

Title	Artificial Intelligence Policy	Number	ADMIN-1
CEO Approval		Version	1.0
Board Approval	N/A	Effective Date	

I. PURPOSE

This policy outlines the principles and guidelines governing the ethical, transparent, and responsible use of artificial intelligence (“AI”) technologies, including Generative AI Systems, by Cascade Water Alliance (“Cascade”). This policy is designed to facilitate the acceptable use of AI to conduct Cascade-authorized business while safeguarding privacy, ensuring compliance with applicable laws, protecting against bias and discrimination, maintaining public trust, and supporting Cascade’s mission of providing water supply to our Members in a cost-effective and environmentally responsible manner. This policy shall become effective as of the date signed below.

II. SCOPE

This policy applies to all staff (full-time and part-time), temporary employees, interns, Vendors, partners, and volunteers who provide Cascade services or otherwise act on behalf of Cascade.

III. DEFINITIONS

- A. Artificial Intelligence (“AI”) means the use of machine learning and related technologies that use data to train statistical models for the purpose of enabling computer systems to perform tasks normally associated with human intelligence or perception, such as computer vision, speech or natural language processing, and content generation.
- B. AI Generated Template means a non-substantive instrument used as a gauge or guide in bringing any piece of work to the desired shape which is generated by an AI System. For example, an electronic word processing document template pre-formatted to a business letter layout but without any substantive content in the body of the letter.
- C. AI System means any system, software, hardware, application, tool, algorithm, model, or utility that, in whole or in part, leverages AI technologies – such as machine learning,

natural language processing, or predictive analytics – to perform tasks, generate insights, or support decision-making traditionally requiring human intelligence.

- D. Generative AI means an AI System that generates novel data or content based on a foundation model.
- E. Input Data means data provided to or directly acquired by an AI System on the basis of which the system produces an Output.
- F. Output means any and all texts, images, videos, sounds, and any other content that would otherwise be produced by human means that is produced by an AI System.
- G. Personal Identifiable Information means information that identifies or is reasonably capable of being associated or linked, directly or indirectly, with a particular person, including, but not limited to: social security number, driver's license number, Federal tax identification number, and date of birth; as well as data associated with a persistent unique identifier, such as a cookie ID, an IP address, a device identifier, or any other form of persistent unique identifier. Personal information does not include publicly available information or deidentified data.
- H. Transitory Use means the use of AI and/or an AI System in a manner that produces Outputs that are typically of short-term, temporary informational use. For example, use of internet search engines, spelling and/or grammar corrections, and document formatting.
- I. Vendor means a person or entity who delivers services and/or products to Cascade under a contract. For purposes of this policy, "Vendor" has the same meaning as "contractor" and "consultant."

IV. POLICY

A. Guiding Principles

Cascade's use of AI shall align with its values and responsibilities in service to its Members. Cascade employees and Vendors shall adhere to the principles and requirements set forth in this policy and will be held accountable for compliance with these commitments.

1. Human-Centric: Cascade will leverage AI to enhance, not replace, human capabilities in the delivery of Cascade's programs and operations. The AI Systems Cascade uses, either directly or through Vendor contracts, shall be reasonably designed to produce reliable outcomes appropriate to their intended use.
2. Valid and Reliable: Cascade will safeguard the reliability and quality standards of the organization when AI Systems are used.
3. Transparent and Accountable: Cascade will ensure AI-supported decision-making processes are transparent and will clearly communicate how AI Systems are used.

Cascade will disclose when AI Systems have been used as part of the analysis, evaluation, or creation of any work product.

4. Inclusion and Non-Discrimination: Cascade will implement AI Systems that promote inclusivity and equitable access to Cascade programs, information, and opportunities. All AI System Outputs will be evaluated for bias, and all discriminatory impacts will be addressed.
5. Innovation: Cascade encourages creativity, continuous learning, and responsible experimentation. AI technologies used by, or on behalf of, Cascade will aim to improve Cascade programs, operations, and problem-solving.
6. Stewardship: Cascade recognizes the environmental impacts of AI and will evaluate AI Systems through the lens of environmental and resource management goals.
7. Privacy and Security: In using AI, Cascade will reduce privacy and security risks to the greatest extent possible and comply with applicable laws and regulations.
8. Ethical Use: AI technologies used by, or on behalf of, Cascade will uphold Cascade's mission, values, these AI Guiding Principles, and comply with all applicable laws and regulations to ensure ethical use.

B. Requirements

Cascade is committed to honoring the AI Guiding Principles by observing the following requirements in relation to the procurement, use, and review of AI.

1. Procurement of AI Systems:
 - a. All procurement of AI Systems on Cascade equipment must undergo a review by Cascade's Finance Director to assess its compliance with the AI Guiding Principles.
 - b. All Vendors who develop, deploy, or operate AI Systems on behalf of Cascade must comply with the AI Guiding Principles established by this policy, applicable law, and/or contractual obligation.
2. Permitted Uses of AI:
 - a. All Cascade employee and Vendor use of AI Systems for Cascade business must be consistent with the AI Guiding Principles, this policy generally, and all applicable local, state, and federal laws.
 - b. Cascade employees and Vendors may only use AI Systems that have been approved by Cascade's Finance Director, and the use of any AI System to conduct Cascade work is otherwise prohibited.
 - c. Cascade's Finance Director may approve pilot opportunities at Cascade that allow for testing and experimenting with new AI Systems, while assessing risks in a controlled environment.

3. Standards Governing Generative AI Use:

- a. Under no circumstances may any employee or Vendor of Cascade use as a Generative AI input:
 - i. Personal Identifiable Information, as defined in Section III of this policy;
 - ii. Non-public information of a confidential nature retained by Cascade;
 - iii. Financial account numbers of any kind; or
 - iv. Information pertaining to the hiring, firing, review of, or otherwise relating to, Cascade personnel.
- b. Prior to non-transitory use of AI, an AI Use Evaluation shall be conducted to address and document compliance with this Policy, including:
 - i. Scope of the planned use;
 - ii. Sustainability evaluation;
 - iii. Quality assurance processes to be used;
 - iv. Capability of the AI System to comply with the Public Records Act; and
 - v. Cybersecurity evaluation.
- c. As part of an AI Use Evaluation, a sustainability evaluation shall be conducted prior to the non-transitory use of Generative AI for a task to determine if labor savings, including review and audit processes, quantify, and justify the resource consumption of Generative AI tools. Such evaluation will document the relative estimated labor effort, costs, and resource demands of both AI and non-AI methods.
- d. Any and all Generative AI Outputs must be reviewed by a human user to evaluate its compliance with this policy before such Output may be used for Cascade business. Such review must be documented and briefly address whether the AI Output is:
 - i. Correct;
 - ii. Free from discriminatory or biased content; and
 - iii. Otherwise compliant with the AI Guiding Principles.

The review, along with the underlying Generative AI Output, must be retained per public records requirements.

The human user is accountable for the correctness, outcomes, and decisions resulting from use of AI.
- e. Under no circumstances may Generative AI be used to conduct the following Cascade business:
 - i. Any personnel decisions, including the hiring, firing, and performance review of Cascade employees;
 - ii. Any financial/payment authorization decision;
 - iii. Make modifications to IT security controls;
 - iv. Any contracting decision regarding the selection of a Vendor; or
 - v. Controlling water supply, telecommunications, or any other element of critical infrastructure managed by Cascade.

4. Generative AI Attributions:

- a. All images and videos created by Cascade employee and Vendor use of Generative AI for Cascade use must be attributed to the appropriate

Generative AI System. Whenever possible, attributions and citations should be embedded on the image or video (e.g., via digital watermark).

- b. All work products used by Cascade employees and Vendors for Cascade business that include text generated by a Generative AI System, or which document work conducted with a Generative AI System for the conduct of Cascade business, must include an in-document attribution to the Generative AI System so used.
- c. All attributions required by this section should include the name of the AI System used plus a statement from the person who reviewed the content. For example: "Some material in this manual was generated using ChatGPT 4.0 and was reviewed for accuracy and compliance with the AI Guiding Principles by [First name] [Last name] Cascade [title] before publication."
- d. The following AI-generated content is exempt from the attribution requirements of this section:
 - i. Spelling and/or grammar revisions;
 - ii. AI-Generated Templates and document formatting; and
 - iii. Routine web search results.

5. Public Records:

- a. All AI-related records prepared, owned, used, or retained by Cascade to conduct Cascade business are Public Records and must be maintained consistent with applicable law and Cascade's record retention schedule and disclosed upon request.
- b. All AI Systems approved for Cascade use, including Vendors' AI Systems used for Cascade business, will be required to support retrieval and export of Public Records upon request.

6. Exceptions: Any exceptions to the Requirements of this policy, unless otherwise specified, must be documented, reviewed, and approved in writing by Cascade's CEO, or their designee, and must include an expiration date and safeguards to ensure compliance with the AI Guiding Principles.

C. Enforcement and Oversight

Cascade is committed to ensuring that all use of AI by Cascade employees and Vendors fully comply with this policy.

- 1. Training: Cascade employees will be trained on the implementation and application of this policy, and materials will be developed to standardize the application of this policy by Cascade staff.
- 2. Reporting: Cascade employees and Vendors must immediately report suspected violations of this policy to Cascade's Finance Director.
- 3. Review: Cascade's Finance Director shall oversee the use of AI by Cascade employees and Vendors, and:

- a. Conduct an audit, at least annually, of a randomly selected sample of the Generative AI reviews submitted pursuant to Section V. B. of this policy to assess their accuracy;
- b. Investigate alleged policy violations submitted by Cascade employees and Vendors pursuant to Section VI. A. of this policy to determine whether a violation has occurred;
- c. Ensure periodic training for Cascade employees regarding the requirements of this policy and AI best practices;
- d. Maintain an AI Register which records for each AI System used by Cascade, at a minimum, the following:
 - i. The name of the AI System and vendor;
 - ii. Approved purposes;
 - iii. Approved data classifications;
 - iv. Date the AI System was approved for Cascade use;
 - v. A summary of contractual safeguards;
 - vi. Date for renewal/review of AI System license; and
 - vii. Current status of AI System (i.e. approved for use/license lapsed/use prohibited, etc).
- e. Recommend changes to this policy.

4. Violations:

- a. Any use of AI Systems to conduct Cascade business that is inconsistent with this policy by Cascade employees may result in disciplinary action up to and including termination.
- b. Violations of this policy by Vendors retained by Cascade, or any other third party, while operating an AI System on behalf of Cascade may result in breach of contract or termination of the contract and/or pursuit of other legal remedies as permitted by law.

D. Policy Changes

This policy will be updated and reissued as necessary to reflect, among other considerations, changes to applicable law, updates or changes to related Cascade policies, new considerations regarding AI technology generally, and the results or findings of any audit or review.