

**THE WATER ACT
(No. 43 of 2016)
MATUNGULU-KANGUNDO WATER AND SEWERAGE COMPANY
APPROVED TARIFF STRUCTURE FOR THE PERIOD 2022/2023 to 2024/2025**

Matangulu-Kangundo Water and Sewerage Company (MAKAWASCO) applied to the Water Services Regulatory Board (WASREB) for a review of tariffs for water services, for the period 2022/2023 to 2024/2025 as per section 72 (1) b of the Water Act 2016.

Public consultation on the MAKAWASCO application was carried out in accordance to the requirements of section 139 of the Water Act 2016.

After considering the application, the written and oral submissions by all stakeholders during the consultation period, and based on latest available data, WASREB has determined an upward tariff review for MAKAWASCO is justified in order to improve service delivery, operate sustainably and protect consumer interests by meeting the tariff conditions attached to the tariff.

WASREB gives a one (1) months' notice to all existing and potential customers of MAKAWASCO that the approved tariffs for the three financial years 2022/23, 2023/24, and 2024/25 shall be as follows:

1.0 Approved Tariff Structure

1.1 Water Tariff Structure for the period 2022/2023 to 2024/2025

Customer Category	Approved	
	Consumption Block in M ³	Tariff (KSh/M ³)
Domestic/Residential	1-6	145
	7-20.	150
	21-50	160
	51-100	170
	101-300	180
	>300	190
	Commercial/industrial	1-50
51-100		170
101-300		180
>300		190
Government	1-50	160
	51-100	170
	101-300	180
	>300	190
Schools, Universities & Colleges	1-600	160
	601 - 1200.	180
	>1200	190
Multi -Dwelling Units/Gated Communities (More than 20 Shared Connections)	Per M ³	150

Water Kiosks	Per M ³	35
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1.2 Sewerage Tariff Structure for the period 2022/2022 to 2024/2025

a) Consumers with a Water Connection

Sewerage will be charged at 75% of the water volumes, billed at the tariff for water specified (in 1.1) above for all customer categories.

b) Consumers without a Water Connection

Sewerage consumers without a water connection shall be charged as follows:

- Domestic (Per Single dwelling unit): Ksh. 300 Per Month
- All other categories: 75% of the Volume of water consumed as per the metered source at the rates specified (in 1.1) above

Note: All disconnected accounts (water only, sewer only and water + sewer shall be charged based on the average of the last three months' charges before the disconnection.

1.3 Miscellaneous Charges

These shall be as follows:

Item/ Service	Charge (Ksh.)
Water Deposit	
Category of consumer	
Domestic	2,500
Retail shops less than 10m ³	3,000
Retail shops more than 10m ³	3,500
Bar, restaurants less than 15 m ³	4000
Bar, restaurants more than 15 m ³	6,000
Hotel class "A" and "B" less than 150 m ³	12,000
Hotel class "A" and "B" more than 150 m ³	15,000
Hotel class "C" and 'D' less than 150 m ³	18,000
Hotel class "C" and 'D' more than 150 m ³	20,000
Hospitals more than 150 m ³	20,000
Health centres less than 150 m ³	12,000
Schools and other institutions more than 200 m ³	20,000
Schools less than 200 m ³	10,000
Minor construction sites more than 200 m ³	15,000
Major construction sites more than 300 m ³	50,000
Light industries less than 200 m ³	30,000
Medium industrial between 200 m ³ and 300 m ³	50,000
Heavy industries more than 300 m ³	100,000
Water Kiosks	5,000
Customers with only sewer connection to be charged a deposit equivalent to water connection	
Other Charges	
Service	
New water connection fee – Connection size: ½ inch to 1 inch	2,500
New water connection fee – Connection size: 1.5 inches to 3 inches	7,500

Item/ Service	Charge (Ksh.)
New water connection fee – Connection size above 3inches	15,000
Water Reconnection fee – at meter point	1,000
Water Reconnection fee – at mains	5,000 and double deposit
Tanker – 8000, 16,000 litres	2,500, 5,000 respectively per tanker within MAKAWASCO area for all consumers
Sale of water Per M ³ at bowsing point (own tanker)	150
Replacement of stolen or damaged meters	100% of the market cost of the meter
Meter testing on request	500
Sewer Connection- Residential/ Domestic	5,000
Sewer Connection- Commercial, Government, schools, Universities and Colleges	7,500
Sewer Connection- Industrial	15,000
Private sewer unblocking	2,500
Leak detection services	1,000
Sewer Reconnection fee	15,000
Statement of account fees	200
For cutting off the supply at the request of the consumer	200
For turning on the supply otherwise than in respect of a first connection	200
Exhauster Services (Company Exhauster)	5,000 for other customers and 4,000 for informal settlements
Private Exhausters (Dumping into the company's sewer system)	15,000 per Truck per month
Penalties	
Illegal water connection, -Commercial, Industry, Construction (Fraud)	100,000 plus estimated consumption during the period of the illegality
Illegal water connection, (Fraud) – Domestic	30,000 plus estimated consumption during the period of the illegality
Overcharging (fraud) at water kiosk	15,000
Illegal sewer connection- Commercial, Industry, Construction	100,000
Illegal sewer connection- Domestic, Government, schools, Universities & Colleges	30,000
Self-reconnection after cut off for non-payment	5,000 and billing to be backdated from date of cut off
Surcharge for tampering with meters (this to include meter removal, reversing of meter etc)	10,000
Surcharge for direct suction of water from the supply line using a pump	10,000

2.0 Analysis of Cost Structure

Below is the summary of the projected **Annual** cost structure that makes up the total costs to be incurred by MAKAWASCO during the tariff period:

Expenditure Item	2019/20	BASE YEAR 2020/21	2021/22	2022/23	2023/24	2024/25
Operations	10,784,456	12,898,354	9,691,987	10,115,344	11,643,761	12,593,740
Maintenance	1,163,628	942,525	67,540	1,728,059	1,754,718	1,865,751
Regulatory Levy	588,576	544,737	509,159	533,462	620,942	787,946
Minor Investments	-	-	400,000	1,416,022	2,377,555	961,533
Total Costs	12,536,660	14,385,616	10,668,686	13,792,886	16,396,976	16,208,970
Total Billing (Ksh)	12,529,710	13,507,188	10,906,260	14,459,258	18,050,858	18,816,192
Collection Efficiency (%)	96%	88%	95%	95%	95%	95%
Projected Revenue	12,017,671	11,929,172	10,360,947	13,736,295	17,148,315	17,875,382
Total Cost Coverage (%)	96%	83%	97%	100%	105%	110%

3.0 Conditions attached to the tariff approval

The conditions attached to this approval which shall form part of the license conditions of Matangulu-Kangundo Water and Sewerage Company are:

i. Service Delivery Conditions attached to the Tariff

Target	Base Year 2020/21	2021/2022	2022/2023	2023/2024	2024/2025
Water quality standards (%)	23%	100% Compliance with Water Quality Standards			
Water Coverage	14%	14%	20%	25%	30
Non-Revenue Water %	41	50	47	44	41
Hours of Supply (Hrs)	16	16	17	18	19
Staff per 1000 connections	14	14	13	13	13
Metering ratio (%)	100%	100%	100%	100%	100%
Collection Efficiency (%)	87%	90%	95%	95%	95%
Resale at Kiosk		Regulate resale by kiosk vendors at Ksh. 2 per 20-litres. Tariffs at kiosks must be displayed at strategic points for public awareness			

- ii. **Annual budgets:** The utility shall adhere to the budgetary levels set in the tariff during the tariff validity period.
- iii. **Surpluses:** The surpluses projected to be realised shall be set aside to implement priority service delivery capital projects. MAKAWASCO shall be required at the end of every financial year to identify the priority project to be implemented and obtain approval from WASREB.
- iv. **Catchment Protection:** The utility shall undertake measures to conserve/ protect the catchment areas of their source of water as part of Corporate Social Responsibility.
- v. **Reporting:** The utility shall submit to WASREB a quarterly performance report in the format provided.
- vi. **Tariff Assessment:** WASREB will carry out a tariff implementation review within the first 12 months of approval and implementation during which a joint assessment with the utility on the trend in Billing (Ksh) shall be carried out and status of implementation of the tariff evaluated.
- vii. **Customer re- categorisation for billing:** MAKAWASCO will separate individual domestic accounts from Multi-Dwelling Units accounts and migrate consumer billing data within the first 3 months of tariff approval and implementation of the tariff. The detailed report should be submitted to WASREB.

Pursuant to this, the WSP shall bill all MDU / Gated communities at the recommended MDU/ Gated Community tariff for Water, Sewerage and other Miscellaneous charges specified in this tariff.
- viii. **Ring-Fencing of Capital Expenditure:** The WSP to open a separate account for capital component of the tariff, to deposit the appropriate share of revenue into this account which is only to be used for capital expenditure and repayment of loans as provided for in the approved tariff.
- ix. **Investments:** The utility shall undertake the investments in **Annex 1**

Annex 1: Investments

Summary of Minor Investments to be Carried out By Matungulu-Kagundo Water & Sewerage Company Ltd. for The Period 2022/23 – 2024/25			
Proposed Investment	2022/23	2023/24	2024/25
Metering			
Purchase of Consumer meters (300 No.)	450,000	450,000	450,000
Purchases of Movable and Non-Movable Assets			
Financial Reporting software (1 No.)	300,000	-	-
Purchase of Motorbikes (2 No.)	300,000	-	-
Purchase of Office Furniture (15 No.)	-	150,000	-
Purchase of Office Metal Cabinets (3No.)	-	-	75,000
Improving Drinking Water Quality			
Purchase of Test Kits (2 No.)	-	100,000	-
Reduction of NRW			
Replacement of Customer Meters (150 No.)	225,000	225,000	225,000
Purchase of Tools& Equipment: -			
Pipe Locator (1 No.)	-	200,000	-
Leak Detector (1 No.)	-	700,000	-
Listening Stick (1 No.)	-	200,000	-
Purchase and Installation of Master Meters (10 No.)	141,022	352,555	211,533
TOTALS	1,416,022	2,377,555	961,533

Date:

Dr. Julius Itunga, PhD
Ag. Chief Executive Officer
Water Services Regulatory Board