

THIS SECTION DOES NOT APPLY TO THE ISSUANCE OF ANY STOCK, BOND, SECURITY, NOTE, OR OTHER EVIDENCE OF INDEBTEDNESS THAT IS ISSUED:

(I) IN ACCORDANCE WITH A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON OR BEFORE JUNE 30, 2006; OR

(II) IN ACCORDANCE WITH AN ORDER ISSUED ON OR BEFORE JUNE 30, 2006, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, THE FEDERAL ENERGY REGULATORY COMMISSION, OR A REGULATORY AUTHORITY OF ANOTHER STATE THAT PERFORMS FUNCTIONS SUBSTANTIALLY SIMILAR TO THOSE PERFORMED BY THE COMMISSION.

(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) (I) 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 or of a subsidiary or affiliate, as defined in § 7-501 of this Article, of a public service company that:

[(i)] 1. operates in Maryland; and

[(ii)] 2. is of the same class as the acquiring company.

(II) THIS PARAGRAPH DOES NOT PROHIBIT A PUBLIC SERVICE COMPANY FROM CONTINUING TO HOLD THE CAPITAL STOCK OF ANY PUBLIC SERVICE COMPANY, OR OF A SUBSIDIARY OR AFFILIATE OF A PUBLIC SERVICE COMPANY, THAT IT HELD ON MARCH 29, 2006.

(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