

# SENATE BILL 810

C5

71r2733

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By: **Senator Astle**

Introduced and read first time: February 16, 2007

Assigned to: Rules

Re-referred to: Finance, February 22, 2007

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 13, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

11 BY repealing and reenacting, with amendments,  
12 Article – Public Utility Companies  
13 Section 5–203(b) and 6–101(a)  
14 Annotated Code of Maryland  
15 (1998 Volume and 2006 Supplement)  
16 (As enacted by Chapter 5 of the Acts of the General Assembly of the First  
17 Special Session of 2006)

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Public Utility Companies**

4 5–203.

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

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

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

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

15 (3) Stocks, bonds, securities, notes, or other evidence of indebtedness  
16 described under paragraph (2)(ii) of this subsection shall be issued in accordance with  
17 §§ 6–102 and 6–103 of this article.

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

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

29 **(I) PROVIDES PRIOR WRITTEN NOTICE TO THE**  
30 **COMMISSION OF THE TRANSACTION; AND**

1                   **(II) OBTAINS APPROVAL OF THE TRANSACTION FROM THE**  
2 **ENTITY IN ANOTHER STATE THAT REGULATES THE GAS COMPANY, ELECTRIC**  
3 **COMPANY, OR TELEPHONE COMPANY.**

4 6–101.

5           (a) (1) This subsection applies only to corporations that operate in  
6 Maryland.

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

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

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

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

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

22                   **(4) PRIOR AUTHORIZATION OF THE COMMISSION IS NOT**  
23 **REQUIRED FOR AN ASSUMPTION OR GUARANTEE UNDER PARAGRAPH (2)(I) OF**  
24 **THIS SUBSECTION OR AN ISSUANCE UNDER PARAGRAPH (2)(II) OF THIS**  
25 **SUBSECTION MADE BY A GAS COMPANY, ELECTRIC COMPANY, OR TELEPHONE**  
26 **COMPANY WHOSE GROSS ANNUAL REVENUES, FOR THE MOST RECENT**  
27 **CALENDAR YEAR FOR WHICH DATA ARE AVAILABLE, ARE LESS THAN 3% OF THE**  
28 **TOTAL GROSS ANNUAL REVENUES OF ALL PUBLIC SERVICE COMPANIES IN THE**  
29 **STATE DURING THE SAME CALENDAR YEAR, IF THE GAS COMPANY, ELECTRIC**  
30 **COMPANY, OR TELEPHONE COMPANY:**

31                   **(I) PROVIDES PRIOR WRITTEN NOTICE TO THE**  
32 **COMMISSION OF THE TRANSACTION; AND**

1                                    **(II) OBTAINS APPROVAL OF THE TRANSACTION FROM THE**  
 2 **ENTITY IN ANOTHER STATE THAT REGULATES THE GAS COMPANY, ELECTRIC**  
 3 **COMPANY, OR TELEPHONE COMPANY.**

4            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 5 July 1, 2007, the effective date of §§ 5–203 and 6–101 of the Public Utility Companies  
 6 Article as provided in Section 24 of Chapter 5 of the Acts of the General Assembly of  
 7 the First Special Session of 2006. If the effective date of §§ 5–203 and 6–101 of the  
 8 Public Utility Companies Article as provided in Section 24 of Chapter 5 is amended,  
 9 this Act shall take effect on the taking effect of §§ 5–203 and 6–101 of the Public  
 10 Utility Companies Article as provided in Chapter 5 as amended.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.