

## CHAPTER 577

### (Senate Bill 810)

AN ACT concerning

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

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

BY repealing and reenacting, with amendments,

Article – Public Utility Companies

Section 5–203(b) and 6–101(a)

Annotated Code of Maryland

(1998 Volume and 2006 Supplement)

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

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

#### **Article – Public Utility Companies**

5–203.

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

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

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

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

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

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

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

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

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

6-101.

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

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

(i) assumes or guarantees an obligation or liability with respect to stocks, bonds, securities, notes, or other evidence of indebtedness of any person that

is payable wholly or partly more than 12 months after the date of the assumption or guarantee;

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

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

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

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

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

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

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

**Approved by the Governor, May 17, 2007.**