

# STATE OF NEW HAMPSHIRE

Inter-Department Communication

*an* **DATE:** July 2, 2009  
**AT (OFFICE):** NHPUC

**FROM:** Amanda O. Noonan

**SUBJECT:** DT 07-011 FairPoint Credit and Collections Activities

**TO:** Commissioners  
Executive Director



On June 3, 2009, the Commission directed FairPoint to mail notices to one-half of the 2,775 customers FairPoint had identified as owing in excess of \$750 for basic service and in excess of \$500 for non-basis services. The Commission further directed FairPoint to provide certain information within one week of the disconnection date on the notice and prohibited FairPoint from mailing any further notices until the Commission reviewed the information provided and determined that the resumption of collection activities would not unduly harm customers. FairPoint was also prohibited from reporting customers to credit bureaus and other credit rating agencies until such time as FairPoint had submitted its policies and processes for doing so to the Commission and the Commission had reviewed those policies.

FairPoint filed a report with the Commission on June 16, 2009 and June 24, 2009, providing information regarding the notices that were sent and its policy for reporting customers to credit bureaus. In addition, FairPoint requested the Commission rescind the restrictions in its June 3, 2009 secretarial letter relative to its credit and collections activities stating that the June 16 and June 24, 2009 filings had demonstrated that such rescission was justified.

Staff has reviewed the information provided by FairPoint and held two conference calls to obtain clarification and additional information. According to FairPoint's June 24, 2009 filing, **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]**. Added to the two customers who contacted the Commission in response to a disconnection notice, one percent of the customers who received notices notified the company or the Commission to dispute the notice. Both customers who contacted the Commission indicated that none of the charges were valid as they were no longer FairPoint customers. FairPoint has not provided any information regarding the nature of the disputes made by the **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]** customers who contacted them directly.

FairPoint's request to resume its collections activities raises questions about its ability to send timely and accurate bills to its customers and to perform disconnections, number ports and service changes such as customer moves in a timely manner. To address these concerns, Staff had recommended in its June 2, 2009 report to the Commission that FairPoint be required to send letters to those customers identified as being eligible for collection treatment. The letter would identify the balance FairPoint shows as past due, advise the customer that FairPoint recognizes there were billing issues resulting from the transition from Verizon systems to FairPoint systems, and ask the customer to please contact FairPoint if they believe the amount is incorrect. This letter would allow customers the opportunity to resolve any billing issues prior to receiving a notice of disconnection and allay the concerns expressed by customers that the difficulties FairPoint has experienced with its systems as a result of cutover would adversely impact their credit records.

FairPoint has objected to providing its customers with a letter in advance of resuming collections, **[BEGIN CONFIDENTIAL] [END CONFIDENTIAL]**. Programming would also further delay the resumption of collection activities.

Residential customers have a 14 day window to respond to a notice of disconnection, allowing them sufficient time to contact FairPoint with any disagreement or dispute regarding the amount due or the validity of the notice. It is the potential for inaccurate and incorrect reporting to credit bureaus or other credit rating agencies that would cause harm to customers if FairPoint were allowed to resume its collections activities. In light of that, it would be reasonable to remove the restrictions on FairPoint's collections activities without requiring the letter originally recommended by Staff if no reporting to credit bureaus or other credit rating agencies were done by FairPoint for some period of time following the resumption of collection activities. Given the continued billing issues that customers are reporting to the Commission's Consumer Affairs Division, Staff would recommend no credit bureau or other credit agency reporting occur through the end of October 2009.

The Office of Consumer Advocate has participated in discussions that Staff has had with FairPoint, and Staff has had conversations with the OCA on this issue. It is Staff's understanding that the OCA is generally supportive of Staff's position regarding credit and collections activities, recognizing the need to protect customers from inaccurate collections and reporting activity while balancing that against the company's need to begin the normal collections procedures.