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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	CASE NO. AVU-E-23-01
OF AVISTA CORPORATION FOR THE	)	CASE NO. AVU-G-23-01
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR ELECTRIC AND	)	DIRECT TESTIMONY
NATURAL GAS SERVICE TO ELECTRI	)	OF
AND NATURAL GAS CUSTOMERS IN THE	)	NICOLE L. HYDZIK
STATE OF IDAHO	)	

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

I. INTRODUCTION

Q.   **Please state your name, business address and present position with Avista Corporation.**

A.   My name is Nicole L. Hydzik and I am employed as the Director of Energy Efficiency for Avista. My business address is 1411 East Mission Avenue, Spokane, Washington.

Q.   **Would you briefly describe your educational background and professional experience?**

A.   Yes. I graduated from Gonzaga University with Bachelor of Arts degrees in political science and history. I joined the Company in 2012 as a Regional Account Executive working with our commercial and industrial customers. In 2019 I was appointed the Manager of Business Customer Services leading the Account Executive team. In 2020 I was appointed to Manager of Energy Solutions and Efficiency, and in 2021 I was appointed as the Director of Energy Efficiency. In December 2022, my role was expanded to include oversight of Avista's products and services and customer facing technology.

Prior to joining Avista I was employed by Purcell Systems from 2000 to 2012 serving worldwide customers in the telecommunications industry. During my time at Purcell Systems, I directly interfaced with numerous Fortune 500 telecom infrastructure providers. Before joining Avista, I was the Director of Customer Operations from 2010 to 2012. I also served as the Manager of Customer Service from 2005-2010, was a Sales Account Manager from 2002 to 2005, and was an Inside Sales Representative from 2001 to 2002. From 1999 to 2000 I was employed by APIRA of Connecticut as a Program Manager.

Q.   **What is the scope of your testimony in this proceeding?**

A.   My testimony will provide an overview of customer trends and research, the

1   Company's "Customer at the Center" initiative and address the rationale for the projects that

2   we have included in this rate case over the Two-Year Rate Plan effective September 1, 2023

3   and ending August 31, 2025.

4   **Q.   Please summarize the key points of your testimony.**

5   A.   The key points of my testimony are as follows:

6   •   Customer data and research shows that customers increasingly prefer
7   self-service.

8   •   Lack of, or issues with, self-service channels result in a decrease of
9   customer satisfaction.

10   •   Avista has taken steps in alignment with the strategy of delivering
11   services to customers that meet their expectations in an efficient and
12   cost-effective manner.

13   •   Avista has implemented a pro-active Customer at the Center initiative.

14   •   Avista is investing in building a Customer Experience system to meet
15   the needs of customers.

16   •   Avista continues to invest in three Customer Technology programs to
17   deliver upon the objectives of its Customer Experience initiative. Those
18   programs are:
19   o   Customer Facing Technology Program
20   o   Customer Transactional Systems
21   o   Customer Experience Platform
22
23   **Q.   Are you sponsoring any exhibits that accompany your testimony?**

24   A.   Yes. I am sponsoring Exhibit No. 12, Schedule 1 which includes the business

25   cases for Customer Technology projects, and Schedule 2 which is a copy of the July 13, 2022

26   workshop presentation related to Customer Experience & Technology. These schedules were

27   prepared prior to me taking my new role; however, I am very familiar with their contents. A

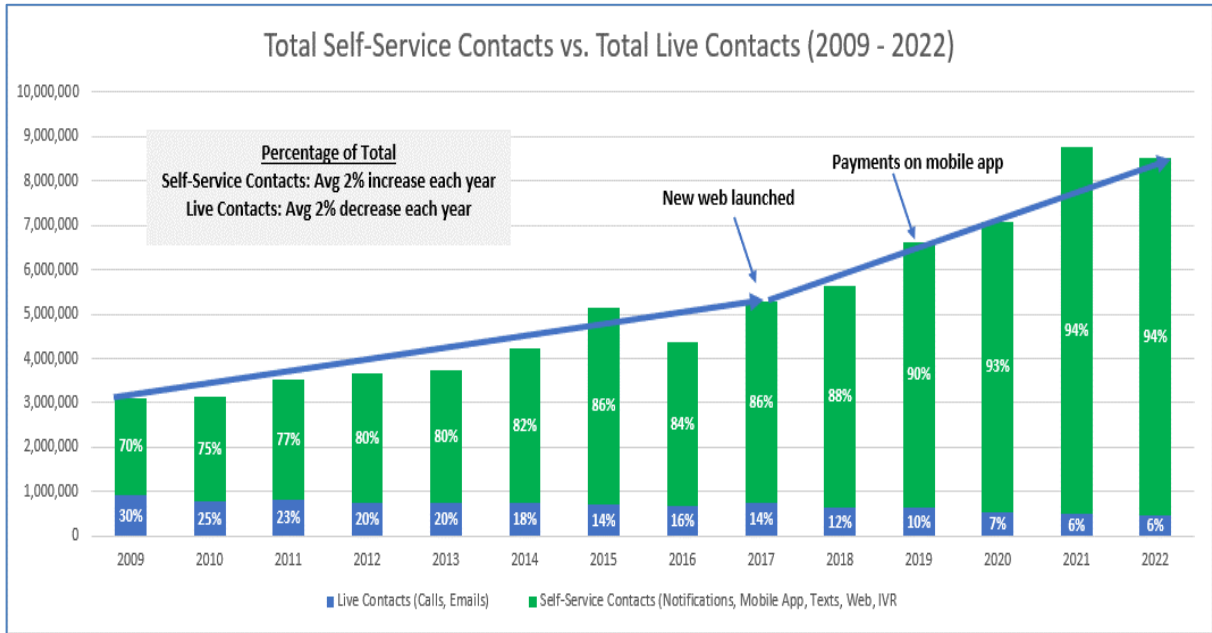28   table of contents for my testimony is as follows:

II.   CUSTOMER TRENDS AND RESEARCH SUMMARY

Q.   What trends does Avista observe related to customer preferences for interaction and receiving information related to their electric and natural gas service?

A.   Avista has been tracking customer contacts at least as far back as 2009. Since that time, we've observed a significant increase in customer self-service contacts and industry research for customer preferences aligns with that trend. A consumer survey study performed by N.I.C.E, released in 2022, showed that 81% of respondents said they preferred self-service over speaking to a representative.[1] There is no doubt that number continues to increase and Avista's customer base is no different. Trends in our data show self-service as the preferred customer approach. As shown in Figure No. 1, our self-service customer contacts have grown steadily since 2009 and as of calendar year 2022, self-service contacts account for approximately 94% of our customer interactions by volume. That equates to self-service channels, such as myavista.com, supporting approximately 8 million customer contacts in 2022, up from approximately 4.5 million just five years earlier in 2017.

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[1] https://www.nice.com/press-releases/nice-2022-digital-first-customer-experience-report-finds-81-percent-of-consumers

1   **Figure No. 1: Self-Service vs Live Contact Customer Interaction Summary**

2

Total Self-Service Contacts vs. Total Live Contacts (2009 - 2022)

Percentage of Total
Self-Service Contacts: Avg 2% increase each year
Live Contacts: Avg 2% decrease each year

New web launched

Payments on mobile app

Live Contacts (Calls, Emails)   Self-Service Contacts (Notifications, Mobile App, Texts, Web, IVR
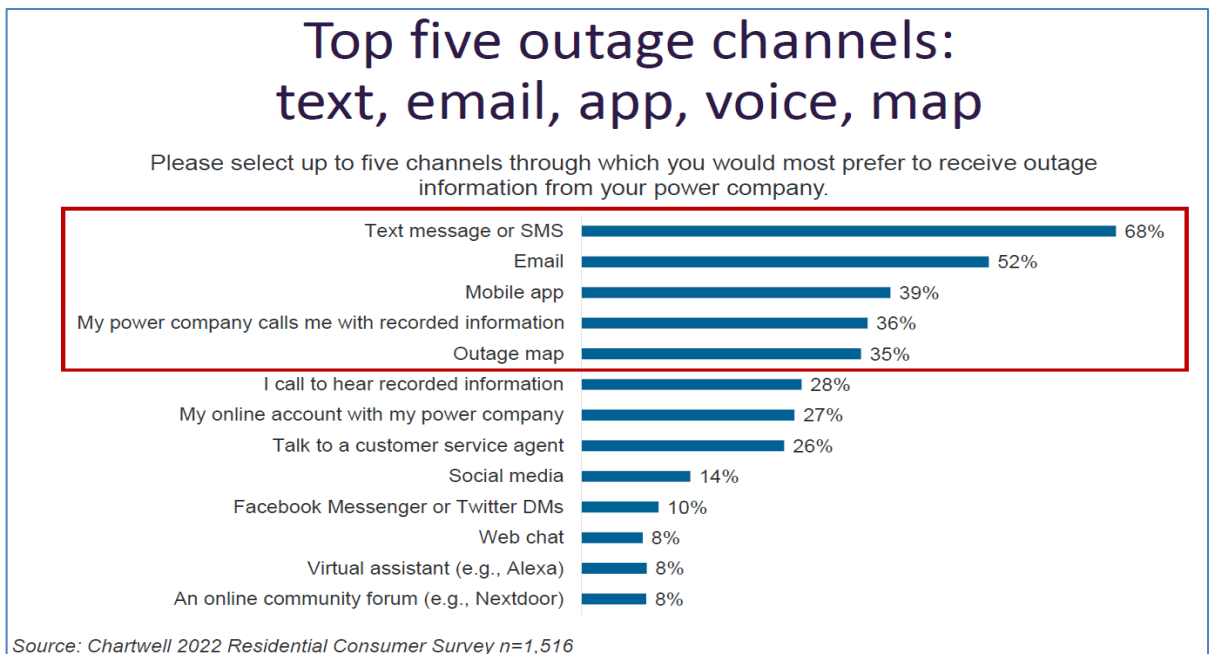
11   Looking specifically at how our customers want to report and receive information about

12   outages, one of our most urgent and during major weather events highest volume transactions,

13   the customer preference is also clear. According to a 2022 consumer survey by Chartwell, the

14   top 5 customer preferences for outage information are all digital and automated channels:

15   **Figure No. 2: Customer Preferences Related to Receiving Electric Outage Information**

16

Top five outage channels:
text, email, app, voice, map

Please select up to five channels through which you would most prefer to receive outage information from your power company.

Channel	Percent
Text message or SMS	68%
Email	52%
Mobile app	39%
My power company calls me with recorded information	36%
Outage map	35%
I call to hear recorded information	28%
My online account with my power company	27%
Talk to a customer service agent	26%
Social media	14%
Facebook Messenger or Twitter DMs	10%
Web chat	8%
Virtual assistant (e.g., Alexa)	8%
An online community forum (e.g., Nextdoor)	8%

Source: Chartwell 2022 Residential Consumer Survey n=1,516

1   Again, the data that Avista tracks related to outage reporting by channel supports the consumer

2   research executed by Chartwell. Figure No. 3 shows electric outage reporting by channel at

3   Avista during the period between March 2020 through June 2022. During that time, 69% of all

4   outages reported by the customer were performed via a digital self-service channel. This

5   demonstrates an overwhelming preference on the customer behalf to complete this transaction

6   as quickly and efficiently as possible.

7   **Figure No. 3: Customer Initiated Electric Outage Reports by Channel**

Self- Service vs. Live Contact Outage Reporting
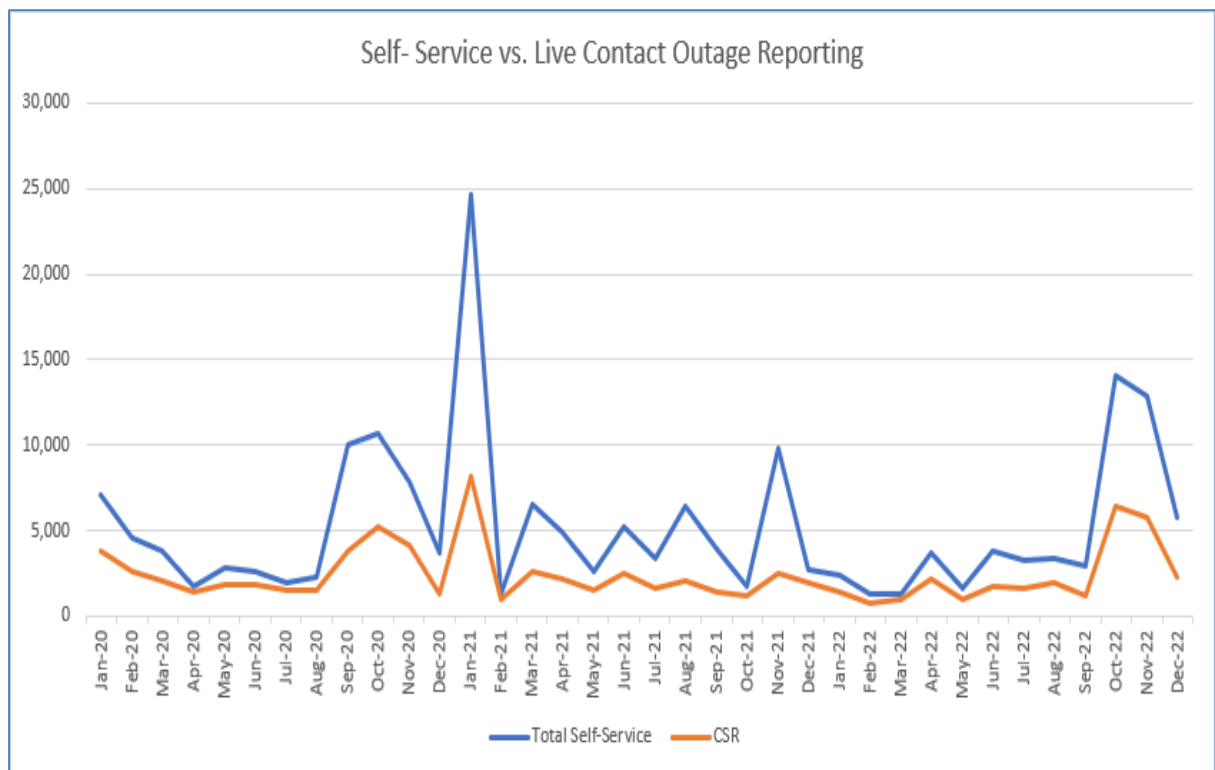
19   **Q.   What happens to customer satisfaction if the self-service channels aren't**

20   **available or if they aren't able to complete their task via a self-service channel?**

21   A.   Given customers' preference, and in many cases reliance on self-service

22   channels, our customers expect the Avista self-service channels will be available at all times

23   and to work effectively and efficiently. In demonstration of this, I will highlight one example

24   related to electric outage reporting. In January of 2021, Avista's service territory in Eastern

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1   Washington and Northern Idaho experienced a major weather event in the form of snow and

2   wind that resulted in tens of thousands of customers experiencing electric outages. Those

3   electric outages greatly increased the amount of customer use of Avista's website, mobile-app,

4   and Interactive Voice Response system (IVR). The spike in traffic to our website, as shown in

5   Figure No. 3 above, was so large that it resulted in a temporary failure of the site, resulting in a

6   measurable decrease in customer satisfaction as demonstrated in Figure No. 4 (Dec 2020
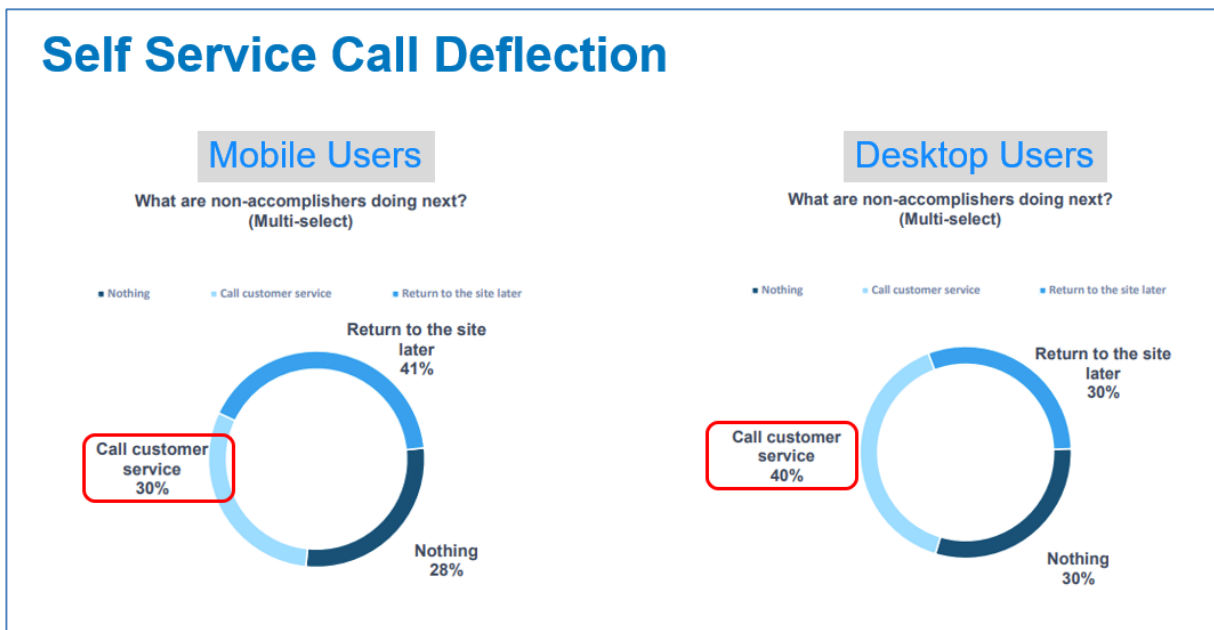
7   compared to Jan 2021).

8   **Figure No. 4: Month over Month Myavista.com User Satisfaction Score**

18   Unavailable or under-performing self-service transactions not only reduce customer

19   satisfaction, but they also drive additional calls into our call center. Continuing on the example

20   above from January 2021, when the website was temporarily unavailable, it drove a substantial

21   increase in calls to our call center with customers attempting to report their electric outage.

22   Given that our call center plans for staffing levels with an expectation that our digital channels

23   are available for customers to use, this spike of calls led to a temporary reduction in our call

24   center Grade of Service (GOS), decreasing customer satisfaction due to longer wait times.

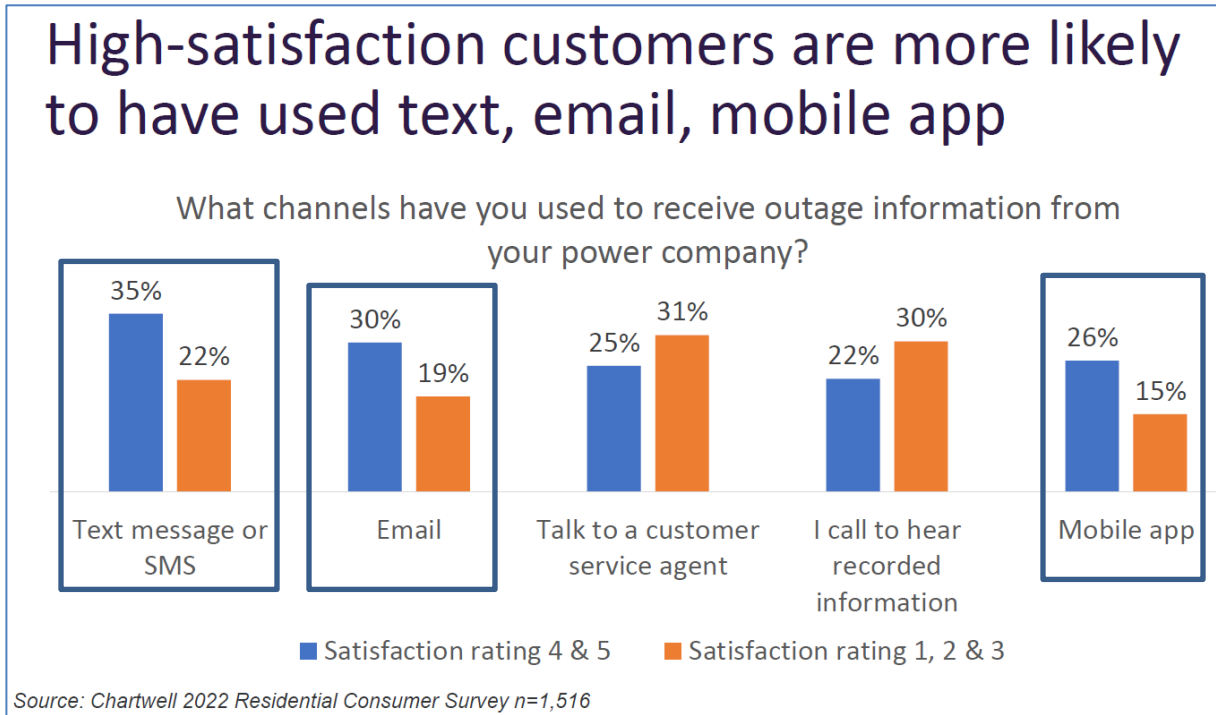Hydzik, Di   6
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1   Since 2017, Avista has been tracking monthly customer feedback on myavista.com via

2   surveys of website visitors. That survey includes a standard question related to 'What will you

3   do next if the website isn't able to meet your need?' We've consistently seen between 30% and

4   40% of website visitors say they'll call customer service if the website isn't able to meet their

5   need (Figure No. 5). Given that the cost per interaction on a digital channel such as

6   myavista.com is substantially less than that of a live contact handled by a call center rep, it

7   reinforces the need to continue to make investments in self-service channels.

8   **Figure No. 5: Myavista.com Visitor 'Next Action' Survey Results from Q1 2022**

Self Service Call Deflection

Mobile Users
What are non-accomplishers doing next?
(Multi-select)

▪ Nothing   ▪ Call customer service   ▪ Return to the site later

Return to the site later 41%
Call customer service 30%
Nothing 28%

Desktop Users
What are non-accomplishers doing next?
(Multi-select)

▪ Nothing   ▪ Call customer service   ▪ Return to the site later

Return to the site later 30%
Call customer service 40%
Nothing 30%

18 Lastly, a 2022 consumer survey executed by Chartwell as depicted in Figure No. 6,

19 demonstrates that customers who regularly use digital self-service channels are more satisfied

20 than those who rely on live contact methods such as the phone. This is due to the fact that the

21 digital self-service channels that Avista continues to invest in offer customers convenient, easy,

22 and fast access to the information they need when they need it and on the device they choose.

1 **Figure No. 6: Digital Engagement versus live Contact Customer Satisfaction**

High-satisfaction customers are more likely to have used text, email, mobile app

What channels have you used to receive outage information from your power company?

- Text message or SMS: 35% (Satisfaction rating 4 & 5), 22% (Satisfaction rating 1, 2 & 3)
- Email: 30% (Satisfaction rating 4 & 5), 19% (Satisfaction rating 1, 2 & 3)
- Talk to a customer service agent: 25% (Satisfaction rating 4 & 5), 31% (Satisfaction rating 1, 2 & 3)
- I call to hear recorded information: 22% (Satisfaction rating 4 & 5), 30% (Satisfaction rating 1, 2 & 3)
- Mobile app: 26% (Satisfaction rating 4 & 5), 15% (Satisfaction rating 1, 2 & 3)

■ Satisfaction rating 4 & 5   ■ Satisfaction rating 1, 2 & 3

Source: Chartwell 2022 Residential Consumer Survey n=1,516

12 **Q.   What trends has Avista observed related to customer use of mobile devices**

13 **to access Avista information and services?**

14   A.   As shown in Figure No. 7 below, customers are increasingly choosing to interact

15 with Avista using their mobile devices as evidenced by the fact that the percent of visits to

16 myavista.com from a mobile device exceeded desktop and tablet combined starting in 2018.

17 We fully anticipate that this trend will continue and the percent of mobile visits, currently just

18 below 55%, will continue to increase. However, we also know that desktop usage will remain

19 for customers that choose that channel; therefore, we will need to continue to maintain and

20 operate our desktop channels as we do today.

1   **Figure No. 7: Myavista.com Visits by Device Type (%)**

2

% of Visits by Device Category- Desktop/Tablet vs. Mobile (2017- 2022)
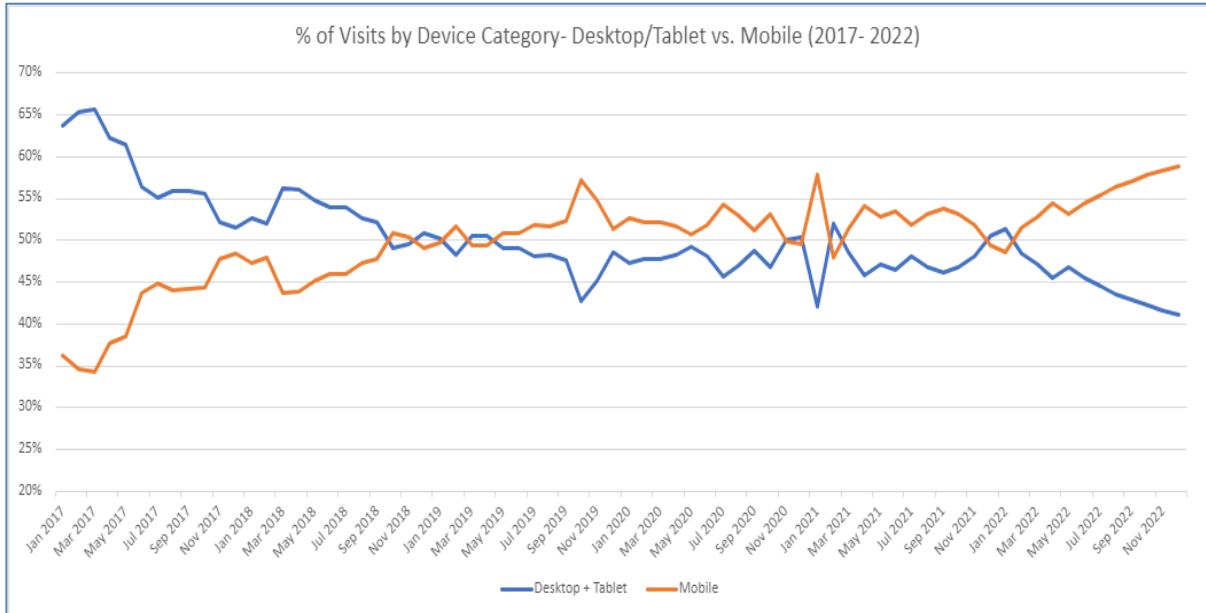
11   Another example of increased customer adoption of mobile device use is the quickly

12 increasing usage of our mobile app. Our app was initially launched in 2016 with only the ability

13 to view, report and check the status of outages. Since 2016 we have added the ability for

14 customers to view their bill, make a payment, and manage alerts. As seen in Figure No. 8 and

15 9 below, usage of the mobile app continues to grow, and we intend to continue to add services

16 to the functionality included on our mobile app. We expect that this growth trend toward mobile
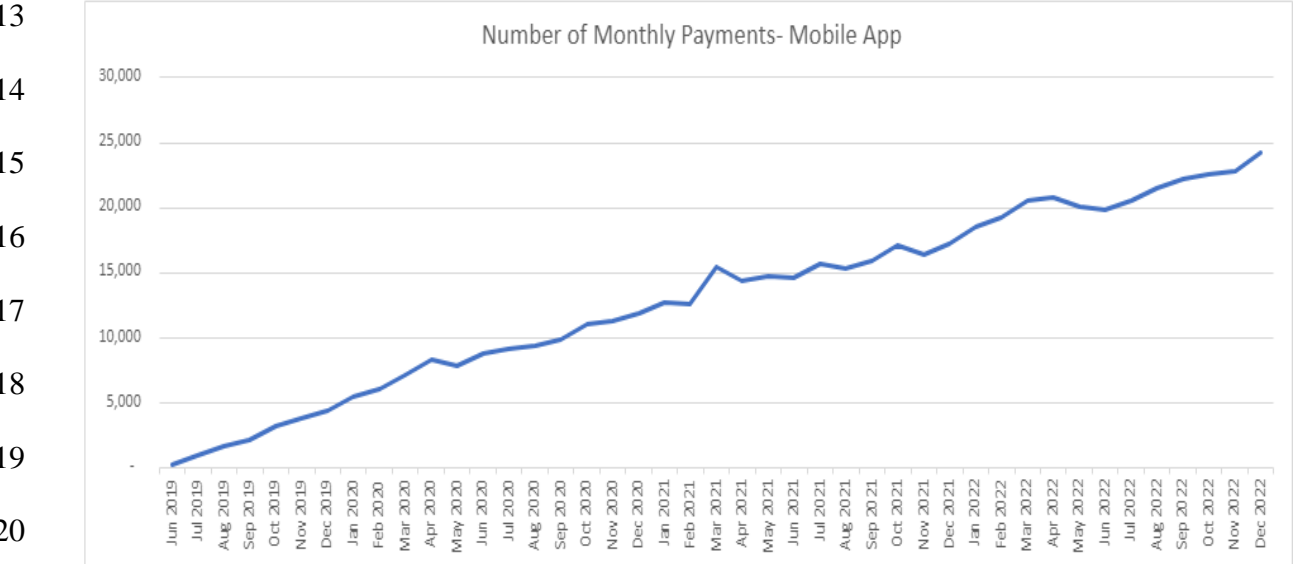
17 usage will continue or possibly even accelerate as customer preferences continue to shift toward

18 mobile use as a preferred channel.

1   **Figure No. 8: Monthly Mobile App Sessions Over Time (Count**$)$[2]

2
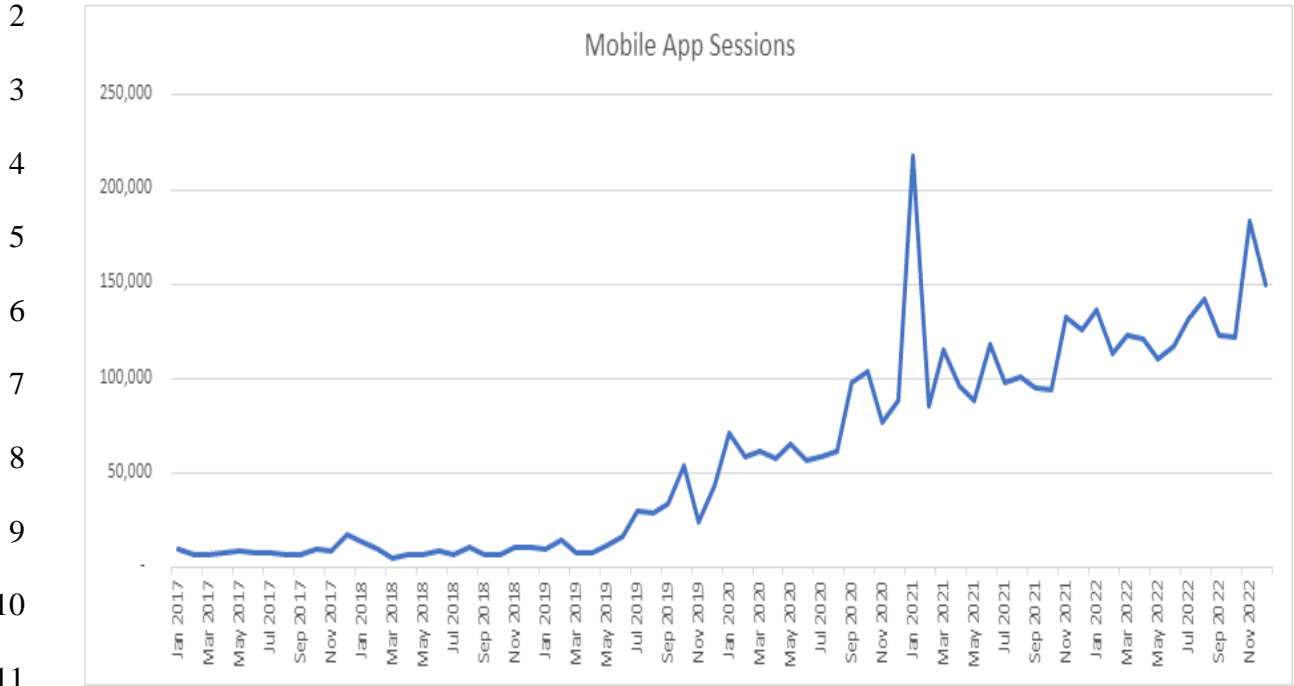
12   **Figure No. 9: Monthly Mobile App Sessions Over Time (Count)**

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[2] Note the increase in mobile app sessions in January 2021 was directly related to the significant storm discussed earlier in my testimony.

1   **Q.   What has Avista done in response to the research in customer trends?**

2   A.   Avista has taken four explicit steps in alignment with the strategy of delivering

3   services to customers that meet their expectations and doing so in an efficient and cost-effective

4   manner.

5   1. Customer at the Center Initiative: An initiative designed to build a better

6   understanding of our customer and what expectations, services and

7   experience(s) Avista should offer to meet and exceed customer needs and

8   expectations.

9   2. Customer Facing Technology Program (CFTP): A program designed to deliver

10   information and self-service transactions to our customers, typically on

11   technology-based platforms such as myavista.com.

12   3. Customer Transactional Systems (CTS): A program designed to enhance

13   maintain and deliver functionality related to core business systems such as the

14   customer information systems (CIS), metered data systems and billing system.

15   4. Customer Experience Platform (CXP): A program designed to seamlessly

16   integrate a multitude of disparate specialty applications with the intent of

17   providing a more seamless customer experience when a customer calls or

18   utilizes one of our digital channels.

19

20   **III.   CUSTOMER AT THE CENTER INITIATIVE**

21   **Q.   Would you please describe Avista's Customer at the Center Initiative.**

22   A.   Yes. We are in a time where customers' expectations of their product and service

23   providers have never been higher, and their needs and desires are changing rapidly. In order to

24   respond to and stay ahead of the needs of our customers in this changing landscape, it is

1 imperative that we shift from a reactive, customer service system to a more proactive, customer-

2 led framework where we intentionally design customer experiences and products and services

3 that can meet their changing needs and preferences. We want to make sure every touch point

4 with our customer is easy and effective for them to do business with us, with a desire to improve

5 the overall sentiment. By putting our customers at the center of our corporate strategy, we are

6 investing in building a Customer Experience (CX) system to meet the needs of our current and

7 future customers.

8 **Q.   What is CX?**

9 A.   CX is how customers perceive their interactions with an organization. A

10 customer's perception starts the moment they become aware of our Company and is ultimately

11 the sum of all interactions they have with us. There are three dimensions to CX that are

12 components of an experience that increases customer satisfaction and ultimately creates

13 customer loyalty. These dimensions are as follows:

14 Effective: Effective interactions meet the needs of the customer. The product or service
15 must deliver value to customers, or the experience will fail fundamentally. Effectiveness
16 is critical even though it is less likely to drive customer loyalty than emotion.
17
18 Ease: Easy interactions let customers achieve their goals with minimal effort. When
19 alternative paths to value are harder, ease of doing business creates competitive
20 advantage.
21
22 Emotion: The best interactions evoke positive customer emotions and avoid provoking
23 negative emotions. Positive customer emotions can lead to customer retention,
24 enrichment, advocacy, and loyalty.
25

26 A positive CX creates customer loyalty and loyal customers mean more than retention.

27 Loyal customers become advocates, they are more likely to seek our advice as energy advisors

28 and follow safety messages. Loyal customers are more likely to be aware of and participate in

29 the variety of products and services we offer such as Comfort Level Billing, energy efficiency

1 programs, or distributed energy programs, to name a few. We also believe that loyal customers

2 are beneficial for the utility in the long-term, as competitive forces take hold in our industry.

3   **Q.   What is the difference between Customer Service and CX?**

4   A.   Avista provides excellent customer service, whether customers interact with our

5 call centers or with our field personnel. Avista's recent results from its Voice-of-the-Customer

6 survey resulted in 98% satisfied customers Year-to-date through October 2022, for example.

7 Customer Service focuses on responding to customer problems and finding a solution. CX is

8 more proactive and strives to identify and eliminate customer pain points <u>before they happen</u>.

9 This adds value for the customer and can reduce overall costs to serve as well.

10   CX focuses on the customer's end-to-end journey or experience with a company and

11 brand. It is the full omni-channel experience, meaning all touchpoints the customer has, such

12 as mobile device, website, call center, pay station, in person at an office or at their home by

13 someone in the field. The customer experience covers all these touchpoints and customers judge

14 us based on perceptions, interactions, and memories of these end-to-end experiences.

15 Illustration No. 1 below provides a summary of the difference between CX and Customer

16 Service.

17 <u>**Illustration No. 1: Customer Experience vs. Customer Service**</u>

18

Customer Experience (CX)	Customer Service (CS)
How customers perceive their interactions with our organization over their entire journey.	The process of providing advice, assistance, and support to customers at a specific time for a specific problem.
o Broader than CS	o Narrower than CX
o Proactive	o Reactive
o Outside-in (customer)	o Inside-out (organization)
o Subjective (perception)	o Objective (process)
o How customers feel about us	o Focused on resolving customer problems at a point in time

1   **Q.   Why is CX important?**

2   A.   The utility industry is changing due to changes in customer expectations, digital

3   disruptions, policy and regulation changes, and renewable energy options to name a few. We

4   believe that the arrogance of success is to think what we did yesterday will be sufficient for

5   tomorrow. We have a successful past, and perform well, but because of the changes all around

6   us our past work is not sufficient to meet future customer needs. Customers no longer compare

7   us to other utilities. They compare our website to Amazon or Chewy and they compare their

8   interactions with our employees with companies like Starbucks or Dutch Bros. The standards

9   by which our customers are judging their interactions with us have increased and it is essential

10   that we are diligent in how we continue to improve our CX and the channels with which our

11   customers interact with us to meet those increasing expectations.

12   We have a window of opportunity to be proactive and build customer retention and

13   loyalty before the industry reaches a tipping point where changes are forced upon us. Waiting

14   too long to modernize to meet customer needs and expectations has proven costly to many

15   companies and famous brands that we all know. By investing in customer experience now, we

16   have an opportunity to better understand our customers' motivations and behaviors so we can

17   develop products, services, policies, and systems that meet their needs, making interactions

18   easy and effective and leaving them with positive emotions.

19   Additionally, customer complaints cost time and money, so by proactively focusing on

20   improving the customer's overall experience by making things effective, easy, and creating a

21   positive emotion, CX has the potential to reduce our cost to serve. When frustrated customers

22   contact companies, it requires resources to resolve their complaints or problems. The total cost

23   to resolve a customer complaint can vary greatly depending on the subject and complexity of

24   the complaint itself, ranging from as low as $10 per complaint if resolved quickly by a Customer

1   Service Representative (CSR) in the first interaction to several hundreds of dollars if it requires

2   the involvement of other departments, including natural gas or electric crews.

3   **Q.   Why should Avista focus on CX?**

4   A.   Due to the looming disruption[3] in the utility sector, customers may face an

5   increasing array of energy choices. Industry disruptors we see happening across our industry

6   include:

7   • Customer demand for green energy, electric vehicles, etc.
8   • Renewables
9   • Legislation and regulations
10   • Digital Transformation
11   • Municipalization – cities taking over the energy distribution ownership
12   • Changing workforce makes it harder to retain talent (e.g. Millennials and Gen Z
13   make up increasing share of employees)
14   • Community Choice Aggregation

15   Although many of these disruptors have not currently impacted Avista and our

16   customers as much as in some other areas of the country and the world, our focus on CX is

17   timely to get ahead of these changes that we will likely see in the future. Changes of this

18   magnitude often take many years and we have an opportunity to take a proactive approach to

19   preparing for industry disruption before we reach the point of reactive responses where it may

20   be too late to respond. Waiting too long to begin puts Avista and our customers at risk where

21   resources may already be depleted, competitive position already weakened, credibility and trust

22   already damaged, and energy for new or creative thinking drained. Our customers deserve for

23   us to be thoughtful and proactive to understand industry and societal trends and be ahead of the

24   curve in our response and focus.

25   **Q.   Was Avista's focus on CX (and the technology projects in support of CX)**

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[3] Disruption or reference to industry disruptors is not intended to be disparaging, rather is simply a statement of fact.

1   **an issue in Avista's prior general rate case?**

2   A.   Yes, Avista's work in this area was an area of discussion during settlement

3   discussions with the Parties of Avista's last rate case, Case No. AVU-E-21-01 and AVU-G-21-

4   01. As a part of the Settlement Stipulation approved by the Commission in the last rate case by

5   way of Order 35156, the Parties agreed to the following:[4]

6   Customer Service Metrics/Customer Facing Technologies – Avista
7   agrees to meet and confer with Commission Staff to discuss customer
8   satisfaction metrics, and how the Company's investment in
9   customer-facing technologies affect those metrics and drive customer
10   experiences.
11

12   The referenced workshop attended by members of Avista and Commission Staff was held

13   virtually on July 13, 2022. A copy of the workshop presentation related to Customer

14   Experience & Technology has been included as Exhibit No. 12, Schedule 2.

15   Q.   **What work is being done to support CX?**

16   A.   The planning for this work began in earnest in 2019. We have continued to focus

17   on CX throughout 2020, 2021 and 2022, and plan to continue our work on improving CX for

18   our customers well into the future. We have focused our work on two primary types of work:

19   *1. Defining, Building, and Maturing our CX System*

20   Examples of this include the following:

21   A. Customer Discovery – understanding our customers (and their wants and needs)

22   is imperative to ensure we are investing in the right things. Our focus has been on

23   building a system to make customer research faster, easier, and more efficient. CX

24   tools like empathy mapping, journey mapping, and others help us to better

25   understand the pain points that our customers experience when interacting with our

26   organization so that we can proactively design better processes or systems that

27   better meet our customers' expectations.

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[4] Case No. AVU-E/G-21-01, Stipulation at ¶19(f), p. 19.

1   B. Prioritization – systematizing how we prioritize the work that needs to be done

2   and ensuring that we are considering the needs of our customers, the needs of our

3   business, as well as feasibility helps us to better plan, resource, and support the

4   right projects.

5

6   C. Employee Enablement & Technology – identifying roadblocks and enabling our

7   employees to be able to better serve our customers is a key element of building an

8   effective CX system. We are focused on creating a line of site between the daily

9   work of every employee and the impact their work has on the customers. We are

10   defining and socializing a system where every employee understands how and why

11   they contribute to CX and what's expected of them. Technology is a key part of

12   employee enablement. We are working to deliver enhanced digital self-service

13   channels and other technology tools that meet the evolving needs of our customers.

14

15   D. Experience Design – we have worked to create a framework that systematizes

16   how we approach projects from a human–centered perspective. We are now using

17   that to improve our customer understanding, prioritizing the work to be done, and

18   then designing solutions to better meet the needs of our customers.

19

20   ***2. Application of the CX System***

21 We are using the elements of the system that we've created to take a critical look at

22 some of higher priority customer journeys, like Major Unplanned Outage Events,

23 Billing & Payment, and Energy Assistance. In addition, we've looked at other areas like

24 our Gas Compliance work, Vegetation Management, Small & Medium Business

25 experience, and Avista Foundation. The framework and systems that we've built help

26 us to better understand our customers' experiences with us during these journeys, taking

27 our customer discovery to define insights that help to better inform issues, areas of

28 frustration, and opportunities so that we can be sure we are solving the right problems

1   for our customers to make the largest impact.

2 Although the focus areas and examples above play a role in establishing and implementing our

3 CX strategy, the remainder of this testimony will focus on Customer Technology work.

4   **Q.**   **Please describe Avista's CX work as it relates to Customer Technology.**

5   A.   To deliver upon the objectives defined above within the CX Initiative, we have

6 organized our Customer Technology work into three programs whose work is separate yet

7 highly interdependent on each other to deliver the information our employees need and the

8 customer experiences required. These three programs build upon our previous historical

9 technology projects and as stated previously, the three Customer technology programs are the

10 following:

11   1. Customer Transactional System (CTS)
12   2. Customer Facing Technology Program (CFTP)
13   3. Customer Experience Platform (CXP)
14

15   **Q.**   **How do Avista's customer technology programs (CTS, CFTP & CXP) build**

16 **upon historical technology projects?**

17   A.   Technology complexity and sophistication constantly advances, and our

18 technology strategy must continue to mature along with industry and societal advances. We

19 continue to evaluate trends and match our strategy to industry and technology best practices

20 and customer expectations. Therefore, our technology portfolio must integrate seamlessly with

21 historical projects and build upon capabilities as we move into the future.

22   The Customer Technology work performed by Avista generally has two main purposes

23 and both are required to maintain and achieve customer expectations. The <u>first purpose</u> is to

24 sustain foundational utility capabilities such as billing, payments, field activities, meter reading

25 systems, low-income energy assistance programs, and energy efficiency programs. The <u>second</u>

1   purpose of the Customer Technology work is expanding new capabilities that our customers

2   and users need to both make their tasks easier and more efficient as well as to add new

3   functionality and services.

4   **Q.   How does technology support foundational utility capabilities?**

5   A.   In support of the first purpose, all technology systems require upgrades to keep

6   the systems up to date and supported by our software vendor partners. These upgrades ensure

7   that the users of these systems can perform their jobs in the most efficient and timely manner

8   and that our customers are able to access various tools and information to self-serve. This

9   foundational work, including software upgrades, is necessary to ensure customers data security

10   and internal users can continue to perform the required operational utility capabilities. Each

11   system upgrade also typically comes with new enhancements that need to be enabled and/or

12   configured for our users to take advantage of the system improvements. New capabilities can

13   drastically improve business processes and increase efficiencies for all users, employees, and

14   customers alike. As our industry and customers' expectations continue to evolve and expand,

15   the addition of new functionality and self-service capabilities is of increasing importance.

16   Avista completed the implementation of Oracle's Customer Care & Billing (CC&B)

17   and Meter Data Management (MDM) system in 2015. These systems provide the backbone for

18   our customer account management services. In addition, the myAvista.com website was

19   launched in 2017 with improved self-service transactions with the benefit of avoiding phone

20   calls (see Figure No. 1).

21   The initial launch of myavista.com included self-service tools that were limited in scope

22   and through continued customer feedback over the ensuing years, it has been determined that

23   the digital tools customers use require enhancements to be easier to use and new tools are also

24   needed to meet ever-changing customer expectations. This maintenance and expansion of self-

1   service tools is the work that has been included in our *Customer Facing Technology Program*.

2   When large systems are implemented and software vendors later update those systems,

3   we are required to perform upgrades in order to keep them supported and up to date. CC&B

4   has been continually maintained and enhanced to improve the experience for our CSRs and to

5   respond to regulatory and compliance requirements. The majority of this work is included in

6   the *Customer Transactional Systems Program*.

7   As customer expectations continue to evolve through their experiences with technology

8   in other industries, we recognized that new tools would be needed for our employees to provide

9   an optimal customer experience that brings together information from multiple sources.

10   Integrating a multitude of disparate specialty applications to bring customer information

11   together into one place is included in the *Customer Experience Platform*.

12   **Figure No. 10: Program Overview**

13

Customer Technology Programs Overview

Customer Transactional Systems (CTS)	Customer Experience Platform (CXP)	Customer Facing Technology Program (CFTP)
Systems used to support the day-to-day operational needs of our customers, internal users, third party partners and our regulators.	Customer Relationship Management (CRM) system to enable a more personalized customer experience.	Systems and digital channels directly used by our customers.

20   **Q.   Do Avista's Customer Technology Programs (CTS, CFTP & CXP) provide**

21   **any financial benefits?**

22   A.   Financial savings are not the primary purpose of the Customer Technology

23   Programs. The primary purpose is to deliver basic functionalities required to operate our

24   business while at the same time delivering on our overall CX strategy of ensuring that our

1   customer's evolving and growing expectations are being met. All businesses are experiencing

2   the digital transformation that is occurring in our world and our goal is to support our customers

3   in that transformation while operating the business and maintaining customer satisfaction.

4   Having said that, the Customer Technology Programs do provide financial benefits in terms of

5   avoided costs (as compared to distinct hard savings).

6   The Customer Technology Programs also drive efficiencies related to the automation of

7   manual tasks. One such example is related to the automation of the 'Start Service Request.'

8   Historically, a 'Start Service Request' has been processed manually by a CSR requiring each

9   request to be reviewed and manually entered into CC&B. By automating this process,

10   employees can be focused on other, value-added customer issues and reduce the amount of time

11   it takes for Avista to resolve a customer inquiry/request.

12   **Customer Transactional Systems (CTS)**

13   **Q.   What is the primary purposes of the Customer Transactional Systems**

14   **Program (CTS)?**

15   A.   The purpose of the CTS program is to enhance and maintain the systems used to

16   support the day-to-day operational needs of our customers, internal users, third party partners

17   and our regulators.   Primarily this includes the maintenance, regular upgrades and

18   enhancements for the following business critical functionality:

19   • Collection and storage of meter reads and meter data (MDM)
20   • Customer Billing (CC&B)
21   • Service Order Management
22   • Head End Metering Systems
23   • Energy and Agency Assistance Programs
24   • Rate Design and Rate modeling Tools
25   • Customer Energy Efficiency (iEnergy)

26   These systems are the "system of record" for many of the foundational elements of our

27   business and are where information is stored, secured, and used for reporting internally and

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Avista Corporation

1   externally. This includes the tracking of customer information, meter and account data, meter

2   reads, historical billing, payment information and payment arrangements as well as the tracking

3   and storage of multiple other customer account features.

4   In addition to simply keeping these systems up to date and functional, these systems are

5   required to support new functionality requests such as: enhancements to billing and rate options

6   such as Time of Use (TOU), product and services offerings, tracking and scheduling

7   appointments, payment arrangements, payment plans and payment options and meter data

8   information.

9   **Q.   Why is this work required now?**

10   A.   This work is required to ensure that our customer's data remains secure, and our

11   core business processes and technology maintain operational functionality. Without the CTS

12   program, the company's ability to keep our major systems current and fully functional would

13   be severely impacted. These systems require regular updates from the software vendors and

14   frequent security updates to ensure our customer data is protected. Without this work our ability

15   to meet customer, third party partner and regulatory expectations would be diminished.

16   **Q.   What customer capabilities are enabled through this technology?**

17   A.   Customer bills are generated, and payments are accounted for in the Company's

18   CC&B system. Meter information (meter reads) are stored in the MDM and used to generate

19   customer bills. Additionally, any type of activity that is needed at a customer's premise

20   (Service Orders) are also tracked within these systems and sent to field personnel to execute.

21   The CTS program ensures these core utility customer capabilities are performed.

22   **Q.   What are the CTS upgrades completed in 2022 and expected to be**

23   **completed through 2025?**

24   A.   Regarding work completed in the 2022 calendar year and forecasted to be

1 completed in 2023-2025, see the following list. This feature/functionality set is updated and

2 reprioritized regularly to align with evolving customer needs and organizational goals.

3 CTS Program 2022 Work Completed:

4 • Real time address validation implementation for premises
5 • Account closing bill generation enhancements
6 • Payment Plan and Payment Arrangement enhancements
7 • System performance (processing speed) enhancements
8 • CC&B application upgrade (Oracle version update)
9 • MDM application upgrade (Oracle version update)
10 • FCS Mobile Solution Upgrade
11 • Meter Data Extract Enhancements
12 • Field Activity & Service Order Management (SOM) processing improvements

13 CTS Program 2023-2025 Forecasted:

14 • CC&B Application Upgrade (Oracle version update) in 2023
15 • CC&B Application Upgrade (Oracle version update) in 2024
16 • CC&B Application Upgrade (Oracle version update) in 2025
17 • MDM Application Upgrade (Oracle version update) in 2023
18 • MDM Application Upgrade (Oracle version update) in 2024
19 • MDM Application Upgrade (Oracle version update) in 2025
20 • Bill Image Generation - Architecture Revision to Improve Resiliency
21 • Metering Head End System Application Version Updates
22 • Comfort Level Billing (CLB) Enhancements
23 • Field Activity and SOM Enhancements
24 • Tivoli Server Replacement for Security and Performance Enhancements
25 • Net Metering Paper Bill Presentment
26 • Server Replacement to Redhat 8 OS
27 • DSM Residential Rebate Application Enhancements
28 • Net Aggregation Automation for First Month Billing
29 • Payment Processing Resiliency Enhancements
30

31 **Customer Facing Technology Program (CFTP)**

32 **Q.** **What is the primary purposes of the Customer Facing Technology Program**

33 **(CFTP)?**

34 A. The purpose of the CFTP is to deliver value, ease and transparency to all

35 customers through our various digital channels including but not limited to myAvista.com,

1   text/SMS, inbound and outbound voice phone systems, and our mobile app. The CFTP builds

2   upon the systems discussed in the CTS program and enables Avista's inbound and outbound

3   communication channels and systems that customers rely on to interact with Avista.

4   Customer expectations have changed in that companies are expected to deliver fast,

5   easy, personalized, and intuitive self-service. Customers want a consistent experience from

6   their first interaction to the resolution of their issue and they are comparing Avista to all the

7   brands with which they interact. In addition to existing customers desiring to work with Avista

8   in digital ways, new customers reach adulthood every year and the expectations for self-service

9   and digital engagement continue to increase as these new tech-savvy generations become our

10   customers. The CFTP work ensures that Avista can continue delivering value to our customers

11   and making it easier for them to interact with us.

12   **Q.**   **What customer capabilities are enabled through the CFTP technology?**

13   A.   Customer self-service capabilities supported by the program include but are not

14   limited to:

15   • Viewing bill and associated info (desktop web, mobile web, mobile app,
16   automated phone)
17   • Paying bill (desktop web, mobile web, mobile app, automated phone, payment
18   kiosk)
19   • Viewing meter data and usage info (desktop web, mobile web)
20   • Outage Reporting (desktop web, mobile web, mobile app, automated phone,
21   text/SMS)
22   • Viewing outage information (desktop web, mobile web, mobile app, automated
23   phone, text/SMS)
24   • Start Service (desktop web, mobile web, automated phone)
25   • Stop Service (desktop web, mobile web, automated phone)
26   • Transfer Service (desktop web, mobile web, automated phone)
27   • Apply for Energy Efficiency Rebates (desktop web, mobile web)
28   • Reporting an Issue or Concern (desktop web, mobile web, mobile app)
29   • Alerts and Notifications (desktop web, mobile web, mobile app, automated
30   phone, text/SMS)
31   • Enroll in Payment Arrangements (desktop web, mobile web)
32   • Update Personal Contact and Account Information (desktop web, mobile web)

1   If the digital channels become stagnant and are not enhanced to accommodate adjusted

2   customer behavior, customer satisfaction will decline, resulting in increased calls to the call

3   center and increases in costs to serve our entire customer base.

4   **Q.   How is the CFTP providing benefits to customers?**

5   A.   Avista's digital channels are the primary ways our customers choose to interact

6   with the Company (see Figure No. 1). These channels provide ways for our customers to self-

7   serve and complete their transaction or request in a fast and convenient way. Self-service is a

8   common trend across all industries and continues to be a choice many customers are electing

9   to make for many interactions with any business, including utilities. As highlighted above,

10   customers are increasingly choosing self-service channels to gain information and complete

11   transactions and we anticipate that this trend will continue. Further, customers provide feedback

12   after using the digital channels and Avista utilizes this customer feedback to help inform

13   enhancements that are required to make the customers' self-service tools easier to use and more

14   efficient to access and accomplish tasks. The investments made are having a positive impact

15   on the customers' experience using the digital channels.

16   **Q.   Please describe the technology systems and associated technology included**

17   **in the CFTP.**

18   A.   In addition to supporting the customer facing components/features described

19   above, the CFTP includes the foundational and technical work to run the customer facing digital

20   channels. The underlying technology must be kept up to date to stay performant for our

21   customers. Upgrades and service packs are required to keep the channels, and thus our

22   customer's data, secure. The primary technology platforms supported by the CFTP includes all

23   systems used by our customers through digital channels. Specifically, myAvista.com web site

24   (desktop and mobile), mobile app, text/SMS and IVR.   Additionally, systems that are

1   underlying the digital channels like the web content management system (Sitecore) and website

2   and mobile app authentication (LoginRadius) are included within the CFTP.

3   **Q.   What are the CFTP upgrades completed in 2022 and expected to be**

4   **completed through 2025?**

5   A.   Regarding work completed in the 2022 calendar year and forecasted to be

6   completed in 2023-2025, see the following list. This feature/functionality set is updated and

7   reprioritized regularly to align with evolving customer needs and organizational goals.

8   CFTP Program 2022 Work Completed:

9   •   My Clean Energy Revisions
10   •   Self Service Payment Arrangements Phase II Release
11   •   Add Enhancements for CSR→Customer online Chat
12   •   Enable 'Web Alias' on Multi Customer Manager Accounts
13   •   'Always-on' Calculator to Enable Customer Education on Energy Use
14   •   Fiserv (payment) Enablement of Single Sign-On CSR Agent Portal
15   •   Contact Us Page Redesign
16   •   Outage Resiliency 2022 AWS Home Page
17   •   Energy Efficiency Enhancements: Home Energy Audit Online Form
18   •   Gas Outage Customer Notification Orange Banner
19   •   Get vs Retrieve Application Architecture Updates
20   •   Energy Manager Page Enhancements
21   •   Residential Rebate Fulfillment DSM Enhancements
22   •   Alerts Notifications Icon ADA enhancements
23   •   CSV Meter Data Download Button
24   •   Web Furnace Filter Program
25   •   Increase Pay Velocity for Multi-person accounts
26   •   Renewable Natural Gas Enablement for Idaho
27   •   Mobile App Contact Us Form pre-population of customer info
28   •   Deployment of new Non-Smart Meter Usage Chart
29   •   Windows Server Refresh Supporting Security and Performance Enhancements

30   CFTP Program 2023-2025 Forecasted:

31   •   Myavista.com account authentication and security enhancements
32   •   Automation of Self-service 'Transfer Service' on myavista.com
33   •   'Prior Notification' Enhancements
34   •   Sitecore (content management system) Version upgrades as applicable
35   •   Myavista.com Performance, Reliability and Resiliency Enhancements
36   •   Enable Alert on Web to update Personal Account Information
37   •   Fiserv (payment processor) "SOAP to REST" Update

1   •   Website Navigation and 'Findability' enhancements
2   •   Enable Alerts and Notifications enrollment within Automated Start Service
3   •   Account and Contact Preferences Updates and Enhancements
4   •   Business Customer Portal Design, Build and Deploy
5   •   Online Construction Estimation Tool – Design, Build and Deploy
6   •   Enable Project Share One Time Donations
7   •   Natural Gas Outage Map – Design, build and Deploy
8   •   Storm Center (Electric Outage Map) version upgrade
9   •   Add 'View Usage' functionality to Mobile App
10   •   Mobile App - Add ability to take a picture when reporting an outage
11   •   Mobile App – Add ability to check outage status
12   •   Mobile App – Enable 'Talk to text' when reporting an outage
13   •   Mobile App – Enable real time chat with CSR
14   •   Mobile App – Enable street light outage reporting
15   •   Landlord Customer Portal Design, Build and Deploy
16   •   Windows Server Refreshes (as applicable)

17 **Customer Experience Platform (CXP)**

18   **Q.   What is the primary purposes of the Customer Experience Platform**

19 **(CXP)?**

20   A.   The purpose of the CXP is to bring together a multitude of disparate specialty

21 systems to enable a more seamless and improved customer experience across all of Avista's

22 supported channels. This is important because our customers expect the Company to have a

23 complete understanding of all historical interactions, service requests and phone calls they've

24 had with us and the CXP program is delivering on that expectation. For example, our customers

25 want a seamless transition and consistent information when switching between channels of

26 interaction. A customer may start on myavista.com to report an electric outage, then call in a

27 few hours later to request additional information. In that scenario, our customers expect CSRs

28 to know that the customer reported an outage online and expects the CSR to have additional

29 information from internal systems to share.

1 **Figure No. 11: CXP Program Definition Overview**
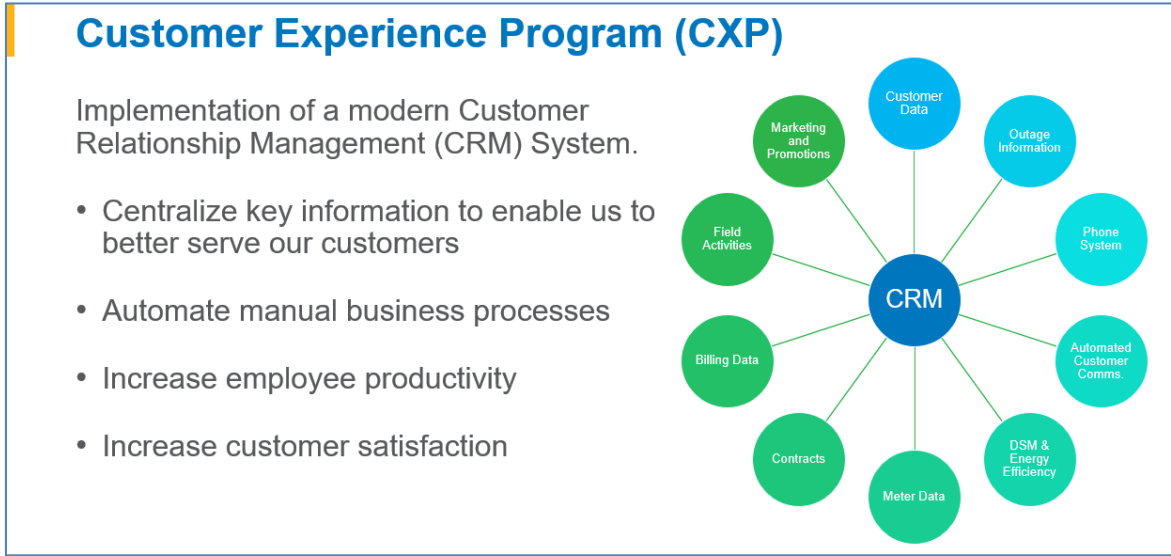
10   Our systems, and how our employees transact with those systems are somewhat siloed

11 in nature. More specifically, different roles with the organization use systems that are

12 completely separate and specialized to the job that role/department are performing, and relevant

13 information may not be visible to CSRs or others who might need it due to data access or

14 licensing cost restrictions.

15   Prior to CXP, we did not have one single interface that can provide consistent

16 information and a single source of truth about our customers. Having this type of holistic

17 interface reduces confusion across departments, allows our employees to handle an entire

18 situation and answer customer questions without having to transfer a call or tell the customer

19 we will need to get back to them. This also allows our customers to no longer have to repeat

20 information with various employees of the Company about a single situation because all

21 interactions are logged and made available to the employees who need that information. This

22 platform brings our employees and our customers together by providing a single lens into all

23 customer interactions.

24   **Q.**   **What capabilities are enabled through the CXP program?**

1   A.   The CXP program implements the technology necessary to support the emphasis

2   on CX at Avista. This program enables the creation of transformative tools for our employees,

3   enabling them to better support customers. Over time, every employee that works with a

4   customer will have more complete information at their fingertips that enables a personalized

5   experience for that customer. This will empower all departments and employees to work as

6   one in support of customers.

7   Recently, the CXP created a single interface that provides a consistent and

8   comprehensive view of each customer, their preferences, past interactions, communications,

9   and site visit history with Avista. Ultimately, this will enable Avista to better support each

10   customer as an individual while understanding their unique situation, history, and preferences

11   which will allow us to provide the personalized and proactive service that customers deserve

12   and have come to expect.

13   The CXP will provide a full omni-channel experience for our customers. The goal is to

14   create a better CX and drive better relationships with our customers across multiple points of

15   contact. Rather than working in parallel, communication channels and their supporting

16   resources will be designed and orchestrated to cooperate. For example, if a customer had a

17   question after logging into myavista.com and looking at their bill, and they pick up the phone

18   to call a CSR, the CSR will know that they were just browsing the billing section on the website.

19   By knowing this, the system can predict what the customer will be asking and can lessen the

20   amount of time on the phone with the customer while at the same time providing a better

21   customer experience.

22   Another capability recently released was visibility into customer communication

23   history. Historically, customer communications like email, outbound phone calls, and text

24   alerts were very difficult for CSRs and field personnel to see and know what was sent to the

1   customer. This is information that is of tremendous value during a customer interaction. For

2   example: customers regularly receive spam and scam contacts from Avista impersonators. Due

3   to this, many customers will call Avista to verify if a recent communication they received was

4   actually sent by Avista. Prior to the implementation of the CXP, the CSR had to rely on memory

5   or internal email communication summaries sent by management. Now, all a CSR has to do is

6   pull that specific customer's communication (email, text, phone) history to verify if the

7   communication was sent from our system. This is of tremendous value to the Company's

8   employees because we can definitively answer the customers questions, and this is of

9   tremendous value to the customer because we can avoid or reduce the stress associated with

10   utility scams.

11   In summary, CXP brings disparate and distinct customer information together to

12   provide a more holistic or 360-degree view of the customer. Table No. 1 below provides a

13   summary of the CXP benefits enabled by the program.

14   **Table No. 1: CXP Program Benefit Summary**

15

Better for our customers	-Receive communication via preference -Improved ways to communicate (chat) -Ability to view process and status of work -Proactive, predictive outreach and info -Consistent interaction companywide
Better for our employees	-360 view of the customer -Tools to guide employees through interactions -Predictive customer insights (CSAT) -Automated and centralized workflows
Lower cost to serve	-Reduced handle times -Faster onboarding and increased productivity -Centralized information in one place -Easy-to-use, configurable interface -Seamless upgrades -Sun setting duplicative and merging disparate systems

23   Q.   **Why is the CXP work required now?**

24   A.   Our customers and our employees expect seamless and efficient interactions and

1   the CXP program is working to deliver on that expectation. The tools we've deployed and the

2   tools we're working towards enable employees and customers alike to lessen the amount of

3   time they are spending tracking down and dealing with an issue they need resolved.

4   Additionally, Avista's strategy is increasingly focused on putting our customer at the center of

5   everything we do. Part of this strategy is preparing for a future where customers will have more

6   choice for energy service and adjacent products and services. In that future state, a great CX is

7   imperative to financial and organizational health. It takes many years to build the capabilities

8   described within this testimony and if we defer this work, we risk being far behind the curve

9   and not meeting expectations that our customers have.

10   This investment will also create internal efficiencies for our employees that interact

11   directly with our customers and those who are behind the scenes accomplishing tasks and work

12   on behalf of our customers. The transactions we will be providing in the customer experience

13   platform will be streamlined and take less time to complete. The CXP will also require less

14   training time for new employees and for new features.

15   **Q.**   **What are the CXP features completed in 2022 and expected to be completed**

16   **through 2025?**

17   A.   Regarding work completed in the 2022 calendar year and forecasted to be

18   completed in 2023-2025, see the following list. This feature/functionality set is updated and

19   reprioritized regularly to align with evolving customer needs and organizational goals.

20   CXP Program 2022 Work Completed:

21   - Customer 360 Dashboard (C360) Production Deployment
22   - Inbound Voice Channel Architecture Definition
23   - Energy Assistance Discovery
24   - CSR Email Communication Automation
25   - CSR Transactions Processing Automation
26   - Questline Email Campaign transition (furnace filter program communications)
27   - EVSE Commercial Application Process

1   •   Mobile Enablement for Employees in the field
2   •   DSM residential rebate status display
3   •   Social Care integration (enable ability to respond and track customer inquiries via
4   social media)

5   <u>CXP Program 2023-2025 Forecasted</u>:

6   •   Implementation of improved Inbound Voice Technology systems designed to
7   decrease average call handle times and improve phone system reliability and
8   resiliency
9   •   Automated Call Center Transaction Processing for Payment Arrangements and
10   Payment Plans
11   •   Continued 'C360' enhancements to offer employees who interact with customers
12   more visibility into customer information and historical interactions.
13   •   Migration of automated customer communications off legacy platforms (expense
14   savings), including but not limited to:
15   o   One-way Text notifications for electric outage, bill ready and bill due
16   o   Two-way text communications for outage reporting, outage status and
17   pay bill.
18   o   Planned Outage customer communications
19   o   All other automated emails currently sent by 3rd party vendors or other
20   disparate company systems.
21   o   Vegetation Management customer communications.
22   •   'Safe Tree' Customer Communication Program in support of wildfire resiliency.
23   •   Implementation of CRM functionality for Account management for large customers
24   •   Provide mobile tools for employees in the field to have the full view of the customer
25   at their fingertips
26   •   Electronic signature enablement for contracts being signed with customer
27   •   Net Metering Application Workflow Automation
28   •   Implement customer communications for field service work order completion.
29   •   Claims Processing System Migration and addition of automated customer
30   communications.
31   •   Implementation of new 'knowledge management' tools for use by CSRs.
32

33   **IV.**   **CUSTOMER TECHNOLOGY PROGRAMS CAPITAL ADDITIONS**

34   **Q.**   **With regards to the Customer Technology Programs (CTS, CFTP & CXP)**

35 **summarized within this testimony, what capital additions were completed (transferred to**

36 **plant) in 2022, and are expected to be completed through 2025?**

37   A.   Table No. 2 below provides the pro forma capital additions included in the

38 Company's direct filed case over the Two-Year Rate Plan related to the Customer Technology

1   Programs, as pro formed and discussed by Company witness Ms. Schultz.[5]

2   **Table No. 2: Customer Technology Programs Capital Projects 2022-2025**

3

Generation Capital Projects (System) In $(000's)				
Investment Driver				
Business Case Name	**2022**[1]	**2023**	**2024**	**2025**[2]
Customer Service Quality and Reliability				
Customer Experience Platform Program	$ 4,464	$ 5,000	$ 5,225	$ -
Customer Facing Technology Program	2,024	4,450	4,500	1,850
Customer Transactional Systems	1,999	4,435	3,550	1,575
Total Planned Generation Capital Projects	$ 8,487	$ 13,885	$ 13,275	$ 3,425

(1) Includes system pro forma capital additions for the period of July 01, 2022 though December 31, 2022.
(2) Includes system pro forma capital additions for the period of January 01, 2025 though August 31, 2025.

11   **Q.**   **How does the Company govern work priority within the three Customer**

12   **Technology Programs summarized within this testimony?**

13   A.   The governance of what work is executed and prioritized within the three

14   programs is managed via a formal governance committee that includes representation from

15   across the organization. This governance committee meets monthly and is tasked with

16   prioritizing work within a defined budget and providing directional and functional oversight of

17   the teams executing the work within the programs. Specifically, as of December 2022, the

18   number of business requests the governance committee is tracking is over 150 unique

19   projects/work items that could potentially be pursued in the coming years. The currently

20   allocated capital budgets do not allow for the company to complete all known work in that

21   backlog, so a prioritization process is leveraged to ensure that the most beneficial and cost-

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[5] As discussed by Ms. Schultz, the total Idaho electric and natural gas revenue requirement included in this filing associated with pro formed Customer at the Center capital additions included in Table No. 2 above, for Rate Year 1, is approximately $1.6 million and $314,000, respectively; and $848,000 and $200,000, respectively, for Rate Year 2. This estimate does not include the impact of retirements.

1   effective work is executed on to fit within the budgets allocated.

2   **Q.   Does this conclude your pre-filed, direct testimony?**

3   A.   Yes, it does.