

SENATE BILL 810

C5

71r2733

By: **Senator Astle**

Introduced and read first time: February 16, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Commission – Authorization of Stock and Debt Transactions**

3 FOR the purpose of providing that certain prior authorization by the Public Service
4 Commission is not required for certain public service companies to assume or
5 guarantee certain obligations or liabilities with respect to certain stocks, bonds,
6 securities, notes, or other evidence of indebtedness, or to issue certain stocks,
7 bonds, securities, notes, or other evidence of indebtedness; providing for the
8 effective date of this Act; and generally relating to the authorization of stock
9 and debt transactions by the Public Service Commission.

10 BY repealing and reenacting, with amendments,

11 Article – Public Utility Companies

12 Section 5–203(b) and 6–101(a)

13 Annotated Code of Maryland

14 (1998 Volume and 2006 Supplement)

15 (As enacted by Chapter 5 of the Acts of the General Assembly of the First
16 Special Session of 2006)

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

19 **Article – Public Utility Companies**

20 5–203.

21 (b) (1) This subsection applies to corporations that operate in Maryland.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) [Without] **EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS**
2 **SUBSECTION, WITHOUT** prior authorization of the Commission, a public service
3 company may not:

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

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

10 (3) Stocks, bonds, securities, notes, or other evidence of indebtedness
11 described under paragraph (2)(ii) of this subsection shall be issued in accordance with
12 §§ 6-102 and 6-103 of this article.

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

15 **(5) PRIOR AUTHORIZATION OF THE COMMISSION IS NOT**
16 **REQUIRED FOR AN ASSUMPTION OR GUARANTEE UNDER PARAGRAPH (2)(I) OF**
17 **THIS SUBSECTION OR AN ISSUANCE UNDER PARAGRAPH (2)(II) OF THIS**
18 **SUBSECTION MADE BY A GAS COMPANY, ELECTRIC COMPANY, OR TELEPHONE**
19 **COMPANY WHOSE GROSS ANNUAL REVENUES, FOR THE MOST RECENT**
20 **CALENDAR YEAR FOR WHICH DATA ARE AVAILABLE, ARE LESS THAN 3% OF THE**
21 **TOTAL GROSS ANNUAL REVENUES OF ALL PUBLIC SERVICE COMPANIES IN THE**
22 **STATE DURING THE SAME CALENDAR YEAR.**

23 6-101.

24 (a) (1) This subsection applies only to corporations that operate in
25 Maryland.

26 (2) [A] **EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS**
27 **SUBSECTION, A** public service company shall obtain authorization from the
28 Commission before the public service company:

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

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

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

7 (3) An issuance under paragraph (2)(ii) of this subsection shall
8 conform to §§ 6-102 and 6-103 of this subtitle.

9 **(4) PRIOR AUTHORIZATION OF THE COMMISSION IS NOT**
10 **REQUIRED FOR AN ASSUMPTION OR GUARANTEE UNDER PARAGRAPH (2)(I) OF**
11 **THIS SUBSECTION OR AN ISSUANCE UNDER PARAGRAPH (2)(II) OF THIS**
12 **SUBSECTION MADE BY A GAS COMPANY, ELECTRIC COMPANY, OR TELEPHONE**
13 **COMPANY WHOSE GROSS ANNUAL REVENUES, FOR THE MOST RECENT**
14 **CALENDAR YEAR FOR WHICH DATA ARE AVAILABLE, ARE LESS THAN 3% OF THE**
15 **TOTAL GROSS ANNUAL REVENUES OF ALL PUBLIC SERVICE COMPANIES IN THE**
16 **STATE DURING THE SAME CALENDAR YEAR.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 July 1, 2007, the effective date of §§ 5-203 and 6-101 of the Public Utility Companies
19 Article as provided in Section 24 of Chapter 5 of the Acts of the General Assembly of
20 the First Special Session of 2006. If the effective date of §§ 5-203 and 6-101 of the
21 Public Utility Companies Article as provided in Section 24 of Chapter 5 is amended,
22 this Act shall take effect on the taking effect of §§ 5-203 and 6-101 of the Public
23 Utility Companies Article as provided in Chapter 5 as amended.