
By: **Delegate G. Clagett**

Introduced and read first time: January 27, 2006

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2006

CHAPTER_____

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; providing for the application of this Act; and
9 generally relating to public service 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:

1 **Article - Public Utility Companies**

2 5-201.

3 (a) A public service company may not exercise a franchise granted by law
4 except to the extent authorized by the Commission.5 (b) A public service company may not exercise a franchise unless it files with
6 the Commission:

7 (1) a certified copy of its charter; and

8 (2) a statement by its president and secretary, signed under oath, that
9 the appropriate local authorities have provided the required consent for the exercise
10 of the franchise.

11 5-202.

12 (A) Without prior authorization of the Commission, a public service company
13 may not:

14 (1) assign, lease, or transfer a franchise or a right under a franchise;

15 (2) enter into any agreement or contract that materially affects a
16 franchise or a right under a franchise; or17 (3) abandon or discontinue the exercise of a franchise or a right as a
18 whole or in part.19 (B) (1) IN THIS SUBSECTION, "AFFILIATE" MEANS A PERSON THAT
20 DIRECTLY OR INDIRECTLY, OR THROUGH ONE OR MORE INTERMEDIARIES,
21 CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, OR HAS,
22 DIRECTLY OR INDIRECTLY, ANY ECONOMIC INTEREST IN ANOTHER PERSON.23 (2) A PUBLIC SERVICE COMPANY MAY NOT ASSIGN, LEASE, OR
24 TRANSFER A FRANCHISE OR A RIGHT UNDER A FRANCHISE TO A CORPORATION,
25 WHETHER DOMESTIC OR FOREIGN, THAT IS OR MAY BECOME A PUBLIC SERVICE
26 COMPANY OR TO ANY AFFILIATE OF THE CORPORATION UNLESS:

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

28 (II) THE AFFILIATE THAT IS OR MAY BECOME A PUBLIC SERVICE
29 COMPANY IS INCORPORATED IN THE STATE.30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
31 construed to apply only prospectively and may not be applied or interpreted to have
32 any effect on or application to any assignment, lease, or transfer of a franchise or a
33 right under a franchise that takes effect before the effective date of this Act.34 ~~SECTION 2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
35 effect October 1, 2006.

