

On Line With...

Haviland Telephone Company, Inc.

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CPNI Changes

As we last reported in October 2006, "Customer Proprietary Network Information" (CPNI) is data about customers that a telecom company possesses as a direct result of having been the customer's telecom company. This is not publicly available information about the customer, such as name, phone number, or address. It might include how often a customer uses the phone, his average call time or call volume, his most-dialed phone number, or who his long distance carrier is.

Currently, the FCC permits using CPNI in situations where a customer relationship already exists. Let's say a customer is a long distance customer already. We can use detailed calling information to market to the customer a different long distance plan, even without the customer's permission under these circumstances.

The current FCC 1998 rules provide either "opt in" or "opt out" choices for the customer before the telcom company could sell the data to third parties. We use an "opt out" approach. This means that if customers wishes to limit our usage of their CPNI, they must "opt out", that is, they must exercise their option to exit the process. Customers can contact our customer service representatives at any time to do this. Haviland does not, has not, and will not sell CPNI to a third party. That's not what our CPNI process is about.

We are currently required to have procedures in place to protect CPNI, and must annually certify to the FCC that these are in place.

The FCC has issued a new order regarding CPNI that will probably change our implementation substantially.

It's Docket 96-115 at http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-07-22A1.pdf.

The changes may affect customer interaction with us, as well as our business procedures. Among the most likely changes: 1) Move from "opt-out" to "opt-in": Companies will be required to obtain customer permission before disclosing CPNI to contractors, data brokers, or even joint venture partners. 2) Carriers will be required to obtain a customer password before giving out call records, any time the customer phones or visits. 3) Carriers will be required to contact customer when an on-line account changes, a password changes or is forgotten, or the address changes.

However, the fly in the buttermilk is that there is at least one petition for reconsideration pending before the FCC, which may serve to delay final rules. This may mean that final rules are not known until just before the current deadline for implementation, Dec 8, or that the deadline and/or the rules are changed somewhat.

Originally CPNI rules were designed to prevent companies from using network data to market to individuals. A local telephone company possesses data showing which individuals make the longest calls, for example. This information could be provided to an affiliated long distance operation, which uses this data to attempt to sell these individuals special calling plans.

The major new problem that the FCC appears to be attempting to fix is "pre-texting." This is the fraudulent attempt by a company or individual to get calling detail about a customer, under that "pre-

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CPNI Changes (Cont.):

text” that they are the customer.

Apparently, some companies worked at this as a commercial enterprise, selling this information to other companies. This embarrassment is what has prompted the latest round of regulatory over-kill.

Frankly, I thought that fraud was already against the law. But now telecom companies are held liable for not preventing this kind of fraud.

Part of our implementation will be determined by the limits set by our billing system. If the billing software, which is also our only customer database, implements rules in certain ways, we have little alternative but to implement in the same way.

Some of the procedures the FCC is toying with seem to be very burdensome for us. For example, regulators are considering requiring customer passwords even for non-CPNI data. Therefore, without the customer password, the CSR can't answer any detailed question, nor any general question. Probably no implementation would be more restrictive than this, and probably nothing would protect customer information better. So, anyone who doesn't "opt-in" would be required to keep and provide a password for us to view customer detail.

But, the most recurring question we get from customers is "how much is my bill?" Will individuals who can't find their paper bills recall their passwords? This appears to be an impractical solution, especially for some folks.

The FCC has also extended these rules to phone-to-phone Voice over IP service, as well. However, other proprietary data is not yet included. For example, e-mail patterns that might be known to an e-mail provider are not covered under these rules.

To date, the FCC has not been interested in any exemption, exception, or waiver for small companies. Our CSR's know hundreds of our customers by name or face. They're related to some of them! Yet we may be required to see photo ID every time the customer asks "how much do I owe."

If you have special concerns, or would like to share input with us, please call. Stay tuned for details as they develop.

Easy, But...

These methods are not explicitly permitted by the new rules, but may pass muster.

1) Use the "member number" as the customer password. These numbers are printed on the bill, are unique to each customer account, and not publicly available. But, anyone with a copy of your bill would have access to it.

2) Certify identity once. Under this procedure, we would ask customers to provide photo ID that matches the billing name. We would document that we have viewed the ID and confirmed the identity. Again, this appears to be contrary to the FCC's rule, where every contact with customers who do not "opt-in" must have identify verified before giving the customer the requested data.

3) Everyone "opts-in." If everyone "opted-in", then no password, no identity verification, etc., would be necessary. But this again exceeds the explicitly permitted procedures, and probably stretches our credibility with customers.

Other Items:

Correction:

Last month we reported that premium residential DSL users' speed had been moved from 6 mbps to 10 mbps. In fact, it was moved to 12 mbps, doubling.

All our standard residential and home/small business \$49 DSL customers have had their speeds moved from 3Meg downstream to 6Meg downstream. Customers really interested in symmetrical services should call us. It requires different hardware, and may require re-configuring parts of our network.

Larger offices and schools can usually be served with faster speeds. Please, call us with inquiries.

Alert:

We won't send you an e-mail with an attachment. It will have a link, or the full text will be inside. That's how we format e-mail alerts for electronic billing: the e-mail includes a link to the e-bill server. If you receive an e-mail with an attachment that makes you suspicious: e-mail it to spam@postini.com. Then delete it. Go to Positini and view the attachment there, if you think the attachment may be legitimate.

Job Opening Update:

We have filled the open Haviland office CSR position. However, we continue to welcome qualified applicants for technical, customer service, accounting, sales, and marketing jobs.