

**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")**

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Electronically Filed in TPUC Docket  
Room on December 10, 2025 at 1:26 p.m.

**DOCKET NO. 25-00086**

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**DIRECT TESTIMONY  
OF  
CLARK D. KAML**

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December 10, 2025

1 **I. INTRODUCTION**

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

4 A1. My name is Clark Kaml. My business address is the Office of the Tennessee  
5 Attorney General, John Sevier State Office Building, 500 Dr. Martin L. King Jr.  
6 Blvd., Nashville, Tennessee 37243. I am a Financial Analyst employed by the  
7 Consumer Advocate Division in the Office of the Tennessee Attorney General  
8 (“Consumer Advocate”).

9 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
10 **PROFESSIONAL EXPERIENCE.**

11 A2. I received a Bachelor of Science Degree in Economics from the University of North  
12 Dakota in 1987 and a Master of Arts Degree in Economics from the University of  
13 North Dakota in 1988. I have more than 30 years of experience working in the  
14 regulated utility industries including electric, natural gas, telephone, and water. I  
15 have worked for various agencies including the Public Service Commission of  
16 North Dakota, the Kansas Corporation Commission, the Minnesota Public Utilities  
17 Commission, the Minnesota Office of the Attorney General, and the Grant County  
18 Public Utility District. I have worked with private companies, municipalities, and  
19 served on a Rate Committee. I served as Co-Chair of the National Association of  
20 State Utility Commissioners (“NARUC”) Staff Subcommittee on Strategic Issues  
21 and am currently Co-Chair of the National Association of State Utility Consumer  
22 Advocates (“NASUCA”) Gas Committee. In addition, I am the author of the book

1 “Don’t Fear the Cost Study.”<sup>1</sup>

2 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
3 **TENNESSEE PUBLIC UTILITY COMMISSION (“TPUC” OR THE**  
4 **“COMMISSION”)?**

5 A3. Yes. I filed testimony in the Tennessee-American Water Company’s recent rate  
6 case, TPUC Docket No. 24-00032, the Limestone Water Utility Operating  
7 Company’s recent rate case, TPUC Docket No. 24-00044, Chattanooga Gas  
8 Company’s Annual Rate Review, TPUC Docket No. 25-00028, the Kingsport  
9 Power Company’s Alternative Rate Mechanisms, TPUC Docket No. 25-00022,  
10 Piedmont’s Annual Rate Review Filing, TPUC Docket No. 25-00036, TAWC’s  
11 Approval of Merger, TPUC Docket No. 25-00040, Limestone’s Petition for  
12 Approval of Loan Agreement, TPUC Docket No. 25-00066, Integrated Resources  
13 Management’s Petition for an Alternative Rate Mechanism, TPUC Docket No. 25-  
14 00072, and Spire’s Petition to purchase Piedmont’s Tennessee operations, TPUC  
15 Docket No. 25-00074.

16 **Q4. ON WHOSE BEHALF ARE YOU TESTIFYING?**

17 A4. I am testifying on behalf of the Consumer Advocate.

18 **Q5. WHAT IS THE SCOPE OF YOUR REVIEW IN THIS PROCEEDING?**

19 A5. My testimony addresses the Consumer Advocate’s analysis of Tennessee-  
20 American Water Company’s (“TAWC” or the “Company”) proposed PFAS (Per-  
21 and Poly Fluoroalkyl Substances Litigation Universal Surcredit Tariff (“PLUS

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<sup>1</sup> Clark Kaml, Don’t Fear the Cost Study (2022).

1 Tariff) and the proposed settlement proceeds to customers.

2 **Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF**  
3 **YOUR TESTIMONY?**

4 A6. I have reviewed TAWC's proposed tariff.

5 **Q7. WHAT ISSUES ARE YOU ADDRESSING?**

6 A7. My testimony addresses PFAS requirements, the proposed tariff, and the proposed  
7 distribution of the PFAS settlement amounts.

8 **Q8. WHAT ARE YOUR RECOMMENDATIONS?**

9 A8. I recommend the Commission:

- 10 • Reject TAWC's proposed PLUS Tariff to distribute PFAS  
11 Settlement proceeds; and  
12 • Direct TAWC to establish a regulatory liability to capture the  
13 settlement funds and to the extent that there is an unamortized  
14 balance, use the regulatory liability as an offset to rate base in  
15 any revenue requirement proceeding.

16 **II. TAWC PROPOSAL**

17 **Q9. WHAT IS TAWC'S PROPOSAL?**

18 A9. TAWC has proposed to change its tariffs by adding the PLUS Tariff, that would  
19 distribute PFAS litigation proceeds to customers as they are received.

20 **Q10. EXPLAIN PFAS.**

21 A10. PFAS are a group of man-made chemicals that have been used in manufacturing  
22 and added to consumer products since the 1940s.<sup>2</sup> The chemicals are known for

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<sup>2</sup> "PFAS Explained" (flier), United States Environmental Protection Agency, <https://www.epa.gov/system/files/documents/2023-10/final-virtual-pfas-explainer-508.pdf> (last visited November 5, 2025).

1 their protective properties.<sup>3</sup> However, they can take hundreds or thousands of years  
2 to degrade.

3 These chemicals remain in the environment and are water-soluble. They “have  
4 become notorious as drinking water contaminants[.]”<sup>4</sup>

5 Over time, they accumulate in living tissue and have been linked to health issues.<sup>5</sup>

6 **Q11. HAVE RESTRICTIONS BEEN PLACED ON PFAS DRINKING WATER?**

7 A11. Yes.<sup>6</sup> In 2024, the United States Environmental Protection Agency (“EPA”)  
8 announced PFAS drinking water regulations and identified PFAS as a hazardous  
9 substance under the Comprehensive Environmental Response, Compensation, and  
10 Liability Act (“CERCLA”).<sup>7</sup> Drinking water limits of four parts per trillion were  
11 instituted, with a compliance deadline of 2029.

12 **Q12. ARE THE PFAS LIKELY TO HAVE COST IMPACTS ON THE**  
13 **PROVISION OF WATER SERVICE?**

14 A12. Yes. The removal includes both capital and O&M costs. Capital costs can include

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<sup>3</sup> See “Per- and Polyfluoroalkyl Substances (PFAS)” (dedicated website), United States Environmental Protection Agency, <https://www.epa.gov/system/files/documents/2023-10/final-virtual-pfas-explainer-508.pdf> (last visited November 5, 2025).

<sup>4</sup> “What are PFAS ‘Forever Chemicals’?” (webpage), Safer States (website on PFAS Litigation), <https://www.saferstates.org/priorities/pfas/?section=state-ags-pfas-action>, <https://toxicfreefuture.org/toxic-chemicals/pfas-forever-chemicals/?section=what-are-pfas-forever-chemicals> (last visited on December 3, 2025).

<sup>5</sup> Linda Geddes, What are PFAS? Everything You Need to Know About the ‘Forever Chemicals’ Surround Us Every Day, The Guardian, May 25, 2024, at <https://www.theguardian.com/environment/article/2024/may/25/what-are-pfas-everything-you-need-to-know-about-the-forever-chemicals-surrounding-us-every-day>.

<sup>6</sup> Letter to Chairman David F. Jones From Melvin J. Malone, TAWC Counsel, Re: New Tariff to Distribute of PFAS Proceeds, p. 1, TPUC Docket No. 25-00086 (October 6, 2025).

<sup>7</sup> “Key EPA Actions to Address PFAS” (webpage), United States Environmental Protection Agency, <https://www.epa.gov/pfas/key-epa-actions-address-pfas#:~:text=Final%20CERCLA%20Hazardous%20Substances%20Designations,Act%2C%20also%20known%20as%20Superfund> (last visited December 5, 2025).

1 construction of either granular activated carbon (“GAC”) or ion exchange (“IX”)  
2 facilities.<sup>8</sup> Ongoing costs can include filter media reactivation and waste disposal  
3 services.<sup>9</sup>

4 **Q13. HOW WOULD THIS EXPENDITURE AFFECT CUSTOMERS?**

5 A13. The specifics of recovery and the rate impact are unknown at this time. Capital  
6 expenditures would be recorded as capital assets and depreciated over years,  
7 resulting in rate increases. Ongoing operating and maintenance costs would likely  
8 be expensed, increasing rates when recovered.

9 **Q14. WHY IS THE FUTURE COST OF PFAS MITIGATION IMPORTANT**  
10 **RIGHT NOW?**

11 A14. It is likely that in the future, TAWC will have costs associated with PFAS  
12 mitigation. The PFAS settlement funds are being paid for contamination or future  
13 remediation that already exists and for which there will likely be future mitigation  
14 costs.

15 **Q15. WHAT IS THE PURPOSE OF THE SETTLEMENT FUNDS?**

16 A15. Although the Company has proposed returning the settlement funds to consumers  
17 through a credit, the settlement agreements state the funds<sup>10</sup> are:

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<sup>8</sup> Letter to Chairman David F. Jones From Melvin J. Malone, TAWC Counsel, Re: New Tariff to Distribute of PFAS Proceeds, p. 1, TPUC Docket No. 25-00086 (October 6, 2025).

<sup>9</sup> TAWC Response to Consumer Advocate DR No. 1-14, Attachment 3, Letter to Nichol Toomire, COO, Iowa Utilities Commission from Rachel L. Niemeier, Director of Iowa-American Water Company, IOC Docket No. TF-2025-0072 (September 19, 2025).

<sup>10</sup> *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:18-mn-2973-RMG (D.S.C. July 3, 2023) (accessible at [4.1-Settlement-Agreement.pdf](#)); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:23-cv-03230-RMG (D.S.C. July 10, 2023) (accessible at [3.-ECF-4-2-Settlement-Agreement.pdf](#)); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:18-mn-02873-RMG (D.S.C. Apr. 26, 2024) (accessible at [ECF-4911-3-Tyco-MSA.pdf](#)); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, pp. 1, 11, No. 2:24-cv-03174-RMG (D.S.C. May 20, 2024).

- 1 • [I]ntended to address Public Water Systems’ Claims regarding  
2 alleged PFAS–related harm to drinking water and associated  
3 financial burdens.<sup>11</sup>
- 4 • [I]ntended for restitution or remediation (including treatment) of  
5 contamination of Water Sources and Drinking Water,<sup>12</sup> “including  
6 the installation of upgraded filtration systems and increased  
7 operating expenses associated therewith[.]”<sup>13</sup>

8 **Q16. HOW ARE THE SETTLEMENT FUNDS, TO DATE, DETERMINED?**

9 A16. TAWC has been a plaintiff in a multi-district litigation (“MDL”) PFAS docket  
10 before the U.S. District Court for the District of South Carolina (the “Court”).  
11 Through mediation, settlements were reached between the affected water utilities  
12 and the following PFAS manufacturers:

- 13 a. 3M Company (“3M”);  
14 b. The Chemours Company, The Chemours Company FC, LLC,  
15 DuPont de Nemours, Inc., Corteva, Inc., and E.I. DuPont de  
16 Nemours and Company n/k/a EIDP, Inc. (collectively “DuPont”);  
17 c. Tyco Fire Products LP (“Tyco”); and  
18 d. BASF Corporation (“BASF”).

19 TAWC stated that the 3M settlement is expected to yield two payments in 2025,  
20 followed by annual payments for a number of years.

21 The DuPont, Tyco, and BASF settlements are expected to result in one-time

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<sup>11</sup> *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, Exhibit 2, p. 1, ¶ 1.2, No. 2:18-mn-2973-RMG (D.S.C. July 3, 2023) and *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, Exhibit 2, p. 29, ¶ 11.5.2.(a), No. 2:23-cv-03230-RMG (D.S.C. July 10, 2023); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, p. 1, ¶ 1.2, No. 2:18-mn-02873-RMG (D.S.C. Apr. 26, 2024); and

<sup>12</sup> *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, Exhibit 2, p. 11, ¶ 3.1, No. 2:18-mn-2973-RMG (D.S.C. July 3, 2023); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, p. 11, ¶ 3.1, No. 2:18-mn-02873-RMG (D.S.C. Apr. 26, 2024); and *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, pp. 10-11, ¶ 3.1, No. 2:24-cv-03174-RMG (D.S.C. May 20, 2024).

<sup>13</sup> *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, Exhibit 2, p. 29, ¶¶ 11.5.2.(b)-(c), No. 2:23-cv-03230-RMG (D.S.C. July 10, 2023).

1 payments. There is potential for other settlements in the future.

2 **Q17. WHAT ARE THE ESTIMATED PFAS SETTLEMENT FUNDS THAT**  
3 **TAWC EXPECTS?**

4 A17. TAWC does not have a net estimate for the settlement amounts at this time.<sup>14</sup> For  
5 two of the four manufacturers, it estimates a net recovery of \$8.165 million.

6 **III. PLUS TARIFF**

7 **Q18. HOW WILL THE PLUS TARIFF DISTRIBUTE FUNDS?**

8 A18. The proposed tariff would be applicable to all residential and non-residential  
9 service classification. Distribution is based on a formula in which the credit is the  
10 Multi-District Litigation Proceeds (“MDLP”) divided by the total customer count  
11 (“CC”):<sup>15</sup>

$$\text{PLUS Credit} = \frac{\text{MDLP}}{\text{CC}}$$

12  
13 Where:

- 14 • **PLUS Credit** represents the proceeds credit each customer will  
15 receive as a result of proceeds paid from MDL settlements.
- 16 • **MDLP** represents the proceeds received from one or more MDL  
17 settlements; and
- 18 • **CC** total active water customer counts, inclusive of all customer  
19 classes at the time of credit calculation.

20 **Q19. WHAT GENERAL COMMENTS CAN YOU MAKE REGARDING THIS**  
21 **PROPOSAL?**

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<sup>14</sup> TAWC Response to Consumer Advocate DR No. 1-3.

<sup>15</sup> Letter to Chairman David F. Jones From Melvin J. Malone, TAWC Counsel, Re: New Tariff to Distribute of PFAS Proceeds, Proposed Original Sheet No. 60, TPUC Docket No. 25-00086 (October 6, 2025).

- 1 A19. I have three immediate observations:
- 2 1. According to the formula, the same credit would apply to every  
3 customer regardless of customer and usage. This is not consistent with  
4 rate design principles or current cost recovery where rates vary by  
5 location, type of customer, usage, and customer type.
- 6 2. The proposal can result in multiple one-time credits which are not  
7 consistent in size or frequency.
- 8 3. The proposal would be giving customers a bill credit at a time when  
9 rates are increasing and the proposed tariff would provide current one-  
10 time credits associated with a long-term issue with additional costs.

11 **Q20. ADDRESSING THE FIRST POINT, WHY IS A FLAT CREDIT**  
12 **INCONSISTENT WITH THE CURRENT RATE STRUCTURE?**

13 A20. TAWC has not provided any support for its proposal, and it is not consistent with  
14 normal rate-setting. Current rates charged to customers depend on location, type  
15 of customer, meter size, and usage. Therefore, a flat credit to all customers is  
16 inconsistent with that rate structure. The flat credit is also inconsistent with the  
17 Commission’s recent decision to apply an a cross-the-board increase with an equal  
18 percentage increase to each class.<sup>16</sup>

19 **Q21. THE SECOND POINT ABOVE IS THAT THE PROPOSAL CAN RESULT**  
20 **IN MULTIPLE ONE-TIME CREDITS WHICH ARE NOT CONSISTENT**  
21 **IN SIZE OR FREQUENCY. WHY IS THIS A CONCERN?**

22 A21. Adding to the first issue, the distribution of the settlements is not predictable in size  
23 or frequency. The amount of the credit will depend on the size of the settlement  
24 fund. Customer education will be necessary with each distribution of settlement  
25 funds, adding to the administrative cost.

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<sup>16</sup> *Order Setting Utility Rates*, p. 80, TPUC Docket No. 24-00032 (April 21, 2025).

1 **Q22. EXPLAIN THE THIRD POINT THAT THE PROPOSAL WOULD BE**  
2 **GIVING CUSTOMERS A BILL CREDIT AT A TIME WHEN RATES ARE**  
3 **INCREASING.**

4 A22. Water rates have been increasing. As demonstrated by TAWC’s recent proposal to  
5 adopt an Annual Review Mechanism (TPUC Docket No. 25-00089), rates are  
6 expected to continue to increase. Applying a credit at a time when rates are  
7 increasing is inconsistent with both the price signals being sent to consumers and  
8 the purpose of the settlement funds. The proposed tariff would also provide current  
9 one-time credits associated with a long-term issue that will have additional costs.

10 **Q23. THE PROPOSED TARIFF WOULD PROVIDE CURRENT ONE-TIME**  
11 **CREDITS ASSOCIATED WITH A LONG-TERM ISSUE WITH**  
12 **ADDITIONAL COSTS. EXPLAIN THIS CONCERN.**

13 A23. While the settlement fund may be a one-time or multiple time payment to the utility,  
14 it is payment for long term mitigation. It is not intended to be a direct cash payment  
15 to customers. It is for “alleged PFAS-related harm to Drinking Water and  
16 associated financial burdens.” Refunding the money creates a temporal problem  
17 whereby customers are receiving money intended to reduce “potential costs of  
18 monitoring, treating, or remediating PFAS in Drinking Water”.<sup>17</sup> Payment as a  
19 credit to current customers without demonstrating that they are currently incurring  
20 these costs is counter to the purpose of the funds.

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<sup>17</sup> *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:18-mn-2973-RMG (D.S.C. July 3, 2023); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:23-cv-03230-RMG (D.S.C. July 10, 2023); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:18-mn-02873-RMG (D.S.C. Apr. 26, 2024); *In Re: Aqueous Film-Forming Foams Products Liability Litigation*, No. 2:24-cv-03174-RMG (D.S.C. May 24, 2024) at 11.

1 Furthermore, the distribution at this time increases the financial burden on future  
2 customers who will be required to fund the monitoring, treating or remediation of  
3 PFAS.

4 **Q24. HOW DOES REFUNDING THE SETTLEMENT FUNDS AFFECT THE**  
5 **UTILITY?**

6 A24. Utilities do not earn a return on O&M expenses or taxes. They earn a return on  
7 capital investment. If the Company needs to invest capital for PFAS for  
8 remediation purposes, it can expect to earn a return on the capital invested. Here  
9 the Company is proposing to refund the PFAS settlement amounts when they are  
10 received. These settlement amounts could be used to finance future remediation  
11 costs and reduce future rates.

12 TAWC stated that it is currently evaluating alternatives to comply with EPA PFAS  
13 regulations. Estimated capital costs associated with the initial construction range  
14 from \$60-\$510 million. The Company does not have a complete list or estimate of  
15 all expenses required to achieve compliance.<sup>18</sup>

16 **Q25. HOW CAN THE SETTLEMENT FUNDS BE TREATED?**

17 A25. The PFAS funds should be recorded to a unique Regulatory Liability account to  
18 reflect that the funds are owing to TAWC customers. The Commission should  
19 order that the unamortized balance of the PFAS Regulatory Liability be included  
20 as an offset to rate base in future TAWC revenue requirement calculations  
21 reflecting the fact that such balance reflects cost free capital.

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<sup>18</sup> TAWC Response to Consumer Advocate DR No. 1-1(a) and (c).

1 **Q26. WHAT IS YOUR RECOMMENDATION REGARDING THE PFAS AND**  
2 **THE PROPOSED PLUS TARIFF?**

3 A26. I recommend that the Commission:

- 4 1. Reject TAWC's proposed PLUS Tariff to distribute PFAS Settlement  
5 proceeds; and  
6 2. Direct TAWC to establish a regulatory liability to capture the settlement  
7 funds and to the extent that there is an unamortized balance, use the  
8 regulatory liability as an offset to rate base in any revenue requirement  
9 proceeding.

10 **Q27. DOES THIS COMPLETE YOUR TESTIMONY?**

11 A27. Yes. However, I reserve the right to incorporate any new data that may become  
12 available.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE: )  
)  
TENNESSEE-AMERICAN WATER )  
COMPANY'S PFAS (PER-AND )  
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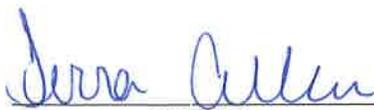
AFFIDAVIT

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I, Clark Kaml, 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.

  
CLARK KAML

Sworn to and subscribed before me  
This 17<sup>th</sup> day of November, 2025

  
NOTARY PUBLIC



My Commission Expires: 1/31/2027