ARTIFICIAL INTELLIGENCE POLICY

1. Purpose

This Policy establishes a framework guiding the ethical and responsible use of AI Systems by, or on behalf of the Sierraville Public Utility District (**the "District"**). It enables the District to use AI Systems to benefit District Personnel or anyone acting on behalf of or for the District while safeguarding against potential harm.

2. Policy

The Sierraville PUD recognizes the potential value of AI tools that through thoughtful application may benefit the District, our Customers and the Community we serve. We are equally mindful of the risks and challenges associated with AI and the potential for unintended consequences. Our goal is to understand AI Systems and tools, their ethical and equitable use, and manage associated risks. Our approach to AI adoption is a careful balance between innovation and caution.

This Policy encompasses all Personnel and Board Members of the District. It covers the use of existing and future AI tools, systems, and platforms, including but not limited to Large Language Models (LLMs), AI-powered plug-ins, and data-driven analytical tools. The scope extends to all operational and decision-making processes within the District where AI technologies are or may have been utilized, ensuring our approach to AI remains human-centered, adaptive, and forward-thinking.

When operating, configuring, purchasing, developing, or maintaining AI Systems, the District will:

- **Uphold this AI Policy and any other related AI policies and procedures.** The District may use AI to provide comprehensive insights, predictive analysis, and streamlined processes, while human expertise ensures that final decisions are made with compassion, ethical consideration, and a deep understanding of the internal and external Community we serve. The District will also adhere to all relevant legal frameworks governing AI, including data protection, privacy, and intellectual property laws. Our Policy mandates continuous monitoring of the legal landscape to ensure compliance with both local and international AI regulations, safeguarding against legal and ethical risks.

- **Conduct AI tool/system reviews to assess potential risk**. The District is committed to utilizing AI responsibly, preventing harm and avoiding facilitation of malicious or misleading activities.

- **Compliance by Others.** The District requires adherence to ethical and legal standards from all third-party AI providers and systems to safeguard and protect District integrity, systems and assets, as well as respect for individual rights.

- **Incident Investigation.** Develop a Response Plan in the event of an AI incident, which violates or jeopardizes District Policy, functions and systems.

3. Prohibited Uses

The use of certain AI Systems or specific activities using AI Systems are prohibited due to the sensitive nature of the information processed and severe potential risk. When using AI Systems, the District Personnel shall not:

- Enter or otherwise share personal, confidential or individually identifying health information.

- Use real-time and covert biometric identification or falsification (e.g., facial recognition, voice identification or simulation).

- Use emotion analysis.

- Enable fully automated decisions that do not include meaningful human oversight and substantially impact individuals' legal rights, financial status, employment opportunities, workplace accommodation, disciplinary status, access to essential services, health, safety, or privacy.

- Enable social scoring, or the use of AI Systems to track and classify individuals based on their behaviors, socioeconomic status, or personal characteristics, including ethnicity, gender, religious preference or other discriminatory factors.

- Engage in cognitive behavioral manipulation of people.

4. AI-Related Definitions

Artificial Intelligence: "Artificial intelligence" or "AI" is any machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. Artificial intelligence systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

Algorithm: A series of logical steps through which an agent (typically a computer or software program) turns particular inputs into particular outputs.

AI system: Any system, software, sensor, or process that automatically generates outputs including, but not limited to, predictions, recommendations, or decisions that augment or replace human decision-making. This extends to software, hardware, algorithms, and data generated by these systems, used to automate large-scale processes or analyze large data sets.

Cognitive behavioral manipulation of people or specific vulnerable groups: Cognitive behavioral manipulation refers to AI-driven tools or algorithms designed to influence or alter an individual's decision-making process or belief system. These systems use psychological, behavioral, or emotional data to create targeted strategies that can manipulate thoughts, feelings, or actions, particularly focusing on vulnerable groups or individuals.

Emotion analysis: Computer vision techniques to classify human facial expressions and body language to infer emotions or sentiment (e.g., positive, negative, neutral, happy, angry, nervous).

Personal identifying information: Personal identifying information includes data that identifies an individual personally, such as name, address, email address, social security number, passport number, driver's license number, financial information, and telephone number.

Real-time and covert biometric identification: The live identification of an individual using technologies including, but not limited to, facial recognition and iris scanning, without that individual's knowledge or meaningful consent.

Social scoring: The use of AI Systems to track and classify individuals based on their behaviors, socioeconomic status, or personal characteristics. Refers to artificial intelligence or algorithmic systems that aggregate and interpret an individual's personal data to assign a quantifiable score or rating that ranks them against other individuals and impacts their access to services, opportunities, or societal privileges. These systems are characterized by their use of data related to behavior, preferences, interactions, financial transactions, and other personal attributes which are not directly linked to the application of the score. They can be part of a comprehensive profile that is used to make significant decisions about an individual's rights, opportunities, or social standing.

5. Responsibilities of Users

All District Personnel are responsible for following this Policy, as well as any other District AI-related policies or procedures.

- In the event of usage of AI by District Personnel related to performance, advice or the providing of work product to District, the District Board of Directors shall be notified of such use.
- If District Board of Directors or Personnel become aware of an instance use or misuse of AI, which has caused or may cause harm, such instance shall be reportable to District's President of the Board of Directors or District Clerk to the Board. If an AI system operated

by the District or on its behalf ceases to provide a positive utility to District staff or the Community it serves, then the use of that AI system must be discontinued. If the abrupt cessation of the AI system would significantly disrupt service delivery, usage of the AI system shall be phased out.

- The District is subject to the California Public Records Act (CPRA). District staff must follow all current procedures for records retention and disclosure of any records associated with AI Systems.

- Appropriate remedial measures and corrective action, including termination, will be instituted if prohibited behavior or violations of this Policy are found.

6. Oversight Roles

The District's Board President will designate a member of administrative management to develop and enforce such procedures or practices as are needed to:

- Ensure AI Systems are used in accordance with this Policy and any other District policies and procedures.

- Oversee AI enterprise security infrastructure, cybersecurity operations, updating security policies, procedures, standards, guidelines, and Policy compliance.

- Oversee the procurement of AI Systems and require vendors to comply with District organizational values and Policy standards through contractual agreements.

- Consult with the District's Legal Counsel as needed regarding any legal issues or risks associated with District AI Systems usage.