BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014- -WS

Joint Application of Carolina Water Service, Inc., United Utility Companies, Inc., Utilities Services of South Carolina, Inc., and Southland Utilities, Inc. for approval of transfer of stock and merger.	))))))	APPLICATION FOR APPROVAL

Carolina Water Service, Inc. ("CWS"), United Utility Companies, Inc. ("United"), Utilities Services of South Carolina, Inc. ("USSC"), and Southland Utilities, Inc. ("Southland"), (collectively the "Joint Applicants"), hereby jointly apply to the Public Service Commission of South Carolina ("Commission") for approval of the transfer of the stock and subsequent merger, and the related transfer of water and sewer facilities, territories, and certificates of public convenience and necessity of United, USSC and Southland to CWS. Pursuant to S.C. Code of Reg. Sections 103-504 and 103-704, the Joint Applicants would respectfully show unto the Commission as follows:

1. The Join Applicants are wholly owned subsidiaries of Utilities, Inc., a corporation organized under the laws of the State of Illinois. Utilities, Inc. and its subsidiaries provide the Join Applicants with management, operations, and financing support services. If this application is approved, Utilities, Inc. will be the sole owner of the consolidated entity and will continue to provide services to that entity.

2. CWS is a Delaware corporation authorized to transact business in the State of South Carolina that provides water and sewer service to the public for compensation in portions of Aiken, Beaufort, Georgetown, Lexington, Orangeburg, Richland, Sumter, York and Williamsburg counties.

CWS is a "public utility" as defined in S.C. Code § 58-5-10(4) and its operations are subject to the jurisdiction of the Commission pursuant to S.C. Code §§ 58-5-10, *et seq*. CWS's current schedule of rates and charges was approved in Commission Order No. 2014-516. The residential subdivisions served by CWS are set forth in the list attached hereto and incorporated herein by reference as Exhibit "**A**".

3. United is a South Carolina corporation that provides water and sewer service to the public for compensation in portions of Anderson, Cherokee Greenville, Greenwood, and Union counties. United is a "public utility" as defined in S.C. Code § 58-5-10(4) and its operations are subject to the jurisdiction of the Commission pursuant to S.C. Code §§ 58-5-10, *et seq*. United's current schedule of rates and charges was approved in Commission Order No. 2014-518. The residential subdivisions served by United are set forth in the list attached hereto and incorporated herein by reference as Exhibit "**B**".

4. USSC is a South Carolina corporation that provides water and sewer service to the public for compensation in portions of Abbeville, Anderson, Lexington, Richland, Saluda, Sumter and York counties. USSC is a "public utility" as defined in S.C. Code § 58-5-10(4) and its operations are subject to the jurisdiction of the Commission pursuant to S.C. Code §§ 58-5-10, *et seq*. (1976, as amended). USSC's current schedule of rates and charges was approved in Commission Order No. 2013-910. The residential subdivisions served by USSC are set forth in the list attached hereto and incorporated herein by reference as Exhibit "**C**".

5. Southland is a South Carolina corporation that provides water service to the public for compensation in portions of Lexington County. Southland is a "public utility" as defined in S.C. Code § 58-5-10(4) and its operations are subject to the jurisdiction of the Commission pursuant to S.C.

Code §§ 58-5-10, *et seq.* Southland's current schedule of rates and charges was approved in Commission Order No. 2007-887. The residential subdivisions served by Southland are set forth in the list attached hereto and incorporated herein by reference as Exhibit "**D**".

6. All communications or inquiries regarding this Application should be directed to its legal counsel at the address below:

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7. Subject to Commission approval, the Joint Applicants have agreed, in the Plan of Merger attached as **Exhibit E,** to merge their stock and that CWS will become the surviving entity. The merged company will continue to have the name "Carolina Water Service, Inc." As the surviving corporation, CWS will succeed to all the rights, privileges, immunities, franchises and property of the absorbed corporations to include, water and sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to each of the absorbed corporations by the Commission), National Pollutant Discharge Elimination System ("NPDES") permits, and other permits, and certain other property necessary for the operation of the systems of the Joint Applicants.

8. The Joint Applicants submit that the transfer of stock and subsequent merger is in the public interest. Customers of the consolidated entity will benefit from centralized operations increased efficiency, and reduced regulatory expenses.

9. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, CWS will operate each of the subject water and sewer systems pursuant to its current schedule of rates and charges approved by this Commission for each of the Joint Applicants in the Commission orders referenced above.

10. If the within Application is granted, all of the consolidating companies' customers will become customers of CWS; the consolidating companies will discontinue the provision of water and sewer service to the public and will no longer have authorized service territories or the related certificates of public convenience and necessity heretofore authorized to them by this Commission. Further, if the Application is granted, the service area that would be authorized to CWS would consist of the consolidated service territories of each of the Joint Applicants.

11. Closing of the merger agreement is expressly contingent, among other things, upon Joint Applicants obtaining the approval of the Commission for the transfer of ownership of each of the Joint Applicants to CWS. No transfer of any assets nor shall any such transfer or issuance occur, unless and until such approval is obtained. All closing documents, to include the Plan of Merger attached hereto as Exhibit E, will be fully executed upon approval of the within application by the Commission and any other necessary regulatory action or approval..

12. The benefits of the Plan of Merger, which are more particularly described in the document entitled "SC Business Operating Units Consolidation Plan" attached as **Exhibit F**, include increased administrative and regulatory efficiency, a reduction in the number of rate proceedings required for the Joint Applicants, and the stabilization of customer rates.

13. Based upon the foregoing, it is in the public interest that the Plan of Merger and its resulting transfer of stock be approved.

WHEREFORE, the Joint Applicants respectfully request that the Commission take the following action:

A. Approve the transfer of the stock and assets currently used to serve the customers of each of the consolidating companies including the water and sewer systems, territory, certificates, permits, powers and privileges to CWS, as set forth in the attached Plan of Merger as being in the public interest;

B. Permit CWS to operate the sewer systems currently owned and operated by the consolidating companies under the schedules of rates and charges currently approved for them by this Commission;

C. For such other and further relief as this Commission deems just and proper.

Columbia, South Carolina
10-1, 2014

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IN RE:

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Being duly deposed and sworn, I, Richard J. Durham, state that I am the president of Carolina Water Service, Inc.; United Utility Companies, Inc.; Utilities Services of South Carolina, Inc.; and Southland Utilities, Inc., and I am authorized to make this Verification on behalf of the Applicants: I have read the Application and the statements in the document are true and correct to the best of my knowledge, information, and belief.

Richard J. Durham

Sworn and subscribed before me this 1st day of October, 2014

Notary Public

My Commission expires: