

# What does the “Red Flag” Rule mean to you and FPU?



In October 2008, Fayetteville Public Utilities adopted its procedures to meet the requirements of the new “Red Flag” Rule. Since that time, some of our customers have had questions about why FPU can no longer give them information about another’s utility account - even in cases when the intent is to pay someone else’s utility bill.

We hope that you will take a few moments to read the following information about the “Red Flag” Rule and gain an understanding of why this new identity theft protection has been adopted by FPU.

**Our intention under the “Red Flag” Rule is only to protect you as our customer - *not to inconvenience you in any way.***

The “Red Flag” Rule is a new federal regulation under the Federal Trade Commission which requires all financial institutions and creditors to develop additional procedures to protect customers, employees and contractors from identity theft and data loss of sensitive information that might result in damages related to the loss or misuse of such information. The federal regulation that mandates this new identity theft policy is located at 16 C.F.R. § 681.2 *et seq.* Although FPU is not a financial institution, we do qualify under the creditor description. The Rule defines a creditor to be any entity that regularly extends, renews, or continues credit; any entity that regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who is involved in the decision to extend, renew, or continue credit. Accepting credit cards as a form of payment does not, in and of itself, make an entity a creditor. Some examples of creditors are finance companies, automobile dealers, mortgage brokers, utility companies, telecommunications companies, and non-profit and government entities that defer payment for goods or services.

Although FPU has always practiced customer confidentiality, the new regulation requires further steps to be taken to protect credit card information, tax identification numbers, payroll information, medical information, and other personal information that belongs to customers, employees and contractors whether in printed, paper form or in electronic, encrypted form. All information must now be securely protected and safeguarded from potential identity theft.

Under the Rule, financial institutions and creditors with covered accounts must have identity theft prevention programs to identify, detect, and respond to patterns, practices, or specific activities that could indicate identity theft.

Since the new federal legislation to protect consumers from identity theft and fraud went into effect, Fayetteville Public Utilities has further improved its procedures for handling customer information to ensure its safety and confidentiality. Although the “Red Flag” Rule was designed to protect sensitive consumer information, it has also caused some confusion to some as the way FPU conducts its business has changed to abide by the new law.

We’re sure that it’s difficult to understand these changes after many years of FPU employees being able to give certain information about a utility account to family members, church members or help organizations depending on the need and circumstance. For instance, if someone was having a difficult time paying their utility bill and a family or church member came to FPU to pay the bill and needed to know the amount, we could give that information in the past. To protect our customers under the new Red Flag and Identity Theft Policy, FPU will no longer be able to release any information about a customer or about a utility account, payment balance, etc. to anyone other than to that customer directly if he or she provides proper identification to receive such information.

It may seem as though the new law poses a hindrance to some of our customers, but its main purpose is to protect you from identity theft and fraud. Regrettably, the new regulation further means that FPU will no longer be able to assist local churches and assistance programs with gathering information about an FPU customer’s account in order for those entities to help customers with their utility bill payments or deposits. It will now be the responsibility of the customer to provide the necessary information to those entities in order to receive assistance with utilities.

**If you have further questions about FPU’s procedures under the “Red Flag” Rule, please contact a Customer Service Representative at (931) 433-1522.**