

POLICY:

It shall be the policy of the Cooperative to comply with the requirements of the Federal Trade Commission, as outlined in 16 CFR Part 681.2, which states that any entity that offers a “covered account” shall establish an *Identity Theft Prevention Program*. Such program is established with a written policy and procedures.

PROGRAM:

The type of “covered account” offered by Mid-Yellowstone Electric that finds the Cooperative included under this regulation is the Utility Account. In addition to name and address information, the Social Security numbers are also requested on the membership application form.

Accounts are opened in person for the most part. A few are done by mail. Since the Cooperative is in a rural setting, the employees know many of the applicants or are able to obtain a credit reference from the previous utility. When a credit reference is unavailable, a credit check is run on the applicant and the credit risk assessed from that report. This method of opening an account serves to minimize the credit risk and would serve to lower the identify theft risk as well.

Once the account information is in the computer, the employee needs a user ID and password to access the information. The hard copy of the membership application is stored in a secure vault in file cabinets marked “Confidential.”

There has been no identity theft to date.

1. IDENTIFYING RELEVANT RED FLAGS

In considering the Utility Accounts, the following Red Flags will be relevant to the Cooperative:

- *Alerts, Notifications or Warnings from a Consumer Reporting Agency.* These may include notices of fraud alert, credit freeze, address discrepancy, significant increase in the volume of inquiries, an account closed for cause.
- *Suspicious Documents.* These may include documents that appear to have been altered or forged. Since no form of identification is required by the Cooperative at the time of membership application, there is no need to include documents of identification, such as photos.
- *Suspicious Personal Identifying Information.* This would include such information as when an address given does not match any address in the consumer credit report or the SSN provided is the same as that submitted by other persons opening an account.
- *Unusual Use of, or Suspicious Activity Related to, the Utility Account.* This may include such activity as nonpayment when there is no history of late or missed payments, mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer’s covered account, the Cooperative is notified that the customer is not receiving paper account statements.
- *Notice from Customers, Victims of Identity Theft, Law Enforcement Authorities, or Other Persons Regarding Possible Identity Theft in Connection With Utility Accounts Held by the Cooperative.* This would occur when the Cooperative is notified by a customer, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.

2. DETECTING RED FLAGS

Because Mid-Yellowstone Electric is a small cooperative in a very rural area and because the cooperative employees are familiar with many of the applicants for membership, the risk of identity theft on the utility account is regarded as very low. Detection of any attempt at identity theft would probably occur in one of two ways:

- a) When an applicant cannot furnish payment history with a former electrical provider, the Cooperative does obtain a credit report on that applicant from a credit agency. This procedure would also serve well for the purpose of detection, as the alerts or warnings are noted on the report that is generated.
- b) And because of our small membership, any suspicious documents or personal identifying information, as well as any suspicious activity regarding the account, would also be quickly noted by office personnel.

3. PREVENTING AND MITIGATING IDENTITY THEFT

Responses that the Cooperative deems appropriate to the Red Flags listed in Section I above may include the following:

- Monitoring a utility account for evidence of identity theft;
- Contacting the consumer;
- Changing usernames and passwords, or other security devices used to access a utility account;
- Reopening a utility account with a new account number;
- Not opening a new utility account;
- Closing an existing utility account;
- Not attempting to collect on a utility account or not turning over a utility account to a collection agency;
- Notifying law enforcement; or
- Determining that no response is warranted under the particular circumstances.

UPDATING THE PROGRAM: The Cooperative will review the Program annually and update periodically as needed, based on the following factors:

- The experiences of the Cooperative with identity theft;
- Changes in methods of identity theft;
- Changes in methods to detect, prevent, and mitigate identity theft;
- Changes in the types of accounts that the Cooperative offers or maintains; and
- Changes in the business arrangements of the Cooperative, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.

ADMINISTERING THE PROGRAM:

1. *Oversight of the Program:* Oversight of this program will be the responsibility of the Office Manager and shall include assigning responsibility for its implementation, preparing an annual report based on input from staff, and approving material changes to the Program as necessary to address changing identity theft risks. Staff training will be provided as necessary to effectively implement the Program.
2. *Reports:* Staff responsible for implementation should report to the Office Manager at least annually on compliance by the Cooperative with Section 681.2. The report should evaluate issues such as:
 - a. The effectiveness of the policies and procedures of the Cooperative;
 - b. Service provider arrangements;
 - c. Significant incidents involving identity theft and management's response; and
 - d. Recommendations for material changes to the Program.
3. *Oversight of Service Provider Arrangements:* Whenever the Cooperative should engage a service provider to perform an activity in connection with one or more of the utility accounts, the Cooperative will take steps to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.