

SENATE BILL 207

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By: **Senator Klausmeier**

Introduced and read first time: February 2, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Telephone Companies – Streamlined Regulatory Requirements**

3 FOR the purpose of narrowing the types of services of a telephone company that are
4 regulated by the Public Service Commission by altering a certain definition;
5 providing that the Commission may allow a telephone company to provide a
6 regulated service without requiring the telephone company to file a certain tariff
7 schedule under certain circumstances; providing that a certain merger of or transfer
8 of stock or other ownership interest between a telephone company and another
9 certain entity does not require a certain prior authorization from the Commission;
10 providing that a certain transaction in which a telephone company is acquired by
11 another certain entity does not require a certain prior authorization from the
12 Commission; allowing a telephone company to withdraw offering a certain retail
13 service under certain circumstances after providing certain notice; and generally
14 relating to regulatory requirements of telephone companies.

15 BY repealing and reenacting, without amendments,
16 Article – Public Utilities
17 Section 1–101(a)
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2014 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Public Utilities
22 Section 1–101(ll), 4–202, 5–203, and 6–101
23 Annotated Code of Maryland
24 (2010 Replacement Volume and 2014 Supplement)

25 BY adding to
26 Article – Public Utilities
27 Section 8–109
28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2010 Replacement Volume and 2014 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
3 That the Laws of Maryland read as follows:

4 **Article – Public Utilities**

5 1–101.

6 (a) In this division the following words have the meanings indicated.

7 (ll) (1) “Telephone company” means a public service company that:

8 (i) owns telephone lines to receive, transmit, or communicate
9 **LOCAL EXCHANGE** telephone **SERVICES, EXCHANGE ACCESS TELEPHONE SERVICES,**
10 or teletype communications; [or]

11 (ii) leases, licenses, or sells **LOCAL EXCHANGE TELEPHONE**
12 **SERVICES, EXCHANGE ACCESS** telephone **SERVICES,** or teletype communications; **OR**

13 **(III) OWNS TELEPHONE LINES TO RECEIVE, TRANSMIT, OR**
14 **COMMUNICATE TELEPHONE SERVICES TO INMATE FACILITIES.**

15 (2) “Telephone company” does not include a cellular telephone company.

16 4–202.

17 (a) **[A] SUBJECT TO SUBSECTION (C) OF THIS SECTION,** A public service
18 company shall file with the Commission a tariff schedule of its rates and charges for its
19 regulated services and for standard offer service as provided in § 7–505(b)(8) of this article.

20 (b) As ordered by the Commission, a public service company shall:

21 (1) plainly print the tariff schedule of its rates and charges for its regulated
22 services;

23 (2) make available the tariff schedules for public inspection; and

24 (3) post the tariff schedules to make the tariff schedules readily accessible
25 to and convenient for inspection by the public.

26 **(C) NOTWITHSTANDING ANY OTHER LAW, IF THE COMMISSION FINDS THAT**
27 **IT IS IN THE PUBLIC INTEREST, THE COMMISSION MAY ALLOW A TELEPHONE**
28 **COMPANY TO PROVIDE A REGULATED SERVICE WITHOUT REQUIRING THE**
29 **TELEPHONE COMPANY TO FILE A TARIFF SCHEDULE OF ITS RATES AND CHARGES**
30 **FOR THE REGULATED SERVICE.**

1 5-203.

2 (A) THIS SECTION DOES NOT APPLY TO A MERGER OF OR TRANSFER OF
3 STOCK OR OTHER OWNERSHIP INTEREST BETWEEN:

4 (1) A TELEPHONE COMPANY; AND

5 (2) ANOTHER ENTITY WITH A GREATER THAN 50% OWNERSHIP IN
6 COMMON WITH THE TELEPHONE COMPANY.

7 [(a)] (B) Subject to § 6-101 of this article, without prior authorization of the
8 Commission, a public service company may not purchase, acquire, take, or hold any part of
9 the capital stock of another public service company that operates in Maryland.

10 [(b)] (C) (1) This subsection applies to corporations that operate in Maryland.

11 (2) Except as provided in paragraph (5) of this subsection, without prior
12 authorization of the Commission, a public service company may not:

13 (i) assume or guarantee an obligation or liability with respect to
14 stocks, bonds, securities, notes, or other evidence of indebtedness that is payable as a whole
15 or in part to any person more than 12 months after the date of issuance; or

16 (ii) issue stocks, bonds, securities, notes, or other evidence of
17 indebtedness payable as a whole or in part more than 12 months after the date of issuance.

18 (3) Stocks, bonds, securities, notes, or other evidence of indebtedness
19 described under paragraph (2)(ii) of this subsection shall be issued in accordance with §§
20 6-102 and 6-103 of this article.

21 (4) The Commission shall take action on an application for authorization
22 under this section within a reasonable time after receipt.

23 (5) Prior authorization of the Commission is not required for an
24 assumption or guarantee under paragraph (2)(i) of this subsection or an issuance under
25 paragraph (2)(ii) of this subsection made by a gas company, electric company, or telephone
26 company whose gross annual revenues, for the most recent calendar year for which data
27 are available, are less than 3% of the total gross annual revenues of all public service
28 companies in the State during the same calendar year, if the gas company, electric
29 company, or telephone company:

30 (i) provides prior written notice to the Commission of the
31 transaction; and

1 (ii) obtains approval of the transaction from the entity in another
2 state that regulates the gas company, electric company, or telephone company.

3 6–101.

4 (a) (1) This subsection:

5 (I) applies only to corporations that operate in Maryland; AND

6 (II) DOES NOT APPLY TO A TRANSACTION IN WHICH THE
7 CAPITAL STOCK OF A TELEPHONE COMPANY IS ACQUIRED BY ANOTHER ENTITY WITH
8 A GREATER THAN 50% OWNERSHIP IN COMMON WITH THE TELEPHONE COMPANY.

9 (2) Except as provided in paragraph (4) of this subsection, a public service
10 company shall obtain authorization from the Commission before the public service
11 company:

12 (i) assumes or guarantees an obligation or liability with respect to
13 stocks, bonds, securities, notes, or other evidence of indebtedness of any person that is
14 payable wholly or partly more than 12 months after the date of the assumption or
15 guarantee;

16 (ii) issues stocks, bonds, securities, notes, or other evidence of
17 indebtedness that is payable wholly or partly more than 12 months after the date issued;
18 or

19 (iii) lends money to an affiliate, as defined in § 7–501 of this article,
20 at rates or on terms that are significantly more favorable to the affiliate than the rates or
21 terms that are otherwise commercially available to the affiliate.

22 (3) An issuance under paragraph (2)(ii) of this subsection shall conform to
23 §§ 6–102 and 6–103 of this subtitle.

24 (4) Prior authorization of the Commission is not required for an
25 assumption or guarantee under paragraph (2)(i) of this subsection or an issuance under
26 paragraph (2)(ii) of this subsection made by a gas company, electric company, or telephone
27 company whose gross annual revenues, for the most recent calendar year for which data
28 are available, are less than 3% of the total gross annual revenues of all public service
29 companies in the State during the same calendar year, if the gas company, electric
30 company, or telephone company:

31 (i) provides prior written notice to the Commission of the
32 transaction; and

33 (ii) obtains approval of the transaction from the entity in another
34 state that regulates the gas company, electric company, or telephone company.

1 (b) (1) Subject to the requirements of subsection (c) of this section, the
2 Commission may authorize an act described under subsection (a)(2) of this section if the
3 Commission finds that the act is consistent with the public convenience and necessity.

4 (2) Authorization under this subsection does not:

5 (i) revive a lapsed franchise, validate an invalid franchise, or add to
6 the powers and privileges in a franchise; or

7 (ii) waive a forfeiture.

8 (c) (1) This subsection does not apply to the formation of a holding company
9 by a public service company in a corporate reorganization that involves an exchange of
10 stock of the public service company for stock in the holding company.

11 (2) In this subsection, a company controlling a public service company is
12 deemed a public service company of the same class as the controlled public service company.

13 (3) Without prior authorization of the Commission, a public service
14 company may not take, hold, or acquire any part of the capital stock of a public service
15 company that:

16 (i) operates in Maryland; and

17 (ii) is of the same class as the acquiring company.

18 (4) (i) Except as provided in subparagraph (ii) of this paragraph, a stock
19 corporation may not take, hold, or acquire more than 10% of the total capital stock of a
20 public service company that operates in Maryland unless:

21 1. the stock is acquired as collateral security; and

22 2. the Commission approves the acquisition.

23 (ii) The Commission may authorize a public service company of the
24 same class to take, hold, or acquire more than 10% of the total capital stock of a public
25 service company that operates in Maryland.

26 (5) A public service company may not be a party to a violation of this
27 subsection.

28 (6) Notwithstanding paragraph (2) of this subsection, § 6-105 of this
29 subtitle shall apply, and the provisions of this subsection do not apply, to the acquisition,
30 ownership, or disposition of any capital stock or voting securities of a company that controls,
31 directly or indirectly, a gas and electric company.

1 (7) Notwithstanding any other provision of this subsection, the
2 Commission may authorize, in accordance with § 6–105 of this subtitle, the taking, holding,
3 or acquiring of all or any part of the capital stock of a gas and electric company that operates
4 in the State by a stock corporation or a public service company that is not of the same class
5 as the gas and electric company.

6 **8–109.**

7 **(A) (1) IN THIS SECTION, “RETAIL SERVICE” MEANS ANY SERVICE**
8 **PROVIDED TO END–USER CUSTOMERS.**

9 **(2) “RETAIL SERVICE” DOES NOT INCLUDE EXCHANGE ACCESS**
10 **TELEPHONE SERVICE.**

11 **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND**
12 **NOTWITHSTANDING ANY OTHER LAW, A TELEPHONE COMPANY MAY WITHDRAW**
13 **OFFERING A RETAIL SERVICE:**

14 **(I) IF THE TELEPHONE COMPANY DOES NOT HAVE ANY**
15 **CUSTOMERS OF THE RETAIL SERVICE IN THE STATE, 14 DAYS AFTER PROVIDING**
16 **NOTICE TO THE COMMISSION; AND**

17 **(II) IF THE TELEPHONE COMPANY HAS CUSTOMERS OF THE**
18 **RETAIL SERVICE IN THE STATE, 30 DAYS AFTER PROVIDING NOTICE TO THE**
19 **COMMISSION AND THE CUSTOMERS OF THE SERVICE.**

20 **(2) WITHOUT PRIOR AUTHORIZATION OF THE COMMISSION, A**
21 **TELEPHONE COMPANY MAY NOT WITHDRAW OFFERING TO ITS CUSTOMERS BASIC**
22 **LOCAL SERVICE TO AN EXCHANGE.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2015.