

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-22 \_\_\_\_\_

DOCKET NO. UG-22 \_\_\_\_\_

EXH. KEM-2

KELLY E. MAGALSKY

REPRESENTING AVISTA CORPORATION

Capital Additions for 2021-2024 by Plant Group  
Magalsky

WA GRC Plant Group	Project #	Business Case	2021 TTP (System)	2022 TTP (System)	2023 TTP (System)	2024 TTP (System)	Exh. KEM-2 Page #
<b>Programs</b>	1	Electric Transportation	613,147	2,775,000	3,900,000	4,060,000	2
<b>Total Programs</b>			<b>\$ 613,147</b>	<b>\$ 2,775,000</b>	<b>\$ 3,900,000</b>	<b>\$ 4,060,000</b>	
<b>Short-Lived Assets</b>	2	Customer Experience Platform Program	\$ 6,859,033	\$ 5,999,915	\$ 6,300,000	\$ 6,300,000	10
	3	Customer Facing Technology Program	3,151,975	4,078,651	4,699,999	4,700,000	19
	4	Customer Transactional Systems	4,413,057	3,859,166	3,500,000	3,749,987	31
<b>Total Short-Lived Assets</b>			<b>\$ 14,424,065</b>	<b>\$ 13,937,732</b>	<b>\$ 14,499,999</b>	<b>\$ 14,749,987</b>	
<b>Exh. KEM-IT Total 2021-2024 Capital Additions</b>			<b>\$ 15,037,212</b>	<b>\$ 16,712,732</b>	<b>\$ 18,399,999</b>	<b>\$ 18,809,987</b>	

[1] Customer Experience Platform Program includes "Strategic Initiatives" TTP in 2021.

# **Transportation Electrification - Washington**

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## **EXECUTIVE SUMMARY**

Transportation electrification represents an important, strategic growth opportunity – in many ways it is key to the future health and growth of the Company. Avista’s Transportation Electrification Plan (TEP) was filed with the Washington UTC on July 1, 2020, which provides a comprehensive rationale and plan focused on the 2021-2025 timeframe, and cements the utility role in supporting electric transportation for the long-term. The TEP builds upon the lessons learned from the Electric Vehicle Supply Equipment (EVSE) pilot of 2016-2019, which demonstrated the tremendous benefits of electric transportation and the essential role of the utility in supporting beneficial growth – for all utility customers – as transportation loads are estimated to account for 20% or more of overall electric load by 2050. Investments and activities will take the form of charging infrastructure buildout and maintenance, research and support of emerging commercial, medium and heavy duty applications, transportation rate design, education and outreach, community and low-income support programs, grid integration, and internal programs such as utility fleet electrification, facility charging infrastructure, and employee engagement. Utility initiatives and programs to support and accelerate transportation electrification are aligned with public policy, and will likely see increasing support as the transportation sector accounts for close to half of all emissions in the region. Examples of increasing policy support include legislation mandating a strong utility role, monetized renewable energy credit offsets, and significant funding from a low-carbon fuel standard under consideration in Washington State.

Please see the TEP for more details on strategic rationale, economic and grid impact modeling, costs and benefits, and comprehensive plans and programs (link available at [myavista.com/transportation](http://myavista.com/transportation)). Capital spending of \$18 million is proposed from 2021 – 2025 in Avista’s electric service territory in Washington (expansion to Idaho may occur at some point in the future). Given that technology and market conditions are rapidly changing, it is expected that this business case will require annual updates that may include significant changes. Business case approval is essential to avoid delays and fulfill requests made to the UTC with significant investment of time and effort by the Company, its stakeholders and regulators.

## **VERSION HISTORY**

Version	Author	Description	Date	Notes
1.0	Rendall Farley	Initial 5-year Transportation Electrification Plan in Washington	7/11/2019	Deferred pending regulatory review and approvals
2.0	Rendall Farley	2020 update, following TEP filed with the Washington UTC on July 1, 2020	7/10/20	Regulatory “acknowledgment” of the TEP and supportive Orders is highly likely, customer program launches expected in Q2 2021, implementation planning and activities currently in progress

# **Transportation Electrification - Washington**

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## **GENERAL INFORMATION**

<b>Requested Spend Amount</b>	\$ 18,000,000
<b>Requested Spend Time Period</b>	5 years
<b>Requesting Organization/Department</b>	Transportation Electrification, Products and Services
<b>Business Case Owner   Sponsor</b>	Rendall Farley
<b>Sponsor Organization/Department</b>	Customer Solutions and External Affairs
<b>Phase</b>	Initiation
<b>Category</b>	Program
<b>Driver</b>	Performance and Capacity

## **1. BUSINESS PROBLEM**

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

Transportation electrification is a key long term strategy to significantly reduce emissions and reduce transportation costs for customers, while providing significant and beneficial utility load growth. If managed well, this could result in downward rate pressure while offering substantial utility revenue and earnings potential over the long-term. The business opportunity addressed by the TEP is to position Avista as a utility leader, achieving sustainable growth in the transportation sector and providing significant benefits and choices for customers to move people and goods using electricity as a clean, reliable and more affordable transportation fuel that is optimally integrated with the grid. Short-term objectives are to experiment and learn, support and stimulate markets, strengthen customer relationships, and align with policymakers and regulators. Long-term objectives are to play a key role in fundamentally transforming the transportation sector, achieving major customer and societal benefits on the order of \$1 billion saved per year in the regional economy, while eliminating 80% or more of harmful emissions and pollution from transportation, while optimizing grid integration and providing beneficial utility revenue and earnings that will grow significantly over time, potentially reaching over \$12 million per year in utility revenue and \$23 million in capital investment returns by 2030. This is just the beginning as market segments accelerate and expand beyond this point.

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

The primary drivers are related to long-term business growth, grid reliability through load management and prudent asset management, and increased customer satisfaction. Of the descriptions listed above, perhaps Performance and Capacity is the closest category. Customer benefits include fuel and maintenance savings, reduced emissions and pollution, and decreased rate pressure from beneficial electric load growth over the long-term, that better utilizes grid assets.

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

The TEP follows from the EVSE pilot concluded in 2019, keeping pace with industry and market developments/opportunities. Delays or deferment will risk adequate investments and learning necessary to achieve strategic objectives, as detailed in the TEP. Reputational risk with regulators and stakeholders is also an important consideration.

## **Transportation Electrification - Washington**

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### **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.**

Key metrics and other information will be monitored and reported, including:

1. Customer satisfaction
2. Number of EVs by type (light passenger, forklifts, buses, etc.) in Washington and Idaho service territories
3. Adoption projections
4. Customer operating cost savings and avoided CO<sub>2</sub> emissions
5. EV load profiles for cases of uninfluenced, load management and TOU rates
6. Electric consumption (kWh) and peak load (kW)
7. Grid impacts integrated with System Planning including Distribution systems and the Integrated Resource Plan
8. EVSE installations, costs and % uptime
9. EV TOU rate participation and results
10. Utility spending, revenue and net benefits, including any monetized environmental benefits and grid benefits from load management

### **1.5 Supplemental Information**

#### **1.5.1 Please reference and summarize any studies that support the problem**

Links to Avista's EVSE pilot final report and the TEP may be accessed at [myavista.com/transportation](http://myavista.com/transportation)

#### **1.5.2 For asset replacement, include graphical or narrative representation of metrics associated with the current condition of the asset that is proposed for replacement.**

N/A

<b>Option</b>	<b>Capital Cost</b>	<b>Start</b>	<b>Complete</b>
TEP – moderate growth strategy (recommended)	\$18M	01 2020	12 2025
Low-growth support strategy	\$9M	01 2020	12 2025
Do nothing	\$0M	01 2020	12 2025

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

Considerable research and analysis was considered in the preparation of the TEP. Please see the economic and grid impact modeling, and cost and benefit sections of the TEP for details. Excerpts include the following:

# Transportation Electrification - Washington

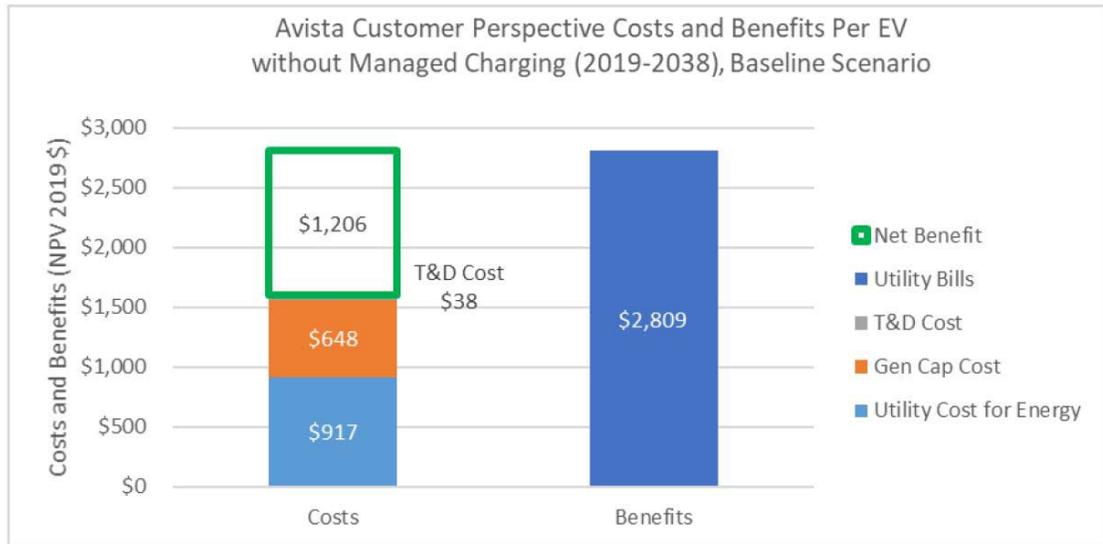


Figure 21: Utility customer perspective costs and benefits per EV without managed charging 2019-2038

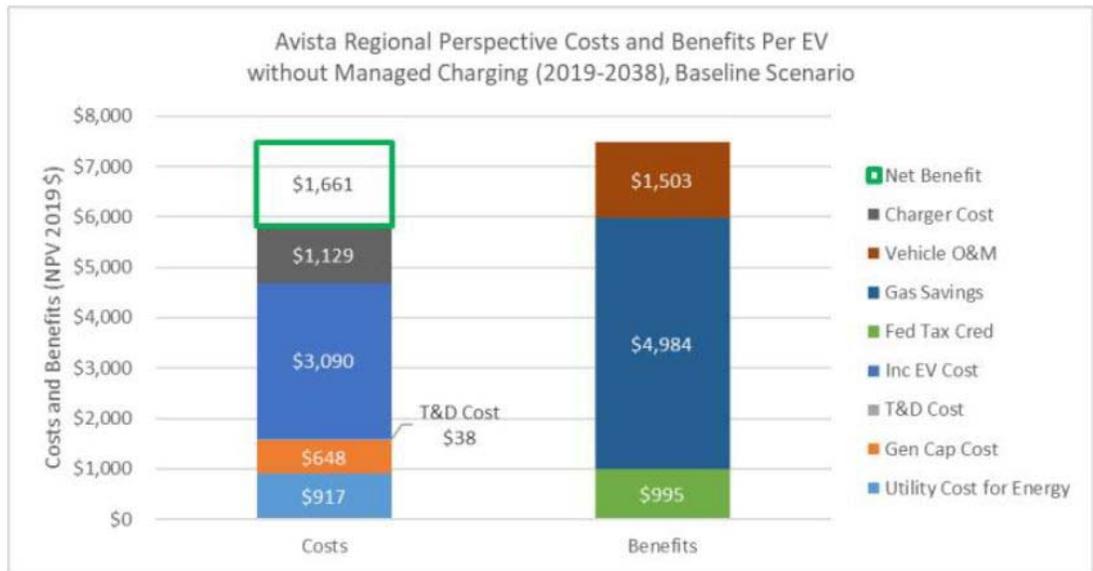


Figure 20: Regional perspective costs and benefits per EV without managed charging 2019-2038

# ***Transportation Electrification - Washington***

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**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).**

# ***Transportation Electrification - Washington***

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## ***Transportation Electrification - Washington***

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### **2.8.1 Identify customers and stakeholders that interface with the business case**

Please see the TEP for details, including acknowledgments and appreciation for a large number of stakeholders and over 300 commercial and residential customers participating in the EVSE pilot.

### **2.8.2 Identify any related Business Cases**

This business case supercedes version 1.0 approved on July 11, 2019.

### **3.1 Steering Committee or Advisory Group Information**

Regular meetings with advisory and executive sponsor steering groups including leaders of Customer Solutions, External Affairs, Energy Delivery, Energy Resources, and Government Relations. These meetings involve a variety of discussions including status updates and guidance for ongoing program direction and adaptive management.

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

See above

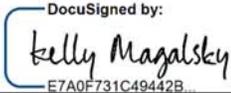
### **3.3 How will decision-making, prioritization, and change requests be documented and monitored**

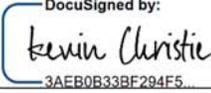
Changes will be documented via annual reports and correspondence with regulators, as well as internal presentations and updates to the business case.

## Transportation Electrification - Washington

The undersigned acknowledge they have reviewed the business case for Transportation Electrification in Washington 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: Rendall Farley Date: 7/10/2020  
 Print Name: Rendall Farley  
 Title: Manager, Electric Transportation  
 Role: Business Case Owner

Signature:  Date: Jan-03-2022 | 8:01 AM PST  
E7A0F731C49442B...  
 Print Name: Kelly Magalsky  
 Title: Director, Products and Services  
 Role: Business Case Sponsor

Signature:  Date: Jan-03-2022 | 9:04 AM PST  
3AEB0B33BF294F5...  
 Print Name: Kevin Christie  
 Title: Senior VP, External Affairs and Chief Customer Officer  
 Role: Business Case Sponsor

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Role: Steering/Advisory Committee Review

Template Version: 05/28/2020

## **Customer Experience Platform Program**

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### **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 **\$31,750,000**

	2022	2023	2024	2025	2026
<b>CXP Program</b>	\$6,750,000	\$6,500,000	\$6,500,000	\$6,000,000	\$6,000,000

### **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	

# **Customer Experience Platform Program**

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## **GENERAL INFORMATION**

<b>Requested Spend Amount</b>	\$31,750,000
<b>Requested Spend Time Period</b>	5 years
<b>Requesting Organization/Department</b>	Customer Solutions   Enterprise Technology
<b>Business Case Owner   Sponsor</b>	Stephanie Myers   Kelly Magalsky   Hossein Nikdel
<b>Sponsor Organization/Department</b>	Customer Solutions
<b>Phase</b>	Execution
<b>Category</b>	Program
<b>Driver</b>	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 each 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 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.

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.

## ***Customer Experience Platform Program***

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### **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 can 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 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

## **Customer Experience Platform Program**

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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/>.

<b>Option</b>	<b>Capital Cost</b>	<b>Start</b>	<b>Complete</b>
Recommended Solution	\$37M	01 2021	12 2026
Alternative #1 – Slower pace of change	\$27M	01 2021	12 2026

### **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.

<b>Cost Avoidance Measurement</b>	<b>Estimated Cost Avoidance</b>
<b>Case Deflection</b>	\$610,609
<b>Case Resolution Time</b>	\$116,133
<b>CSR Productivity (Back Office only)</b>	\$163,125

## **Customer Experience Platform Program**

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<b>Faster Onboarding</b>	\$118,082
<b>Total Estimated Cost Avoidance</b>	<b>\$1,007,949</b>

### **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.
- **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.

## **Customer Experience Platform Program**

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- 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.

	2022	2023	2024	2025	2026
<b>CXP Program</b>	\$6,750,000	\$6,500,000	\$6,500,000	\$6,000,000	\$6,000,000

## **Customer Experience Platform Program**

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<b>Transfer to Plant Estimates</b>	April: \$2m	April: \$2m	April: \$2m	April: \$2m	April: \$2m
	July: \$2m	July: \$2m	July: \$2m	July: \$2m	July: \$2m
	November: \$2.7m	November: \$2.5m	November: \$2.5m	November: \$2m	November: \$2m
				November: \$2m	November: \$2m

### **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 prudence will be reviewed and re-evaluated throughout the project**

CXP prudence 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 prudence 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.

## ***Customer Experience Platform Program***

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### **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

Mike Broemeling – 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

Anna Scarlett – Director Energy Efficiency

Kelly Magalsky – Director Products, Services, and Customer Technology

Kelly Conley – Sr Manager Digital Communications and Corporate Communications

Stephanie Myers – 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

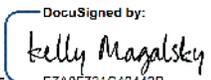
### **3.3 How will decision-making, prioritization, and change requests be documented and monitored**

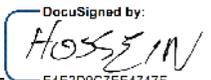
Decision making and general prioritization decisions for the business case and programs will be documented and monitored through monthly meeting notes. Project specific decisions will be documented within the PMO's current process through project change orders.

# 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:  \_\_\_\_\_ Date: Jul-12-2021 | 10:13 AM PDT  
571A8FFB3364417  
 Print Name: Stephanie Myers  
 Title: Customer Solutions Manager  
 Role: Business Case Owner

Signature:  \_\_\_\_\_ Date: Jul-13-2021 | 7:23 AM PDT  
F7AD731C48442B  
 Print Name: Kelly Magalsky  
 Title: Director of Customer Technology, and Products and Services  
 Role: Business Case Sponsor

Signature:  \_\_\_\_\_ Date: Jul-13-2021 | 7:42 AM PDT  
F4F7D8C7FF4747F  
 Print Name: Hossein Nikdel  
 Title: Director of Applications and Systems Planning  
 Role: Business Case Sponsor

Template Version: 05/28/2020

## **Customer Facing Technology**

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### **EXECUTIVE SUMMARY**

The Customer Facing Technology business case focuses on delivering value to all customers (ID, WA, and OR) through our various digital channels including but not limited to MyAvista.com, text/SMS, voice, and our mobile app. Customer expectations have changed in that companies are expected to deliver fast, easy, personalized, and intuitive self-service. Customers want a consistent experience from their first interaction to the resolution of their issue and they are comparing Avista to all the brands with which they interact. 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. Funding the Customer Facing Technology business case ensures that Avista can continue focusing on delivering value to our customers and making it easier for them to interact with us.

Features in this business case include new ways for our customers to interact, including: simplifying the payment process, making it easier for customers to view their bill and their usage information, improving navigation so customers can easily find what they are looking for, adding new functionality to make mobile viewing better, enhancing the outage map to include additional outage information, new functionality for business customers to help them manage their energy use, and tools for customers who have their own electric generation systems. 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 stay up and running 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 requested spend amount over 5 years is **\$26,000,000**

	2022	2023	2024	2025	2026
<b>CFTP</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>

### **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	

# Customer Facing Technology

## GENERAL INFORMATION

<b>Requested Spend Amount</b>	\$26,000,000
<b>Requested Spend Time Period</b>	5 Years
<b>Requesting Organization/Department</b>	Customer Solutions   Enterprise Technology
<b>Business Case Owner   Sponsor</b>	Stephanie Myers   Kelly Magalsky   Hossein Nikdel
<b>Sponsor Organization/Department</b>	Customer Solutions
<b>Phase</b>	Execution
<b>Category</b>	Program
<b>Driver</b>	Customer Service Quality & Reliability

## 1. BUSINESS PROBLEM

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

Avista's digital channels are the primary ways our customers choose to interact with our Company. These channels provide ways our customers can self-serve and complete their transaction or request. Self-service is a common trend across all industries and continues to be a choice most people are choosing to make when it comes to online shopping or any service experience. In fact, 40% of all consumers now prefer self-service over human contact and 70% expect a company's website to include self-service options (Kulbyte, 2021). In addition, Avista's digital channels are experiencing increasing usage year over year, see figure 1 below.

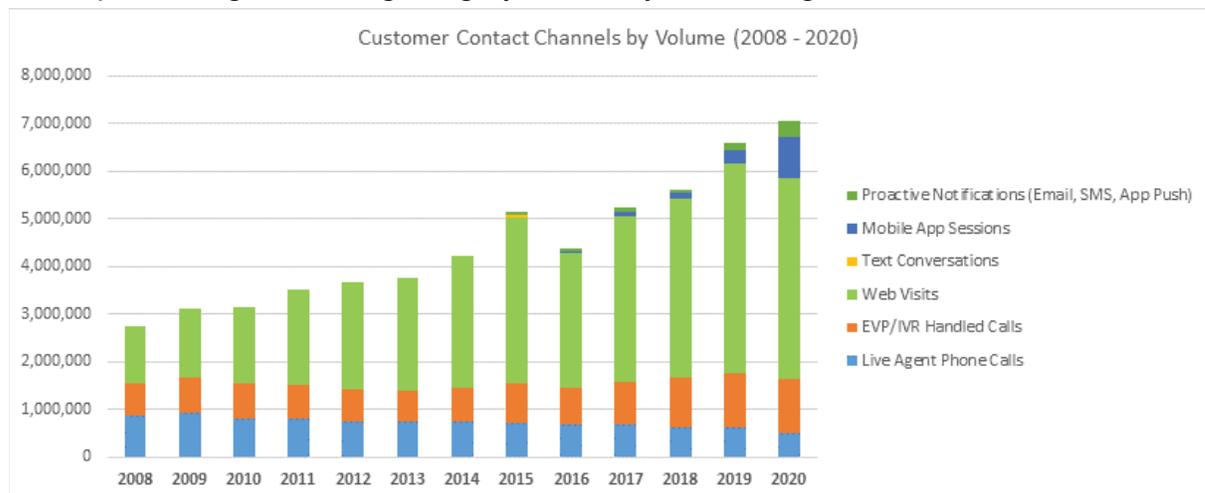


Figure 1: Customer contacts volume by channel

Customer expectations continue to rise. Gone are the days when a drive up drop box for payments is acceptable. Additionally, customers continue to expect more value for their energy dollars and have increasing interest in a variety of offerings

## Customer Facing Technology

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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 an expectation that information is easy to find, payments are easy to make, communications are proactive, timely, personalized and available through a variety of channels, and tools that provide these opportunities are part of the overall energy package. Figure 2 below in Section 1.5 demonstrates how customers use of digital channels has increased over the past 10 years, and likewise use of live contact center representative phone calls has correspondingly decreased.

The primary digital channel, MyAvista.com, underwent a significant technical uplift and user experience redesign in 2017. This platform needs ongoing upgrades and enhancements to ensure the technology does not go out of support with the software vendor and continues to deliver the value that customers expect.

We continue to find ways to automate manual processes and ensure a human is not in the middle of the ideal self-service interaction that our customers expect. In order to meet this demand and ensure our channels are up to date, this requires consistent enhancement and investment in the underlying technology and in upcoming trends.

### **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**

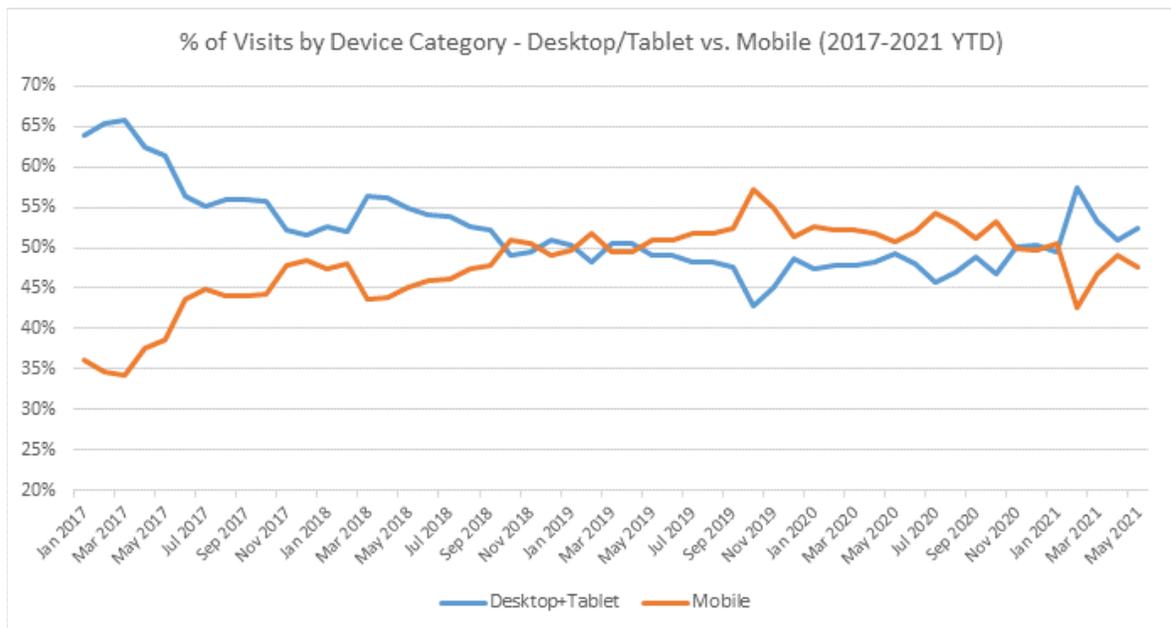
Improvement of the digital customer experience is at the core of the Customer Facing Technology Program. These new tools will enable our customers to self-serve through a digital channel that they choose.

One of the major drivers of the business case is keeping up with customer expectations in an ever-changing digital space. 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.

Customers continue to desire a mobile friendly digital experience. This business case will continue to use the 'mobile first' mentality when designing self-service tools for our customers. Refer to figure 1 above in section 1.1 to see the increasing mobile app sessions in the last five years.

In 2019, the mobile app was enhanced to include the ability to view and pay your bill, and billing/payment automated alerts. We made this investment due to the increase in mobile usage (see figure 4 below).

## Customer Facing Technology



**Figure 4: Mobile Device Usage**

Avista's web and mobile app channel is experiencing increasing usage year over year. If these digital channels become stagnant and are not enhanced to accommodate adjusted consumer expectations and behavior, customer satisfaction will decline, resulting in increased calls to the call center and increases in costs to serve our entire customer base. This approach also limits the amount of enhancements and upgrades to our existing technologies; if these are not upgraded, we put all systems at risk of not functioning which would impact the experience and level of service our customers would receive.

### 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 technology systems are constantly needing software updates, version upgrades, backend changes. In parallel, new tools and options continue to materialize that we can offer to our customers. Customers expect superior performance of our technology systems and the availability of tools and option 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 added 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 and also risk increased calls into the call center which is a more costly way to complete transactions. See figure 2

## **Customer Facing Technology**

below, in 2020 , we had 6,222,745 self-service interactions. If that stays the same for 2022, and we invest \$5,000,000 this equates to \$0.80 per interaction. Each call into the call center costs roughly \$10.22. If the digital channels did not exist and as a result each self-service interaction needed to be a phone call, this would equate to roughly \$63.5M (\$10.22 x 6,222,745). If work to maintain, upgrade, and add new tools and options to our digital channels is deferred, we lose functionality that has increased efficiencies for our customers and reduced manual work for our employees year over year.

### **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.**

Customer satisfaction will be used to determine if this investment is successfully delivering on its objectives. We receive a quarterly scorecard from Verint that measures customer satisfaction for the website. According to the most recent metrics for Q1 2021, Avista scored 78.4 points (combined Desktop and Mobile Web) as compared to the ForeSee Website Index average of 68.5 points.

At this time, we are not able to measure satisfaction for the mobile app or text channels.

### **1.5 Supplemental Information**

#### **1.5.1 Please reference and summarize any studies that support the problem**

<b>Customer Contacts</b>	<b>2010</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Self- Service Contacts Handled by Channel</b>	<b>74%</b>	<b>88%</b>	<b>90%</b>	<b>92%</b>
Web Visits	1,587,786	3,770,243	4,406,233	4,209,265
Mobile App Sessions	--	104,786	282,974	859,348
Text Conversations	--	4,691	8,665	12,342
IVR Handled Calls	753,613	1,029,601	1,144,645	1,141,790
<b>Live Customer Contacts Handled by Channel</b>	<b>26%</b>	<b>12%</b>	<b>10%</b>	<b>8%</b>
Phone Calls (CSR)	790,406	626,910	615,229	491,774
Emails (CSR)	40,639	23,877	31,274	37,936
<b>Total Contacts</b>	<b>3,172,444</b>	<b>5,560,108</b>	<b>6,489,020</b>	<b>6,752,455</b>

**Figure 2: Overall Customer Contacts**

<b>Option</b>	<b>Capital Cost</b>	<b>Start</b>	<b>Complete</b>
Recommended Solution	\$26,000,000	01 2022	12 2026
Alternative #1 – Slower pace of change	\$23,500,000	01 2022	12 2026

## **Customer Facing Technology**

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

As mentioned above in Section 1.5, the digital channels are our most used channels. The adoption of these channels continues to increase and provide value to our customers by offering a convenient way for them to interact with us. Each interaction our customers have through a digital channel is one less call to the call center. Since 2010, Customer service representatives have answered 38% less phone calls. However, average call handle time is up 33%; and the grade of service (% of calls answered within 60 seconds) is up 2.3 %. Not only are our customers receiving more value for their energy dollars through our digital channels but our customer service representatives are able to provide more time and attention to those customers that do call in. This demonstrates that investment in our digital channels provides a two-fold value to customers.

As shown above in figure 2, our customers are making less calls to Avista, as the more routine-type requests can be managed through our digital channels. As a result, 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. For every interaction a customer makes through a digital channel (web, app, text), that equates to an avoided phone call. In Figure 3 below, we estimate that in 2020 alone our digital channels have avoided over \$24 million in costs.

In summary, we expect this trend to continue, with a \$5M investment per year for 2022 through 2024 and \$5.5M per year investment for 2025 and 2026, we expect to avoid \$21 - \$26M in costs **per year**. A 5-year investment of \$26M, results in roughly \$120M in avoided costs over the same 5-year period. In 2020 we avoided over \$24M in costs and this business case will be spending \$26M to simply maintain the same annual level of avoided costs that we experienced in 2020. As the digital channels grow (see chart in section 1.1), the amount of avoided costs also grow. Thus, a \$26M investment as requested in our recommended solution would provide approximately 3.6 times the savings over the next five years ( $\$120M - \$26M = \$94M / \$26M = 3.6$ ).

With our flexible work force in the call centers, we can flex the staffing to meet call volume. If calls increase, then we hire 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.

<b>Est. Avoided Costs - Self Service</b>	<b>2009</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Web	\$ 3,767,197	\$ 12,884,176	\$ 14,876,599	\$ 15,245,404
Mobile App/Text	\$ -	\$ 928,145	\$ 2,255,684	\$ 2,332,633
IVR	\$ 2,726,771	\$ 5,307,925	\$ 6,591,312	\$ 6,715,248
<b>Total Annual</b>	<b>\$ 6,493,968</b>	<b>\$ 19,120,246</b>	<b>\$ 23,723,595</b>	<b>\$ 24,293,285</b>

Figure 3: Estimated Avoided Costs

### **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.**

## **Customer Facing Technology**

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There are no direct O&M reductions due to this capital business case, this business case supports the \$120m in avoided costs over the 5-year period, as discussed in section 2.1.

The requested spend amount for over 5 years is \$26,000,000.

	2022	2023	2024	2025	2026
CFTP	\$5,000,000	\$5,000,000	\$5,000,000	\$5,500,000	\$5,500,000

### **Recommended Solution:**

The recommended solution includes costs to cover various enhancements and new features in our digital channels over the next five years. These features could include (but are not limited to) the following:

#### **Self-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.
- 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.
- Enhancement to payments methods (PayPal, Venmo, Apple Pay, Google Pay, Alexa, Google Home, etc.).
- Features to streamline processes for landlords - landlords have a high amount of move in/move out transactions they perform on behalf of their tenants. These tools could include notifications of stopped services and the ability to upload the necessary paperwork or complete an online form rather than faxing in the paperwork. This work will decrease the number of calls coming into the Call Center and manual work the call center representatives currently are required to perform.
- 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 generation (solar, wind, etc.).
- 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**

## **Customer Facing Technology**

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- 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.
- 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 (personnel scheduling and work management system for customer service representatives).

### Products & Services, Energy Efficiency

- Always on energy alerts to provide customers information on their always on energy load and the opportunity to conserve energy.
- 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 could 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:**

The alternative requested spend amount for over 5 years is \$23,500,000.

	2022	2023	2024	2025	2026
CFTP	4,500,000	4,500,000	4,500,000	\$5,000,000	\$5,000,000

## ***Customer Facing Technology***

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In this alternative, Avista would implement some of the customer solution capabilities and improvements listed above, 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 3-4 times per year (most likely: February, May, July and October).

### **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.

## ***Customer Facing Technology***

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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 without having a personal interaction. Some people want that personal interaction, and we provide a call center for them to do that.

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 feature is innovative and will provide 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 prudence 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**

Kulbyte, 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/>

## ***Customer Facing Technology***

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### **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 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

Mike Broemeling – Director of Customer and Shared Services

Nikdel Hossein – Director Applications and System Planning

Jim Corder – Director IT and Security

Dana Anderson – Director Corporate Communications

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Josh DiLuciano – Director Electric Engineering

Anna Scarlett – Director Energy Efficiency

Kelly Magalsky – Director Products, Services, and Customer Technology

Kelly Conley – Sr Manager Digital Communications and Corporate Communications

Stephanie Myers – 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

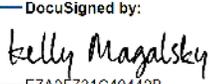
Decision making and general prioritization decisions for the business case and programs will be documented and monitored through monthly meeting notes. Project specific decisions will be documented within the PMO's current process through project change orders.

## Customer Facing Technology

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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:  Date: Jul-12-2021 | 10:00 AM PDT  
DocuSigned by:  
571A8FBE3364417...  
 Print Name: Stephanie Myers  
 Title: Customer Solutions Manager  
 Role: Business Case Owner

Signature:  Date: Jul-13-2021 | 7:22 AM PDT  
DocuSigned by:  
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 Print Name: Kelly Magalsky  
 Title: Director of Customer Technology and Products and Services  
 Role: Business Case Sponsor

Signature:  Date: Jul-13-2021 | 7:42 AM PDT  
DocuSigned by:  
E4E2D9C7EE4747F...  
 Print Name: Hossein Nikdel  
 Title: Director of Applications and Systems Planning  
 Role: Steering/Advisory Committee Review

Template Version: 05/28/2020

## **Customer Transactional Systems**

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### **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 **\$19,000,000**.

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>CTS</b>	\$3,750,000	\$3,500,000	\$3,750,000	\$4,000,000	\$4,000,000

### **VERSION HISTORY**

<b>Version</b>	<b>Author</b>	<b>Description</b>	<b>Date</b>	<b>Notes</b>
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	

# **Customer Transactional Systems**

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## **GENERAL INFORMATION**

<b>Requested Spend Amount</b>	\$19,000,000
<b>Requested Spend Time Period</b>	5 years
<b>Requesting Organization/Department</b>	Customer Solutions
<b>Business Case Owner   Sponsor</b>	Stephanie Myers   Kelly Magalsky   Hossein Nikdel
<b>Sponsor Organization/Department</b>	Customer Solutions
<b>Phase</b>	Execution
<b>Category</b>	Program
<b>Driver</b>	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 money 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**

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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 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 AMI meters that are accurately being read
- # of energy efficiency jobs tracked in the new DSM system

## **Customer Transactional Systems**

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### **1.5 Supplemental Information**

#### **1.5.1 Please reference and summarize any studies that support the problem**

2021 was a year that challenged Avista in ways that we never imagined. In reflecting on the challenges that the Covid-19 pandemic had on our business, it was also an opportunity for our business to not only adapt, but shine and for our technology teams to rely on the agile skills they had honed over the years to make changes quickly and efficiently in an ever changing landscape.

In March of 2021, the Covid Debt Relief program was launched. Automatic Grants and Forgiveness Grants helped our most vulnerable customers in both Washington and Oregon with the hand up they most desperately needed.

In May of 2021, CTS helped implement automatic payment arrangements on our website that had not been offered before. A customer can log into their online account and choose to spread out their balance owing in manageable payments up to 18 months.

<b>Option</b>	<b>Capital Cost</b>	<b>Start</b>	<b>Complete</b>
Recommended Solution	\$19,000,000	01 2022	12 2026
Fund at a Lower Level	\$13,750,000	01 2022	12 2026

#### **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.
- 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.

## **Customer Transactional Systems**

**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.**

### 5 YEAR FUNDING REQUEST DETAIL:

Project	2022 Budget Plan	2023 Budget Plan	2024 Budget Plan	2025 Budget Plan	2026 Budget Plan
CTS ALLOCATION (Proposed)	\$3,750,000	\$3,500,000	\$3,750,000	\$4,000,000	\$4,000,000
<b>Customer Transactional Systems</b>					
CC&B/MDM Upgrade/Refresh	x			x	x
DSM	x	x			
Products & Services					
Residential Time of Use		x			
Bundled Transportation Elec., renewable		x			
Pre-Pay for Service			x		
UI Planner Replacement				x	
CC&B/MDM Features - Enhancements	x	x	x	x	x
Start /Transfer Service Automation	x				
Performance & Load Testing	x	x	x	x	

There are no direct O&M reductions as a result of 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 Features:** Many of the features and enhancements slated over the next 5 years will have many impacts to other parts of the business.

- CLB work will improve the customer experience and should result in less calls to the Call Center.
- Energy Usage Tools will leverage our newly implemented AMI meter data and help our customers better understand their energy usage and lessen calls to the Call Center.
- 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.
- Transportation Electrification Program directly benefits our revenue stream as it assists customers in transitioning to electric powered vehicles.
- Streamlining processes for landlords will lessen the calls to our Call Center during tax season because landlords will be able to self-serve online.
- Redesigning our bill will lessen the calls to the Call Center as it will be geared towards providing the information customers want based on usability studies and customer feedback.

**CC&B/MDM Cumulative Updates/Upgrade:** Direct impacts to Customer Service, Construction Services, Rates, DSM, Security, and Finance are among

## ***Customer Transactional Systems***

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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 customers, users of the system and third-party partners. This option could increase operational 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 third parties (outside agencies and vendor partners) 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 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

## ***Customer Transactional Systems***

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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 prudence 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 technology 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.

## ***Customer Transactional Systems***

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### **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

Mike Broemeling – 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

Anna Scarlett – Director Energy Efficiency

Kelly Magalsky – Director Products, Services, and Customer Technology

Kelly Conley – Sr Manager Digital Communications and Corporate Communications

Stephanie Myers – Manager Customer Solutions and Products & Services

Graham Smith – Manager Applications Delivery and Application Support

Facilitators include:

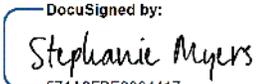
Kim Henscheid – Program Manager Customer Experience Platform

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.

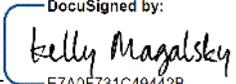
The undersigned acknowledge they have reviewed the Customer Transactional Systems Program Business Case and agree with the approach it presents. Significant changes to this will be coordinated with and approved by the undersigned or their designated representatives.

Signature:  Date: Jul-13-2021 | 7:57 AM PDT  
571A8FBE3364417...  
 Print Name: Stephanie Myers  
 Title: Customer Solutions Manager

# Customer Transactional Systems

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Role: Business Case Owner

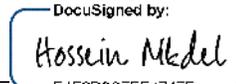
Signature:  E7A0F731C49442B...

Date: Jul-13-2021 | 8:09 AM PDT

Print Name: Kelly Magalsky

Title: Director of Customer Technology and Products and Services

Role: Business Case Sponsor

Signature:  E4E2D9C7EE4747F...

Date: Jul-13-2021 | 8:32 AM PDT

Print Name: Hossein Nikdel

Title: Director of Applications and Systems Planning

Role: Steering/Advisory Committee Review

Template Version: 05/28/2020