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By: **Delegate G. Clagett**

Introduced and read first time: January 27, 2006

Assigned to: Economic Matters

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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 2005 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 2005 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, OR HAS,

16 DIRECTLY OR INDIRECTLY, ANY ECONOMIC INTEREST IN ANOTHER 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, 2006.