
By: **Delegates G. Clagett, Barkley, DeBoy, Edwards, Griffith, James,
Leopold, Love, Madaleno, Montgomery, and Weldon**

Introduced and read first time: February 5, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Companies - Transfer of Franchise**

3 FOR the purpose of prohibiting a public service company from assigning, leasing, or
4 transferring a franchise or a right under a franchise to a corporation, whether
5 domestic or foreign, that is or may become a public service company or to any
6 affiliate of the corporation unless the corporation is incorporated in the State or
7 the affiliate that is or may become a public service company is incorporated in
8 the State; defining a certain term; and generally relating to public service
9 companies and franchises.

10 BY repealing and reenacting, without amendments,
11 Article - Public Utility Companies
12 Section 5-201
13 Annotated Code of Maryland
14 (1998 Volume and 2003 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article - Public Utility Companies
17 Section 5-202
18 Annotated Code of Maryland
19 (1998 Volume and 2003 Supplement)

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

22 **Article - Public Utility Companies**

23 5-201.

24 (a) A public service company may not exercise a franchise granted by law
25 except to the extent authorized by the Commission.

26 (b) A public service company may not exercise a franchise unless it files with
27 the Commission:

- 1 (1) a certified copy of its charter; and
- 2 (2) a statement by its president and secretary, signed under oath, that
- 3 the appropriate local authorities have provided the required consent for the exercise
- 4 of the franchise.

5 5-202.

6 (A) Without prior authorization of the Commission, a public service company

7 may not:

- 8 (1) assign, lease, or transfer a franchise or a right under a franchise;
- 9 (2) enter into any agreement or contract that materially affects a
- 10 franchise or a right under a franchise; or
- 11 (3) abandon or discontinue the exercise of a franchise or a right as a
- 12 whole or in part.

13 (B) (1) IN THIS SUBSECTION, "AFFILIATE" MEANS A PERSON THAT

14 DIRECTLY OR INDIRECTLY, OR THROUGH ONE OR MORE INTERMEDIARIES,

15 CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH ANOTHER

16 PERSON.

17 (2) A PUBLIC SERVICE COMPANY MAY NOT ASSIGN, LEASE, OR

18 TRANSFER A FRANCHISE OR A RIGHT UNDER A FRANCHISE TO A CORPORATION,

19 WHETHER DOMESTIC OR FOREIGN, THAT IS OR MAY BECOME A PUBLIC SERVICE

20 COMPANY OR TO ANY AFFILIATE OF THE CORPORATION UNLESS:

21 (I) THE CORPORATION IS INCORPORATED IN THE STATE; OR

22 (II) THE AFFILIATE THAT IS OR MAY BECOME A PUBLIC SERVICE

23 COMPANY IS INCORPORATED IN THE STATE.

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

25 October 1, 2004.