



February 11, 2019

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Via Electronic Filing

Oregon Public Utilities Commission
201 High Street NE, Suite 100
Salem, OR 97301-3398

**Advice Letter No. OR-19-03 for Citizens Telecommunications Company of Oregon, Inc
Oregon Public Utilities Commission No. 4 Tariff**

Dear Commissioners,

Please find attached for electronic filing the following revisions to the Citizens Telecommunications Company of Oregon, Inc. doing business as Frontier Communications of Oregon (Frontier) Oregon Public Utilities Commission No. 4 Tariff. The revisions are being submitted with a proposed effective date of March 13, 2019.

This filing adds terms to describe the Company's process for establishing a residential customer's identification authentication in accordance with applications for service and utilizing a system of consumer credit scoring to determine applicability of deposit requirements. Frontier applies these processes to protect potential and existing customers from identity fraud as required by Federal Regulation.

Frontier requests that the Commission approve these terms as compliant with Oregon Administrative Rules (OAR) 860-021-0009(1) states, in part, that "An application for service must be made...". OAR 860-021-0009(3) allows large telecommunications utilities to require applicants to furnish their name and identifying information in applying for service. Additionally, Frontier requests that the Commission approve these terms as compliant with OAR 860-021-0200(1)(b), which requires Commission approval for the use of a credit scoring system by a large telecommunications utility.

Alternatively, pursuant to OAR 860-021-0005, Frontier respectfully requests that the Commission waive, to the extent necessary, the approval requirements of OAR 860-021-0200(1)(b). OAR 860-021-0005 provides: "Upon request or its own motion, the Commission may waive any of the Division 021 rules for good cause shown. A request for waiver must be made in writing, unless otherwise allowed by the Commission." Please consider this Advice such written request. A discussion of the good cause for which the Company makes this request follows.

Frontier follows the 2003 Fair and Accurate Credit Transaction Act adopted and amended in CFR § 162.30 in the verification, collection and use of consumer credit information. As prescribed under Appendix B, Frontier has established a process compliant with the Detecting Red Flags requirement of the Identity Theft Prevention Program. Accordingly, all applicant's identifying information is authenticated through a third-party vendor, Equifax. In 2018, 95% of all applications for service were authenticated through this process. In the rare instance when authentication cannot be made, Frontier provides two additional avenues to provide authentication prior to seeking relief under OAR 860-021-0009(5). Customers have the option to present their application for service with two forms of identification to a Frontier retail store, located in Coos Bay or La Grande. Alternatively, customers may have their application notarized. Frontier offers these options as a convenience to our customers to expedite their application process.

In addition to providing identity authentication services, Equifax administers Frontier's credit scoring system using a three-tier review process that creates a consistent method for assessing the level of potential risk an applicant poses and set deposits equitably. This credit scoring system is not used to deny service. The first tier consists of review of Frontier or affiliated company payment history. The second tier consists of review of National Consumer Telecom and Utilities Exchange members payment history. The third tier is a proprietary model known as the Equifax Telecommunications Risk Score which evaluates consumer credit data and telecommunications industry data. Applicant credit scoring uses the lowest tier review possible to verify the appropriate deposit required. Neither Frontier, nor its vendor, publicly release the specific attributes utilized in the credit scoring model or the weightings that are assigned to each of the selected attributes. Similarly, credit bureaus and other providers of credit scores such as FICO and VantageScore do not make public the specific credit data attributes and credit scoring model calculations used to develop a credit score.

Frontier uses the same credit scoring process in all states where it operates as an ILEC and none of them regulate the use of credit scoring. If Frontier were required to utilize a different process in Oregon, it would create additional costs for the Company and possibly lead to a less than efficient process for signing up new customers for service. Such an ad hoc process may also constitute discrimination when compared to the level of scrutiny and control over Frontier's competitors.

If the Commission had to approve changes to the credit scoring model, Frontier would incur substantial costs as the model is proprietary and owned by Equifax. Frontier would be forced to find a new vendor resulting in impacts across our operating territory, develop its own credit scoring model using less robust information, or some combination of the two. Frontier is in vigorous competition with many other carriers (wireless, cable, VoIP, fixed wireless, satellite) to gain and retain customers. However, all those competitors have the freedom to determine the best method for assessing a customer's credit worthiness and protecting themselves from credit risk and they use credit scoring models to accomplish this objective.

Please feel free to contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "JEpley", written in a cursive style.

Jessica Epley
Government & External Affairs Manager

GENERAL REGULATIONS

B. ESTABLISHMENT AND FURNISHING OF SERVICES (Continued)

1. Application (Continued)

- b. The Company may accept an oral or written application from a customer for additions to or changes in his present service.
- c. An application is a request for telephone service. An application for service shall not be accepted until the applicant satisfies the credit criteria set forth in these regulations and pays a deposit, if deemed necessary. This requirement is in accordance with 2003 Fair and Accurate Credit Transaction Act Red Flag Rules. (C)(N)
(N)
- d. The Company may require an applicant to provide the following information when applying for service:
 - (1) The name of person(s) responsible for payment on the account;
 - (2) The name to be used to identify the account, if different than the actual name;
 - (3) The birth date of person(s) responsible for payment on the account;
 - (4) The social security number of person(s) responsible for payment on the account;
 - (5) A current valid Oregon driver's license number of the person(s) responsible for payment on the account;
 - (6) The service address;
 - (7) The billing address, if different than the service address; and
 - (8) Any available telephone numbers where the applicant can be reached night and day.
- e. In lieu of providing a valid social security number or current valid Oregon driver's license number under Section 2 of this rule, an applicant may provide:
 - (1) A valid state or federal identification containing name and photograph of the person(s) responsible for payment of the account;
 - (2) A combination of:
 - a. An original or certified true copy of his or her birth certificate;
 - b. A current identification from school or employer containing a photograph; and
 - c. The name, address, and telephone number of a person who can verify the applicant's identity, such as a teacher, employer, or caseworker, or
 - d. Other information deemed sufficient by the utility to establish an applicant's identification.

GENERAL REGULATIONS

B. ESTABLISHMENT AND FURNISHING OF SERVICES (Continued)

1. Application (Continued)

- f. In the rare instance an applicant is unable to provide identification information on an existing account with the Company, or a new applicant cannot be identified through a third party verification process as outlined in 5. Establishment of Credit, the applicant will be required to provide positive identification by submitting to the Company via mail or fax a notarized written application or bringing a non-notarized written application to a Company retail center location. (N)
- g. If an applicant is denied service for failure to provide an acceptable form of identification, the applicant may pursue conflict resolution under the Commission's rules. (T)
- h. Upon request, the Company shall protect the account from access by others through the use of a personalized password or other means acceptable to both the Company and the customer. (T)
- i. The Company shall protect the identity of a customer at risk of domestic violence or other abuse. At its option, the Company shall provide the identity protection by allowing the customer to use a modified or alternative name for a directory listing or by providing, at no cost, a non-published listing in accordance with other applicable tariff provisions for the length of time the endangerment exists. A customer requesting a nonpublished listing under this section must provide: (T)
 - (1) A copy of a court order that restrains another person from contact with the customer by reason of risk of domestic violence, as defined by ORS 135.250, or unwanted sexual contact, as defined in ORS 163.305, abuse, as defined by the Elderly and Disabled Person Abuse Prevention Act, ORS 124.005, or stalking, as defined by ORS 163.730, and
 - (2) An affidavit, stating that the customer is financially unable to pay for the nonpublished listing.

2. Cancellation of Application

- a. An application for service canceled by the applicant or by the Company prior to the establishment of the service applied for is subject to the following conditions:
 - (1) If cancellation is requested by the applicant prior to the start of installation, no charge will be made the applicant except as may be specifically covered by written contract as provided for in the tariff sections;
 - (2) If cancellation is requested by the applicant subsequent to the start of installation, the Company will collect all charges actually incurred for the installation not to exceed the full tariffed installation cost, or such other amounts as may be specifically provided for by written contract previously made;

GENERAL REGULATIONS

B. ESTABLISHMENT AND FURNISHING OF SERVICES (Continued)

5. Establishment of Credit

a. Residential Service

(1) An applicant or customer may demonstrate satisfactory credit for new or continuing service by showing any of the following, provided that a deposit is not required under Section 2 of this rule:

- a. Received 12 months of continuous telecommunications utility service during the preceding 24 months and the Company can verify, either by contacting the former utility or through an authorized letter provided by the applicant or customer, that the applicant or customer voluntarily terminated service and timely paid for all services rendered;
- b. Proof of ability to pay by providing either:

- 1. Proof of employment during the entire 12 months previous to the application of service for person(s) responsible for payment on the account and a work telephone number to enable the Company to verify employment; or
- 2. A statement or other documentation from the income provider or an authorized representative, that the Company can verify, indicating that the applicant or customer receives a regular source of income.

c. Third party credit check processes that calculate an applicant's telecommunications risk score may be utilized to determine deposit requirements. The telecommunications risk score predicts an applicant's credit risk by applying a model that includes, consumer credit data, telecommunications industry data, and proven analytics.

(C)
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(C)

A hierarchy credit verification approach is applied to applicants. First, Company or affiliated company payment history; second, National Consumer Telecom and Utilities Exchange members payment history; third, third party model applied that includes financial institution information and telecommunications risk score.

(N)
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Applicants are informed when a credit check is performed.

(N)

GENERAL REGULATIONS

B. ESTABLISHMENT AND FURNISHING OF SERVICES (Continued)

5. Establishment of Credit (Continued)

b. Business Service (Continued)

- (3) A Business Customer whose service has been discontinued temporarily or permanently shall be required to pay any unpaid balance due the Company for service furnished in accordance with applicable tariffs and must establish credit as provided for in these regulations and pay a Service Charge and deposit when applicable in order to have service restored.

A Business applicant who has previously been a customer of the Company, and during the last twelve (12) months of the prior service has had service temporarily or permanently discontinued for nonpayment of bills will be required to pay any unpaid balance due the Company and will be required to re-establish credit by making a deposit in accordance with these regulations.

A Business customer or applicant who has furnished fraudulent credit information must re-establish credit as set forth in these regulations.

- (4) Third party credit check processes that calculate an applicant's telecommunications risk score may be utilized to determine deposit requirements. The telecommunications risk score predicts an applicant's credit risk by applying a model that includes, consumer credit data, telecommunications industry data, and proven analytics.

A hierarchy credit verification approach is applied to applicants. First, Company or affiliated company payment history; second, National Consumer Telecom and Utilities Exchange members payment history; third, third party model applied that includes financial institution information and telecommunications risk score.

Applicants are informed when a credit check is performed.

(N)
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(N)

6. Deposits

a. Deposit Requirements:

- (1) Deposits for telecommunications service shall be based upon two months average or estimated bills for usage of the Company's tariff and price-listed services. Each deposit shall be rounded to the nearest whole dollar. For telecommunications service, applicants eligible for Oregon Telephone Assistance Program (OTAP) funding and who voluntarily elect to receive toll-blocked service, no deposit may be charged. The Company shall make toll blocking available at no charge to all such applicants, as identified in Commission Rules 860-033-0330.