Exh. NLH-1T

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

DIRECT TESTIMONY OF

NICOLE L. HYDZIK

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

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

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

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

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

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

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

A. My testimony will address two items. First, I will provide an overview of the Company's Transportation Electrification (TE) Programs and address the rationale for the projects that we have included in this rate case. Second, I will provide an overview of customer trends and research, the Company's "Customer at the Center" initiative, and address the rationale for the projects that we have included in this rate case.

Q. Are you sponsoring any exhibits that accompany your testimony?

A. Yes. I am also sponsoring Exh. NLH-2 which includes the Business Cases for the TE programs and Customer Technology projects. These exhibits were prepared under my supervision. A table of contents for my testimony is as follows:

II. CAPITAL ADDITIONS FOR 2023 - 2026

Q. Would you please describe the capital additions for 2023 – 2026 that you are supporting in your testimony?

A. Table No. 1 below provides the pro forma capital additions from July 2023 through December 2024, as well as the future provisional capital additions for 2025 and 2026.

Table No. 1 – 2023 -2026 Capital Additions

WA GRC Plant Category	Project #	Business Case	07.2023-12.2023 TTP (System)	2024 TTP (System)	2025 TTP (System)	2026 TTP (System)	Exh. NLH-2 Page #
Programs	1	Transportation Electrification	$ 2,131,402	$ 2,859,000	$ 2,965,000	$ 3,000,000	3
Programs Total			**$ 2,131,402**	**$ 2,859,000**	**$ 2,965,000**	**$ 3,000,000**	
Short-Lived Assets	2	Customer Transactional Systems	$ 1,582,460	$ 4,492,738	$ 3,550,000	$ 3,750,000	15
	3	Customer Facing Technology Program	$ 1,777,848	$ 4,596,642	$ 4,175,000	$ 4,375,000	24
	4	Customer Experience Platform	$ 5,113,151	$ 5,013,000	$ 4,775,000	$ 4,375,000	39
Short-Lived Assets Total			**$ 8,473,459**	**$ 14,102,380**	**$ 12,500,000**	**$ 12,500,000**	
Grand Total			**$ 10,604,861**	**$ 16,961,380**	**$ 15,465,000**	**$ 15,500,000**	
[1] Includes system profroma capital for the period July 1, 2023 through December 31, 2023.							
[2] Totals exclude Idaho and Oregon direct business cases from revenue requirement in this case.							

I will provide below the information and justification supporting each of the Business Cases identified in Table No. 1. As discussed by Company witness Ms. Benjamin, Avista's capital witnesses, and myself, we have summarized each Business Case with projects or programs completed and pro formed by the Company between July 2023 through December 2024, and provisional capital investments for the periods 2025 and 2026.[1]

Q. Is all of the support for these projects and programs in July 2023 through 2026 the same?

A. Yes, the support is the same as these projects and programs are ongoing.

Q. Regarding 2023 and 2024 capital investments, when did, or will, the projects or programs receive their final review after they are put into service?

A. The Commission approved of the level of capital investments through 2024, contingent upon the provisional capital review filings in March of 2024 for 2023 capital investments and in March of 2025 for 2024 capital investments, in the Company's last general rate case.

Q. Regarding 2025 and 2026 capital investment, when will the projects or

[1] Company witness Ms. Schultz incorporates the pro formed and provisional capital additions that transfer to plant prior to or during the Two-Year Rate, as proposed by the Company, within her electric and natural gas Pro Forma Studies (Exh. KJS-2 and Exh. KJS-3).

programs receive their final review after they are put into service?

A. As discussed by Ms. Benjamin, provisional capital for 2025 through 2026 will be reviewed through the annual provisional capital reporting, filed on or before March 31st after each completed reporting period, to assure that the level of capital is in service, used & useful, and the final expenditures are reviewed.

Q. For the 2025 to 2026 capital additions for which you are responsible, is the Company seeking to include all of those investments in rates in this case?

A. Yes.

Q. Has the Company calculated and included a description of any offsetting factors to the capital projects in this case?

A. None of the Business Cases identified in Table No. 1 above have direct offsets, however some have indirect offsets, which I have included a description of later in my testimony for each respective Business Case. Company witness Ms. Andrews provides an explanation of how the direct offsets are factored into the revenue requirement of this case, an explanation of the Company's efficiency adjustment included in this case, as well as a description of indirect offsets associated with the capital projects.

III. TRANSPORTATION ELECTRIFICATION PROGRAMS

Q. Would you please provide a brief history of the Company's Transportation Electrification efforts?

A. Yes. Avista launched its Electric Vehicle Supply Equipment (EVSE) Pilot in 2016, with the main objectives of: (1) understanding light-duty electric vehicle (EV) load profiles, grid impacts, costs, and benefits; (2) understanding how the utility may better serve all

customers in the electrification of transportation; and (3) begin to support early EV adoption in our service territories. The Company's pilot program was approved by the Commission in Docket UE-160082, Order 01 on April 28, 2016. The Commission approved an extension of the EVSE Pilot on February 8, 2018, in Order 02 in the same docket.

In total, 439 EVSE charging ports were installed in a variety of locations, including 226 residential, 123 workplace, 39 public, 24 fleet, 20 multiple-unit dwellings, and seven DC fast charging (DCFC), through a three-year period ending in June 2019. These EVSE are owned and maintained by Avista, located on residential and commercial property downstream of the customer's meter, except for DC fast charging sites where the utility owns all equipment from the transformer to the EVSE.

Through the EVSE Pilot, the Company gained valuable experience, achieving its learning objectives while effectively supporting early EV adoption, and ensuring participants were highly satisfied with customer programs. The pilot also demonstrated that light-duty EV loads will be manageable from a grid perspective over at least the next decade, and that EVs offer the potential to provide significant economic and environmental benefits for the long term to both EV drivers as well as all other customers.[2]

Based on lessons learned from the EVSE Pilot, in 2020 the Company developed its first Transportation Electrification Plan (TEP).[3] The following areas within the plan were influenced by the EVSE Pilot:

- EVSE Installations and Maintenance;
- Education and Outreach;
- Community and Low-Income Support;
- Commercial and Public Fleets;

[2] A summary of the key takeaways from the EVSE Pilot are provided on pages 8 and 9 of the Final Report, accessible at https://www.myavista.com/energy-savings/electric-transportation and filed with the Commission on October 17, 2019.
[3] The 2020 Transportation Electrification Plan was filed with the Commission on July 1, 2020. Docket UE-200607.

- Planning, Load Management and Grid Integration;
- Technology and Market Awareness; and,
- Rate Design.

Pursuant to RCW 80.28.265(3) the Commission acknowledged the TEP on October 15, 2020.

On March 18, 2021, the Company filed tariff Schedules 13, 23, and 77 with the Commission, which were designed to begin implementation of the TEP.[4] The Commission allowed the schedules to go into effect by operation of law on April 26, 2021. The broad program areas described within Schedule 77 included the following:

- Charging infrastructure and maintenance (including residential, commercial, and public direct current fast charging (DCFC));
- Education and outreach;
- Community and low-income support;
- Commercial and public fleet support;
- Load management, planning, and grid integration; and,
- Program reporting.

Schedules 13 and 23 were proposed to govern rates for EVSE services for commercial customers. More specifically, the schedules were intended to be used for charging electric vehicles (i.e., fleet vehicles, employees' and visitors' vehicles, and potentially the general public utilizing EVSE) at commercial locations. The optional schedules allow for the use of a separate meter for the EVSE services, which is necessary to implement time-of-use (TOU) rates. The TOU rates were proposed as a way to address the significant market barrier associated with high variable demand charges in existing rates[5], while encouraging more off-peak charging. Schedules 13 and 23 enable greater investment in public DCFC, larger workplace charging installations for employees, and electrification of commercial fleet vehicles of various types while also providing a price signal for higher costs during peak periods, resulting in a

[4] Docket UE-210182.
[5] "Electric Transportation Rate Design Principles for Regulated Utilities." p. 19. Alliance for Transportation Electrification (2021).

higher percentage of charging occurring off-peak and beneficial to all customers.

Q. Would you please describe the implementation and results of activities and programs authorized by Schedules 77, 13, and 23?

A. All programs were implemented in 2021, and since that time overall results have met or exceeded expectations as detailed in annual reports for 2021 and 2022.[6] Light-duty electric vehicle (EV) adoption has shown steady growth, most recently at an annual rate of over 40% and trending toward a high-adoption trajectory in the Company's service territory.[7] From light-duty EVs alone, an estimated $4.2 million in regional transportation cost savings were realized in 2022 while avoiding 11,348 tons of CO_2 emissions. Medium- and heavy-duty electrification in the areas of mass-transit and school buses are in-service and moving forward with several customers, resulting in 84% of new charging loads occurring off-peak. Charging programs for both residential and commercial customers continue to achieve high customer satisfaction of 98%, meeting cost expectations and providing key insights and lessons learned regarding equipment reliability, EV load profiles and load management. An expanding regional network of reliable DC fast charging sites along travel corridors and in more densely populated urban areas continues to gain momentum, key to meeting customer needs and accelerating adoption. Education and outreach, partnerships with community-based organizations (CBOs), and other community investments in charging infrastructure are also successful, providing valuable benefits to customers and communities, as well as critical experience for the Company to expand these programs in the future. This is especially made feasible with the support of

[6] Annual Transportation Electrification reports are accessible at https://www.myavista.com/energy-savings/electric-transportation.

[7] Based on analysis of vehicle registration data provided by the Washington State Department of Licensing, accessible at https://data.wa.gov/Transportation/Electric-Vehicle-Population-Size-History-By-County/3d5d-sdqb.

supplemental funding anticipated through state and federal grants and the state's Clean Fuels Program (CFP).

In order to take advantage of gained experience and keep pace with changing market conditions, a number of program adjustments were filed with the UTC, which were approved in January 2024.[8] No program adjustments were proposed that modify the direction of the Company's TEP in terms of strategic objectives and overall budgets.

Q. What are the proforma capital additions under the Electric Transportation Business Case for July through December 2023, and for 2024, as well as the provisional capital additions for 2025 and 2026?

A. As shown in Table No. 1 above, proforma capital additions totaled $2,131,402 for the period of July through December 2023, and $2,859,000 for 2024. Provisional capital additions of $2,965,000 for 2025 and of $3,000,000 for 2026 consist of charging infrastructure investments in commercial locations and DCFC site locations.

Q. How does the Electric transportation program benefit Avista's customers?

A. Customer benefits include transportation fuel and maintenance savings, reduced emissions and pollution, and beneficial electric load growth over the long-term due to effective load management, thereby reducing utility costs and supporting electric affordability for all customers. Each light-duty EV has key characteristics including annual benefits of $1,483 in customer fuel and maintenance savings, four tons of CO2 emissions reductions, and $304 of beneficial utility revenue.[9] This translates to very large regional and system-wide benefits as EV adoption continues to grow over time. Additional benefits will be realized as other

[8] Docket UE-230987.
[9] Beneficial utility revenue is additional revenue from the utilization of grid assets, such that the costs of those assets are spread across the sale of more kWhs, thereby reducing rate pressure for all customers.

transportation segments including freight transport and a variety of medium and heavy-duty vehicles are electrified, and as utility load management programs including time-of-use (TOU) rates, effectively shift charging from on-peak to off-peak times.

Q. Did Avista consider alternatives to its approach with the TE business case?

A. Yes. Three alternatives to the Company's planned TE investments under this base case were considered: 1) a high growth strategy that more aggressively invests in TE; 2) a low-growth support strategy that underfunds capital investments necessary to support early market growth and prepare the utility for future significant TE loads; and 3) a do-nothing approach. Avista chose a moderate investment strategy in an effort to keep pace with and support adoption of TE.

Q. Does the program have any target completion date?

A. No. Similar to many other Avista programs such as distribution wood pole management, this is a program that will allow for the continued investment in TE through 2027 and beyond.

Q. Are there any direct or indirect offsetting costs associated with the Company's Electric Transportation efforts?

A. For purposes of the business case, by definition there are no offsetting costs or indirect offsets associated with the Company's Electric Transportation programs.[10,11] However, as I noted earlier, there is beneficial electric revenue that comes from the expansion of electric vehicles. That revenue can be difficult to determine for the rate effective period, but through

[10] Direct cost offsets are defined as those hard cost savings Avista customers will gain due to the work under the Business Case, for example reductions in labor or reduced maintenance due to new equipment.
[11] Indirect cost offsets are defined as those items that do not directly reduce the current costs of the Company, but may serve to reduce future hirings, improve efficiencies, reduce risks, or allow current employees to focus on higher priority work.

decoupling to the extent this revenue is realized, it would otherwise increase rebates, or decrease surcharges, in the Company's decoupling mechanism, benefiting customers.

Q. What are the primary benefits to customers resulting from the Company's Electric Transportation efforts?

A. Long-term, substantial economic and environmental benefits result from Electric Transportation, as detailed in the business case[12] and the TEP.[13] The primary benefits come in the form of utility net revenue, customer transportation fuel and maintenance savings, and reduced air pollution to the Company's service territory. Utility net revenue is a benefit to customers as it represents beneficial load growth that better utilizes the Company's grid assets and thereby reduces rate pressure. Transportation cost savings benefit not only individual customers, but also the region as a whole at scale, and reduced air pollution also provides a shared environmental benefit for all customers. For the high adoption scenario, the sum of these results are as follows:

Table No. 2 – Economic and Environmental Benefits of TE Efforts (2021 – 2030 Light-duty EV adoption)

Utility Net Revenue	Customer Transportation Fuel and Maintenance Savings	Avoided CO2 emissions (tons)
$18,270,196	$182,153,524	491,311

These results, while substantial, are only the beginning of a longer-term transition and ever-increasing benefits over the next several decades. Additional benefits will be identified in the future for other modes of electric transportation beyond light-duty passenger vehicles, such as commercial delivery vehicles, material handling, and public transit buses.

Finally, substantial benefits may be realized by leveraging the Company's TE programs

[12] See graphs and tables in paragraph 2.2.
[13] See pp. 35-37, and 41-42

to earn Clean Fuels Program credits in Washington State, as well as State and Federal grant awards, which may be used to supplement and expand beneficial TE programs, activities, and results.

Q. Is the Company seeking an incentive rate of return on the capital investments from its TE programs?

A. Pursuant to RCW 80.283.360, the Company is seeking an incentive rate of return on the capital investments included in this case. For the rate effective period, 2025-2026, we are seeking an incentive rate of return of two percent as allowed per statute, which totals approximately $132,000 in Rate Year 1 (2025), and an incremental $36,000 in Rate Year 2 (2026). Ms. Schultz discusses in Exh. KJS-1T her adjustment to reflect the 2% incentive rate of return. Ms. Schultz supporting workpapers for this adjustment will be provided to the Parties shortly after this case is filed with the Commission.

IV. CUSTOMER TRENDS AND RESEARCH SUMMARY

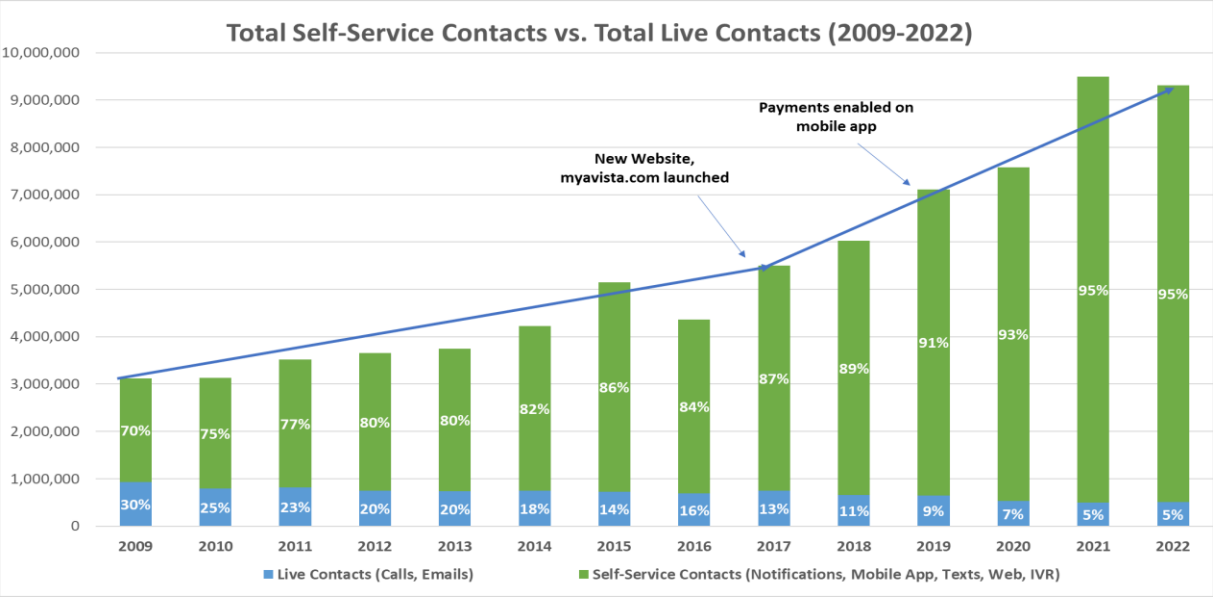
Q. What trends does Avista observe related to customer preferences for interaction and receiving information related to their electric and natural gas service?

A. Avista has been tracking customer contacts at least as far back as 2009. Since that time, we've observed a significant increase in customer self-service contacts, and industry research for customer preferences aligns with that trend. A consumer survey study performed by NICE, released in 2022, showed that 81% of respondents said they preferred self-service over speaking to a representative.[14] There is no doubt that number continues to increase and Avista's customer base is no different. Trends in our data also show self-service as the preferred

[14] NICE is an international customer experience company. NICE 2022 Digital-First Customer Experience Report Finds 81% of Consumers Say They Want More Self-Service Options | NICE

customer approach. As shown in Figure No. 1, our self-service customer contacts have grown steadily since 2009 and as of calendar year 2022, self-service contacts account for approximately 95% of our customer interactions by volume. That equates to self-service channels, such as myavista.com, supporting over 7 million customer contacts in 2022, up from approximately 3.5 million just six years earlier in 2016.

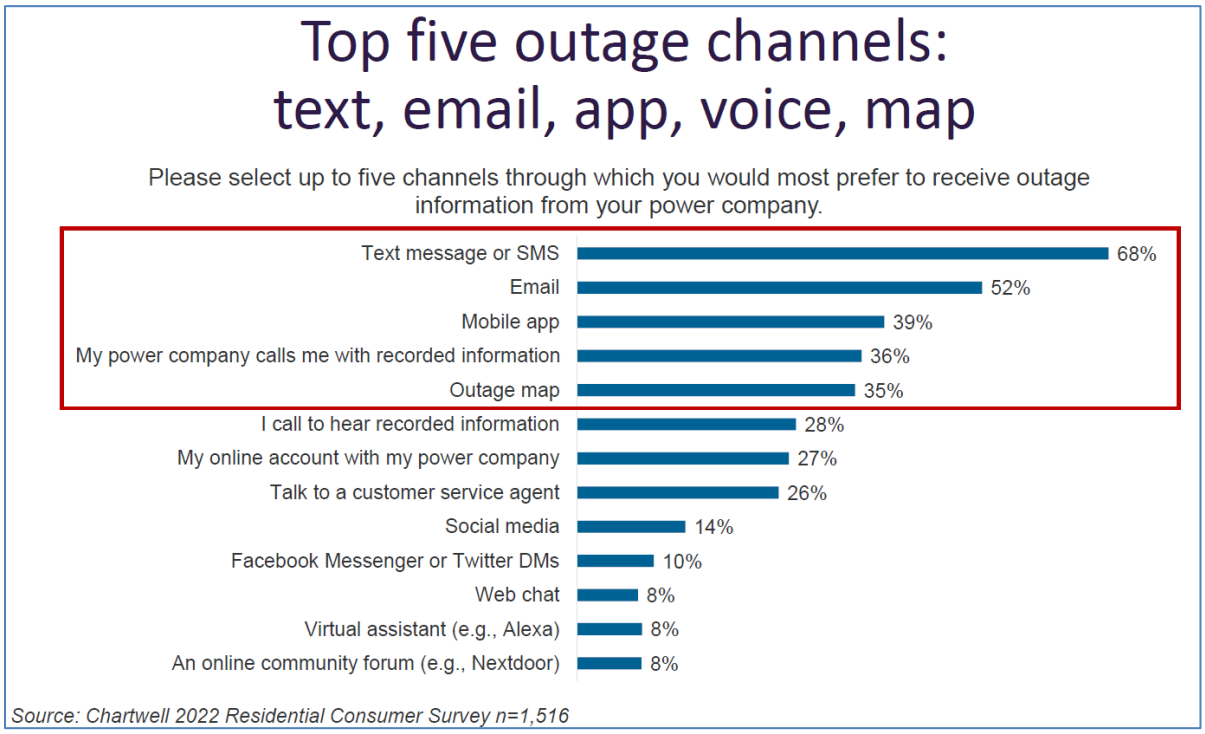
Figure No. 1: Self-Service vs Live Contact Customer Interaction Summary



Looking specifically at how customers want to report and receive information about outages (one of the most urgent, and during major weather events highest volume of transactions), the customer preference is also clear. Further, according to a 2022 consumer survey by Chartwell,[15] the top 5 customer preferences for outage information are all digital and automated channels (Figure No. 2).

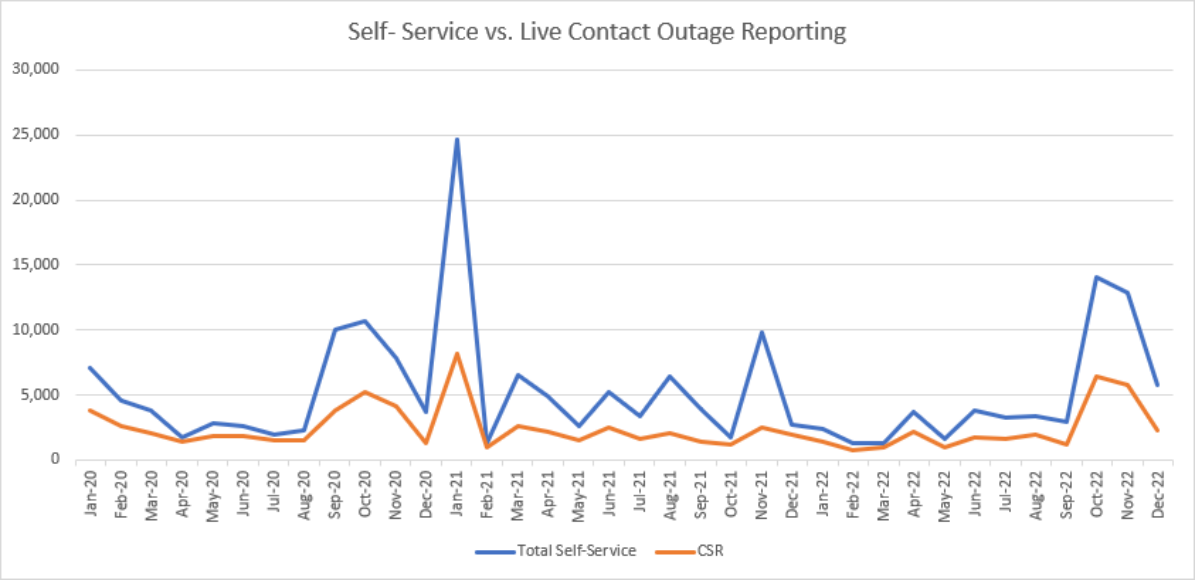
[15] Chartwell 2022 Residential Consumer Survey (n=1,516).

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



Again, the data that Avista tracks related to outage reporting by channel also supports the consumer research executed by Chartwell. Figure No. 3 shows electric outage reporting by channel at Avista during the period between January 2020 through December 2022. During that time, 68% of all outages reported by the customer were performed via a digital self-service channel. This demonstrates an overwhelming preference on the customer behalf to complete this transaction as quickly and efficiently as possible.

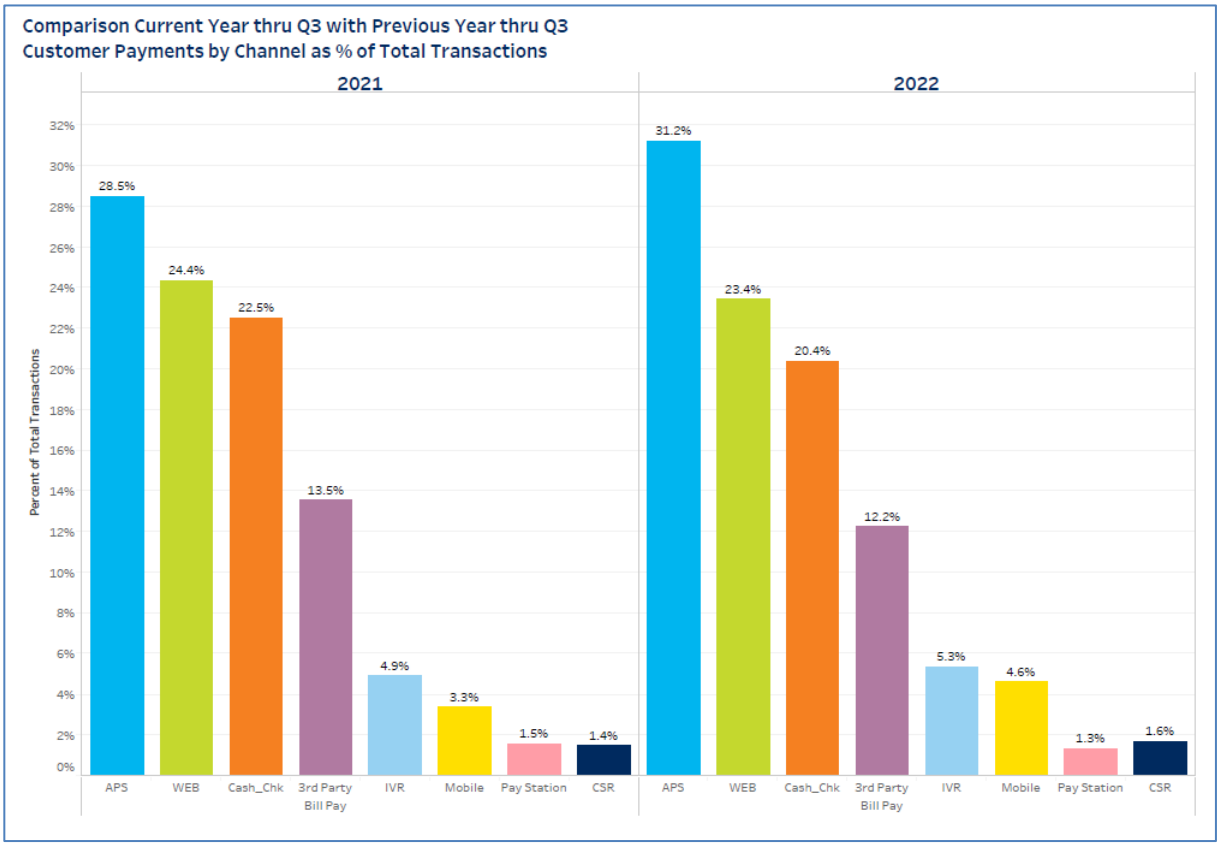
Figure No. 3: Customer Initiated Electric Outage Reports by Channel for Avista



Q. How are customers choosing to use to pay their utility bill with Avista?

A. Customers are overwhelmingly choosing automated and self-service options to pay their bill. As shown in Figure No. 4, Customer Service Representatives (CSRs) and pay-stations ('assisted channels') accounted for 2.9% of all payment transactions in 2022. Automated (Automatic Payment Service or APS and 3rd party) and self-service payment transactions accounted for 97.1% of all utility payment transactions in 2022. Given that the 2022 average cost per call was $9.52, and the average cost per contact for digital self-service was $0.75, not including credit card interchange fees, it's clear that offering digital self-service and automated functionality for our customers supports a reduction of costs incurred by the utility to perform key utility functions.

Figure No. 4: Bill Pay Channel Summary for 2021 and 2022

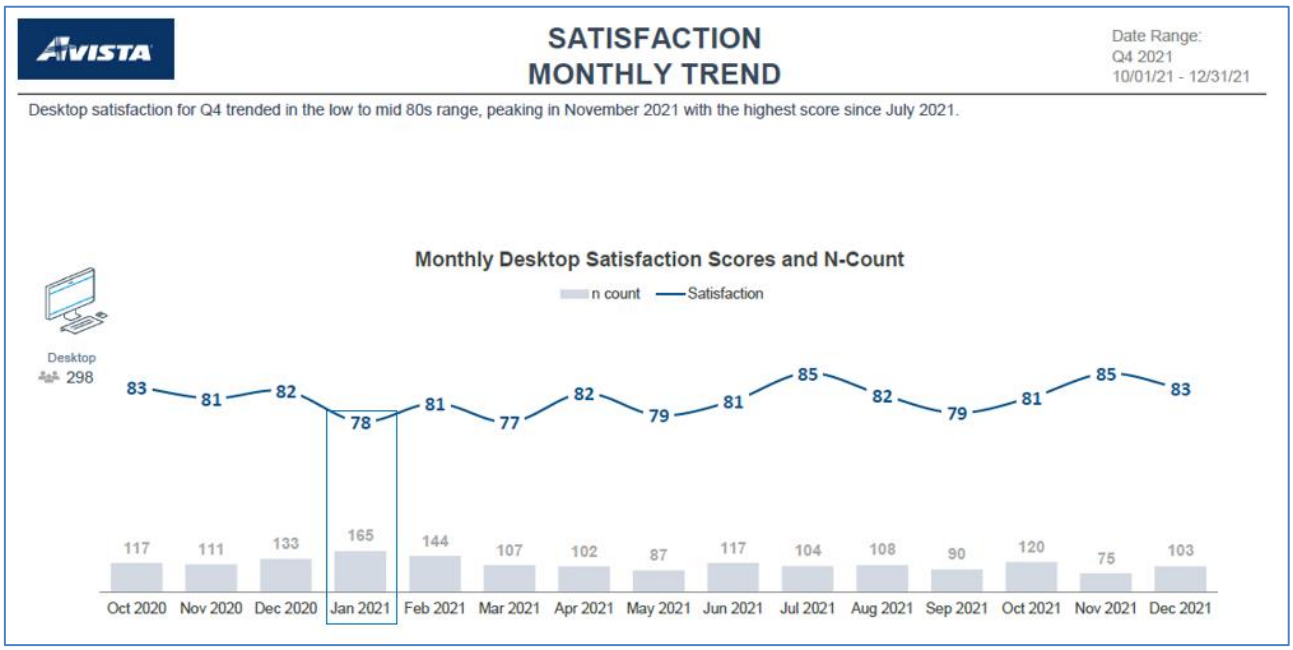


Q. What happens to customer satisfaction if the self-service channels aren't available or if they aren't able to complete their task via a self-service channel?

A. Given customers' preference, and in many cases reliance on self-service channels, our customers expect the Avista self-service channels will be available at all times and to work effectively and efficiently. For example, in January of 2021, Avista's service territory in Eastern Washington and Northern Idaho experienced a major weather event in the form of snow and wind that resulted in tens of thousands of customers experiencing electric outages. Those electric outages greatly increased the amount of customer use of Avista's website, mobile-app, and Interactive Voice Response system (IVR). The spike in traffic to our website, as shown in Figure No. 3 above, was so large that it resulted in a temporary failure of

the site, resulting in a measurable decrease in customer satisfaction as demonstrated in Figure No. 5 (Dec 2020 compared to Jan 2021).

Figure No. 5: Month over Month Myavista.com User Satisfaction Score

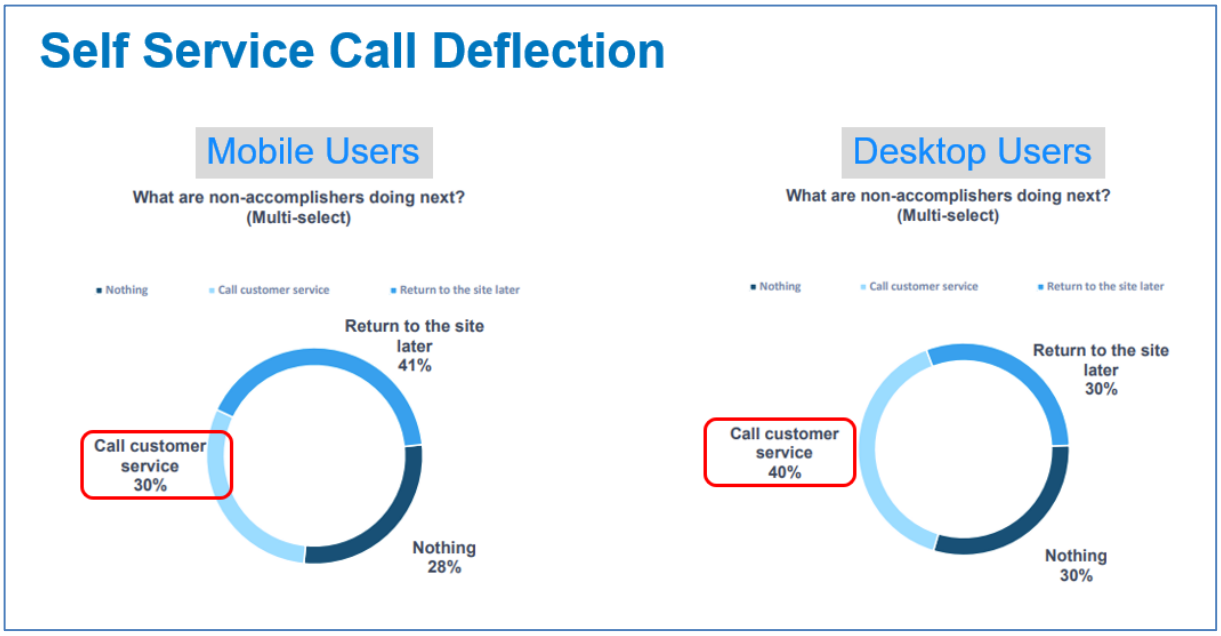


Unavailable or under-performing self-service transactions not only reduce customer satisfaction, but they also drive additional calls into our call center. Continuing on the example above from January 2021, when the website was temporarily unavailable, it drove a substantial increase in calls to our call center with customers attempting to report their electric outage. Given that our call center plans for staffing levels with an expectation that our digital channels are available for customers to use, this spike of calls led to a temporary reduction in our call center Grade of Service (GOS), thus further decreasing customer satisfaction due to longer wait times.

Since 2017, Avista has been tracking monthly customer feedback on myavista.com via surveys of website visitors. That survey includes a standard question, "What will you do next if the website isn't able to meet your need?" We've consistently seen between 30% and 40% of

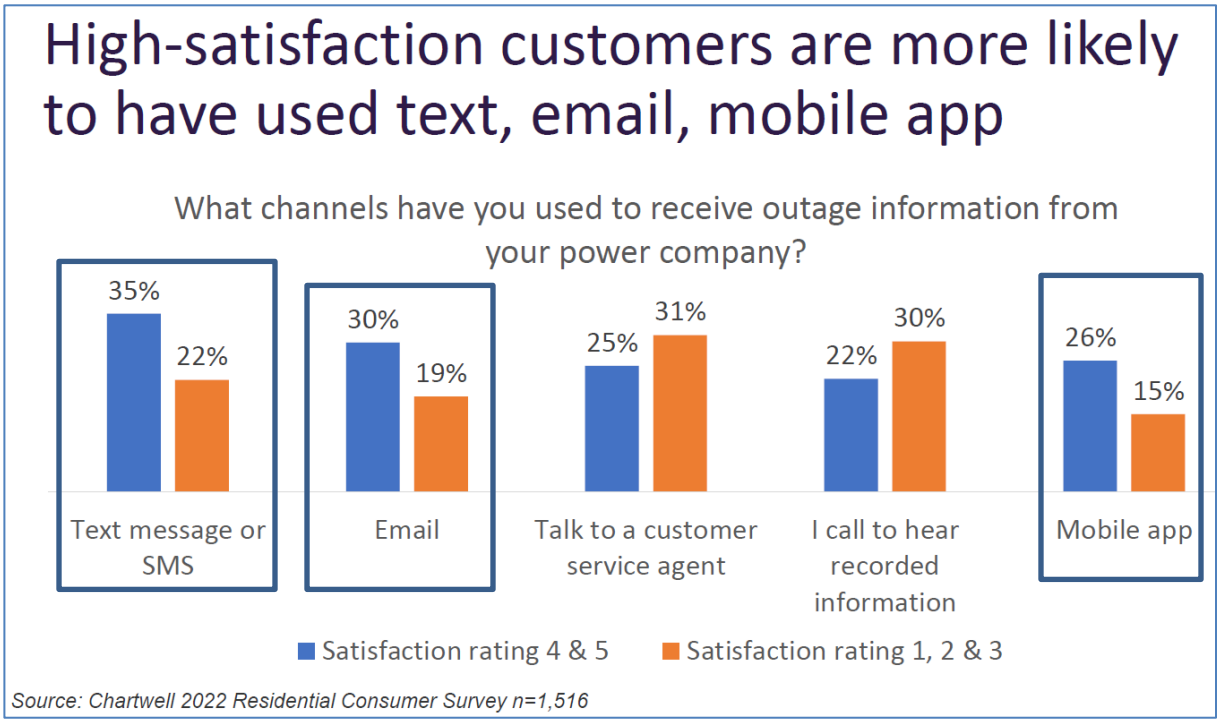
website visitors say they'll call customer service if the website isn't able to meet their need (Figure No. 6). Given that the cost per interaction on a digital channel such as myavista.com is substantially less than that of a live contact handled by a CSR, it reinforces the need to continue to make investments in self-service channels.

Figure No. 6: Myavista.com Visitor 'Next Action' Survey Results



Lastly, a 2022 consumer survey executed by Chartwell as depicted in Figure No. 7, demonstrates that customers who regularly use digital self-service channels are more satisfied than those who rely on live contact methods such as the phone. This is due to the fact that the digital self-service channels that Avista continues to invest in offer customers convenient, easy and fast access to the information they need when they need it and on the device they choose.

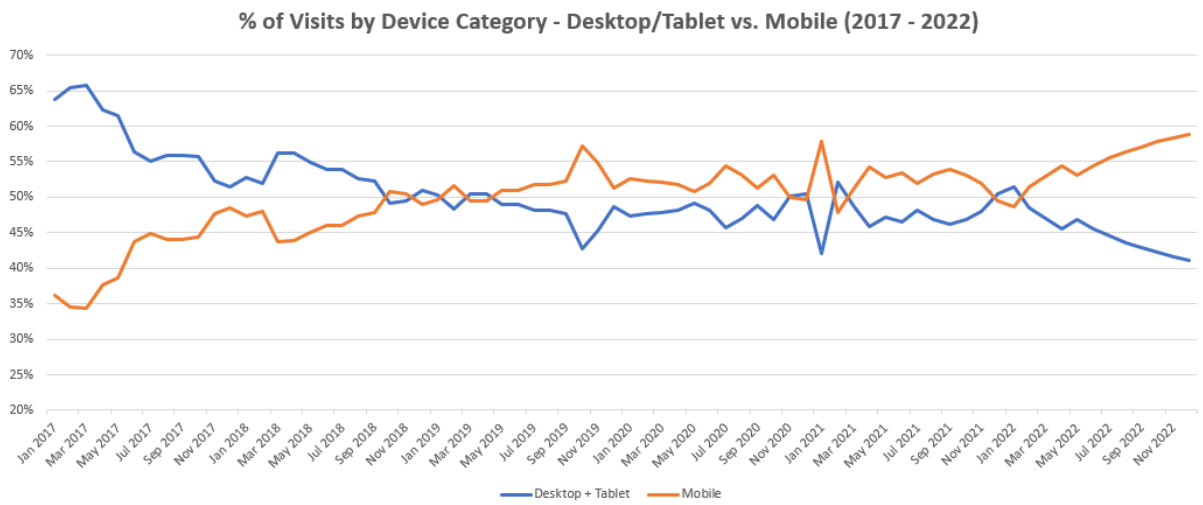
Figure No. 7: Digital Engagement versus live Contact Customer Satisfaction



Q. What trends has Avista observed related to customer use of mobile devices to access Avista information and services?

A. As shown in Figure No. 8 below, customers are increasingly choosing to interact with Avista using their mobile devices as evidenced by the fact that the percent of visits to myavista.com from a mobile device exceeded desktop and tablet combined starting in 2018. We fully anticipate that this trend will continue and the percent of mobile visits, currently just below 55%, will continue to increase. However, we also know that desktop usage will remain for customers that choose that channel; therefore, we will need to continue to maintain and operate our desktop channels as we do today.

Figure No. 8: Myavista.com Visits by Device Type (%)



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

A. Avista has taken four explicit steps in alignment with the strategy of delivering services to customers that meet their expectations and doing so in an efficient and cost-effective manner.

1. Customer at the Center Initiative: An initiative designed to build a better understanding of our customer and what expectations, services and experience(s) Avista should offer to meet and exceed customer needs and expectations.
2. Customer Transactional Systems (CTS): A program designed to enhance maintain and deliver functionality related to core business systems such as the customer information systems (CIS), metered data systems and billing system.
3. Customer Facing Technology Program (CFTP): A program designed to deliver information and self-service transactions to our customers, typically on technology-based platforms such as myavista.com.
4. Customer Experience Platform (CXP): A program designed to seamlessly integrate a multitude of disparate specialty applications with the intent of providing a more seamless customer experience when a customer calls or utilizes one of our digital channels.

Each of these are discussed below, as well as in the Business Cases included in Exh. NLH-2, which contain a discussion of alternatives, completion dates, and savings.

IV. CUSTOMER AT THE CENTER INITIATIVE

Q. Would you please describe Avista's "Customer at the Center" Initiative?

A. Yes. We are in a time where customers' expectations of their product and service providers have never been higher, and their needs and desires are changing rapidly. In order to respond to and stay ahead of the needs of our customers in this changing landscape, it is imperative that we shift from a reactive, customer service system to a more proactive, customer-led framework where we intentionally design customer experiences and products and services that can meet their changing needs and preferences. We want to make sure every touch point with our customer is easy and effective for them to do business with us, with a desire to improve the overall experience. We are investing in building a Customer Experience (CX) system to meet the needs of our current and future customers.

Q. What is CX?

A. CX starts the moment customers become aware of our Company and is made up of the sum of all of the interactions they have with us. There are three dimensions to CX that are components of an experience that increases customer experience:

> **Effective:** effective interactions meet the needs of the customer. The product or service must deliver value to our customers, or the experience will fail fundamentally. Effectiveness is critical even though it is less likely to drive customer loyalty than emotion.
>
> **Ease:** easy interactions let customers achieve their goals with minimal effort. When alternative paths to value are harder, ease of doing business creates increased customer experience.
>
> **Emotion:** the best interactions evoke positive customer emotions and avoid provoking negative emotions. Positive customer emotions can lead to customer retention, enrichment, advocacy, and loyalty.

With a positive CX, customers are more likely to seek our advice as energy advisors and follow safety messages. They are more likely to be aware of and participate in the variety

of products and services we offer such as Comfort Level Billing, energy efficiency programs, or distributed energy programs, to name a few.

Q. What is the difference between customer service and CX?

A. Avista provides excellent customer service, whether customers interact with our call centers or with our field personnel. Avista's recent results from its Voice-of-the-Customer survey resulted in 95% satisfied customers year-to-date through November 2023 for example. Customer Service focuses on responding to customer problems and finding a solution. CX is more proactive and strives to identify and eliminate customer sources of dissatisfaction before they happen.

CX focuses on the entirety of the customer's experience with a company it includes all "touchpoints" the customer has, such as mobile device, website, call center, pay station, in person at an office or at their home by someone in the field. Illustration No. 1 below provides a summary of the difference between CX and Customer Service.

Illustration No. 1: Customer Experience vs. Customer Service

Q. Why is CX important?

A. We have a successful past, and perform well, but because of the changes all around us our past work is not sufficient to meet future customer needs. Customers no longer compare us just to other utilities. They compare our website to Amazon or Chewy and they compare their interactions with our employees with companies like Starbucks or Dutch Bros. The standards by which our customers are judging their interactions with us have increased and it is essential that we are diligent in how we continue to improve our CX and the channels with which our customers interact with us to meet those increasing expectations. By investing in customer experience now, we have an opportunity to better understand our customers' motivations and behaviors so we can develop products, services, policies, and systems that meet their needs, making interactions easy and effective.

Q. What work is being done to support CX?

A. We have focused our work on two primary types of work:

1. Defining, Building, and Maturing our CX System

Examples of this include the following:

A. Customer Discovery – understanding our customers (and their wants and needs) is imperative to ensure we are investing in the right things. Our focus has been on building a system to make customer research faster, easier, and more efficient. CX tools like empathy mapping, journey mapping, and others help us to better understand the pain points that our customers experience when interacting with our organization so that we can proactively design better processes or systems that better meet our customers' expectations.

B. Prioritization – systematizing how we prioritize the work that needs to be done and ensuring that we are considering the needs of our customers, the needs of our business, as well as feasibility helps us to better plan, resource, and support the right projects.

C. Employee Enablement & Technology – identifying roadblocks and enabling our employees to be able to better serve our customers is a key element of building an effective CX system. We are focused on creating a line of site between the daily

work of every employee and the impact their work has on the customers. We are defining and socializing a system where every employee understands how and why they contribute to CX and what's expected of them. Technology is a key part of employee enablement. We are working to deliver enhanced digital self-service channels and other technology tools that meet the evolving needs of our customers.

D. Experience Design – we have worked to create a framework that systematizes how we approach projects from a human–centered perspective. We are now using that to improve our customer understanding, prioritizing the work to be done, and then designing solutions to better meet the needs of our customers.

2. Application of the CX System

We are using the elements of the system that we've created to take a critical look at higher priority customer journeys, like Major Unplanned Outage Events, Billing & Payment, and Energy Assistance. In addition, we've looked at other areas like our Gas Compliance work, Vegetation Management, Small & Medium Business experience, and Avista Foundation. The framework and systems that we've built help us to better understand our customers' experiences with us during these journeys, taking our customer discovery to define insights that help to better inform issues, areas of frustration, and opportunities so that we can be sure we are solving the right problems for our customers to make the largest impact.

Although the focus areas and examples above play a role in establishing and implementing our CX strategy, the remainder of this portion of the testimony will focus on Customer Technology work.

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

A. To deliver upon the objectives defined above within the CX Initiative, we have organized our Customer Technology work into three programs whose work is separate yet highly interdependent on each other to deliver the information our employees need, and the customer experiences required. These three programs build upon our previous historical technology projects and as stated previously, the three customer technology programs are as follows:

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

Q. How do Avista's customer technology programs (CTS, CFTP & CXP) build upon historical technology projects?

A. Technology complexity and sophistication constantly advances, and our technology strategy must continue to mature. We continue to evaluate trends and match our strategy to industry and technology best practices and customer expectations. Therefore, our technology portfolio must integrate seamlessly with historical projects and build upon capabilities as we move into the future.

The Customer Technology work performed by Avista generally has two main purposes and both are required to maintain and achieve customer expectations. The first purpose is to sustain foundational utility capabilities such as billing, payments, field activities, meter reading systems, low-income energy assistance programs, and energy efficiency programs. The second purpose of the Customer Technology work is expanding new capabilities that our customers and users need to both make their tasks easier and more efficient as well as to add new functionality and services.

Q. How does technology support foundational utility capabilities?

A. In support of the first purpose, all technology systems require upgrades to keep the systems up to date and supported by our software vendor partners. These upgrades ensure that the users of these systems can perform their jobs in the most efficient and timely manner and that our customers are able to access various tools and information to self-serve. This foundational work, including software upgrades, is necessary to ensure customers data security and internal users can continue to perform the required operational utility capabilities. Each system upgrade also typically comes with new enhancements that need to be enabled and/or configured for our users to take advantage of the system improvements. New capabilities can

drastically improve business processes and increase efficiencies for all users, employees, and customers alike. As our industry and customers' expectations continue to evolve and expand, the addition of new functionality and self-service capabilities is of increasing importance.

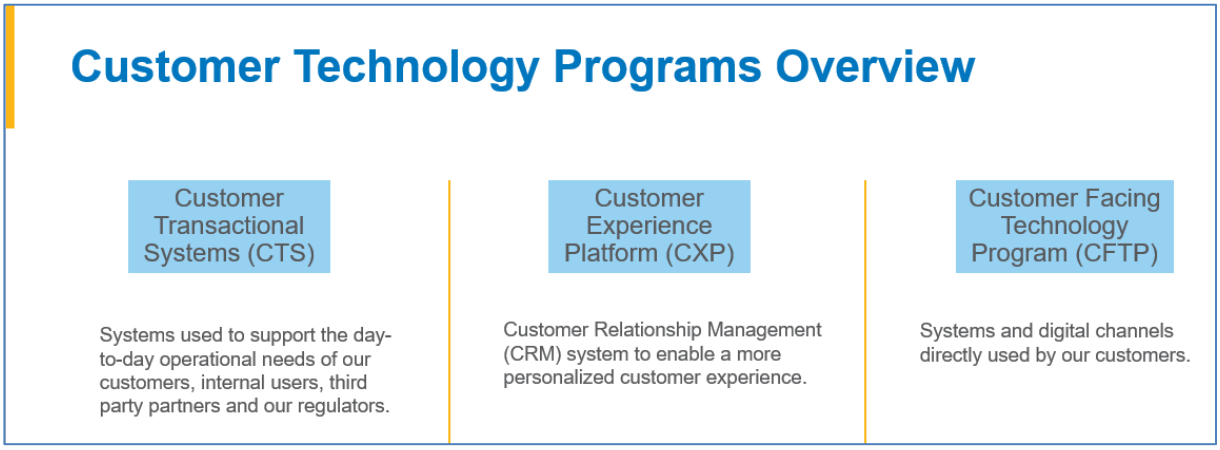
Avista completed the implementation of Oracle's Customer Care & Billing (CC&B) in 2015 and Meter Data Management (MDM) system in 2017. These systems provide the backbone for our customer account management services. In addition, the myavista.com website was launched in 2017 with improved self-service transactions.

When large systems are implemented and software vendors later update those systems, we are required to perform upgrades in order to keep them supported and up to date. CC&B has been continually maintained and enhanced to improve the experience for our CSRs and to respond to regulatory and compliance requirements. The majority of this work is included in the *Customer Transactional Systems Program*.

The initial launch of myavista.com included self-service tools that were limited in scope and through continued customer feedback over the ensuing years, it has been determined that the digital tools customers use require enhancements to be easier to use and new tools are also needed to meet ever-changing customer expectations. This maintenance and expansion of self-service tools is the work that has been included in our *Customer Facing Technology Program*.

As customer expectations continue to evolve through their experiences with technology in other industries, we recognized that new tools would be needed for our employees to provide an optimal customer experience that brings together information from multiple sources. Integrating a multitude of disparate specialty applications to bring customer information together into one place is included in the *Customer Experience Platform*.

Illustration No. 2: Program Overview



Q. Do Avista's Customer Technology Programs (CTS, CFTP & CXP) provide any financial benefits?

A. Financial savings are not the primary purpose of the Customer Technology Programs. The primary purpose is to deliver basic functionalities required to operate our business while at the same time delivering on our overall CX strategy of ensuring that our customer's evolving and growing expectations are being met. All businesses are experiencing the digital transformation that is occurring in our world and our goal is to support our customers in that transformation while operating the business and maintaining customer satisfaction. Having said that, the Customer Technology Programs do provide financial benefits in terms of avoided costs (as compared to distinct hard savings).

The Customer Technology Programs also drive efficiencies related to the automation of manual tasks. One such example is related to the automation of the 'Start Service Request.' Historically, a 'Start Service Request' has been processed manually by a CSR requiring each request to be reviewed and manually entered into CC&B. By automating this process, employees can be focused on other, value-added customer issues and reduce the amount of time

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

Q. How does the Company govern work priority within the three Customer Technology Programs summarized within this testimony?

A. The governance of what work is executed and prioritized within the three programs is managed via a formal governance committee that includes representation from across the organization. This governance committee meets monthly and is tasked with prioritizing work within a defined budget and providing directional and functional oversight of the teams executing the work within the programs. Specifically, as of November 2023, the number of business requests the governance committee is tracking is over 150 unique projects/work items that could potentially be pursued in the coming years. The currently allocated capital budgets do not allow for the Company to complete all known work in that backlog, so a prioritization process is used to ensure that the most beneficial and cost-effective work is executed on to fit within the budgets allocated.

<u>Customer Transactional Systems (CTS)</u>

Q. What are the primary purposes of the Customer Transactional Systems Program (CTS)?

A. The purpose of the CTS program is to enhance and maintain the systems used to support the day-to-day operational needs of our customers, internal users, third party partners and our regulators. Primarily, this includes the maintenance, regular upgrades and enhancements for the following critical business functions:

- Collection and storage of meter reads and meter data (MDM)
- Customer Billing (CC&B)
- Service Order Management
- Head End Metering Systems

- Energy and Agency Assistance Programs
- Rate Design and Rate modeling Tools
- Customer Energy Efficiency (iEnergy)

These systems are the "system of record" for many of the foundational elements of our business and are where information is stored, secured, and used for reporting internally and externally. This includes the tracking of customer information, meter and account data, meter reads, historical billing, payment information and payment arrangements as well as the tracking and storage of multiple other customer account features.

In addition to simply keeping these systems up to date and functional, these systems are required to support new functionality requests such as: enhancements to billing and rate options such as Time of Use (TOU), product and services offerings, tracking and scheduling appointments, payment arrangements, payment options, and meter data information.

Q. Why is this work required now?

A. This work is required to ensure that our customers' data remains secure, and our core business processes and technology maintain operational functionality. Without the CTS program, the Company's ability to keep our major systems current and fully functional would be severely impacted. These systems require regular updates from the software vendors and frequent security updates to ensure our customer data is protected. Without this work our ability to meet customer, third party partner and regulatory expectations would be diminished.

Q. What customer capabilities are enabled through this technology?

A. Customer bills are generated, and payments are accounted for in the Company's CC&B system. Meter information (meter reads) are stored in the MDM and used to generate customer bills. Additionally, any type of activity that is needed at a customer's premise (Service Orders) are also tracked within these systems and sent to field personnel to execute. The CTS

program ensures these core utility customer capabilities are performed.

Q. What are the CTS upgrades completed in 2023 and expected to be completed through 2026?

A. Table No. 1 above includes the transfers to plant for 2023 and planned for 2024-2026. Regarding work completed in the 2023 calendar year and forecasted to be completed in 2024-2026, see the list below. This is updated and reprioritized regularly to align with evolving customer needs and organizational goals.

CTS Program 2023 Work Completed:

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

CTS Program 2023-2026 Planned:

- CC&B Application Upgrade (Oracle version update) in 2023
- CC&B Application Upgrade (Oracle version update) in 2024
- CC&B Application Upgrade (Oracle version update) in 2025
- MDM Application Upgrade (Oracle version update) in 2023
- MDM Application Upgrade (Oracle version update) in 2024
- MDM Application Upgrade (Oracle version update) in 2025
- Bill Image Generation - Architecture Revision to Improve Resiliency
- Metering Head End System Application Version Updates
- Comfort Level Billing (CLB) Enhancements
- Field Activity and SOM Enhancements
- Tivoli Server Replacement for Security and Performance Enhancements
- Net Metering Paper Bill Presentment
- Server Replacement to Redhat 8 OS
- DSM Residential Rebate Application Enhancements
- Net Aggregation Automation for First Month Billing
- Payment Processing Resiliency Enhancements

Q. Did Avista consider alternatives to this approach?

A. Yes. As discussed in the Business Case included in Exh. NLH-2, Avista considered funding the CTS at a lower level which would have delayed benefits to our customers, users of the system and third-party partners. This option could have increased operational costs as we may have delayed our major technology system upgrades. In addition, we would have delayed 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).

Avista also considered doing nothing. This option would have greatly reduced our ability to keep our major technology systems current and fully operational. Also, we would have been unable to meet customer, third party partners, and regulatory expectations. With zero investment, no required compliance or regulatory changes would be made. For example, if there are newly identified security risks that require internal work and coordination with our external vendors to mitigate, these items could not be completed. With zero investment, we also risk the technology being obsolete and not functioning. This technology requires periodic upgrades and security updates; without these, the technology is at risk of not functioning, and thus, driving calls into our Call Center and creating an immense amount of manual work for our CSRs.

Q. Does the program have any target completion date?

A. No. Similar to many other Avista programs such as distribution wood pole management, this is a program that will allow for the continued maintenance and enhancements due to business process changes and compliance and regulation changes.

Q. Are there any direct or indirect offsetting costs associated with this program?

A. No. Capital improvements and enhancements to the CTS, and the associated integrated data connections, are essential to meet business requirements to service Avista customers (such as billing and customer support), maintain compliance with state and federal rules and regulations, and to meet the requests of our third-party partners. We must keep this technology updated to support new requests such as: new billing and rate options, product and service offerings, payment arrangement and payment options, and meter data information. Further, these systems require regular updates from the software providers and regular security updates to ensure our customer data is protected. Without this investment we put our quality and reliability of serving our customers at risk.

Customer Facing Technology Program (CFTP)

Q. What are the primary purposes of the CFTP?

A. The purpose of the CFTP is to deliver value, ease and transparency to all customers through our various digital channels including but not limited to myavista.com, text/SMS, inbound and outbound voice phone systems, and our mobile app. The CFTP builds upon the systems discussed in the CTS program and enables Avista's inbound and outbound communication channels and systems that customers rely on to interact with Avista.

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 continue to increase as these new tech-savvy generations become our

customers. The CFTP work ensures that Avista can continue delivering value to our customers and making it easier for them to interact with us.

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

A. Customer self-service capabilities supported by the program include, but are 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 meter data and usage info (desktop web, mobile web)
- Outage Reporting (desktop web, mobile web, mobile app, automated phone, text/SMS)
- Viewing outage information (desktop web, mobile web, mobile app, automated phone, text/SMS)
- Start Service (desktop web, mobile web, automated phone)
- Stop Service (desktop web, mobile web, automated phone)
- Transfer Service (desktop web, mobile web, automated phone)
- Apply for Energy Efficiency Rebates (desktop web, mobile web)
- Reporting an Issue or Concern (desktop web, mobile web, mobile app)
- Alerts and Notifications (desktop web, mobile web, mobile app, automated phone, text/SMS)
- Enroll in Payment Arrangements (desktop web, mobile web)
- Update Personal Contact and Account Information (desktop web, mobile web)

If the digital channels become stagnant and are not enhanced to accommodate adjusted customer behavior, customer satisfaction will decline, resulting in increased calls to the call center and increases in costs to serve our entire customer base.

Q. How is the CFTP providing benefits to customers?

A. Avista's digital channels are the primary ways our customers choose to interact with the Company. These channels provide ways for our customers to self-serve and complete their transaction or request in a fast and convenient way. Self-service is a common trend across all industries and continues to be a choice many customers are electing to make for many interactions with any business, including utilities. As highlighted above, customers are

increasingly choosing self-service channels to gain information and complete transactions and we anticipate that this trend will continue. Further, customers provide feedback after using the digital channels and Avista utilizes this customer feedback to help inform enhancements that are required to make the customers' self-service tools easier to use and more efficient to access and accomplish tasks. The investments made are having a positive impact on the customers' experience using the digital channels.

Q. Please describe the technology systems and associated technology included in the CFTP.

A. In addition to supporting the customer-facing components/features described above, the CFTP includes the foundational and technical work to run the customer-facing digital channels. The underlying technology must be kept up to date to perform for our customers. Upgrades and service packs are required to keep the channels, and thus our customer's data, secure. The primary technology platforms supported by the CFTP includes all systems used by our customers through digital channels (myavista.com (desktop and mobile web site), mobile app, text/SMS and IVR). Additionally, systems that are underlying the digital channels like the web content management system (Sitecore) and website and mobile app authentication (LoginRadius) are included within the CFTP.

Q. What are the CFTP upgrades completed in 2023 and expected to be completed through 2026?

A. Table No. 1 above includes the transfers to plant for 2023 and planned for 2024-2026. Regarding work completed in the 2023 calendar year and forecasted to be completed in 2024-2026, see the following list. This feature/functionality set is updated and reprioritized regularly to align with evolving customer needs and organizational goals.

CFTP Program 2023 Work Completed:

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

CFTP Program 2024-2026 Planned:

- Myavista.com account authentication and security enhancements
- Automation of Self-service 'Transfer Service' on myavista.com
- 'Prior Notification' Enhancements
- Content Management System) Version upgrades, supporting myavista.com as applicable
- Myavista.com Performance, Reliability and Resiliency Enhancements
- Enable Alert on Web to update Personal Account Information
- Fiserv (payment processor) "SOAP to REST" Update
- Website Navigation and 'Findability' enhancements
- Enable Alerts and Notifications enrollment within Automated Start Service
- Account and Contact Preferences Updates and Enhancements
- Business Customer Portal Design, Build and Deploy
- Online Construction Estimation Tool – Design, Build and Deploy
- Enable Project Share One Time Donations
- Natural Gas Outage Map – Design, build and Deploy
- Storm Center (Electric Outage Map) version upgrade
- Add 'View Usage' functionality to Mobile App
- Mobile App - Add ability to take a picture when reporting an outage
- Mobile App – Add ability to check outage status
- Mobile App – Enable 'Talk to text' when reporting an outage

- Mobile App – Enable real time chat with CSR
- Mobile App – Enable street light outage reporting
- Landlord Customer Portal Design, Build and Deploy
- Windows Server Refreshes (as applicable)

Q. Did Avista consider alternatives to this approach?

A. As with CXP, the alternative of implementing projects under CFTP at a slower pace was considered. This alternative would have delayed the benefits to our customers which may have generated dissatisfaction as well as prevented us from maximizing the benefits of previously funded core systems, such as the myavista.com website, mobile app, and smart meter and load disaggregation capabilities.

The backlog of features in our customer channels includes about three years of work and has stayed consistent over the past few years. At our preferred funding level, the backlog also remains steady and consistent with that funding.

We also considered the alternative of doing nothing. This means that all digital channels would remain in their existing state with no new features or functionalities added. Doing this would have put overall customer experience at risk. We enhance digital channels based on customer feedback and usability analysis, and industry digital best practices. If we are not meeting customer expectations, then we risk increasing the amount of overall customer contacts through other live, non-self-service channels. This could ultimately increase costs and decrease customer satisfaction. Further, no required compliance or regulatory changes to the digital channels would be made. We would face technological obsolescence as our digital channels begin to degrade.

Q. Does the program have any target completion date?

A. No. Similar to many other Avista programs such as distribution wood pole management, this is a program that will allow for the continued enhancements for our

customers. Customer expectations within digital channels continue to change and this program is intended to adapt to that change and provide the needed features to our customers.

Q. Are there any indirect offsetting costs associated with this program?

A. Deploying this CFTP capital investment which enables customers to self-serve through digital channels reduces the need to hire additional CSRs than we otherwise would need absent this investment. Due to the deflection of customer contacts from calls to self-service, this investment will reduce and/or avoid growth in the number of calls made to the contact center, therefore, resulting in a lower number of CSRs needed to maintain the grade of service. As overall customer contacts through all channels increases, this investment will help keep our rate of contact center cost growth lower than it otherwise would be without this investment. Our business is getting more complex, and customers continually need help with more complex issues. These more complex issues are generally still resulting in a call which means that call times and cost per call are increasing in alignment with that complexity.

During 2022 the average cost per call was $9.52. If we do not continue to invest in digital self-service, some of the self-service contacts would certainly turn into phone calls, requiring additional CSRs. We do not assume that every failed self-service interaction would turn into a phone call, but we conservatively estimate that about ten percent of all self-service contacts would be a phone call if the self-service tools were not available. The ten percent estimate is significantly less than the customer survey results of 30%.

If ten percent of all self-service contacts turned into a phone call, it would result in potentially double to triple the number of phone calls annually, requiring significantly more CSRs to handle the increased call volume. This ten percent estimate is identified as the indirect

savings as a result of this estimate. Self-service contacts are increasing year over year and it is estimated that trend will continue into the future. In 2020, there were 7,043,981 self-service customer contacts, in 2021; 8,994,245 and in 2022; 8,805,966. The estimates for future years are as follows:

Table No. 3: Avoided Costs from Self-Service Contacts

	2025	2026
Cost per call:	$9.52(est)	$9.52 (est)
Self-service contacts	8,900,000 (est)	9,100,000 (est)
10% of self-service contacts	890,000	910,000
Estimated Avoided Costs:	**$8,472800**	**$8,663,200**

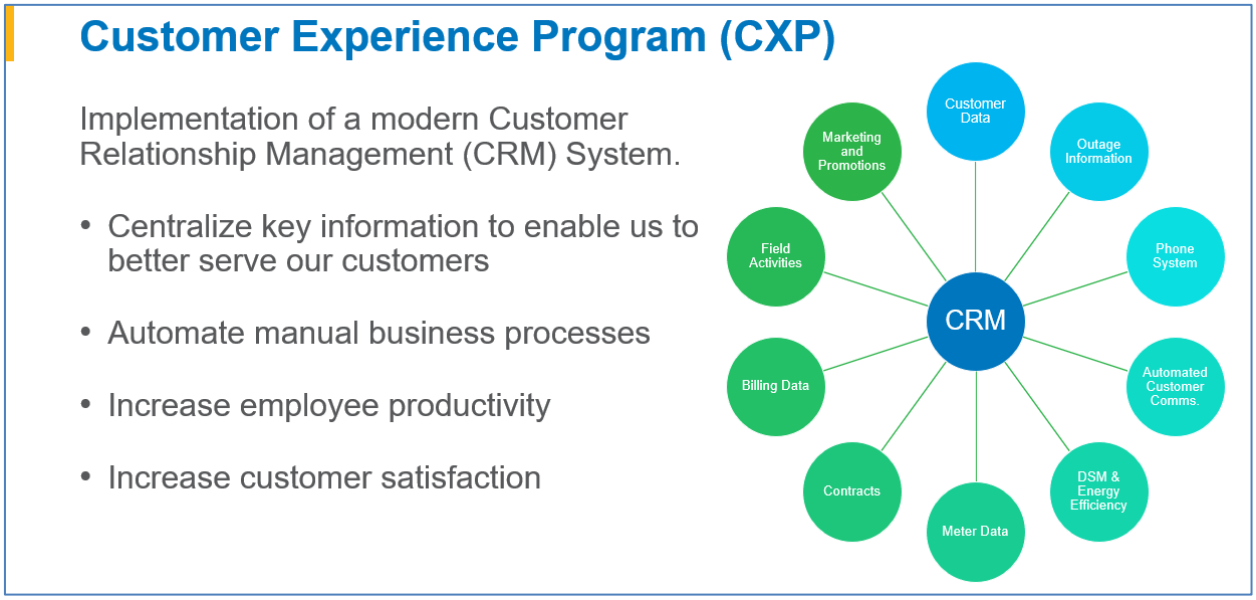
Note that the number of self-service contacts for 2025 and 2026 are estimates based on a growth rate from previous years and that the cost per call is assumed to not increase.

Customer Experience Platform (CXP)

Q. What is the primary purpose of the Customer Experience Platform (CXP)?

A. The purpose of the CXP is to bring together a multitude of disparate systems to enable a more seamless and improved customer experience across all of Avista's supported channels. This is important because our customers expect the Company to have a complete understanding of all historical interactions, service requests and phone calls they've had with us, and the CXP program is delivering on that expectation. For example, our customers want a seamless transition and consistent information when switching between channels of interaction. A customer may start on myavista.com to report an electric outage, then call in a few hours later to request additional information. In that scenario, our customers expect CSRs to know that the customer reported an outage online and expects the CSR to have additional information from internal systems to share.

Figure No. 9: CXP Program Definition Overview



Prior to CXP, we did not have a single interface that could provide consistent information about our customers. Having this type of 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 the Company about a single situation because all interactions are logged and made available to the employees who need that information. This platform brings our employees and our customers together by providing a single view into all customer interactions.

Q. What capabilities are enabled through the CXP program?

A. The CXP program implements the technology necessary to support the emphasis on CX at Avista. This program enables the creation of transformative tools for our employees, enabling them to better support customers. Over time, every employee that works with a customer will have more complete information at their fingertips that enables a personalized

experience for that customer. This will empower all departments and employees to work as one in support of customers.

Another capability is visibility into prior customer communications. Historically, customer communications like email, outbound phone calls, and text alerts were very difficult for CSRs and field personnel to access and know what was sent to the customer. This is information that is of tremendous value during a customer interaction. For example: customers regularly receive spam and scam contacts from Avista impersonators. Due to this, many customers will call Avista to verify if a recent communication they received was actually sent by Avista. Prior to the implementation of the CXP, a CSR had to rely on memory or internal email communication summaries sent by management. Now, all a CSR has to do is pull that specific customer's communication (email, text, phone) history to verify if the communication was sent from our system. This is of tremendous value to the Company's employees because we can definitively answer the customers questions, and we can avoid or reduce the stress on customers associated with utility scams.

In summary, CXP brings disparate and distinct customer information together to provide a 360-degree view of the customer. Table No. 4 below provides a summary of the CXP benefits enabled by the program.

Table No. 4: CXP Program Benefit Summary

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

Q. What are the CXP features completed in 2023 and expected to be completed through 2026?

A. Table No. 1 above includes the transfers to plant for 2023 and planned for 2024-2026. Regarding work completed in the 2023 calendar year and forecasted to be completed in 2024-2026, see the following list. This feature/functionality set is updated and reprioritized regularly to align with evolving customer needs and organizational goals.

CXP Program 2023 Work Completed:

- Customer 360 Dashboard (C360) Production Deployment
- Inbound Voice Channel Architecture Definition
- Energy Assistance Discovery
- CSR Email Communication Automation
- CSR Transactions Processing Automation
- Questline Email Campaign transition (furnace filter program communications)
- EVSE Commercial Application Process
- Mobile Enablement for Employees in the field
- DSM residential rebate status display
- Social Care integration (enable ability to respond and track customer inquiries via social media)

CXP Program 2024-2026 Planned:

- Implementation of improved Inbound Voice Technology systems designed to decrease average call handle times and improve phone system reliability and

resiliency
- Automated Call Center Transaction Processing for Payment Arrangements and Payment Plans
- Continued 'C360' enhancements to offer employees who interact with customers more visibility into customer information and historical interactions.
- Migration of automated customer communications off legacy platforms (expense savings), including but not limited to:
    - One-way Text notifications for electric outage, bill ready and bill due
    - Two-way text communications for outage reporting, outage status and pay bill.
    - Planned Outage customer communications
    - All other automated emails currently sent by 3rd party vendors or other disparate company systems.
    - Vegetation Management customer communications.
- 'Safe Tree' Customer Communication Program in support of wildfire resiliency.
- Implementation of CRM functionality for Account management for large customers
- Provide mobile tools for employees in the field to have the full view of the customer at their fingertips
- Electronic signature enablement for contracts being signed with customer
- Net Metering Application Workflow Automation
- Implement customer communications for field service work order completion.
- Claims Processing System Migration and addition of automated customer communications.
- Implementation of new 'knowledge management' tools for use by CSRs.

Q. Did Avista consider alternatives to this approach?

A. Yes. We explored an alternative of simply spending less on CXP. That would have, of course, reduced the number of features we are able to deploy to our employees for the benefit of our customers. This would have resulted in a longer amount of time until the indirect cost savings are realized. We did not believe that was a prudent course of action.

We also explored the option of doing nothing. This means that all existing systems and business processes would remain in their existing state with no new functionality added. This alternative would put overall customer experience at risk. Lower customer experience would result in higher costs in serving dissatisfied customers, increased customer complaints to Avista and our regulatory agencies, and a lack of trust in our company. We are implementing the CXP based on our strategy of putting the customer at the center and to improve overall customer

interactions and experience. If we do not improve the CX by providing the proper tools to our employees to serve our customers, then we risk not meeting the current customer expectations. We currently enjoy relatively high customer satisfaction scores, but if we do nothing, we are at risk of these scores going down.

Q. Are there any indirect offsetting costs associated with this program?

A. Yes. Due to the deflection of customer contacts, this investment will reduce and/or avoid growth in the number of calls made to the contact center, thus resulting in less CSRs needed to answer calls and maintain the Company's Grade of Service[16] than would be needed absent CXP. The indirect savings are estimated using these categories (this can also be seen in section 2.4 of the Business Case justification narrative found on page 46 of Exh. NLH-2):

- **Case Deflection:** the investment could deflect the number of calls or emails placed into our contact centers.

- **Case Resolution Time:** the investment can reduce the amount of time it takes to resolve a customer contact.

- **Employee Productivity:** due to streamlined tasks in the system, the investment could save employees time throughout their day.

- **Faster Onboarding:** due to the ease of use in the system, training a user to use the CXP should take less time.

The investment will be delivered frequently throughout the life of the business case and indirect savings will be captured as new features are released. Table No. 5 below, shows the estimated indirect savings from the above described avoided costs, or reduced labor hours that can be redeployed and/or reduce future hire needs.

[16] Grade of Service is the percent of calls answered within 60 seconds in the Company Call Center and is one of the Company's Service Quality Measures.

Table No. 5: Indirect Offsetting Cost Savings from CXP

2023	2024	Total: 2023 + 2024
$444,711	$1,007,949	$1,452,660

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

A. Yes, it does.