



February 11, 2019

Public Utility Commission of Oregon
201 High Street, SE, Suite 100
Salem, Oregon 97301-3398

RE: Advice No. 364 for CenturyTel of Oregon, Inc. d/b/a CenturyLink and CenturyTel of Eastern Oregon, Inc. d/b/a CenturyLink, OR PUC No. 6 Tariff

Dear Commissioners:

Attached for electronic filing are the following revisions to the CenturyTel of Oregon, Inc. d/b/a CenturyLink and CenturyTel of Eastern Oregon, Inc. d/b/a CenturyLink OR PUC No. 6 Tariff. The following revisions are being submitted with a proposed effective date of March 14, 2019.

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This filing adds terms to describe the Company's process for establishing a residential customer's credit utilizing a credit scoring system. CenturyLink requests that the Commission approve these terms as compliant with Oregon Administrative Rule (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, CenturyLink 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.

The Company follows the Fair Credit Reporting Act in the collection and use of consumer credit information. The Company's credit scoring process utilizes our own custom credit scoring model to predict customer non-payment behavior. The Company's custom credit scoring model was developed and maintained by its Credit Risk organization within Finance and is highly proprietary to The Company. The Company receives up to 4,000 data attributes from the credit bureau vendor and currently utilizes a small subset of those attributes to feed its credit scoring model.

The Company's custom credit scoring utilizes a logistic regression model to develop a credit score. The Company does not make public the specific attributes utilized in the credit scoring model or the weightings that are assigned to each of the selected attributes.

Similar to The Company, 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.

(Continued on Page 2)

In most cases, if a deposit is warranted based on the customer's credit history, The Company requests a very modest amount for basic telephone service – between \$25 and \$50 for a customer requesting voice service. Deposits may also be applicable for other Company provided services such as high-speed Internet or video.

Customers who do not want to pay a deposit can still subscribe to a restricted line that provides a toll restricted line and optional features of the customer's choice.

The Company uses the same credit scoring process in all 37 states where it operates as an ILEC. If the Company 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.

If the Commission had to approve changes to the credit scoring model it could result in an administrative burden for the Commission and the Company.

The Company 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. None of the other 36 states where The Company is an ILEC regulate credit scoring.

If you have any questions regarding this filing, please contact Phil Grate at (206) 345-6224 or me at the contact information provided below.

Sincerely,



Robyn Crichton

cc: Phil Grate, CenturyLink

OR 19-05

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RULES AND REGULATIONS

2.3 APPLICATION FOR SERVICE (RULE NO. 3)

- A. Prior to the establishment of service, the Company may require an applicant to:
1. Sign an application form furnished by the Company.
 2. Make an advance payment of all non-recurring service connection and/or installation charges. See E. following.
 3. Establish credit in accordance with regulations involving deposits in sub-chapter 860-021-0200 of the Oregon Administrative Rules (OAR).
 4. Provide information as defined in OAR 860-021-009 (3).
 5. The customer will be offered payment arrangements for deposits and/or nonrecurring charges with 4 equal installments; the first to be paid immediately and the remainder in 30, 60 and 90 days.
 6. Federal, State or Municipal governmental agencies will not be required to make advance payments or post deposits.
 7. **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 the 2013 Fair and Accurate Credit Transaction Act Red Flag Rules.**
- B. The furnishing of service by the Company and acceptance thereof by the customer shall be deemed to constitute an agreement between the Company and the customer for the payment of the rates and charges under the applicable schedules in effect.
- C. The Company will accept oral or written application from a customer for additions to, or changes in, the existing service.
- D. An application is merely a request for service and does not in itself bind the Company to serve except under reasonable conditions, nor does it bind the applicant to take service.

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RULES AND REGULATIONS

2.4 CREDIT AND DEPOSITS (RULE NO. 4)

A. Deposits

1. A deposit may be required for customers who are known credit risks. In these instances, the Company may require establishment of credit based upon:

a. Residential

- (1) Regulation involving deposits are included in sub-chapters 860-021-0200 of the Oregon Administrative Rules (OAR). (T)
- (2) **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)
- (3) **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.**
- (4) **Applicants are informed when a credit check is performed.** (C)

b. Nonresidential

Satisfactory credit for the Company's deposit purposes shall be deemed established if the applicant can demonstrate, by supplying evidence upon request of the Company that the applicant for nonresidential service:

- (1) Has received continuous utility service of the type applied for during the twelve (12) month period prior to the date of the credit screen and has not received more than one (1) late payment or disconnection notice during such period: or
- (2) The residential entity is licensed to do business in the State of Oregon and has kept current over the past twelve (12) months on all real estate mortgages or lease agreements, commercial loans, utility bills, and trade accounts.

(M)

(M) Material moved to 1st Revised Page 9 of this section.

RULES AND REGULATIONS

2.4 CREDIT AND DEPOSITS (RULE NO. 4) (Cont'd)

A. Deposits **(Cont'd)**

(T)

2. Waiver of Cash Deposits

(M)

a. A cash deposit may be waived when a customer or applicant provides:

A satisfactory guarantor as set forth on OAR 860-021-0200 (3)

b. Nonresidential

(1) An irrevocable letter of credit, surety bond (performance bond) or some other forms of guarantee acceptable to the Company.

(2) Applicants or customers will be required to make a deposit of two months' average or estimated usage when an applicant does not satisfy the credit requirements.

(M)

3. Additional Cash Deposits

An additional deposit or prepayment may be required when service records indicate unbilled toll activity greater than that upon which credit was originally established.

4. Interest and Deposit Records

a. Regulations involving deposit interest is included in sub-chapter 860-021-0210 of the Oregon Administrative Rules (OAR).

b. Upon payment of a deposit, the Company shall furnish a document showing the date, name of the applicant or customer, the service address, the amount of deposit, a statement that the deposit will accrue interest at the rate prescribed by the Commission, and an explanation of the conditions under which the deposit will be refunded.

5. Deposit Refund

a. A customer's deposit, plus accrued interest, shall be promptly refunded when service is discontinued, provided that refunds due shall first be applied to any unpaid balance on the customer's account.

b. The Company may continue holding a deposit until such time as credit has been established or reestablished. After satisfactory credit has been established or reestablished, the deposit plus any accrued interest shall be promptly refunded or credited to the customer's account at the customer's request.

(M) Material moved from Original Page 8 of this section.

Advice No: #364

Issued: February 11, 2019

Issued by: CenturyLink

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