

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. _____**

IN RE:)	
)	
Application of Daufuskie Island)	APPLICATION FOR APPROVAL
Utility Company, Inc. for Approval to)	TO TRANSFER STOCK
Transfer Stock to Remove)	
Daufuskie Utility Company, Inc.)	
From Its Current Status as a)	
Subsidiary of CK Materials, LLC)	
_____)	

Daufuskie Island Utility Company, Inc. (“Applicant” or “DIUC”) submits this Application for approval for an internal transfer of the stock in DIUC from CK Materials, LLC (“CKM”) to JJK Utilities Holdings, LLC (JJK), which is one of the two members of CKM, and then from JJK to Daufuskie Island Holding Company, LLC, that is comprised of the same members as JJK.

DIUC files this Application pursuant to 26 S.C. Code Regs. R. 103-704, R. 103-504, R. 103-743, R. 103-541 (Supp. 2011) and the Commission’s Rules of Practice and Procedure. In support of its request, the Applicant respectfully submits:

1. The Applicant provides water and wastewater services for compensation to customers located in its approved service area on Daufuskie Island, Beaufort County, South Carolina. The Applicant is a “public utility” under the terms of S.C. Code Ann. §58-5-10(4) (Supp. 2011), and is subject to the regulatory jurisdiction of the Commission.
2. The rates and charges of the Applicant are regulated and subject to the approval of the Commission. The current rates and charges for Applicant’s water and

wastewater service were approved by the Commission in Docket Number 2011-229-WS by Order Number 2012-515, dated July 10, 2012.

3. Regulations 103-504 and 103-704 of the South Carolina Code of Regulations state that “No existing public utility supplying wastewater disposal [or water] to the public . . . shall hereafter . . . transfer . . . any utility system. . . by the sale of stock or otherwise, without first obtaining from the Commission a certificate that the . . . transfer . . . is in the public interestSuch certificate shall be granted only after the applicable information set forth in Sub Article 2, 103-510 *et seq.*, [and Sub Article 2, 103-710 *et seq.*,] has been filed with the Commission and provided to the ORS, and after notice has been given to the Department of Health and Environmental Control and . . . to the public, and after due hearing”
4. The transfer of stock described herein is necessary to pay debts and to accomplish the loan, repairs, and improvements described in Order Number 2012-515. The loan was specifically approved in Order Number 2012-930 and Order Number 2013-605.
5. CKM currently owns all issued and outstanding shares of stock of DIUC.
6. CKM is comprised of two members: Jadwiga M. Karabinchak and JJK Utilities Holdings, LLC (JJK).
7. CKM seeks to redeem the membership interest of JJK by distributing to JJK all issued and outstanding shares of DIUC. Thus, after the redemption, JJK will be the sole shareholder of DIUC.

8. Simultaneously with the redemption of JJK's interest in CKM, JJK's right to receive all issued and outstanding shares of DIUC stock will be transferred to a newly formed company, Daufuskie Island Holding Company, LLC.
9. Daufuskie Island Holding Company, LLC will have the identical ownership as JJK, i.e. Terry R. Lee (66 2/3%); David Hutt (16 2/3%); and Ronald Shimanowitz (16 2/3%).
10. In summary, ownership of the Daufuskie Island Utility Company, Inc. will shift from CKM to the newly formed Daufuskie Island Holding Company, LLC, which shall have the same owners, officers, and management as JJK.
11. This transfer of stock will not result in any change in the management or operation of DIUC. The service to the customer will be unaffected.
12. This transfer of stock is necessary to close the transaction for financing approved by the Commission in Order Number 2012-930 and Order Number 2013-605.
13. The proposed transfer of stock is for a lawful object to accomplish a legitimate corporate purpose and is essential to allow DIUC to close the loan with SunTrust that was approved by the Commission.
14. DIUC's proposed transfer of stock is reasonably necessary, appropriate for, and consistent with the proper performance of DIUC's service to the public and will not impair DIUC's ability to perform that service. The transaction will enhance DIUC's ability to serve the public by enabling DIUC to obtain a loan that is necessary to maintain, repair, and improve its utility facilities.
15. Based upon the foregoing, it is in the best interest of the customers of the Applicant and the public that this Commission approve the proposed transfer of

stock as set forth herein. Accordingly, Applicant submits that the public conveniences and necessity will be served by the Commission's approval of this request.

16. Time is of the essence with respect to the loan commitment necessitating the request to transfer. DIUC requests that the Commission conduct an expedited proceeding for consideration and determination of this Application.

17. The South Carolina Office of Regulatory Staff and SCDHEC are being served with a copy of this Application.

18. Wherefore, having fully set forth its Application, DIUC requests:

- (1) that review of the within Application be expedited;
- (2) that the Commission issue its directive or order approving the transfer of stock from CKM to JJK, its member, and then to Daufuskie Island Holding Company, LLC, whose members are the same as JJK, as more fully set forth herein, and finding that the transfer is in the public interest; and
- (3) that DIUC be granted such other and further relief as the Commission may deem just and proper.

Respectfully submitted.

BY: /s/ G. Trenholm Walker

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Charleston, South Carolina