

By: Turner, et al.

H.B. No. 412

Substitute the following for H.B. No. 412:

By: Cook of Colorado

C.S.H.B. No. 412

A BILL TO BE ENTITLED

AN ACT

relating to the use of credit scoring and credit history by certain telecommunications and electric service providers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 17, Utilities Code, is amended by adding Sections 17.008 and 17.009 to read as follows:

Sec. 17.008. PROTECTION OF RESIDENTIAL ELECTRIC SERVICE APPLICANTS AND CUSTOMERS. (a) In this section and in Section 17.009:

(1) "Credit history":

(A) means information regarding an individual's past history of:

(i) financial responsibility;

(ii) payment habits; or

(iii) creditworthiness; and

(B) does not include an individual's outstanding balance for retail electric or telecommunications service.

(2) "Credit score" means a score, grade, or value that is derived by a consumer reporting agency, as defined under Section 603(f) of the Fair Credit Reporting Act (15 U.S.C. Section 1681a(f)), using data from a credit history in any type of model, method, or program for the purpose of grading or ranking credit report data, whether derived electronically, from an algorithm, through a computer software application model or program, or

1 through any other analogous process.

2 (3) "Utility payment data" means a measure that is
3 derived by a consumer reporting agency, as defined under Section
4 603(f) of the Fair Credit Reporting Act (15 U.S.C. Section
5 1681a(f)), from a model specifically designed to correlate to
6 utility payment histories.

7 (b) A retail electric provider may not deny an applicant's
8 request to become a residential electric service customer on the
9 basis of the applicant's credit history or credit score, but may use
10 the applicant's utility payment data until the later of January 1,
11 2007, or the date on which the price to beat is no longer in effect
12 in the geographic area in which the customer is located.

13 (c) Notwithstanding Subsection (b), while a retail electric
14 provider is required to provide service to a geographic area as the
15 affiliated retail electric provider, the provider may not deny an
16 applicant's request to become a residential electric service
17 customer within that geographic area on the basis of the
18 applicant's credit history, credit score, or utility payment data.

19 (d) After the date described in Subsection (b), a retail
20 electric provider, including an affiliated retail electric
21 provider, may not deny an applicant's request to become a
22 residential electric service customer on the basis of the
23 applicant's credit history, credit score, or utility payment data
24 but may use the applicant's electric bill payment history.

25 (e) A retail electric provider may not use a credit score, a
26 credit history, or utility payment data as the basis for
27 determining the price for month-to-month electric service or

1 electric service that includes a fixed price commitment of 12
2 months or less:

- 3 (1) for an existing residential customer; or
4 (2) in response to an applicant's request to become a
5 residential electric service customer.

6 (f) After the date described in Subsection (b), on request
7 by a customer or former customer in this state, a retail electric
8 provider or electric utility shall timely provide to the customer
9 or former customer bill payment history information with the retail
10 electric provider or electric utility during the preceding 12-month
11 period. Bill payment history information may be obtained by the
12 customer or former customer once during each 12-month period
13 without charge. If additional copies of bill payment history
14 information are requested during a 12-month period, the electric
15 service provider may charge the customer or former customer a
16 reasonable fee for each copy.

17 (g) On request by a retail electric provider, another retail
18 electric provider or electric utility shall timely verify
19 information that purports to show a customer's service and bill
20 payment history with the retail electric provider or electric
21 utility.

22 (h) This section does not limit a retail electric provider's
23 authority to require a deposit or advance payment as a condition of
24 service.

25 (i) Notwithstanding Subsection (e), a retail electric
26 provider may provide rewards, benefits, or credits to residential
27 electric service customers on the basis of the customer's payment

1 history for retail electric service to that provider.

2 Sec. 17.009. PROTECTION OF RESIDENTIAL TELEPHONE SERVICE
3 APPLICANTS AND CUSTOMERS. (a) A provider of local exchange
4 telephone service may not deny an applicant's request to become a
5 residential customer on the basis of the applicant's credit history
6 or credit score.

7 (b) A provider of local exchange telephone service may not
8 use a credit score or credit history as the basis for determining
9 price for service:

10 (1) for an existing residential customer; or

11 (2) in response to an applicant's request to become a
12 residential customer.

13 (c) This section does not limit the authority of a provider
14 of local exchange telephone service to require a deposit, advance
15 payment, or credit limit as a condition of service.

16 SECTION 2. This Act takes effect September 1, 2005.