DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
      REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
DAVID.MEYER@AVISTACORP.COM

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	)	
NATURAL GAS SERVICE TO ELECTRIC	)	EXHIBIT NO. 12
AND NATURAL GAS CUSTOMERS IN THE	)	OF
STATE OF IDAHO	)	NICOLE L. HYDZIK

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

<table>
<tr><td colspan="2">Exhibit No. 12, Schedule 1
Capital Investment Business Case Justification Narratives Index</td></tr>
<tr><td>Business Case Name</td><td>Page Number</td></tr>
</table>

Customer Experience Platform Program

EXECUTIVE SUMMARY

The purpose of the Customer Experience Platform (CXP) Business Case is to implement the technology necessary to support the emphasis on Customer Experience at Avista. This program will enable the customer at the center strategy by creating transformative tools for our employees and enabling them to better support customers. The CX platform will be enhanced over time and will eventually be used by all employees that work directly with or support our customers (both electric and gas customers in all service territories). The CXP program will empower all departments to work as one in support of customers. It will enable us to deliver the personalized experiences customers love and build lasting, trusted relationships. CXP will create a single interface and provide a consistent and comprehensive view of each customer, their preferences, past interactions, communications, and history with Avista. This reduces confusion across departments, allows our employees to handle an entire situation and answer customer questions without having to transfer a call or tell the customer we will need to get back to them. This also allows our customers to no longer have to repeat information with various employees of Avista about a single situation because all interactions will be logged and made available to employees. This platform brings our employees and our customers together by providing a single lens into each individual customer and their interactions with us.

The CXP program will continue to create new features in an on-going agile fashion for various departments across our company and for our customers by improving the overall customer experience. These features may include (but are not limited to) the following: Quoting & Order Entry, Account Management, Contract management, Lead Management, Segmentation, Approvals & Workflows, Communication Campaign management tracking, Trouble Management, Credit & Collections, Start/Stop Service, High Bill Analysis, Payment Processing, Field service request & tracking, Rebate programs, New construction, and Ability for CSRs to see location of field personnel. Through the implementation of CXP, some systems will be replaced as their functionality is integrated into CXP. For example, centralizing communication platforms, moving functionality from Infor CRM to the CXP, and the customer service virtual flip chart.

Not investing in the customer experience platform would put overall customer satisfaction at risk. Lower customer satisfaction would result in higher costs in serving dissatisfied customers, increased customer complaints to Avista and to our commissions, and a lack of trust with our company. We are developing and enhancing this platform based on our strategy of putting the customer at the center and to improve overall customer interaction and experience; if we do not improve the customer experience by providing the proper tools to our employees to serve our customers, then we put meeting current customer expectations at risk. We currently enjoy high customer satisfaction scores, but if we do nothing, we are at risk of satisfaction decreasing.

In addition, total cost avoidance as a result of this business case is estimated to be approximately $1M per year.

The requested spend amount over 5 years is **$26,425,000**

	2023	**2024**	**2025**	**2026**	**2027**
CXP Program	$5,000,000	$5,225,000	$5,800,000	$5,400,000	$5,000,000

VERSION HISTORY

Version	Author	Description	Date	Notes
1.0	Stephanie Myers	Initially approved	6/15/2020	
2.0	Stephanie Myers	Updated Executive Summary	6/26/2020	
2.1	Stephanie Myers	Additional content in narrative	7/21/2020	
2.2	Stephanie Myers	Additional detail added for cost avoidance	7/28/2020	
3.0	Kim Henscheid	Updated requested spend amounts	7/9/2021	

| 4.0 | Matt Halloran | Annual Update | 09/02/2022 | |

GENERAL INFORMATION

Requested Spend Amount	$26,425,000
Requested Spend Time Period	5 years
Requesting Organization/Department	Customer Solutions | Enterprise Technology
Business Case Owner | Sponsor	Matt Halloran | Kelly Magalsky & Hossein Nikdel
Sponsor Organization/Department	Customer Solutions
Phase	Execution
Category	Program
Driver	Customer Service Quality & Reliability

1. BUSINESS PROBLEM

1.1 What is the current or potential problem that is being addressed?

The purpose of the Customer Experience Platform (CXP) Business Case is to implement the technology supporting the renewed emphasis on Customer Experience at Avista. This program will enable the customer at the center strategy by creating transformative tools for our employees. The CX platform will be enhanced over time and will eventually be used by all employees that work directly with or support our customers (both electric and gas customers in all service territories). These employees include but are not limited to customer service representatives, field workers, account executives, construction workers, various management roles.

Our systems and how our employees transact with those systems are somewhat silo'ed in nature. A specific department uses systems that are completely separate and specialized to the job that department is performing. For example, customer service's primary role is to help the customer and answer questions to the best of their ability. They can help a customer with their bill, process a payment, create a payment arrangement, analyze their usage, and create an activity for a field person to perform. The customer service representative (CSR) does not have knowledge of where individual field personnel are located, or how much availability our field personnel may have to meet with a customer. In essence, this will provide a more holistic or 360 degree view of the customer.

We do not currently have one single interface that can provide consistent information and a single source of truth about our customers. Having this type of holistic interface reduces confusion across departments, allows our employees to handle an entire situation and answer customer questions without having to transfer a call or tell the customer we will need to get back to them. This also allows our customers to no longer have to repeat information with various employees of Avista about a single situation because all interactions will be logged and made available to employees. This platform brings our employees and our customers together by providing a single lens into all customer interactions.

Customer Experience Platform Program

There is the potential to have a rise in customer complaints and an increase in customer dissatisfaction if we are requiring them to repeat information or wait a long time to have a question answered or a problem resolved.

From a strategic perspective, we are putting technology in place that will allow our employees to create the experience that customers are increasingly expecting. Companies that focus on great customer experience have higher customer satisfaction and loyalty which will be increasingly important as the utility industry evolves and more customer choice options are available.

1.2 Discuss the major drivers of the business case *(Customer Requested, Customer Service Quality & Reliability, Mandatory & Compliance, Performance & Capacity, Asset Condition, or Failed Plant & Operations)* and the benefits to the customer

The major driver of this business case is Customer Service Quality & Reliability combined with a focus on our corporate customer at the center strategy. The CXP program will empower all our departments to work as one. It will enable us to deliver the personalized experiences customers love and build lasting, trusted relationships. With the Customer Experience Platform, customers will experience shorter lead times, less time between follow-up activities because our system will escalate cases when the customer has been waiting.

Customers will experience streamlined processes and the introduction of electronic signatures. They will have the ability to chat with us virtually without having to pick up the phone. The customer will be able to get communication through the channel they choose (email, phone, print, text, etc.). Our customers will get communication that is specific and personalized and therefore more relevant to them. If they need help paying their bill, our communication will be targeted and focused on features that will help that customer, like agency locations or new incentives. We will be able to log every interaction our employees have with our customers which could avoid our customers from having to call multiple different people. A single employee could help answer multiple customer questions because the information will be logged and made available to employees in order to streamline that customer experience. Our employees will also be able to bring up this information on a mobile device allowing our employees to help customers while in the field.

1.3 Identify why this work is needed now and what risks there are if not approved or is deferred

Avista's strategy is increasingly focused on putting our customer at the center of everything we do. Part of this strategy is preparing for a future where customers will have more choice for energy service and adjacent products and services. We want them to choose us because of the exemplary experiences they have had with our company. It takes many years to build the capabilities and associated improved customer satisfaction and if we defer this work, we risk being far behind the curve and not meeting expectations that our customers have around a desired experience.

This investment will also create internal efficiencies for our employees that interact directly with our customers and those who are behind the scenes accomplishing tasks and work on behalf of our customers. The transactions we will be providing in the customer experience platform will be streamlined and take less time to complete. The CXP will also require less training time for new employees and for new features.

If this work is not approved, all existing systems and business processes would remain in their existing state with no new functionality added. This alternative would put overall customer satisfaction at risk. Lower customer satisfaction would result in higher costs in serving dissatisfied customers, increased customer complaints to Avista and to our commissions, and a lack of trust of

Customer Experience Platform Program

our company. We currently enjoy high customer satisfaction scores, but if we do nothing, we are at risk of this going down.

1.4 Identify any measures that can be used to determine whether the investment would successfully deliver on the objectives and address the need listed above.

We identified measurements to determine whether this investment would successfully deliver on the objectives. We worked with Salesforce.com, the software vendor that is the platform behind the CXP. Salesforce has hundreds of thousands of customers across many different industries. They track efficiencies through the implementation of their software; and thus the avoided future costs due to their software. We will be using these data points to determine success:

- **Case Deflection:**
    - the CXP could deflect the number of calls placed into our call centers
    - Salesforce's research: 17% case deflection
    - Avista's conservative estimate: 10% case deflection
- **Case Resolution Time:**
    - the CXP can reduce the amount of time it takes to resolve a case
    - Salesforce's research: 24% improvement in resolution time
    - Avista's conservative estimate: 10% improvement
- **Employee Productivity:**
    - due to streamlined tasks in the system, the CXP could save employees time throughout their day, freeing them up to take more calls or complete more tasks in a single day
    - Salesforce's research for call center representatives: 12 hrs saved per week
    - Avista's conservative estimate for call center representatives: 3 hrs saved per week
    - Avista's conservative estimate for other employees: 1 hr saved per week
- **Faster Onboarding:**
    - due to the ease of use in the system, training a user to use the CXP will take less time and be more straightforward, thus allowing our employees to spend less time training
    - Salesforce's research: 26% reduction in the time to onboard/train
    - Avista's conservative estimate: 20% reduction in the time to onboard/train
- **Overall Customer Satisfaction:**
    - Customer satisfaction will go up as a result of this investment

1.5 Supplemental Information

1.5.1 Please reference and summarize any studies that support the problem

The detailed report that was created jointly by Salesforce and Avista that outlined avoided costs can be found on the CXP Project Web Site: https://sp2016.corp.com/sites/sp/CXP/.

	Capital Cost	Start	Complete
Recommended Solution	$26,425,000	01 2023	12 2027

2.1 Describe what metrics, data, analysis or information was considered when preparing this capital request.

Benefits and avoided costs can be referenced in the document mentioned in Section 1.5. A summary of this cost avoidance can be seen below; a total of $1,007,949 in cost avoidance is estimated on an annual basis as the result of the work in this business case.

Customer Experience Platform Program

Cost Avoidance Measurement	Estimated Cost Avoidance
Case Deflection	$610,609
Case Resolution Time	$116,133
CSR Productivity (Back Office only)	$163,125
Faster Onboarding	$118,082
Total Estimated Cost Avoidance	**$1,007,949**

2.2 Discuss how the requested capital cost amount will be spent in the current year (or future years if a multi-year or ongoing initiative). Include any known or estimated reductions to O&M as a result of this investment.

The business case will contain multiple projects within each year. Each project will be estimated, planned, and delivered each year. We plan to have at least two projects per year with multiple releases to end users. The planned cost per year is described in the executive summary on the first page of this document.

The avoided cost estimates mentioned in section 1.5 will be achieved through attrition in the call center and other areas of our business as features are expanded across our employee base.

The CXP program will continue to create new features in an on-going agile fashion for various departments across our company. These features include (but are not limited to) the following:

- Quoting & Order Entry: Ability to develop quotes, cost estimates and assemble orders related to an opportunity (construction work, etc.) based on products or services that a customer is interested in (estimate upfront and ongoing costs for a natural gas conversion based on expected usage, estimate the cost of connecting a new home to electric and gas)
- Account Management: Ability to add, change, delete various attributes on an account (contact information, billing preferences, and communication preferences). Account management is also responsible for allowing all activities and related information to be displayed on an account to assist communications teams in communicating the correct information to the correct type of customer groups.
- Contract management: Create, update, negotiate, renew, and execute service contracts with customers or potential new customers.
- Lead Management: Identification, qualification, tracking, and management of potential new customers or interest from existing customers in adding a product or service, such as: natural gas conversion, electrification, energy efficiency programs, etc.
- Segmentation: Ability to divide a customer base into groups of individuals that are similar in specific ways relevant to communication such as propensity to participate in an energy efficiency program or convert fuel use, or interest in electric vehicle charger, etc.
- Content management: process of organizing and consolidating pieces of content and tagging schemes in an efficient way and storing them in a repository.
- Approvals & Workflows: Ability to design, implement and automate business processes.
- Campaign management tracking: Planning, execution, tracking and analysis of a communication plan (campaign); Campaigns involve programs or initiatives that the utility needs to communicate to its customers (energy efficiency, e-billing, auto-pay, energy assistance, etc.).
- Trouble Management: Ability to report, dispatch, resolve, and communicate updates on outages or other emergencies (e.g. downed wires, gas odor, etc.) related to customer's electric or natural gas service.

Customer Experience Platform Program

- Credit & Collections: A set of processes and events to encourage payment of a customer's delinquent balance. It involves notifying customers of past due balances, providing alternatives to paying on time including payment arrangements, severance of their electric or gas service and subsequent re-activation.
- Start/Stop Service: Ability to open, close or move service for a residential or non-residential. Includes the ability to setup a new customer or adding additional services to an existing customer.
- High Bill Analysis: Ability to analyze usage and billed amounts along with other data such as weather, historical usage patterns, and information provided by the customer to aid in understanding why a bill may be higher than expected.
- Payment Processing: Ability to take, cancel, or reallocate, or modify a payment for a customer.
- Field service request & tracking: Ability to initiative and track all field activities happening at a customer's service point. The work can be originated in either CC&B or Maximo.
- Rebate programs: Ability to receive, track, and manage rebate applications, pay customers and/or contractors for purchasing/installing a qualified product or participating in a qualified program (e.g. energy efficiency programs), and report on program participation and metrics.
- New construction: Ability to add, install, or move an electric or natural gas service. New construction is specific to providing service to a customer site for which service had not previously been provided. (e.g. customer wants natural gas at their residence).
- Ability for CSRs to see location of field personnel
- Ability for all employees to see every interaction our customers have with us
- Ability for all written customer communication to be seen by all employees
- Ability to route customer inquiries to various departments and to see the history of the routing, includes escalation as necessary
- Ability to send ad-hoc emails to customers through the platform
- Ability to post customer education to all social media platforms through one single interface
- Ability to track conversations and tasks completed by employees with all types of customers (residential, commercial, small/medium business) in all service territories
- Ability for an employee to be guided through an interaction with a customer
- Ability to chat with a customer through a single interface
- Ability for field personnel to pull up a customer account through an app on their mobile device
- Ability to track customer claims

2.3 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented.

Capabilities mentioned in section 2.2 will impact business functions and processes in those specific areas. These business functions will go through a thorough planning and change management process to determine what impacts we will have to customers and employees.

2.4 Discuss the alternatives that were considered and any tangible risks and mitigation strategies for each alternative.

Alternative #1, implementing at a reduced capital cost, reduces the amount of features we are able to deploy to our employees, resulting in a longer amount of time until the avoided costs are experienced.

2.5 Include a timeline of when this work will be started and completed. Describe when the investments become used and useful to the customer. spend, and transfers to plant by year.

This business case is a program and will be executed over the next 5 years in an agile fashion. Multiple projects will exist per year and functionality will be released to users in an on-going fashion. Transfers to plant will occur 3 times per year, April, July, and November.

2.6 Discuss how the proposed investment aligns with strategic vision, goals, objectives and mission statement of the organization.

Our corporate Mission Statement says simply: "We improve our customers' lives through innovative energy solutions" and continues to say that "We put those we serve at the center of everything we do." The foundation of the CXP work is rooted in that commitment and is our key technology initiative aimed at delivering upon that strategy. As the program matures it will continue to deliver value in many areas of the business and across multiple customer journeys that will result in enhanced customer experiences.

2.7 Include why the requested amount above is considered a prudent investment, providing or attaching any supporting documentation. In addition, please explain how the investment prudency will be reviewed and re-evaluated throughout the project

CXP prudency should be evaluated based upon three criteria. First, cost avoidance as discussed in section 1.5 above. Second, cost avoidance of technology systems that will be reduced or eliminated as systems are combined into CXP. Third, improved customer satisfaction and engagement as we improve business processes and make interactions more proactive and personalized. Although the benefits in the third category are more intangible and difficult to measure and assign a financial value to, they are an inherent expectation from customers. Collectively, we are confident that those three benefits combined make CXP a prudent investment.

These cost avoidance values are estimates at this point, although conservative and based on Salesforce expertise and past implementations, and will be monitored and validated as the program progresses to monitor prudency and to identify potential program changes as we learn more. Actual value will be tracked and reported as more processes are rolled out and more users are benefiting from the system.

2.8 Supplemental Information

2.8.1 Identify customers and stakeholders that interface with the business case

Customers will interface with Avista personnel who will be using the technology identified in this business case to serve customers.

2.8.2 Identify any related Business Cases

The work in this business case is not related to work in other business cases.

3.1 Steering Committee or Advisory Group Information

This business case will be governed by the Customer Facing Technology (CFTP) & Customer Experience Platform (CXP) Governance group. This group prioritizes and governs the projects under the Customer Experience Platform throughout the entire project lifecycle. They then surface these to the IS/IT PMO for execution.

3.2 Provide and discuss the governance processes and people that will provide oversight

The CFTP Governance Group meets on a monthly basis.
Members include:
Kevin Christie – VP External Affairs and CCO
Jim Kensok – VP CIO & CSO
Latisha Hill – VP Community & Economic Vitality
Jennifer Esch – Director of Customer and Shared Services
Nikdel Hossein – Director Applications and System Planning
Jim Corder – Director IT and Security
Dana Anderson – Director Corporate Communications
David Howell – Director Operations, West Operations and Asset Management
Josh DiLuciano – Director Electric Engineering
Nicole Hydzik – Director Energy Efficiency
Kelly Magalsky – Director Products, Services, and Customer Technology
Matt Halloran – Manager Customer Solutions and Products & Services
Graham Smith – Manager Applications Delivery and Application Support
Facilitators include:
Kim Henscheid – Program Manager Customer Experience Platform
Ethan Jelinek – IT Sr Program Manager

3.3 How will decision-making, prioritization, and change requests be documented and monitored

Decision making and general prioritization decisions for the business case and programs will be documented and monitored through monthly meeting notes. Project specific decisions will be documented within the PMO's current process through project change orders.

Customer Experience Platform Program

The undersigned acknowledge they have reviewed the Customer Experience Platform Program business case and agree with the approach it presents. Significant changes to this will be coordinated with and approved by the undersigned or their designated representatives.

Signature:	*Matt Halloran*
Print Name:	Matt Halloran
Title:	Customer Tech. Solutions Manager
Role:	Business Case Owner

Date: _____

Signature:	*Kelly Magalsky*
Print Name:	Kelly Magalsky
Title:	Director of Customer Technology, and Products and Services
Role:	Business Case Sponsor

Date: _____

Signature:	*Hossein Nikdel*
Print Name:	Hossein Nikdel
Title:	Director of Applications and Systems Planning
Role:	Business Case Sponsor

Date: _____

Template Version: 05/28/2020

Customer Facing Technology

EXECUTIVE SUMMARY

The Customer Facing Technology business case focuses on delivering value, ease and transparency to all customers (ID, WA, and OR) through our various digital channels including but not limited to MyAvista.com, text/SMS, inbound and outbound voice phone systems, and our mobile app. Customer expectations have evolved to the point that companies are expected to deliver fast, easy, personalized, and intuitive self-service 24 hours per day and on many channels of customer choice such as desktop computer, mobile device, tablets, and phone. Customers want a consistent experience from their first interaction to the resolution of their issue or the completion of their self-service transaction. They are not comparing Avista to other utilities, rather they compare us to all the brands with which they interact including companies such as large tech companies that are providing world class digital experiences. Those types of digital experiences are becoming the norm and customers are increasingly expecting that level of experience from all companies they do business with, including Avista.

In addition to existing customers desiring to work with Avista in digital ways, new customers reach adulthood every year and the expectations for self-service and digital engagement will continue to increase as these new generations become our customers (Kulbytė, 2021). Funding the Customer Facing Technology business case ensures that Avista can meet the customer where they are and continue delivering value, ease and transparency to our customers.

Features in this business case include ways for our customers to interact with and transact with Avista, including, but not limited to:

- Viewing bill and associated info (desktop web, mobile web, mobile app, automated phone)
- Paying bill (desktop web, mobile web, mobile app, automated phone, payment kiosk)
- Viewing personalized usage info (desktop web, mobile web)
- Reporting outage (desktop web, mobile web, mobile app, automated phone, text/SMS)
- Viewing outage information (desktop web, mobile web, mobile app, automated phone, text/SMS)
- Alerts and Notifications (Automated for Billing, Outage and Budget Alerts via email or SMS)
- Stop, Start, Transfer Service (desktop web, mobile web, automated phone)
- Apply for Energy Efficiency Rebates (desktop web, mobile web)

In addition to these features for customers, this business case also includes the foundational and technical work to run the digital channels. The underlying technology must be kept up to date in order to be available for our customers. Upgrades and service packs are required to keep the channels performing and secure. More functionality is included in this business case and is referenced in Section 2.2.

Avista's digital channels are experiencing increasing usage year over year. If the digital channels become stagnant and are not enhanced to accommodate adjusted consumer behavior, customer satisfaction will decline, resulting in increased calls to the call center and increases in costs to serve our entire customer base.

The estimated spend amount over 5 years is **$25,150,000**

	2023	2024	2025	2026	2027
Capital Planning Group Approved	$4,450,000	$4,500,000	$5,200,000	$5,400,000	$5,600,000

Customer Facing Technology

VERSION HISTORY

Version	Author	Description	Date	Notes
1.0	Stephanie Myers	Initially approved	4/20/2020	
2.0	Stephanie Myers	Updated Executive Summary	6/26/2020	
2.1	Stephanie Myers	Additional content added	7/20/2020	
2.2	Stephanie Myers	Finalization of document	7/28/2020	
2.3	Matt Halloran	Annual Update	09/02/2022	

GENERAL INFORMATION

Requested Spend Amount	$25,150,000
Requested Spend Time Period	5 Years
Requesting Organization/Department	Customer Solutions | Enterprise Technology
Business Case Owner | Sponsor	Matt Halloran | Kelly Magalsky & Hossein Nikdel
Sponsor Organization/Department	Customer Solutions
Phase	Execution
Category	Program
Driver	Customer Service Quality & Reliability

1. BUSINESS PROBLEM

1.1 What is the current or potential problem that is being addressed?

With every passing year, customer expectations for self-service ease, value and transparency continue to evolve. Our customers expect Avista to be easy to work with, demand more value for their energy dollars and have an increasing expectation of transparency and availability of information. Gone are the days when only mailing and having a drive up drop box for payments is acceptable.

The Company's customers have interest in a variety of offerings that can simplify their interactions with Avista and give them more information about, and control over, their energy use. This, combined with the expansive growth of technology, creates a customer expectation that information is easy to find, payments are easy to make, communications are proactive, timely, personalized, and available through a variety of channels.

The Customer Facing Technology Program delivers on ease, by providing efficient digital self-service options to our customers. The Program delivers on value, as a self-service transaction tends to cost less than an equivalent live contact, and lastly,

Customer Facing Technology

the Program delivers on information availability, as self-service automations enable more information transparency for the customer than at any point in our history.

1.2 **Discuss the major drivers of the business case** *(Customer Requested, Customer Service Quality & Reliability, Mandatory & Compliance, Performance & Capacity, Asset Condition, or Failed Plant & Operations)* **and the benefits to the customer**

The Customer Facing Technology Program delivers and supports tools that enable our customers to self-serve through a digital channel that they choose and improves on our ability to do personalized outbound alerts as well. Improvement of the digital customer experience is at the core of the Customer Facing Technology Program.

One of the major drivers of this business case is that Avista's digital self-service channels are the primary way our customers choose to interact with our Company, and they continue to get more and more use every year. In 2021, our self-service channels supported more than 7 million customer contacts as compared to a little over 2.5 million 11 years earlier, in 2011 (See Figure 1). These channels provide ways our customers can self-serve and gain access to a level of information that was not readily available to them in years past. The customer desire for self-service is a common trend across all industries. In fact, 40% of all consumers now prefer self-service to live contact and 70% expect a company's website to include self-service options (Kulbytė, 2021). Avista's customers are no different as evidenced by their behavior in choosing self-service to live contact by a ratio of almost 16:1 in 2021 (Figure 1).
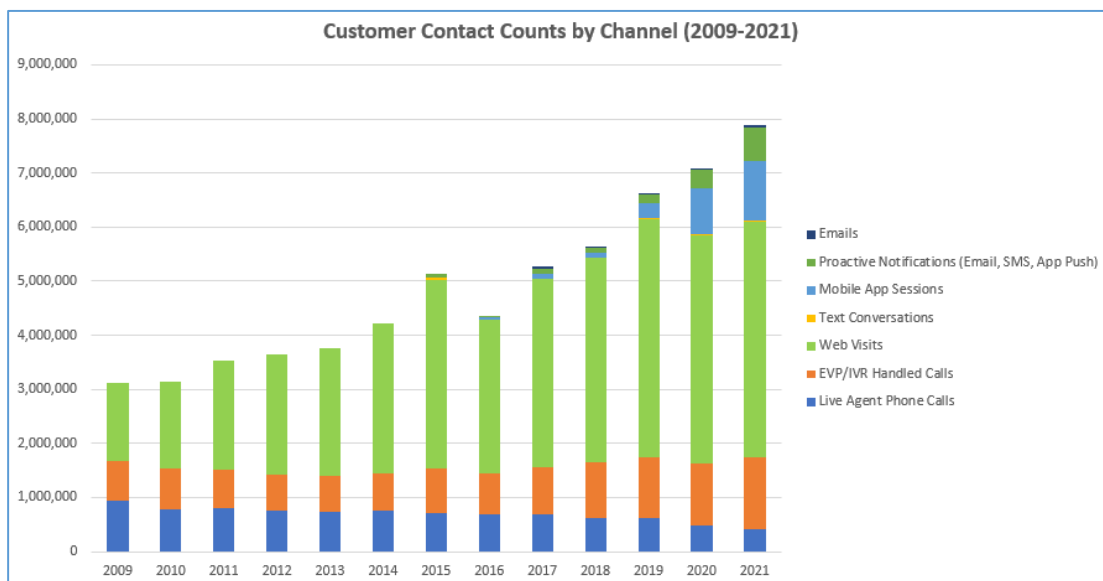
Figure 1: Customer Contact Counts by Channel

Customer Facing Technology

Customer expectations are generally set by interactions with organizations outside the utility industry. Those customer service and self-service expectations then get applied to their interactions with Avista. The investments in this business case will provide tools to customers that they are familiar using with other companies. This will keep customer satisfaction high, provide value for their energy dollars, and provide an exceptional customer experience.

Another major driver for this business case is that our customers require the Company to keep their information secure. All of Avista's self-service channels and supporting technology platforms require ongoing upgrades and enhancements to ensure the technology does not go out of support with the software vendor and that the technology continues to deliver the value that customers expect. Specifically, the Company's customer facing channels require security and operating system upgrades to ensure resiliency and security of customer related Personally Identifiable Information (PII).

Additionally, our customers expect our digital self-service channels to be available 24/7. Avista must transition our technology infrastructure and architecture to meet that demand and do it in a cost-effective way. Our customers no longer tolerate website outages related to system maintenance or reductions in performance related to high traffic, like is often observed during major weather events. They expect the tools to be available at the moment of their need and/or choosing and sometimes their need may be urgent. The Customer Facing Technology Program is required to be able to deliver on that customer requirement.

1.3 Identify why this work is needed now and what risks there are if not approved or is deferred

This work is needed now and for the next five years because customer expectations are not stagnate and our technology systems are constantly requiring software updates, version upgrades, as well as backend changes. In parallel, new tools and options continue to materialize that our customers grow to expect.

Customers expect superior performance of our technology systems and the availability of tools and options similar to what they see on other industries digital channels. They are constantly comparing their utility experience to experiences they have with other businesses and "utilities", such as Amazon, Apple, Safelite, Comcast, etc. Avista must keep up with customer expectations and provide value for their energy dollars that is tied to digital experiences for utility services and do so in the most cost-effective way possible.

If this business case is not approved, we risk a major decline in customer satisfaction by not meeting customer expectations. See Figure 2 & 3

If this business case is not approved, the Company risks increased calls into the call center which is a more costly way to complete customer transactions. See Section 2.1 summarizing cost per customer contact via digital self-service vs live contact.

1.4 Identify any measures that can be used to determine whether the investment would successfully deliver on the objectives and address the need listed above.

Digital Self-Service customer satisfaction will be used to determine if this investment is successfully delivering on its objectives. We receive a quarterly scorecard that measures customer satisfaction for myavista.com. According to the most recent metrics for Q2 2022, Avista scored 81.2 points (avg of desktop and mobile score) as compared to the ForeSee Website Index average of 68.5 points.
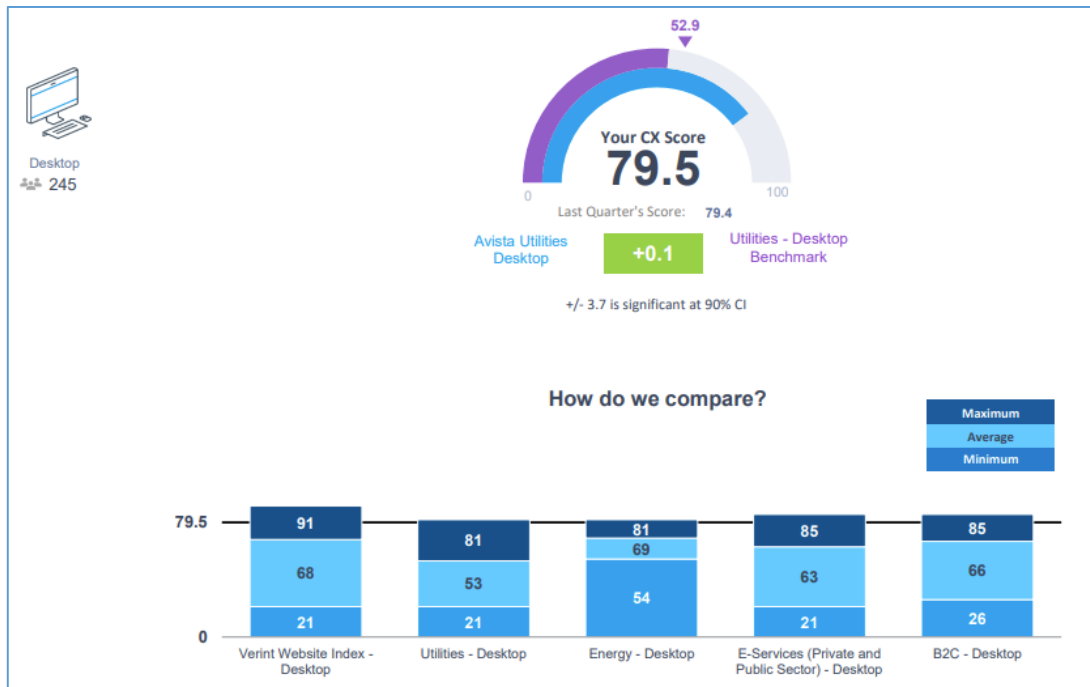
Figure 2: Avista's Q2 2022 <u>Desktop</u> Customer Satisfaction Score and Comparison

Customer Facing Technology
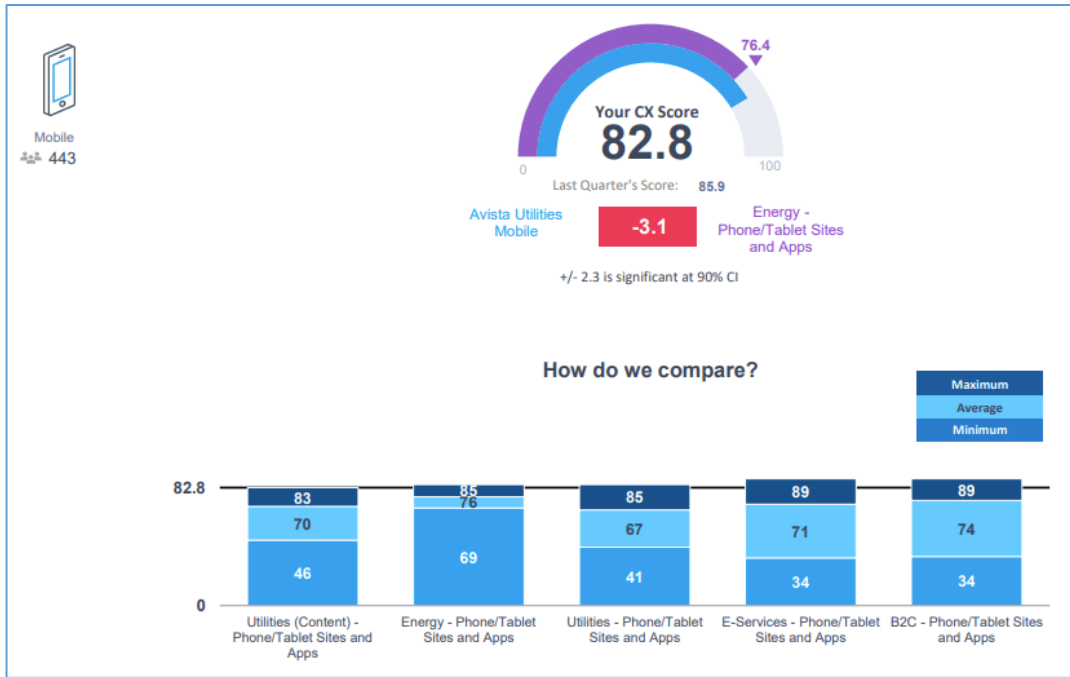
Figure 3: Avista's Q2 2022 <u>Mobile</u> Customer Satisfaction Score and Comparison

At this time, we are not able to measure satisfaction for the mobile app or text channels, however the consistent increase in mobile app usage lets us know that this channel is quickly becoming increasingly more popular.

The Company will also continue to track and monitor live customer contacts. If this business case is successful in meeting customer expectations for self-service functionality, we'd expect live customer contacts to remain the same or decrease from current levels. See Figure 1.

The Company will also measure total self-service customer contacts. If this business case is successful in meeting customer demand for self-service functionality, we'd expect digital self-service contacts to remain the same or increase from current levels year over year. See Figure 1.

1.5 Supplemental Information

1.5.1 Please reference and summarize any studies that support the problem

Year	Live Agent Phone Calls	EVP/IVR Handled Calls	Web Visits	Text Conversations (Automated)	Mobile App Sessions	Proactive Notifications (Email, SMS, App Push)	Agent Email Response
2009	930,585	735,938	1,451,840	-	-	-	-
2010	790,406	753,613	1,587,786	-	-	-	-

Customer Facing Technology

2011	811,762	708,310	2,001,136	-	-	-	-
2012	748,840	675,436	2,228,809	-	-	-	-
2013	734,771	667,107	2,349,995	-	-	-	-
2014	748,891	706,042	2,770,632	-	-	-	-
2015	722,241	814,363	3,474,739	56,723	-	78,612	-
2016	685,966	755,271	2,838,599	3,704	41,984	40,510	-
2017	693,863	875,424	3,466,919	3,566	107,462	76,764	48,552
2018	626,910	1,029,601	3,770,243	4,691	104,786	77,649	24,366
2019	615,229	1,131,232	4,406,233	8,665	282,974	160,014	31,581
2020	491,774	1,145,869	4,209,265	12,460	859,348	338,613	37,936
2021	421,537	1,319,648	4,355,479	25,340	1,110,181	620,413	28,817

Table 1: Customer Contacts by Channel Summary Table

Avista has demonstrated evidence that when we add customer requested features to our channels it drives adoption and use of that channel. In Q1 of 2019, Avista deployed the 'pay my bill' capability within the mobile app channel. As demonstrated in Figure 4 below, customer adoption of the mobile app increased markedly based on the availability of that feature, and has continued to increase over time.
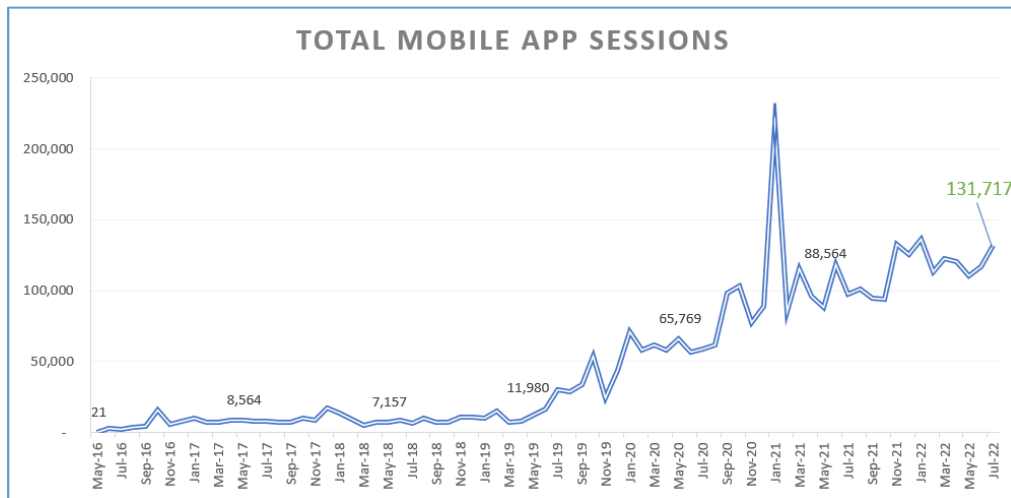
Figure 4: Avista Mobile App Usage Over Time

2.1 Describe what metrics, data, analysis or information was considered when preparing this capital request.

As demonstrated in Figure 1 and Table 1, the digital self-service channels are our most used and customer preferred channels, which includes the website, automated phone system, and mobile app. The second most used channel preferred by

customers are proactive notifications through multiple channels. Both of these methods have higher quantities than live phone and email contacts.

In 2021, Avista had 7,459,878 self-service customer contacts. If that stays the same for 2023, and we invest $4,450,000 into the Customer Facing Technology Program, that equates to $0.60 per customer contact. Compare that to 2021 calculations for cost to serve the customer via live contact. In 2021, the yearly average cost-per-call was roughly $10.36.

Based on data obtained from Customer Surveys (See Figure 5), up to 46% of customers stated their 'next action' would be to call customer service if the self-service tool fails in the digital channels. As a result, if 46% of self-service customer contacts were instead a phone call, that would equate to roughly $35.5M (7,459,878 x 0.46 x $10.36) in annual costs required to support customer demand for information and service. We recognize that not all 46% are in reality going to call or email the contact center, but a conservative estimate of even 10% creating a contact center interaction is $7.7M per year in costs avoided.
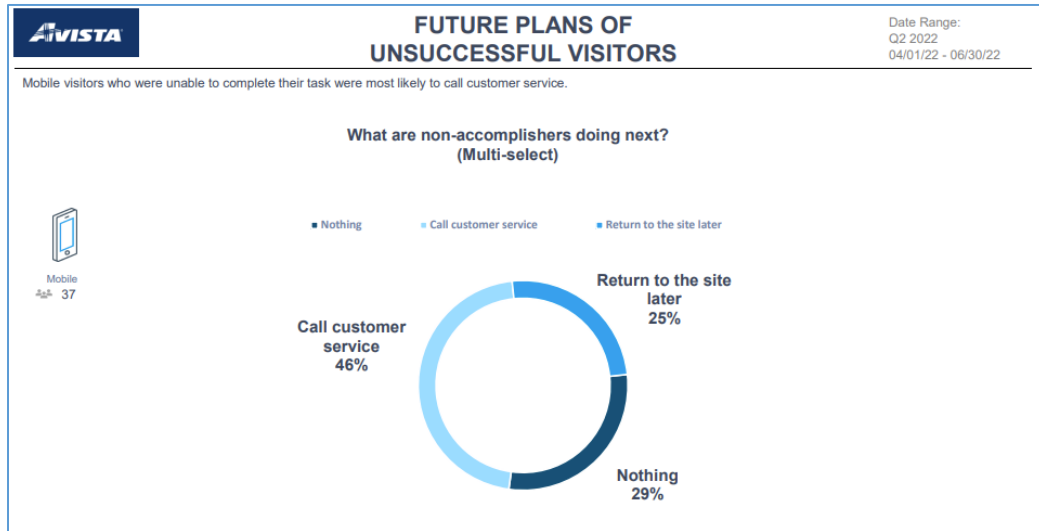
Figure 5: Customer "Next Action" Survey Results

One balancing reality to acknowledge is that even though customers are making less calls to Avista, as the more routine-type services can be managed through our digital channels, the calls we do receive are more complex, taking longer to work through and requiring more care. This means that the digital channels are critical to keeping our costs down. Avista's Customer Service Representatives have answered 48% less phone calls when comparing 2021 to 2011 (See table 1). However, average call handle time has increased in that same timeframe because 'simple' transactions have largely moved to digital self-service channels. Not only are our customers receiving more value for their energy dollars through our digital self-service channels but our customer service representatives are able

Customer Facing Technology

to provide more time and attention to those customers that do call in to solve more complex issues. This demonstrates that investment in our digital channels provides a two-fold value to customers.

In summary, we expect the trend for digital self-service preference to continue. With a $4.45M investment for 2023 and $4.5M for 2024, Avista can expect to keep the cost per customer contact at or below $0.6, which is extremely cost effective when comparing to the 2021 cost-per-call average of $10.36.

This becomes especially important when considering that the Avista service territory is currently experiencing rapid growth (Jones, 2022) and every investment in self-service capability results in relative cost-per-contact decreases. As an example, Avista recently prioritized and is working to fully automate the 'Start Service' process as a deliverable under the Customer Facing Technology Program in 2022. Initial estimates for labor-based cost savings are greater than $150,000 annually when comparing to the non-automated workflow, which requires manual data entry for every customer requested start-service transaction. Over the course of 5 years, this should result in $750,000 labor cost savings via Avista Call Center's "Flex" staffing model.

With our flexible work force in the call centers, we can flex the staffing to meet call volume. If calls increase, then we 'flex' on more staff to maintain the level of service. On the contrary, if calls decrease, then we staff at fewer hours for the week and sustain this level of staffing, if the lower call volume is maintained. Continuing to increase our self-service offerings enables Avista more opportunity for labor savings.

2.2 Discuss how the requested capital cost amount will be spent in the current year (or future years if a multi-year or ongoing initiative). Include any known or estimated reductions to O&M as a result of this investment.

There are no direct O&M reductions due to this capital business case, this business case supports customer expectations related to availability of self-service transactions that support customer value, ease and transparency.

Recommended Solution:

The recommended solution includes a multitude of self-service functionality additions and enhancements. Under the leadership of the defined Customer Technology governance team, the Program undergoes bi-annual (at minimum) assessment and prioritization of deliverables to ensure the Customer Facing Technology Program is aligned with current customer and business needs. Please note that the list below is updated and reprioritized regularly based on customer and business identified needs and as such, items listed below may be removed or

deprioritized at a future date. Deliverables within the Customer Facing Technology Program could include (but are not limited to) the following:

Self-Service Functionality

- Enhancements to Avista automated Start, Stop and Transfer Service Functionality.
- AMI smart meter enabled personalized energy usage insights using customer facing tools on the web and mobile application.
- Storm Center/Outage Map upgrade for an improved user interface, more useful information and tools, enhanced alert features, admin event history module, and map legend enhancements.
- Implementation of "Bill Image" generation software and/or vendor with the objective of improving availability and value to the customer. This may also include new bill design.
- Enhancement to payment methods (PayPal, Venmo, Apple Pay, Google Pay, Alexa, Google Home, etc.).
- Mobile App Upgrade – Addition of high frequency and high volume transactions on the Mobile App that are currently available to customers via myavista.com (example: Add the ability for a customer to view their Usage Data on the Mobile App). It may also include Mobile App specific functionality that is optimized for that channel.
- Features to streamline processes for landlords - landlords have a high amount of move in/move out transactions they perform on behalf of their tenants. Specific functionality for business customers to help them manage their energy use. This work may reduce the number of calls to our Call Center and account executives.
- New payment flow for multi-account customers to streamline process with less clicks and more information easily available and accessible from the MyAccount page.
- Enhanced reporting for energy assistance to allow partner agencies to provide a better experience for Avista's customers seeking bill assistance.
- Tools for customers who have their own onsite renewable generation
- Ability for customers to schedule appointments and view how various work is progressing through the pipeline (construction tracker, tree trimming status/work tracker, etc.) – This work may reduce the number of calls to our Call Center and/or Customer Project Coordinators.
- Ability to report streetlight outages via the web and mobile app. This may reduce calls to the Call Center and reduce manual processes.
- Energy management tools through various voice channels (Alexa, Google Home, etc.).

Technology Updates

- Web content management system maintenance, upgrades, and ongoing enhancements. Some of this work will allow content editors to make updates to our website and the ability to provide customer facing web updates in real-time and will remove workload from our development team. The web content

> management system is the underlying technology and is required in order to keep a website up and functioning.

- Digital channels technologies maintenance, upgrades and ongoing enhancements. This work covers digital channels technologies other than the web content management system, such as vendor related systems like Storm Center, outage map, agent web, InfoPortal, mobile app, IVR, etc.
- Customer systems resiliency work which includes redesigning existing technology processes and integrations and the replacement of web services to industry standards to improve upon our digital channels performance.
- Outage Resiliency improve the resiliency (availability) of our digital channels in the face of high traffic or catastrophic events.
- Web maintenance and technical debt to ensure our website is up to date, secure, accurate data presentment, updated customer information, banners and alerts, security enhancements, server upgrades, license and certificate renewals, etc.
- Call Center application upgrades.

Products & Services, Energy Efficiency

- Rebates features and enhancements – new conversion category, instant rebate check out in the "Marketplace".
- Non-retail digital channel energy payments.

2.3 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented.

This business case will provide self-service options for our customers through our digital channels. This will reduce the amount of manual work our employees are performing on behalf of our customers. Less follow-up could be required between CSR's and other employees because customers would be self-serving and gathering this information on their own.

2.4 Discuss the alternatives that were considered and any tangible risks and mitigation strategies for each alternative.

Alternative #1 – Implement less tools, options, and updates/upgrades:

In this alternative, Avista would implement some of the customer solution capabilities and improvements listed in section 2.2, excluding those that require the help of outside professional services. This alternative will delay some of the benefits to our customers which may generate dissatisfaction and cause systems performance to degrade by preventing us from maximizing the benefits of these previously funded core systems, such as the myavista.com website, mobile app, and smart meter and load disaggregation capabilities.

Impacted enhancements and features requiring professional services:

- AMI smart meter enabled personalized energy usage insights using customer facing tools on the web and mobile application.
- Storm Center/Outage Map upgrade for an improved user interface, information, and tools, enhanced alert features, admin event history module, and map legend enhancements.
- A new bill design and possible transition to a new vendor due to an increased amount of downtime for our customers through Avista's digital channels.
- Enhanced reporting for energy assistance to allow partner agencies to provide a better experience for Avista's customers seeking bill assistance.
- Energy management tools through various voice channels (Alexa, Google Home, etc.).
- Web content management system upgrade, maintenance and ongoing enhancements. Some of this work will allow content editors to make updates to our website and the ability to provide customer facing web updates in real-time and will remove workload from our development team. The web content management system is the underlying technology and is required in order to keep a website up and functioning.
- Call Center application upgrades (personnel scheduling and work management system for customer service representatives).

2.5 Include a timeline of when this work will be started and completed. Describe when the investments become used and useful to the customer. spend, and transfers to plant by year.

The work within this business case will be conducted through a program that will contain multiple projects. The work will transfer to plant most often on an integrated release cycle; new features will go-live for customers 3 or more times per year.

2.6 Discuss how the proposed investment aligns with strategic vision, goals, objectives and mission statement of the organization.

Avista's strategic vision is to put the customer at the center of everything we do. The meaning behind this business case is to provide tools for our customers to interact with our company in a digital way and a way that the customers choose. This is 100% in line with our strategic vision.

A specific focus area is for our customers, "We must hold our customers' interests at the forefront of all our decisions, operating our business by showing that we are transparent, genuinely care, and are easy to do business with." We are offering a choice to our customers; therefore, we are easy to do business with. If a customer wants to avoid talking to a customer service representative and pay their bill online, sign up for alerts and notifications, or get information on the mobile app regarding their outage, they can do that within seconds or minutes.

Our mission is "We improve our customers' lives through innovating energy solutions." Some of the planned work in the coming years will provide detailed

usage information to the customer (load disaggregation) enabling them to become more in control of their energy use. By providing these digital channels tools to our customers we are opening their eyes into how they are using energy, this will allow them to more effectively manage their energy and see where they may be able to save money or repair underperforming appliances. This program enables innovative customer interactions and will provides immense value to our customers, both in terms of how they interact with us, but also through reductions in the cost to serve.

2.7 Include why the requested amount above is considered a prudent investment, providing or attaching any supporting documentation. In addition, please explain how the investment prudency will be reviewed and re-evaluated throughout the project

If customers continue to use these digital channels to self-serve, it is considered a prudent investment as it will continue to defer more expensive interactions. Monthly and annual digital channel analytics reports will be reviewed on an annual basis to ensure the channels are still being used and that customer satisfaction is reasonable and in line with other utility digital channels.

2.8 Supplemental Information

2.8.1 Identify customers and stakeholders that interface with the business case

Customers will interface with the technology in this business case both through their own self-service interactions on MyAvista.com, the mobile app, and text channels and with Avista personnel who will be using the technology to provide service to customers.

2.8.2 Identify any related Business Cases

The work in the business case is not related to work in other business cases.

2.8.3 References

Jones, P. (2022, July 28). *Spokane County's Population Grows Faster Than Expected*. Retrieved from Spokane Journal of Business: https://www.spokanejournal.com/local-news/spokane-countys-population-grows-faster-than-expected/

Kulbytė, T. (2021, May 4). *THE VALUE OF CUSTOMER SELF-SERVICE IN THE DIGITAL AGE*. Retrieved from Super Office: https://www.superoffice.com/blog/customer-self-service/

3.1 Steering Committee or Advisory Group Information

This business case will be governed by the Customer Facing Technology (CFTP) & Customer Experience Platform (CXP) Governance group. This group prioritizes and governs the projects under the Customer Facing Technology Program throughout

DocuSign Envelope ID: D9116AA6-D7DA-4628-B54E-F42CA823C817

the entire project lifecycle. They then surface these to the IS/IT PMO for execution.

3.2 Provide and discuss the governance processes and people that will provide oversight

The CFTP Governance Group meets on a monthly basis.
Members include:
Kevin Christie – VP External Affairs and CCO
Jim Kensok – VP CIO & CSO
Latisha Hill – VP Community & Economic Vitality
Jennifer Esch – Director of Customer and Shared Services
Nikdel Hossein – Director Applications and System Planning
Jim Corder – Director IT and Security
Dana Anderson – Director Corporate Communications
David Howell – Director Operations, West Operations and Asset Management
Nicole Hydzick – Director Energy Efficiency
Kelly Magalsky – Director Products, Services, and Customer Technology
Brandi Smith – Manager Corporate Communications
Matt Halloran – Manager Customer Technology Solutions
Graham Smith – Manager Applications Delivery and Application Support
Facilitators include:
Kim Henscheid – Program Manager Customer Experience Platform
Ethan Jelinek – IT Sr Program Manager

3.3 How will decision-making, prioritization and change requests be documented and monitored?

Decision making and general prioritization decisions for the business case and programs will be documented and monitored through monthly meeting notes. Project specific decisions will be documented within the PMO's current process through project change orders.

Customer Facing Technology

The undersigned acknowledge they have reviewed the **Customer Facing Technology Program** Business Case and agree with the approach it presents. Significant changes to this will be coordinated with and approved by the undersigned or their designated representatives.

Signature: *Matt Halloran*
    DocuSigned by:
    2453B362CFD34F9...
Date:

Print Name: Matt Halloran

Title: Customer Solutions Manager

Role: Business Case Owner

Signature: *Kelly Magalsky*
    DocuSigned by:
    E7A0F731C49442B...
Date:

Print Name: Kelly Magalsky

Title: Director of Customer Technology and Products and Services

Role: Business Case Sponsor

Signature: *Hossein Nikdel*
    DocuSigned by:
    E4E2D9C7EE4747F...
Date:

Print Name: Hossein Nikdel

Title: Director of Applications and Systems Planning

Role: Steering/Advisory Committee Review

Template Version: 05/28/2020

Customer Transactional Systems

EXECUTIVE SUMMARY

Customer transactional systems are used to support the day-to-day operational needs of all our customers, internal users, third party partners and our regulators. These systems include functionality such as: collection and storage of meter reads and meter data, customer billing, head end metering systems, energy and assistance agency program reporting, rate design and rate modeling tools, and customer energy efficiency records and opportunities. To keep these systems up to date and operational, we must perform regular upgrades and invest money in enhancements that will benefit our customers, internal users, third party partners and regulators. Technology and user expectations continue to evolve, and we need to be agile and use our technologies to meet those expectations.

We strive to meet the needs of our customers by offering new options and features and to also ensure that the users of these systems can perform their jobs in the most efficient and timely manner. It is important to be able to meet the request of our third-party partners and to ensure we are reporting back accurately to our regulators. These systems are foundational in our interactions with all our partners. We must keep these systems updated to support new requests such as: new billing and rate options, product and service offerings, scheduling appointments and tracking jobs, payment arrangements and payment options, and meter data information.

Not investing in this technology would greatly reduce the ability to keep our major systems current and fully operational. We would put significant risk on the ability to meet customer, third party partner and regulatory expectations.

The requested amount over 5 years is **$19,950,000**.

	2023	2024	2025	2026	2027
CTS	$4,100,000	$3,550,000	$4,000,000	$4,100,000	$4,200,000

VERSION HISTORY

Version	Author	Description	Date	Notes
1.0	Mary Silkworth	Initially approved	7/15/2019	
2.0	Stephanie Myers	Update executive summary	6/26/2020	
2.1	Stephanie Myers	Additional detail	7/21/2020	
2.2	Stephanie Myers	Measurements added	7/30/2020	
3.0	Heather Bruns	Update for 5-year planning	7/9/2021	
4.0	Matt Halloran	Annual Update	09/02/2022	

Customer Transactional Systems

GENERAL INFORMATION

Requested Spend Amount	$19,950,000
Requested Spend Time Period	5 years
Requesting Organization/Department	Customer Solutions
Business Case Owner | Sponsor	Matt Halloran | Kelly Magalsky & Hossein Nikdel
Sponsor Organization/Department	Customer Solutions
Phase	Execution
Category	Program
Driver	Customer Service Quality & Reliability

1. BUSINESS PROBLEM

1.1 What is the current or potential problem that is being addressed?

At Avista, we have a variety of "Customer Transactional Systems" that are used to support the day-to-day operational needs of our customers, internal users, third party partners and our regulators.

These systems include functionality such as:
• Collection and storage of Meter Reads and Meter Data
• Customer Billing
• Head End Metering Systems
• Energy and Assistance Agency program reporting
• Rate Design and Rate Modeling tools
• Customer Energy Efficiency records and opportunities

To keep these systems up to date and operational, we must perform regular upgrades and invest in enhancements that will benefit our customers, internal users, third party partners and regulators. Technology and user expectations continue to grow, and we need to be agile and use our technologies to meet those expectations.

We strive to meet the needs of our customers by offering new options and features and to also ensure that the users of these systems can perform their jobs in the most efficient and timely manner. It is important to be able to meet the requests of our third-party partners and to ensure we are reporting back accurately to our regulators. These systems are foundational in our interactions with all our partners.

Customer Transactional Systems

We must keep these systems updated to support new requests such as: new billing and rate options, product and services offerings, scheduling appointments and tracking jobs, payment arrangements and payment options and meter data information.

1.2 Discuss the major drivers of the business case *(Customer Requested, Customer Service Quality & Reliability, Mandatory & Compliance, Performance & Capacity, Asset Condition, or Failed Plant & Operations)* **and the benefits to the customer**

This business case is driven by the need to consistently bill our customers, keep track of customer accounts and provide a way for CSR's and other employees to keep customer accounts current. This business case also includes systems needed to track energy efficiency and data required to report to our regulators. Work requests from our customers are triggered to field personnel from our Customer Transactional Systems. Without these systems we put our quality and reliability of serving our customers at risk.

We must keep these systems updated to support new requests such as: new billing and rate options, product and service offerings, scheduling appointments and tracking jobs, payment arrangements and payment options, and meter data information.

1.3 Identify why this work is needed now and what risks there are if not approved or is deferred

Not investing in this technology would greatly reduce the ability to keep our major systems secure, current and fully operational. These systems require regular updates from the software vendors and constant security updates to ensure our customer data is protected. If this business case is not approved, we would put significant risk on the ability to meet customer, third party partner and regulatory expectations.

1.4 Identify any measures that can be used to determine whether the investment would successfully deliver on the objectives and address the need listed above.

Success measures are as follows:

- % of bills being estimated
- % of errors customers receive when opening their bill electronically
- # of energy efficiency jobs tracked in the new DSM system

	Capital Cost	Start	Complete

Recommended Solution	$19,950,000	01 2023	12 2027

2.1 Describe what metrics, data, analysis or information was considered when preparing this capital request.

The recommended solution would enable us to keep pace with customer demands and take advantage of current changes and enhancements to our technology systems. The enhanced features would allow us to continue to improve our customer experience and offer updated capabilities. Customers are currently asking for more flexibility and choices in their interactions with our Company. These features could include (but not limited to) the following:

- CCB/MDM system upgrades, maintenance and ongoing enhancements. To keep these systems up to date and operational, we must perform regular upgrades and invest money in enhancements that will benefit our customers, internal users, third party partners and regulators.
- Demand Side Management System that tracks all large energy efficiency projects being conducted on behalf of our customers.
- Various products and services for customers including a time of use rate for residential customers, a bundled service for transportation electrification customers, and the ability to pre-pay for service.
- CCB/MDM Performance work is ongoing to maintain optimum performance for CCB & MDM end users.

2.2 Discuss how the requested capital cost amount will be spent in the current year (or future years if a multi-year or ongoing initiative). (i.e. what are the expected functions, processes or deliverables that will result from the capital spend?). Include any known or estimated reductions to O&M as a result of this investment.

The Customer Transactional Business Case will fund the following Business Deliverables over the next five years. Please note that this list is updated and reprioritized regularly based on customer and business identified needs and as such, items listed below may be removed or deprioritized at a future date.

- Customer Care and Billing (CC&B) Application Upgrade(s) inclusive of security patches, bug fixes and feature enhancements.
- Meter Data Management (MDM) Application Upgrade(s) inclusive of security patches, bug fixes and feature enhancements.
- Tivoli Server Replacement
- Real Time Address Validation Implementation
- Server Replacement to Redhat 8 OS
- Net Metering Bill Presentment
- New Rate implementation for Time of Use
- New Rate implementation for Peak Time Rebate
- Comfort Level Billing (CLB) Enhancements
- Payment Arrangement and Payment Plan implementation(s) and enhancements.
- Field Activity Management Enhancements

- Energy Assistance back-end system enhancements
- Renewable Natural Gas will fulfill a regulatory requirement and lessen calls to the Call Center for customers due to a self-service sign-up experience.
- Improving bill image (PDF) availability will lessen the calls to the Call Center as an improved solution will improve reliability of the current solution for our customers.

There are no direct O&M reductions related to this business case.

2.3 Outline any business functions and processes that may be impacted (and how) by the business case for it to be successfully implemented.

CC&B/MDM Cumulative Updates/Upgrade: Direct impacts to Customer Service, Construction Services, Rates, DSM, Security, Remittance, and Finance are among the many departments that utilize these systems along with specific roles such as CSRs, CPCs, account executives and regional business managers. This work will continue to keep our two most critical business applications updated to the most current versions and help to mitigate future support and security risks.

DSM System: This system will impact the employees that keep track of energy efficiency projects on behalf of our customers. Information in this system is tracked (for example: kWh and therms saved through a lighting upgrade in a supermarket) and reported to energy efficiency governing bodies.

Rate Tools: This work will directly impact our Rates Department and replace the existing "home grown" system they are using which is at end of life.

2.4 Discuss the alternatives that were considered and any tangible risks and mitigation strategies for each alternative.

Funding at a lower Level
The "Funding at a Lower Level" option would delay benefits to our employees and customers, users of the system and third-party partners. This option could increase O&M costs as we may delay our major technology system upgrades. In addition, we would delay implementing enhancements that would benefit users of the systems and create operational efficiencies, features that would benefit customers and delay the ability to respond or report on regulatory requests.

2.5 Include a timeline of when this work will be started and completed. Describe when the investments become used and useful to the customer. spend, and transfers to plant by year.

The work within this business case will be conducted through a program that will contain multiple projects. The work will transfer to plant most often on both an integrated and independent release cycle; new features will go live for employees and/or customers 7-10 times per year.

2.6 Discuss how the proposed investment aligns with strategic vision, goals, objectives and mission statement of the organization.

At Avista, we have a variety of "Customer Transactional Systems" that are used to support the day-to-day operational needs of our customers, internal users, third party partners and our regulators.

For Avista to provide "Better energy for life…" it is important to keep these systems functioning at the optimal technical level in keeping with industry standards and customer expectations. Continually improving, enhancing, replacing, and building upon these systems keeps us in step with our value of being innovative and continuously improving and finding better ways to get things done. This concept is directly stated in our mission statement, "We improve our customers' lives through innovative energy solutions" and is a demonstration of placing the customer at the center of everything we do.

In addition to focusing on our customers, our employees are foundational to everything that we do. Improving these systems also includes direct benefit to our employees and their performance. They are using these tools daily to deliver value to our customers and the communities we serve.

2.7 Include why the requested amount above is considered a prudent investment, providing or attaching any supporting documentation. In addition, please explain how the investment prudency will be reviewed and re-evaluated throughout the project

Avista needs a way to track customer accounts, bill our customers, and track energy efficiency projects and savings on behalf of our customers. It is considered a prudent investment as it will continue to provide an efficient and safe way to bill our customers and keep our customer information secure.

2.8 Supplemental Information

2.8.1 Identify customers and stakeholders that interface with the business case

Customers will interface with the technology in this business case indirectly through their own self-service interactions on MyAvista.com, the mobile app, and text channels. Customers will also interact with Avista

---

personnel who will be using the technologies supported under the Program to provide service to customers.

2.8.2 Identify any related Business Cases

The work in the business case is related to the work in the Customer Facing Technology business case. Most of the tools identified in the Customer Facing Technology business case cannot function without work occurring within the Customer Transactional Systems business case.

3.1 Steering Committee or Advisory Group Information

This business case will be governed by the Customer Facing Technology (CFTP) & Customer Experience Platform (CXP) & Customer Transactional Systems (CTS) governance group. This group prioritizes and governs the projects under the Customer Transactional Systems throughout the entire project lifecycle. They then surface these to the IS/IT PMO for execution.

3.2 Provide and discuss the governance processes and people that will provide oversight

The CFTP, CXP and CTS Governance Group meets on a monthly basis.
Members include:
Kevin Christie – VP External Affairs and CCO
Jim Kensok – VP CIO & CSO
Latisha Hill – VP Community & Economic Vitality
Jennifer Esch – Director of Customer and Shared Services
Nikdel Hossein – Director Applications and System Planning
Jim Corder – Director IT and Security
Dana Anderson – Director Corporate Communications
David Howell – Director Operations, West Operations and Asset Management
Josh DiLuciano – Director Electric Engineering
Nicole Hydzik – Director Energy Efficiency
Kelly Magalsky – Director Products, Services, and Customer Technology
Matt Halloran – Manager Customer Technology Solutions
Graham Smith – Manager Applications Delivery and Application Support
Facilitators include:
Kim Henscheid – Program Manager Customer Experience Platform
Ethan Jelinek – IT Sr Program Manager

Customer Transactional Systems

3.3 How will decision-making, prioritization, and change requests be documented and monitored

Decision making and general prioritization decisions for the business case and programs will be documented and monitored through monthly meeting notes. Project specific decisions will be documented within the PMO's current process through project change orders.

The undersigned acknowledge they have reviewed the Customer Transactional Systems Program Business Case and agree with the approach it presents. Significant changes to this will be coordinated with and approved by the undersigned or their designated representatives.

Signature: *Matt Halloran*   Date:

2453B362CFD34F9...

Print Name: Matt Halloran

Title: Manager, Customer Tech. Solutions

Role: Business Case Owner

Signature: *Kelly Magalsky*   Date:

E7A0F731C49442B...

Print Name: Kelly Magalsky

Title: Director of Customer Technology and Products and Services

Role: Business Case Sponsor

Signature: *Hossein Nikdel*   Date:

E4E2D9C7EE4747F...

Print Name: Hossein Nikdel

Title: Director of Applications and Systems Planning

Role: Steering/Advisory Committee Review

Template Version: 05/28/2020

Idaho Public Utilities Workshop
July 13, 2022

Agenda

01   Customer Service - Customer Experience

02   Why Customer Experience?

03   Customer Technology

Avista's Strategy & Focus
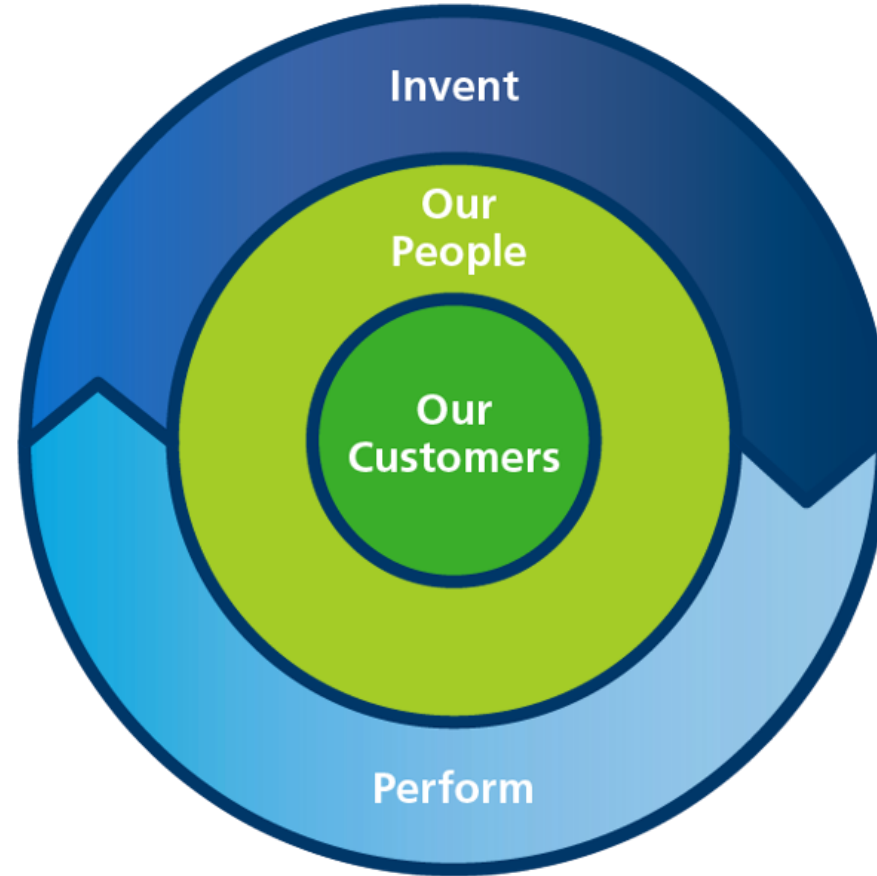
What is Customer Experience?

Customer **Perception**

Sum of **All** Interactions
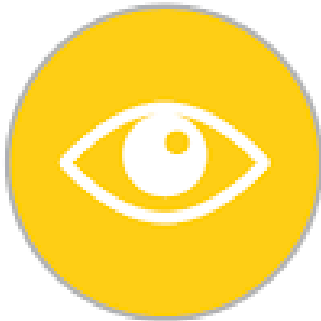
Customer Service vs Customer Experience

Customer Service

Point in time

Inside-Out
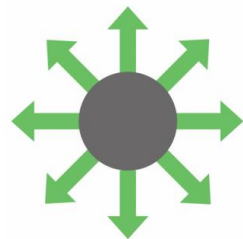
Objective (Process)

Customer Experience

Sum of the whole experience

Outside-In
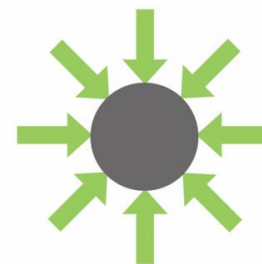
Subjective (Perception)

Why Customer Experience?

Customer Experience is how customers *perceive* their interactions with your company.

The world is changing…

- Increased customer expectations
- Increased customer choices
- Digital disruptors
- Disintermediation

CX can help…

- Improve customer loyalty
- Control & reduce costs
- Build trust & partnerships
- Retain & attract customers
- Increase customer value & advocacy

Why?

Increased Customer Expectations

Cultivating Customer Loyalty

What is LOYALTY?

Compliance
I follow your guidance.

Advocacy
I recommend you to others.

Enrichment
I seek out your expertise.

How do we create LOYALTY?

Effectiveness
I got what I needed.

Ease
It was easy.

Emotion
They made me feel good.

CX Index – Industry Benchmarks

1	Auto/Home Insurers	75.0	7	Banks Direct	72.5
2	Auto Manufacturers	74.8	8	Hotels	71.2
3	Credit Card Issuers	74.1	9	Health Insurers	69.5
4	Retailers	73.8	10	Airlines	65.2
5	Investment Firms	73.2	11	Utilities	65.2
6	Auto Manufacturers	72.9	12	Federal Government	62.3

Average – 71.3

Avista – 70.1

Very poor (0-54)   Poor (55-64)   OK (65-74)   Good (75-84)   Excellent (85-100)

Effectiveness, Ease and Emotion

Avista has room to improve on making experiences **EASY** and more **EFFECTIVE**.

Avista stands out for its ability to generate positive **EMOTIONS**.

	Positive	Neutral	Negative
Emotion	67%	25%	7%
Ease	67%	25%	8%
Effectiveness	65%	25%	10%

■ Positive ■ Neutral ■ Negative
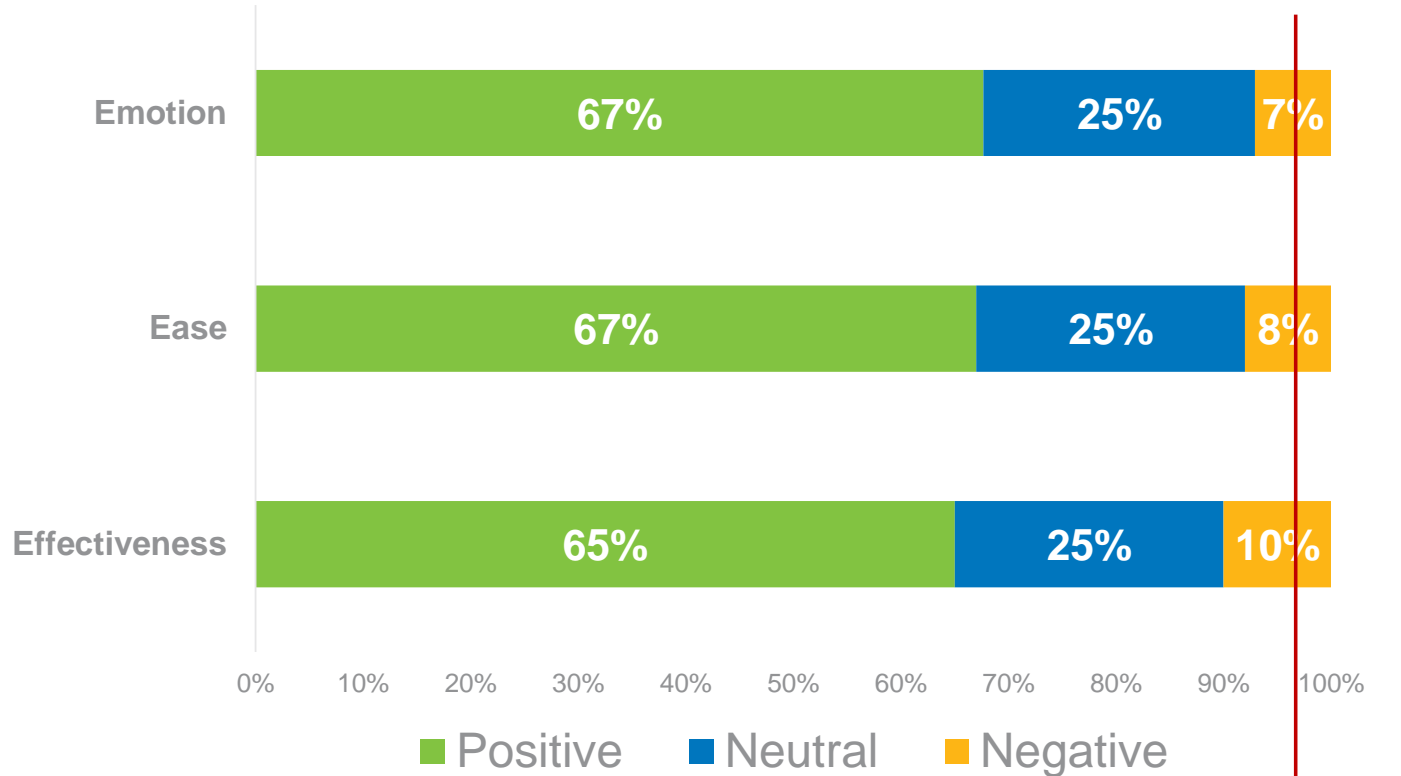
Goal: Less than 3%

How Customer Experience Tools Help

Avista's gas compliance programs experienced a 30% increase in **customer complaints** in 2020, with over 5,000 CGEs (can't gain entries) recorded, and 700 turned over to Avista Serviceman.

	2020:	2021:	
	47 Customer complaints	**21**	↓ **55%**
	5,072 Can't Gain Entries (CGEs)	**3,627**	↓ **28%**
	700 CGEs turned over to Avista	**539**	↓ **23%**

How Customer Experience Tools Help

Customer Experience Champions

Change agents focused on influencing and motivating others to adopt the Customer Experience Vision & 4 Keys.

CARE

TRUST

EASE

OWNERSHIP

VISION
We make lives better by putting **our customers** at the center of all we do.

Being a Champion has allowed me to meet and network with CSR's and their managers helping me understand what the CSR challenges and successes look like. I can take the information back and share between CSR's, CPC's, and construction techs to improve the overall customer experience.

A company culture as good as this cannot be taken for granted. I want to be a part of continuing the culture for many others in the years to come and have Avista continue this wonderful legacy. As an employee, it is particularly important to TRUST that we all consider the customer experience as an essential part of our work.

Customer Solutions Technology

Customer Facing Technology
Customer Experience Platform
Customer Transactional Systems

July 2022

Agenda

- Customer Interaction Trends and Preferences

- Customer Technology Programs Overview
    - Customer Transactional Systems (CTS)
    - Customer Experience Program (CXP)
    - Customer Facing Technology Program (CFTP)

- Project Examples For Each Program

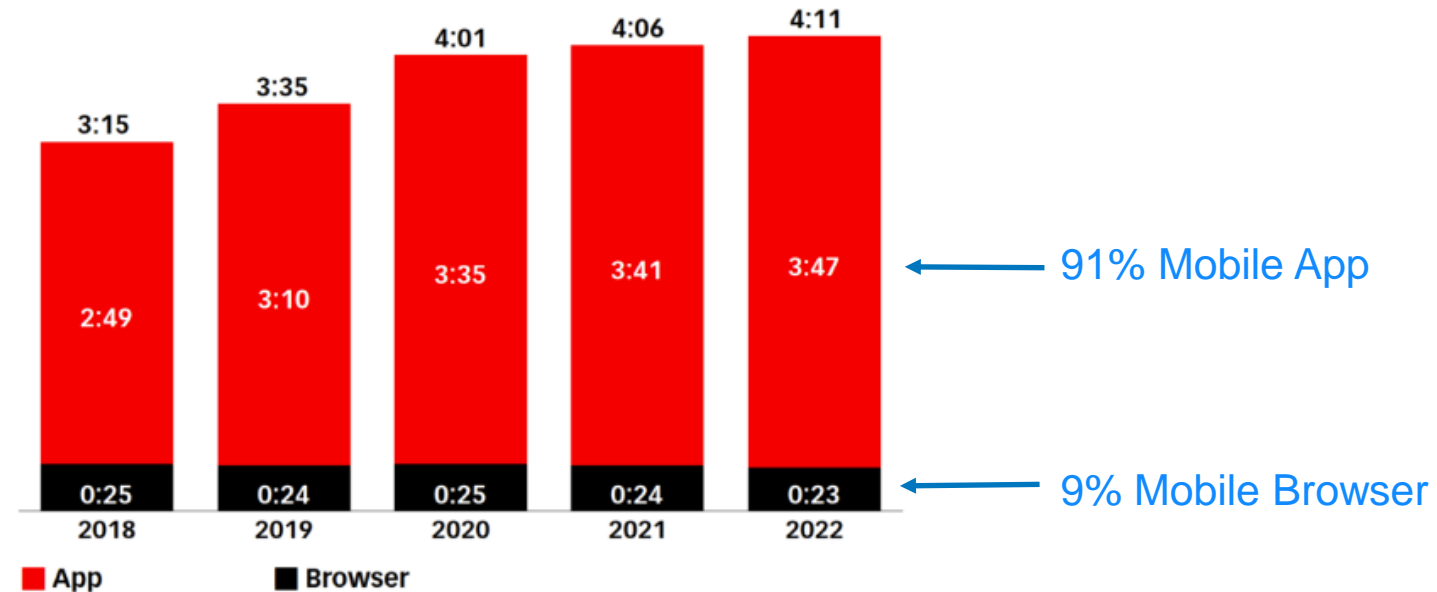# Trends show a preference for self service channels

Total Self-Service Contacts vs. Total Live Contacts (2009 - 2021)

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

■ Self-Service Contacts (Notifications, Mobile App, Texts, Web, IVR)   ■ Live Contacts (Calls, Emails)
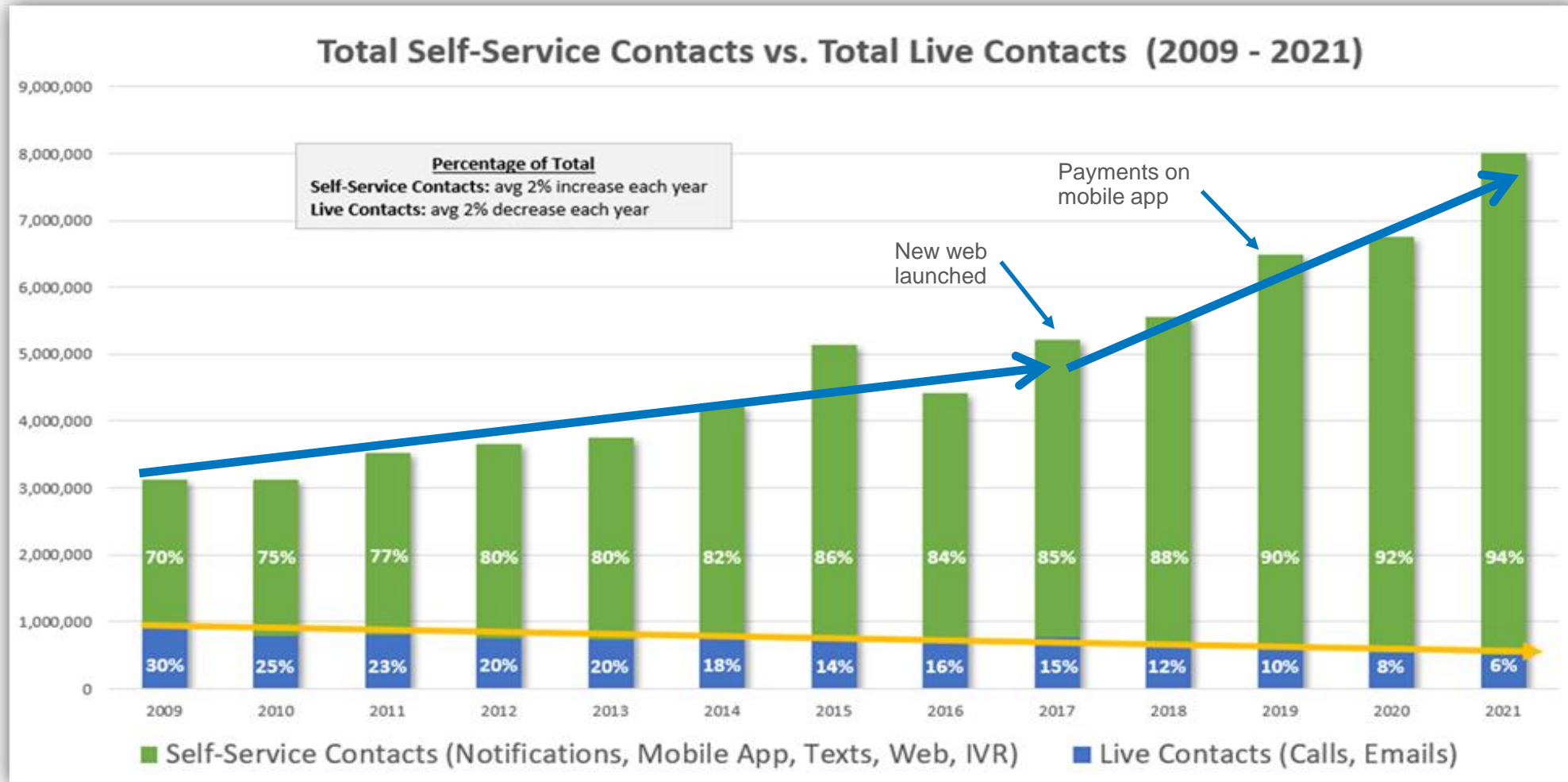
Mobile Surpassing Desktop Usage

% of Visits by Device Category - Desktop/Tablet vs. Mobile (2017-2022 YTD)

Legend: Desktop+Tablet — Mobile
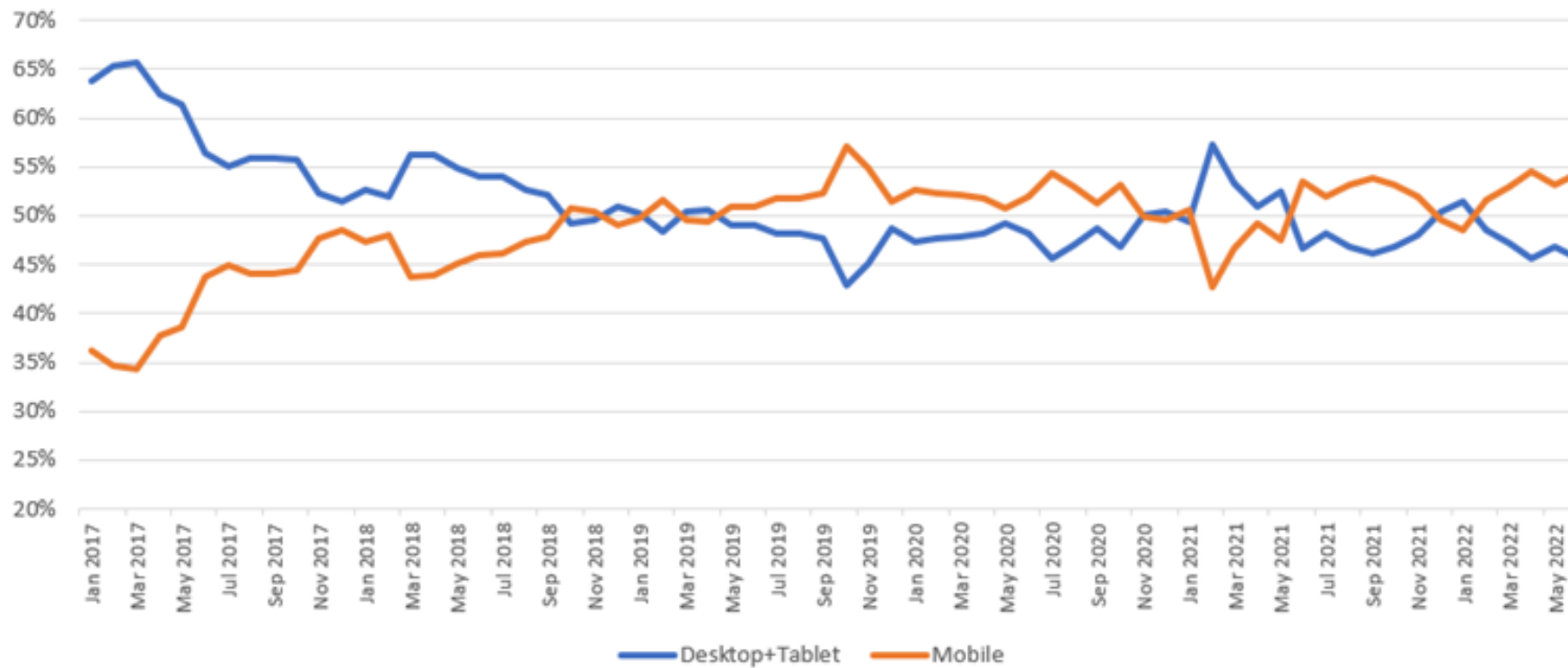
Customers Prefer to Use Mobile Apps

Mobile Internet: Average Daily Time Spent in the US, App vs. Browser, 2018-2022
hrs:mins per day among population

Year	App	Browser	Total
2018	2:49	0:25	3:15
2019	3:10	0:24	3:35
2020	3:35	0:25	4:01
2021	3:41	0:24	4:06
2022	3:47	0:23	4:11

■ App   ■ Browser

← 91% Mobile App
← 9% Mobile Browser

Note: ages 18+; includes all time spent with internet activities on mobile devices, regardless of multitasking; numbers may not add up to total due to rounding

Customer Technology Programs Overview

Customer Transactional Systems (CTS)	Customer Experience Program (CXP)	Customer Facing Technology (CFT)
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.

What is it?

- CC&B, MDM, HES
- Energy Assistance, Rate Design, Energy Efficiency

- Salesforce
- API management
- Integrated cloud applications

- MyAvista.com
- Mobile App
- Automated Customer Communications
  - Email
  - Text

Customer Technology Programs Costs and Savings

Customer Transactional Systems (CTS)

Savings & productivity

	2022	2023
Allocation	$3.9M	$3.9M
Savings	n/a	n/a

Customer Experience Program (CXP)

	2022	2023
Allocation	$6.0M	$5.0M
Savings	$474k	$1M

Customer Facing Technology (CFT)

	2022	2023
Allocation	$4.1M	$4.15M
Savings*	$8.7M	$9.9M

CXP and CFT Combined

	2022	2023
Allocation	$10.1M	$9.15M
Savings *	$9.2M	$10.9M
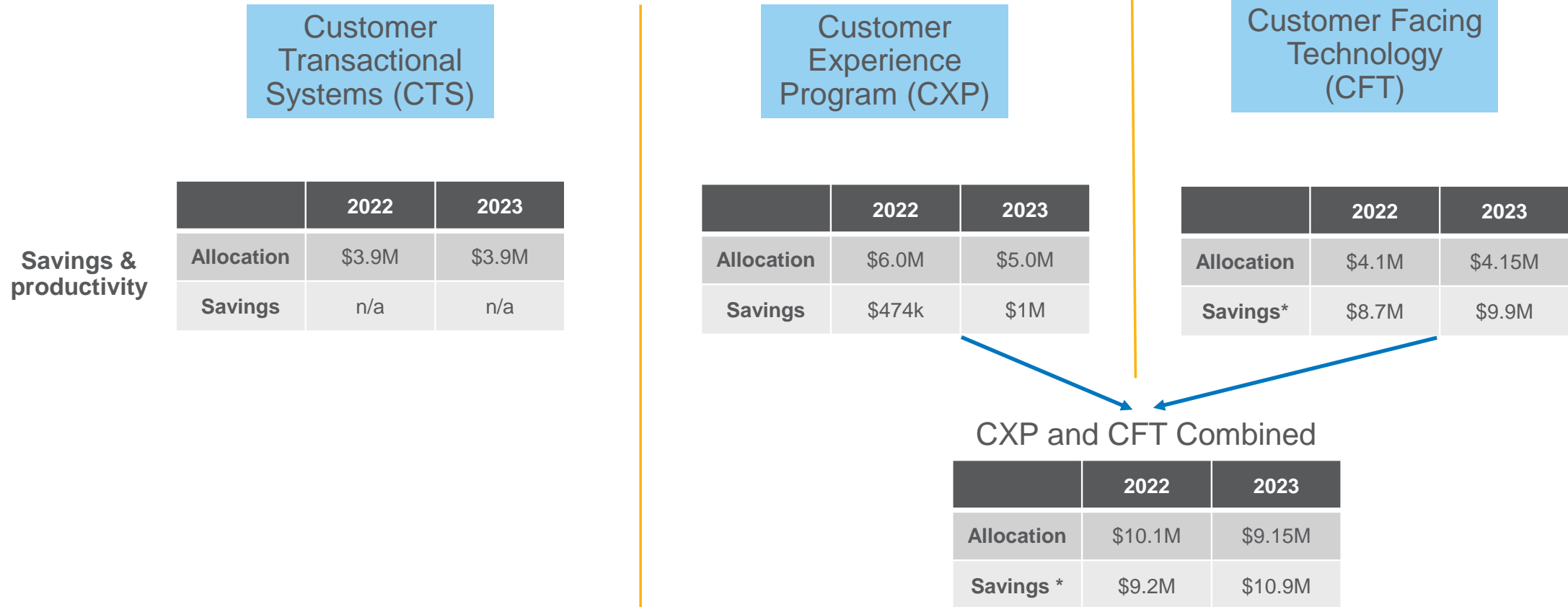
Self Service Call Deflection

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%
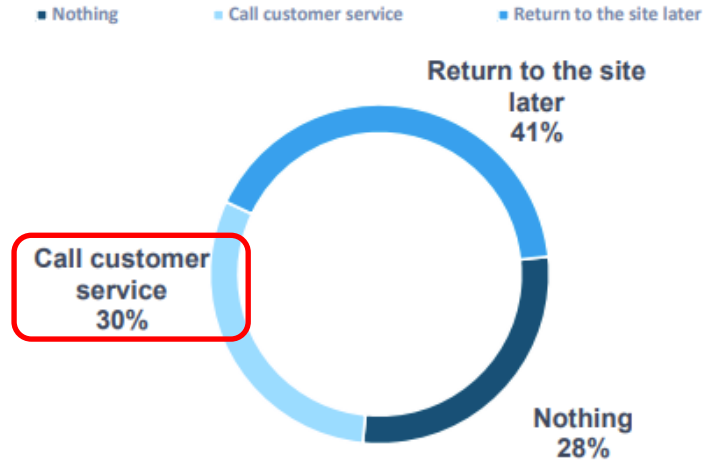
Desktop Users

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%
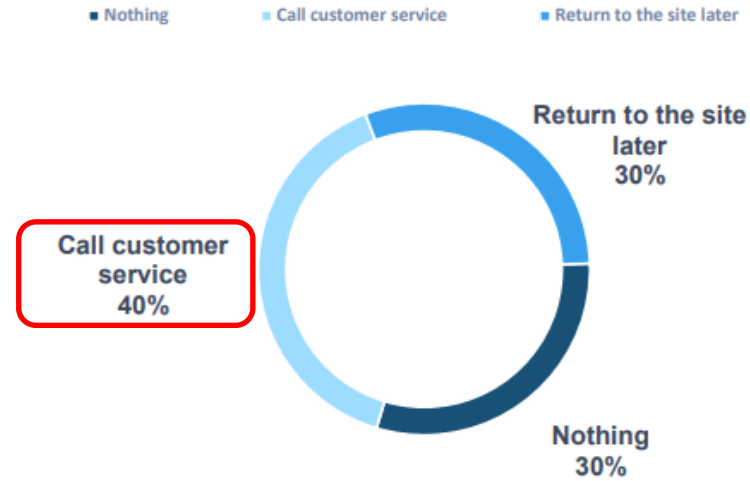
Savings based on 10% call deflection, but customer research shows 30-40% call deflection

Customer Transactional Systems (CTS)

Systems used to support the day-to-day operational needs of our customers, internal users, third party partners and our regulators.

This is the core set of systems that support 'Meter to Cash' functionality.

- **Customer Care & Billing (CC&B)**
  - Rate Design
  - Billing Engine
  - Collections
  - Energy Assistance
  - Field Activity and Work Order Tracking
- **Meter Data Management (MDM)**
  - Storage of all Meter Data used for billing
  - Estimation Engine
  - Metering Head End Systems

CTS Project: CC&B Upgrade

Customer Care & Billing (CC&B) houses all customer data related to premise, account, customer, billing and payment history.

- Regular upgrades of this system are mandatory to add functionality and mitigate security risks.
  - Our CC&B system is hosted 'On-Premise' and requires upgrades to servers, operating systems and application in order to keep current.

- Not executing upgrades puts our customer's data at risk.

CTS Project: Self-Service Payment Arrangements

Payment Arrangements were implemented as a measure to help mitigate the financial impacts of the COVID pandemic.

- Idaho customers have made payments arrangements on over $208,000 in past due billing.

Customer Experience Program (CXP)

Implementation of a modern Customer Relationship Management (CRM) System.

- Centralize key information to enable us to better serve our customers

- Automate manual business processes

- Increase employee productivity

- Increase customer satisfaction

CXP Project: 360 Customer View

Avista leverages a multitude of specialized and complex applications to serve our customers.

The "360 Project" delivers the foundation that brings multiple systems together into a single platform.

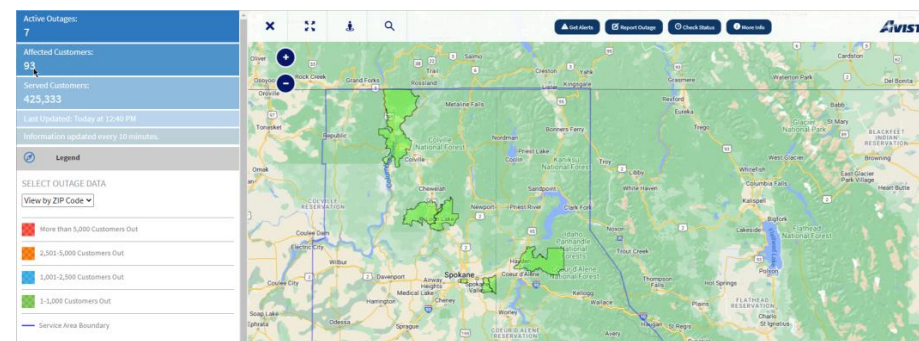Delivers a tool that empowers our employees to focus on the customer.
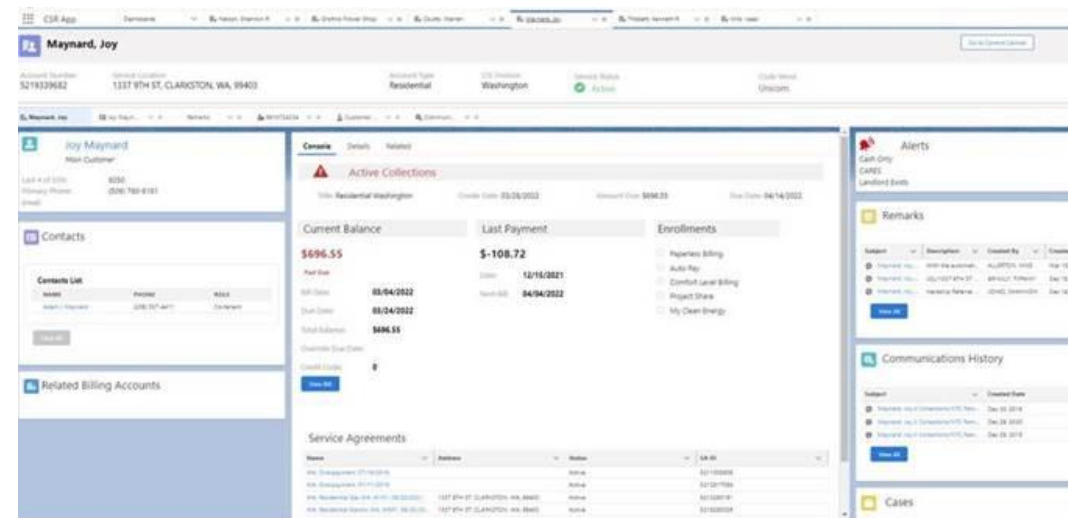
Customer Facing Technology (CFT)

Systems and self-service tools directly used by our customers.

- MyAvista.com
- Electric Outage Map
- Mobile App
- Automated Customer Communications
  - Email
  - Text
- Interactive Voice Response (IVR) Phone System
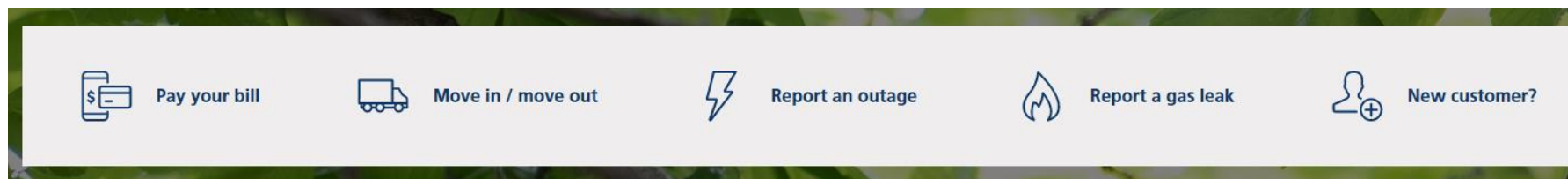
How does Customer Solutions Technology support our customers during major outage events (storms)?
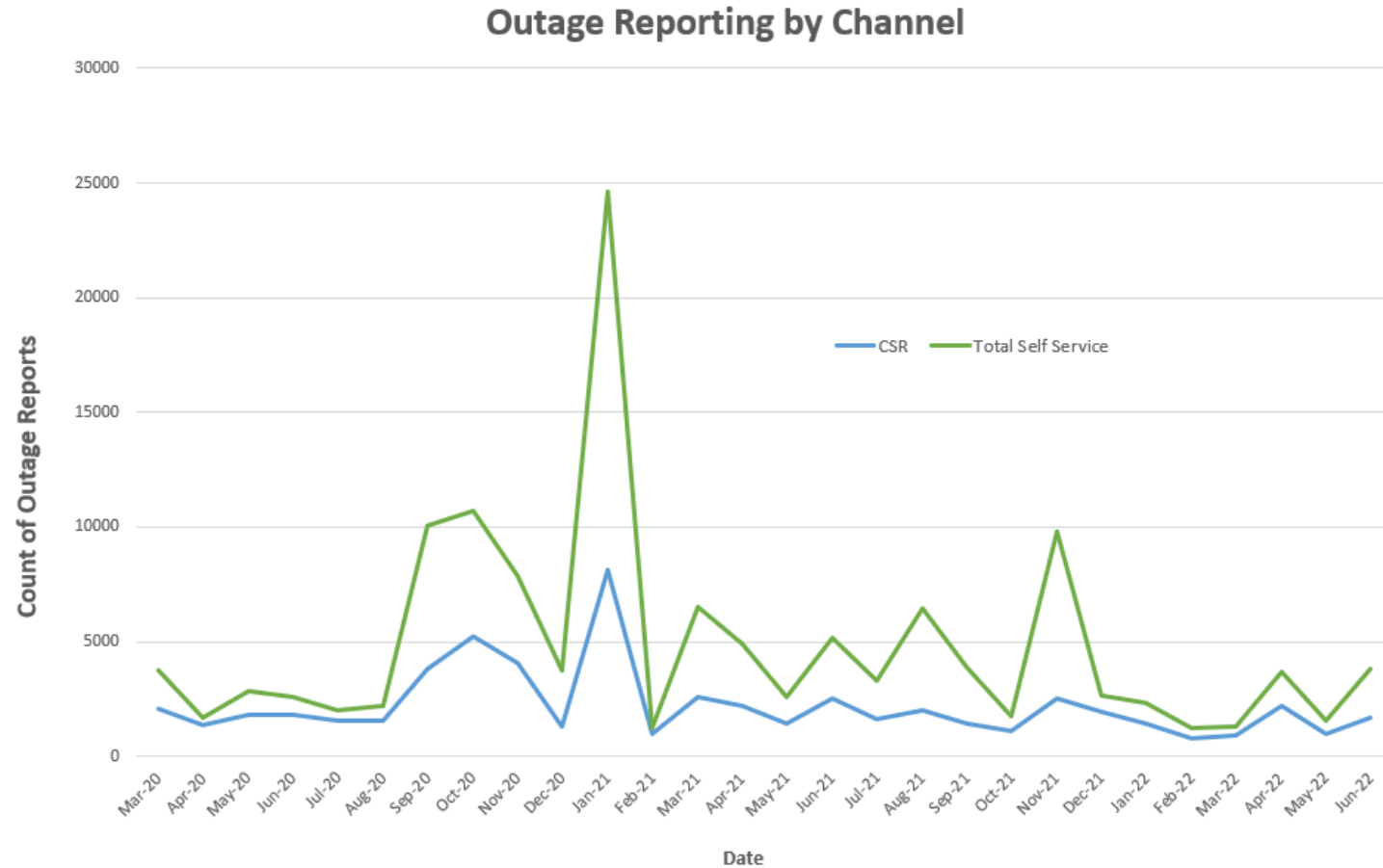
Why is outage reporting Important?

- For our Idaho Customers, Avista relies on customer provided outage reporting.

- The faster outages can be reported, the quicker we're able to have situational awareness, respond and restore power.

Self-service is the customer preferred method for outage reporting

Outage Reporting by Channel

When our self-service systems don't perform, our customers notice

- **Customer Message from January 2021 Electric Outage:**

"*Your online outage reporting form was not working this morning around 7am after repeated tries and of course the phone line was busy. I finally tried the online outage form again this afternoon around 1:30pm and it finally worked…*"
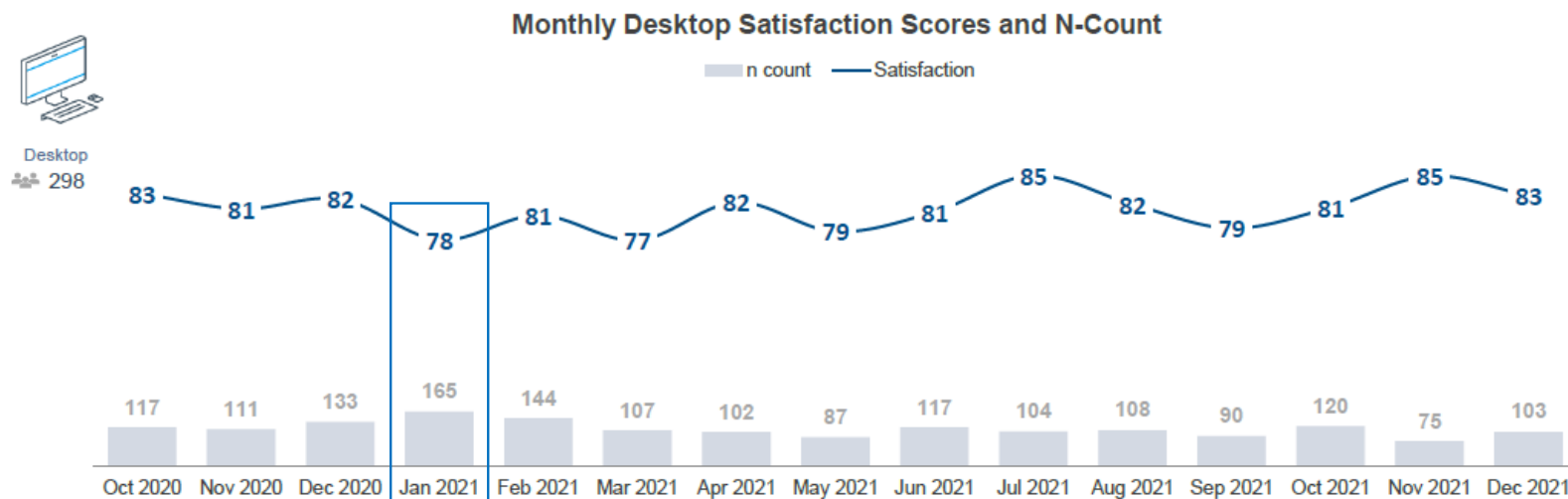
Maintaining C-Sat Requires Regular Maintenance

SATISFACTION MONTHLY TREND

Desktop satisfaction for Q4 trended in the low to mid 80s range, peaking in November 2021 with the highest score since July 2021.

Monthly Desktop Satisfaction Scores and N-Count

n count — Satisfaction

Desktop 298

	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
Satisfaction	83	81	82	78	81	77	82	79	81	85	82	79	81	85	83
n count	117	111	133	165	144	107	102	87	117	104	108	90	120	75	103

Avista invested in the self-service channels to increase capacity

- Self-Service Channels for outage reporting were failing when we observed electric outage events that related to approx. 5-10% of our customer base.

  - 25,000-50,000 customers without power

- Site can now handle traffic associated with more than 50% of our customers being out.

  - 250,000+ customers without power

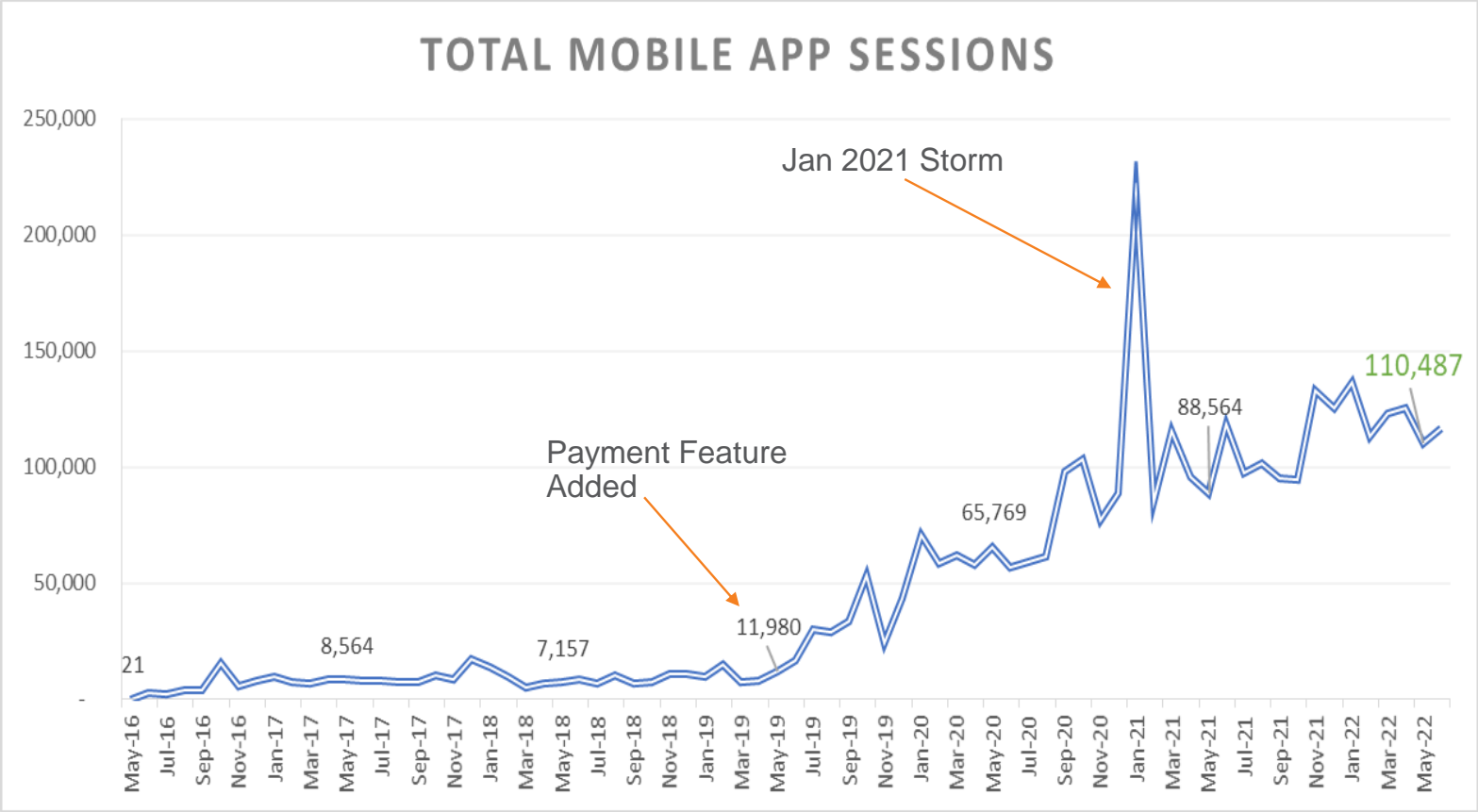# When our self-service systems perform well, our customers notice

Dan Hurst Thanks for what you do Avista Utilities. I used your app to report an outage this morning and received multiple updates throughout the day in the progress. We got power restored a few hours ago. Please let all of the crews know we appreciate the work they do to restore power. 👍😎
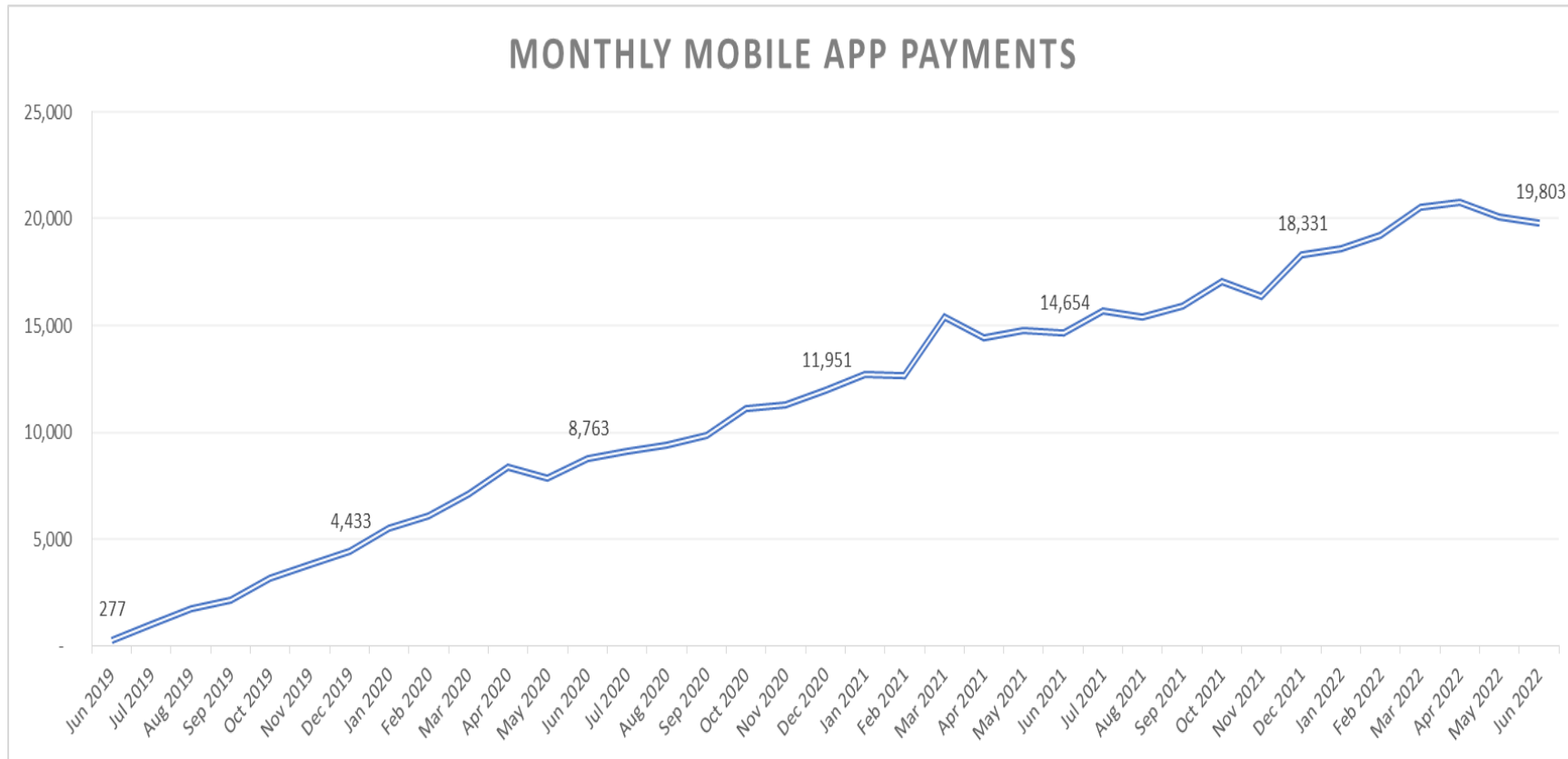
2d

Mobile App Usage Over Time

TOTAL MOBILE APP SESSIONS

- Jan 2021 Storm
- Payment Feature Added
- 110,487
- 88,564
- 65,769
- 11,980
- 7,157
- 8,564
- 21

Avista Mobile App Payments Since Launch

MONTHLY MOBILE APP PAYMENTS