

**BEFORE
THE TENNESSEE PUBLIC UTILITY COMMISSION**

CONSUMER ADVOCATE)	Electronically Filed in TPUC Docket
COMPLAINT AND REQUEST TO)	Room on December 10, 2025 at 1:25 p.m.
OPEN A CONTESTED CASE AND)	
INVESTIGATION INTO TENNESSEE-)	
AMERICAN WATER COMPANY'S)	Docket No. 25-00086
PFAS (PER- AND POLY-)	
FLUOROALKYL SUBSTANCES))	
LITIGATION UNIVERSAL)	
SURCREDIT TARIFF ("PLUS)	
TARIFF"))	

**DIRECT TESTIMONY
of
WILLIAM H. NOVAK**

ON BEHALF OF
**THE CONSUMER ADVOCATE DIVISION
OF THE
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

December 10, 2025

1 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**
2 **OCCUPATION FOR THE RECORD.**

3 A1. My name is William H. Novak. My business address is 19 Morning Arbor Place,
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility
5 consulting and expert witness services company.¹
6

7 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**
8 **PROFESSIONAL EXPERIENCE.**

9 A2. Briefly, I have both a Bachelor's degree in Business Administration with a major
10 in Accounting, and a Master's degree in Business Administration from Middle
11 Tennessee State University. I am a Certified Management Accountant, and am
12 also licensed to practice as a Certified Public Accountant.
13

14 My work experience has centered on regulated utilities for over 40 years. Before
15 establishing WHN Consulting, I was Chief of the Energy & Water Division of the
16 Tennessee Public Utility Commission where I had either presented testimony or
17 advised the Commission on a host of regulatory issues for over 19 years. In
18 addition, I was previously the Director of Rates & Regulatory Analysis for two
19 years with Atlanta Gas Light Company, a natural gas distribution utility with
20 operations in Georgia and Tennessee. I also served for two years as the Vice
21 President of Regulatory Compliance for Sequent Energy Management, a natural

¹ State of Tennessee, Registered Accounting Firm ID 3682.

1 gas trading and optimization entity in Texas, where I was responsible for ensuring
2 the firm’s compliance with state and federal regulatory requirements.

3
4 In 2004, I established WHN Consulting as a utility consulting and expert witness
5 services company. Since 2004 WHN Consulting has provided testimony or
6 consulting services to state public utility commissions and state consumer
7 advocates in at least ten state jurisdictions.

8

9 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?***

10 A3. I am testifying on behalf of the Consumer Advocate Division (“Consumer
11 Advocate” or “CA”) of the Office of the Tennessee Attorney General.

12

13 ***Q4. HAVE YOU PRESENTED TESTIMONY IN ANY PREVIOUS CASES
14 REGARDING TENNESSEE-AMERICAN WATER COMPANY?***

15 A4. Yes. I’ve presented testimony in numerous TPUC Dockets concerning cases
16 involving Tennessee-American Water Company (“TAWC” or “the Company”) as
17 well as dockets for other generic tariff and rulemaking matters.

18

19 ***Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
20 PROCEEDING?***

21 A5. My testimony will support and address the Consumer Advocate’s positions and
22 concerns with respect to the Company’s proposed rate treatment of Settlement
23 Proceeds TAWC has received, and has yet to receive, from Per- and Poly-

1 Fluoroalkyl Substances (“PFAS”) litigation. My testimony **does not** address the
2 specific causes of PFAS contamination or the appropriate PFAS treatment
3 remedies.

4
5 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***
6 ***YOUR TESTIMONY?***

7 A6. I have reviewed the Company’s proposed PFAS Litigation Universal Surcredit
8 (“PLUS”) Tariff filed on October 6, 2025. I have also reviewed the Company’s
9 responses to the Consumer Advocate’s discovery requests in this Docket.

10
11 ***Q7. MR. NOVAK, PLEASE EXPLAIN THE NATURE OF PFAS CHEMICALS.***

12 A7. PFAS are manufactured chemicals historically used in household products, such
13 as nonstick cookware, stain repellants and waterproofing.² These chemicals were
14 also used in industrial applications, such as firefighting foams and electronics
15 production. However, the properties that make up PFAS chemicals resist
16 breaking down and therefore persist in the environment.

17
18 In 2024, the United States Environmental Protection Agency (“EPA”) announced
19 PFAS drinking water regulations and identified PFAS chemicals as a hazardous
20 substance under the Comprehensive Environmental Response, Compensation, and

² Company Tariff Filing, *New Tariff to Distribute PFAS Settlement Proceeds*, October 6, 2025, Page 1.

1 Liability Act (“CERCLA”). Drinking water limits of PFAS Chemicals of four
2 parts per trillion were then instituted, with a compliance deadline of 2029.³

3

4 **Q8. DOES TAWC PRESENTLY HAVE PFAS CHEMICALS IN ITS**
5 **DRINKING WATER?**

6 A8. Yes. Since 2019, TAWC has observed the presence of PFAS chemicals in its
7 watershed/source water locations.⁴

8

9 **Q9. WHAT IS THE EXPECTED COST TO MITIGATE PFAS CHEMICALS**
10 **IN TAWC’S SERVICE TERRITORY?**

11 A9. At this time, TAWC states that they are evaluating alternatives for potential
12 actions to comply with the EPA’s PFAS drinking water regulations. However,
13 TAWC expects the primary costs of these mitigation alternatives to range from
14 \$60 to \$510 million.⁵

15

16 **Q10 HAS TAWC RECEIVED LITIGATION PROCEEDS TO POTENTIALLY**
17 **OFFSET THE COSTS OF PFAS CHEMICAL MITIGATION?**

18 A10. Yes. To date, the Company either has received or expects to receive two
19 payments of approximately \$4.4 million in total (“Litigation Proceeds”), which
20 includes accrued interest and is net of the litigation costs and fees, from a single

³ *Id.*

⁴ Company Response to Consumer Advocate DR No. 1-8.

⁵ Company Response to Consumer Advocate DR No. 1-1. This equates to a cost per customer range of \$674 to \$5,730 based on 89,000 customers currently taking water service.

1 PFAS manufacturer.⁶ However, the Company does not yet know the specific
2 amounts that it will ultimately receive from this and other PFAS manufacturers.⁷

3

4 ***Q11. HAS TAWC MADE A PROPOSAL TO THE COMMISSION FOR THE***
5 ***TREATMENT OF THESE LITIGATION PROCEEDS?***

6 A11. Yes. On October 6, 2025, TAWC filed their proposed PFAS Litigation Universal
7 Surcredit (“PLUS”) tariff with the Commission. The proposed PLUS tariff would
8 calculate a credit on customer bills for each PFAS litigation payment received.
9 Specifically, TAWC proposes to calculate uniform credits to all customers based
10 on the Litigation Proceeds received plus interest divided by the current customer
11 count.⁸

12

13 ***Q12. DO YOU AGREE WITH TAWC’S PROPOSED PLUS TARIFF?***

14 A12. No. It seems short-sighted to use PFAS Litigation Proceeds to provide customer
15 refunds when the expected PFAS remediation costs are not yet known but are
16 expected to be far in excess of these funds. Instead, I would propose that current
17 and future PFAS Litigation Proceeds be recorded as a Contribution in Aid of
18 Construction (“CIAOC”) to help offset these related costs. To achieve this
19 proposal, I recommend that the Commission make the following findings:

6 Company Responses to Consumer Advocate DR Nos. 1-4 and 1-5.

7 Company Response to Consumer Advocate DR No. 1-7(b).

8 Company Tariff Filing, *New Tariff to Distribute PFAS Settlement Proceeds*, October 6, 2025, Page 3. For example, the current Litigation Proceeds of \$4.3 million that TAWC currently expects to receive would be divided by approximately 89,000 customers taking water service and would result in a one-time credit of \$48.30. Any future Litigation Proceeds that TAWC receives would then be disbursed in a similar manner.

- 1 • Find that the current and future PFAS Litigation Proceeds should be
2 transferred to TAWC’s control and placed in an interest-bearing account in a
3 Tennessee bank. Currently, these PFAS Litigation Proceeds are being held in
4 TAWC’s law firm’s escrow account.⁹
5
- 6 • Find that TAWC should record the current and future PFAS Litigation
7 Proceeds on its Tennessee books as a debit to Special Deposits and credit to
8 CIAOC. Currently, the PFAS Litigation Proceeds are recorded on the books
9 of TAWC’s parent company.¹⁰
10
- 11 • Find that TAWC should provide continuing monitoring reports to the
12 Commission and the Consumer Advocate no less than quarterly showing the
13 balance along with accrued interest from PFAS Litigation Proceeds.
14
- 15 • Find that TAWC should provide a PFAS remediation plan for the
16 Commission’s consideration at the earliest opportunity, along with a plan to
17 utilize PFAS Litigation Proceeds to defray the cost of this remediation.
18

19 ***Q13. DOES THIS COMPLETE YOUR TESTIMONY?***

20 A13. Yes, it does. However, I reserve the right to incorporate any new data that may
21 subsequently become available.
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⁹ Company Response to Consumer Advocate DR No. 1-4.

¹⁰ Company Response to Consumer Advocate DR No. 1-5.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)
)
TENNESSEE-AMERICAN WATER)
COMPANY'S PFAS (PER-AND)
POLY-FLUOROALKYL)
SUBSTANCES) LITIGATION)
UNIVERSAL SURCREDIT TARIFF)
("PLUS TARIFF"))

DOCKET NO. 25-00086

AFFIDAVIT

I, William Novak, on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


WILLIAM H. NOVAK

Sworn to and subscribed before me
This 8th day of December, 2025


NOTARY PUBLIC



My Commission Expires: 1/31/2027