

AI in Local Government and Public Power Utilities: Smart Policy, Safe Practices

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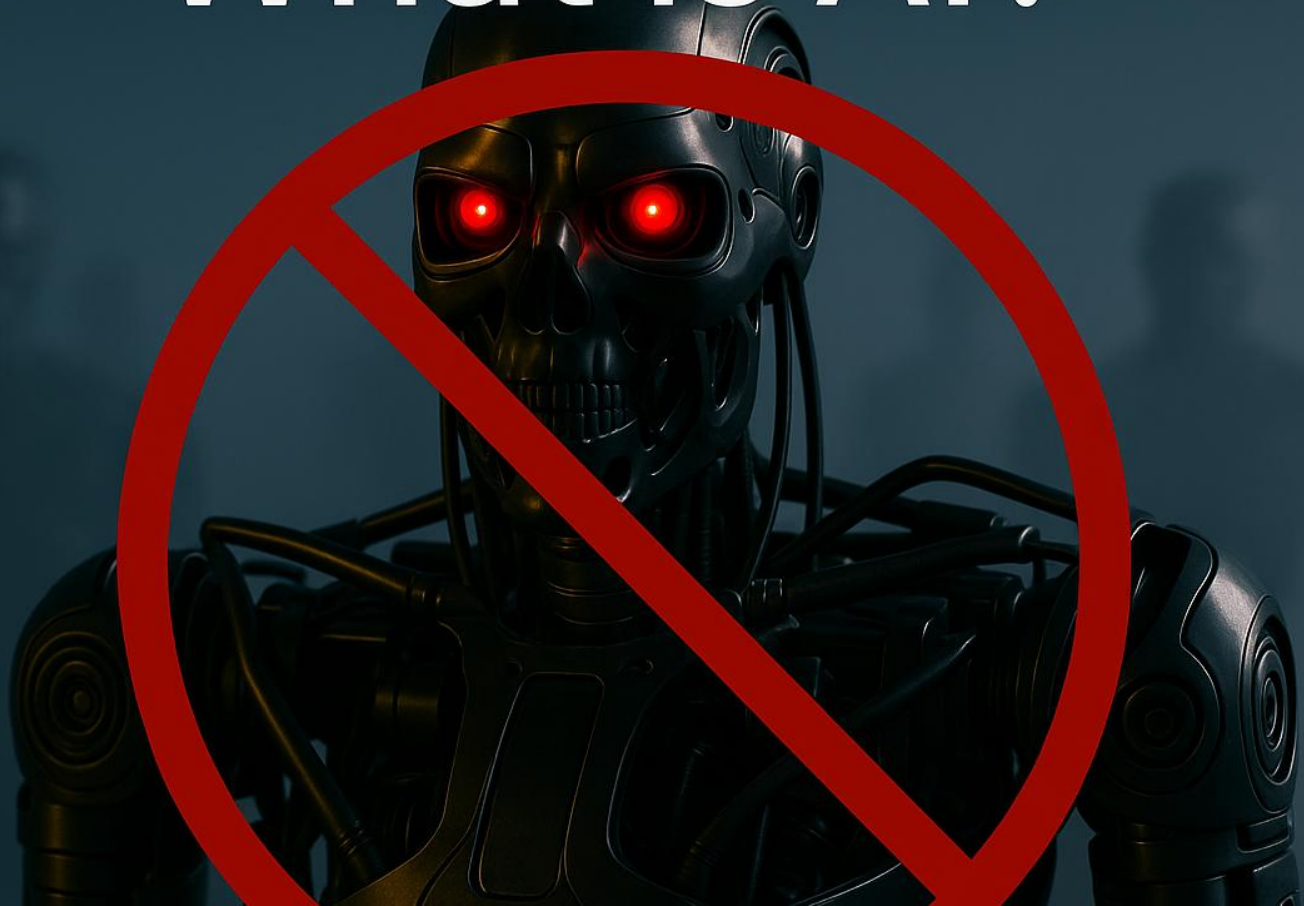
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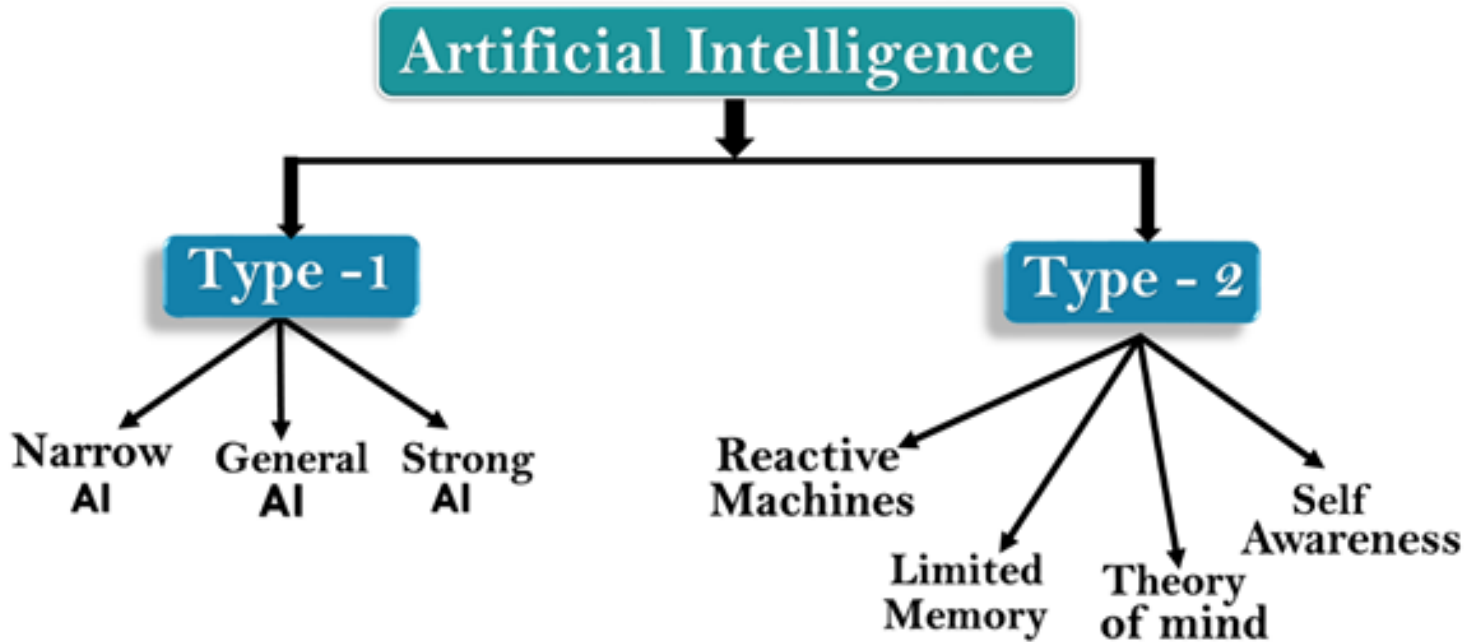
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What is AI?



Types of Artificial Intelligence



Potential Benefits of AI for Municipal Utilities

- Demand Forecasting/Load Management
- Grid Optimization
- Energy Storage Optimization
- Predictive Maintenance
- Automated Asset Maintenance
- Cyber security enhancements
- Customer Service Improvements
- Fleet Optimization



Challenges of AI in the Utility Industry

Data privacy and security concerns: AI in utilities involves collecting and analyzing vast amounts of customer and utility data, raising concerns about data privacy and security. Utilities must have robust data encryption, access controls, and stringent data protection measures in place to protect sensitive customer information. Failing to do so could lead to violations of law (e.g., attorney work product, confidential and exempt records), data breaches and damaged reputation.

Integration of AI technologies into existing infrastructure: Integrating AI into existing utility infrastructure can be challenging, but it's essential to ensure that utilities get the most out of the technology. Utilities need to invest in comprehensive planning, training, and change management strategies to ensure a smooth integration.

Ethical considerations in AI decision-making: AI systems can be biased and make mistakes, which can lead to serious problems in the utilities industry. Utilities must ensure their AI systems are fair, transparent, and employees must still be accountable. They also must address potential issues such as algorithmic bias and job displacement due to automation.

Florida Public Records Law – Municipal Utilities

- 119.01, Florida Statutes General state policy on public records.—(1) It is the policy of this state that all state, county, and municipal records are open for personal inspection and copying by any person. Providing access to public records is a duty of each agency.
- (2)(a) Automation of public records must not erode the right of access to those records. As each agency increases its use of and dependence on electronic recordkeeping, each agency must provide reasonable public access to records electronically maintained and must ensure that exempt or confidential records are not disclosed except as otherwise permitted by law.
- Utilities have some exemptions & protections from Florida's broad public records law
- AI use must neither: (1) hinder municipal utilities in compliance with public records law, nor (2) violate exemptions and protections

Municipal Utility Public Records Exemptions

- Proprietary Confidential Business Information:**

- Some records, like those containing proprietary confidential business information of public utilities, can be protected from public disclosure.

- Bid Information:**

- Data, records, or documents used by a municipal utility to prepare a bid for services are exempt from public disclosure once the utility identifies the specific bid in writing.

- Residential Customer Information:**

- In some cases, residential addresses and phone numbers of public utility customers might be withheld from public disclosure.

- Pending Litigation (attorney work product):**

- Records prepared by an attorney or at the direction of an attorney for pending litigation that reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the agency.

Exemptions, continued.

- Real-time Usage Data:**

- Florida law also restricts third-party access to real-time public power customer usage information and meter-derived data

- PSC Protections:**

- The Florida Public Service Commission (PSC) has protections for certain records obtained through its inquiries or proceedings, but these typically don't apply to municipally owned utilities, as their regulation is local.

Adopting an AI Policy

- May only use CIO/General Government approved AI platforms
- ChatGPT and other similar publicly available AI are permitted **ONLY IF NO CUSTOMER OR UTILITY CONFIDENTIAL INFORMATION IS USED**
- **MUST REVIEW & CONFIRM RESULTS**
- Customer Notice/Consent
- Competence/Training
- Employees must continue to be responsible for outcomes – AI is only a tool



Test Case - ChatGPT

AI presents both significant opportunities and serious risks for electric utilities. Here's a breakdown of the **key risks** associated with AI implementation in the electric utility sector:

1. Cybersecurity Threats

AI systems integrated into grid operations, demand forecasting, and outage response increase the attack surface for malicious actors.

- **Autonomous control systems** could be exploited to disrupt power distribution.

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ChatGPT – Should Municipal Utilities Use AI?

AI Roadmap for Municipal Utilities

Stage 1: Foundations

Build the infrastructure and governance needed for AI success.

Key Actions:

-  Inventory existing data (AMI meters, SCADA, billing, outage logs, etc.)
-  Modernize data storage (cloud or centralized data lake)
-  Create a data governance framework (privacy, access, compliance)
-  Assign an “AI Champion” within IT or engineering to oversee efforts

Continued...

Stage 2: Low-Risk Pilot Projects

Start with small, explainable, high-impact use cases.

Pilot Options:

1. Predictive Maintenance

- AI flags transformers or substations likely to fail soon.

2. Outage Detection & Mapping

- AI correlates AMI signals and weather data to locate faults quickly.

3. Energy Theft Detection

- Use machine learning to detect irregular usage patterns.

4. Chatbots for Customer Service

- Answer billing, outage, or rate questions automatically.

Goal: Demonstrate ROI and build internal trust in AI tools.

Continued...

Stage 3: Optimization and Growth

Use AI for planning,
demand management,
and customer
engagement.

Advanced Projects:

Load Forecasting

- Predict hourly or daily demand to optimize energy purchasing.

DER (Distributed Energy Resources) Management

- Manage solar, batteries, EVs using AI to maintain reliability.

Rate Design Simulation

- Model how different pricing plans affect low-income or high-usage customers.

Grid Optimization

- AI balances power flows and minimizes losses.

Continued...

Stage 4: Long-Term Innovation

Position the utility as a smart city leader.

Future Initiatives:

Climate Risk Modeling

- AI helps predict how extreme weather affects infrastructure.

Equity-Focused Energy Assistance

- Use AI to proactively identify customers who may need support.

Smart Microgrids

- Enable neighborhoods or campuses to run independently during outages.

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