

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: June 1, 2009
AT (OFFICE): NHPUC

FROM: Amanda O. Noonan *ao*
SUBJECT: FairPoint credit and collections
TO: Commissioners
Executive Director
CC: Kathryn Bailey
Robert Hunt

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In response to a request made by Staff, FairPoint provided its credit and collections plan on May 20, 2009. Subsequent to conversations with the Staffs of the New Hampshire Public Utilities Commission, the Maine Public Utilities Commission, and the Vermont Department of Public Service, FairPoint made some changes to the proposed plan. Copies of both plans are attached to this memo for reference. The proposed start date for collection activities was May 27, 2009.

Staff spoke with FairPoint on May 22, 2009 and requested FairPoint delay implementation of collection activities on its active accounts to provide Staff with the opportunity to ask questions regarding the plan and the accounts that FairPoint had identified for collections activity. FairPoint agreed, and on May 27 Staff requested the following information from FairPoint:

- 1) The number of residential New Hampshire customers with past balances for basic service greater than \$750, the total receivables associated with those accounts, and a breakdown of the aging of those receivables;
- 2) The number of residential New Hampshire customers with past balances for basic service greater than \$500 and less than \$750, the total receivables associated with those accounts, and a breakdown of the aging of those receivables;
- 3) The number of non-residential New Hampshire customers with past balances for basic service greater than \$750, the total receivables associated with those accounts, and a breakdown of the aging of those receivables;
- 4) The number of non-residential New Hampshire customers with past balances for basic service greater than \$500 and less than \$750, the total

receivables associated with those accounts, and a breakdown of the aging of those receivables; and

- 5) A copy of the disconnection notice which FairPoint would send to customers, updated to conform to the Commission's rules regarding disconnection notices.

Staff subsequently requested FairPoint's collections treatment plan for small business customers, large business customers and government accounts along with the number of small business, large business and government accounts in NH that would be covered by the collections treatment plan, receivables associated with each of the above groups of business customers, and the aging of those receivables. Staff requested all information be provided no later than Friday, May 29, 2009.

As of this morning, Staff has not received a response to its request for information. It is clear from the substantial number of complaints that the Commission and the Consumer Affairs Division have received that there are many billing issues, including but not limited to incorrect bills, which resulted from the transition from Verizon to FairPoint systems. Anecdotal information from the Consumer Affairs Staff responding to calls from FairPoint customers indicates that some customers are not paying their bills simply because they have yet to receive a bill they believe is correct. In light of the above, moving forward with collection activity on active customer accounts is neither prudent nor in the best interest of the company's customers.

Staff recommends the Commission direct FairPoint to suspend all collection activity, other than that outlined below, on active accounts and accounts that were closed at the request of the customer subsequent to January 23, 2009. Instead Staff recommends that FairPoint be instructed to create a letter that would go to those customers FairPoint has identified as being eligible for collection treatment and further recommends that the letter be created in conjunction with Staff. The letter shall 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. To avoid overburdening the FairPoint customer service representatives in the credit and collections area, Staff recommends these letters be sent out over the course of 1 month. Following the distribution of the letters, FairPoint would then provide the Commission with information regarding the number of letters sent, the number of calls generated by the letters, and the number of calls disputing the accuracy of the past due amounts shown in the letters. No further collection activity would occur until the Commission reviews the information provided by FairPoint and determines further activity to be appropriate.

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Docket #: 07-011 Printed: June 01, 2009

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