

## Utilities must have identity theft program in place by Nov. 1

Utilities and other creditors have until Nov. 1, 2008 to implement a written program to comply with the Federal Trade Commission's new rule on identity theft, an FTC lawyer told a public power audience in a July 14 Webinar sponsored by APPA. The rule is sometimes referred to as the "red flags identity theft rule."

The Fair and Accurate Credit Transactions Act of 2003 took effect Jan. 1, but entities covered by the rule have until November to comply with it, said Payneet Singh, an attorney with the FTC's Division of Privacy and Identity Protection. The rule requires creditors, including utilities, to establish identity theft prevention programs.

"The red flags rule will apply to all or most of you," she told the 300 people who took part in the Webinar via a conference call. "Determining if you have covered accounts is something you need to look at periodically," she said. "If you do, you must have a written policy that is updated periodically to address changing risks." The policy must be approved by your utility's governing board, and a board member must

be involved in drawing up the policy (or can delegate that responsibility), she said.

"You don't have to start from scratch," Singh said. "You can incorporate relevant existing programs" from other utilities or other creditors.

The first step is to determine whether you are a financial institution or creditor under the rule, Singh said. Utilities are likely to be creditors because they generally do not require payment for their services until the end of the month and are therefore extending credit to their customers, she said.

Financial institutions and creditors with accounts that are covered by the new rule must put in place a written identity theft prevention program to detect, prevent and mitigate ID theft in connection with any existing account, or the opening of a new account.

Utilities and other creditors are required to identify red flags such as:

- incidents of ID theft that they have experienced;
- alerts or warnings received from national consumer reporting agencies, such as a notice of an address

discrepancy:

- suspicious documents;
- suspicious personal identifying information; or
- unusual use of an account.

Appropriate responses to red flags might be to monitor accounts, to contact a customer, change passwords, close and re-open an account, to notify law enforcement authorities, or to refuse to open an account, Singh said. In some cases, the appropriate response might be no response at all.

APPA is offering a workshop in September for those who want to learn more about the rule. It will take place Sept. 13-14 in Scottsdale, Ariz., at the Doubletree Paradise Valley Resort. More information is available on the [APPA Web site](#).

"Small utilities don't need to worry that they have to have a very complex program along the lines of what a big utility like the Los Angeles Department of Water and Power would have," said Ursula Schryver, director of customer programs for APPA. "It should be tailored to each utility." ■

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