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October 28, 2009

NAED Adopts New Policy Regarding Customer Identification Requirements

James C. Moynihan, General Manager, announced today that the Board of Electric Commissioners at their meeting of October 28, 2009 adopted regulations that will allow NAED to adopt a new "Identity Theft Prevention Program"

The new policy was adopted because of the requirements of the Federal Trade Commission requiring entities such as NAED, to comply with the "Fair and Accurate Credit Transaction (FACT) Act of 2003. The act requires that creditors, such as NAED, adopt and identity theft prevention program. The required "identity theft prevention program" is otherwise known as "Red Flag Rules".

The new requirements take effect on November 1, 2009.

As the new policy notes, "Red Flag" is a pattern, practice, or specific activity that indicates the possible existence of Identity Theft."

The new policy includes a variety of situations or documents where identification theft might impact upon NAED accounts. Accordingly, the department must, per the federal requirements, implement new operating policies designed to ensure the verification of the identification of the person(s) opening a residential or commercial account with NAED. The policies include the following:

- 1) Requiring certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, SSN, driver's license or other identification;
- 2) Verifying the customer's identity, such as by copying and reviewing a driver's license or other identification card;
- 3) Reviewing documentation showing the existence of a business entity

James Moynihan, General Manager, noted that the new requirements will necessitate a new application form and perhaps the need for customers to provide some additional information than had been previously required. Mr. Moynihan said, "Our new policy is designed to provide further protection for our customers about their accounts and the integrity of the information that they provide to NAED. We take the implementation of our

new policy with great seriousness and pledge to work with our customers relative to any concerns that they might have." Mr. Moynihan noted that NAED customer service personnel have received training on the new policy and thanked Business Division Manager, Paula Tattrie for her efforts in developing the new policy and application form.

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