marine Fisheries Service submitted a draft biological opinion containing recommendations for the endangered shortnose sturgeon. The recommendations, if adopted, would result in substantial additional costs for operating the project. The Authority cannot predict when the FERC may resolve the issue or the final outcome. The Authority submitted a response on September 10, 2010. Negotiations continue between the Authority and the National Marine Fisheries Service in an effort to find alternatives to the draft biological opinion which would meet the biological needs of the shortnose sturgeon.

Environmental Matters

Both federal and State regulatory agencies have imposed various environmental control requirements affecting the Authority’s facilities. These requirements relate primarily to airborne pollution, the discharge of pollutants into waters and the disposal of hazardous wastes. Standards related to environmental controls are subject to change, and litigation by environmental groups and others may affect the construction of facilities or their operation. The Authority endeavors to insure that its facilities comply with applicable environmental regulations and standards; however, no assurance can be given that normal operations will not encounter occasional technical difficulties, or that necessary authorizations and permits will be received, or that standards as to environmental suitability will not be changed in a manner which will affect adversely the Authority or its operations. The Authority cannot now estimate the precise effect of existing and potential regulations and legislation upon any of its existing and proposed facilities and operations, nor the impact of additional costs which may be incurred in effecting compliance with potential regulations and legislation.

Air Quality. Pursuant to the Clean Air Act (“CAA”), as amended, the EPA promulgated primary and secondary national ambient air quality standards (“NAAQS”) with respect to certain air pollutants, including particulate matter, SO₂ and nitrogen oxide (“NO_x”). These standards are to be achieved by the application of control strategies developed by the states and included in implementation plans which must be approved by the EPA to become effective. The Department of Health and Environmental Control (the “DHEC”) has adopted a State Implementation Plan (“SIP”), which has been approved by the EPA, generally designed to achieve the primary and secondary air quality standards.

The EPA has promulgated the New Source Performance Standards (“NSPS”) regulations establishing stringent emission standards for particulate matter, SO₂ and NO_x emissions for fossil-fuel fired steam generators, and revised these standards in 1979 and 2005.

On June 15, 2005, the EPA finalized amendments to the July 1999 regional haze rule. These amendments apply to the provisions of the regional haze rule that require emission controls known as best available retrofit technology (“BART”) for industrial facilities emitting air pollutants that reduce visibility by causing or contributing to regional haze. The Authority has submitted to the DHEC a BART dispersion modeling demonstration that shows that BART-eligible sources owned/operated by the Authority are exempt from further BART determination. The DHEC has approved this demonstration and has included the exemption in their SIP submittal.

The EPA has promulgated regulations designed to prevent significant deterioration of air quality in portions of a state where air quality is now better than the NAAQS. Winyah Units 3 and 4, Cross Station, Rainey Station, Hilton Head Turbine No. 3 and the Lee County Landfill Generation Facility are subject to and, the Authority believes, are in compliance with the Prevention of Significant Deterioration (“PSD”) regulations. Subsequently completed generating facilities will also be subject to the PSD regulations.

The Authority maintains operating permits for each of its existing generating facilities and believes these facilities are operating in compliance with the requirements of the permits. Title V operating permits are maintained for the Rainey, Cross, Winyah, Grainger and Jefferies Generating Stations, the Hilton Head and Myrtle Beach Turbine sites, and the landfill gas generating facilities located at the Horry County, Lee County, Richland County, and Anderson County Landfills. The new Berkeley County Landfill facility is currently operating under a state construction permit until the Title V operating permit is issued by the DHEC. The Georgetown County Landfill facility is operating under a State-Only operating permit. Conditional major operating permits are maintained for five diesel engine sites located in the upstate, which include Webb, Honea Path, Sediver, Thermal Kem, and Valenite. The Cornell Dublier diesel engine facility is no longer owned by the Authority.

Congress has enacted comprehensive amendments to the 1990 CAA, including the addition of a new federal Acid Rain program to deal with acid precipitation. The Authority has evaluated the potential impact of this legislation, including new limits on the allowable rates of emission of SO₂ and NO_x beginning in 2000 for boilers. To comply with these regulations, the Authority has purchased SO₂ emission credits and upgraded the sulfur removal capabilities of existing units to meet SO₂ emission limitations. To meet acid rain NO_x limits, the Authority retrofitted the combustion systems on some of its boilers with NO_x control technology. In addition, the Authority has installed continuous emission monitoring equipment to comply with monitoring requirements. The Authority continues to be subject to the Acid Rain program.

The EPA has promulgated the Clean Air Interstate Rule (the “CAIR”). The CAIR, which addresses SO₂ and NO_x emissions, was published in the federal register May 12, 2005 and took effect July 11, 2005. Since 2009, the CAIR limits for NO_x went into effect for both annual and ozone season, and the Authority has been operating its system accordingly. Since 2010, the CAIR SO₂ limits went into effect, and the Authority has been operating its system accordingly. The EPA issued a final replacement to the CAIR rule, the Cross-State Air Pollution Rule (“CSAPR”), on July 6, 2011, which was scheduled to take effect January 1, 2012. On December 30, 2011 the U.S. Court of Appeals for the DC Circuit issued its ruling to stay the CSAPR pending judicial review. On January 10, 2012, the EPA returned the vintage 2012 CAIR allowances to allowance accounts. By January 26, 2012, the EPA signed a notice indicating the Agency would not require compliance with CSAPR supplemental rule while the stay was in effect. On February 7, 2012, the EPA issued two sets of minor adjustments to the CSAPR. On March 1, 2012, the EPA filed its brief on the merits of the legal challenges to CSAPR. As of April 20, 2012, the EPA has reviewed comments submitted in response to the Direct Final Revisions Rule, and indicated that they intend to withdraw the Direct Final Revisions Rule prior to its effective date and take final action on the proposed revisions rule expeditiously. CAIR was remanded to the EPA by the court but still remains in effect until a replacement rule is finalized.

On May 3, 2011, the EPA issued a proposed rule for National Emission Standards for Hazardous Air Pollutants (“NESHAPs”) from Coal and Oil-Fired Electric Utility Steam Generating Units and proposed to revise the NSPS for Fossil-Fuel-Fired Electric Utility Industrial-Commercial-Institutional and Small Industrial-Commercial-Institutional Steam Generating Units. The NESHAP portion of this proposed rule proposes Maximum Achievable Control Technology emissions limitations for mercury, non-mercury metallic hazardous air pollutants, and acid gases also referred to as the Utility MACT. The revised NSPS portion of this proposed rule proposes Best Demonstrated Technology emission standards for PM, SO₂ and NO_x. The Authority has submitted comments on this proposed rule. On December 21, 2011, the EPA issued a draft rule that was published in the Federal Register February 16, 2012, and renamed the Mercury and Air Toxics Standard (“MATS”) for power plants. Although somewhat less stringent than the proposed rule, MATS will have significant impacts on the Authority’s coal-fired units. The Authority is still evaluating the impact of this rule, which became effective, April 16, 2012, with a compliance deadline of April 16, 2015.

The CAA requires that air quality in every state meet health based NAAQS. The most recent national ambient air quality standard for ozone was issued March 12, 2008 and is stricter than the previous standard. The

most recent national ambient air quality standard for nitrogen dioxide was issued February 9, 2010 (effective April 12, 2010) and is stricter than the previous standard. The most recent national ambient air quality standard for SO₂ was issued June 22, 2010 and is stricter than the previous standard. The Authority is following these regulatory changes and is evaluating the impact from these revised NAAQS standards.

The EPA announced September 21, 2006 that it was revising the NAAQS to tighten the daily standard on PM 2.5. The new rule on PM 2.5 went into effect on December 18, 2006. It lowered the 24-hour standard for PM 2.5 to 35 micrograms per cubic meter, nearly cutting in half the current standard of 65 micrograms per cubic meter. The annual standard for PM 2.5 remained at the level the agency set in 1997. States must begin implementation of the PM2.5 standard in 2011. The areas in which the Authority's facilities are located in are currently in compliance with this standard.

Greenhouse Gases. The EPA is proposing NSPS for emissions of carbon dioxide ("CO₂") for new affected fossil fuel-fired electric utility generating units ("EGUs"). The EPA is proposing these requirements because CO₂ is a greenhouse gas ("GHG") and fossil fuel-fired power plants are the country's largest stationary source emitters of GHGs. The EPA in 2009 found that by causing or contributing to climate change, GHGs endanger both the public health and the public welfare of current and future generations. The proposed requirements, which are strictly limited to new sources, would require new fossil fuel-fired EGUs greater than 25 megawatt electric to meet an output-based standard of 1,000 pounds of CO₂ per megawatt-hour, based on the performance of widely used natural gas combined cycle technology.

On May 13, 2010, the EPA issued the final rule for GHG emissions that "tailors" both the PSD program and Title V program for greenhouse gas emissions (the "Tailoring Rule"). Under this rule, the following dates and limits will apply:

1) January 2, 2011 through June 30, 2011: Existing PSD sources undertaking projects that will increase GHG emissions in excess of 75,000 tons per year will be subject to the PSD review for GHGs and would require implementation of Best Available Control Technology for the emission source. In a similar manner, existing Title V sources will be subjected to Title V requirements for GHGs if a project exceeds 75,000 TPY GHGs.

2) July 1, 2011 through June 30, 2013: In addition to step one above, any source that undertakes a new project that exceeds 100,000 TPY of GHG emissions will be subject to PSD and Title V requirements.

The Authority, along with 24 other petitioners, has filed a petition for review of the Tailoring Rule.

Congress continues to consider legislation that will reduce GHG emissions from major sources, including electric utilities, as well as implementation of other complementary measures to reduce GHG emissions.

On September 22, 2009, the EPA announced a final rule on the new GHG reporting program. Beginning January 1, 2010, the Authority is required to annually report GHG emissions data to the EPA for any of its facilities that emit 25,000 metric tons or more of CO₂ or equivalent per year. At a minimum, this reporting requirement will apply to the Authority's larger generating facilities. The first annual report for the calendar year 2010 was submitted to the EPA by the September 30, 2011 regulatory deadline. The second annual report for reporting 2011 GHG emissions was submitted by the March 31, 2012 deadline. GHG Subpart DD, Use of Electric Transmission & Distribution Equipment, is applicable to the Authority's GHG emissions reporting and will be submitted by the EPA deadline of this subpart which is September 30, 2012. This rule is commonly referred to as the Greenhouse Gas Mandatory Reporting Rule ("GHG-MRR").

Water Quality. The Clean Water Act ("CWA") prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System ("NPDES") permit program. The DHEC has been delegated NPDES permitting authority by the EPA and administers the program for the State.

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

<u>Facility</u>	<u>Permit Type</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Renewal Application Date</u>
Cross Generating Station	Individual	Nov. 3, 2006	Aug. 31, 2010	Mar. 4, 2010
Grainger Generating Station	Individual	Oct. 1, 2002	Sep. 30, 2006	Mar. 28, 2006
Jefferies Generating Station	Individual	Mar. 1, 2003	Feb. 29, 2008	Aug. 30, 2007
Rainey Generating Station	Individual	Mar. 1, 2010	Mar. 31, 2013	Oct. 2, 2012
Winyah Generating Station	Individual	Mar. 1, 2007	Jul. 31, 2011	Feb. 1, 2011
Regional Water Systems	General	Nov. 1, 2010	Oct. 30, 2015	May 3, 2015

Although several of the Authority's NPDES Permits have expired, the facilities may continue to discharge pursuant to Section 1-23-370 of the Code of Laws in South Carolina 1976, as amended. As shown in the above Table, new permit applications were submitted within the 180 day time frame required by S.C. Regulation 61-9, Section 122.21 (D).

The DHEC reissued the "NPDES General Permit for Storm Water Discharges Associated With Industrial Activities (Industrial General Permit)" on November 12, 2010 with an effective date of January 1, 2011 and an expiration date of January 1, 2016. The new Permit (SCR000000) has specific requirements for various industrial sectors based on Standard Industrial Classification Codes, including landfills and steam electric generating stations. As required under the new permit, NOIs were submitted and revised Stormwater Pollution Prevention Plans were implemented for the applicable facilities prior to the regulatory deadline of April 1, 2011.

Section 316(b) of the Clean Water Act requires that NPDES permits for facilities with cooling water intake structures ensure that the structures reflect the best technology available to minimize adverse environmental impacts from impingement and entrainment of fish and egg larvae. The EPA published a new draft rule in the Federal Register on April 20, 2011. Compliance dates are geared to the time the EPA issues the final rule, which must be signed by July 27, 2012 under terms of a settlement agreement. The Authority is reviewing the draft rule to determine the potential impact to the Authority's generating facilities.

Industrial Solid Waste Landfills. At Cross Generating Station, dry disposal of coal combustion residuals ("CCRs") into an industrial Class 2 solid waste landfill is governed by a Consent Agreement executed on April 29, 2011 between the Authority and the DHEC, which provides for operation of the landfill until December 31, 2015.

The Authority is continuing work on permitting additional Class 3 landfills at the Cross facility. On June 13, 2011, the DHEC published a Notice of Department Decision that the proposed Authority Cross Generating Station Class 3 Landfill meets the requirements set forth in Part I, Section D.1. of Regulation 61-107.19. On October 31, 2011, the Authority submitted a Siting Study and Hydrogeologic Site Characterization to the DHEC for approval. DHEC served notice on April 25, 2012 that the site has been deemed suitable and all requirements of the Landfill Siting Study and Site Hydrologic Characterization for site suitability have been met.

On January 12, 2012 the Department of Army issued a Section 404 permit authorizing 67.3 acres of wetlands impacts for the landfill project; and, on September 15, 2011 the DHEC Ocean and Coastal Resource Management issued a Section 401 Water Quality and Coastal Zone Management Act Consistency Certification. The Authority submitted a landfill permit application to DHEC on March 5, 2012.

Spill Prevention Control and Countermeasures. The EPA revised and finalized sections of the CWA relating to Spill Prevention Control and Countermeasures ("SPCC") on December 26, 2006. These revisions require that regulated facilities, including generating stations, substations and auxiliary facilities, amend their SPCC plans to meet the new standard which became effective November 10, 2011.

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

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

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

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

The Authority endeavors to comply with the applicable provisions of CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. In addition to handling hazardous substances, the Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash and scrubber sludge. These wastes are exempt from hazardous wastes regulation under the Resource Conservation and Recovery Act ("RCRA"). However, on June 21, 2010, the EPA issued a proposed rule to regulate CCRs under RCRA. No estimate relative to the cost of implementing any new regulations, when promulgated, can be made at this time.

Certain waste including spent boiler cleaning solutions, waste solvents and certain waste oils may be considered hazardous wastes. The Authority endeavors to maintain compliance with the RCRA and South Carolina Hazardous Waste Management regulations and believes its facilities are currently operating substantially in compliance with the regulations.

Also under RCRA, the Authority may be required to undertake corrective action with respect to any leaking underground petroleum storage tank and is liable for the costs of any corrective action taken by the EPA, including compensating third parties for personal injuries and property damage. The Authority is required by the EPA and the DHEC to maintain documentation of sufficient funds or insurance to cover environmental impacts. The Authority is required to register each underground petroleum tank with the DHEC and obtain permits to operate on an annual basis. Operation of these tanks is governed by both state and federal regulations with daily monitoring of inventory, recording of maintenance, and inspections of equipment to ensure tightness of the system and prohibit releases into the environment. Most recently, both the EPA and the DHEC have implemented a certification program for operators of these tanks with which the Authority will comply.

Homeland Security. The Department of Homeland Security (the "DHS") has promulgated regulations under the Homeland Security Act of 2002 relating to anti-terrorism standards at major industrial facilities. Facilities that store or process chemicals in quantities exceeding established thresholds must submit a screening assessment to the DHS. Based on these assessments, the DHS may impose additional requirements, including a security vulnerability assessment and a Site Security Plan ("SSP"). The Authority submitted screening

assessments for Cross, Winyah, and Jefferies Generating Stations. The Authority later completed a security vulnerability assessment for Jefferies Station which was submitted by the compliance date of October 18, 2010. The Authority has been proactive in conducting security assessments independently and with guidance from the DHS since 2001, and will continue to comply with this new and evolving body of regulations.

Nuclear Matters

The Summer Nuclear Station is subject to regulation by the NRC. SCE&G and the Authority were required to obtain liability insurance and a United States Government indemnity agreement for the Summer Nuclear Station in order for the NRC operating license to be issued. This primary insurance and the retrospective assessment are to insure against the maximum liability under the federal Price-Anderson Act for any public claims arising from a nuclear incident. The Energy Policy Act of 2005 extends the Price-Anderson Act until 2025.

The NRC requires that a licensee of a nuclear reactor provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust to comply with the new regulations. The Authority began making deposits into the external decommissioning fund in September 1990.

In addition to providing for the minimum requirements imposed by the NRC, the Authority established in 1983 an internal decommissioning fund. Based on the most recent decommissioning cost estimates developed by SCE&G, both the internal and external funds, which had a combined market value of approximately \$187 million at December 31, 2011, along with investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total estimated decommissioning costs.

LITIGATION

Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on its financial condition. However, even if determined adversely to the Authority, no such actions, suits, or governmental proceedings would have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

The Authority has paid approximately \$221 million, including interest, in settlement of a lawsuit brought by a number of landowners located along the Santee River primarily in Williamsburg and Georgetown Counties, South Carolina. The plaintiffs claimed damage to their real estate as a result of flooding that has occurred since the Corps' Cooper River Rediversion Project was completed in 1985. The Authority has also paid an additional \$10.4 million in costs and attorneys fees to the plaintiffs. The Authority submitted a claim seeking indemnification from the Corps on August 30, 2011. The Corps has filed its response opposing the Authority's claim and the matter is on appeal before the Armed Services Board of Contract Appeals ("ASBCA"). The ASBCA previously determined that the contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the project. No estimate of the amount or timing of recovery from the Corps can be made at this time.

Trinity Coal Corporation ("Trinity") has filed a lawsuit against the Authority in federal district court in Kentucky alleging breach of contract and seeking injunctive relief, specific performance and declaratory relief under a coal purchase and sale agreement. Trinity filed this action after the Authority notified Trinity it was terminating the agreement based on Trinity's failure to deliver coal conforming to the contract requirements. The complaint sought to prevent this termination and require the Authority to perform under the terms of the agreement but did not specify the amount of damages Trinity is seeking. The Kentucky lawsuit was dismissed without prejudice by Trinity on April 17, 2012. The Authority has filed a lawsuit against Trinity in state court in South Carolina alleging breach of contract and seeking declaratory relief. Trinity has answered the suit and counterclaimed, asserting the same claims as those set forth in the Kentucky lawsuit. At this time, the Authority cannot estimate potential damages or predict the outcome of this dispute. Even if Trinity prevailed on all claims, the Authority does not believe this matter would have a material adverse effect on the Authority's financial position or its operation.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management, Inc., as Financial Advisor in connection with the issuance of the 2012M1 Bonds.

TAX MATTERS

Federal Income Tax Generally

On the date of issuance of the 2012M1 Bonds, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina (“Bond Counsel”), will render an opinion that, assuming continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations promulgated thereunder (the “Regulations”) and further subject to certain considerations described in “Collateral Federal Tax Considerations” below, under existing statutes, regulations and judicial decisions, interest on the 2012M1 Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the 2012M1 Bonds will not be treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations; however, interest on the 2012M1 Bonds will be included in the calculation of adjusted current earnings in determining the alternative minimum tax liability of corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the 2012M1 Bonds or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the 2012M1 Bonds and the tax-exempt status of interest on the 2012M1 Bonds as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Official Statement.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2012M1 Bonds for federal income tax purposes. Bond Counsel's opinions are based upon existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The opinion of Bond Counsel described above is subject to the condition that the Authority comply with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure and investment of the proceeds of the 2012M1 Bonds and the obligation to rebate certain earnings on investments of proceeds to the United States Government, that must be satisfied subsequent to the issuance of the 2012M1 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2012M1 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2012M1 Bonds. The opinion of Bond Counsel delivered on the date of issuance of the 2012M1 Bonds is conditioned on compliance by the Authority with such requirements, and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such 2012M1 Bonds.

Collateral Federal Tax Considerations

Prospective purchasers of the 2012M1 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of 2012M1 Bonds should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the 2012M1 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the 2012M1 Bonds. No prediction can be made concerning future legislation which if passed might adversely affect the tax treatment of interest on the 2012M1 Bonds. Prospective purchasers of the 2012M1 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2012M1 Bonds. Bond Counsel's engagement with respect to the 2012M1 Bonds ends with the issuance of the 2012M1 Bonds and unless separately engaged, Bond Counsel is not obligated to defend the Authority or the owners of 2012M1 Bonds regarding the tax-exempt status of the 2012M1 Bonds in the event of an audit examination by the IRS. The IRS has taken the position that, under the standards of practice before the IRS, Bond Counsel must obtain a waiver of a conflict of interest to represent an issuer in an examination of tax exempt bonds for which Bond Counsel had issued an approving opinion. Under current procedures, parties other than the Authority and their appointed counsel, including the owners of 2012M1 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2012M1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2012M1 Bonds, and may cause the Authority or the owners of 2012M1 Bonds to incur significant expense, regardless of the ultimate outcome.

State Tax Exemption

Bond Counsel is of the further opinion that the 2012M1 Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the 2012M1 Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue and Taxation as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the 2012M1 Bonds or the interest thereon under the laws of any other jurisdiction.

APPROVAL OF LEGAL PROCEEDINGS

Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, Bond Counsel to the Authority, will render an opinion with respect to the validity and tax treatment of the 2012M1 Bonds. Such opinion will be attached to the 2012M1 Bonds and will be in substantially the form set forth in Appendix III. Certain legal matters will be passed upon on behalf of the Authority by James E. Brogdon, Jr., its Executive Vice President and General Counsel.

MISCELLANEOUS

The agreements of the Authority with the owners of the 2012M1 Bonds are fully set forth in the Revenue Obligation Resolution. This Official Statement is not to be construed as a contract with the purchasers of the 2012M1 Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact. This Official Statement has been approved by the Board of Directors of the Authority.

South Carolina Public Service Authority

/s/Elaine G Peterson
Executive Vice President and
Chief Financial Officer

Combined Balance Sheets

South Carolina Public Service Authority

As of December 31, 2011 and 2010

	2011	2010
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 84,282	\$ 125,308
Unrestricted investments	168,675	130,921
Restricted cash and cash equivalents	137,680	148,119
Restricted investments	171,452	109,340
Receivables, net of allowance for doubtful accounts of \$1,380 and \$1,510 at December 31, 2011 and 2010, respectively	208,610	200,978
Materials inventory	104,553	98,224
Fuel inventory		
Fossil fuels	492,410	430,376
Nuclear fuel - net	83,235	57,456
Interest receivable	2,150	2,398
Prepaid expenses and other current assets	279,961	252,763
Total current assets	1,733,008	1,555,883
Noncurrent assets		
Unrestricted cash and cash equivalents	10,374	2,057
Unrestricted investments	96,860	95,967
Restricted cash and cash equivalents	91,648	307,771
Restricted investments	391,199	341,009
Capital assets		
Utility plant	6,724,937	6,614,682
Long lived assets - asset retirement cost	33,078	33,078
Accumulated depreciation	(2,902,820)	(2,719,756)
Total utility plant - net	3,855,195	3,928,004
Construction work in progress	1,230,771	938,254
Other physical property - net	6,783	7,170
Investment in associated companies	9,540	10,769
Regulatory asset - asset retirement obligation	173,984	179,307
Other noncurrent and regulatory assets	64,926	53,942
Deferred debits		
Unamortized debt expenses	34,247	35,866
Costs to be recovered from future revenue	211,010	205,023
Other	342,500	301,055
Total noncurrent assets	6,519,037	6,406,194
Total assets	\$ 8,252,045	\$ 7,962,077

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

Combined Balance Sheets (continued)

South Carolina Public Service Authority

As of December 31, 2011 and 2010

	2011	2010
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	\$ 158,024	\$ 369,346
Accrued interest on long-term debt	115,735	113,134
Commercial paper	306,566	159,338
Accounts payable	231,785	266,519
Other current liabilities	90,309	73,158
Total current liabilities	902,419	981,495
Noncurrent liabilities		
Construction liabilities	6,634	13,061
Asset retirement obligation liability	347,476	332,279
Total long-term debt (net of current portion)	5,002,926	4,785,274
Unamortized refunding and other costs	(11,183)	(30,166)
Long-term debt - net	4,991,743	4,755,108
Other deferred credits and noncurrent liabilities	114,042	122,670
Total noncurrent liabilities	5,459,895	5,223,118
Total liabilities	6,362,314	6,204,613
NET ASSETS		
Invested in capital assets, net of related debt	(202,568)	(62,332)
Restricted for debt service	128,338	126,512
Restricted for other	206,764	152,528
Unrestricted	1,757,197	1,540,756
Total net assets	1,889,731	1,757,464
Total liabilities and net assets	\$ 8,252,045	\$ 7,962,077

Combined Statements of Revenues, Expenses and Changes in Net Assets

South Carolina Public Service Authority

Years Ended December 31, 2011 and 2010

	2011	2010
	(Thousands)	
Operating revenues		
Sale of electricity	\$ 1,894,371	\$ 1,874,821
Sale of water	6,801	6,274
Other operating revenue	13,517	13,807
Total operating revenues	1,914,689	1,894,902
Operating expenses		
Electric operating expenses		
Production	102,205	95,061
Fuel	920,315	932,553
Purchased and interchanged power	83,062	35,911
Transmission	23,187	20,995
Distribution	10,372	9,649
Customer accounts	15,431	16,181
Sales	4,745	4,996
Administrative and general	82,504	85,023
Electric maintenance expense	121,617	115,620
Water operation expense	2,246	2,104
Water maintenance expense	550	535
Total operation and maintenance expenses	1,366,234	1,318,628
Depreciation and amortization	185,038	185,694
Sums in lieu of taxes	4,890	4,681
Total operating expenses	1,556,162	1,509,003
Operating income	358,527	385,899
Nonoperating revenues (expenses)		
Interest and investment revenue	6,345	7,896
Net increase in the fair value of investments	(2,868)	(4,173)
Interest expense on long-term debt	(214,063)	(235,253)
Other interest expense	(8,667)	(9,455)
Costs to be recovered from future revenue	5,987	(26,468)
Other - net	5,662	(3,431)
Total nonoperating revenues (expenses)	(207,604)	(270,884)
Income before transfers	150,923	115,015
Capital contributions & transfers		
Distribution to the State	(18,656)	(18,514)
Total capital contributions & transfers	(18,656)	(18,514)
Change in net assets	132,267	96,501
Total net assets-beginning	1,757,464	1,660,963
Total net assets-ending	\$ 1,889,731	\$ 1,757,464

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

Combined Statements of Cash Flows

South Carolina Public Service Authority

Years Ended December 31, 2011 and 2010

	2011	2010
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	\$ 1,907,187	\$ 1,846,960
Payments to non-fuel suppliers	(471,788)	(371,444)
Payments for fuel	(912,313)	(921,981)
Purchased power	(79,657)	(35,986)
Payments to employees	(158,624)	(155,364)
Other receipts (payments) - net	134,285	(280,052)
Net cash provided by operating activities	419,090	82,133
Cash flows from non-capital related financing activities		
Distribution to the State of South Carolina	(18,656)	(18,514)
Net cash used in non-capital related financing activities	(18,656)	(18,514)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	809,037	870,687
Net commercial paper issuance	147,228	(117,336)
Repayment and refunding of bonds	(802,971)	(357,070)
Interest paid on borrowings	(246,407)	(233,395)
Construction and betterments of utility plant	(380,543)	(220,141)
Debt premium	8,444	4,475
Other - net	(47,269)	(37,367)
Net cash used in capital-related financing activities	(512,481)	(90,147)
Cash flows from investing activities		
Net (decrease) increase in investments	(153,817)	88,891
Interest on investments	6,593	9,671
Net cash (used) provided by investing activities	(147,224)	98,562
Net (decrease) increase in cash and cash equivalents	(259,271)	72,034
Cash and cash equivalents-beginning	583,255	511,221
Cash and cash equivalents-ending	\$ 323,984	\$ 583,255
The accompanying notes are an integral part of these combined financial statements.		

Combined Statements of Cash Flows (continued)

South Carolina Public Service Authority

Years Ended December 31, 2011 and 2010

	2011	2010
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 358,527	\$ 385,899
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	205,536	203,627
Net power gains involving associated companies	(19,934)	(15,533)
Distributions from associated companies	17,659	12,006
Advances to associated companies	(4)	26
Other income and expense	10,952	514
Changes in assets and liabilities		
Accounts receivable - net	(7,632)	(47,580)
Inventories	(68,363)	(87,602)
Prepaid expenses	(27,198)	(208,664)
Other deferred debits	(3,815)	(59,161)
Accounts payable	(55,007)	96,407
Other current liabilities	17,036	(183,727)
Other noncurrent liabilities	(8,667)	(14,079)
Net cash provided by operating activities	\$ 419,090	\$ 82,133
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	\$ 84,282	\$ 125,308
Restricted cash and cash equivalents	137,680	148,119
Noncurrent		
Unrestricted cash and cash equivalents	10,374	2,057
Restricted cash and cash equivalents	91,648	307,771
Cash and cash equivalents at the end of the year	\$ 323,984	\$ 583,255

NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

During 2011, the Authority reviewed its fund assignments, which resulted in reclassifications between Unrestricted and Restricted categories. For comparative purposes, calendar year 2010 has been restated accordingly.

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

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

F - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is only capitalized when interest payments are funded through borrowings. There was no interest capitalized in 2011 or 2010. Other interest expense is recovered currently through rates. The costs of maintenance, repairs, and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the net carrying basis of various classes of plant which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates.

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

Years Ended December 31,	2011	2010
Annual Average Depreciation Percentages	2.8%	2.9%
Note: Depreciation expense includes amortization of property under capitalized leases.		

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

Years Ended December 31,	2011	2010
Members	Ownership (%)	
City Utilities of Springfield (Missouri)	6.9	6.8
Cowlitz Public Utility District (Washington)	6.9	6.9
Gainsville Regional Utilities (Florida)	6.7	7.4
JEA (Florida)	19.9	21.1
MEAG Power (Georgia)	19.3	19.4
Nebraska Public Power District (Nebraska)	19.5	16.2
Santee Cooper (South Carolina)	20.8	22.2
Total	100.0	100.0

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

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

Years Ended December 31,	2011	2010
	(Thousands)	
TEA Investment:		
Balance as of January 1,	\$ 10,587	\$ 9,519
Reduction to power costs and increases in electric revenues	16,426	13,074
Less: Distributions from TEA	17,659	12,006
Balance as of December 31,	\$ 9,354	\$ 10,587
Due To / Due From TEA:		
Payable to	\$ 17,856	\$ 29,100
Receivable from	\$ 1,008	\$ 5,213

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2011, the trade guarantees are an amount not to exceed \$82.1 million.

The Authority is also a member of Colectric Partners (Colectric). Members and ownership interests were as follows:

Years Ended December 31,	2011	2010
Members	Ownership (%)	
Florida Municipal Power Agency (Florida)	N/A	N/A
Gainesville Regional Utilities (Florida)	N/A	N/A
JEA (Florida)	25.0	25.0
MEAG Power (Georgia)	25.0	25.0
Nebraska Public Power District (Nebraska)	25.0	25.0
Orlando Utilities Commission (Florida)	N/A	N/A
Santee Cooper (South Carolina)	25.0	25.0
Total	100.0	100.0

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

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

The Authority's exposure relating to Coelectric is limited to its capital investment, any accounts receivable and any indemnifications related to agreements between Coelectric and the Authority. These indemnifications are within the scope of FASB ASC 952. The Authority's initial investment in Coelectric was \$413,000. The balances in its member equity account at December 31, 2011 and 2010 were approximately \$186,000 and \$182,000, respectively. Cumulative net direct cost since 2001 has been \$3.3 million. Cumulative direct savings for this same period have been \$19.7 million.

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

J - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled \$12.5 million in 2011 and \$14.3 million in 2010.

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

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

Payments made to the State totaled \$18.7 million in 2011 and \$18.5 million in 2010.

L - Accounting for Derivative Instruments – In compliance with GASB 53, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred – reported as deferred inflows and deferred outflows on the balance sheet. Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

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

A summary of the Authority’s derivative activity for years ended December 31, 2011 and 2010 is below:

Cash Flow Hedges and Summary of Activity			
Years Ended December 31,		2011	2010
Classification (1)		(Millions)	
<i>Fair Value</i>			
Natural Gas	Regulatory Assets/Liabilities	\$ (54.8)	\$ (23.5)
Crude Oil	Regulatory Assets/Liabilities	1.6	5.6
Heating Oil	Regulatory Assets/Liabilities	1.5	0.0
<i>Changes in Fair Value</i>			
Natural Gas	Regulatory Assets/Liabilities	\$ (31.3)	\$ (3.1)
Crude Oil	Regulatory Assets/Liabilities	(4.0)	(1.1)
Heating Oil	Regulatory Assets/Liabilities	1.5	0.0
<i>Recognized Net Gains (Losses)</i>			
Natural Gas	Operating Expense-Fuel	\$ (13.7)	\$ (10.4)
Crude Oil	Operating Expense-Fuel	4.2	4.1
Heating Oil	Operating Expense-Fuel	(1.0)	0.0
<i>Realized But Not Recognized Net Gains (Losses)</i>			
Natural Gas	Regulatory Assets/Liabilities	\$ (3.3)	\$ (2.7)
Crude Oil	Regulatory Assets/Liabilities	0.5	0.7
Heating Oil	Regulatory Assets/Liabilities	(3.4)	0.0
<i>Notional</i>			
		MBTUs	
Natural Gas		38,830	14,840
		Barrels (000s)	
Crude Oil		0	319
		Gallons (000s)	
Heating Oil		10,164	0
(1) The Authority records fair value transactions related to hedging under current and noncurrent sections of the Combined Balance Sheets.			

M - Retirement of Long-Lived Assets - The Authority follows the guidance of FASB ASC 410 in regards to decommissioning of V.C. Summer Nuclear Station and closing of ash ponds. The requirements for both were recorded within "Capital assets" on the accompanying balance sheets.

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

Years Ended December 31,	2011			2010		
	Nuclear	Ash Ponds	Total	Nuclear	Ash Ponds	Total
	(Millions)					
Reconciliation of ARO Liability:						
Balance as of January 1,	\$ 268.3	\$ 64.0	\$ 332.3	\$ 257.0	\$ 60.8	\$ 317.8
Accretion expense	11.7	3.4	15.1	11.3	3.3	14.6
Balance as of December 31,	\$ 280.0	\$ 67.4	\$ 347.4	\$ 268.3	\$ 64.1	\$ 332.4
Asset Retirement Cost (ARC):	\$ 22.7	\$ 10.4	\$ 33.1	\$ 22.7	\$ 10.4	\$ 33.1

N - Review of New Accounting Standards

Statement No. GASB 59	Title: Financial Instruments Omnibus
Issue Date: June 2010	Effective After: June 15, 2010
Comments:	Statement did not have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.

O - Issued But Not Yet Effective Pronouncements

Statement No. GASB 60	Title: Accounting and Financial Reporting for Service Concession Arrangements
Issue Date: November 2010	Effective After: December 15, 2011
Comments:	Statement is not expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.
Statement No. GASB 61	Title: The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34
Issue Date: November 2010	Effective After: June 15, 2012
Comments:	Statement is not expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.
Statement No. GASB 62	Title: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements
Issue Date: December 2010	Effective After: December 15, 2011
Comments:	Statement is not expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.
Statement No. GASB 63	Title: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
Issue Date: June 2011	Effective After: December 15, 2011
Comments:	Statement is not expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.
Statement No. GASB 64	Title: Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53
Issue Date: June 2011	Effective After: June 15, 2011
Comments:	Statement is not expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE:

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

Years Ended December 31,	2011	2010
	(Millions)	
CTBR Regulatory Asset:		
Balance as of December 31	\$ 211.0	\$ 205.0
CTBR Expense/(Reduction to Expense):		
Net Expense for Year Ended December 31	\$ (6.0)	\$ 26.5

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the years ended December 31, 2011 and 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
YEAR 2011				
(Thousands)				
Utility Plant	\$ 6,614,682	\$ 121,791	\$ (11,536)	\$ 6,724,937
Long lived-assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,719,756)	(194,587)	11,523	(2,902,820)
Total utility plant-net	3,928,004	(72,796)	(13)	3,855,195
Construction work in progress	938,254	414,407	(121,890)	1,230,771
Other physical property-net	7,170	96	(483)	6,783
Totals	\$ 4,873,428	\$ 341,707	\$ (122,386)	\$ 5,092,749
YEAR 2010				
(Thousands)				
Utility Plant	\$ 6,494,365	\$ 154,814	\$ (34,497)	\$ 6,614,682
Long lived-assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,564,325)	(189,928)	34,497	(2,719,756)
Total utility plant-net	3,963,118	(35,114)	0	3,928,004
Construction work in progress	851,442	248,522	(161,710)	938,254
Other physical property-net	2,583	4,587	0	7,170
Totals	\$ 4,817,143	\$ 217,995	\$ (161,710)	\$ 4,873,428

In 2010, the Authority's Board cancelled the construction of the units planned for the Pee Dee site. As of December 31, 2011 and 2010, the related construction charges were reclassified from Construction work in progress to "Prepaid expenses and other current assets" and "Deferred debts-other" on the Combined Balance Sheets. The Authority is confident certain assets are marketable and can be sold. Currently, the Authority cannot determine how much will be recovered through the sale of assets originally purchased for those units. The Authority's Board has determined unrecovered costs associated with Pee Dee will be recovered through customer rates. In addition, the Authority plans to apply the unspent bond proceeds for Pee Dee as well as any proceeds received from the sale of certain Pee Dee assets to reduce borrowings on other capital projects.

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE:

Cash and investments as of December 31, 2011 and 2010 are classified in the accompanying financial statements as follows:

Combined Balance Sheets		
Years Ended December 31,	2011	2010
	(Thousands)	
Current assets		
Unrestricted cash and cash equivalents	\$ 84,282	\$ 125,308
Unrestricted investments	168,675	130,921
Restricted cash and cash equivalents	137,680	148,119
Restricted investments	171,452	109,340
Noncurrent assets		
Unrestricted cash and cash equivalents	10,374	2,057
Unrestricted investments	96,860	95,967
Restricted cash and cash equivalents	91,648	307,771
Restricted investments	391,199	341,009
Total cash and investments	\$ 1,152,170	\$ 1,260,492
Cash and investments as of December 31 consist of the following:		
Cash/Deposits	\$ 121,102	\$ 42,599
Investments	1,031,068	1,217,893
Total cash and investments	\$ 1,152,170	\$ 1,260,492

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

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

All equity and debt securities are recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Assets.

Following is a summary of the Authority's investment activity:

Years Ended December 31,	2011	2010
Total Portfolio	(Billions)	
Total Investments	\$ 1.0	\$ 1.2
Purchases	37.9	43.2
Sales	38.1	43.2
Nuclear Decommissioning Portfolios (1)	(Millions)	
Total Investments	\$ 186.7	\$ 166.2
Purchases	772.4	1,000.0
Sales	771.2	1,000.0
Unrealized Holding Gains	27.4	15.3
(1) Realized and unrealized earnings are credited to the "Regulatory asset-Asset retirement obligation".		
Repurchase Agreements (2)	(Millions)	
Balance at December 31	\$ 142.6	\$ 410.1
(2) Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.		

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

Risk Type	Exposure																																												
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2011 and 2010, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc, and AA+ by Standard & Poor's Rating Services.																																												
Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.	As of December 31, 2011 and 2010, all of the Authority's investment securities were held by the Trustee or Agent of the Authority and therefore there was no custodial risk for investment securities.																																												
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	<p>At December 31, 2011 and 2010, the Authority had exposure to custodial credit risk for deposits as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Depository Account Type</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;">Bank Balance</th> </tr> <tr> <th style="text-align: left;">Years Ended December 31,</th> <th style="text-align: center;">2011</th> <th style="text-align: center;">2010</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;">(Thousands)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Uninsured and collateral held by Bank's agent not in Authority's name</td> <td style="text-align: right;">\$ 500</td> <td style="text-align: right;">\$ 750</td> </tr> </tbody> </table>	Depository Account Type				Bank Balance		Years Ended December 31,	2011	2010		(Thousands)		Uninsured and collateral held by Bank's agent not in Authority's name	\$ 500	\$ 750																													
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Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	<p>Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2011 and 2010 were as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Security Type / Issuer</th> <th colspan="2" style="text-align: center;">Fair Value</th> </tr> <tr> <th style="text-align: center;">2011</th> <th style="text-align: center;">2010</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;">(Thousands)</td> </tr> <tr> <td>Federal Agency Fixed Income Securities</td> <td style="text-align: right;">\$ 368,948</td> <td style="text-align: right;">\$ 327,931</td> </tr> <tr> <td>Federal Home Loan Bank</td> <td style="text-align: right;">178,207</td> <td style="text-align: right;">225,204</td> </tr> <tr> <td>Federal National Mortgage Association</td> <td style="text-align: right;">118,138</td> <td style="text-align: right;">75,336</td> </tr> <tr> <td>Federal Farm Credit Bank</td> <td style="text-align: right;">133,009</td> <td style="text-align: right;">112,610</td> </tr> </tbody> </table>	Security Type / Issuer	Fair Value		2011	2010		(Thousands)		Federal Agency Fixed Income Securities	\$ 368,948	\$ 327,931	Federal Home Loan Bank	178,207	225,204	Federal National Mortgage Association	118,138	75,336	Federal Farm Credit Bank	133,009	112,610																								
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Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.	<p>The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity at December 31, 2011 and 2010:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Investment Type:</th> <th colspan="2" style="text-align: center;">2011</th> <th colspan="2" style="text-align: center;">2010</th> </tr> <tr> <th style="text-align: center;">Fair Value (Thousands)</th> <th style="text-align: center;">Weighted Average Maturity (Years)</th> <th style="text-align: center;">Fair Value (Thousands)</th> <th style="text-align: center;">Weighted Average Maturity (Years)</th> </tr> </thead> <tbody> <tr> <td>Certificates of Deposits</td> <td style="text-align: right;">\$ 1,450</td> <td style="text-align: right;">0.24</td> <td style="text-align: right;">\$ 1,800</td> <td style="text-align: right;">0.24</td> </tr> <tr> <td>Federal Agency Discount Notes</td> <td style="text-align: right;">232,184</td> <td style="text-align: right;">0.09</td> <td style="text-align: right;">269,127</td> <td style="text-align: right;">0.11</td> </tr> <tr> <td>Federal Agency Securities</td> <td style="text-align: right;">589,492</td> <td style="text-align: right;">2.75</td> <td style="text-align: right;">491,916</td> <td style="text-align: right;">3.86</td> </tr> <tr> <td>Repurchase Agreements</td> <td style="text-align: right;">142,579</td> <td style="text-align: right;">0.01</td> <td style="text-align: right;">410,068</td> <td style="text-align: right;">0.01</td> </tr> <tr> <td>U.S. Treasury Notes and Strips</td> <td style="text-align: right;">65,363</td> <td style="text-align: right;">6.03</td> <td style="text-align: right;">44,982</td> <td style="text-align: right;">6.18</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$ 1,031,068</td> <td></td> <td style="text-align: right;">\$ 1,217,893</td> <td></td> </tr> <tr> <td>Portfolio Weighted Average Maturity</td> <td></td> <td style="text-align: right;">1.80</td> <td></td> <td style="text-align: right;">1.78</td> </tr> </tbody> </table> <p>The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold \$66.9 million par in U.S. Treasury Strips ranging in maturity from February 15, 2012 to May 15, 2039. They also hold \$56.9 million par in government agency zero coupon securities (i.e. Resolution Corp, FNMA, FICO and REFCORP Securities) in the two portfolios ranging in maturity from November 15, 2014 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2043. The Authority has no other investments that are highly sensitive to interest rate fluctuations.</p>	Investment Type:	2011		2010		Fair Value (Thousands)	Weighted Average Maturity (Years)	Fair Value (Thousands)	Weighted Average Maturity (Years)	Certificates of Deposits	\$ 1,450	0.24	\$ 1,800	0.24	Federal Agency Discount Notes	232,184	0.09	269,127	0.11	Federal Agency Securities	589,492	2.75	491,916	3.86	Repurchase Agreements	142,579	0.01	410,068	0.01	U.S. Treasury Notes and Strips	65,363	6.03	44,982	6.18	Total	\$ 1,031,068		\$ 1,217,893		Portfolio Weighted Average Maturity		1.80		1.78
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Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.	The Authority is not authorized to invest in foreign currency and therefore has no exposure.																																												

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NOTE 5 – LONG-TERM DEBT OUTSTANDING:

The Authority's long-term debt at December 31, 2011 and 2010 consisted of the following:				
	2011	2010	Interest Rate(s) (1)	Call Price (1)
	(Thousands)		(%)	(%)
Capitalized Lease Obligations: (mature through 2014)	\$ 2,469	\$3,914	5.00	N/A
Revenue Obligations: (mature through 2050)				
1999 Taxable Series B	4,745	43,135	7.32-7.42	Non-callable
2001 Improvement Series A	2,565	2,565	5.00	Non-callable
2002 Refunding Series A	61,505	71,615	5.125-5.50	101
2002 Tax-exempt Series B	7,175	141,890	5.375	100
2002 Refunding Series D	200,635	215,425	5.00-5.25	100
2003 Refunding Series A	335,030	335,030	4.75-5.00	100
2004 Tax-exempt Series A	94,575	386,905	4.375-5.00	100
2004 Taxable Series B	12,220	14,970	4.17-4.52	P&I Plus Make-Whole Premium
2004 Series M - CIBS	19,049	19,140	4.25-4.90	100
2004 Series M - CABS	10,400	10,090	4.375-5.00	Accreted Value
2005 Refunding Series A	125,295	125,295	5.25-5.50	100
2005 Refunding Series B	240,995	251,250	5.00	100
2005 Refunding Series C	78,150	78,150	4.125-4.75	100
2005 Series M - CIBS	10,664	10,681	3.65-4.35	100
2005 Series M - CABS	5,547	5,341	4.00-4.35	Accreted Value
2006 Tax-exempt Series A	446,540	449,705	3.50-5.00	100
2006 Taxable Series B	83,250	96,250	4.95-5.05	P&I Plus Make-Whole Premium
2006 Series M - CIBS	7,074	7,113	3.75-4.20	100
2006 Series M - CABS	3,135	3,022	4.00-4.20	Accreted Value
2006 Refunding Series C	114,755	114,755	4.00-5.00	100
2007 Series A	311,350	324,535	4.00-5.00	100
2007 Refunding Series B	97,970	97,970	4.00-5.00	Non-callable
2008 Tax-exempt Series A	396,985	401,985	5.00-5.75	100
2008 Taxable Series B	260,000	260,000	6.808-8.368	P&I Plus Make-Whole Premium
2008 Series M - CIBS	18,710	18,732	3.00-4.80	100
2008 Series M - CABS	6,273	6,112	3.80-4.80	Accreted Value
2009 Tax-exempt Refunding Series A	101,750	112,410	2.00-5.00	100
2009 Tax-exempt Series B	163,220	164,130	4.00-5.25	100
2009 Taxable Series C	87,040	87,040	3.72-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Refunding Series D	21,375	39,725	3.00-5.00	Non-callable
2009 Tax-exempt Series E	284,845	284,845	3.00-5.00	100
2009 Taxable Series F	100,000	100,000	5.74	P&I Plus Make-Whole Premium

The Authority's long-term debt at December 31, 2011 and 2010 consisted of the following (continued):				
	2011	2010	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
2010 Series M1 - CIBS	20,569	20,584	1.35-4.30	100
2010 Series M1 - CABS	7,589	7,322	3.50-4.30	Accreted Value
2010 Taxable Series A (LIBOR Index Bonds)	0	234,861	N/A	N/A
2010 Refunding Series B	231,060	231,060	3.00-5.00	100
2010 Series M2 - CIBS	12,153	12,161	1.60-3.875	100
2010 Series M2 - CABS	5,066	4,907	2.875-3.875	Accreted Value
2010 Series C (Build America Bonds) (3)	360,000	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 - CIBS	20,625	0	2.00-4.80	100
2011 Series M1 - CABS	5,694	0	3.50-4.80	Accreted Value
2011 Taxable Series A (LIBOR Index Bonds)	336,632	0	1 Month LIBOR plus 0.38-0.70	100
2011 Refunding Series B	288,515	0	4.00-5.00	Non-callable
2011 Refunding Series C	135,855	0	4.375-5.00	100
2011 Series M2 - CIBS	17,205	0	1.40-4.20	100
2011 Series M2 - CABS	4,696	0	2.70-4.20	Accreted Value
Total Revenue Obligations	5,158,481	5,150,706		
Less: Current Portion - Long-term Debt	158,024	369,346		
Total Long-term Debt - (Net of current portion)	\$ 5,002,926	\$4,785,274		

(1) Interest rates apply only to bonds remaining outstanding as of December 31, 2011.
(2) Call Price may only apply to certain maturities outstanding at December 31, 2011.
(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount equal to 35% of interest payable on the bonds.

Long-term debt (LTD) activity for the years ended December 31, 2011 and 2010 was as follows:						
	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Net LTD Ending Balances
YEAR 2011						
(Thousands)						
Capitalized Lease Obligations	\$ 3,914	\$ 0	\$ (1,445)	\$ 2,469	\$ 1,243	\$ 1,226
Revenue Obligations	5,150,706	810,745	(802,970)	5,158,481	156,781	5,001,700
Totals	\$ 5,154,620	\$ 810,745	\$ (804,415)	\$ 5,160,950	\$ 158,024	\$ 5,002,926
YEAR 2010						
(Thousands)						
Capitalized Lease Obligations	\$ 5,599	\$ 0	\$ (1,685)	\$ 3,914	\$ 1,444	\$ 2,470
Revenue Obligations	4,635,833	871,944	(357,071)	5,150,706	367,902	4,782,804
Totals	\$ 4,641,432	\$ 871,944	\$ (358,756)	\$ 5,154,620	\$ 369,346	\$ 4,785,274

Maturities and projected interest payments of long-term debt are as follows:							
	PRINCIPAL			INTEREST			TOTAL
	Capitalized Lease Obligations	Revenue Obligations	Total Principal	Capitalized Lease Obligations	Revenue Obligations (2)	Total Interest (2)	
Year Ending Decem- ber 31,	(Thousands)						
2012 (1)	\$ 1,243	\$ 148,259	\$ 149,502	\$ 100	\$ 250,266	\$ 250,366	\$ 399,868
2013 (1)	982	324,681	325,663	41	242,291	242,332	567,995
2014 (1)	244	587,277	587,521	7	222,443	222,450	809,971
2015	0	227,420	227,420	0	202,908	202,908	430,328
2016	0	254,794	254,794	0	194,083	194,083	448,877
2017-2021	0	1,149,992	1,149,992	0	796,480	796,480	1,946,472
2022-2026	0	595,463	595,463	0	575,347	575,347	1,170,810
2027-2031	0	643,705	643,705	0	432,383	432,383	1,076,088
2032-2036	0	574,090	574,090	0	270,416	270,416	844,506
2037-2041	0	289,680	289,680	0	140,544	140,544	430,224
2042-2046	0	123,120	123,120	0	122,059	122,059	245,179
2047-2050	0	240,000	240,000	0	17,425	17,425	257,425
Total	\$ 2,469	\$ 5,158,481	\$ 5,160,950	\$ 148	\$ 3,466,645	\$ 3,466,793	\$ 8,627,743

(1) Years 2012 - 2014 interest includes projected interest for 2011 Taxable Series A (LIBOR Index Bonds).
(2) Does not reflect impact of subsidy interest payments on 2010 Series C (Build America Bonds).

Refunded and defeased bonds outstanding, original loss on refunding, and the unamortized loss at December 31, 2011 are as follows:

Refunding Issue	Refunded Bonds	Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
(Thousands)				
Cash Defeasance	\$ 20,000 of the 1982 Series A	\$ 0	\$ 2,763	\$ 774
Commercial Paper	\$ 76,050 of the 1973 Series 105,605 of the 1977 Series 81,420 of the 1978 Series	0	2,099	197
2002 Refunding Series A	\$ 113,380 of the 1992 Refunding Series A	0	23,378	4,801
2002 Refunding Series D	\$ 293,250 of the 1993 Refunding Series A 25,900 of the 1993 Refunding Series B-1 25,900 of the 1993 Refunding Series B-2 132,095 of the 1993 Refunding Series C	0	73,613	13,207
2003 Refunding Series A	\$ 336,385 of the 1993 Refunding Series C 15,750 of the 1995 Refunding Series A	0	57,064	32,240
2005 Refunding Series A	\$ 74,970 of the 1995 Refunding Series A 37,740 of the 1995 Refunding Series B 20,080 of the 1996 Refunding Series A	0	23,864	12,225
2005 Refunding Series B	\$ 2,590 of the 1995 Refunding Series A 100,320 of the 1995 Refunding Series B 192,305 of the 1996 Refunding Series A 21,505 of the 1996 Refunding Series B	0	73,749	39,372
2005 Refunding Series C	\$ 86,335 of the 1993 Refunding Series C	0	12,125	7,719
2006 Refunding Series C	\$ 105,005 of the 1999 Series A 10,000 of the 2002 Series B	10,000	7,054	947
2007 Refunding Series B	\$ 105,370 of the 1997 Refunding Series A	0	8,832	4,374
2009 Refunding Series A	\$ 99,515 of the 1997 Refunding Series A 20,125 of the 1998 Refunding Series B	0	8,707	7,155
2010 Refunding Series B	\$ 30,430 of the 2001 Series A 118,600 of the 2002 Series B 84,780 of the 2002 Refunding Series D	233,810	22,954	19,602
2011 Taxable Series A	\$ 234,861 of the 2010 Taxable Series A	0	107	88
2011 Refunding Series B	\$ 8,990 of the 2002 Refunding Series D 291,825 of the 2004 Series A	300,815	23,287	22,268
2011 Refunding Series C	\$ 134,715 of the 2002 Series B 5,160 of the 2011 Series A	139,875	4,362	4,322
Total		\$ 684,500	\$ 343,958	\$ 169,291

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was \$5.7 billion and \$5.5 billion at December 31, 2011 and 2010, respectively.

Bond market transactions for the year ended December 31, 2011 were as follows:

Revenue Obligations, 2011 Series M1	Par Amount: \$26,161,900	Date Authorized: May 1, 2011
Summary: - Issued Current Interest Bearing Bonds in \$500 denominations and Capital Appreciation Bonds in \$200 denominations		
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State, and electric customers of the City of Bamberg and City of Georgetown		
- Interest rates range from 2.00 percent in 2016 to 4.80 percent in 2031		
Revenue Obligations, 2011 Refunding Series B	Par Amount: \$288,515,000	Date Authorized: Aug 19, 2011
Summary: - Reduced the Authority's total debt service over the life of its bonds by approximately \$23.8 million		
- Resulted in an economic gain of approximately \$22.6 million		
- Issued Sep 1, 2011 at an aggregate all-in true interest cost of 2.27 percent		
- Maturities are between Dec 1, 2013 and Dec 1, 2021		
Revenue Obligations, 2011 Series C	Par Amount: \$135,855,000	Date Authorized: Sep 14, 2011
Summary: - Reduced the Authority's total debt service over the life of its bonds by approximately \$9.4 million		
- Resulted in an economic gain of approximately \$7.7 million		
- Issued Oct 11, 2011 at an aggregate all-in true interest cost of 4.63 percent		
- Maturities are between Dec 1, 2033 and Dec 1, 2036		
Revenue Obligations, 2011 Series M2	Par Amount: \$21,873,500	Date Authorized: Nov 1, 2011
Summary: - Issued Current Interest Bearing Bonds in \$500 denominations and Capital Appreciation Bonds in \$200 denominations		
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State, and electric customers of the City of Bamberg and City of Georgetown		
- Interest rates range from 1.40 percent in 2016 to 4.20 percent in 2031		

As of December 31, 2011 and 2010, the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

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

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

- (1) payment of expenses for operating and maintaining the System; and
- (2) payments for debt service on Capitalized Leases and payments made into the Capital Improvement Fund.

Bonds Outstanding Summary As of December 31, 2011	
Outstanding Revenue Obligations	\$5.2 Billion
Estimated Remaining Interest Payments	\$3.5 Billion
Years of Issuance (Inclusive)	Between 1999 and 2011
Year for Maturities (Inclusive)	Between 2012 and 2050
Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.	

NOTE 6 – VARIABLE RATE DEBT:

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

On June 10, 2011, the Authority's Board authorized the sale of approximately \$336.6 million Revenue Obligations, 2011 Series A (LIBOR Index Bonds) (2011A Bonds). The 2011A Bonds were issued June 23, 2011 and will bear interest from their delivery date and will be payable on the first business day of each month. The 2011A Bonds will mature on December 3, 2012, July 1, 2013, and June 2, 2014. The interest rate is variable and is set monthly based on the London Interbank Offered Rate (LIBOR) plus 38 basis points, 50 basis points, and 70 basis points, respectively.

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

Years Ended December 31,	2011	2010
Commercial Paper Notes Outstanding (000's)	\$ 306,566	\$ 159,338
Effective interest rate (at December 31)	0.19%	0.30%
Average annual amount outstanding (000's)	\$ 250,982	\$ 251,916
Average maturity	62 Days	69 Days
Average annual effective interest rate	0.24%	0.36%

At December 31, 2011, the Authority had Revolving Credit Agreements with Wells Fargo Bank, N.A., J. P. Morgan Chase Bank, N.A., and United States Bank, N.A. totaling \$500.0 million. At December 31, 2010, the Authority had Revolving Credit Agreements with Wells Fargo Bank, N.A. and J.P. Morgan Chase Bank, N.A. totaling \$375.0 million. These agreements are used to support the Authority's issuance of commercial paper. There were no borrowings under the agreements during 2011 or 2010.

NOTE 7 - SUMMER NUCLEAR STATION:

The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at the Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042.

Authority's Share of V. C. Summer Station - Unit 1		
Years Ended December 31,	2011	2010
	(Millions)	
Plant Balances Before Depreciation	\$ 529.3	\$ 529.4
Accumulated Depreciation	314.7	306.8
Share of Operation & Maintenance Expense	76.1	71.9

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

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2017. SCE&G has signed contracts with HOLTEC International, SHAW Group, and Westinghouse Electric Company, Inc. (Westinghouse) to build a licensed Independent Spent Fuel Storage Installation (ISFSI) to commence receiving fuel in 2015.

The Nuclear Regulatory Commission (NRC) requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2006 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals \$178.9 million in 2006 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates. Based on current decommissioning cost estimates, these funds, which totaled approximately \$186.7 million (adjusted to market) at December 31, 2011, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are expected to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

The Authority and SCE&G plan to construct and operate two additional nuclear generating units (Summer 2 and Summer 3) at V.C. Summer Nuclear Station and submitted an application for a combined Construction and Operating License (COL) for the two new units to the NRC in March 2008. On May 22, 2008, the Authority's Board authorized the Authority to execute

a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement, and Construction (EPC) Agreement. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority, entered into an EPC Agreement with Westinghouse and Stone & Webster, Inc. for the engineering, procurement, and construction of two 1100 MW nuclear generating units.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the new units to a third party. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provide for a 45 percent ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G. The Authority's Board has authorized the Authority to expend up to \$1.9 billion through 2012 to fund the Authority's share of the EPC Agreement and associated Owner's Costs of the project.

As part of its Capital Improvement Program, the Authority has evaluated its level of participation in the new units and due to developments since initiation of the project, the Authority is taking actions necessary to reduce its 45 percent ownership interest. Beginning in 2011, the Authority deferred the portion of interest expense representing the amount related to the assumed ownership reduction.

The Authority expects to receive the COL in early 2012 and anticipates that the nuclear units will each take almost five years from the date of the COL to construct and will go into service on a staggered basis.

NOTE 8 – LEASES:

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

Future minimum lease payments on Central leases at December 31, 2011 are as follows:

Year Ending December 31,	(Thousands)
2012	\$ 1,343
2013	1,023
2014	251
Total minimum lease payments	2,617
Less amounts representing interest	148
Principal payments	\$ 2,469

Information related to property under capital leases and operating lease payments follows:

Years Ended December 31,	2011	2010
(Millions)		
Property Under Capital Leases:		
Property Balances	\$ 20.5	\$ 27.5
Accumulated Depreciation	17.7	25.8
Operating Lease Payments (1)	4.5	4.9
(1) Includes periodic leased coal car expenses which are initially reflected in fuel inventory and subsequently reported in fuel expense based on tons burned.		
Expiration Terms of Current Coal Car Leases:	July 2012	
	February 2014	
Maximum Amounts for Coal Car Leases:	Year 2012	\$ 1.3 Million
	Year 2013	\$ 445,200
	Year 2014	\$ 74,200
Hydro Electric Generating Facility Lease:		
<ul style="list-style-type: none"> - Automatically extended for five-year periods - May be terminated by either party by giving a two-year notice - Obligation is \$600,000 per year plus operating expenses 		

NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES:

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

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them through the cost of service. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Assets. Such adjustments in 2011 and 2010 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives located in the upper part of the State that were formerly members of Saluda: Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (the Upstate Load) from a supplier other than the Authority. Central has obtained all of the necessary regulatory approvals to transition the Upstate Load to a new supplier. The Upstate Load will transition to the new supplier over a seven-year period beginning in 2013, and by 2019 will amount to approximately 1,000 MW. The agreement provides that neither party will exercise any right to terminate the Central Agreement effective on or before December 31, 2030 and that the parties agree to negotiate in good faith terms and conditions by which the rights of the Authority and Central to terminate the Central Agreement will be deferred beyond 2030.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

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

Years Ending December 31,	2012	2013	2014
(Millions)			
Future Nuclear Units (1)	\$ 705.5	\$ 744.8	\$ 394.3
Environmental Compliance	7.7	21.6	42.2
General Improvements	219.3	202.5	205.4
Total Capital Budget (2)	\$ 932.5	\$ 968.9	\$ 641.9
(1) Total estimated project costs including transmission is \$2,433.5 million assuming a reduced ownership share. (2) Will be financed by internally generated funds, taxable and tax-exempt debt.			

Purchase Commitments - The Authority has contracted for long-term coal purchases beyond December 31, 2011, which include estimated outstanding minimum obligations. The disclosure of minimum obligations below (including market re-opener contracts) is based on the Authority’s contract rates and represents management’s best estimate of future expenditures under long-term arrangements.

Year Ending December 31,	With Re-openers (All Tons) (1)	Without Re-openers (Fixed Tons) (2)
	(Thousands)	
2012	\$ 467,332	\$ 467,332
2013	516,110	478,360
2014	328,944	238,640
2015	299,621	244,440
2016	105,080	105,080
2017 - 2025	209,380	209,380
Total	\$ 1,926,467	\$ 1,743,232
(1) Includes tons which the Authority can elect not to take. (2) Includes tons which the Authority must receive.		

The Authority has the following outstanding obligations under existing long-term purchased power contracts as of December 31, 2011:

Contracts with Minimum Fixed Payment Obligations			
Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	23 Years	\$ 59.9
1	2011	3 Years	29.1
Contracts with Power Receipt and Payment Obligations (1) (2)			
Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	14 Years	\$ 271.5
1	2012	20 Years	19.4
1	2012	20 Years	20.8
1	2013	20 Years	621.3
1	2013	20 Years	266.0
3	2013	30 Years	788.4
(1) Payment required upon receipt of power. Assumes no change in indices or escalation.			
(2) In January 2012, an additional contract was approved for a term of 29 years beginning in 2013 with an obligation amount totaling \$461.1 million.			

The Authority entered into agreements effective October 1, 2008 whereby New Horizon Electric Cooperative, Inc. assigned its interests, rights, and obligations in contracts with Duke Energy Corporation and SCE&G for network integration transmission service to the Authority. The agreements are for network transmission service for the Upstate Load as defined in NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES. A payment schedule for these agreements shows that \$10.6 million will be due in 2012, with remaining annual payments totaling \$69.4 million through the end of the contract term in 2023. However, a majority of the Upstate Load will transition to a new supplier as stated in the last paragraph of NOTE 9 and the Authority's obligation for transmission service for this load will decrease in approximately the same proportion. At the end of the transition period, the Authority shall no longer be responsible for purchasing transmission service for the load served by the new supplier.

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's coal-fired generating units. The Authority also interchanges with some short line railroads via CSX for the movement of coal. In 2011, a new agreement was signed with CSX with an effective date of January 1, 2011. This contract will continue to apply a price per ton of coal moved, along with a mileage based fuel surcharge.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for Summer Units 1, 2, and 3. As of December 31, 2011, these contracts total approximately \$750.0 million over the next 23 years. The enrichment component of these commitments from 2012 through 2013 totaling \$19.1 million is contingent upon the operating requirements of the nuclear units.

In 2009, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEI). In lieu of exercising its option to terminate the Contract for convenience and to pursue non-OEM parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators, and combustion tuning for the gas turbines.

The amended contract value is approximately \$103.5 million, including escalation. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2024) and through the second hot gas path inspection for Rainey 2A (expected to be completed in 2014) and for Rainey 2B (expected to be completed in 2017). The contract can be terminated for convenience at the end of 2015. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

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

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2011. Policies are subject to deductibles ranging from \$250 to \$1.0 million, with the exception of named storm losses which carry deductibles from \$1.0 million up to \$5.0 million. Also a \$1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2011, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, worker's compensation, and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of \$2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2011. There have been no third-party claims for environmental damages for 2011 or 2010.

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

Year Ended December 31,	2011	2010
	(Thousands)	
Unpaid claims and claim expense at beginning of year	\$ 2,263	\$ 1,753
Incurring claims and claim adjustment expenses:		
Add: Provision for insured events of the current year	1,985	3,548
Less: Payments for current and prior years	2,636	3,038
Total unpaid claims and claim expenses at end of year	\$ 1,612	\$ 2,263

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

- (1) claims of covered employees for health benefits (Employee Insurance Program); not applicable for worker's compensation injuries; and
- (2) claims of covered employees for basic long-term disability and group life insurance benefits (Employee Insurance Program and Retirement System).

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

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

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), \$500.0 million primary and \$1.5 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these three policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately \$2.8 million for the primary policy, \$4.2 million for the excess policy, and \$1.4 million for the accidental outage policy.

SCE&G and the Authority maintain builder's risk insurance and marine cargo insurance for the Summer Units 2 & 3 construction. The builder's risk policy provides coverage of \$2.75 billion, with deductibles ranging from \$250,000 to \$5.0 million. This policy also carries a potential retrospective premium of approximately \$42.0 million. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately \$18.9 million. The marine cargo policy provides coverage of \$300.0 million, with deductibles ranging from \$25,000 to \$75,000.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage, or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage, or cost increases for any periods through December 31, 2011.

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

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the EPA has promulgated and is implementing the Clean Air Interstate Rule (CAIR) for SO₂ and NO_x emissions.

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

The CAIR replacement rule, the Cross State Air Pollution Rule (CSAPR), was finalized by EPA and scheduled to take effect January 1, 2012; however it was stayed by the U.S. Court of Appeals for the District of Columbia on December 30, 2011. Utilities are operating under CAIR in the interim.

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

Currently there are both legislative and regulatory efforts to reduce greenhouse gas emissions. The Authority continues to review proposed greenhouse gas regulations to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration (PSD) Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology (BACT) Guidance in 2010 for use under the rule effective July 1, 2011. The Authority will continue to monitor both regulatory and legislative efforts to reduce greenhouse gas emissions to assess potential impacts to its operations.

Through the maximum achievable control technology (MACT) regulatory process, the EPA has proposed the Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants (HAPs) from coal and oil-fired electric utility steam boilers. As a part of EPA rule development, the Authority participated in the EPA's mandatory Information Collection Request (ICR) for mercury and other HAPs for its coal-fired and oil-fired units. The ICR required facility and fuel information as well as stack testing at Cross, Winyah and Jefferies generating stations. The proposed MACT rule was released in March 2011 with a public notice comment period. The Authority submitted comments to the proposed rule. The final MACT was pre-released by EPA December 16, 2011 as the Mercury and Air Toxics Rule (MATS); however it has not yet been published in the Federal Register. The Authority is evaluating the potential impacts of compliance with MATS, as pre-released, to its coal and oil-fired generating units.

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

Clean Water Act - The Clean Water Act (CWA) prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System (NPDES) permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

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

The CWA, under Section 316(b), also requires that cooling water intake structures reflect the best technology available for minimizing adverse environmental impacts, such as the impingement of fish and shellfish on the intake structures and the entrainment of eggs and larvae through cooling water systems. The EPA has proposed regulations for certain intake structures, including those at many electric generating facilities. Since the regulations have not yet been finalized their full impact is not known at this time. However, if the regulations are promulgated in their present form, significant intake changes may be required, particularly at the older facilities.

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

Hazardous Substances and Wastes - Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) provides for the reporting requirements to cover the release of hazardous substances into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act (TSCA) impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

Under the CERCLA and Superfund Amendments and Reauthorization Act (SARA), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements.

In addition to handling hazardous substances, the Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, gypsum and scrubber sludge. These wastes are presently exempt from hazardous wastes regulation under the Resource Conservation and Recovery Act (RCRA). However, EPA has recently proposed regulations that, if enacted, would add significant cost to the handling of these materials and possibly eliminate or greatly reduce their reuse and recycling.

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

The Authority had recorded \$180,000 and \$181,000 for pollution remediation liabilities for the years ended December 31, 2011 and 2010, respectively. The method used to estimate the liabilities consists of weighting a range of possible estimated job cost amounts and calculating a weighted average cost. The weights and estimated costs are developed using professional engineering judgment acquired through years of estimating and completing many pollution remediation projects. The Authority foresees no cost recoveries at this time which would reduce the recorded estimated liabilities.

Homeland Security - The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Authority has been proactive in conducting security assessments at its facilities and will continue to strive to comply with these evolving regulations.

Legal Matters - An action was instituted in the U.S. District Court, Charleston, South Carolina, by a number of landowners located along the Santee River primarily in Williamsburg and Georgetown Counties, South Carolina. The plaintiffs contend, through various causes of action, that the Authority is liable to them for damage to their real estate as a result of flooding that has occurred since the Corps of Engineers' (Corps) Cooper River Re-diversion Project was completed in 1985. A jury trial held in 1997 resulted in a verdict against the Authority on certain causes of action. The Authority entered into a settlement agreement with the plaintiffs and has paid approximately \$221.6 million, including interest, to the plaintiffs. On March 30, 2011 and August 8, 2011, the District Court entered orders requiring the Authority to pay approximately \$10.4 million in costs and attorney fees to the plaintiffs. The Authority has paid for these costs and attorney fees and the District Court entered its Final Order and Judgment on August 23, 2011. The Authority submitted a claim seeking indemnification from the Corps on August 30, 2011. The U. S. Army Contract Board of Appeals previously determined that the contract between the Corps and the Authority requires that the Corps indemnify the Authority for certain claims arising out of the construction and operation of the project. No estimate of the amount or timing of recovery from the Corps can be made at this time.

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

NOTE 11 – RETIREMENT PLAN

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

The payroll for active employees covered by the SCRS was as follows:

Year Ended December 31,	2011	2010	2009
	(Millions)		
Payroll for Active Employees	\$ 124.4	\$ 121.5	\$ 122.0

Vested employees who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service. Reduced retirement benefits are payable as early as either age 60 with vested service or age 55 with 25 years of service. The SCRS also provides death and disability benefits. Benefits are established by State statute.

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

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

All employees are required by State statute to contribute to the SCRS at the prevailing rate (currently 6.50 percent). The Authority contributed 9.24 percent of the total payroll for SCRS retirement through June 30, 2011. Effective July 1, 2011, the rate increased to 9.385 percent. For 2011, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior three years were as follows:

Years Ended December 31,	2011	2010	2009
	(Millions)		
From the Authority	\$ 11.7	\$ 11.5	\$ 11.6
From Employees	8.1	7.9	7.9
(1) The Authority made 100 percent of the required contributions for each of the three years.			

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

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (6.50 percent employee cost and 9.385 percent employer cost) however, 5.0 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 4.385 percent is to the Retirement System. As of December 31, 2011, the Authority had 40 employees participating in the State ORP and consequently the related payments are not material.

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

As of December 31, 2011 and 2010, the Authority had over-funded its share of the plan FASB ASC 715 requirements by \$5.6 million and \$6.8 million, respectively. This receivable however, is offset by a regulatory liability. The balances were approximately \$25.3 million and \$19.9 million for the unfunded portion of pension benefits at December 31, 2011 and 2010, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2011.

The Authority also provides retirement benefits to certain employees designated by management and the Board under supplemental executive retirement plans (SERP). Benefits are established and may be amended by management and the Authority's Board and includes retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2006 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. A summary of the Authority's SERP activity is as follows:

Year Ended December 31,	2011	2010
	(Millions)	
Total Cost	\$ 1.0	\$ 1.4
Accrued Liability	5.1	5.1

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Vacation / Sick Leave - During their first 10 years of service, full-time employees can earn up to 15 days of vacation leave per year. After 11 years of service, employees earn an additional day of vacation leave for each year of service over 11 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus twenty additional hours at year-end for sick leave.

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

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby the South Carolina Employee Insurance Program (EIP) provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement benefits available are defined by the EIP and substantially all of the Authority's

employees may become eligible for these benefits if they retire at any age with a minimum of 10 years of earned service or at age 60 with at least 20 years of service. Currently, approximately 667 retirees meet these requirements. For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. The EIP may be contacted at: Employee Insurance Program, Financial Services, PO Box 11661, Columbia, S.C. 29211-1661.

Funding Policy – Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority established an irrevocable trust with Synovus Trust Company and elected the funding policy method. This method of funding will result in decreasing contributions over time whereby the more retirees, the lesser the disbursements as a percentage of employee payroll.

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

Year Ended December 31,	2011	2010
	(Thousands)	
Beginning Liability Balance	\$ 14,414	\$ 19,855
Add: Annual OPEB Cost	9,841	8,858
Less: Annual OPEB Cost Contributed	12,396	14,299
Net OPEB Obligation	\$ 11,859	\$ 14,414

Funded Status and Funding Progress - The funded status of the plan based on the latest actuarial study dated December 31, 2010 is as follows:

	(Thousands)
Actuarial Accrued Liability (AAL)	\$ 131,076
Less: Actuarial Value of Plan Assets	11,132
Unfunded Actuarial Accrued Liability (UAAL)	\$ 119,944
Funded Ratio (Actuarial Value of Plan Assets / AAL)	8.49%

At December 31, 2011, the estimated value of the Plan Assets was \$19.8 million creating an estimated funded ratio of 15.09 percent and an estimated unfunded liability of \$111.3 million. Actuarial valuations of an ongoing plan involve estimates such as mortality rates and potential rising health costs. The Unfunded Actuarial Accrued Liabilities were amortized as a level percent of active member payroll over a period of 30 years, the maximum period allowed by GASB.

Actuarial Methods and Assumptions – The Projected Unit Credit, Level Percent of Payroll actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year to year basis. This is both an acceptable and reasonable cost method.

Required Supplementary Information - Schedule of Funding Progress				
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)
	(Thousands)			
6/30/2006	\$ 0	\$ 137,543	\$ 137,543	0.00%
6/30/2008	0	107,113	107,113	0.00%
12/31/2010	11,132	131,076	119,944	8.49%

V.C. Summer OPEB - The Authority is the non-operating owner (one-third share) of SCE&G's V.C. Summer Nuclear Station. As such the Authority is responsible for funding its share of other post-employment benefit costs for the station's employees. The Authority's liability balances as of December 31, 2011 and 2010 were approximately \$9.2 million and \$8.9 million, respectively.

At December 31, 2011 and 2010, respectively, regulatory asset and liability balances of approximately \$2.3 million and \$2.0 million were recorded for the unfunded portion of other post-employment benefit costs for V.C. Summer employees. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2011.

NOTE 13 - CREDIT RISK AND MAJOR CUSTOMERS:

Sales to two major customers for the years ended December 31, 2011 and 2010 were as follows:

Customer:	2011	2010
	(Thousands)	
Central (including Saluda)	\$ 1,089,000	\$ 1,096,000
Alumax of South Carolina	189,000	176,000

No other customer accounted for more than 10 percent of the Authority's sales for either of the years ended December 31, 2011 or 2010. The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance as of December 31, 2011 and 2010 was \$1.4 million and \$1.5 million, respectively.

NOTE 14 – SUBSEQUENT EVENT(S):

We have evaluated subsequent events through February 24, 2012 in conjunction with the preparation of these financial statements which is the date the financial statements were available to be issued. As of this date, the Authority had the following to report:

On February 9, 2012, the Authority issued \$99.4 million of Revenue Obligations, 2012 Refunding Series A Bonds. The bond proceeds were used to refund a portion of both Revenue Obligations, 2003 Refunding Series A and 2004 Series A. This issue resulted in a gross savings of \$17.3 million over the life of the bonds.

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SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION

The following statements are summaries of certain provisions of the Revenue Obligation Resolution. Except as otherwise provided in this Official Statement, terms used under this caption which are defined in the Revenue Obligation Resolution, including, but not limited to those defined hereinafter, are used herein as so defined. Certain other provisions of the Revenue Obligation Resolution are summarized under the caption "SECURITY FOR THE 2012M1 BONDS."

Definitions of Certain Terms Used in Revenue Obligation Resolution

The following words and phrases are defined in the Revenue Obligation Resolution as hereinafter set forth.

"Capital Costs" shall mean the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any project; (iii) the acquisition of any other property (tangible or intangible), capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Enabling Act or under other applicable State statutory provisions (whether or not also classifiable as an operating expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of (a) any Obligations, Commercial Paper or other indebtedness issued by the Authority for the payment of any of the costs specified above, including capitalized interest on such indebtedness, or (b) any indebtedness issued by the Authority to refund any indebtedness described in the preceding clause (a).

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Investment Securities" shall mean any of the following which at the time are legal investments under the laws of the State of South Carolina for the moneys held hereunder then proposed to be invested therein: (1) Government Obligations; (2) certificates which evidence ownership of the rights to payment of the principal of or interest on Government Obligations; (3) bonds, debentures, notes or participation certificates issued by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, Federal Land Bank, the Federal National Mortgage Association, the Tennessee Valley Authority, or any other agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof; (4) obligations of state and local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of non-callable obligations described in (1), (2), or (3) of this subparagraph, the maturing principal of and interest on which when due and payable, shall provide sufficient funds to pay the principal of and interest on such obligations of state and local government municipal bond issuers (5) Public Housing Bonds, or Project Notes, fully secured by contracts with the United States; (6) repurchase agreements with banks that are members of the federal reserve system or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York that are secured by securities described in (1) and (3) above having a current market value at least equal to one hundred two per cent (102%) of the amount of the repurchase agreement; (7) obligations of the State of South Carolina, (8) obligations of other states and investment contracts which obligations or investment contracts are rated at the time of purchase by each rating agency then maintaining a rating on the Obligations at the request of the Authority (each, a "Rating Agency") in one of the three highest rating categories (as determined without regard to any refinement or graduation of such rating by a numerical modifier or otherwise, a "Rating Category") of such Rating Agency; (9) deposits in interest bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association (including the Trustee), which deposits, to the extent not insured by the Federal

Deposit Insurance Corporation, shall be secured by Government Obligations (or, when the Authority's Revenue Obligations, 1999 Tax-Exempt Series A and 1999 Taxable Series B, are no longer Outstanding, obligations described in clauses (2), (3), (4) or (7) of this paragraph), having a current market value (exclusive of accrued interest) at least equal to one hundred five percent (105%) of the amount of such deposits, which Government Obligations or obligations described in clauses (2), (3), (4) or (7) of this paragraph shall have been deposited in trust by such bank or national association with the trust department of the Trustee or with a federal reserve bank or branch or, with the written approval of the Authority and the Trustee, with another bank, trust company or national banking association for the benefit of the Authority and the appropriate fund or account as collateral security for such deposits; (10) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by a Rating Agency in one of its three highest Rating Categories for comparable types of obligations; and (11) such other investments from time to time allowed under applicable law.

"Obligations" shall mean any obligations, issued in any form of debt, authorized by a supplemental resolution, including but not limited to bonds, notes, bond anticipation notes, and Qualified Swaps, which are delivered under the Revenue Obligation Resolution.

"Operation and Maintenance Expenses" shall mean the Authority's expenses of operating the System, including, but not limited to, all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administration and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, of the Authority applicable to the System, as recorded on its books pursuant to generally accepted accounting principles, subject to the limitations with respect to take or pay contracts as set forth under "Take or Pay Contracts." Operation and Maintenance Expenses shall not include (1) any costs or expenses for new construction, (2) charges for depreciation, (3) voluntary payments in lieu of taxes or (4) any taxes or tax payments now or hereafter required to be made to the State or any political subdivisions only out of surplus revenues, for example, payments required by Code Sections 58-31-90, 58-31-100 (2) and (3), and 58-31-110, Code of Laws of South Carolina 1976.

"Permitted Investments" shall mean the obligations referred to in (1), (2), (3) and (4) of the definition of the term "Investment Securities".

"Qualified Swap" shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Obligations.

"Qualified Swap Provider" shall mean an entity whose senior long term obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower rating categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

"Revenues" shall mean all the revenues, income, profits, tolls, rents, charges and returns of the Authority derived from its ownership or operation of the System, including the proceeds of any insurance covering business interruption loss relating to the System, but excluding other insurance proceeds and customer deposits.

System

The Authority's System, as defined in the Revenue Obligation Resolution, consists generally of (a) facilities for the purpose of acquiring, controlling, storing, preserving, treating, distributing and selling water for (i) navigation, power, irrigation, reclamation, or sale to residential, commercial, agricultural or industrial customers or other governmental entities; and (b) plants, works, structures, facilities and equipment for the generation, manufacture, transmission or distribution of water power and electric power and energy, and of any other forms of power and energy when authorized by the Enabling Act. The System shall not include separate projects established by the Authority for any corporate purpose of the Authority other than those projects and purposes described hereinabove, nor separate systems described under "Separate Systems."

Revenue Fund

The Revenue Obligation Resolution continues, for so long as any of the Revenue Obligations are Outstanding, the Revenue Fund. The Revenue Fund shall be held in trust and administered by the Authority. The Authority covenants and agrees in the Revenue Obligation Resolution to pay into the Revenue Fund, as promptly as practical after the receipt thereof, all Revenues.

Funds and Accounts

For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Revenue Obligations, the Revenue Obligation Resolution creates a Revenue Obligation Fund. Payments into the Revenue Obligation Fund shall be made prior to the payments required to be made from, or retained in, the Revenue Fund to cover the cost of operation and maintenance of the System and the payments required to be made into the Lease Fund and the Capital Improvement Fund.

Order of Payments From Revenue Fund

Under the Revenue Obligation Resolution, moneys shall be disbursed by the Authority from the Revenue Fund in the following order:

1. *Revenue Obligation Fund*: To pay when due to the Trustee the Revenue Obligation Fund Payments.
2. *Operating and Maintenance*: To pay expense of operation and maintenance.
3. *Lease Fund*: To pay when due into the Lease Fund an amount equal to the next due lease payments.
4. *Capital Improvement Fund*: To pay during each Fiscal Year into the Capital Improvement Fund amounts at least equal to the Minimum Capital Improvement Requirement.

Any moneys remaining in the Revenue Fund each month after making the payments referenced above may be used by the Authority for any corporate purpose of the Authority.

Certain Moneys Not Required to be Deposited in Revenue Fund

The Revenue Obligation Resolution does not require the deposit into the Revenue Fund of any of the revenues, income, receipts, profits or other moneys of the Authority derived by the Authority through the ownership or operation of any separate system described under the section "Separate System" or through the ownership or operation of any separate project referred to under the section "System".

Authorization of Revenue Obligations

At any time one or more series of Revenue Obligations may be issued pursuant to the Revenue Obligation Resolution, upon the terms set forth in a Series Resolution, for any corporate purpose of the Authority, including the refunding or purchase of Revenue Obligations, provided there is no default under the Revenue Obligation Resolution.

Separate Systems

The System shall not include (i) any facilities for the purpose of providing water for sale to residential, commercial, agricultural or industrial customers or other governmental entities, or (ii) any facilities for the generation of any form of power and energy, or for the transmission and distribution of any form of power and energy, and any incidental properties constructed, acquired or leased in connection therewith, constructed or acquired by the Authority as a separate system, and if constructed or acquired with the proceeds of sale of bonds or other evidences of indebtedness, which bonds or other evidences of indebtedness are payable solely from the revenues or other income derived from the ownership or operation of such separate utility system, and may be further secured by a pledge of Revenues junior and subordinate to the pledge securing the Revenue Obligations and payable therefrom, but only after the revenues and other income derived from the ownership or operation of such separate utility system and pledged to the payment of such bonds or other indebtedness are so applied in accordance with the proceedings providing for the issuance of such bonds or other indebtedness.

Junior Lien Obligations

Nothing in the Revenue Obligation Resolution shall prevent the Authority from issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness the payment of which shall be made from the proceeds of Revenue Obligations or other indebtedness of the Authority or from Revenues, and if payable from Revenues shall be made junior and subordinate to the payment of the Revenue Obligations. The Authority may create special funds to provide for the payment of such obligations, payments to which shall be made after payments to the Revenue Obligation Fund, and may, if the Authority so provides, but need not be, junior to the payments into the Lease Fund.

Insurance

The Revenue Obligation Resolution requires the Authority to insure such of its various properties as are usually insured by utilities owning like properties in similar amounts and coverages, with insurance companies, and to carry liability insurance in reasonable amounts.

Sale, Lease or Other Disposition of Properties

Subject to the next sentence, the Authority may sell, lease, or otherwise dispose of any part of its properties on such terms and conditions as may be prescribed by its Board of Directors. The Authority shall not take any action described in the preceding sentence unless, in the judgment of the Authority's Board of Directors, such action is desirable in the conduct of the Authority's business and does not materially impair the Authority's ability to comply with the rate covenant provisions of the Revenue Obligation Resolution.

Take or Pay Contracts

The Revenue Obligation Resolution does not prohibit the Authority from entering into take or pay contracts, including take or pay contracts with a separate system described under section "Separate Systems," to purchase power under conditions whereby payments the Authority is required to make may be calculated, in whole or in part, on the basis of power which the Authority does not purchase, require or obtain for whatever reasons. However, payments made by the Authority under such a take or pay contract for power not available for any reason other than an emergency or forced outage lasting not more than one year or normal and regularly scheduled maintenance outage may not be treated as Operation and Maintenance Expenses.

Capital Improvement Fund

The Revenue Obligation Resolution requires the deposit annually into the Capital Improvement Fund of an amount at least equal to the Minimum Capital Improvement Requirement defined as follows: an amount, which, together with the amounts deposited in the Capital Improvement Fund in the two immediately preceding Fiscal Years, will be at least equal to 8% of the revenues required by the Revenue Obligation Resolution to be paid into the Revenue Fund in the three immediately preceding Fiscal Years. Certain payments not made into the Capital Improvement Fund may be considered as a payment towards fulfillment of the Minimum Capital Improvement Requirement.

The moneys on deposit in the Capital Improvement Fund shall be used solely to pay Capital Costs.

Lease Fund

The Authority covenants that there will be paid monthly into the Lease Fund the amounts necessary to make payments under leases of properties or facilities leased to the Authority and used for the purpose of generating, transmitting and distributing all forms of power and energy.

Events of Default and Remedies Under the Revenue Obligation Resolution

A happening of one or more of the following constitutes an Event of Default under the Revenue Obligation Resolution:

(a) default in the due and punctual payment of any interest on any Revenue Obligation which shall continue for a period of 30 days; or

(b) default in the due and punctual payment of the principal of any Revenue Obligation, whether at the stated maturity thereof, at the mandatory redemption date, at the redemption date or upon declaration; or

(c) the Authority shall violate or fail to perform any of its covenants or agreements contained in the Revenue Obligation Resolution for 90 days after written notice of default is given to it by the Bond Fund Trustee or by the holder of any Revenue Obligation; or

(d) a default shall have occurred in respect of any bond, debenture, note or other evidence of indebtedness of the Authority, or in respect of any obligations of the Authority under any financing lease, whether now outstanding or existing or issued or otherwise undertaken hereafter, or under any indenture, resolution, lease or other agreement or instrument under which any such bond, debenture, note or other evidence of indebtedness or any such lease obligation has been or may be issued or by which any of the foregoing is or may be governed or evidenced, which default shall have resulted in the principal amount of such bond, debenture, note or other evidence of indebtedness or lease obligation becoming due and payable prior to its stated maturity or which default shall have been a default in the payment of principal when due and payable; or

(e) a decree or order by a court having jurisdiction in the premises shall have been entered judging the Authority as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Authority under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, and such decree or order shall have continued undischarged or unstayed for a period of forty (40) days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or any of its property, or for the winding-up or liquidation of the Authority or any of its property, shall have been undischarged and unstayed for a period of sixty (60) days; or

(f) the Authority shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or

consent seeking reorganization or arrangement under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or of any of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its insolvency or inability to pay its debts generally as they become due, or any action shall be taken by the Authority in furtherance of any of the foregoing aforesaid purposes.

If an Event of Default has occurred, and shall not have been remedied, the Trustee or the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding may declare the principal of all Revenue Obligations and the interest accrued thereon to be immediately due and payable, but such declaration may be rescinded under certain circumstances.

After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Trustee may, to the extent permitted by law, take possession and control of the System and operate and maintain the same, prescribe rates for capacity or power sold or supplied through the facilities of the System, collect the gross revenues resulting from such operation and perform all of the agreements and covenants contained in any contract which the Authority is then obligated to perform. In such event, such gross revenues shall be applied, first to the payment of the reasonable expenses and liabilities of the Trustee and thereafter to the payment of operating expenses and principal of and interest on the Revenue Obligations. After all sums then due in respect of the Revenue Obligations have been paid, and after all Events of Default have been cured or secured, to the satisfaction of the Trustee, the Trustee is required to relinquish possession and control of the System to the Authority. At any such time the Trustee shall be entitled to the appointment of a receiver of the business and property of the System, of the moneys, securities and funds of the Authority pledged under the Revenue Obligation Resolution, and of the Revenues, and of the income therefrom, with all such powers as the court or courts making such appointment shall confer.

The Revenue Obligation Resolution empowers the Trustee to file proofs of claims for the benefit of the holders of the Revenue Obligations in bankruptcy, insolvency, or reorganization proceedings and to institute suit for the collection of sums due and unpaid in connection with the Revenue Obligations, to enforce specific performance of covenants contained in the Revenue Obligation Resolution or to obtain injunctive or other appropriate relief for the protection of the holders of the Revenue Obligations.

No holder of Revenue Obligations has any right to institute suit to enforce any provision of the Revenue Obligation Resolution or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless the Trustee has been requested by the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding to exercise the powers granted it by the Revenue Obligation Resolution or to institute such suit and unless the Trustee has refused or failed, within 60 days after the receipt of such request and after having been offered adequate security and indemnity, to comply with such request. In the event the Trustee has failed or refused to comply with the aforesaid request, the Revenue Obligation Resolution provides for the creation of an "Owners Committee."

Modifications of the Revenue Obligation Resolution

Modifications of the Revenue Obligation Resolution and of the rights and duties of the Authority and the holders of Revenue Obligations may be made with the consent of the Authority and written consent of the holders of not less than a majority of the Revenue Obligations at the time outstanding; provided that no modification shall be made which will (i) extend the fixed maturity date for the payment of any Revenue Obligation, or reduce the principal amount of or interest rate on any such Revenue Obligation or extend the time of payment of interest thereon or reduce any premium payable upon the prepayment or redemption thereof, or advance the date upon which any Revenue Obligation may first be called for redemption; or (ii) reduce the percentage of Revenue Obligations the holders of which are required to consent to any amendment to the Revenue Obligation Resolution; or (iii) give any Revenue Obligation or Revenue Obligations any preference over any other Revenue Obligation or Revenue Obligations or reduce the payments required to be made to the Revenue Obligation Fund, without the consent of the holders of all the Revenue Obligations affected thereby.

Defeasance

The obligations of the Authority under the Revenue Obligation Resolution shall be fully discharged and satisfied as to any Revenue Obligation and such Revenue Obligation shall no longer be deemed to be outstanding thereunder when payment of the principal of and the applicable redemption premium, if any, on such Revenue Obligation plus interest to the due date thereof (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee therefor in trust irrevocably appropriated and set aside exclusively for such payment (i) moneys sufficient to make such payments or (ii) Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment, such Revenue Obligation shall no longer be secured by or entitled to the benefits of the Revenue Obligation Resolution; provided that, with respect to Revenue Obligations to be redeemed or otherwise prepaid prior to the stated maturities thereof, notice of such redemption or prepayment shall have been given or irrevocable provision shall have been made for the giving of such notice.

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[Date of Delivery]

Board of Directors
 South Carolina Public Service Authority
 One Riverwood Drive
 Moncks Corner, South Carolina 29461

Re: \$21,137,800 South Carolina Public Service Authority Revenue Obligations,
 2012 Series M1

We have acted as bond counsel and have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by South Carolina Public Service Authority (the “Authority”) of the Authority’s \$21,137,800 Revenue Obligations, 2012 Series M1 (the “2012 M1 Bonds”) consisting of \$17,572,000 Current Interest Bearing Bonds and \$3,565,800 original principal amount of Capital Appreciation Bonds.

The 2012 M1 Bonds recite that they are issued for valid corporate purposes of the Authority under the authority of and in full compliance with the Constitution and Statutes of the State of South Carolina, including Title 58, Chapter 31, Code of Laws of South Carolina 1976, as amended, and proceedings of the Board of Directors of the Authority duly adopted, including a resolution adopted by the Board of Directors of the Authority on April 26, 1999 (as supplemented and amended from time to time, the “Revenue Obligation Resolution”). All capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Revenue Obligation Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Revenue Obligation Resolution and in the certified Transcript of Proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing statutes, regulations and court decisions, as follows:

1. The 2012 M1 Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of South Carolina and constitute valid and legally binding special obligations of the Authority payable solely from and secured by a lien upon and pledge of the Revenue Fund and the revenues of the Authority’s System and other monies paid into the Revenue Fund (collectively, the “Revenues”), all as set forth and

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provided in the Revenue Obligation Resolution, on a parity with bonds heretofore and hereafter issued by the Authority pursuant to the Revenue Obligation Resolution on a parity with the 2012 M1 Bonds.

2. Interest on the 2012 M1 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2012 M1 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the 2012 M1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2012 M1 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the 2012 M1 Bonds.

3. The 2012 M1 Bonds and the interest thereon are exempt from all state, county, school district, municipal, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, transfer or certain franchise taxes.

We express no opinion regarding the accuracy, completeness, or sufficiency of any offering material relating to the 2012 M1 Bonds. Furthermore, we express no opinion regarding federal tax consequences arising with respect to the 2012 M1 Bonds, other than as expressly set forth herein.

It is to be understood that the rights of the owners of the 2012 M1 Bonds and the enforceability of the 2012 M1 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

Very truly yours,