



## Letter To Shareholders



Fellow Shareholders:

I am pleased to enclose our June 30, 2006 mid-year report of the operations of SCANA Corporation. The first six months of this year were marked by very temperate weather, especially in the first few months of the year.

In all other respects, our operations have gone well, and expense levels are as forecast. Please see the summary financial information contained elsewhere in this report.

As is always the case at this time of year, we are anxious about the next few months as we get into the heart of the summer tropical storm season. I want to assure you and our customers that we have incorporated the very difficult lessons of the past two summers' active tropical season into our recovery plans. Additionally, we performed a number of desktop exercises and recovery simulations, and worked with our major municipal partners to ensure that we each understand how we must work together in a storm recovery. No amount of planning can avoid the damage a hurricane or tropical storm can create, but our goal is to be well-prepared in order to minimize the time necessary to restore electric and natural gas service safely.

Our planning staff continues to work with South Carolina's state-owned electric and water utility, Santee Cooper, to evaluate the feasibility of constructing a new nuclear plant to meet the growing demands for electric power in our region. With all the recent political and insurgent unrest throughout the oil-producing regions of the world, nuclear power continues to be a very viable option. We are on schedule to reach a decision late next year regarding a potential application to the Nuclear Regulatory Commission.

In our natural gas operations, we used the recent period of relatively lower natural gas prices to substantially fill our various storage locations for the coming winter. As you may know, for several years wholesale natural gas prices have been very closely correlated with oil prices. Oil prices have increased dramatically from the summer's low prices as a result of the recent military actions in the Middle-East. What these events may mean for our wholesale cost of natural gas for this coming winter heating season is as yet unknown, as is any impact from this summer's hurricane season.

In summary, the challenges we face over the near term are largely related to the major challenges our national economy faces. Our operations continue to perform well. We are very conservatively financed and will continue to execute our focused, simple strategic plan that has served us so well in the past. Your continued support is very much appreciated.

Respectfully submitted,

W. B. Timmerman  
Chairman, President and Chief Executive Officer  
July 2006

## Investor Information

### SCANA Investor Plus Plan

The Plan provides investors a convenient and economical means of acquiring, holding and transferring shares of SCANA's common stock. Participants may purchase additional shares of common stock through automatic reinvestment of all or a portion of their cash dividends on SCANA's common stock and SCE&G's cumulative preferred stock and/or by making optional cash payments of \$25 up to a maximum of \$100,000 per calendar year. The Plan also features a direct purchase provision through which investors can acquire their first shares of SCANA's common stock directly from the Company. A variety of other services, including direct deposit of dividends and safekeeping of share certificates, are also available. To receive a Plan prospectus and enrollment form, please contact Shareholder Services or visit our Web site at [www.scana.com](http://www.scana.com).

Effective May 1, 2004, the Plan began purchasing shares for participants directly from SCANA. The price of the shares is the average of the high and low sales price of the common stock listed on the New York Stock Exchange on the business day before the purchase, usually the first and 15th of each month. No commission is charged to participants on these purchases.

### Shareholder Services

Questions concerning SCANA's Investor Plus Plan, stock transfer requirements, replacement of lost or stolen stock certificates or dividend checks, address changes, direct deposit of dividends, or other account services should be directed to the Shareholder Services Department:

SCANA Corporation  
Attention: Shareholder Services (054)  
Columbia, SC 29218-0001

(800) 763-5891 (toll-free Investor Line)  
(803) 217-7817 (Columbia)  
(Note: A Shareholder Services representative is available between 9:00 a.m. and 4:00 p.m. Eastern time, Monday through Friday)

**E-mail:** [shareholder@scana.com](mailto:shareholder@scana.com)  
**Fax:** (803) 217-7389  
**Internet:** [www.scana.com](http://www.scana.com)

## PSNC Energy requests rate increase

PSNC Energy in April filed an application with the North Carolina Utilities Commission requesting an increase in its natural gas base rates – the first such request in eight years.

The company is asking the Commission to grant an increase of approximately \$28.4 million, or 4.9 percent, in annual revenue from base rates. The company is also seeking a reduction of \$7.5 million in the fixed-cost portion of its cost of gas. The net effect is a requested increase of \$20.9 million, or 3.6 percent, in the company's rates and charges for natural gas utility service. The requested revenue increase is based upon a 9.74 percent overall return on rate base, including a 12 percent return on common equity.

Since it last increased base rates in 1998, PSNC Energy has added more than 2,200 miles of transmission and distribution mains, installed 126,725 new service lines, and had more than 100,000 customers come on its system.

A series of public hearings has begun across PSNC Energy's service territory to allow for public testimony regarding the requested increase. That testimony, along with the testimony of witnesses for the company, the Public Staff, and other intervenors, will be considered at a final hearing in Raleigh, Aug. 22. The new rates would go into effect on or about Nov. 1, 2006.

### Plans for new nuclear plant move forward

Shortly after notifying the Nuclear Regulatory Commission of their intention to submit a joint application for a combined construction and operating license (COL) for a new nuclear facility, SCE&G and Santee Cooper, South Carolina's state-owned electric and water utility, announced jointly in February that they had selected the preferred site and preferred reactor design should they go forward with actual construction of such a facility.

The companies selected the Westinghouse AP1000 pressurized water reactor technology, which would be built on the V.C. Summer Nuclear Station site near Jenkinsville, S.C. SCE&G and Santee Cooper are joint owners of 1,000-megawatt V.C. Summer Station; SCE&G is the plant operator. That arrangement would continue with the new plant.

The companies hope to submit their COL application to the NRC in the third quarter of 2007. Following an approximate three-year review process, the NRC could issue the COL in 2010. Provided that the economic and regulatory climate for nuclear energy remains favorable, SCE&G and Santee Cooper would then proceed with construction beginning in 2010, with a projected in-service date of around 2015.

"Concurrent with the license application process, we will be working to develop financing and regulatory strategies that will minimize the cost of this new project for our customers and maintain the financial integrity of our company," said SCE&G President Kevin Marsh.

### Backup dam earns engineering award

SCE&G's Saluda Dam Remediation Project was recently honored with the prestigious American Society of Civil Engineers' (ASCE) 2006 Outstanding Civil Engineering Achievement (OCEA) award. Presented in April to SCE&G representatives in Washington, D.C., the award is considered one of the highest honors for civil engineering projects worldwide.

The backup dam project was selected over several noteworthy finalists, including two other South Carolina-based projects, the Liberty Bridge in Greenville, and the Arthur Ravenel, Jr. Bridge in Charleston. The other finalists were the Neutrinos at the Main Injector (NuMI) Project in Batavia, Ill. and Soudan, Minn., and the Bridge Apollo in Bratislava, Slovakia. Past recipients of the award include the relocation of the Cape Hatteras Lighthouse, the Trans-Alaska Pipeline, the World Trade Center Towers and the St. Louis Gateway Arch.

"South Carolina Electric & Gas Company (SCE&G) officials were faced with an extraordinary challenge when [it was discovered what] impact a repeat of the 1886 Charleston earthquake could have on Columbia's three-quarters-of-a-century-old Saluda Dam," said ASCE President Dennis Martenson. "Their proactive approach to protecting the surrounding communities, and the innovative methods they implemented to achieve that goal, make this project the embodiment of everything for which the OCEA award stands."

## Condensed Consolidated Statements of Income

Six Months Ended June 30,  
Millions of dollars, except per share amounts  
[unaudited]

	2006	2005
<b>Operating Revenues:</b>		
Electric	\$ 859	\$ 856
Gas – Regulated	730	680
Gas – Nonregulated	744	624
<b>Total Operating Revenues</b>	<b>2,333</b>	<b>2,160</b>
<b>Operating Expenses:</b>		
Fuel used in electric generation	264	265
Purchased power	12	21
Gas purchased for resale	1,213	1,037
Other operation and maintenance	307	312
Depreciation and amortization (1)	153	334
Other taxes	76	78
<b>Total Operating Expenses (1)</b>	<b>2,025</b>	<b>2,047</b>
<b>Operating Income (1)</b>	<b>308</b>	<b>113</b>
<b>Other Income (Expense):</b>		
Other income, Net, including allowance for equity funds used during construction	28	25
Interest Charges, net of allowance for borrowed funds	(107)	(108)
Preferred stock dividends at SCE&G	(4)	(4)
Gain on sale of investments and assets	–	8
<b>Total Other Expense</b>	<b>(83)</b>	<b>(79)</b>
<b>Income Before Income Taxes, Losses from Equity Method Investments and Cumulative Effect of Accounting Change</b>	<b>225</b>	<b>34</b>
<b>Income Tax Expense (Benefit) (1)</b>	<b>69</b>	<b>(176)</b>
<b>Losses from Equity Method Investments (1)</b>	<b>(6)</b>	<b>(65)</b>
<b>Cumulative Effect of Accounting Change</b>	<b>6</b>	<b>–</b>
<b>Net Income</b>	<b>\$ 156</b>	<b>\$ 145</b>
<b>Basic and Diluted Earnings Per Share</b>		
Before Cumulative Effect of Accounting Change	\$ 1.30	\$ 1.28
Cumulative Effect of Accounting Change	.05	–
<b>Basic and Diluted Earnings Per Share</b>	<b>\$ 1.35</b>	<b>\$ 1.28</b>
<b>Weighted Average Shares Outstanding [Millions]</b>	<b>115.3</b>	<b>113.3</b>
<b>Common Dividends Declared Per Share</b>	<b>\$ .84</b>	<b>\$ .78</b>

## Condensed Consolidated Balance Sheets

Millions of dollars [unaudited]

	June 30, 2006	December 31, 2005
<b>Assets</b>		
Utility Plant, Net	\$ 6,911	\$ 6,744
Other Property and Investments	264	247
Current Assets	1,148	1,417
Deferred Debits and Other Assets	1,075	1,121
<b>Total Assets</b>	<b>\$ 9,398</b>	<b>\$ 9,529</b>
<b>Capitalization and Liabilities</b>		
<b>Capitalization:</b>		
Common Equity	\$ 2,773	\$ 2,677
Preferred Stock	114	114
Long-Term Debt, Net	3,043	2,948
<b>Total Capitalization</b>	<b>5,930</b>	<b>5,739</b>
Current Liabilities	1,069	1,500
Deferred Credits and Other Liabilities	2,399	2,290
<b>Total Capitalization and Liabilities</b>	<b>\$ 9,398</b>	<b>\$ 9,529</b>

(1) In a January 2005 order, the Public Service Commission of South Carolina approved SCE&G's request to apply synthetic fuel tax credits to offset the construction costs of the Lake Murray Dam project. The level of depreciation expense and related tax benefit recognized in the income statement will be equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. Although these entries collectively have no impact on consolidated net income, they can have a significant impact on individual line items within the income statement. For more information, see the disclosures included in SCANA's filings with the SEC on Form 10-Q, which are available on the company's Web site at [www.scana.com](http://www.scana.com).

## Investor Information

### Shareholder Online

SCANA's registered shareholders can access a variety of detailed account information online by using our state-of-the-art internet service "Shareholder Online." To sign-up for Shareholder Online please visit our Web site at [www.scana.com](http://www.scana.com) and select "Investor Relations" and "Shareholder Online". For additional information, or to request a brochure about this service, please call our Shareholder Services Department using our 24-hour toll-free Investor Line at (800) 763-5891.

### Investors' Association

For information about this organization's activities, please write to:

Association of SCANA  
Corporation Investors  
P.O. Box 2173  
Lexington, SC 29071

Statements included in this mid-year report which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: (1) that the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment, (2) regulatory actions or changes in the utility and nonutility regulatory environment, (3) current and future litigation, (4) changes in the economy, especially in areas served by the Company's subsidiaries, (5) the impact of competition from other energy suppliers, including competition from alternate fuels in industrial interruptible markets, (6) growth opportunities for the Company's regulated and diversified subsidiaries, (7) the results of financing efforts, (8) changes in accounting principles, (9) weather conditions, especially in areas served by the Company's subsidiaries, (10) performance of the Company's pension plan assets, (11) inflation, (12) changes in environmental regulations, (13) volatility in commodity natural gas markets and (14) the other risks and uncertainties described from time to time in the Company's periodic reports filed with the United States Securities and Exchange Commission. The Company disclaims any obligation to update any forward-looking statements.

This mid-year report is provided for shareholders' information. It is not intended for use in connection with any sale or purchase of, or any other solicitation of offers to buy or sell securities.