

## Chapter 250

**(House Bill 472)**

AN ACT concerning

**Telephone Companies – Streamlined Regulatory Requirements**

FOR the purpose of narrowing the types of services of a telephone company that are regulated by the Public Service Commission by altering a certain definition; providing that the Commission may allow a certain telephone company to provide a regulated service without requiring the telephone company to file a certain tariff schedule under certain circumstances; providing that a telephone company that is regulated in a certain manner is not required to file with the Commission a certain tariff schedule for certain regulated retail services under certain circumstances; providing that a telephone company that is not regulated in a certain manner is not required to file with the Commission a certain tariff schedule for certain regulated retail services under certain circumstances; authorizing the Commission to issue certain orders or adopt certain regulations; providing that a certain merger of or transfer of stock or other ownership interest between a telephone company and another certain entity does not require a certain prior authorization from the Commission; providing that a certain transaction in which a telephone company is acquired by another certain entity does not require a certain prior authorization from the Commission; ~~allowing a telephone company to withdraw offering a certain retail service under certain circumstances after providing certain notice;~~ requiring the Commission to make a certain determination on certain services on or before a certain date; requiring the Commission to study whether and how a telephone company should be authorized to withdraw certain services in the State; requiring the Commission to make a determination whether certain changes are needed to regulations to ensure that customers are properly and conspicuously notified of certain rate increases; requiring the Commission to report its findings and recommendations of a certain study and determination on or before a certain date; and generally relating to regulatory requirements of telephone companies.

BY repealing and reenacting, without amendments,  
 Article – Public Utilities  
 Section 1–101(a)  
 Annotated Code of Maryland  
 (2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,  
 Article – Public Utilities  
 Section 1–101(II), 4–202, 5–203, and 6–101  
 Annotated Code of Maryland  
 (2010 Replacement Volume and 2014 Supplement)

~~BY adding to~~

~~Article – Public Utilities  
Section 8-109  
Annotated Code of Maryland  
(2010 Replacement Volume and 2014 Supplement)~~

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

**Article – Public Utilities**

1-101.

(a) In this division the following words have the meanings indicated.

(ll) (1) “Telephone company” means a public service company that:

(i) owns telephone lines to receive, transmit, or communicate **LOCAL EXCHANGE** telephone **SERVICES, EXCHANGE ACCESS TELEPHONE SERVICES,** or teletype communications; [or]

(ii) leases, licenses, or sells **LOCAL EXCHANGE TELEPHONE SERVICES, EXCHANGE ACCESS** telephone **SERVICES,** or teletype communications; **OR**

**(III) OWNS TELEPHONE LINES TO RECEIVE, TRANSMIT, OR COMMUNICATE TELEPHONE SERVICES TO INMATE FACILITIES.**

(2) “Telephone company” does not include a cellular telephone company.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article – Public Utilities**

4-202.

(a) **[A] ~~SUBJECT~~ EXCEPT AS PROVIDED IN SUBSECTION (C)(1) OF THIS SECTION AND SUBJECT TO SUBSECTION (C)(2) OF THIS SECTION,** A public service company shall file with the Commission a tariff schedule of its rates and charges for its regulated services and for standard offer service as provided in § 7-505(b)(8) of this article.

(b) As ordered by the Commission, a public service company shall:

(1) plainly print the tariff schedule of its rates and charges for its regulated services;

(2) make available the tariff schedules for public inspection; and

(3) post the tariff schedules to make the tariff schedules readily accessible to and convenient for inspection by the public.

**(C) (1) (I) A TELEPHONE COMPANY THAT IS REGULATED USING AN ALTERNATIVE FORM OF REGULATION UNDER § 4-301 OF THIS TITLE FOR BASKETS OF SERVICES IS NOT REQUIRED TO FILE WITH THE COMMISSION A TARIFF SCHEDULE OF ITS RATES AND CHARGES FOR ITS REGULATED RETAIL SERVICES THAT ARE INCLUDED IN BASKET 4 “DISCRETIONARY SERVICES” AND BASKET 5 “COMPETITIVE SERVICES”.**

**(II) A TELEPHONE COMPANY THAT IS NOT REGULATED USING AN ALTERNATIVE FORM OF REGULATION UNDER § 4-301 OF THIS TITLE FOR BASKETS OF SERVICES IS NOT REQUIRED TO FILE WITH THE COMMISSION A TARIFF SCHEDULE OF ITS RATES AND CHARGES FOR ITS REGULATED RETAIL SERVICES THAT, AS DETERMINED BY THE COMMISSION, ARE SIMILAR TO THE SERVICES INCLUDED IN BASKET 4 “DISCRETIONARY SERVICES” AND BASKET 5 “COMPETITIVE SERVICES”.**

**(e) (2) NOTWITHSTANDING ANY OTHER LAW, EXCEPT AS PROVIDED IN PARAGRAPH (1) OF THIS SUBSECTION, IF THE COMMISSION FINDS AFTER NOTICE AND HEARING THAT IT IS IN THE PUBLIC INTEREST, THE COMMISSION MAY ALLOW A TELEPHONE COMPANY THAT HAS 20,000 OR FEWER SUBSCRIBERS TO PROVIDE A REGULATED SERVICE WITHOUT REQUIRING THE TELEPHONE COMPANY TO FILE A TARIFF SCHEDULE OF ITS RATES AND CHARGES FOR THE REGULATED SERVICE.**

**(3) THE COMMISSION MAY ISSUE ORDERS OR ADOPT REGULATIONS THAT THE COMMISSION DETERMINES NECESSARY TO REGULATE A SERVICE IN WHICH A TELEPHONE COMPANY IS NOT REQUIRED TO FILE A TARIFF SCHEDULE OF ITS RATES AND CHARGES UNDER THIS SUBSECTION.**

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article – Public Utilities**

5-203.

**(A) THIS SECTION DOES NOT APPLY TO A MERGER OF OR TRANSFER OF STOCK OR OTHER OWNERSHIP INTEREST BETWEEN:**

**(1) A TELEPHONE COMPANY; AND**

**(2) ANOTHER ENTITY WITH A GREATER THAN 50% OWNERSHIP IN COMMON WITH THE TELEPHONE COMPANY.**

**[(a)] (B)** Subject to § 6–101 of this article, without prior authorization of the Commission, a public service company may not purchase, acquire, take, or hold any part of the capital stock of another public service company that operates in Maryland.

**[(b)] (C)** (1) This subsection applies to corporations that operate in Maryland.

(2) 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:

**(I)** applies only to corporations that operate in Maryland; **AND**

**(II) DOES NOT APPLY TO A TRANSACTION IN WHICH THE CAPITAL STOCK OF A TELEPHONE COMPANY IS ACQUIRED BY ANOTHER ENTITY WITH A GREATER THAN 50% OWNERSHIP IN COMMON WITH THE TELEPHONE COMPANY.**

(2) 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.

(b) (1) Subject to the requirements of subsection (c) of this section, the Commission may authorize an act described under subsection (a)(2) of this section if the Commission finds that the act is consistent with the public convenience and necessity.

(2) Authorization under this subsection does not:

(i) revive a lapsed franchise, validate an invalid franchise, or add to the powers and privileges in a franchise; or

(ii) waive a forfeiture.

(c) (1) This subsection does not apply to the formation of a holding company by a public service company in a corporate reorganization that involves an exchange of stock of the public service company for stock in the holding company.

(2) In this subsection, a company controlling a public service company is deemed a public service company of the same class as the controlled public service company.

(3) Without prior authorization of the Commission, a public service company may not take, hold, or acquire any part of the capital stock of a public service company that:

(i) operates in Maryland; and

(ii) is of the same class as the acquiring company.

(4) (i) Except as provided in subparagraph (ii) of this paragraph, a stock corporation may not take, hold, or acquire more than 10% of the total capital stock of a public service company that operates in Maryland unless:

1. the stock is acquired as collateral security; and

2. the Commission approves the acquisition.

(ii) The Commission may authorize a public service company of the same class to take, hold, or acquire more than 10% of the total capital stock of a public service company that operates in Maryland.

(5) A public service company may not be a party to a violation of this subsection.

(6) Notwithstanding paragraph (2) of this subsection, § 6-105 of this subtitle shall apply, and the provisions of this subsection do not apply, to the acquisition, ownership, or disposition of any capital stock or voting securities of a company that controls, directly or indirectly, a gas and electric company.

(7) Notwithstanding any other provision of this subsection, the Commission may authorize, in accordance with § 6-105 of this subtitle, the taking, holding, or acquiring of all or any part of the capital stock of a gas and electric company that operates in the State by a stock corporation or a public service company that is not of the same class as the gas and electric company.

~~(A) (1) IN THIS SECTION, "RETAIL SERVICE" MEANS ANY SERVICE PROVIDED TO END USER CUSTOMERS.~~

~~(2) "RETAIL SERVICE" DOES NOT INCLUDE EXCHANGE ACCESS TELEPHONE SERVICE.~~

~~(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND NOTWITHSTANDING ANY OTHER LAW, A TELEPHONE COMPANY MAY WITHDRAW OFFERING A RETAIL SERVICE:~~

~~(I) IF THE TELEPHONE COMPANY DOES NOT HAVE ANY CUSTOMERS OF THE RETAIL SERVICE IN THE STATE, 14 DAYS AFTER PROVIDING NOTICE TO THE COMMISSION; AND~~

~~(II) IF THE TELEPHONE COMPANY HAS CUSTOMERS OF THE RETAIL SERVICE IN THE STATE, 30 DAYS AFTER PROVIDING NOTICE TO THE COMMISSION AND THE CUSTOMERS OF THE SERVICE.~~

~~(2) WITHOUT PRIOR AUTHORIZATION OF THE COMMISSION, A TELEPHONE COMPANY MAY NOT WITHDRAW OFFERING TO ITS CUSTOMERS BASIC LOCAL SERVICE TO AN EXCHANGE.~~

SECTION 4. AND BE IT FURTHER ENACTED, That, on or before September 1, 2015, the Public Service Commission shall determine, as provided under § 4-202(c)(1)(ii) of the Public Utilities Article, as enacted by Section 2 of this Act, which regulated retail services for a telephone company that is not regulated using an alternative form of regulation are similar to the regulated retail services included in Basket 4 "Discretionary Services" and Basket 5 "Competitive Services".

SECTION 5. AND BE IT FURTHER ENACTED, That, on or before September 1, 2015, the Public Service Commission shall:

(a) (1) study whether and how a telephone company should be authorized to withdraw a regulated retail service in the State; and

(2) determine whether any changes are necessary to current regulations to ensure that customers are properly and conspicuously notified of a rate increase of a regulated retail service; and

(b) report its findings and recommendations from its study under subsection (a)(1) of this section and from its determination under subsection (a)(2) of this section, in accordance with § 2-1246 of the State Government Article, to the Senate Finance Committee and the House Economic Matters Committee.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect September 1, 2015.

SECTION ~~2~~ 7. AND BE IT FURTHER ENACTED, That this Act, except as provided in Section 6 of this Act, shall take effect ~~October~~ July 1, 2015.

**Approved by the Governor, May 12, 2015.**