


PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 12, 2019

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE March 14, 2019

DATE: February 22, 2019

TO: Public Utility Commission

FROM: Scott Shearer 

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck 

SUBJECT: CENTURYTEL OF OREGON, UNITED TELEPHONE COMPANY OF THE NORTHWEST, AND QWEST CORPORATION:  
(Docket Nos. ADV 924/Advice No. 364; ADV 925/Advice No. 19-03; and ADV 926/Advice No. 2149) Establishes an Alternative Custom Credit Scoring Criteria as required in OAR 860-021-0200(1)(b).

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve CenturyTel of Oregon, United Telephone Company of the Northwest, and Qwest Corporations' (collectively, the Companies) tariff filings, as submitted, to be effective on March 14, 2019.

**DISCUSSION**

Issue

Whether the Commission should approve the Companies' proposed tariff filings, which add terms to the Companies' tariffs that describe the Companies' process for establishing a customer's credit utilizing a credit scoring system.

Applicable Law and Rules

Telecommunications utilities are required by ORS 759.175 to submit tariff filings to the Commission whenever they intend to change their rates, terms, or conditions of service. The Companies operate under a price plan pursuant to ORS 759.255, adopted by the Commission in Order No. 18-359, under which tariff changes must be filed with the Commission at least 30 days prior to the effective date of the change.

Oregon Administrative Rule (OAR) 860-021-0200 describes ways for customers to establish credit and when they are required to pay a deposit to start service with a utility. Specifically, a customer establishes credit when they can show they:

- (a) Have received 12 months of continuous utility service of the same type during the preceding 24 months and the utility can verify that the applicant or customer voluntarily terminated service and timely paid for all services rendered;
- (b) Meet Commission approved minimum credit requirements based on a third party credit report score or the energy or large telecommunications utility's own credit scoring formula; or
- (c) Can provide proof of ability to pay by providing proof of employment for the previous year, which can be verified, or a verifiable statement of income.

The Fair Credit Reporting Act (FCRA), 15 USC § 1681, is the federal statute that governs the access to and use of consumer credit information. The Fair and Accurate Credit Transactions Act of 2003 (FACTA) Red Flags Rule is a federal rule administered by the Federal Trade Commission and Securities Exchange Commission that requires creditors to implement certain programs to detect, prevent and mitigate identity theft.

### Analysis

The Companies currently use a combination of third party credit report score and Companies' own credit scoring formula for customer establishment of satisfactory credit for new or continuing service; however, this approach was never approved by this Commission as required in OAR 860-021-0200(1)(b). This filing remedies that issue. The Companies have requested these tariffs be allowed to go into effect on March 14, 2019, which is more than thirty days after their initial filing dates.

The Companies tariffs describe the hierarchy of credit verification approaches that it applies to applicants as a three-tier review process that involves reviewing:

1. The customer's payment history with the Companies or their affiliates;
2. The customer's payment history with National Consumer Telecom and Utilities Exchange members; and
3. Credit worthiness of the customer based on third-parties' models that includes financial institution information and telecommunications risk score. The Companies use the credit reporting agencies Transunion and Experian as their vendors for this data.

The Companies use a custom credit scoring model that was developed and maintained by the Companies that they consider proprietary. They receive multiple customer data

attributes from the Companies' credit bureau vendors to populate its credit scoring model.

In their cover letters to these filings, the Companies state that they act in conformance with the FCRA. Staff's analysis of these tariff filings does not include an assessment of whether the Companies comply with the FCRA and should not be interpreted as a determination that the Companies are in compliance with that federal statute.

The tariff filings also state that the Companies' requirements are in accordance with the FACTA Red Flag Rules. Staff's analysis does not include an assessment of that federal rule, which is administered by other agencies, and should not be interpreted as a determination that the Companies are in compliance with that federal rule.

#### Conclusion

Staff reviewed the filing and believes the Companies' customer credit scoring model used to determine when a customer establishes credit or is required to pay a deposit is a reasonable application of OAR 860-021-0200(b). Even though the Companies have been using this criteria for several years, there have been no recent complaints regarding this issue filed with the Commission's Consumer Service Section, so Staff does not recommend further Commission action at this time based on the historic lack of Commission approval. The Companies represent that the credit scoring model is applied consistently to all customers and is not discriminatory in its use of data from third party credit reporting vendors.

#### **PROPOSED COMMISSION MOTION:**

Approve the Companies' tariffs as filed and allow them to go into effect, as requested, on March 14, 2019.