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Chester Public Utility District

Manual of Policies

POLICY TITLE:	Artificial Intelligence Use Policy
POLICY NUMBER:	6060
ADOPTED:	5-26-2026
LAST REVIEWED:	_____
NEXT REVIEW DUE:	Annually — each January Regular Meeting
REVIEWED BY:	General Manager
APPROVED BY:	Board of Directors

PURPOSE

Chester Public Utility District (the “District”) recognizes that artificial intelligence (AI) tools offer meaningful opportunities to improve the efficiency, quality, and consistency of district operations. This policy establishes a framework for the responsible, transparent, and legally compliant use of AI tools in district business — protecting ratepayer privacy, maintaining human accountability for all district work product, and ensuring that the District’s use of technology reflects its commitment to transparency, accountability, and ethical governance as stated in its Mission Statement.

SCOPE

This policy applies to all District staff, the General Manager, and any contractors or volunteers acting on behalf of the District who use AI tools in the performance of district business. It applies to all AI tools, including but not limited to large language models, generative AI writing assistants, AI-powered research tools, and AI-integrated database or records management systems.

DEFINITIONS

Artificial Intelligence (AI) Tool

Any software application that uses machine learning, natural language processing, or generative AI to assist in drafting, researching, analyzing, summarizing, or otherwise processing information. This includes tools such as Claude (Anthropic), ChatGPT (OpenAI), Copilot (Microsoft), Gemini (Google), and similar platforms.

AI-Assisted Work Product

Any document, communication, report, resolution, policy, or other output that was drafted, researched, or materially improved with the assistance of an AI tool prior to human review and approval.

Personal Identifiable Information (PII)

Any information that can be used to identify a specific individual, including but not limited to name, address, account number, billing history, Social Security number, or financial information. For purposes of this policy, ratepayer account data constitutes PII.

Confidential District Information

Any information that is not part of the public record, including but not limited to personnel records, attorney-client communications, pre-decisional deliberative materials, and information subject to legal holds or pending litigation.

APPROVED USES OF AI TOOLS

AI tools may be used to assist with the following categories of district work, subject to the requirements of this policy:

- Drafting board meeting agendas, meeting minutes, staff reports, and board packet materials
- Drafting resolutions, ordinances, and policy documents for staff and legal review
- Drafting public notices, ratepayer correspondence, and website content
- Research of applicable laws, regulations, California Government Code provisions, CalPERS requirements, Proposition 218 procedures, and Public Records Act obligations
- Drafting grant application narrative sections and supporting materials
- Creating and maintaining records management systems and database structures
- Drafting routine correspondence, memos, and internal communications
- Formatting, editing, and improving the clarity of district documents
- Summarizing public meeting audio recordings to assist in minutes preparation
- Any other administrative function approved by the General Manager

PROHIBITED USES OF AI TOOLS

The following uses of AI tools are expressly prohibited:

- Inputting any ratepayer personally identifiable information, including names, addresses, account numbers, billing history, or payment information, into any AI tool conversation or prompt
- Inputting any personnel records, employee personal data, salary information, or disciplinary records into any AI tool
- Inputting any information subject to attorney-client privilege, litigation holds, or pending legal proceedings
- Inputting any information designated as confidential by the General Manager or District Counsel
- Inputting any Federal Tax Information (FTI) or information subject to IRS confidentiality requirements
- Distributing, publishing, or submitting any AI-generated content without prior human review and approval by authorized staff
- Using AI tools to make final decisions on personnel matters, ratepayer disputes, or enforcement actions

- Representing AI-generated content as independently verified fact without staff verification
- Using AI tools in any manner that violates applicable state or federal law

REQUIRED SAFEGUARDS

Human Review and Accountability

All AI-assisted work product must be reviewed, verified for accuracy, and approved by a responsible staff member before distribution, posting, or submission. No AI-generated output is official district communication until reviewed and approved by authorized staff. The reviewing staff member assumes full professional responsibility for the accuracy and appropriateness of the final work product.

Data Minimization

Staff shall describe situations in general terms when using AI tools, rather than inputting specific confidential records or PII. When research or drafting requires reference to specific district data, staff shall anonymize or generalize that information before including it in any AI prompt or conversation.

Approved Platform Requirements

The District shall use AI platforms that offer data privacy protections appropriate for public agency use, including platforms that do not use district conversation data for AI model training. The General Manager is responsible for evaluating and approving AI platforms for district use and shall document the platforms in use at the time of each annual policy review. Staff shall not use unapproved AI platforms for district business.

Verification of Legal and Regulatory Content

When AI tools are used to research legal requirements, Government Code provisions, CalPERS regulations, or other regulatory matters, staff shall verify the accuracy of AI-generated research against the primary source — the actual statute, regulation, or agency guidance — before relying on it for district decisions or communications. AI research is a starting point, not a substitute for legal review of complex matters.

TRANSPARENCY AND DISCLOSURE

The District is committed to transparency in its use of technology. The following disclosure practices apply:

- This AI Use Policy shall be posted on the District's public website and made available upon request as a public record
- The General Manager shall disclose the District's use of AI tools in the annual report to the board
- AI-assisted documents are not required to be individually labeled as such unless directed by the Board of Directors; however, staff shall disclose AI assistance if asked by any board member or member of the public
- The District shall not represent AI-generated content as human-authored in any context where that distinction is legally or materially significant

COMPLIANCE WITH APPLICABLE LAW

The District's use of AI tools shall comply with all applicable state and federal laws, including but not limited to:

- California Public Records Act (Government Code §6250 et seq.) — AI-assisted work product that constitutes a public record remains subject to disclosure

- California Information Practices Act (Civil Code §1798 et seq.) — ratepayer personal information is protected regardless of the tools used to process district communications
- Ralph M. Brown Act (Government Code §54950 et seq.) — AI-assisted agendas and notices must comply with all Brown Act posting, content, and timing requirements
- California Consumer Privacy Act and related regulations — to the extent applicable to district operations
- IRS Publication 1075 — to the extent the district handles any Federal Tax Information
- Governor’s Executive Order N-5-26 (March 30, 2026) — the District voluntarily aligns with the State’s framework for responsible AI use in public agency operations

TRAINING AND AWARENESS

The General Manager shall ensure that all staff authorized to use AI tools receive basic orientation on this policy, including approved uses, prohibited uses, and data minimization practices, prior to use. Training shall be documented and updated as needed when this policy is revised.

POLICY VIOLATIONS

Violations of this policy, including unauthorized use of AI tools with confidential or protected information, shall be addressed through the District’s standard personnel policies and procedures. The General Manager shall report material policy violations to the Board of Directors.

ANNUAL REVIEW

Given the rapidly evolving nature of AI technology and the developing regulatory landscape in California, this policy shall be reviewed annually by the General Manager, no later than the January regular board meeting of each year. The General Manager shall present any recommended updates to the Board of Directors for consideration and adoption. The review shall include an assessment of:

- New or amended California laws or regulations governing AI use in public agencies
- Changes in the AI platforms used by the District
- Any incidents or issues arising from AI tool use during the prior year
- Best practice guidance from the California Special Districts Association, the Institute for Local Government, or the California Department of Technology

Adoption

This policy was adopted by the Board of Directors of Chester Public Utility District at a duly noticed public meeting.

Date: _____ Board Chair: _____
Kimberly Green, Board Chair

Attested: _____ Date: _____
General Manager, Chester Public Utility District

Chester Public Utility District

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF CHESTER PUBLIC UTILITY DISTRICT ADOPTING AN ARTIFICIAL INTELLIGENCE USE POLICY FOR DISTRICT OPERATIONS

Resolution Number ____ 443 ____

Resolution Date: ____ 5-26-26 ____

WHEREAS, Chester Public Utility District (the “District”) is a public utility district duly organized and validly existing under and by virtue of the Constitution and laws of the State of California; and

WHEREAS, artificial intelligence tools offer meaningful opportunities to improve the efficiency, quality, and consistency of district administrative operations, including board meeting support, document drafting, regulatory research, grant writing, records management, and public communications; and

WHEREAS, the responsible use of artificial intelligence in public agency operations requires clear governance, data protection rules, human oversight requirements, and transparency with the public; and

WHEREAS, Governor Newsom’s Executive Order N-5-26, signed March 30, 2026, directs state agencies to facilitate employee access to vetted AI tools with appropriate privacy and cybersecurity safeguards, reflecting the State of California’s recognition of AI as a legitimate and valuable tool in public administration; and

WHEREAS, the District’s Administrative Assistant job description (Policy 2315, adopted April 20, 2026) specifically calls for the incumbent to learn and apply emerging technologies to perform duties in an efficient, organized, and timely manner; and

WHEREAS, the Board of Directors finds that adopting a formal AI Use Policy will protect ratepayer privacy, maintain human accountability for all district work product, ensure compliance with applicable California law, and position Chester Public Utility District as a leader in responsible technology governance among Plumas County special districts; and

WHEREAS, the Board of Directors has reviewed and considered the proposed Artificial Intelligence Use Policy attached hereto as Exhibit A and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF CHESTER PUBLIC UTILITY DISTRICT AS FOLLOWS:

Section 1. Adoption of Policy. The Board of Directors hereby adopts the Artificial Intelligence Use Policy attached as Exhibit A, establishing the framework for responsible AI use in district operations.

Section 2. Posting. The General Manager is directed to post the adopted AI Use Policy on the District’s public website within 30 days of adoption.

Section 3. Training. The General Manager is directed to ensure that all staff authorized to use AI tools receive orientation on this policy prior to use.

Section 4. Annual Review. The General Manager shall review this policy annually and present any recommended updates to the Board of Directors no later than the January regular board meeting of each year.

Section 5. Effective Date. This Resolution shall take effect upon adoption by the Board of Directors.

PASSED, APPROVED AND ADOPTED this _____ day of _____, 2026, by the following vote:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

Board Chair _____ Date _____
Kimberly Green

Attested: _____ Date _____
General Manager, Bonnie Mullaney, Chester Public Utility District