



February 11, 2019

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

RE: Advice No. 19-03 for United Telephone Company of the Northwest d/b/a CenturyLink,
OR PUC No. 4 Tariff

Dear Commissioners:

Attached for electronic filing are the following revisions to the United Telephone Company of the Northwest d/b/a CenturyLink, OR PUC No. 4 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.

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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

BUSINESS AND RESIDENCE SERVICE

- A.** BUSINESS SERVICE rates apply when service is furnished at a location used primarily for business, professional, trade, or occupational purposes. (T)

Individuals practicing a profession or operating a business and having no office other than their residence may choose either business service or residence service.

- Social clubs (Elks, Eagles, VFW, etc.) are considered business service.

Business service consists of a business line at the business line rate, along with a business listing and standard yellow page listing in the business name.

Business or residential services are not installed on premises where the service would be accessible for use by the patrons of the customer or by the public in general.

If it is found that the customer is permitting public use of his business service, the Company will request that the facilities be so located as to be inaccessible to the public or that the customer permit no further public use of the services. No charge will be made for the relocation of the facilities under such circumstances.

- B.** RESIDENCE SERVICE is service used primarily, at a residence or place of dwelling, for social or domestic purposes. Residential service consists of a residential line at the residential rate, with a directory listing in the white pages only. (T)

Residence service may not be part of a hunting sequence that contains business lines.

APPLICATION FOR SERVICE

- A.** An application for service is made when: (T)

1. Service is requested by a person who has not previously been served by the Company; (T)
2. Service has been discontinued by the Company and the customer subsequently seeks to have service restored; or (T)
3. Service has been discontinued by the customer and the Company does not receive a request to restore service within 20 days. (T)

- B.** An application is a request for telephone service. The application shall not be accepted until the applicant: (T)

1. satisfies the Company's Establishment of Credit guidelines; or (T)
2. makes deposit arrangements satisfactory to the Company. (T)

These requirements are in accordance with the 2013 Fair and Accurate Credit Transaction Act Red Flag Rules. (C)
(C)

RULES AND REGULATIONS

CREDIT ESTABLISHMENT

A. CREDIT ESTABLISHMENT - RESIDENCE

Regulations involving Credit Establishment are included in the Oregon Administrative Rules (OARs), as follows. The text of the OAR is available for customer inspection upon request.

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|--|--------------|
| 1. Establishing Credit for Residential Service | 860-021-0200 |
| 2. Payment Arrangements for Deposit and Installation Charges for Residential Service | 860-021-0206 |
| 3. Interest on Deposits for Residential and Nonresidential Service | 860-021-0210 |
| 4. Refund of Deposits for Residential and Nonresidential Service | 860-021-0215 |

5. A deposit may be required for customers who are known credit risks.

- a. **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.**
- b. **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.**
- c. **Applicants are informed when a credit check is performed.**

(C)

(C)

(M)

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RULES AND REGULATIONS

CREDIT ESTABLISHMENT (CONTINUED)

(T)

B. CREDIT ESTABLISHMENT - BUSINESS

(M)

1. Credit Establishment - Business

An applicant for business service may be required to demonstrate satisfactory credit by reasonable means appropriate under the circumstances.

2. Reestablishment of Credit

A customer may be required to reestablish credit where the conditions of service or the basis upon which credit was originally established have changed. Some examples are:

- (a) Change in pattern of IntraLata toll usage;
- (b) False credit information provided by customer.

3. Deposits

A deposit shall not exceed two-twelfths the amount of reasonable estimated billing of the utility's tariffed or price listed service for one year at rates then in effect. This estimate shall be based upon the use of service at the premises during the prior 12 months or upon the type and size of the customer's equipment that will use the service, and shall be based upon two month's average or estimated usage.

- The Company may require an additional deposit when service records indicate unbilled IntraLata toll activity greater than that upon which credit was originally established.

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