Peaks Mill Water District

Public Meeting
6:00 PM EST, Thursday, November 12, 2026
Peaks Mill Christian Church
7534 Peaks Mill Road
Frankfort, Kentucky

Presentation by:
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Background Information:

Peaks Mill Water District:

- District Created by Franklin County Fiscal Court in March 1961, original system built 1971-72.
- Serves Northeast Franklin County and Southwest Owen County
- Board of Commissioners:
  - Church Quarles, Chairman.
  - Ross Thompson, Secretary.
  - Mary Beth Robson, Treasurer.
- Board Meetings:
  - Second Monday of each month, 5:30 PM EST.
  - Meetings at US 127 BP Station/Store and open to the public.

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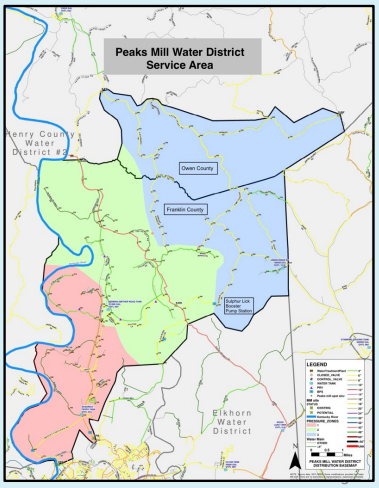
Water System Summary:

- Rates and Service - regulated by the KY Public Service Commission.
- Water Quality - regulated by the KY Division of Water.
- Serving NE Franklin and SW Owen Counties
- Water System Stats:
  - 1,250 customers.
  - 95 miles of water pipe.
  - 3 pressure zones.
  - 3 storage tanks (Shadrick, Herman/Smithers, Union).
  - 5 pump stations.



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Topics To Cover Tonight

1. State of the Water District
   a. Financial Position.
   b. Water Quality
   c. Water Loss
   d. Meter Replacement
   e. System Infrastructure Investments
2. EPA's Lead and Copper Rule – Postcard Notice.
3. Proposed Merger with Frankfort Plant Board.

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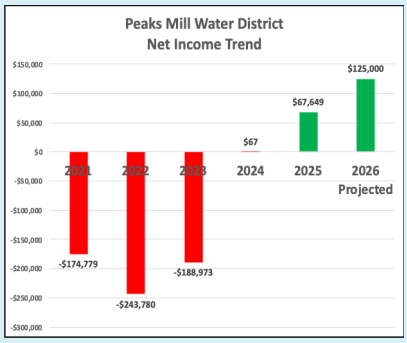
Improved Financial Position

1. The PSC 28% rate increase has improved cash position generating an additional $20,000 per month in revenue.
2. $3.09 Water Loss Surcharge generates $45,000/year for leak investigation, leak repair and mapping.
3. Flushed water and leakage costs have been reduced.
4. Operational efficiencies have improved with system knowledge and technology investment.



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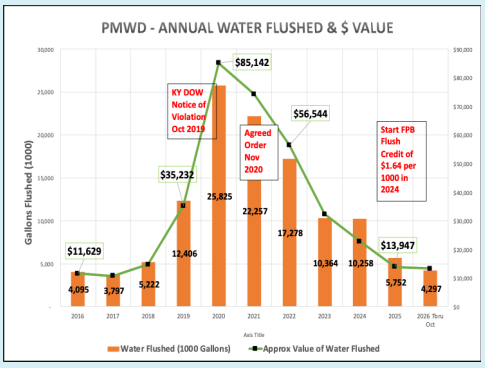
Improved Water Quality



1. PMWD meets KY Drinking Water Regulations.
2. Kentucky Division of Water conducts annual inspections, no outstanding issues.
3. Flushing water improves chlorine residuals, but still a challenge in Zones 2 and 3 during warm water months of August to October.

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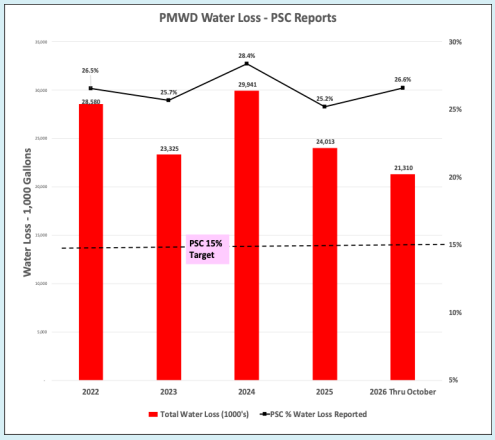
Water Loss (leaking pipes)

- PSC sets requirement for water loss at 15% or less.
- Highest water loss occurred in 2024 at 28%
- Water Loss reduced slightly in 2025 and 2026, but still a challenge.
- Primary causes of water loss:
  - Failing meters (meters 16+ years old).
  - Water main and service line leaks.
- Goal is to reduce water loss to less than 15% by 2030



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Water Loss Reduction Efforts



- **District repaired 16 leaks in 2025**
- **District completed 11 leaks/breaks/damage repairs thru Oct 2026**

1. 4212 Shadrick Ferry – 2/12/26 – 146,880 gallons
2. 1485 Lewis Ferry – 2/23/26 – 302,400 gallons
3. 324 Wright Rd – 3/4/26 – 10,800 gallons
4. 391 Gregory Woods – 3/23/26 – 48,960 gallons
5. 3389 Camp Pleasant- 4/22/26 – 69,120 gallons
6. Lewis Ferry Buffalo Tr. – 4/23/26 – 35,000 gallons
7. 110 Preston Way – 5/14/26 - 13,000 gallons
8. 1253 Lewis Ferry – 5/16/26 – 8,640 gallons
9. 1370 Indian Gap – 8/24/26 - 3,000 gallons
10. 323 Bates Rd – 8/29/26 – 900 gallons
11. Lewis Ferry Buffalo Tr. – 10/7/26 – 32,700 gallons

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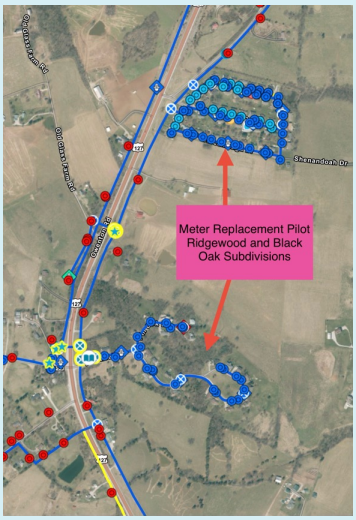
Beginning Meter Replacement in December 2026



- Evaluate meter types & suppliers
- Vacuum excavation of meter pits.
- Start pilot project to replace meters
- Evaluate opportunity with Frankfort Plant Board to replace and read meters.

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System Infrastructure Investments

1. Upgraded Sulphur Lick Pump Station - Zone 3 (ARPA Grant Project - $250,000)
2. Installed Auto Flushers for Water Quality (CWP Grant Project - $150,000).
3. Replaced failed PRVs in Shadrick Ferry, Steele Branch and Indian Gap ($25,000).
4. FEMA grant funds to replace damaged mains from Spring 2025 floods ($86,000).
5. KRWA grant to install emergency generators at Pump Stations ($15,000).
6. Repairing or replacing broken valves and hydrants (8-10 per year - $30,000).
7. Upgrading Billing Software in 2026 ($12,000).
8. Vacuum excavation of meter pits for meter replacement and service line inventory.
9. December 2026 - Begin Meter Replacement Pilot ($650,000 estimate over 5 years).

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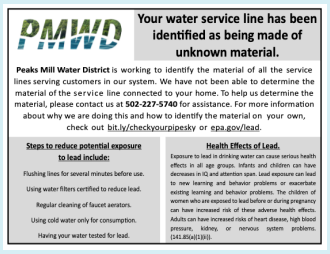
EPA Lead and Copper Rule Update

- A Revised Lead and Copper Rule from the EPA took effect December 31, 2024, requiring every water system to inventory its service lines; Peaks Mill has 1,250.
- PMWD completed its inventory in fall 2024: 58% of lines were classed “non-lead” (installed after January 1, 1988), and 42% (520 lines) as “unknown”.
- By December 31, 2026, postcards must be mailed to the 520 customers with “unknown” service line materials, and a certification filed with the Kentucky Division of Water.
- To resolve the “unknowns” and avoid 2027 postcards, crews have begun vacuum excavation of meter pits and service lines to confirm pipe material.
- Lead piping has never been used by PMWD.



PMWD

Your water service line has been identified as being made of unknown material.

Peaks Mill Water District is working to identify the material of all the service lines serving customers in our system. We have not been able to determine the material of the service line connected to your home. To help us determine the material, please contact us at **502-227-5740** for assistance. For more information about why we are doing this and how to identify the material on your own, check out bit.ly/checkyourpipesky or epa.gov/lead.

Steps to reduce potential exposure to lead include:

Flushing lines for several minutes before use.

Using water filters certified to reduce lead.

Regular cleaning of faucet aerators.

Using cold water only for consumption.

Having your water tested for lead.

Health Effects of Lead.

Exposure to lead in drinking water can cause serious health effects in all age groups. Infants and children can have decreases in IQ and attention span. Lead exposure can lead to new learning and behavior problems or exacerbate existing learning and behavior problems. The children of women who are exposed to lead before or during pregnancy can have increased risk of these adverse health effects. Adults can have increased risks of heart disease, high blood pressure, kidney, or nervous system problems. [141.85(a)(1)(ii)].



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Proposed Merger

with

Frankfort Plant Board

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Peaks Mill Water District
Options Identified in 2023

1. No Action – would lead to default on bonds.
2. Increase water rates.
3. Acquisition by Larger System.

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Peaks Mill Water
Actions Since 2023

1. January 2023 – Peaks Mill Water District invited Kentucky American Water and Frankfort Plant Board to evaluate acquisition of water system.
2. 2023 - Kentucky American expressed interest and offered a proposal. Frankfort Plant Board declined at that time.
3. 2024 – After review of Kentucky American proposal, a decision was made to increase water rates and evaluate if the District was financially viable long term.
4. October 2024 – KY PSC approved new water rates. Rates were increased 28% and $3.09/month Water Loss Surcharge for each customer.
5. 2025 - Water system finances were stabilized. Operations and customer service improved.
6. 2026 - Challenges continue with water loss, failing meters, aging infrastructure, and water quality.

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Reasons for Merger or Acquisition of Water System

1. Peaks Mill has an estimated $3.8 million of infrastructure investment needs to replace meters, pipes, valves, hydrants, tanks that would require an additional 20 to 25% rate increase.
2. Increasing drinking water regulations and resources required to comply with complex regulations (Lead Pipes, Disinfection Byproducts, PFAS, etc.) will drive up operating costs.
3. National trend and Federal/State regulator encouragement to consolidate water systems.
4. Workforce availability, technical expertise and affordability.
5. Economies of scale (systems serving fewer than 5,000 customers not financially or operationally viable).
6. Larger systems (i.e. Frankfort and Kentucky American) have the technical, managerial, and financial resources to manage and operate water systems that small systems do not possess.

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Peaks Mill Water Decision Process & Timeline

1. Peaks Mill Board has determined that the District is not viable long term and should pursue acquisition for the benefit of customers.
2. January 2026 - District began discussions with Frankfort Plant Board to consider operations or merger.
3. February to September 2026 - Frankfort Plant Board and Peaks Mill conducted preliminary evaluation of the water system finances, operating performance, system improvements and benefits for customers.
4. October 2026 – District and FPB executed a Letter of Intent to evaluate merger of water systems.
5. November 12, 2026 - Public meeting to inform customers.

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Next Steps

1. Key Issues for Detailed Evaluation:
   - Establish Goals/Objectives/Timeline.
   - Determine impact on water rates.
   - Develop Capital Plan for System Upgrades (tanks, pumps, pipes, valves, hydrants, meters).
   - Determine how the system will be operated.
   - Evaluate staff, suppliers, assets, role of PMWD Board.
   - Determine payment method of water bills and office location.
   - Obtain input from customers.
   - Requires approval from PMWD Board and Frankfort Plant Board.
   - Requires approval by KY Public Service Commission.

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Next Steps & Timeline

2. Assessment by Both Parties - November 2026 to March 2027
   - Assets/Liabilities
   - Income/Expense
   - Infrastructure Needs
   - Water Quality Needs
   - Operational Needs
   - Customer Service Needs
   - Key Supplier Needs
3. Public Meeting for Customer Input – March/April 2027
4. Approval by Peaks Mill and Frankfort Plant Board – April 2027

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Next Steps & Timeline

5. Regulatory Approval – May to November 2027
   - Requires Kentucky Public Service Commission Approval
   - Notify Kentucky Division of Water
   - Notify Fiscal Court
6. Notification to Customers (if approved) – December 2027
7. Closing Target – January to February 2028
8. District Dissolved – February 2028
9. Transition to Frankfort Operations beginning February 2028

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Questions and Comments

BlueWater Kentucky

For information about this presentation, contact:

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