

Data reporting guidebook

Energy and communications industries



Data reporting guidebook

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Introduction

The energy and communications industries reporting guidebook was created by Experian analysts and industry experts. This guidebook includes an overview of data reporting, detailed information on the potential benefits to your business and customers, steps for success, how to implement reporting for your utility, several case studies and an integrated set of industry best practices. Frequently asked questions and a glossary of terms also are included at the end of the document. This guidebook should help further your understanding of the use of data reporting in the energy and communications industries. Of course, the experience of individual utilities varies, and Experian® cannot guarantee any particular result for your company.

Data reporting involves a number of different legal and regulatory standards. While this guidebook offers Experian's perspective on some of the laws and regulations generally applicable to data reporting, it does not constitute legal advice. You should consult with your own legal counsel regarding your company's situation before taking any action with respect to any matter discussed in this guidebook.

If you are interested in reporting to Experian or have questions regarding the content in this document, please contact Experian's Membership Services at 1 800 831 5614.

Data reporting

Good credit is a valuable asset in today's economy, and data reporting is a highly effective tool for managing collections and building credit. For many years, data reporting has been a successful tool companies use to promote timely bill payments from consumers. Over time, consumers have adopted the idea that payment behavior with lenders that do report potentially impacts their overall credit score. Additionally, it also may affect their ability to attain needed credit or competitive rates. As with banks and other lending institutions that have traditionally reported, utilities should begin to see the same positive effects — timely bill payments and improved collections.

Utility companies that do report have shared their experiences with Experian regarding the benefits of reporting, as well as their interaction with external stakeholders such as lenders, the media and consumer groups. One common misconception brought up by these groups is that data reporting may hurt consumers. Studies show that this is not the case — data reporting can actually help consumers. Consumers who do not pay their bills and are sent to collections typically already are reported to a consumer reporting agency through collections or through a company's internal collections department. This means the consumers with delinquent behavior already are being affected by data reporting. The consumers who benefit are those who pay their bills on a timely basis or have the ability to pay on time. Data reporting will reflect these timely payments and help build both their credit profile and score. Ultimately, it can encourage prompt payment habits from consumers and reward them for their positive payment behavior.

Experian's interaction with clients and review of research suggest that full file data reporting can help improve a company's bottom line. Reporting data to Experian is a safe and effective way of sharing credit information, and there is no cost to report.

What is data reporting?

Data reporting is the reporting of consumer credit information by a business where a payment is required for a product or service that has been received or used by a consumer. Businesses that report data, called data reporters or data furnishers, are responsible for the secure electronic transfer of consumer payment information to a credit reporting agency (CRA), such as Experian. Once the information is received, the CRA includes it in its database and a tradeline is created on each consumer. A tradeline is a single line on the credit report stating information about the consumer's financial account. Consumers may have few or multiple tradelines on their record. Together, all tradelines reported on a specific consumer make up his or her credit report and can be used to determine the consumer's overall risk or creditworthiness.

Experian's role in data reporting

Experian is a global leader in providing information, analytical and marketing services to organizations and consumers to help manage the risk and reward of commercial and financial decisions. Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organizations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage. Clients include organizations from financial services, retail and catalog, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Data security and permissible uses

Data reporting involves the transfer of and access to consumer credit information. Therefore, the credit industry is highly regulated. CRAs, like Experian, are responsible for storing the data and carefully following procedures for the handling and use of the information. Dynamic information privacy standards and security and fraud prevention policies are in place at Experian.

There also are limited permissible uses of consumer credit information. Some of the most common reasons for access include the following:

- Determining a consumer's credit risk for loans, lines of credit or credit cards
- Ascertaining the need for a deposit (utilities, telecommunications and rental properties)
- Providing information or verification for employment purposes, insurance underwriting or rental decisioning

To learn about other Fair Credit Reporting Act (FCRA) permissible uses, please visit <http://www.ftc.gov/os/statutes/fcradoc.pdf>.

Reporting types

There are two traditional methods of data reporting: derogatory and full-file.

Derogatory-only reporting

Derogatory-only reporting involves the sole reporting of negative consumer payment information to a CRA. Essentially, this type of reporting provides a penalty for late payment or nonpayment. Traditionally, companies report derogatory information when an account has been placed for internal collections or has been written off. If you are working with a third-party collection agency, this information is typically all that is reported to CRAs.

This type of reporting to a CRA will help your business in several ways:

- Increase collection efforts
- Reduce third-party collection costs
- Assist in the transition to full-file data reporting

Benefits of derogatory-only reporting

Increase collection efforts: Derogatory-only reporting establishes a penalty for late payment or the failure to pay. Consumers who pay late to a utility not reporting its data may be paying their other creditors — who are reporting their data — on time. Once consumers are aware of the impact of negative payment behavior, their response to slow or late payment behavior may change. In addition, the utility can more accurately track consumer payment behavior to justify or create business decisions and collection strategies.

Reduce third-party collection costs: Reporting directly to a CRA can eliminate third-party charges. Third-party collection companies already report derogatory information when it is passed on to them. However, the utility can do this, possibly reducing the quantity of uncollectible debt sent to third-party collection agencies.

Assist in the transition to full-file data reporting: Starting with the reporting of derogatory-only information can help your utility transition to full-file data reporting. However, it may not produce all the benefits that may be realized through full-file data reporting. By using derogatory-only reporting, your company can test the results of reporting derogatory accounts for a period of time prior to reporting full-file. In addition, your employees' learning curve can be reduced while transitioning into full-file data reporting by allowing slightly more time in educating them on the process and the benefits to your customers.

Chapter 1: Data reporting

Full-file reporting

Full-file reporting includes the reporting of derogatory information as well as all positive consumer payment information to a CRA. Most companies report their full customer portfolio to a CRA since they would be able to see the benefits for reporting derogatory information, change the payment behavior of slow-paying customers and help many customers in the process. Additionally, full-file data reporting provides a more complete view of the consumer's credit history and financial obligations.

Unlike derogatory-only reporting, full-file data reporting can be beneficial to both your company and consumers.

Benefits of full-file reporting

There are many potential benefits to full-file data reporting:

- Increased cash flow and collections
- Fewer rate increases associated with uncollectible debt and better customer service
- Reduced time and losses
- Other cost savings

Increased cash flow and collections

Full-file reporting can improve collection efforts and decrease delinquency rates and the level of uncollectible debt. Experian's review suggests that companies that report may see a reduction in their day sales outstanding balance, a decrease of accounts in arrears and an increase in positive consumer payment behavior. Overall, data reporting can encourage timely bill payments by working behind the scenes to reduce late payments from consumers who are able to pay and may be considered slow-paying consumers. Many utility customers with the means do not pay because there are no consequences. Data reporting creates a consequence.

Case study 1

Company size: More than 2 million customers

Type of utility: Electric and gas provider

Location: Midwest

Needs: This utility company was challenged by the same dilemma many utilities face today: rising arrears, uncollectible expense, increased credit and collections operating costs, and decreased customer satisfaction. Management felt that full-file reporting could resolve these issues and sought assistance from Experian to help understand their customer portfolio, build a business case and eventually begin reporting full-file to Experian.

Results: The outcome of full-file data reporting was tremendous for this utility due to many of the needs it was facing. Findings include:

- Total improvement of more than five Days Sales Outstanding per month within one year
- Just under 20 percent year-over-year reduction of dollars in arrears
- Cost savings from reduced phone calls and field visits
- Low cost in handling disputes

Fewer rate increases associated with uncollectible debt and better customer service

Uncollectible debt generally is considered a cost of doing business and typically is recovered through costs passed on to consumers through rate increases. Since data reporting changes the consumer's payment behavior, actual uncollectible debt may be reduced and therefore will not need to be recovered at the same rate.

Data reporting also may be used to help determine which customers desire automatic payment plans or are eligible for subsidized plans, improving the company's ability to better serve consumers.

Reduced time and losses

Data reporting may dramatically reduce the time and losses associated with potential cases of identity theft.

Many utilities have shared that cases of identity theft typically are realized during the collections or write-off stage. The amount owed and delinquent behavior escalated enough to trigger adverse action against the consumer responsible for a particular account. However, once contacted, the consumer in question may be found to be innocent of this delinquent behavior and be another victim of fraud. The utility then must follow the steps to validate and change information, thus taking the losses.

Since account information would be visible to consumers via a single tradeline on a credit report if a company were to report full-file, consumers can potentially identify cases of fraud prior to the collection or write-off stage. This could reduce the actual dollar losses associated with identity theft for your company.

Other cost savings

The cost of field disconnection can be reduced by creating incentives to pay. Additionally, there will be a reduced need for Letters of Credit for consumers applying for mortgages since your utility would be reporting a tradeline. In this case, a Letter of Credit refers to a letter provided to the mortgage company or lender by the utility establishing the payment history of the consumer who has requested it.

Experian does not charge to report data

Reporting directly to a CRA also can eliminate third-party charges for reporting the same data on derogatory accounts. Third-party collection companies report derogatory information when it is passed on to them. However, this step can be done easily by the utility as well, possibly reducing the quantity of uncollectible debt sent to third-party collections.

Benefits to consumers

Many consumers benefit from full-file data reporting, particularly those who are new to the credit system, have very little credit or have relatively low credit scores. The tradeline from a utility may put a consumer into a position where he or she can build a credit history, become scoreable and qualify for more traditional lending. Since 35 million to 54 million Americans are outside of the credit system, according to the Political and Economic Research Council (PERC),¹ and 90 percent of Americans use some type of utility service, many individuals are missing opportunities to establish and build credit.²

¹The Political and Economic Research Council and The Brookings Institution Urban Markets Initiative, *Give Credit Where Credit is Due: Increasing Access to Affordable Mainstream Credit Using Alternative Data Sources* (Chapel Hill, NC: 2006) p. 2, <http://www.infopolicy.org/pdf/alt-data.pdf>.

²Information Policy Institute, *Giving Underserved Consumers Better Access to the Credit System: The Promise of Non-Traditional Data* (Chapel Hill, NC: July 2005) p. 17, <http://www.infopolicy.org/pdf/nontrad.pdf>.

Chapter 1: Data reporting

There is a common myth that data reporting hurts consumers. A recent study conducted by PERC showed a 60 percent increase in the ability to score thin-file consumers. Lenders traditionally view these consumers with no record and no score as the highest risk. These consumers may be fully capable and intend to make full and timely payments to this lender but are unable to obtain a loan. If they were able to establish this through the reporting from your utility, more underserved consumers may receive a credit score.

In addition, approximately 22 percent of all consumers showed an increase in their credit score, while a majority of other consumers showed little or no change, establishing a reason to believe that the majority of consumers would see little or no impact if they have an established credit history.

Onboarding process

Data reporting can be highly beneficial to both your company and your customers. Experian does not charge for this service and will guide you through the decision-making process — from building your business case and analyzing your customer portfolio to eventually beginning reporting. The following information guides you through this process when starting this initiative with Experian:

Step 1

- Data reporting presentation — Experian's team of sales and industry analysts will provide a presentation on the benefits of data reporting.
- Begin building your business case — The presentation will help you understand what data reporting is and how it relates to your needs. Chapter 4 provides information on how to build a business case. Experian also can provide a prereporting analysis of your customer portfolio that will help to support your case when you propose it to internal and external stakeholders.

Step 2

- Set up Secure Transport Services (STS) for data transmission.
- Prepare and transfer files for prereporting analysis if you plan to request and acquire this service from Experian — Your full consumer data file can be transferred securely through your STS.
- Determine resources and funding requirements — Chapter 4 includes more information on what types of resources and funding may be required.

Step 3

- Prereporting analysis summary presented if you have requested and acquired this service from Experian — After Experian's careful analysis, actual benefits relevant to your business and customers will be provided to you.
- Develop your return on investment (ROI) — The analysis Experian performs on your customer portfolio will help you to build an ROI that can help in your decision-making process.

Step 4

- Experian's Membership Services team and setup process — Refer to Chapter 5 for more information on this process and the team's contact information.
- Metro 2 formatting preparation and conversion assistance — Experian's data analysts will work with your team to review Metro 2 format and may assist you in a file conversion, if necessary.
- Begin stakeholder communication — We recommend that you inform your public utilities commission (PUC) and customers that you intend to report full-file. Refer to Chapter 7 for more information on creating communication plans.

Step 5

- Data analysis and testing — Experian's data experts will analyze and test your data file for data quality and formatting accuracy. Any errors or concerns will be discussed with you prior to further analysis, testing or going live.
- Consumer communication — Notify consumers at least 30 days prior to reporting.

Step 6

- Begin live data reporting — Once the file has been tested and approved, you can begin reporting live. Experian will monitor the results of the first live file.

Step 7

- Assigned to data specialist for ongoing data reporting — After the first file has been loaded successfully, your account will be assigned to a data specialist. This person will be your main point of contact and will assist your company on data reporting.

Case study 2

Company size: More than 1 million customers

Type of utility: Electric and gas provider

Location: Northeast

Needs: With economic changes, this company was facing heightened arrears and write-offs. Though this company reported derogatory-only information, management was seeking information on the direct benefits of full-file data reporting to its company and customer base.

Results: Experian's team of analysts and data specialists worked with the client to prepare a prereporting analysis that showed that approximately 20 percent of its slow-paying customers had two or fewer derogatory trades on file with any other lender. This illustrates that consumers may prioritize payments depending on the penalties associated with making the payment or not. In addition, formatting was simplified during transition due to understanding the format requirements and the reporting process.

Chapter 2: Legal and compliance considerations

Legal and compliance considerations

All data furnishers are responsible for knowing and understanding federal, state and local laws of data reporting. The following information outlines some of the important legislation regulating data reporting practices, procedures and uses. Each description that is provided includes a Web address for further information from the Federal Trade Commission (FTC). Banking regulators also are charged with enforcing these laws with respect to the financial institutions they regulate. The final section of this document includes additional legislation pertinent to the data reporting industry that can have implications on specific business practices relevant to your company. Experian provides this chapter for your basic information. You should review these and any other potentially applicable laws pertaining to your business practices and full-file data reporting with your legal counsel.

Federal laws

Fair Credit Reporting Act (FCRA): <http://www.ftc.gov/os/statutes/fcradoc.pdf>

The FCRA regulates the collection, distribution and use of consumer credit information. It is designed to promote accuracy and ensure the privacy of information used in consumer reports. Under this law, consumers' information is protected and highly regulated. The FCRA is enforced by the FTC and is one of the most important regulations to data reporting. Data furnishers, such as utility companies, may report to a CRA, such as Experian, under the following guidelines:

- Information must be complete and accurate, updated regularly and corrected when necessary.
- Consumer disputes must be investigated by you, the data furnisher. A response must be provided within no later than 30 days from the time a dispute is made, according to federal regulations. Keep in mind that this time frame includes all steps from the point a consumer initially disputes the trade to the time it actually gets to your company, research is done and action is taken. Please consult with your legal counsel to determine if there are other dispute requirements in addition to these federal regulations.
- Consumers also must be notified within 30 days by the data furnisher about negative information by a financial institution that has been or is about to be placed on a consumer's credit report.
- Derogatory information can be retained on a credit record for up to seven years from the date of first delinquency. Some exceptions include, but are not limited to, bankruptcies (10 years) and tax liens (seven years from the time they are paid). Chapter 13 bankruptcy, however, may be reported for up to seven years only. To comply with this regulation, CRAs automatically begin eliminating derogatory reports up to three months prior to the maximum date allowed.

Under Section 623 of the FCRA, data furnishers have two basic responsibilities: 1) the duty to provide accurate information and 2) duties upon notice of dispute.

Duty to provide accurate information:

- Data furnishers are prohibited from furnishing data that they know or have reasonable cause to believe is inaccurate
- Furnishers are prohibited from reporting information after notice and confirmation of errors
- Furnishers have a duty to promptly correct and update information
- Furnishers have a duty to provide notice of dispute
- Furnishers have a duty to provide notice of voluntarily closed accounts

Chapter 2: Legal and compliance considerations

- Furnishers who report a delinquent account being placed for collection, charged to profit or loss, or similar action have a duty to provide the date of delinquency on the account
 - Date of delinquency includes the month and year of commencement of the delinquency that immediately preceded the action
 - This date must be provided to the CRA

Duties upon notice of dispute:

- Data furnishers must review all relevant information provided by the CRA and conduct an investigation of the disputed information
- Data furnishers must report the results of the investigation to all CRAs that were furnished with the information within the 30-day period

Please see Section 623(b) for more details.

To learn more about the FCRA requirements and permissible uses and their application to data reporting, please visit the link provided above.

Fair and Accurate Credit Transactions Act of 2003 (FACTA):

<http://www.treasury.gov/offices/domestic-finance/financial-institution/cip/pdf/fact-act.pdf>

FACTA is an amendment to the FCRA, signed by George W. Bush on Dec. 4, 2003. Accuracy, privacy, limits on information sharing and new consumer rights to a free disclosure are included in FACTA. The act also implemented new consumer rights with respect to identity theft, including placement of fraud alerts and the ability to block the reporting of accounts that resulted from identity theft.

To learn more about FACTA, its requirements and its application, please visit the link provided above.

The Gramm-Leach-Bliley Act (GLBA): <http://www.ftc.gov/privacy/glbact/glbsub1.htm>

The GLBA of 1999 includes provisions to protect consumers' personal financial information held by financial institutions. Under this law, financial institutions are defined as both traditional and nontraditional companies that provide many types of financial products and services to consumers. Consult with legal counsel to review this legislation in reference to your company's business practices.

To learn more about the GLBA, its requirements and how it applies, please visit the link provided above.

State and local laws

State and local laws vary. While many states regulate data reporting to a CRA consistent with federal law, there are potentially different state obligations. You should review applicable state and local laws with your legal counsel. We recommend that you inform your PUC of your decision to report and work with them on a proper consumer communication strategy. In Chapter 7, there is more information on strategically communicating with all of your stakeholders, including your PUC.

Chapter 2: Legal and compliance considerations

Other credit-granting legislation

Fair Debt Collection Practices Act (FDCPA): <http://www.ftc.gov/os/statutes/fdcpa/fdcfact.htm>

The FDCPA regulates the activities of debt collectors concerning their communications with consumers, prohibiting harassment or abuse, false or misleading representations, and unfair practices.

In order to understand how the FDCPA may relate to your business practices, please consult with your legal counsel. To learn more about the FDCPA, its requirements and how it may be applicable, please visit the link provided above.

Equal Credit Opportunity Act (ECOA): <http://www.ftc.gov/>

The ECOA states that creditors must evaluate candidates based on creditworthiness only. It is illegal for creditors to discriminate against applicants based on race, sex, age, national origin or marital status or because one receives public assistance.

In order to understand how the ECOA may relate to your business practices, please consult with your legal counsel. To learn more about the ECOA, its requirements and how it applies, please visit the link provided above and search for ECOA. This will provide a list of various documents relating to the law.

Truth in Lending Act of 1968 (TILA): <http://www.ftc.gov/>

In general, the TILA is used to promote the informed use of consumer credit disclosure requirements of terms and cost. It does not regulate charges for granting consumer credit but does require a maximum interest rate to be stated in variable-rate contracts secured by the consumer's dwelling. It is recommended you seek legal counsel to determine how this may relate to your business practices.

In order to understand how the TILA may relate to your business practices, please consult with your legal counsel. To learn more about the TILA, its requirements and how it is applicable, please visit the link provided above and search for TILA. This will provide a list of various documents relating to the law.

Fair Credit Billing Act (FCBA): <http://www.ftc.gov/os/statutes/fcb/fcb.pdf>

The FCBA is an amendment to the TILA. Generally speaking, it is a federal law stipulating procedures to help consumers resolve credit billing disputes with the credit grantor promptly and fairly.

In order to understand how the FCBA may relate to your business practices, please consult with your legal counsel. Further information on dispute handling will be provided in Chapter 8, but to learn more about the FCBA, its requirements and how it is applicable, please visit the link provided above.

Project management implementation overview

This chapter discusses the overall timeline, recommended resources and steps for success to implement full-file data reporting in your electric, water or gas utility. While data reporting implementation requires a significant commitment of time and resources, the lasting financial benefits to your organization are well worth the initial investment of time and resources for implementation.

Once the business case has been written and funding approved, anticipate six to nine months of concentrated effort before live reporting can begin. Part-time programming resources should be available before, during and after implementation to work on file formatting for reporting. In addition, a small team is needed to manage the ongoing dispute resolution process.

Based on our research of other institutions reporting to Experian, we estimate that one full-time employee can manage on average 40 disputes per day. In addition, the industry-average number of disputes per month is estimated to be 1 percent of your total reported residential customer portfolio. To calculate the number of full-time employees required, you would first estimate the number of monthly disputes to expect based on your customer portfolio. Then you would divide that number by the average number of disputes one full-time employee can manage per month.

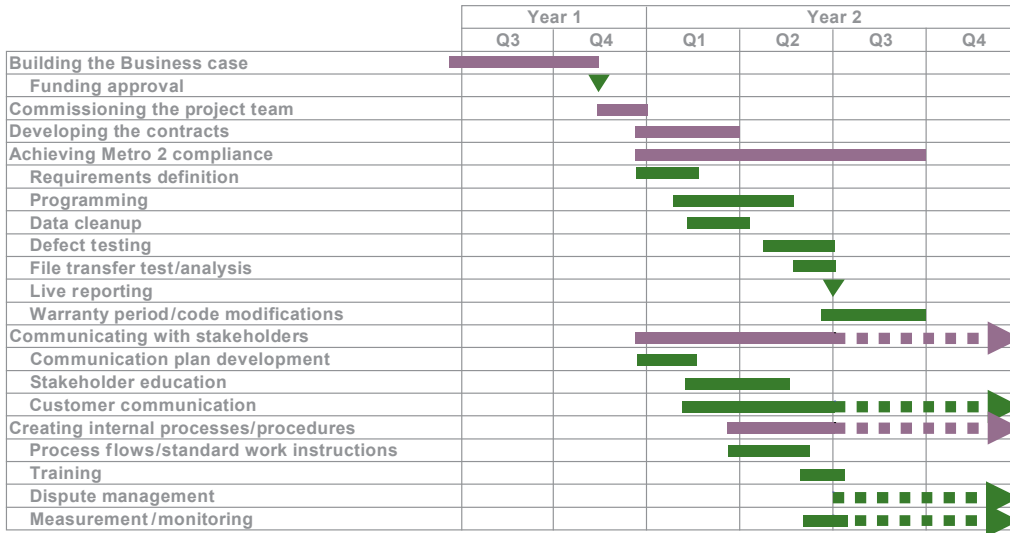
Project timeline

There are six major categories of work to consider when implementing full-file data reporting:

1. Building the business case
2. Assigning a project team
3. Developing contracts
4. Achieving Metro 2 compliance
5. Communicating with key stakeholders
6. Creating the internal processes and procedures necessary to manage and monitor the ongoing data reporting program

Each category is discussed briefly below and in greater detail in subsequent chapters of this guidebook. This is to be used as an example. Depending on your needs and ability to leverage resources, the time required for implementation may vary.

Chapter 3: Project management implementation overview



Building the business case

For most utilities, a detailed business case must be written to gain approval and funding. The best time to obtain approval is during the annual planning and budgeting process. This is a conservative approach and will provide your company with ample time to begin implementation the following year. In the sample above, the business case was created in the third quarter. This was done so that management could consider this project during their typical budgeting and planning stage during the fourth quarter. As you prepare the business case, your Experian account executive may be able to supply you with resources that may help equip you with industry-specific reporting benefits and provide compelling rationale for committing resources to the project. Please refer to Chapter 4 for more information on building your business case.

Commissioning the project team

Once your project is approved, a project team can be commissioned, as is illustrated in the sample above. The team should consist of dedicated business and information technology experts, as well as members of the Experian support team. Suggested membership might include:

Credit and collection personnel

- Full-time project manager
- Part- to full-time process owner/subject matter expert
- Part-time dispute supervisor
- Part-time analyst

Information technology personnel

- Full-time project manager
- Full-time programmer(s)
- Part-time technical architect
- Part-time tester

Chapter 3: Project management implementation overview

Part-time support resources

- Legal — contract and compliance representatives
- Supply chain representative
- Regulatory expert
- Communications analyst

Experian personnel

- Part-time account executive or sales contact
- Part-time technical and analytical support team

Developing the contracts

Experian contracts

Although no monthly fees are required to report data to Experian, it is necessary to enter into contractual agreements to ensure appropriate exchange and handling of sensitive consumer data. If you currently are a client of Experian, some of the forms and contracts already may be completed. Please check with your Experian contact if you have any questions. New clients, however, do have additional requirements. Please refer to Chapter 5 for more specific information on developing the necessary contracts to begin data reporting to Experian.

Achieving Metro 2 compliance

The Metro 2 format is the industry standard for reporting consumer payment history. It assists with consistency, accuracy and compliance in data reporting practices.

Whether you choose to use a packaged data reporting software application through a data processor or to develop your own data reporting program, all data reporting agencies require data in the Metro 2 format. To achieve Metro 2 compliance, there are six steps to consider:

1. Requirements definition
2. Programming
3. Data cleanup
4. Defect testing
5. File transfer testing and analysis
6. Transition period code modifications

Defining the project requirements is an important first step in the programming process. Sufficient time spent up front defining requirements will create efficiency and reduce programming hours. It is essential that credit and collections subject matter experts collaborate fully with information technology resources to ensure that every account scenario is considered.

The requirements definition process will serve not only to define your programming needs, but also to identify potential account errors within your billing system. Data integrity is crucial to upholding the standards of the Metro 2 guidelines and data reporting legislation. Under the FCRA, data furnishers are prohibited from supplying information to CRAs that they know or have reasonable cause to believe is inaccurate. Therefore, a thorough data cleansing process should be undertaken to clean up individual accounts with errors.

Chapter 3: Project management implementation overview

The defect testing process is a collaborative effort between the information technology testers and the credit and collection subject matter experts. During defect testing, each account scenario identified in the requirements definition stage should ideally be tested over a rolling three-month simulation period to ensure accuracy of reporting throughout an account's aging process.

Prior to live reporting, an actual file is sent to Experian's Technical Support team for testing and analysis. Please note that the file will not be live and will not appear on the consumer's credit report. Once the file is received, Experian's team will perform tests for errors and accuracy and then provide you with a detailed summary for your review. Further code modifications may be required as a result of Experian's analysis. Once you are satisfied with the file's performance, Experian will move the file to live reporting.

It is crucial to have information technology resources available during an approximately three-month period following the start of live reporting to ensure ongoing compliance with the Metro 2 reporting format.

Chapter 6 describes the Metro 2 programming requirements in greater detail. In addition, Experian may be able to assist you in your file conversion, if needed.

Communicating with stakeholders

It is essential to begin the communication effort at the onset of the project and continue proactive communications throughout the implementation process and well after live reporting begins. A thorough communication plan should be developed that includes strategies and tactics for informing, educating and gaining the buy-in of your key stakeholders.

A thorough stakeholder assessment should be conducted at project kickoff to identify key issues and potential obstacles. Both internal and external stakeholders should be considered.

Key internal stakeholders may include and are not limited to senior executives, legal and compliance departments, regulatory affairs, government relations, media relations, customer service representatives, escalated complaint groups, field and theft teams, and active and final collection representatives.

Key external stakeholders may include and may not be limited to consumers, PUCs, key government and political groups, lending institutions (mortgage companies, credit unions and banks), consumer advocacy groups, vendors and outside collection agencies.

Potential forms of communication include presentations, Web sites, letters, bill inserts, bill messages, radio or media campaigns, and outbound calling campaigns. Suggested strategies and communication vehicles will be covered in greater detail in Chapter 7.

Creating internal processes/procedures

The FCRA establishes specific duties of data furnishers upon notice of dispute. The act requires a review and thorough investigation of all disputed information. The act further stipulates that the results of the investigation must be reported to all CRAs that were furnished with the information within a defined time period.

To help data furnishers and CRAs comply with these requirements, a nationwide automated system called e-OSCAR[®] was established to respond to and correct consumer credit disputes.

Your organization also should establish ongoing processes and procedures to manage consumer questions and complaints. The development of monitoring tools is also highly recommended to ensure compliance with regulations, maintain the integrity of the data file in the face of billing system changes, and ensure consistent and appropriate responses to incoming disputes.

Chapter 3: Project management implementation overview

You may wish to establish process flows and standard work instructions for handling regular disputes as well as exceptions such as identity theft, complex billing issues and legal/PUC complaints. Once these tools have been established, comprehensive training will provide customer service representatives with the understanding they need to efficiently and effectively manage the process.

Steps for success

Full-file data reporting is a fairly new practice for utilities. Many utilities have shared that arrears and uncollectible expenses have increased as well as the overall cost of collection. Many utilities that have chosen to report full-file have experienced a resulting reduction in their day sales outstanding balance and a reduced number of accounts in arrears. This success has spurred more utilities to contemplate data reporting implementation.

Some of the steps for success to consider when planning your project include, but are not limited to, the following:

- Involve Experian during business case development and throughout the process
- Consult with your legal counsel for continuous guidance
- Identify a senior-level project champion
- Commission a cross-functional project team, with your credit and collections organization taking the lead
- Gain a thorough understanding of the Metro 2 format
- Understand your billing system and its implications to data reporting
- Educate key internal stakeholders
- Educate and gain buy-in from external stakeholders, especially your PUC
- Willing to weather potential negative publicity
- Allow ample time for requirements definition, programming and testing
- Establish an information technology update and transition period for speedy postimplementation modifications
- Develop a robust dispute resolution process and a highly trained and committed dispute team

Building your business case

You can successfully use data reporting as a tool for credit and collections. It can be used to improve collections efforts while helping some consumers build a credit history and attain access to greater financial opportunities. Though it is free to report to Experian, there will be internal resources used and costs incurred in association with the decision to report. To make an effective and strategic decision on data reporting, we strongly recommend that you build a detailed business case. Including the costs and benefits in your business case may be key to gaining the support of decision makers and communicating to other stakeholders.

Experian's prereporting analysis

When starting the business case, you may consider Experian's prereporting analysis. This analysis is helpful and may be part of the first step in building a business case for your utility. As a result, Experian can help outline the direct benefits data reporting may have on your business. We have extensive experience in the credit industry and resources dedicated to the utility industry and have seen significant value in providing this information to utilities based on their feedback and business objectives.

Experian can quickly, efficiently and cost-effectively provide the data analysis for you to make educated decisions on strategic initiatives for collection improvements and increased profitability. Our team of data specialists and analysts are dedicated to working specifically with utilities and understanding industry needs so that Experian can provide ongoing support.

In the analysis, Experian appends both credit and demographic information to your consumer data file. This is for testing and analysis only. The information will not be displayed on a credit report. Experian will analyze your consumer information, account information and consumer performance to provide you with an aggregated summary of your portfolio, which will be useful in assessing the benefits of reporting. Direct consumer identification or account information will not be included in the results. Information is sent via an STS or must be encrypted and sent via e-mail. Refer to Chapter 1 for more information about onboarding and setting up your STS. Please contact Experian to determine what method of encryption is used.

The analysis will address the following:

- Formatting needs, challenges and concerns
- The actual value data reporting will bring to your company
- The actual value data reporting will provide to your customer base, taking into consideration the low-income demographic, if possible
- The ability to analyze the performance of your customers compared with their performance with lenders

The business case

Most utilities that report must develop a business case to evaluate the decision, test findings, create a strategic plan and present it to decision makers and other stakeholders.

What can be included in the business case?

- Industry and economic trends
- Definition of data reporting and its benefits
- Experian's prereporting analysis results
- Resources and funding requirements
- Measured benefits
- Return on investment

Industry and economic trends

This section includes both national and regional industry and economic trends you are facing that affect your collection process and decisioning. Since many utilities have open communications with others in the industry, much of the information on the industry and economy are universally shared. There is an abundance of resources and conferences available to the utility industry for its collection efforts.

Experian's prereporting analysis results

Since this analysis is tailored to your company and consumers, the information collected from the analysis is important to making your business decision to report. Decision makers will see the value to your business case of incorporating this information. In addition, the analysis will help you determine your return on investment.

Required resources and funding

This section will include all labor required for setup, implementation, training and live reporting. Chapter 3 identifies many of the individuals you may need on your project team. You also may want to identify what process you will need for responding to consumer disputes and its cost. We recommend that you use e-OSCAR[®] to identify and make changes on disputes. To analyze the cost of e-OSCAR[®] and learn more, please visit <http://www.e-oscar.org/>.

Next, you may consider IT assistance. Some utilities do not have the resources to convert their file to the required Metro 2 format. Experian may be able to assist you in the conversion, but this is an important resource to consider.

Finally, you also may include a cost on effective communication. Chapter 7 illustrates whom to consider as a stakeholder and ways to communicate to them. There will likely be costs associated with communicating to each of your stakeholders, especially your customers.

Chapter 4: Building your business case

Measured benefits

When you measure the benefits associated with data reporting, consider the following:

- Improved cash flow
 - Potential changes in payment performance
 - Timely bill payments
- Decreases in defaults and accounts in arrears
- Reductions in write-offs
- Reduced need for field visits related to account connect or disconnect
- Reduced need for Letters of Credit for those applying for mortgages

Return on investment

With a value placed on the costs and benefits associated with data reporting, it should be easier for your company to determine the potential return on investment.

Summary

Considering all the benefits associated with reporting, the initial cost to organize and implement data reporting to your business is well worth the investment. The cost of ongoing reporting and managing disputes also can be minimal compared with the changes you may find in your collection efforts. Experian recommends the use of the business case so that you can understand how data reporting may relate to your particular business objectives.

Developing contracts

As mentioned in Chapter 3, there are no monthly fees required to report data to Experian. However, it is necessary for data furnishers to enter into contractual agreements with Experian and OLDE, LLC, the entity that manages e-OSCAR®, the online media for correcting reporting errors promptly for FCRA compliance. In addition, you are required to become a client with Experian. This chapter will cover the required contracts and forms for data reporting and Experian membership. It is important to note what contracts are required and what forms to expect during the setup process. This chapter covers the requirements for data reporting only. If you need additional products or services, further contracts may be required.

Experian data reporting contracts

The requirements for contracts and forms vary depending on your current relationship with Experian. If your company currently is an Experian client, many of the requirements already may be in place. Please ask your Experian sales contact for more information on additional requirements.

Current Experian clients

For data reporting purposes only, it is necessary to have either a Data Release Agreement (DRA) or the applicable service agreement on file. The service agreement should be in place if your utility is already a current Experian client. Please confer with your Experian sales contact if you are not sure what is still required. Membership questions also may be directed to 1 800 831 5614.

New clients

For all new Experian clients, and for data reporting purposes only, it is necessary to have either a DRA or a service agreement on file. Please confer with your Experian sales contact or Experian's Membership Services team at 1 800 831 5614 if you are not sure what is required.

Data Release Agreement (DRA)

The DRA is a contractual agreement between Experian and the data furnisher that outlines the consumer data reporting relationship with Experian and details the acceptable uses of that data. As PUCs are understandably sensitive to consumer privacy concerns, it is important to involve your utility legal representative early in the contractual discussion to ensure his or her comfort with the protections in place.

Service Agreement (SA)

Experian's onboarding process includes the following:

- **Membership Application Form:** The Membership Application Form requests information on the ownership and physical location of the business in addition to bank references. It is required for all data furnishers reporting to Experian. In addition, the permissible purpose/appropriate use section must be reviewed and signed for compliance with the FCRA if the utility also intends to pull reports from Experian.
- **The Experian Standard Terms and Conditions:** The Experian Standard Terms and Conditions is the base set of terms and conditions applicable to most products and services offered to clients. The Experian Standard Terms and Conditions must be supplemented by the individual schedules containing product- or services-specific terms and conditions.

Chapter 5: Developing contracts

- **Consumer Services Schedule:** For those clients wishing to contribute data and purchase online consumer credit services from Experian, the Consumer Services Schedule is necessary, as it supplements the Experian Standard Terms and Conditions and contains the necessary data-furnishing language. In addition, it contains the product-specific terms and conditions applicable to the use and provision of online consumer credit information, account review services, generic scoring services and other online consumer credit services from one of Experian's consumer databases.

Subscriber Questionnaire Document (SQD)

The SQD is to be completed by Experian and the data furnisher. To report data, the data furnisher will be assigned a unique number, or multiple numbers, called subcodes. These will be used to associate the data furnisher's company with the data sent to Experian. This document provides Experian with contact information, consumer types, information about how the data will be submitted and the data source.

e-OSCAR® registration process

e-OSCAR® is the data reporting industry's online solution for complete and accurate reporting. This is a requirement for handling consumer disputes. It is managed by OLDE and requires contractual agreements for usage. With e-OSCAR®, the Internet can be used to complete all ACDV and AUD processing on a system that is secure, intuitive and Metro 2-compliant. This allows changes to be made quickly and accurately. Please refer to the following link for the appropriate registration steps: http://www.e-oscar.org/pdfs/e-OSCAR_Registration_Step-by-Step.pdf.

Required conversion documents

Some utilities may require Experian's assistance in converting their data file to the Metro 2 format. If it is not possible to have this done in-house, Experian is able to provide an automated conversion after an analysis of needs and requirements is met. The following document is required if conversion is necessary:









Business Requirements Document (BRD)

The BRD is required only if Experian is automating the conversion process for the utility data furnisher into the required Metro 2 format. The BRD is developed by Experian and the utility and operates as a general reference guide for the data acquisition process and automated conversion process flow. Experian will prepare this document if required, and the utility will review the business requirements for data conversion and sign before and after completion of the data conversion.

Achieving Metro 2 compliance

The Metro 2 format is the required industry standard for reporting consumer payment history. This chapter discusses the steps you should consider to ensure the achievement of Metro 2 compliance, including an illustrative timeline for accomplishing each step.

Whether you choose to use a data reporting software vendor or develop your own data reporting program, the seven-step process outlined below will help to ensure a successful data reporting implementation. A methodical programming effort and a comprehensive communication campaign are the two most important factors to consider during implementation.

	Q1	Q2	Q3
Achieving Metro 2 compliance			
Requirements definition			
Programming			
Data cleanup			
Defect testing			
File transfer test/analysis			
Live reporting			
Warranty period/code modifications			

It is possible to complete the entire programming effort — from requirements definition to live reporting — in six months, if all project team members develop a thorough understanding of the Metro 2 formatting requirements contained in the Credit Reporting Resource Guide (CRRG). Experian's analysts and data specialists have worked through this guide to identify the best practices used by the utility industry in determining business rules for Metro 2 formatting. They will assist you in confirming the format requirements and supporting your project team at no additional cost.

Requirements definition

Requirements definition provides your programmers with the critical information and rules they need to take billing information from your customer information system and convert it to the Metro 2 format required by Experian and all other CRAs. This phase will serve not only to define your programming needs, but also to identify potential account errors within your billing system that must be addressed in the data cleanup phase. With sufficient resources, the requirements definition phase can be completed in two months.

Metro 2 record layout

There are three important segments in the Metro 2 record layout:

- The Header Record, containing 18 fields, which ensures that your information is identified correctly by Experian
- The Base Segment, containing 49 fields, which provides specific account information for each consumer
- The Trailer Record, containing 47 fields, which summarizes the data submitted to Experian in that particular file

Chapter 6: Achieving Metro 2 compliance

Scenario development

Not every code in every field will be relevant for your particular situation. The design of your billing system, for example, may preclude you from coding a field with a Metro 2 recommended status code. In most instances, it will be acceptable to forgo that particular level of detail. Seek the input of an Experian analyst or data specialist if you are unsure of the requirement or impact on your customer base. Experian will walk you through the layout, explaining each field and referencing industry best practices.

Developing a list of account scenarios will provide the basis for determining the appropriate data or Metro 2 status code to apply to each field in the base segment, for each scenario. Account scenarios should be developed for all types of active, closed and exception accounts, including bankruptcies, and may include, but are not limited to, those described below.

Account scenarios defined

Active accounts

- Current active account, 0–29 days past due
- Active account with arrears, 30–59 days past due
- Active account with arrears, 60–89 days past due
- Active account with arrears, 90–119 days past due
- Active account with arrears, 120–149 days past due
- Active account with arrears, 150–179 days past due
- Active account, 180+ days past due

Closed accounts

- Customer requested disconnect with 0 balance, current account
- Customer requested disconnect with balance
- Closed account with balance owing, shut off
- Closed account with 0 balance, shut off
- Written-off account

Bankruptcies

- Bankrupt account, active account
- Bankrupt account, closed account
- Discharged bankrupt account
- Dismissed bankrupt account
- Withdrawn bankrupt account

Exception accounts

- Account with billing dispute
- Account with identity theft
- Deceased account
- Current account with payment arrangement

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- Closed account with payment arrangement
- Charged-off account with payment arrangement

Once relevant scenarios for your utility have been defined, a matrix can be created to brainstorm and capture your decisions. It also will serve as a good communication vehicle to explain your decisions to a broader audience. The chart below is an example of the values for some of the base segment fields under two different account scenarios. This can easily be expanded to show all scenarios and all fields in the base segment.

	Active account with arrears of 120–149 days past due	Closed account with balance owing in dispute
Field	Data or status code	Data or status code
Field 7: Consumer account number	Utility account number	Utility account number
Field 9: Account type	92 (utility company, Metro 2 standard)	92 (utility company, Metro 2 standard)
Field 17a: Account status	82 (account 120–149 days past the due date)	93 (account assigned to internal or external collections)
Field 17b: Payment rating	N/A	N/A
Field 20: Compliance condition code	N/A	XB (account information disputed by consumer — FCRA)
Field 25: FCRA compliance/ date of first delinquency	Date the account first became past due	Date the account first became past due

Programming

Once you have determined your initial requirements and developed scenarios that represent your company's billing and account environment, the programming process can begin. Because requirements definition and programming are somewhat of a repetitive process, your programming effort can begin midway through the requirements definition phase. With a thorough understanding of the Metro 2 standards and well-defined requirements, your company can complete the programming phase adequately. Some companies have reported that this process can be finished in three to four months.

During the programming process, it is essential that all team members continue to meet regularly to discuss and make any necessary changes to the format or to your business rules. Collaborative input from business subject matter experts and your Experian analyst will result in solutions that are more creative to coding issues.

Programming best practices

As you define your requirements, it is critical to think about how your programming decisions will impact consumers. There may be alternative ways to report a certain field. To minimize customer dissatisfaction and disputes, it is often best to take a conservative approach to reporting. The information below describes some utility best practices for making consumer-friendly reporting decisions. They are presented here as examples of the type of decisions you may wish to consider when programming for Metro 2 compliance.

Chapter 6: Achieving Metro 2 compliance

Account status

In many industries, consumers are reported after being 30 days delinquent. For this industry, most data furnishers have chosen to report an account as current up until it becomes 60 days delinquent. This way, consumers who accidentally miss a payment are not penalized for their error. They will be reported as current unless their account reaches 60 days past due.

Sold accounts

Sold accounts can be handled in two different ways:

- Field 17A, Account Status, can be reported with Status Code 05, account transferred to another office.
- Field 17A can be reported with Status Code DA, delete entire account. Several utilities have chosen to delete sold accounts prior to a debt sale to prevent two tradelines from appearing on a consumer's credit report for the same debt. This practice minimizes confusion, telephone calls and potential disputes.

Payment arrangements

Promoting the use of payment arrangements in conjunction with data reporting is an excellent strategy to encourage consumers to make partial payments on accounts in arrears. By reporting consumers current in Field 17A as long as they continue to make agreed-upon monthly payments, both the utility and consumers benefit.

Payment histories

Field 18, Payment History Profile, contains 24 months of prior payment activity and is designed to show a consumer's payment performance over time. Because this information affects the consumer's credit score, some utilities have opted to build payment histories going forward so the first tradelines reflect a consumer's current status only, not past payment behavior. This approach provides consumers with a clean slate and allows them to cure past negative payment patterns prior to any significant impact to their credit score.

Many utility billing systems were not designed with data reporting in mind, and it is often quite challenging to report payment history information, even on a going-forward basis. Although this is not a required field, providing this history is a key factor in changing a consumer's future payment behavior. As such, if you cannot provide this information yourself, Experian can build the history for you.

Special comment codes

Field 19 allows for the reporting of many different types of special comment codes, such as account payments managed by a financial counseling program, debt being paid through insurance and consumers paying under partial payment arrangements. For many utilities, these comment codes may be irrelevant or difficult to report. It is important to remember that you do not have to program for all of them. Many utilities choose not to report special comment codes based on special payment arrangements or programs. Instead, the arrangements are made and as long as the consumer meets these agreements, the account is reported as current or delinquent according to that arrangement or program. You should decide which codes are meaningful in your particular environment and report only those.

Compliance condition code

Field 20 is a generic field that allows for the reporting of disputes required for legal compliance in all industries with either the FCRA or the FCBA. Check with your legal department, as many utilities do not feel they are bound by the FCBA because they are not financial institutions. As such, they would not be required to report condition codes XF, XG or XJ regarding FCBA disputes.

Existing disputes and identity theft investigations

Utilities are prone to billing disputes and consumer identity theft allegations and often have a number of accounts under investigation simultaneously. With the onset of data reporting, it is best to report all preexisting billing disputes and identity theft investigations as FCRA disputes in Field 20, Compliance Condition Code. This helps identify consumers with legitimate issues and prevents them from being negatively impacted on their credit reports prior to the situation being corrected.

Secondary names

Although Field 37, ECOA Code, allows for an account to be coded as individual or joint contractual liability, the secondary names on many utility accounts were not initially set up with the understanding of legal liability for the account. In this case, it is better to forgo the reporting of all secondary account names to prevent disputes and potential legal exposure.

Exclusions to initial reporting

Many utilities have found that it is best not to report previously closed and paid-in-full accounts, closed accounts with low dollar balances, previously sold accounts, deceased accounts with balances and bankrupt accounts prior to live reporting. Since it is a best practice (and a requirement for financial institutions under FACTA) to advise consumers that reporting will take place, these items should not be reported if there is no way to make contact with the subject consumer.

Data cleanup

The data cleanup phase can be conducted during the programming process to ensure the integrity of all customer billing information prior to the onset of live reporting. Data integrity is crucial to upholding the standards of the Metro 2 guidelines and data reporting legislation. Under the FCRA, data furnishers are prohibited from furnishing information that they know or have reasonable cause to believe is inaccurate to CRAs. Therefore, a thorough data cleansing process should be undertaken to clean up individual accounts with known errors.

One area to be noted is consumer account information. A tradeline can be reported if the utility consumer information matches on name and address even if there is no Social Security number. Thus, it is extremely important that name and address information is complete and accurate in your customer information system. Names spelled incorrectly or placed in the wrong field may preclude the entire account from being reported.

You also may wish to thoroughly cleanse accounts in dispute or those placed in collection holds. If these account holds are placed in error, you may miss the opportunity to report on the accounts and consequently lose your leverage for collection.

Likewise, it is good practice to ensure that all payments are being posted accurately and in a timely manner. In addition, if settlements have been made on accounts, ensure that the system properly reflects the balance as paid in full.

Chapter 6: Achieving Metro 2 compliance

The examples above represent a few potential data integrity challenges. Be sure your project team investigates and resolves all potential data quality issues prior to live reporting.

Defect testing

The defect testing process is a collaborative effort between the information technology testers and the credit and collection subject matter experts. During defect testing, each account scenario identified in the requirements definition phase ideally should be tested over a rolling three-month simulation period to ensure accuracy of reporting throughout an account's aging process. Defect testing can begin during the programming phase once enough programming has been completed and should be concluded within a few months.

The ultimate goal is to complete the defect testing phase and resulting reprogramming prior to live reporting, if needed. To ensure the ability to meet your live reporting deadline, however, you may need to prioritize defects and correct them in order of importance. Any defects that impact your ability to report consumer data accurately must be corrected prior to live reporting. On the other hand, some defects can be corrected after live reporting because Experian's system will automatically identify and remove illogical accounts from being reported. Once the defect is corrected, the account will begin to report.

File transfer, test and analysis

In conjunction with defect testing, when your project team is sufficiently comfortable with your programming and data file, the file transfer, test, and analysis phase can begin. During this phase, you will send an actual data file to Experian's Technical Support team for testing of data quality and formatting accuracy. While account data will not appear on the consumer's credit report, Experian's team will perform tests for errors and accuracy, append credit attributes to each consumer, and provide you with a detailed summary and analysis on an aggregated basis. Further code modifications may be required as a result of Experian's analysis. Additional files will be exchanged until both parties are comfortable with the data integrity.

Live reporting

Once your analysis and testing are complete, an Experian data specialist will assist you in transferring the first file for live reporting. Cycle reporters will continue to transfer a new file daily by billing unit until their entire customer base has been received. It is important to closely monitor the file transfer process on both ends for at least one month to ensure all accounts are being sent and received accurately. File transfer errors can be corrected and a new file can be uploaded, if necessary, to ensure that all accounts are being reported.

At this point, your dispute management team should be fully trained and ready to respond to inquiries and disputes. You can expect activity to commence within two to three weeks of live reporting and steadily increase throughout the first couple of months. Refer to Chapter 8 for more information on the dispute management process.

Transition period/code modifications

It is important to have information technology resources available during an approximately three-month period following the start of live reporting. During this time, these resources may be used to modify or change your file according to your needs.

Stakeholder communication

This chapter highlights a suggested process for developing a full-file data reporting communication plan, including assessing and developing strategies and tactics for informing, educating and gaining the buy-in of key internal and external stakeholders. It details an illustrative timeline, communication vehicles and potential messages. This communication is central to your business, and, of course, these are simply recommendations based on Experian's experience. You will tailor your individual communication program to your particular situation.

Ideally, the communication process should begin at least six months prior to live reporting to allow ample time for developing the plan and materials and gaining access to the appropriate stakeholder groups. It is important to remember that you can never overcommunicate to your stakeholders, especially when it comes to the complex subject of data reporting.

A methodical programming effort and a comprehensive communication process are the two most critical factors to a successful data reporting implementation. Be sure to involve the experts from the onset and budget enough human and financial resources to anticipate and mitigate any possible stakeholder concerns.

Communication plan development

It is essential to begin the communication effort at the start of the project by developing a comprehensive communication plan. An important first step in the communication plan is to enlist a senior executive champion for the project. The champion can greatly benefit the communication effort by enabling open lines of communication across the enterprise. Frequent and intentional dialogue will serve to build buy-in and support from key internal stakeholders important to the project's success.

Likewise, the project team makeup also can influence the success of the communication effort and the project as a whole. Chapter 3 discussed assigning a project team with full-time team members representing business and information technology functions and part-time support resources representing legal, compliance, communications, supply chain and regulatory functions. It is crucial to begin the communication process now — even before the communication plan is fully complete — by conveying the importance of the project, its objectives and aggressive timeline to these team members, support resources and their organizations. Set expectations on the role of each team member and support resource in meeting major milestones and the final live reporting date.

Stakeholder assessment

Understanding the needs, expectations and potential issues of stakeholders will make implementation easier. Stakeholders are specific people or groups that have an interest in the outcome of your data reporting initiative. Conducting a stakeholder assessment will help you gather information and facilitate communication with key internal and external players. Because data reporting affects multiple organizations across the enterprise, as well as your entire residential population, it is well worth the time spent to critically assess your stakeholders' needs and ways to satisfy them. Your communication plan will then identify how to engage each stakeholder. Do not underestimate the value that project team members and support resources can provide in communicating with internal stakeholders. They can act as champions to carry important information back to their organizations throughout the project.

The following matrix outlines potential internal and external data reporting stakeholders and their possible vested interest in the project. It is important for you to conduct your own stakeholder assessment rather than relying solely on this example, which may not be an exhaustive representation of your company's stakeholder environment.

Chapter 7: Stakeholder communication

Internal stakeholders	
Stakeholder	Stake/Interest
Senior executives	<ul style="list-style-type: none"> • What are the bottom-line costs and benefits associated with reporting? • How does Experian's organization balance the need to reduce uncollectible expense while being fair and equitable to Experian's customer base? • How will full-file data reporting be received by the PUC and consumers? • Are all appropriate players involved in the implementation to ensure Experian's organization and its shareholders are protected?
Legal/Compliance departments	<ul style="list-style-type: none"> • Are we compliant with all laws and regulations? • To what potential liabilities does this project expose Experian's organization? What are the financial implications? • How can we ensure that we are not discriminating against any of Experian's customer base?
Financial/Credit and collection organizations	<ul style="list-style-type: none"> • How can we reduce arrears and uncollectible expense while keeping operating expenses in check? • What additional costs can be reduced?
Regulatory affairs	<ul style="list-style-type: none"> • How will the PUC perceive this project? • Do Experian's billing practice rules support the use of data reporting as a tool for collecting arrears and bad debt? • How will implementing this project affect the other key initiatives Experian's organization is concerned with — rate cases, customer choice regulations?
Government relations	<ul style="list-style-type: none"> • How will elected officials and special-interest groups perceive this effort? • How do we ensure Experian's community officials that data reporting is fair and equitable for all consumers?
Media relations	<ul style="list-style-type: none"> • How do we position data reporting, and do we proactively or reactively communicate to the media and Experian's customer base?
Customer service organization	<ul style="list-style-type: none"> • What will be the impact on customer satisfaction? • What ways can full-file data reporting be communicated to build awareness?
Customer service representatives/ Collection representatives	<ul style="list-style-type: none"> • What is data reporting and how will it impact my job? • How do I handle potential consumer disputes? • Are we accurately reporting Experian's consumer accounts?
Escalated complaint group	<ul style="list-style-type: none"> • Are we reporting consumers accurately? • How do we handle an escalated complaint to the PUC? • How do we quickly correct potential errors?
Field/Theft teams	<ul style="list-style-type: none"> • Will data reporting impact my organization in any way?

Chapter 7: Stakeholder communication

External stakeholders	
Stakeholder	Stake/Interest
Residential customers	<ul style="list-style-type: none"> • Why are you reporting credit information when you have never done this before? • Will adding a utility tradeline significantly affect my credit score? • What if I don't agree with the information on the tradeline? • What if I can't pay my whole bill? • How will this impact my ability to get a mortgage or other loans?
Commercial customers	<ul style="list-style-type: none"> • Are you data reporting commercial accounts? • Will my residential utility tradeline affect my business and my ability to get credit?
Public Utilities Commission (PUC)	<ul style="list-style-type: none"> • Are you in compliance with all billing practice rules? • Are all residential customers being treated equitably? • Are you in compliance with all federal, state and local regulations? • Is the utility escalated complaint volume going to increase significantly? • Did you consider the impacts on the consumer in your implementation decisions?
Key government and political groups	<ul style="list-style-type: none"> • Are you in compliance with all federal, state and local regulations? • Will this effort cause a backlash with constituents? • How will this effort impact low-income constituents? • Are any constituents being discriminated against?
Consumer advocacy groups	<ul style="list-style-type: none"> • How does data reporting affect consumers? • Are any constituents being discriminated against?
Lending institutions (mortgage companies, credit unions, banks)	<ul style="list-style-type: none"> • How do we interpret a utility tradeline?
Vendors/Outside collection agencies	<ul style="list-style-type: none"> • Who will report closed accounts going forward — the utility or the collection agency? • What is the process for handling disputes?
Media outlets	<ul style="list-style-type: none"> • How does data reporting affect consumers?

Communication plan components

Once the stakeholder assessment is complete, strategies and tactics for addressing issues and interests can be developed. Be sure to involve an expert from your communications department in the communication planning process and consider both internal and external communications in your plan.

Managing internal channels of communications can dramatically increase your chances of success. Consider upward, downward and lateral internal communications in your plan. Upward communications to senior executives should highlight issues, risks and progress to strengthen

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buy-in from the top. Well-suited communication vehicles are e-mail and face-to face meetings. Downward communications provide direction to your project team and keep the project focused on meeting key deliverable dates. Project plans and project update meetings are ideal for this purpose. Lateral communications to vendors and functional managers involve negotiations for appropriate resources, budgets and time allocations. These are best done face-to-face or by conference call. Additional lateral communications to employees through vehicles such as internal news releases are a convenient means of providing general project updates to the broader customer service organization. Remember that frequent communications keep internal stakeholders well-informed.

Target audiences for external communications can be defined by prioritizing stakeholder interests. Goals and objectives for communicating with external audiences should focus on mitigating potential negative stakeholder interests and should clearly state the desired outcome. The plan also should identify key messages, activities and selected communication channels. External communication channels should be chosen based on credibility and visibility with each stakeholder group. While face-to-face communications will be crucial for communicating with your PUC, bill and phone messaging campaigns, Web site content and collection letters are ideal low-cost communication vehicles for the mass residential audience. A budget also should be set aside for an annual printed bill insert for your entire residential customer base.

Once the key messages and channels are determined, the final steps in the communication planning process are to define specific tactics, their associated costs and a timeline for implementation. Be sure to clearly define and document the communication plan, as it then can be used as a tangible vehicle to gain stakeholder buy-in.

Illustrative communication timeline

The timeline below details a suggested set of tactics for your communications planning effort. These tactics, sequenced by the month (prior to live reporting) in which the activity should commence, also can be categorized into two types — stakeholder education or customer communications — each of which will be outlined in greater detail following the timeline. Although this is a comprehensive list of tactics, it should be modified to reflect the communication needs of your utility's stakeholders.

Timing (prior to live reporting)	Communication tactic
Seven months prior	<ul style="list-style-type: none">• Enlist a senior executive data reporting champion• Commission the overall project team and inform key internal stakeholders of project initiation, objectives and aggressive timeline
Six months prior	<ul style="list-style-type: none">• Complete stakeholder assessment and develop communication plan• Communicate intent to full-file credit report to PUC
Five months prior	<ul style="list-style-type: none">• Publish data reporting content on company Web site (prereporting messages)• Issue internal news release to customer representatives and all other customer-contact personnel stating intent to credit report• Communicate intent to full-file credit report to outside collection agencies
Four months prior	<ul style="list-style-type: none">• Begin four-month bill messaging campaign to residential customers announcing intent to full-file credit report

Timing (prior to live reporting)	Communication tactic
Three months prior	<ul style="list-style-type: none"> • Publish data reporting announcement in monthly bill insert
Two months prior	<ul style="list-style-type: none"> • Allow outside collection agencies to communicate intent to full-file credit report to consumers • Initiate outbound calling campaign (integrated voice response) to at-risk customers • Send letters to area mortgage lenders educating them on utility data reporting process
One month prior	<ul style="list-style-type: none"> • Present detailed data reporting information to legal department, enterprise compliance office and regulatory organization • Present high-level data reporting overview to senior executives and key internal customer-contact personnel • Present data reporting overview to PUC • Issue internal news release to customer representatives and all other customer-contact personnel to announce live data reporting date • Publish bill insert dedicated solely to data reporting
Ongoing postlive reporting	<ul style="list-style-type: none"> • Publish detailed data reporting information on company Web site (live-reporting messages) • Prepare to respond to potential media attention, public criticism or protest • Include full-file data reporting message on all outgoing customer collection letters • Publish dedicated annual data reporting bill insert • Issue data reporting bill message on each new residential account

Stakeholder education

Stakeholder education tactics are designed to inform key internal and external stakeholders who can directly influence the outcome of your project. The following describes each stakeholder and related tactics in the previous example in greater detail.

Senior executives

To ensure that senior executives are comfortable with the data reporting goals, objectives and approach to the project, three tactics are critical:

- Enlist a senior executive champion at the onset of the project to help communicate the benefits and details of the project
- Present a high-level data reporting overview to all senior executives shortly before live reporting to explain the benefits of the project, key programming decisions and project highlights
- Prepare to address senior executive concerns, as they may arise throughout the implementation and after live reporting begins

Chapter 7: Stakeholder communication

Key internal organizations

Key internal organizations identified in the stakeholder assessment include legal, compliance, finance, regulatory, communications and government relations. It is important for these groups to understand the project from two perspectives:

- As a provider of critical resources in the project implementation
- As oversight organizations and liaisons to key external stakeholders

For these reasons, the above plan calls for informing these stakeholders early on of their role and obligations to the project. Personnel involved in the project implementation as support resources also should communicate regularly with their home organizations. In addition, just prior to live reporting, the plan calls for providing these key organizations with a detailed project overview.

Customer service organization/Customer-contact personnel

Key customer-contact personnel are the single most important internal stakeholder group involved in ensuring a successful data reporting implementation. Any employee who has the potential to directly interact with residential customers must have a thorough understanding of data reporting processes and procedures. All affected employees must be able to consistently and correctly answer customer questions both before and after live reporting begins.

Communication tactics for this group include internal news releases for updates on project status. More importantly, training modules must be designed to provide standard work instructions for fielding incoming questions and resolving consumer disputes. Training will be covered in greater detail in Chapter 8.

Public Utilities Commission (PUC)

Most PUCs do not directly regulate the data reporting process, instead relying on the FTC to administer rules and regulations related to data reporting. Check with your legal or regulatory group to ensure an understanding of your state's position. Whether or not your billing practice rules mention data reporting, it is important that your PUC is comfortable with the decisions you have made regarding data reporting and the way in which your dispute process is managed.

The above plan details two tactics for communicating with the PUC:

- Inform the commission of your intent to full-file credit report as you begin the implementation process
- Present a data reporting overview to the PUC just before live reporting begins

This overview should at least include educational information about data reporting in general, the applicable regulations, the specific reporting decisions your company has made and the ways in which customers are impacted, and the process your company has chosen to manage disputes. In general, the more proof you can give to show how your company has implemented data reporting in a fair and equitable fashion and that a systematic dispute process is being followed, the less concerned your PUC will be with your decision to report.

Tactics may need to be modified for communicating with your state's PUC, depending on your company's relationship with the commission and its historical position on data reporting. It is best to involve your regulatory or escalated consumer complaint group in the decision on how and when to communicate your data reporting decisions to your PUC.

Outside collection agencies

The above plan calls for allowing your outside collection agencies to inform consumers of your intent to full-file credit report. Implementing this communication tactic approximately two months before live reporting may persuade consumers to self-cure their accounts and avoid any impact to their credit score.

In addition, if you choose to report your residential closed accounts in the utility's name, outside collection agencies should be notified to inform them of their obligation to promptly return all settlement information and payments to the utility to ensure accurate reporting of payments and settlements on consumer tradelines.

Lending institutions

Up-front communications with area lending institutions such as mortgage companies, credit unions and banks may serve to avert many inquiries once live reporting begins. As full-file utility data reporting is a fairly new practice around the country, many lending institutions are unfamiliar with reading and interpreting a utility tradeline. Initial education on the timing and process of utility data reporting, and its potential impact on a consumer's credit score, will help prevent phone calls to your dispute team down the road.

The above plan recommends that a letter be sent two months prior to live reporting to educate area institutions of your plans and processes. Experian will provide you with a list of lenders in your service area(s). In addition, your Experian account executive can work with you to formulate the appropriate materials for communicating with this stakeholder group.

Other external stakeholders

The above plan addresses the remaining stakeholders in a reactive mode. Key message talking points should be developed and shared with the internal media relations team in the event that government/political groups, consumer advocacy groups or media outlets have questions or concerns. Your project team should discuss and determine the best approach for working with these stakeholder groups. Depending on the particular environment in your service territory, a more proactive approach may be advisable.

Consumer communication

The goal of data reporting is to reduce late and defaulted payments and ultimately lower arrears and uncollectible debt. The communication strategy is the vehicle to achieve this goal by providing consumers with the information, education and means to improve their delinquencies prior to any negative impact to their credit. Consumer communication tactics serve not only to inform consumers of the impending data reporting implementation, but also to change their payment behavior.

The following describes the consumer communication tactics in greater detail. Although they are stakeholders, consumers have been called out by themselves in this chapter due to the importance of adequate communication with them. When communicating with consumers prior to live reporting commencing, great care should be taken to accurately communicate the date on which live reporting will begin. If there is a chance that your implementation date could change, it is best to provide a date range rather than a specific date.

Company Web site

Your company's Web site is an excellent vehicle for sharing information and intentions for residential full-file data reporting. Approximately five months prior to live reporting, the Web site can be used to introduce the concept of data reporting and the actions consumers can take to prepare for it. The Web site should link consumers to payment options that will help them cure their delinquencies. You also may wish to link to other Web sites, such as Experian's, that provide consumers with more specific information about data reporting.

Chapter 7: Stakeholder communication

Once live reporting begins, the Web site can be modified to include more detailed information on company-specific reporting and dispute processes as well as frequently asked questions and their answers.

Invoice messaging campaign

Adding a message to your invoices is a low-cost vehicle to communicate to your entire residential customer base. You may wish to let your customers know that entering into a payment arrangement or a budget billing plan may help them avoid derogatory reporting once data reporting begins. Communicating for three to four billing cycles will help to ensure your message is received and also may increase the propensity to pay.

Bill inserts

Include a paragraph regarding data reporting in a bill insert two to three months prior to live reporting. The following sample paragraph indicates the type of information that would be valuable to include:

“This fall, Company X will begin full-file data reporting to Experian for all residential customers. Full-file reporting includes reporting the payment history of all customers, whether they pay in full or leave a balance. Full-file reporting gives consumers who lack a credit history a way to establish credit by paying their monthly utility bill in full and on time. If you are experiencing difficulty paying your bill, please contact us as soon as possible to make a payment arrangement that can help you avoid an unfavorable payment history.”

At the start of live reporting and annually, you may wish to consider producing a dedicated bill insert to explain your data reporting program in detail and remind customers of the benefits of paying their utility bills on time, as well as the implications for not paying.

Phone campaign

Automated phone campaigns are another low-cost means of communicating to large numbers of customers in a short time. Using this communication channel both before and after live reporting can be a highly efficient means of motivating customers to pay their bills and avoid negative consequences.

Media campaigns

Some utilities choose to inform their customers via radio or television announcements. This can be effective when you outline the benefits of paying bills on time.

Collection letters

Once live reporting is initiated, collection letter templates should be modified to include reference to data reporting. Targeting customers through this channel allows you to reach customers in all phases of the collection cycle. The addition of a few simple sentences reminding customers that you report their payment history can improve the chances of collection success. The following sample statement can be adapted to suit your company's needs:

“Company X reports the payment histories of all residential customers to Experian. Paying your bill in full and on time may help avoid having unfavorable payment information reported to Experian.”

It also may be beneficial to modify your letters prior to live reporting with a message regarding your intent to report. Remember, providing a date range for implementation may be the best course of action.

Creating internal processes and procedures

This chapter discusses the internal processes and procedures that must be created to effectively manage the ongoing data reporting dispute resolution process. Ideally, this development process should begin prior to live reporting to ensure that your customer-contact representatives are well prepared to answer disputes as they arise. No matter how thorough your programming effort and accurate your reporting, customers will still call with inquires and lodge disputes. Although this is a necessary byproduct of data reporting, customer calls also should be viewed as an excellent collection opportunity.

As discussed in Chapter 2, the FCRA requires a review and thorough investigation of all disputed information within a specified time period. The results of the investigation then may be reported through the e-OSCAR® automated system to all CRAs originally furnished with consumer payment information.

To make it easier to process and answer disputes, you may wish to establish process flows and standard work instructions for handling regular disputes as well as exceptions such as identity theft, complex billing issues and legal/PUC complaints. These tools, along with comprehensive training, will provide the foundation for your organization to efficiently and effectively manage the dispute process. In order to develop your internal processes and procedures, however, it is essential to first develop a thorough understanding of the e-OSCAR® dispute management process.

The e-OSCAR® dispute management process

e-OSCAR® is an application for viewing, correcting and updating consumer disputes. The e-OSCAR® application is not an Experian product but is supported by the major CRAs and meets general data reporting standards. To access e-OSCAR®, visit: <http://www.e-oscar.org/>.

Dispute process and e-OSCAR®

The e-OSCAR® application provides exceptional tools for handling disputes or updating trade information per consumer if previously reported inaccurately. If a consumer chooses to dispute any information associated with the utility tradeline found in his or her credit report, Experian is required to notify you of that dispute. Each dispute, once available to you, will outline the information in question. You must respond in a timely manner, as required by the FCRA and Experian policy. Any changes or updates you make through e-OSCAR® will be automatically updated in Experian's File OneSM credit reporting database. This is to ensure full compliance with the FCRA.

Automated Credit Dispute Verification (ACDV)

ACDVs are used in conjunction with e-OSCAR® and dispute handling. They are initiated by Experian or another CRA on behalf of a consumer. These are then routed to you, the data furnisher or data reporter. You will return the verified disputed tradeline with updated information relating to the consumer's payment history. If the account is modified or deleted, copies are sent to each CRA in which the data furnisher is reporting.

Automated Universal Dataform (AUD)

AUDs are used in conjunction with e-OSCAR® and dispute handling. These are initiated by the data furnisher, namely your utility, to process out-of-cycle credit history updates. e-OSCAR® is used to create an AUD, which is essentially a copy of the update or change. This AUD then is routed to the appropriate CRA. This process is intended to provide the CRA with a correction to the consumer's file that must be managed outside of the regular activity reporting cycle process.

Chapter 8: Creating internal processes and procedures

Time requirements for handling disputes

According to the FCRA, which is described in more detail in Chapter 2, data furnishers must respond to consumer disputes within 30 days of the initial dispute. If no action is taken during this time frame, the information must be modified as requested by the consumer or deleted. Therefore, it is highly important to respond and take action on disputes in a timely manner.

e-OSCAR® ease of use

As described above, e-OSCAR® is a Web-based application for managing disputes. It is both user-friendly and compliant. The dispute codes used in conjunction with this application comply with the Metro 2 guidelines and the data previously reported. If you have concerns or questions, e-OSCAR® provides support for its clients through a toll-free user support number. The number for the e-OSCAR® Help Desk is 1 866 696 7227.

Connectivity and security

e-OSCAR® is a Web-based application and can be accessed through any Internet connection. Transactions are auditable and secure. Data is secured through a 128-bit Secure Socket Layer (SSL) encryption and a password login is required. You can control your internal security through setting unique passwords.

Creating a dispute resolution strategy

It is important to develop an overall strategy to manage the ongoing dispute resolution process. As part of this strategy, you should consider your potential dispute rate, the number of resources you will need, the available consumer inquiry channels, and the processes and procedures you will establish.

Estimating your dispute rate

Experian can assist you in estimating the number of disputes your company may expect based on industry, national and regional data. Some companies have shared that the disputes decreased after the first several months of full-file data reporting, since consumers must initially adjust to seeing a utility tradeline on their credit report. In those first few months, you may expect to receive many general reporting questions as well as calls from lenders that serve consumers in your region. In addition, Experian will provide you with a list of lenders in your region so that you may notify them prior to reporting. Altogether, a well-designed communication strategy (see Chapter 7) can help estimate and control the number of disputes by educating and informing consumers and lenders well in advance of live reporting.

Allocating resources

Thoughtful deliberation should be given to the skill set, number of resources required and ownership of the dispute resolution process. Based on your anticipated initial and steady-state dispute rates, and the length of time estimated for answering a dispute, it should be fairly straightforward to calculate the initial number of resources required. These resources should be high-performing individuals with extensive customer service and collection knowledge. Experience in other utilities indicates that a dedicated full-time team is best suited to ensure appropriate focus for handling disputes within the required time constraints.

Identifying inquiry channels

Prior to developing dispute resolution procedures, it is important to understand and consider all possible channels for incoming disputes. In addition to the formal e-OSCAR® dispute channel, there are several other entry points for customer inquiries or complaints. Proper identification of these points will aid in establishing a comprehensive dispute resolution process.

Data reporting dispute team

Prior to lodging a dispute with Experian, many consumers call the data furnisher directly to inquire about data reporting concerns. This number should be tied directly to the dedicated data reporting dispute team, and this team must be prepared to respond to customer inquiries and proactively make corrections to tradelines (through the e-OSCAR[®] AUD process) as necessary. Managing the process in this fashion can significantly reduce the number of formal disputes lodged through the e-OSCAR[®] ACDV process.

Note that the FTC and federal banking agencies have published a proposed rule with respect to a consumer's ability to dispute information directly with a data furnisher. You will want to be ready to implement any particular requirements when this rule becomes final.

Call center

Historically, the primary channel for all billing questions and consumer concerns is the utility call center or toll-free customer service number. Consumers may call this number even if the utility has established a separate toll-free number for data reporting concerns. Call center representatives must be able to respond to basic data reporting questions and direct potential disputes to the designated dispute resolution team.

Escalated complaint team/PUC

If your utility already has a dedicated team to answer escalated consumer or PUC complaints, this team may sometimes be the entry point for data reporting concerns. Customers may take their concerns directly to company management or the PUC rather than following the established CRA channels for data reporting disputes. It is critical that both the escalated complaint team and the PUC understand the formal flow of data reporting disputes to guide consumers to the appropriate process. See Chapter 7 for more information about the benefits of educating the PUC regarding your data reporting intentions.

Legal

The utility legal department can sometimes be another entry point for data reporting complaints in the form of a lawsuit. Rather than following the formal data reporting dispute process, customers may jump directly to the legal system for remediation. A properly informed legal team is better equipped to successfully defend against these complaints.

E-mail

In addition to phone inquiries, if your utility has established e-mail accounts for handling customer inquiries, be prepared to funnel any data reporting e-mail inquiries to the dispute resolution team in a timely manner. You also may wish to establish a separate data reporting e-mail account for customers to easily contact the dispute team. If you do, it is critical that this account be monitored regularly.

Letters — With phone and e-mail capabilities, the percentage of inquiries arriving through the U.S. mail service may not be large. Nonetheless, a mechanism should be developed to route data reporting letters to the dispute resolution team for prompt response.

Chapter 8: Creating internal processes and procedures

Developing procedures

The development of dispute resolution processes and procedures and standard work instructions is a critical step to ensuring compliance with the FCRA. It is important to document standards for managing disputes and procedures for ensuring that all consumers are treated fairly and consistently. Your documented standards should include, but are not limited to, the following:

- Information on the legal responsibilities for handling disputes
- e-OSCAR® access and requirements
- Internal roles and responsibilities that correlate to your internal standards and procedures for handling customer inquiries and disputes

Training

In addition to developing a documented standard for handling customer inquiries and disputes, we also recommend that the individuals handling these disputes have proper training prior to implementing data reporting. There are three basic types of data reporting training that must be completed to effectively respond to customer inquiries and disputes:

- e-OSCAR® online training for the data reporting dispute resolution team
- Internal process and procedure training for all customer-contact employees

You may wish to provide refresher training on your customer billing system for the data reporting dispute team if significant time has elapsed since their last training. The ability to quickly access and interpret billing system data is essential to the dispute resolution process.

e-OSCAR® training

e-OSCAR® is the application for viewing, correcting and updating consumer disputes. The e-OSCAR® application is not an Experian application but is supported by the major data reporting agencies and is designed to meet compliance standards. After receiving subcodes from Experian's Membership Services, you should be able to contact e-OSCAR® and set up the application for your use with data reporting.

There is a tutorial available within the e-OSCAR® application. Web conferences also are available at no cost. These will provide training on e-OSCAR® and are recommended for e-OSCAR® users. The trainings are led by an e-OSCAR® instructor via telephone and the Internet.

The Web conferences provide three two-hour training sessions designed to educate you on the basics on access and proper use of e-OSCAR®. We recommend that all three training sessions be completed prior to reporting and that the sessions be completed in the following order, per e-OSCAR®:

1. System administrator functions — This session addresses the responsibilities of a system administrator in e-OSCAR®, including but not limited to setting up users, resetting passwords, terminating sessions and adding subscriber codes.
2. Disputes (ACDVs) and updates (AUDs) — This session addresses how your company locates and responds to a dispute (ACDV) in e-OSCAR®. Additionally, the session addresses the process for creating a request (AUD) to update or delete a previously reported account via e-OSCAR®.

Chapter 8: Creating internal processes and procedures

3. Reports and notifications — This session familiarizes the user with select reports that are available to data furnishers in e-OSCAR® and instructs the user in the procedures for viewing block notifications and dispute response (DR) notifications.

To view the schedule of these e-OSCAR® Web conference sessions and register for a session, visit <http://eoscar.on.raindance.com>. These sessions are complimentary.

If you prefer to host an in-house workshop or customized training, this is available at an additional charge. Please contact an e-OSCAR® representative at eoscartraining@newmgtservices.com.

For the most up-to-date information on e-OSCAR® training, please visit: <http://www.e-oscar.org/traininginfo.htm>. Additional e-OSCAR® questions may be sent to eoscartraining@newmgtservices.com.

Internal process and procedure training

When reporting, your employees must be aware of and educated on your internal processes and procedures for handling disputes prior to reporting. Since there are time constraints on responding to disputes, it is highly important to begin this training early.

Measuring and monitoring performance

The final step in creating internal data reporting processes and procedures is the development of tools for measuring and monitoring performance. Consider both day-to-day management tools for monitoring and ensuring an effective dispute resolution process as well as the longer-term measures of overall data reporting success.

Dispute management

Measuring and monitoring disputes ensures a cost-effective ongoing process and provides an early indicator of potential programming enhancements. A variety of tools should be considered for a well-rounded monitoring system.

e-OSCAR® reports

The e-OSCAR® automated system allows your e-OSCAR® system administrator or compliance officer to create a variety of monitoring reports. Reports can be used for managing your associates for quality and productivity for process tracking and for alerts when responses exceed an allotted time frame. More information on the types of reports and their uses can be found by logging on to e-OSCAR® and selecting the **Training Tutorial** function. In addition, the e-OSCAR® **Web Conferencing Training for Reports and Notifications** may be found at the following link: <http://www.e-oscar.org/traininginfo.htm>.

Other monitoring mechanisms

You also may wish to augment the standard e-OSCAR® reports with internal utility performance data to ensure a comprehensive monitoring process. Incoming call volumes to the data reporting dispute team should be tracked regularly, including any dropped calls. Individual representative and team processing time also should be considered to monitor the average length of time it takes to respond to a dispute. It is also important to track the number of data reporting disputes lodged with the PUC and the outcome of each dispute. Likewise, it is important to monitor any legal action brought against your company as a result of data reporting. Finally, you may wish to track trend data on the types of disputes being lodged to aid in determining future enhancements to your data reporting computer program.

Chapter 8: Creating internal processes and procedures

Long-term measures of data reporting success

While there are a number of measures to indicate a utility's overall financial position, it is difficult to isolate the impact of full-file data reporting due to the many different drivers at play at any given time. The economy, seasonality, weather, other collection projects and PUC mandates — to name a few — all may impact a company's uncollectible position. Notwithstanding, it is important to develop processes to measure indicators such as the following:

- Year-over-year improvement in Days Sales Outstanding
- Year-over-year reduction in total accounts in arrears
- Percentage change in arrears by buckets (30, 60, 90, 120+)
- Average number of collection calls
- Average number of field visits
- Average number of service cuts
- Average number of customers who join automatic payment plans

These types of measures, along with knowledge of timing of other key drivers, can help determine the importance of determining the benefits of full-file reporting.

Frequently asked questions (FAQ)

Data reporting

1. What is data reporting, and how much does it cost?

Data reporting is defined in greater detail in Chapter 1. It is simply sending consumer payment information to a CRA to help improve your collection efforts and benefit those consumers who continue to pay you on time. Experian does not charge you to report. For more information on resources and funding requirements, please see Chapter 4.

2. Does data reporting hurt consumers?

The accounts that you currently send to collections or write off are usually already being reported to a CRA as derogatory or delinquent. The majority of your other customers who do pay on time should actually benefit positively from data reporting.

3. How will reporting affect Experian's customers' credit scores?

Based on research by the Political and Economic Research Council (PERC), many consumers will not see any significant change in their score band or score range. One of the PERC studies states that the inclusion of the utility data had little or no effect on about 69 percent of the sample, resulting in no change or changes of less than 10 points.³

4. How many of my customers will have credit for the first time?

This number will vary depending on each utility's customer base. As part of Experian's service prior to reporting, Experian can perform an analysis of your customer portfolio, which will include this information.

5. What are others in the industry doing?

Data reporting has a growing interest among utilities. Several utilities have practiced full-file data reporting for years, while for many this is still a new concept. Experian currently is working with many large utilities in their efforts to begin reporting. It is a proven method of collections that can be mutually beneficial for your company and your customer base.

6. How often do we need to report?

Utilities report monthly to Experian.

Data types and transmission

1. What method do we use to send Experian data files, and is it secure?

Experian accepts only data sent through a secure electronic method. Secure Transport Service (STS) is one medium that provides a secure File Transfer Protocol (FTP) file transfer mechanism to facilitate the exchange of data transmissions between you and Experian. Please consult with your Experian sales contact or data specialist on STS or other options if you do not have this in place.

2. What are Experian's system requirements?

STS is compatible with the standard Internet-based protocols: SFTP (SSH) and FTPS (SSL/TLS) with Clear Command Channel. The transmission duration depends on the user's Internet connectivity speed and file size. The recommended maximum file size is 20 GB.

3. What types of data will Experian need from us?

Experian needs information on your company as well as consumer identification information. In addition, you will need to prepare the consumer account information and status. Refer to Chapter 6 for more information.

³ The Political and Economic Research Council and The Brookings Institution Urban Markets Initiative, *Give Credit Where Credit is Due: Increasing Access to Affordable Mainstream Credit Using Alternative Data Sources* (Chapel Hill, NC: 2006) p. 19, <http://www.infopolicy.org/pdf/alt-data.pdf>

Frequently asked questions (FAQ)

4. **What format is required in data reporting?**

Experian requires data to be reported in the Metro 2 format. This is the standard within the data reporting industry. If you are unable to convert your customer portfolio and account information, please note that Experian can offer assistance in the conversion. Refer to Chapter 6 for more information.

Implementation

1. **What are the onboarding steps in working with Experian?**

Please refer to Chapter 1 for details regarding onboarding with Experian.

2. **Who will be working with us?**

During your decision-making process and data testing and analysis, you will be working with four groups of individuals at Experian:

- Account executive or your sales contact
- Data analysts
- Data specialists
- Membership Services

3. **How long will it take before we can start reporting?**

The time required will vary according to your available resources and needs. For most utilities, the expectation has been six months to one year. It is possible, but not recommended, to accelerate the process for data reporting. If your utility has all of the required resources and is prepared to move forward, Experian can work with you in reducing the time needed to begin reporting. One exception may be that your utility data is already in the required Metro 2 format and you are currently reporting data to another CRA. If this is the case, the time required will depend on setting up through Membership Services and testing the data prior to reporting.

4. **Who will be Experian's main contact once we begin reporting?**

After your first reported file has been successfully loaded, a data specialist will be assigned to your account. This individual will become your point of contact in dealing with data reporting and Experian.

Legal

1. **Are utilities required to report?**

Utilities are not required to report. Data reporting is a tool that may be mutually beneficial for your business and customer base.

2. **How is data reporting regulated in the areas we serve?**

Regulations may vary in the areas you serve. You should confer with your legal counsel and your local PUC for more information on data reporting in the specific regions you serve. Consumer data reporting is regulated at both the federal and state level, and utility regulation may be affected by local laws and ordinances. Experian will work with your company in formatting the information appropriately and managing the information sent to us. Chapter 2 covers many regulations of which your legal representatives should be aware but is not by any means exhaustive.

3. **What laws do we need to know about data reporting, and how are they applicable to us?**

There are several federal laws and regulations of which you should be aware. Chapter 2 covers this in greater detail. Please confirm with your legal counsel how these laws relate to your business practices and what other state or local laws you may need to abide by as well.

Communication

1. Who needs to be informed of our decision to report?

There are a variety of stakeholders that will need to be involved in the decision-making process. Chapter 7 outlines many of these stakeholders and discusses some of the communication techniques you may use. When you have made the decision to report, it is recommended that you communicate your intentions to at least the following stakeholders at least one month in advance:

- **Consumers** — It is desirable to inform consumers at least one month prior to reporting.
- **PUC** — Many utilities inform their PUC of their intentions to report and provide information on the benefits to the consumer while seeking to report within the legal counsel of the PUC. Others will work hand-in-hand to also produce a consumer communications strategy with the assistance of the PUC. Either way, it is highly important to communicate your intentions to report to the PUC.
- **Banks and lenders that operate within your service areas** — Experian will provide you with a list of banks and lenders in your service areas. These companies should be aware of your intentions to report since an additional trade may be seen on customer applications. Communicating with them early on may cut down on calls you receive from these institutions.

2. When should we notify consumers?

FACTA requires that financial institutions notify consumers of the reporting of negative information. It is recommended that you consult with legal counsel to determine if your state and local laws require consumer notification and what if any lead time is required. Best practices may dictate at least 30 days' notice to consumers that you intend to begin reporting. Experian recommends that you develop a communications strategy that will provide information to the consumers in a variety of methods. Chapter 7 discusses communication methods in greater detail.

3. What methods of communication are recommended?

Chapter 7 specifically illustrates the types of communication recommended for notifying consumers. Some of these include your company Web site, bill messaging, bill inserts, phone calls, radio or media, and collection letters. Many of these communication methods have been used by other utilities. It is always recommended that you consult with your legal counsel and public relations team prior to employing any communications method.

Dispute resolution

1. What is a dispute?

A dispute occurs when a customer calls or writes to your company or a CRA with an issue concerning information on his or her utility tradeline, which was reported by your company.

2. When does a consumer become delinquent?

Many utilities have reported to us that their best practice is to begin reporting a consumer account as past due after 60 days. This will help separate those who will continue in delinquency from those who simply forget to make a payment.

3. How many customer calls will we receive?

The number of calls will vary. You can reduce the number of initial calls by communicating early your intentions to report and informing consumers why this is necessary and what it means for them. Experian can help you determine the number of customer calls to expect. Most utilities use an automated phone system that separates those customers who have a dispute from those who are interested in what reporting is and how it affects them.

Frequently asked questions (FAQ)

4. How do we respond to questions in the lending community?

Experian will provide you with a list of lenders you can contact prior to reporting.

5. What resources should we have in place to handle disputes?

You should use e-OSCAR[®] to handle disputes and make changes to your consumer tradelines.

6. How long do we have to respond to a dispute?

Thirty days. This time frame begins when the consumer makes the initial dispute. If no response is made during this time, the dispute falls into favor of the consumer.

7. What method do we use to correct or update disputes?

e-OSCAR[®] should be used to correct and update disputes.

8. Is there training available on dispute handling for our employees?

e-OSCAR[®] training is available from e-OSCAR[®]. This is recommended for all employees who will be working with e-OSCAR[®] and managing disputes. More information on e-OSCAR[®] and the required training can be found at <http://www.e-OSCAR.org>.

Glossary

Account status — In the Metro 2 format, the account status refers to the condition of the account. Examples: Current, XX days past due. This is reported in the Metro 2 format under Field 17A of the Base Segment.

Account type — In the Metro 2 format, the account type specifically refers to the type of account your company is providing to consumers. For utilities, this is code 92 (Utility Company). This is reported in the Metro 2 format under Field 9 of the Base Segment.

ACDV — See Automated Credit Dispute Verification (ACVD).

Append — Used in Experian's context, this is the procedure for linking your customer portfolio with the consumer information found in Experian's File One credit database. Experian will append information during analysis so that you can see the benefits data reporting will have on your bottom line.

Arrears — This is a legal term for the type of debt, which is overdue after your customers miss payments. Arrears are typically calculated as the account balance increases over time until a customer makes a payment on the past-due balance in full.

AUD — See Automated Universal Dataform (AUD).

Automated Credit Dispute Verification (ACDV) — These are used in conjunction with e-OSCAR® and dispute handling. ACDVs are initiated by the CRA on behalf of a consumer and are routed to the data furnisher or data reporter for verification. The ACDV is returned by the data furnisher with updated information (if any) relating to the consumer's credit history. If the account is modified or deleted, copies are sent to each CRA.

Automated Universal Dataform (AUD) — These are used in conjunction with e-OSCAR® and dispute handling. AUDs are initiated by the data furnisher to process out-of-cycle credit history updates. The system creates an AUD and routes it to the appropriate CRA. This process provides the CRA with an opportunity to correct the consumer's file outside of the regular activity reporting cycle process.

Credit — The provision of resources, such as a loan, from a lender to a borrower.

Credit report (consumer report) — A current file on each consumer showing the consumer's creditworthiness and/or credit risk score.

Credit Reporting Agency (CRA) — A company that provides credit information on individual consumers. Experian is a CRA.

Credit score — A numeric expression based on statistical analysis of a consumer's credit history found on the credit report. It illustrates the consumer's creditworthiness or risk.

Consumer — Consumers are individuals. In this regard, your customers are consumers of your product and/or service.

Consumer account number — This number is provided by your utility to Experian. It is your customer's account number and is the primary identifier for a specific consumer's account history and account status. This is reported in the Metro 2 format under Field 7 of the Base Segment.

Consumer Report — See Credit Report (consumer report).

Data furnisher (aka data reporter) — A company providing consumer data to a CRA. In this context, utilities providing information to a CRA are considered data furnishers.

Data reporter — See Data furnisher (aka data reporter).

Date of first delinquency — This is typically the due date where a specific customer first missed payment on his or her account, making the balance past-due. If the customer pays off the balance, the account is brought to current and no date of first delinquency needs to be reported, unless the sequence happens again. It is reported in the Metro 2 format under Field 25 of the Base Segment.

Delinquency — This is the status of a customer's account if he or she has missed a payment and becomes past-due.

Derogatory account — In this context, derogatory accounts are those that are significantly past due and must be sent to collections or written or that require an extra effort for collecting the debt to be made.

Dispute — In this context, a dispute represents a difference in opinion between the consumer and the reported information. They are disputed through a CRA. Corrections and changes must be made through e-OSCAR[®] within 30 days of the dispute. We recommend that your utility has personnel available for managing disputes.

e-OSCAR[®] — The application for viewing, correcting and updating consumer disputes. The e-OSCAR[®] application is not an Experian product but is supported by the major data reporting agencies and meets compliance standards.

Equal Credit Opportunity Act (ECOA) — Federal law states that creditors (lenders) must evaluate candidates based on creditworthiness only.

Error records — During the testing and analysis of your customer data file prior to reporting, Experian may uncover errors and note them as the number of error records.

Fair and Accurate Credit Transactions Act of 2003 (FACTA) — This federal law is an amendment to the FCRA.

Fair Credit Billing Act (FCBA) — This federal law is an amendment to the Truth in Lending Act. It stipulates procedures to help consumers resolve credit billing disputes with the credit grantor promptly and fairly.

Fair Credit Reporting Act (FCRA) — This federal law regulates the collection, distribution and use of consumer credit information.

Fair Debt Collection Practices Act (FDCPA) — This federal law regulates the activities of debt collectors concerning their communications with consumers, prohibiting harassment or abuse, false or misleading representations, and unfair practices.

Gramm-Leach-Bliley Act (GLBA) — This federal law includes provisions to protect consumers' personal financial information held by financial institutions.

Inquiry — The act of a lender or business pulling a credit report on the consumer on the behalf of the consumer for a purchase or employment. CRAs are required to provide a record of inquiries to consumers as a part of a file disclosure to the consumer. Most consumer-initiated transactions (e.g., applying for a loan) result in an inquiry that is displayed to other commercial users of a credit report (a hard inquiry). Most other transactions (e.g., account review and prescreening) result in an inquiry that displays only to the consumer and commonly are referred to as a soft inquiry.

Lender — This is the company offering credit. Utilities may be considered lenders since they are providing products/services up front and expecting payment after the use of the product/service.

Metro 2 Format — The industry standard format for data reporting. It fully complies with federal regulations and requirements.

PERC — See Political and Economic Research Council (PERC).

Political and Economic Research Council (PERC) — A nonpartisan centrist policy institute devoted to research, public education and outreach on public policy matters. Experian has partnered with PERC for research on utility data and the impact on consumers.

Public Utilities Commission (PUC) — The governing body that regulates rates and services of a utility.

Secure Transport Service (STS) — Secure FTP file transfer mechanism to facilitate the exchange of data transmissions between data providers and Experian.

STS — See Secure Transport Service (STS).

Stakeholder — An individual or group that has a stake in your decision and otherwise impacts or is impacted by the decision or the decision-making process.

Thick-file consumers — Consumers with many trades on file.

Thin-file consumers — Consumers with fewer than three trades on their credit report.

Trade — See Tradeline (aka trade).

Tradeline (aka trade) — A tradeline is a particular line on a credit report. Each tradeline represents a specific loan or line of credit.

Truth in Lending Act of 1968 (TILA) — This federal law is used to promote the informed use of consumer credit disclosure requirements of terms and cost.

Unscorable consumer — Consumer with too few trades on his or her credit report to receive a credit score.

U.S. Department of the Treasury — Governing authority for laws relating to data reporting.

U.S. Federal Trade Commission — Governing authority for laws relating to data reporting.

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