

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____



Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-8809	SCANA Corporation (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0784499
1-3375	South Carolina Electric & Gas Company (a South Carolina corporation) 1426 Main Street, Columbia, South Carolina 29201 (803) 217-9000	57-0248695

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

SCANA Corporation Yes No South Carolina Electric & Gas Company Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

SCANA Corporation	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		
South Carolina Electric & Gas Company	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>
	Smaller reporting company <input type="checkbox"/>		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

SCANA Corporation Yes No South Carolina Electric & Gas Company Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Registrant	Description of Common Stock	Shares Outstanding at April 30, 2008
SCANA Corporation	Without Par Value	116,664,933
South Carolina Electric & Gas Company	\$4.50 Par Value	40,296,147 (a)

(a) Owned beneficially and of record by SCANA Corporation.

This combined Form 10-Q is separately filed by SCANA Corporation and South Carolina Electric & Gas Company. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes no representation as to information relating to the other company.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements included in this Quarterly Report on Form 10-Q which are not statements of historical fact are intended to be, and are hereby identified as, “forward-looking statements” for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements concerning key earnings drivers, customer growth, environmental regulations and expenditures, leverage ratio, projections for pension fund contributions, financing activities, access to sources of capital, impacts of the adoption of new accounting rules, estimated construction and other expenditures and factors affecting the availability of synthetic fuel tax credits. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” or “continue” or the negative of these terms or other similar terminology. 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) the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment;
- (2) regulatory actions, particularly changes in rate regulation and environmental regulations;
- (3) current and future litigation;
- (4) changes in the economy, especially in areas served by subsidiaries of SCANA Corporation (SCANA);
- (5) the impact of competition from other energy suppliers, including competition from alternate fuels in industrial interruptible markets;
- (6) growth opportunities for SCANA’s regulated and diversified subsidiaries;
- (7) the results of financing efforts;
- (8) changes in SCANA’s or its subsidiaries’ accounting rules and accounting policies;
- (9) the effects of weather, including drought, especially in areas where the generation and transmission facilities of SCANA and its subsidiaries are located and in areas served by SCANA’s subsidiaries;
- (10) payment by counterparties as and when due;
- (11) the results of efforts to license, site and construct facilities for baseload electric generation;
- (12) the availability of fuels such as coal, natural gas and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; the level and volatility of future market prices for such fuels and purchased power; and the ability to recover the costs for such fuels and purchased power;
- (13) performance of SCANA’s pension plan assets;
- (14) inflation;
- (15) compliance with regulations; and
- (16) the other risks and uncertainties described from time to time in the periodic reports filed by SCANA or South Carolina Electric & Gas Company (SCE&G) with the United States Securities and Exchange Commission (SEC).

SCANA and SCE&G disclaim any obligation to update any forward-looking statements.

**SCANA CORPORATION
FINANCIAL SECTION**

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SCANA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Millions of dollars	March 31, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 9,894	\$ 9,807
Accumulated Depreciation and Amortization	(3,029)	(2,981)
	6,865	6,826
Construction Work in Progress	494	400
Nuclear Fuel, Net of Accumulated Amortization	83	82
Acquisition Adjustments	230	230
Utility Plant, Net	7,672	7,538
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation of \$87 and \$84	136	131
Assets held in trust, net-nuclear decommissioning	62	62
Other investments	82	82
Nonutility Property and Investments, Net	280	275
Current Assets:		
Cash and cash equivalents	178	134
Receivables, net of allowance for uncollectible accounts of \$17 and \$10	660	641
Receivables - affiliated companies	2	29
Inventories (at average cost):		
Fuel	188	286
Materials and supplies	109	107
Emission allowances	28	33
Prepayments and other	96	62
Deferred income taxes	4	9
Total Current Assets	1,265	1,301
Deferred Debits and Other Assets:		
Pension asset, net	230	224
Regulatory assets	686	712
Other	116	115
Total Deferred Debits and Other Assets	1,032	1,051
Total	\$ 10,249	\$ 10,165

Millions of dollars	March 31, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 3,022	\$ 2,960
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	3,128	3,066
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	3,276	2,879
Total Capitalization	6,411	5,952
Current Liabilities:		
Short-term borrowings	356	627
Current portion of long-term debt	233	233
Accounts payable	359	401
Accounts payable - affiliated companies	6	27
Customer deposits and customer prepayments	75	85
Taxes accrued	79	156
Interest accrued	52	51
Dividends declared	56	53
Other	66	88
Total Current Liabilities	1,282	1,721
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	960	944
Deferred investment tax credits	104	104
Asset retirement obligations	312	307
Postretirement benefits	186	185
Regulatory liabilities	868	830
Other	126	122
Total Deferred Credits and Other Liabilities	2,556	2,492
Commitments and Contingencies (Note 5)		
Total	\$ 10,249	\$ 10,165

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars, except per share amounts	Three Months Ended March 31,	
	2008	2007
Operating Revenues:		
Electric	\$ 488	\$ 443
Gas - regulated	482	435
Gas - nonregulated	563	485
Total Operating Revenues	1,533	1,363
Operating Expenses:		
Fuel used in electric generation	177	156
Purchased power	5	11
Gas purchased for resale	838	727
Other operation and maintenance	177	174
Depreciation and amortization	80	91
Other taxes	43	41
Total Operating Expenses	1,320	1,200
Operating Income	213	163
Other Income (Expense):		
Other income	19	29
Other expenses	(10)	(17)
Interest charges, net of allowance for borrowed funds used during construction of \$3 and \$2	(53)	(53)
Preferred dividends of subsidiary	(2)	(2)
Allowance for equity funds used during construction	3	1
Total Other Expense	(43)	(42)
Income Before Income Tax Expense and Earnings (Losses) from Equity Method Investments	170	121
Income Tax Expense	62	30
Income Before Earnings (Losses) from Equity Method Investments	108	91
Earnings (Losses) from Equity Method Investments	1	(5)
Net Income	\$ 109	\$ 86
Basic and Diluted Earnings Per Share of Common Stock	\$.94	\$.73
Weighted Average Shares Outstanding (millions)	116.7	116.7

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Three Months Ended March 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 109	\$ 86
Adjustments to reconcile net income to net cash provided from operating activities:		
Excess (earnings) losses, net of distributions from equity method investments	(1)	5
Depreciation and amortization	80	92
Amortization of nuclear fuel	5	5
Allowance for equity funds used during construction	(2)	-
Carrying cost recovery	(1)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	8	63
Inventories	86	49
Prepayments and other	(27)	7
Pension asset	(4)	(6)
Other regulatory assets	40	41
Deferred income taxes, net	21	18
Regulatory liabilities	21	5
Postretirement benefits	1	1
Accounts payable	(65)	(107)
Taxes accrued	(77)	(65)
Interest accrued	1	(3)
Changes in fuel adjustment clauses	(10)	(12)
Changes in other assets	(3)	19
Changes in other liabilities	(28)	(53)
Net Cash Provided From Operating Activities	154	144
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(171)	(138)
Proceeds from sale of assets	1	-
Nonutility property additions	(7)	(11)
Investments	-	(8)
Net Cash Used For Investing Activities	(177)	(157)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	493	-
Repayment of debt	(102)	(26)
Redemption/repurchase of equity securities	-	(3)
Dividends	(53)	(51)
Short-term borrowings, net	(271)	(56)
Net Cash Provided From (Used For) Financing Activities	67	(136)
Net Increase (Decrease) In Cash and Cash Equivalents	44	(149)
Cash and Cash Equivalents, January 1	134	201
Cash and Cash Equivalents, March 31	\$ 178	\$ 52
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$3 and \$2)	\$ 45	\$ 55
- Income taxes	38	4
Noncash Investing and Financing Activities:		
Accrued construction expenditures	90	35

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

Millions of dollars	Three Months Ended March 31,	
	2008	2007
Net Income	\$ 109	\$ 86
Other Comprehensive Income, net of tax:		
Gains (losses) on hedging activities:		
Unrealized holding gains arising during period, net	6	7
Realized losses on cash flow derivatives	(3)	-
Reclassification adjustment for losses included in net income	3	11
Total Comprehensive Income (1)	\$ 115	\$ 104

(1) Accumulated other comprehensive loss totaled \$15.6 million as of March 31, 2008 and \$22.3 million as of December 31, 2007.

See Notes to Condensed Consolidated Financial Statements.

SCANA CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in SCANA Corporation's (SCANA and, together with its consolidated subsidiaries, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company's business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statements of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation." SFAS 71, which requires cost-based rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities summarized as follows.

Millions of dollars	March 31, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 161	\$ 161
Under-collections - gas cost adjustment clauses	9	45
Environmental remediation costs	27	26
Asset retirement obligations and related funding	280	274
Franchise agreements	51	52
Deferred regional transmission organization costs	5	5
Deferred employee benefit plan costs	118	120
Other	35	29
Total Regulatory Assets	\$ 686	\$ 712
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 34	\$ 35
Over-collections - electric fuel and gas cost adjustment clauses	45	19
Other asset removal costs	658	643
Storm damage reserve	50	49
Planned major maintenance	18	15
Monetization of bankruptcy claim	45	45
Other	18	24
Total Regulatory Liabilities	\$ 868	\$ 830

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Under- and over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts under- or over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) or North Carolina Utilities Commission (NCUC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory assets or liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging programs of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by the Company. Costs incurred at sites owned by SCE&G are being recovered through rates, of which \$18.5 million remain to be recovered. SCE&G is authorized to amortize \$1.4 million of these costs annually. Costs incurred through June 30, 2006, at sites owned by Public Service Company of North Carolina, Incorporated (PSNC Energy) are being recovered through rates over a three-year period, of which \$1.9 million remain. In addition, management believes that costs incurred subsequent to June 30, 2006, totaling \$2.2 million, net of insurance proceeds, at March 31, 2008, and the estimated remaining costs of \$4.6 million, will be recoverable by PSNC Energy through rates.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, "*Accounting for Asset Retirement Obligations*," and Financial Accounting Standards Board Interpretation (FIN) 47, "*Accounting for Conditional Asset Retirement Obligations*."

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred regional transmission organization costs represent costs incurred by SCE&G in the United States Federal Energy Regulatory Commission (FERC)-mandated formation of GridSouth. The project was suspended in 2002. Effective January 2005, the SCPSC approved the amortization of these amounts through cost of service rates over five years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*," but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the three months ended March 31, 2008, \$0.7 million was drawn from the reserve. No amounts were drawn from this reserve for the three months ended March 31, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The monetization of bankruptcy claim represents proceeds from the sale of a bankruptcy claim which will be amortized into operating revenue through the year 2024.

The SCPSC and the NCUC (collectively, state commissions) or FERC have reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by a state commission or by FERC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rate orders received by the Company. However, ultimate recovery is subject to regulatory approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

B. Earnings Per Share

In accordance with SFAS 128, "Earnings Per Share," the Company computes basic earnings per share by dividing net income by the weighted average number of common shares outstanding for the period. The Company computes diluted earnings per share using this same formula, after giving effect to securities considered to be dilutive potential common stock. The Company uses the treasury stock method in determining total dilutive potential common stock. The Company has issued no securities that would have an antidilutive effect on earnings per share.

C. Affiliated Transactions

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from these affiliated companies were \$2.3 million at March 31, 2008 and \$28.8 million at December 31, 2007. SCE&G's payables to these affiliated companies were \$6.2 million at March 31, 2008 and \$26.9 million at December 31, 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credit program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.5 million at March 31, 2008 and \$2.1 million at December 31, 2007. SCE&G purchased \$7.7 million and \$7.3 million of shaft horsepower from the LLC for the three months ended March 31, 2008 and 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

Components of net periodic benefit income or cost recorded by the Company were as follows:

Millions of dollars	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Three months ended March 31,				
Service cost	\$ 3.9	\$ 3.5	\$ 1.1	\$ 1.2
Interest cost	10.9	10.3	3.0	3.0
Expected return on assets	(20.4)	(20.1)	-	-
Prior service cost amortization	1.7	1.7	0.3	0.3
Transition obligation amortization	-	-	0.2	0.2
Amortization of actuarial loss	-	-	-	0.3
Net periodic benefit (income) cost	<u>\$ (3.9)</u>	<u>\$ (4.6)</u>	<u>\$ 4.6</u>	<u>\$ 5.0</u>

E. New Accounting Matters

SFAS 161, "Disclosure about Derivative Instruments and Hedging Activities," was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements," was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 141(R) "Business Combinations," was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 159, “*The Fair Value Option for Financial Assets and Financial Liabilities*,” was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company’s results of operations, cash flows or financial position.

The Company adopted SFAS 157, “*Fair Value Measurements*,” in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company’s results of operations, cash flows or financial position.

The Company relies on market transactions to fair value available for sale securities and derivative instruments. At March 31, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

	Fair Value Measurements at March 31, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Millions of dollars			
Assets:			
Available for sale securities	\$3	-	-
Derivative instruments	36	\$1	-
Liabilities:			
Derivative instruments	34	13	-

F. Income and Other Taxes

No material changes in the status of the Company’s tax positions have occurred through March 31, 2008.

2. RATE AND OTHER REGULATORY MATTERS

SCE&G

Electric

On March 31, 2008 SCE&G, along with the South Carolina Public Service Authority (Santee Cooper), filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate up to two new nuclear generating units at the existing V. C. Summer Nuclear Station site. The NRC’s review process is expected to last approximately three to four years. Upon approval from the SCPSC discussed below, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

On April 1, 2008, SCE&G filed a Letter of Intent with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) indicating that SCE&G plans to file an application pursuant to the Base Load Review Act (the Act), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order (Combined Application). Based on an application filed by the utility under the Act, the SCPSC would review and rule on the prudence of the decision to build. If the decision were found to be prudent, that finding would be binding on all future SCPSC proceedings so long as the construction proceeds in accordance with the schedules, estimates and projections set forth in the approved application. In addition, beginning with the initial proceeding, the utility would be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on the utility’s updated cost of debt and capital structure. The cost of service and rate design would be based on the rates approved in the utility’s most recent electric rate order. The utility may choose to file for a project-specific return on common equity or use the return from its most recent rate proceeding if the proceeding is less than five years old. SCE&G’s current allowed return on common equity is 11%. SCE&G expects to file the Combined Application in the second quarter of 2008.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rates became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G.

Gas

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of costs charged to customers by allowing for more timely recovery of the costs that regulated utilities incur related to natural gas service infrastructure. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs included a purchase gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

PSNC Energy

PSNC Energy's rates are established using a benchmark cost of gas approved by the NCUC, which may be modified periodically to reflect changes in the market price of natural gas. PSNC Energy revises its tariffs with the NCUC as necessary to track these changes and accounts for any over- or under-collections of the delivered cost of gas in its deferred accounts for subsequent rate consideration. The NCUC reviews PSNC Energy's gas purchasing practices annually.

On March 31, 2008 PSNC Energy filed a general rate case application with the NCUC requesting a 2.99%, or \$20.4 million, increase in its base rates. The rate increase is largely associated with recovering costs related to expanding and operating its pipeline system. In its application, PSNC Energy is also requesting to implement a customer usage tracker (CUT), a rate decoupling mechanism that breaks the link between revenues and the amount of natural gas sold. If approved, the CUT would allow PSNC Energy to periodically adjust its base rates for residential and commercial customers based on customer consumption. Finally, PSNC Energy is proposing several conservation initiatives and requesting recovery of the associated costs. A hearing on the application has been scheduled for the week of August 25, 2008.

In May 2007 the NCUC approved PSNC Energy's request to eliminate the use of its dual residential customer rate structure and replace it with a single residential rate. The NCUC also ordered that PSNC Energy establish a new residential rate structure by November 1, 2007. In October 2007 the NCUC approved PSNC Energy's request to implement a residential service rate which has a winter/summer differential of 6 cents per therm effective November 1, 2007. The higher winter rate will help recover costs associated with operating the system pipeline during high customer demand. These changes in the rate structure had no impact on 2007 earnings.

3. LONG-TERM DEBT

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. The proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes.

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. The proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company utilizes various financial derivatives, including those designated as cash flow hedges related to natural gas. The Company also utilizes swap agreements to manage interest rate risk. These transactions are more fully described in Note 9 to the consolidated financial statements in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007.

At March 31, 2008 the Company's fair value interest rate swap totaled \$1.0 million (gain) related to combined notional amounts of \$16.0 million. At March 31, 2008 the Company's cash flow interest rate swap totaled \$12.1 million (loss) related to combined notional amounts of \$40.0 million.

The Company's regulated gas operations (SCE&G and PSNC Energy) hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability. PSNC Energy's tariffs also include a provision for the recovery of actual gas costs incurred. PSNC Energy records premiums, transaction fees, margin requirements and any realized and unrealized gains or losses from its hedging program in deferred accounts as a regulatory asset or liability for the over- or under-recovery of gas costs.

The Company's nonregulated gas operations recognize gains and losses as a result of qualifying cash flow hedges whose hedged transactions occur during the reporting period and record them in cost of gas. The effects of gains or losses resulting from these hedging activities are either offset by the recording of the related hedged transactions or are included in gas sales pricing decisions made by the business unit. The Company estimates that most of the March 31, 2008 unrealized gain balance of \$6.2 million, net of taxes, will be reclassified from accumulated other comprehensive income (loss) to earnings within the next twelve months as an decrease to gas cost if market prices remain at current levels. As of March 31, 2008, all of the Company's cash flow hedges settle by their terms before the end of 2010.

PSNC Energy utilizes asset management and supply service agreements with counterparties for certain of its natural gas storage facilities. At March 31, 2008, such counterparties held 43% of PSNC Energy's natural gas inventory, with a carrying value of \$13.9 million, through either capacity release or agency relationships. Under the terms of the asset management agreements, PSNC Energy receives storage asset management fees and, in certain instances, a share of profits. No fees are received under supply service agreements. The agreements expire at various times through March 31, 2009.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCANA's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at March 31, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

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

B. Environmental

SCE&G

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR sets emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies have challenged the rule, seeking a change in the method CAIR uses to allocate sulfur dioxide emission allowances. Additional air quality controls will be needed to meet the CAIR requirements. These controls will include selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO expect to incur capital expenditures totaling approximately \$560 million through 2010 to install this new equipment. These costs will be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIPS) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List on April 19, 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in an allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any cost allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G maintains an environmental assessment program to identify and evaluate its current and former operations sites that could require environmental clean-up. As site assessments are initiated, estimates are made of the amount of expenditures, if any, deemed necessary to investigate and remediate each site. These estimates are refined as additional information becomes available; therefore, actual expenditures could differ significantly from the original estimates. Amounts estimated and accrued to date for site assessments and clean-up relate solely to regulated operations. SCE&G defers site assessment and cleanup costs and recovers them through rates (see Note 1). The deferral includes the estimated costs associated with the following matters.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.2 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance, through rates. At March 31, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$18.5 million.

PSNC Energy

PSNC Energy is responsible for environmental clean-up at five sites in North Carolina on which MGP residuals are present or suspected. PSNC Energy's actual remediation costs for these sites will depend on a number of factors, such as actual site conditions, third-party claims and recoveries from other PRPs. PSNC Energy has recorded a liability and associated regulatory asset of \$4.6 million, which reflects its estimated remaining liability at March 31, 2008. PSNC Energy expects to recover through rates any costs, net of insurance recoveries, allocable to PSNC Energy arising from the remediation of these sites through rates.

C. Claims and Litigation

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. In March 2008 the GPSC voted to commence the investigation recommended by the staff, and a hearing is scheduled to begin in June. The Company believes that the staff's assertions are without merit and will cooperate with the investigation. Although the Company cannot determine the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled Weiskircher, et al. v. SCANA Energy Marketing, Inc., containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. While the litigation is in its early stages, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot determine the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling, determining that the Circuit Court ruling is not immediately appealable. The plaintiff's motion for class certification was recently heard, and the judge has conditionally certified the class. The class remains limited to easements in Charleston County. SCANA and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service, to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and to adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations; therefore, net income is not allocated to the Electric Operations, Gas Distribution and Gas Transmission segments. The Company uses net income to measure profitability for its Retail Gas Marketing and Energy Marketing segments. Gas Distribution is comprised of the local distribution operations of SCE&G and PSNC Energy which meet SFAS 131 criteria for aggregation. All Other includes equity method investments and other nonreportable segments.

Millions of dollars	External Revenue	Intersegment Revenue	Operating Income (Loss)	Net Income (Loss)	Segment Assets
<i>Three Months Ended March 31, 2008</i>					
Electric Operations	\$ 488	\$ 3	\$ 98	n/a	\$ 5,996
Gas Distribution	480	-	77	n/a	1,917
Gas Transmission	2	11	5	n/a	328
Retail Gas Marketing	265	-	n/a	\$ 22	195
Energy Marketing	298	70	n/a	-	155
All Other	8	84	n/a	(1)	1,266
Adjustments/Eliminations	(8)	(168)	33	88	392
Consolidated Total	\$ 1,533	\$ -	\$ 213	\$ 109	\$ 10,249

<i>Three Months Ended March 31, 2007</i>					
Electric Operations	\$ 443	\$ 2	\$ 56	n/a	\$ 5,617
Gas Distribution	433	-	74	n/a	1,801
Gas Transmission	2	11	5	n/a	287
Retail Gas Marketing	241	-	n/a	\$ 18	186
Energy Marketing	244	65	n/a	-	108
All Other	18	85	n/a	(4)	541
Adjustments/Eliminations	(18)	(163)	28	72	1,064
Consolidated Total	\$ 1,363	\$ -	\$ 163	\$ 86	\$ 9,604

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SCANA CORPORATION

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in SCANA Corporation's (SCANA, and together with its consolidated subsidiaries, the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

**RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
AS COMPARED TO THE CORRESPONDING PERIOD IN 2007**

Earnings Per Share

Earnings per share was as follows:

Millions of dollars	2008		2007	
Earnings per share	\$.94	\$.73

Earnings per share increased primarily due to higher electric margin of \$.16 and higher natural gas margin of \$.07. These increases were partially offset by higher operating expenses and other items aggregating \$.02.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock during 2008:

Declaration Date	Dividend Per Share	Record Date	Payment Date
February 14, 2008	\$.46	March 10, 2008	April 1, 2008
April 24, 2008	.46	June 10, 2008	July 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of South Carolina Electric & Gas Company (SCE&G), South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008		% Change	2007	
Operating revenues	\$	487.9	10.2%	\$	442.7
Less: Fuel used in generation		176.9	13.5%		155.9
Purchased power		4.7	(58.4)%		11.3
Margin	\$	306.3	11.2%	\$	275.5

Margin increased by \$17.5 million due to increased retail electric rates that went into effect in January 2008, by \$4.4 million due to customer growth and usage, by \$6.2 million due to higher off-system sales and by \$1.6 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G and Public Service Company of North Carolina, Incorporated (PSNC Energy). Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008	% Change	2007
Operating revenues	\$ 479.7	10.8%	\$ 433.0
Less: Gas purchased for resale	343.5	13.2%	303.5
Margin	\$ 136.2	5.2%	\$ 129.5

Margin at SCE&G increased by \$2.0 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.3 million due to customer growth. Margin at PSNC Energy increased by \$3.4 million due primarily to customer growth.

Gas Transmission

Gas Transmission is comprised of the operations of Carolina Gas Transmission Corporation (CGTC). Gas transmission revenues (including transactions with affiliates) were as follows:

Millions of dollars	2008	% Change	2007
Transportation revenue	\$ 12.9	5.7%	\$ 12.2
Other operating revenues	-	(100.0)%	0.9
Revenues	\$ 12.9	(1.5)%	\$ 13.1

Revenues decreased primarily due to the recognition of other revenue received from a bankrupt customer in January 2007.

Retail Gas Marketing

Retail Gas Marketing is comprised of SCANA Energy, which operates in Georgia's natural gas market. Retail Gas Marketing revenues and net income were as follows:

Millions of dollars	2008	% Change	2007
Operating revenues	\$ 265.0	10.0%	\$ 240.8
Net income	\$ 21.5	17.5%	\$ 18.3

Operating revenues increased primarily as a result of higher average retail prices and volumes. Net income increased primarily due to higher margin, partially offset by higher bad debt expense.

Energy Marketing

Energy Marketing is comprised of the Company's non-regulated marketing operations, excluding SCANA Energy. Energy Marketing operating revenues and net loss were as follows:

Millions of dollars	2008	% Change	2007
Operating revenues	\$ 368.1	19.4%	\$ 308.4
Net loss	\$ (0.3)	* %	\$ (0.1)

*Greater than 100%

Operating revenues increased primarily due to customer growth. Net loss increased due to higher operating expenses of \$0.4 million, partially offset by higher margin on sales of \$0.2 million.

Other Operating Expenses

Other operating expenses arising from the operating segments previously discussed were as follows:

Millions of dollars	2008	% Change	2007
Other operation and maintenance	\$ 177.3	1.9%	\$ 174.0
Depreciation and amortization	79.6	(12.6)%	91.1
Other taxes	43.8	7.1%	40.9

Other operation and maintenance expenses increased primarily due to higher incentive and other benefit costs. Depreciation and amortization expense decreased by \$12.0 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*). Other taxes increased due to higher property taxes.

Other Income (Expense)

Other income (expense) includes the results of certain incidental (non-utility) activities and the activities of certain non-regulated subsidiaries. Other income (expense) declined in 2008 compared to 2007 primarily due to lower royalties earned in connection with the operation of a synthetic fuel plant.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first three months of 2008 compared to \$11.4 million during the same period in 2007.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement. The accelerated depreciation, synthetic fuel tax credits, partnership losses and the income tax benefit arising from such losses recognized by SCE&G during the first quarter of 2007 were as follows:

Millions of dollars	
Depreciation and amortization recapture (expense)	\$ (12.0)
Income tax benefits:	
From synthetic fuel tax credits	10.9
From accelerated depreciation	4.6
From partnership losses	2.1
Total income tax benefits	17.6
Losses from Equity Method Investments	(5.6)
Impact on Net Income	\$ -

In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.1 million in the first quarter of 2008 and 2007, respectively.

Available credits were not sufficient to fully recover the construction costs of dam remediation; therefore, regulatory action to allow recovery of remaining costs will likely be sought. As of March 31, 2008, remaining unrecovered costs, including carrying costs, were \$69.9 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 3 and 12 months ended March 31, 2008 were 3.80 and 3.22, respectively.

Cash requirements for the Company's regulated subsidiaries arise primarily from their operational needs, funding their construction programs and payment of dividends to SCANA. The ability of the regulated subsidiaries to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend on their ability to attract the necessary financial capital on reasonable terms. Regulated subsidiaries recover the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and these subsidiaries continue their ongoing construction programs, rate increases will be sought. The future financial position and results of operations of the regulated subsidiaries will be affected by their ability to obtain adequate and timely rate and other regulatory relief, if requested.

The Company's issuance of various securities, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies, including state public service commissions and the Federal Energy Regulatory Commission (FERC).

On March 12, 2008 SCANA issued \$250 million of Medium Term Notes bearing an annual interest rate of 6.25% and maturing on April 1, 2020. The proceeds from the sale of these notes were or will be used to repay short-term debt incurred to pay at maturity on March 1, 2008 \$100 million of floating rate Medium Term Notes, to pay at maturity \$115 million of Medium Term Notes, due October 23, 2008, to repay other short-term debt and for general corporate purposes.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. The proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes.

In the fourth quarter of 2007 SCE&G entered into several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. These swaps were terminated in January 2008 concurrent with the issuance by SCE&G of \$250 million of its bonds. The loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the 30-year life of the bonds.

SCE&G and GENCO have obtained FERC authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of one year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires February 6, 2010.

SCE&G expects to add additional base load electric generation in 2016. Based on an evaluation of alternatives, SCE&G and Santee Cooper, a state-owned utility in South Carolina (joint owners of Summer Station) have selected the Summer Station site as the preferred site for new nuclear generation. Due to the significant lead time required for construction of nuclear generation, on March 31, 2008 the joint owners filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL) that would cover up to two new nuclear units. The COL application is expected to be reviewed by the NRC for an estimated three to four years. In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility, as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

On April 1, 2008, SCE&G filed a Letter of Intent with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) indicating that SCE&G plans to file an application pursuant to the Base Load Review Act (the Act), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order (Combined Application). Based on an application filed by the utility under the Act, the SCPSC would review and rule on the prudence of the decision to build. If the decision were found to be prudent, that finding would be binding on all future proceedings so long as construction proceeds in accordance with the schedules, estimates and projections set forth in the approved application. In addition, beginning with the initial proceeding, the utility would be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on the utility's updated cost of debt and capital structure. The cost of service and rate design would be based on the rates approved in the utility's most recent electric rate order. The utility may choose to file for a project-specific return on common equity or use the return from its most recent rate proceeding if the proceeding is less than five years old. SCE&G's current allowed return on common equity is 11%. SCE&G expects to file the Combined Application in the second quarter of 2008.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR sets emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies have challenged the rule, seeking a change in the method CAIR uses to allocate sulfur dioxide emission allowances. Additional air quality controls will be needed to meet the CAIR requirements. These controls will include selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at both Wateree and Williams Stations for sulfur dioxide reduction. SCE&G and GENCO expect to incur capital expenditures totaling approximately \$560 million through 2010 to install this new equipment. These costs will be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIPS) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

Although SCANA invests in securities and business ventures, it does not hold investments in unconsolidated special purpose entities such as those described in SFAS 140, "*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*," or as described in FIN 46(R), "*Consolidation of Variable Interest Entities*." SCANA does not engage in off-balance sheet financing or similar transactions, although it is party to incidental operating leases in the normal course of business, generally for office space, furniture, equipment and rail cars.

See Note 5C to the condensed consolidated financial statements for additional information related to claims and litigation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company and other financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For interest rate swaps, the figures shown reflect notional amounts and related maturities. Fair values for debt and swaps represent quoted market prices.

As of March 31, 2008	Expected Maturity							Fair
Millions of dollars	2008	2009	2010	2011	2012	There- After	Total	Value
Long-Term Debt Issued:								
Fixed Rate (\$)	123.2	108.2	14.8	619.3	265.5	2,258.1	3,389.1	3,442.5
Average Fixed Interest Rate (%)	5.96	6.27	6.87	6.78	6.23	5.97	6.15	
Variable Rate (\$)			1.6	1.6	1.6	35.2	40.0	41.0
Variable Interest Rate (%)			6.47	6.47	6.47	6.47	6.47	
Interest Rate Swaps:								
Pay Variable/Receive Fixed (\$)	3.2	3.2	3.2	3.2	3.2		16.0	1.0
Pay Interest Rate (%)	5.89	5.89	5.89	5.89	5.89		5.89	
Receive Interest Rate (%)	8.75	8.75	8.75	8.75	8.75		8.75	
Pay Fixed/Receive Variable (\$)			1.6	1.6	1.6	35.2	40.0	(12.1)
Pay Interest Rate (%)			6.47	6.47	6.47	6.47	6.47	
Receive Interest Rate (%)			3.78	3.78	3.78	3.78	3.78	

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following tables provide information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:

	Futures Contracts		Options		
	Long	Short	Purchased Call (Long)	Purchased Put (Short)	Purchased Put (Long)
2008					
Settlement Price (a)	10.52	10.97	Strike Price (a)	9.35	7.84
Contract Amount (b)	21.1	0.8	Contract Amount (b)	16.1	9.3
Fair Value (b)	25.7	0.9	Fair Value (b)	3.2	0.1
2009					
Settlement Price (a)	10.48	11.10	Strike Price (a)	10.60	
Contract Amount (b)	34.1	1.8	Contract Amount (b)	2.5	
Fair Value (b)	39.6	2.1	Fair Value (b)	0.4	
2010					
Settlement Price (a)	8.98	-			
Contract Amount (b)	3.5	-			
Fair Value (b)	3.1	-			

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009	2010
Commodity Swaps:			
Pay fixed/receive variable (b)	98.0	68.9	8.0
Average pay rate (a)	8.590	9.017	9.528
Average received rate (a)	10.482	10.347	8.981
Fair value (b)	119.5	79.0	7.5
Pay variable/receive fixed (b)	22.2	6.3	-
Average pay rate (a)	10.656	11.145	-
Average received rate (a)	9.783	10.365	-
Fair value (b)	20.4	5.9	-
Basis Swaps:			
Pay variable/receive variable (b)	27.8	8.1	4.4
Average pay rate (a)	10.393	10.349	9.141
Average received rate (a)	10.425	10.352	9.090
Fair value (b)	27.9	8.1	4.4

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2008, SCANA Corporation (SCANA) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of March 31, 2008, SCANA's disclosure controls and procedures were effective. There has been no change in SCANA's internal control over financial reporting during the quarter ended March 31, 2008 that has materially affected or is reasonably likely to materially affect SCANA's internal control over financial reporting.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
FINANCIAL SECTION**

ITEM 1. FINANCIAL STATEMENTS

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Millions of dollars	March 31, 2008	December 31, 2007
Assets		
Utility Plant In Service	\$ 8,446	\$ 8,380
Accumulated Depreciation and Amortization	(2,690)	(2,643)
	5,756	5,737
Construction Work in Progress	478	383
Nuclear Fuel, Net of Accumulated Amortization	83	82
Utility Plant, Net	6,317	6,202
Nonutility Property and Investments:		
Nonutility property, net of accumulated depreciation	38	38
Assets held in trust, net - nuclear decommissioning	62	62
Nonutility Property and Investments, Net	100	100
Current Assets:		
Cash and cash equivalents	32	41
Receivables, net of allowance for uncollectible accounts of \$2 and \$2	304	320
Receivables - affiliated companies	2	29
Inventories (at average cost):		
Fuel	116	139
Materials and supplies	100	97
Emission allowances	28	33
Prepayments and other	69	52
Deferred income taxes	5	5
Total Current Assets	656	716
Deferred Debits and Other Assets:		
Due from parent - pension asset, net	235	228
Regulatory assets	639	629
Other	102	102
Total Deferred Debits and Other Assets	976	959
Total	\$ 8,049	\$ 7,977

Millions of dollars	March 31, 2008	December 31, 2007
Capitalization and Liabilities		
Shareholders' Investment:		
Common equity	\$ 2,647	\$ 2,622
Preferred stock (Not subject to purchase or sinking funds)	106	106
Total Shareholders' Investment	2,753	2,728
Preferred Stock, net (Subject to purchase or sinking funds)	7	7
Long-Term Debt, net	2,151	2,003
Total Capitalization	4,911	4,738
Minority Interest	91	89
Current Liabilities:		
Short-term borrowings	262	464
Current portion of long-term debt	113	13
Accounts payable	139	175
Accounts payable - affiliated companies	233	178
Customer deposits and customer prepayments	39	42
Taxes accrued	51	116
Interest accrued	33	33
Dividends declared	43	37
Other	33	46
Total Current Liabilities	946	1,104
Deferred Credits and Other Liabilities:		
Deferred income taxes, net	836	820
Deferred investment tax credits	103	103
Asset retirement obligations	298	294
Due to parent - postretirement and other benefits	187	187
Regulatory liabilities	642	609
Other	35	33
Total Deferred Credits and Other Liabilities	2,101	2,046
Commitments and Contingencies (Note 4)	-	-
Total	\$ 8,049	\$ 7,977

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Millions of dollars	Three Months Ended March 31,	
	2008	2007
Operating Revenues:		
Electric	\$ 491	\$ 444
Gas	202	189
Total Operating Revenues	693	633
Operating Expenses:		
Fuel used in electric generation	177	156
Purchased power	5	11
Gas purchased for resale	149	139
Other operation and maintenance	129	129
Depreciation and amortization	68	79
Other taxes	40	38
Total Operating Expenses	568	552
Operating Income	125	81
Other Income (Expense):		
Other income	7	7
Other expenses	(3)	(4)
Allowance for equity funds used during construction	2	-
Interest charges, net of allowance for borrowed funds used during construction of \$3 and \$2	(36)	(36)
Total Other Expense	(30)	(33)
Income Before Income Tax Expense, Losses from Equity Method Investments, Minority Interest and Preferred Stock Dividends	95	48
Income Tax Expense	34	3
Income Before Losses from Equity Method Investments, Minority Interest and Preferred Stock Dividends	61	45
Losses from Equity Method Investments	-	(6)
Minority Interest	(2)	(1)
Net Income	59	38
Preferred Stock Cash Dividends Declared	2	2
Earnings Available for Common Shareholder	\$ 57	\$ 36

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Millions of dollars	Three Months Ended March 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 59	\$ 38
Adjustments to Reconcile Net Income to Net Cash Provided From Operating Activities:		
Excess losses, net of distributions from equity method investments	-	6
Minority interest	2	1
Depreciation and amortization	68	79
Amortization of nuclear fuel	5	5
Allowance for equity funds used during construction	(1)	-
Carrying cost recovery	(1)	(1)
Cash provided (used) by changes in certain assets and liabilities:		
Receivables, net	7	30
Inventories	11	(18)
Prepayments	(17)	(5)
Due from parent – pension asset	(7)	(6)
Other regulatory assets	(3)	23
Deferred income taxes, net	16	7
Regulatory liabilities	29	15
Due to parent - postretirement benefits	-	1
Accounts payable	25	1
Taxes accrued	(65)	(82)
Interest accrued	-	(3)
Changes in fuel adjustment clauses	(12)	(18)
Changes in other assets	-	17
Changes in other liabilities	(17)	(31)
Net Cash Provided From Operating Activities	99	59
Cash Flows From Investing Activities:		
Utility property additions and construction expenditures	(162)	(112)
Proceeds from sale of assets	1	-
Investments	-	(7)
Net Cash Used For Investing Activities	(161)	(119)
Cash Flows From Financing Activities:		
Proceeds from issuance of debt	248	-
Repayment of debt	(2)	(2)
Dividends	(36)	(23)
Contribution from parent	9	67
Short-term borrowings - affiliate, net	36	12
Short-term borrowings, net	(202)	(1)
Net Cash Provided From Financing Activities	53	53
Net Decrease In Cash and Cash Equivalents	(9)	(7)
Cash and Cash Equivalents, January 1	41	24
Cash and Cash Equivalents, March 31	\$ 32	\$ 17
Supplemental Cash Flow Information:		
Cash paid for - Interest (net of capitalized interest of \$3 and \$2)	\$ 29	\$ 28
- Income taxes	-	2
Noncash Investing and Financing Activities:		
Accrued construction expenditures	76	27

See Notes to Condensed Consolidated Financial Statements.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008
(Unaudited)

The following notes should be read in conjunction with the Notes to Consolidated Financial Statements appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007. These are interim financial statements, and due to the seasonality of the Company's business and matters that may occur during the rest of the year, the amounts reported in the Condensed Consolidated Statements of Income are not necessarily indicative of amounts expected for the full year. In the opinion of management, the information furnished herein reflects all adjustments, all of a normal recurring nature, which are necessary for a fair statement of the results for the interim periods reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Variable Interest Entity

Financial Accounting Standards Board Interpretation (FIN) 46 (Revised 2003), "*Consolidation of Variable Interest Entities*," requires an enterprise's consolidated financial statements to include entities in which the enterprise has a controlling financial interest. SCE&G has determined that it has a controlling financial interest in South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (Fuel Company), and accordingly, the accompanying condensed consolidated financial statements include the accounts of SCE&G, GENCO and Fuel Company. The equity interests in GENCO and Fuel Company are held solely by SCANA Corporation (SCANA), the Company's parent. Accordingly, GENCO's and Fuel Company's equity and results of operations are reflected as minority interest in the Company's condensed consolidated financial statements.

GENCO owns a coal-fired electric generating station with a 615 megawatt net generating capacity (summer rating). GENCO's electricity is sold solely to SCE&G under the terms of power purchase and related operating agreements. Fuel Company acquires, owns and provides financing for SCE&G's nuclear fuel, fossil fuel and emission allowances. The effects of these transactions are eliminated in consolidation. Substantially all of GENCO's property (carrying value of \$344 million) serves as collateral for its long-term borrowings.

B. Basis of Accounting

The Company accounts for its regulated utility operations, assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 71, "*Accounting for the Effects of Certain Types of Regulation*." SFAS 71 requires cost-based rate-regulated utilities to recognize in their financial statements certain revenues and expenses in different time periods than do enterprises that are not rate-regulated. As a result, the Company has recorded regulatory assets and regulatory liabilities summarized as follows.

Millions of dollars	March 31, 2008	December 31, 2007
Regulatory Assets:		
Accumulated deferred income taxes	\$ 156	\$ 156
Environmental remediation costs	18	17
Asset retirement obligations and related funding	269	264
Franchise agreements	51	52
Deferred regional transmission organization costs	5	5
Deferred employee benefit plan costs	107	109
Other	33	26
Total Regulatory Assets	\$ 639	\$ 629

Millions of dollars	March 31, 2008	December 31, 2007
Regulatory Liabilities:		
Accumulated deferred income taxes	\$ 31	\$ 32
Over-collection – electric fuel and gas cost adjustment clause	45	19
Other asset removal costs	482	472
Storm damage reserve	50	49
Planned major maintenance	18	15
Other	16	22
Total Regulatory Liabilities	\$ 642	\$ 609

Accumulated deferred income tax liabilities arising from utility operations that have not been included in customer rates are recorded as a regulatory asset. Accumulated deferred income tax assets arising from deferred investment tax credits are recorded as a regulatory liability.

Over-collections - electric fuel and gas cost adjustment clauses, net, represent amounts over-collected from customers pursuant to the fuel adjustment clause (electric customers) or gas cost adjustment clause (gas customers) as approved by the Public Service Commission of South Carolina (SCPSC) during annual hearings. In addition to fuel and purchased gas, included in these amounts are regulatory liabilities arising from realized and unrealized gains and losses incurred in the natural gas hedging program of the Company's regulated operations. In addition, the cost of emission allowances and certain reagents used to treat fuel emissions are included.

Environmental remediation costs represent costs associated with the assessment and clean-up of manufactured gas plant (MGP) sites currently or formerly owned by SCE&G. Costs incurred by SCE&G at such sites are being recovered through rates. SCE&G is authorized to amortize \$1.4 million of these costs annually.

Asset retirement obligations (ARO) and related funding represents the regulatory asset associated with the legal obligation to decommission and dismantle V. C. Summer Nuclear Station (Summer Station) and conditional AROs recorded as required by SFAS 143, "Accounting for Asset Retirement Obligations," and FIN 47, "Accounting for Conditional Asset Retirement Obligations."

Franchise agreements represent costs associated with electric and gas franchise agreements with the cities of Charleston and Columbia, South Carolina. Based on an SCPSC order, SCE&G began amortizing these amounts through cost of service rates in February 2003 over approximately 20 years.

Deferred regional transmission organization costs represent costs incurred by SCE&G in the United States Federal Energy Regulatory Commission (FERC)-mandated formation of GridSouth. The project was suspended in 2002. Effective January 2005, the SCPSC approved the amortization of these amounts through cost of service rates over five years.

Deferred employee benefit plan costs represent amounts of pension and other postretirement benefit costs which were accrued as liabilities under provisions of SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," but which are expected to be recovered through utility rates.

Other asset removal costs represent net collections through depreciation rates of estimated costs to be incurred for the removal of assets in the future.

The storm damage reserve represents an SCPSC-approved collection through SCE&G electric rates, capped at \$100 million, which can be applied to offset incremental storm damage costs in excess of \$2.5 million in a calendar year and certain transmission and distribution insurance premiums. During the three months ended March 31, 2008, \$0.7 million was drawn from the reserve. No amounts were drawn from this reserve for the three months ended March 31, 2007.

Planned major maintenance related to certain fossil hydro turbine/generation equipment and nuclear refueling outages is accrued in advance of the time the costs are incurred, as approved through specific SCPSC orders. SCE&G is allowed to collect \$8.5 million annually over an eight-year period, beginning in January 2005, through electric rates to offset turbine maintenance expenditures. Nuclear refueling charges are accrued during each 18-month refueling outage cycle as a component of cost of service.

The SCPSC has reviewed and approved through specific orders most of the items shown as regulatory assets. Other regulatory assets represent costs which have not been approved for recovery by the SCPSC. In recording these costs as regulatory assets, management believes the costs will be allowable under existing rate-making concepts that are embodied in rate orders received by SCE&G. However, ultimate recovery is subject to SCPSC approval. In the future, as a result of deregulation or other changes in the regulatory environment, the Company may no longer meet the criteria for continued application of SFAS 71 and could be required to write off its regulatory assets and liabilities. Such an event could have a material adverse effect on the Company's results of operations, liquidity or financial position in the period the write-off would be recorded.

C. Affiliated Transactions

Carolina Gas Transmission Corporation (CGTC) transports natural gas to the Company to supply certain electric generation requirements and to serve SCE&G's retail gas customers. SCE&G had approximately \$2.2 million payable to CGTC for transportation services at March 31, 2008 and \$1.5 million at December 31, 2007.

Total interest income, based on market interest rates, associated with the Company's borrowings from affiliated companies was \$0.8 million and \$0.9 million for the three months ended March 31, 2008 and 2007, respectively. Total interest income from investments with affiliated companies for the three months ended March 31, 2008 and 2007 was not significant. At March 31, 2008 and December 31, 2007, the Company owed an affiliate \$154.4 million arising from advances from a consolidated cash management utility money pool.

SCE&G purchases natural gas and related pipeline capacity from SCANA Energy Marketing, Inc. (SEMI) to supply its Jasper County Electric Generating Station and to serve its retail gas customers. Such purchases totaled approximately \$69.8 million for the three months ended March 31, 2008 and \$64.5 million for the corresponding period in 2007. SCE&G's payables to SEMI for such purposes were \$27.3 million at March 31, 2008 and \$12.0 million at December 31, 2007.

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel. SCE&G's receivables from these affiliated companies were \$2.3 million at March 31, 2008 and \$28.8 million at December 31, 2007. SCE&G's payables to these affiliated companies were \$6.2 million at March 31, 2008 and \$26.9 million at December 31, 2007. SCE&G did not purchase synthetic fuel from these affiliated companies for the three months ended March 31, 2008, and made \$70.6 million such purchases during the corresponding period in 2007. SCE&G's investment in the two partnerships is expected to be liquidated in 2008 as a result of the expiration of the synthetic fuel tax credits program at the end of 2007.

SCE&G purchases shaft horsepower from a cogeneration facility. The facility is owned by a limited liability company (LLC) in which SCANA holds an equity method investment. SCE&G's payables to the LLC were \$2.5 million at March 31, 2008 and \$2.1 million at December 31, 2007. SCE&G purchased \$7.7 million and \$7.3 million of shaft horsepower from the LLC for the three months ended March 31, 2008 and 2007, respectively.

D. Pension and Other Postretirement Benefit Plans

The Company participates in SCANA's noncontributory defined benefit pension plan, which covers substantially all permanent employees, and also participates in SCANA's unfunded postretirement health care and life insurance programs, which provide benefits to active and retired employees. For the three months ended March 31, 2008 and 2007, the Company's net periodic benefit income for the pension plan was \$4.6 million and \$5.2 million, respectively, for the pension plan and net periodic benefit cost was \$3.4 million and \$3.6 million, respectively, for the postretirement plan.

E. New Accounting Matters

SFAS 161, "*Disclosure about Derivative Instruments and Hedging Activities*," was issued in March 2008. SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities to include how derivative instruments are accounted for and the effect of such activities on financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company has not determined what impact, if any, the adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 160, "*Noncontrolling Interests in Consolidated Financial Statements*," was issued in December 2007. SFAS 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company's results of operations, cash flows or financial position.

SFAS 141(R) “*Business Combinations*,” was issued in December 2007. SFAS 141(R) requires the acquiring entity in a business combination to recognize the assets acquired and the liabilities assumed at their fair values at the acquisition date. SFAS 141(R) also requires the acquirer to disclose all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined what impact, if any, that adoption will have on the Company’s results of operations, cash flows or financial position.

SFAS 159, “*The Fair Value Option for Financial Assets and Financial Liabilities*,” was issued in February 2007. SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 became effective for fiscal years beginning after November 15, 2007. The Company has not elected to measure at fair value any permitted items that are not otherwise required to be measured at fair value. As a result, SFAS 159 has not had an impact on the Company’s results of operations, cash flows or financial position.

The Company adopted SFAS 157, “*Fair Value Measurements*,” in the first quarter of 2008 for financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). As permitted by FASB Staff Position 157-2 (FSP FAS 157-2), the Company will adopt SFAS 157 for all other nonfinancial assets and liabilities in the first quarter of 2009. SFAS 157 establishes a framework for measuring the fair value of assets and liabilities recognized in the financial statements in periods subsequent to initial recognition. The initial adoption of SFAS 157 did not impact the Company’s results of operations, cash flows or financial position.

The Company relies on market transactions to fair value derivative instruments. At March 31, 2008, fair value measurements, and the level within the fair value hierarchy of SFAS 157 in which the measurements fall, were as follows:

	Fair Value Measurements at March 31, 2008 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Millions of dollars			
Assets:			
Derivative instruments	\$18	-	-
Liabilities:			
Derivative instruments	22	-	-

F. Income and Other Taxes

No material changes in the status of the Company’s tax positions have occurred through March 31, 2008.

G. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, comprised of the deferred cost of employee benefit plans, totaled \$7.6 million as of March 31, 2008 and December 31, 2007.

2. RATE AND OTHER REGULATORY MATTERS

Electric

On March 31, 2008 SCE&G, along with the South Carolina Public Service Authority (Santee Cooper), filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL). The COL, if approved, would authorize SCE&G and Santee Cooper to build and operate up to two new nuclear generating units at the existing V. C. Summer Nuclear Station site. The NRC’s review process will last approximately three to four years. Upon approval from the SCPSC discussed below, construction could begin shortly thereafter, with a projected in-service date of 2016 for the first unit.

On April 1, 2008, SCE&G filed a Letter of Intent with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) indicating that SCE&G plans to file an application pursuant to the Base Load Review Act (the Act), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order (Combined Application). Based on an application filed by the utility under the Act, the SCPSC would review and rule on the prudence of the decision to build the plant. If the decision were found to be prudent, that finding would be binding on all future proceedings so long as the plant is constructed in accordance with the schedules, estimates and projections set forth in the approved application. In addition, beginning with the initial proceeding, the utility would be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on the utility's updated cost of debt and capital structure. The cost of service and rate design would be based on the rates approved in the utility's most recent electric rate order. The utility may choose to file for a project-specific return on common equity or use the return from its most recent rate proceeding if the proceeding is less than five years old. SCE&G's current allowed return on common equity is 11%. SCE&G expects to file the Combined Application in the second quarter of 2008.

In a December 2007 order the SCPSC granted SCE&G an increase in retail electric revenues of approximately \$76.9 million, or 4.4%, based on a test year calculation. The order granted an allowed return on common equity of 11%. The new rates became effective January 1, 2008.

In the December 2007 order, the SCPSC also extended through 2015 its approval of the accelerated capital recovery plan for SCE&G's Cope Generating Station. Under the plan, in the event that SCE&G would otherwise earn in excess of its maximum allowed return on common equity, SCE&G may increase depreciation of its Cope Generating Station up to \$36 million annually without additional approval of the SCPSC. Any unused portion of the \$36 million in any given year may be carried forward for possible use in the immediately following year. No such additional depreciation has been recognized.

In October 2007 the SCPSC approved SCE&G's request to increase the storm damage reserve cap from \$50 million to \$100 million. In addition, the SCPSC approved SCE&G's request to apply certain transmission and distribution insurance premiums against the reserve until SCE&G files its next retail electric rate case.

In May 2007, South Carolina law was changed to revise the statutory definition of fuel costs to include certain variable environmental costs such as ammonia, lime, limestone and catalysts consumed in reducing or treating emissions. The revised definition also includes the cost of emission allowances used for sulfur dioxide, nitrogen oxide, and mercury and particulates.

SCE&G's rates are established using a cost of fuel component approved by the SCPSC which may be modified periodically to reflect changes in the price of fuel purchased by SCE&G. In May 2006 SCE&G agreed to spread the recovery of previously under-collected fuel costs of \$38.5 million over a two-year period.

Gas

In October 2007 the SCPSC approved an increase in retail natural gas rates of 0.9% under the terms of the Natural Gas Rate Stabilization Act (Stabilization Act). The Stabilization Act is designed to reduce the volatility of costs charged to customers by allowing for more timely recovery of the costs that regulated utilities incur related to natural gas service infrastructure. The rate adjustment was effective with the first billing cycle in November 2007.

SCE&G's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred including costs related to hedging natural gas purchasing activities. SCE&G's rates are calculated using a methodology which adjusts the cost of gas monthly based on a twelve-month rolling average.

3. LONG-TERM DEBT

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. The proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes.

Substantially all of SCE&G's and GENCO's electric utility plant is pledged as collateral in connection with long-term debt. The Company is in compliance with all debt covenants.

4. FINANCIAL INSTRUMENTS

The Company's regulated gas operations hedge natural gas purchasing activities using over-the-counter options and swaps and New York Mercantile Exchange (NYMEX) futures and options. The Company's tariffs include a purchased gas adjustment (PGA) clause that provides for the recovery of actual gas costs incurred. The SCPSC has ruled that the results of these hedging activities are to be included in the PGA. As such, the cost of related derivatives utilized to hedge gas purchasing activities are recoverable through the weighted average cost of gas calculation. The offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability.

5. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 10 to the consolidated financial statements appearing in SCE&G's Annual Report on Form 10-K for the year ended December 31, 2007. Commitments and contingencies at March 31, 2008 include the following:

A. Nuclear Insurance

The Price-Anderson Indemnification Act deals with public liability for a nuclear incident and establishes the liability limit for third-party claims associated with any nuclear incident at \$10.8 billion. Each reactor licensee is currently liable for up to \$100.6 million per reactor owned for each nuclear incident occurring at any reactor in the United States, provided that not more than \$15 million of the liability per reactor would be assessed per year. SCE&G's maximum assessment, based on its two-thirds ownership of Summer Station, would be \$67.1 million per incident, but not more than \$10 million per year.

SCE&G currently maintains policies (for itself and on behalf of Santee Cooper, the one-third owner of Summer Station) with Nuclear Electric Insurance Limited. The policies, covering the nuclear facility for property damage, excess property damage and outage costs, permit retrospective assessments under certain conditions to cover insurer's losses. Based on the current annual premium, SCE&G's portion of the retrospective premium assessment would not exceed \$14.1 million.

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

B. Environmental

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR sets emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies have challenged the rule, seeking a change in the method CAIR uses to allocate sulfur dioxide emission allowances. Additional air quality controls will be needed to meet the CAIR requirements. These controls will include selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at Wateree and Williams Stations for sulfur dioxide reduction. The Company expects to incur capital expenditures totaling approximately \$560 million through 2010 to install this new equipment. These costs will be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIPS) and newly promulgated CAMR regulations by the states.

SCE&G has been named, along with 53 others, by the EPA as a potentially responsible party (PRP) at the Alternate Energy Resources, Inc. (AER) Superfund site located in Augusta, Georgia. The EPA placed the site on the National Priorities List on April 19, 2006. AER conducted hazardous waste storage and treatment operations from 1975 to 2000, when the site was abandoned. While operational, AER processed fuels from waste oils, treated industrial coolants and oil/water emulsions, recycled solvents and blended hazardous waste fuels. During that time, SCE&G occasionally used AER for the processing of waste solvents, oily rags and oily wastewater. The EPA and the State of Georgia have documented that a release or releases have occurred at the site leading to contamination of groundwater, surface water and soils. The EPA and the State of Georgia have conducted a preliminary assessment and site inspection. The site has not been remediated nor has a clean-up cost been estimated. Although a basis for the allocation of clean-up costs among the PRPs is unclear, SCE&G does not believe that its involvement at this site would result in an allocation of costs that would have a material adverse impact on its results of operations, cash flows or financial condition. Any cost allocated to SCE&G arising from the remediation of this site, net of insurance recoveries, is expected to be recoverable through rates.

SCE&G has been named, along with 29 others, by the EPA as a PRP at the Carolina Transformer Superfund site located in Fayetteville, North Carolina. The Carolina Transformer Company (CTC) conducted an electrical transformer rebuilding and repair operation at the site from 1959 to 1986. During that time, SCE&G occasionally used CTC for the repair of existing transformers, purchase of new transformers and sale of used transformers. In 1984, the EPA initiated a remediation of PCB-contaminated soil and groundwater at the site. The EPA reports that it has spent \$36 million to date. In 2008, SCE&G, along with other parties, reached a settlement with the EPA and the U.S. Department of Justice on this matter. The settlement, which is subject to court approval, would result in an allocation of cost, net of insurance recoveries, to SCE&G that is not material, and such cost is expected to be recoverable through rates.

SCE&G maintains an environmental assessment program to identify and evaluate its current and former operations sites that could require environmental clean-up. As site assessments are initiated, estimates are made of the amount of expenditures, if any, deemed necessary to investigate and remediate each site. These estimates are refined as additional information becomes available; therefore, actual expenditures could differ significantly from the original estimates. Amounts estimated and accrued to date for site assessments and clean-up relate solely to regulated operations. SCE&G defers site assessment and cleanup costs and recovers them through rates (see Note 1). The deferral includes the estimated costs associated with the following matters.

SCE&G is responsible for four decommissioned MGP sites in South Carolina which contain residues of by-product chemicals. These sites are in various stages of investigation, remediation and monitoring under work plans approved by the South Carolina Department of Health and Environmental Control. SCE&G anticipates that major remediation activities at these sites will continue until 2012 and will cost an additional \$14.2 million. In addition, the National Park Service of the Department of the Interior made an initial demand to SCE&G for payment of \$9.1 million for certain costs and damages relating to the MGP site in Charleston, South Carolina. SCE&G expects to recover any cost arising from the remediation of these four sites, net of insurance, through rates. At March 31, 2008, deferred amounts, net of amounts previously recovered through rates and insurance settlements, totaled \$18.5 million.

C. Claims and Litigation

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling determining that the Circuit court ruling is not immediately appealable. The plaintiff's motion for class certification was recently heard, and the judge has conditionally certified the class. The class remains limited to easements in Charleston County. SCANA and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

A complaint was filed in October 2003 against SCE&G by the State of South Carolina alleging that SCE&G violated the Unfair Trade Practices Act by charging municipal franchise fees to some customers residing outside a municipality's limits. The complaint sought restitution to all affected customers and penalties of up to \$5,000 for each separate violation. The claim against SCE&G was settled by an agreement between the parties, and the settlement was approved in 2004 by South Carolina's Circuit Court of Common Pleas for the Fifth Judicial Circuit. In addition, SCE&G filed a petition with the SCPSC in October 2003 pursuant to S. C. Code Ann. R.103-836. The petition requests that the SCPSC exercise its jurisdiction to investigate the operation of the municipal franchise fee collection requirements applicable to SCE&G's electric and gas service, to approve SCE&G's efforts to correct any past franchise fee billing errors, to adopt improvements in the system which will reduce such errors in the future, and to adopt any regulation that the SCPSC deems just and proper to regulate the franchise fee collection process. A hearing on this petition has not been scheduled. The Company believes that the resolution of these matters will not have a material adverse impact on its results of operations, cash flows or financial condition.

The Company is also engaged in various other claims and litigation incidental to its business operations which management anticipates will be resolved without a material adverse impact on the Company's results of operations, cash flows or financial condition.

6. SEGMENT OF BUSINESS INFORMATION

The Company's reportable segments are listed in the following table. The Company uses operating income to measure profitability for its regulated operations. Therefore, earnings available to the common shareholder are not allocated to the Electric Operations and Gas Distribution segments. Intersegment revenues were not significant. All Other includes equity method investments.

Millions of Dollars	External Revenue	Operating Income (Loss)	Earnings (Loss) Available to Common Shareholder	Segment Assets
<i>Three Months Ended March 31, 2008</i>				
Electric Operations	\$ 491	\$ 98	n/a	\$ 5,996
Gas Distribution	202	29	n/a	490
All Other	-	-	\$ -	-
Adjustments/Eliminations	-	(2)	57	1,563
Consolidated Total	\$ 693	\$ 125	\$ 57	\$ 8,049
<i>Three Months Ended March 31, 2007</i>				
Electric Operations	\$ 444	\$ 56	n/a	\$ 5,617
Gas Distribution	189	27	n/a	453
All Other	-	-	\$ (6)	-
Adjustments/Eliminations	-	(2)	42	1,582
Consolidated Total	\$ 633	\$ 81	\$ 36	\$ 7,652

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SOUTH CAROLINA ELECTRIC & GAS COMPANY

The following discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in South Carolina Electric & Gas Company's (SCE&G, and together with its consolidated affiliates, the Company) Annual Report on Form 10-K for the year ended December 31, 2007.

**RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
AS COMPARED TO THE CORRESPONDING PERIOD IN 2007**

Net Income

Net income was as follows:

Millions of dollars	2008		2007	
Net income	\$	58.9	\$	37.4

Net income increased primarily due to higher electric margin of \$19.8 million and higher gas margin of \$2.1 million, partially offset by increased other taxes of \$1.6 million. These amounts are on an after-tax basis.

Dividends Declared

The Company's Board of Directors has declared the following dividends on common stock held by SCANA Corporation (SCANA) during 2008:

Declaration Date	Amount	Quarter Ended	Payment Date
February 14, 2008	\$40.7 million	March 31, 2008	April 1, 2008
April 24, 2008	40.8 million	June 30, 2008	July 1, 2008

Electric Operations

Electric Operations is comprised of the electric operations of SCE&G, South Carolina Generating Company, Inc. (GENCO) and South Carolina Fuel Company, Inc. (SCFC). Electric operations sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008		% Change	2007	
Operating revenues	\$	491.0	10.4%	\$	444.6
Less: Fuel used in electric generation		176.9	13.5%		155.9
Purchased power		4.7	(58.4)%		11.3
Margin	\$	309.4	11.5%	\$	277.4

Margin increased by \$17.5 million due to increased retail electric rates that went into effect in January 2008, by \$4.4 million due to customer growth and usage, by \$6.2 million due to higher off-system sales and by \$1.6 million due to higher industrial sales.

Gas Distribution

Gas Distribution is comprised of the local distribution operations of SCE&G. Gas distribution sales margin (including transactions with affiliates) was as follows:

Millions of dollars	2008	% Change	2007
Operating revenues	\$ 202.3	7.0%	\$ 189.1
Less: Gas purchased for resale	149.2	7.0%	139.4
Margin	\$ 53.1	6.8%	\$ 49.7

Margin increased by \$2.0 million due to the Public Service Commission of South Carolina (SCPSC)-approved increase in retail gas base rates which became effective with the first billing cycle of November 2007 and by \$1.3 million due to customer growth.

Other Operating Expenses

Other operating expenses were as follows:

Millions of dollars	2008	% Change	2007
Other operation and maintenance	\$ 129.5	0.3%	\$ 129.1
Depreciation and amortization	68.0	(14.1)%	79.2
Other taxes	40.1	7.2%	37.4

Other operation and maintenance expenses increased primarily due to higher incentive and other benefit costs. Depreciation and amortization expense decreased by \$12.0 million due to the expiration of the synthetic fuel tax credits program (see *Income Taxes-Recognition of Synthetic Fuel Tax Credits*). Other taxes increased due to higher property taxes.

Other Income (Expense)

Other income (expense) includes the results of certain incidental (non-utility) activities and did not change significantly in the period.

Income Taxes

Income tax expense increased primarily due to changes in operating income and the recognition of no synthetic fuel tax credits during the first three months of 2008 compared to \$11.4 million during the same period in 2007.

Recognition of Synthetic Fuel Tax Credits

SCE&G holds equity-method investments in two partnerships that were involved in converting coal to synthetic fuel, the use of which fuel qualified for federal income tax credits. Under an accounting methodology approved by the SCPSC in a January 2005 order, construction costs related to the Lake Murray back-up dam project were recorded in utility plant in service in a special dam remediation account, outside of rate base, and depreciation was recognized against the balance in this account on an accelerated basis, subject to the availability of the synthetic fuel tax credits. The synthetic fuel tax credit program expired at the end of 2007.

For 2007, the level of depreciation expense and related tax benefit recognized in the income statement was equal to the available synthetic fuel tax credits, less partnership losses and other expenses, net of taxes. As a result, the balance of unrecovered costs in the dam remediation account declined as accelerated depreciation was recorded. Although these entries collectively had no impact on consolidated net income, they did have a significant impact on individual line items within the income statement. The accelerated depreciation, synthetic fuel tax credits, partnership losses and the income tax benefit arising from such losses recognized by SCE&G during the first quarter of 2007 were as follows:

Millions of dollars	
Depreciation and amortization recapture (expense)	\$ (12.0)
Income tax benefits:	
From synthetic fuel tax credits	10.9
From accelerated depreciation	4.6
From partnership losses	2.1
Total income tax benefits	17.6
Losses from Equity Method Investments	(5.6)
Impact on Net Income	\$ -

In addition, SCE&G records non-cash carrying costs on the unrecovered investment, which amounts were \$1.4 million and \$1.1 million in the first quarter of 2008 and 2007, respectively.

Available credits were not sufficient to fully recover the construction costs of dam remediation, therefore, regulatory action to allow recovery of those remaining costs will likely be sought. As of March 31, 2008, remaining unrecovered costs were \$69.9 million. The Company expects these costs to be recoverable through rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that its contractual cash obligations will be met through internally generated funds, the incurrence of additional short- and long-term indebtedness and sales of equity securities. The Company expects that it has or can obtain adequate sources of financing to meet its projected cash requirements for the foreseeable future. The Company's ratios of earnings to fixed charges for the 3 and 12 months ended March 31, 2008 were 3.37 and 3.68, respectively. The Company's ratios of earnings to combined fixed charges and preference dividends for the same periods were 3.14 and 3.43, respectively.

The Company's cash requirements arise primarily from its operational needs, funding its construction programs and payment of dividends to SCANA. The ability of the Company to replace existing plant investment, to expand to meet future demand for electricity and gas and to install equipment necessary to comply with environmental regulations will depend upon its ability to attract the necessary financial capital on reasonable terms. SCE&G recovers the costs of providing services through rates charged to customers. Rates for regulated services are generally based on historical costs. As customer growth and inflation occur and SCE&G continues its ongoing construction program, SCE&G expects to seek increases in rates. The Company's future financial position and results of operations will be affected by SCE&G's ability to obtain adequate and timely rate and other regulatory relief, if requested.

On January 14, 2008 SCE&G issued \$250 million of First Mortgage Bonds bearing an annual interest rate of 6.05% and maturing on January 15, 2038. The proceeds from the sale of these bonds were used to repay short-term debt primarily incurred as a result of SCE&G's construction program and for general corporate purposes.

In the fourth quarter of 2007 SCE&G entered into several 30-year forward-starting swaps having an aggregate notional amount of \$250 million. These swaps were terminated in January 2008 concurrent with the issuance by SCE&G of \$250 million of its bonds. The loss of approximately \$14.0 million on the settlement of these swaps will be amortized over the 30-year life of the bonds.

SCE&G and GENCO have obtained Federal Energy Regulatory Commission (FERC) authority to issue short-term indebtedness (pursuant to Section 204 of the Federal Power Act). SCE&G may issue up to \$700 million of unsecured promissory notes or commercial paper with maturity of one year or less, and GENCO may issue up to \$100 million of short-term indebtedness. FERC's approval expires February 6, 2010.

SCE&G expects to add additional base load electric generation in 2016. Based on an evaluation of alternatives, SCE&G and Santee Cooper, a state-owned utility in South Carolina (joint owners of Summer Station) have selected the Summer Station site as the preferred site for new nuclear generation. Due to the significant lead time required for construction of nuclear generation, on March 31, 2008 the joint owners filed an application with the Nuclear Regulatory Commission (NRC) for a combined construction and operating license (COL) that would cover up to two new nuclear units. The COL application is expected to be reviewed by the NRC for an estimated three to four years. In addition, on April 1, 2008 SCE&G announced that an agreement had been reached authorizing the purchase of long lead-time materials for up to two new Westinghouse AP 1000 nuclear generating units. While seeking authorization from regulators for two plants and maintaining a position on the schedule for long-lead materials for two plants, SCE&G intends to maintain flexibility, as to the number of plants to build, through contractual off-ramps up until the final notice to proceed with construction is granted which SCE&G anticipates will be in 2011.

On April 1, 2008, SCE&G filed a Letter of Intent with the SCPSC and the South Carolina Office of Regulatory Staff (ORS) indicating that SCE&G plans to file an application pursuant to the Base Load Review Act (the Act), seeking a certificate of environmental compatibility and public convenience and necessity and for a base load review order (Combined Application). Based on an application filed by the utility under the Act, the SCPSC would review and rule on the prudence of the decision to build. If the decision were found to be prudent, that finding would be binding on all future proceedings so long as construction proceeds in accordance with the schedules, estimates and projections set forth in the approved application. In addition, beginning with the initial proceeding, the utility would be allowed to file revised rates with the SCPSC each year to incorporate any nuclear construction work in progress incurred. Requested rate adjustments would be based on the utility's updated cost of debt and capital structure. The cost of service and rate design would be based on the rates approved in the utility's most recent electric rate order. The utility may choose to file for a project-specific return on common equity or use the return from its most recent rate proceeding if the proceeding is less than five years old. SCE&G's current allowed return on common equity is 11%. SCE&G expects to file the Combined Application in the second quarter of 2008.

The Company's issuance of various securities, including short- and long-term debt, is subject to customary approval or authorization by state and federal regulatory bodies including the SCPSC and FERC.

ENVIRONMENTAL AND REGULATORY MATTERS

The United States Environmental Protection Agency (EPA) issued a final rule in 2005 known as the Clean Air Interstate Rule (CAIR). CAIR requires the District of Columbia and 28 states, including South Carolina, to reduce nitrogen oxide and sulfur dioxide emissions in order to attain mandated state levels. CAIR sets emission limits to be met in two phases beginning in 2009 and 2015, respectively, for nitrogen oxide and beginning in 2010 and 2015, respectively, for sulfur dioxide. Numerous states, environmental organizations, industry groups and individual companies have challenged the rule, seeking a change in the method CAIR uses to allocate sulfur dioxide emission allowances. Additional air quality controls will be needed to meet the CAIR requirements. These controls will include selective catalytic reactor (SCR) technology at Cope Station for nitrogen oxide reduction and wet limestone scrubbers at Wateree and Williams Stations for sulfur dioxide reduction. The Company expects to incur capital expenditures totaling approximately \$560 million through 2010 to install this new equipment. These costs will be recoverable through rates.

The EPA issued a final rule referred to as the Clean Air Mercury Rule (CAMR) in 2005 establishing a mercury emissions cap and trade program for coal-fired power plants that required limits to be met in two phases, in 2010 and 2018. Numerous parties challenged the rule. On February 8, 2008, the United States Circuit Court for the District of Columbia vacated the rule for electric utility steam generating units. The Company cannot predict the effect of this ruling on implementation of CAMR state implementation plans (SIPS) and newly promulgated CAMR regulations by the states.

See notes to the condensed consolidated financial statements for additional information related to environmental matters (Note 5B) and regulatory matters (Note 2).

OTHER MATTERS

See notes to the condensed consolidated financial statements for additional information related to claims and litigation (Note 5C).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All financial instruments held by the Company described below are held for other than trading purposes.

Interest rate risk - The table below provides information about long-term debt issued by the Company which is sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. Fair value represents quoted market prices.

As of March 31, 2008	Expected Maturity								Fair Value
Millions of dollars	2008	2009	2010	2011	2012	There- after	Total		
Long-Term Debt Issued:									
Fixed Rate (\$)	3.7	103.7	10.4	164.9	11.0	1,906.9	2,200.6	2,208.4	
Average Interest Rate (%)	7.78	6.18	6.31	6.70	4.98	5.86	5.94		

While a decrease in interest rates would increase the fair value of debt, it is unlikely that events which would result in a significant realized loss will occur.

Commodity price risk - The following table provides information about the Company's financial instruments that are sensitive to changes in natural gas prices. Weighted average settlement prices are per 10,000 dekatherms. Fair value represents quoted market prices.

Expected Maturity:	Futures Contracts		Options	
	Long	Strike Price (a)	Purchased Call Long	Purchased Put Long
2008				
Settlement Price (a)	10.57		10.02	8.05
Contract Amount (b)	10.3		11.2	25.7
Fair Value (b)	12.6		1.8	(0.3)
2009				
Settlement Price (a)	10.36		10.6	
Contract Amount (b)	18.5		2.5	
Fair Value (b)	21.5		0.4	

(a) Weighted average, in dollars

(b) Millions of dollars

Swaps	2008	2009
Commodity Swaps:		
Pay fixed/receive variable (b)	45.3	37.1
Average pay rate (a)	8.562	8.844
Average received rate (a)	10.468	10.170
Fair value (b)	55.4	42.7
Pay variable /receive fixed (b)	11.9	2.7
Average pay rate (a)	10.680	11.183
Average received rate (a)	9.979	10.560
Fair value (b)	11.2	2.5

(a) Weighted average, in dollars

(b) Millions of dollars

ITEM 4T. CONTROLS AND PROCEDURES

As of March 31, 2008, South Carolina Electric & Gas Company (SCE&G) conducted an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of (a) the effectiveness of the design and operation of its disclosure controls and procedures and (b) any change in its internal control over financial reporting. Based on this evaluation, the CEO and CFO concluded that, as of March 31, 2008, SCE&G's disclosure controls and procedures were effective. There has been no change in SCE&G's internal control over financial reporting during the quarter ended March 31, 2008 that has materially affected or is reasonably likely to materially affect SCE&G's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February 2008 the consumer affairs staff (the staff) of the Georgia Public Service Commission (GPSC) recommended that the GPSC open an investigation into whether SCANA Energy Marketing, Inc. (SCANA Energy) had overcharged certain of its customers. The staff asserted that SCANA Energy confused certain customers, charged certain customers in excess of the published price, and failed to give proper notice of an alleged change in methodology for computing variable rates. In March 2008 the GPSC voted to commence the investigation recommended by the staff, and a hearing is scheduled to begin in June. The Company believes that the staff's assertions are without merit and will cooperate with the investigation. Although the Company cannot determine the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

On February 26, 2008, a purported class action was filed in U.S. District Court for the Northern District of Georgia, originally styled Weiskircher, et al. v. SCANA Energy Marketing, Inc., containing similar allegations to those alleged by the staff and seeking damages on behalf of a class of Georgia customers. While the litigation is in its early stages, SCANA Energy believes the allegations are without merit and will vigorously defend itself. Although the Company cannot determine the final outcome, it believes that a resolution of this matter will not have a material adverse impact on its results of operations, cash flows or financial condition.

In May 2004, SCANA and SCE&G were served with a purported class action lawsuit styled as Douglas E. Gressette, individually and on behalf of other persons similarly situated v. South Carolina Electric & Gas Company and SCANA Corporation. The case was filed in South Carolina's Circuit Court of Common Pleas for the Ninth Judicial Circuit. The plaintiff alleges that SCANA and SCE&G made improper use of certain easements and rights-of-way by allowing fiber optic communication lines and/or wireless communication equipment to transmit communications other than SCANA's and SCE&G's electricity-related internal communications. The plaintiff asserted causes of action for unjust enrichment, trespass, injunction and declaratory judgment. The plaintiff did not assert a specific dollar amount for the claims. SCANA and SCE&G believe their actions are consistent with governing law and the applicable documents granting easements and rights-of-way. The Circuit Court granted SCANA's and SCE&G's motion to dismiss and issued an order dismissing the case in June 2005. The plaintiff appealed to the South Carolina Supreme Court. The Supreme Court overruled the Circuit Court in October 2006 and returned the case to the Circuit Court for further consideration. In June 2007, the Circuit Court issued a ruling that limits the plaintiff's purported class to owners of easements situated in Charleston County, South Carolina. The South Carolina Court of Appeals dismissed the plaintiff's appeal of this ruling, determining that the Circuit court ruling is not immediately appealable. The plaintiff's motion for class certification was recently heard, and the judge has conditionally certified the class. The class remains limited to easements in Charleston County. SCANA and SCE&G will continue to mount a vigorous defense and believe that the resolution of these claims will not have a material adverse impact on their results of operations, cash flows or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

SCANA Corporation:

The following table provides information about purchases by or on behalf of SCANA Corporation (SCANA) or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended (Exchange Act)) of shares or other units of any class of SCANA's equity securities that are registered pursuant to Section 12 of the Exchange Act:

Period	Issuer Purchases of Equity Securities			(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plan or program
	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	
January 1-31	377,460	\$41.89	377,460	
February 1-29	160,711	38.23	160,711	
March 1-31	137,886	37.66	137,886	
Total	676,057		676,057	*

*On May 16, 2006 SCANA announced a program to convert from original issue to open market purchase of SCANA common stock for all applicable compensation and dividend reinvestment plans. This program has no stated maximum number of shares that may be purchased and no stated expiration date.

ITEM 6. EXHIBITS

SCANA Corporation (SCANA) and South Carolina Electric & Gas Company (SCE&G):

Exhibits filed or furnished with this Quarterly Report on Form 10-Q are listed in the following Exhibit Index.

As permitted under Item 601(b)(4)(iii) of Regulation S-K, instruments defining the rights of holders of long-term debt of less than 10 percent of the total consolidated assets of SCANA, for itself and its subsidiaries, and of SCE&G, for itself and its consolidated affiliates, have been omitted and SCANA and SCE&G agree to furnish a copy of such instruments to the Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of each registrant shall be deemed to relate only to matters having reference to such registrant and any subsidiaries thereof.

SCANA CORPORATION
SOUTH CAROLINA ELECTRIC & GAS COMPANY
(Registrants)

May 2, 2008

By: /s/James E. Swan, IV
James E. Swan, IV
Controller
(Principal accounting officer)

EXHIBIT INDEX

Exhibit No.	Applicable to Form 10-Q of	SCANA	SCE&G	Description
3.01	X			Restated Articles of Incorporation of SCANA Corporation as adopted on April 26, 1989 (Filed as Exhibit 3-A to Registration Statement No. 33-49145 and incorporated by reference herein)
3.02	X			Articles of Amendment dated April 27, 1995 (Filed as Exhibit 4-B to Registration Statement No. 33-62421 and incorporated by reference herein)
3.03		X		Restated Articles of Incorporation of South Carolina Electric & Gas Company, as adopted on May 3, 2001 (Filed as Exhibit 3.01 to Registration Statement No. 333-65460 and incorporated by reference herein)
3.04		X		Articles of Amendment effective as of the dates indicated below and filed as exhibits to the Registration Statements or Exchange Act reports set forth below and are incorporated by reference herein
				May 22, 2001 Exhibit 3.02 to Registration No. 333-65460
				June 14, 2001 Exhibit 3.04 to Registration No. 333-65460
				August 30, 2001 Exhibit 3.05 to Registration No. 333-101449
				March 13, 2002 Exhibit 3.06 to Registration No. 333-101449
				May 9, 2002 Exhibit 3.07 to Registration No. 333-101449
				June 4, 2002 Exhibit 3.08 to Registration No. 333-101449
				August 12, 2002 Exhibit 3.09 to Registration No. 333-101449
				March 13, 2003 Exhibit 3.03 to Registration No. 333-108760
				May 22, 2003 Exhibit 3.04 to Registration No. 333-108760
				June 18, 2003 Exhibit 3.05 to Registration No. 333-108760
				August 7, 2003 Exhibit 3.06 to Registration No. 333-108760
				February 26, 2004 Exhibit 3.05 to Registration No. 333-145208-01
				May 18, 2004 Exhibit 3.06 to Registration No. 333-145208-01
				June 18, 2004 Exhibit 3.07 to Registration No. 333-145208-01
				August 12, 2004 Exhibit 3.08 to Registration No. 333-145208-01
				March 9, 2005 Exhibit 3.09 to Registration No. 333-145208-01
				May 16, 2005 Exhibit 3.10 to Registration No. 333-145208-01
				June 15, 2005 Exhibit 3.11 to Registration No. 333-145208-01
				August 16, 2005 Exhibit 3.12 to Registration No. 333-145208-01
				March 14, 2006 Exhibit 3.13 to Registration No. 333-145208-01
				May 11, 2006 Exhibit 3.14 to Registration No. 333-145208-01
				June 28, 2006 Exhibit 3.15 to Registration No. 333-145208-01
				August 16, 2006 Exhibit 3.16 to Registration No. 333-145208-01
				March 13, 2007 Exhibit 3.17 to Registration No. 333-145208-01
				May 22, 2007 Exhibit 3.18 to Registration No. 333-145208-01
				June 22, 2007 Exhibit 3.19 to Registration No. 333-145208-01
				August 21, 2007 Exhibit 3.01 to Form 8-K filed August 23, 2007
3.05		X		Articles of Correction filed on June 1, 2001 correcting May 22, 2001 Articles of Amendment (Filed as Exhibit 3.03 to Registration Statement No. 333-65460 and incorporated by reference herein)
3.06		X		Articles of Correction filed on February 17, 2004 correcting Articles of Amendment for the dates indicated below and filed as exhibits to Registration Statement No. 333-145208-01 set forth below and are incorporated by reference herein
				May 7, 2001 Exhibit 3.21(a)
				May 22, 2001 Exhibit 3.21(b)
				June 14, 2001 Exhibit 3.21(c)
				August 30, 2001 Exhibit 3.21(d)

Exhibit No.	Applicable to		Description
	SCANA	SCE&G	
			March 13, 2002 Exhibit 3.21(e)
			May 9, 2002 Exhibit 3.21(f)
			June 4, 2002 Exhibit 3.21(g)
			August 12, 2002 Exhibit 3.21(h)
			March 13, 2003 Exhibit 3.21(i)
			May 22, 2003 Exhibit 3.21(j)
			June 18, 2003 Exhibit 3.21(k)
			August 7, 2003 Exhibit 3.21(l)
3.07		X	Articles of Correction dated March 17, 2006, correcting March 14, 2006 Articles of Amendment (Filed as Exhibit 3.22 to Registration Statement No. 333-145208-01 and incorporated by reference herein)
3.08		X	Articles of Correction dated September 6, 2006, correcting August 16, 2006 Articles of Amendment (Filed as Exhibit 3.23 to Registration Statement No. 333-145208-01 and incorporated by reference herein)
3.09	X		By-Laws of SCANA as revised and amended on December 13, 2000 (Filed as Exhibit 3.01 to Registration Statement No. 333-68266 and incorporated by reference herein)
3.10		X	By-Laws of SCE&G as revised and amended on February 22, 2001 (Filed as Exhibit 3.05 to Registration Statement No. 333-65460 and incorporated by reference herein)
31.01	X		Certification of Principal Executive Officer Required by Rule 13a-14 (Filed herewith)
31.02	X		Certification of Principal Financial Officer Required by Rule 13a-14 (Filed herewith)
31.03		X	Certification of Principal Executive Officer Required by Rule 13a-14 (Filed herewith)
31.04		X	Certification of Principal Financial Officer Required by Rule 13a-14 (Filed herewith)
32.01	X		Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.02	X		Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.03		X	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)
32.04		X	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 (Furnished herewith)