

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

Ngagaka Water and Sanitation Company (NGAWASCO) 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 NGAWASCO 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 NGAWASCO 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 NGAWASCO 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 | Tariff (KSh/M ³) |
| Domestic/Residential | 1-6 | 45.00 |
| | 7-20 | 60.00 |
| | 21-50 | 70.00 |
| | 51-100 | 85.00 |
| | 101-300 | 100.00 |
| | >300 | 130.00 |
| Multi Dwelling Units / Gated Communities | | 60.00 |
| Commercial/Industrial | 1-50 | 70.00 |
| | 51-100 | 85.00 |
| | 101-300 | 100.00 |
| | >300 | 130.00 |
| | | |
| Government Institutions | 1-50 | 70.00 |
| | 51-100 | 85.00 |
| | 101-300 | 100.00 |
| | >300 | 130.00 |
| | | |
| Schools, Universities & Colleges | 1-600 | 50.00 |
| | 601 - 1200 | 60.00 |
| | >1200 | 90.00 |
| Water Kiosks | Per M ³ | 35 |

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:

- Single dwelling Domestic unit: Ksh. 350 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 | 4,000 |
| 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 |
| New water connection fee – Connection size above 3 inches | 15,000 |
| Water Reconnection fee – at meter point | 1,000 |
| Water Reconnection fee – at mains | 5,000 and double deposit |

| Item/ Service | Charge (Ksh.) |
|---|---|
| Tanker – 8000, 16,000 litres | 2,500, 5,000 respectively per tanker within NGAWASCO area for all consumers |
| Sale of water Per M ³ at bowing point (own tanker) | 60 |
| 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 NGAWASCO during the tariff period:

| Expenditure Item | Base Year_2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 |
|----------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| Operations | 31,951,798 | 30,422,881 | 30,957,188 | 31,873,708 | 32,877,823 |
| Maintenance | 4,076,431 | 4,444,964 | 841,488 | 862,265 | 883,654 |
| Regulatory Levy | 1,471,821 | 1,520,000 | 1,468,987 | 1,974,731 | 2,058,132 |
| Other Levies | 740,190 | 694,290 | 717,429 | 741,377 | 766,165 |
| Debt Repayment | 380,000 | 360,000 | 360,000 | 360,000 | 360,000 |
| Minor Investments | - | - | 4,538,550 | 3,171,022 | 2,672,000 |
| Total Costs | 38,620,240 | 37,442,135 | 38,883,642 | 38,983,103 | 39,617,774 |
| Total Billing (KShs) | 33,386,391 | 36,303,399 | 41,422,830 | 43,094,076 | 44,832,888 |
| Collection Efficiency (%) | 95% | 95% | 95% | 95% | 95% |
| Projected Revenue | 31,717,071 | 34,488,229 | 39,351,689 | 40,939,372 | 42,591,244 |
| Total Cost Coverage | 82% | 92% | 101% | 105% | 108% |

3.0 Conditions attached to the tariff approval

The conditions attached to this approval which shall form part of the license conditions of Ngagaka Water and Sanitation Company are:

i. Service Delivery Conditions attached to the Tariff

| Target | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 |
|-------------------------------------|--|-----------|-----------|-----------|
| Water Coverage (%) | 95 | 95 | 96 | 96 |
| Water quality standards (%) | 100% Compliance with Water Quality Standards | | | |
| Personnel Expenditure as % of O&M | 61% | 60% | 59% | 58% |
| Non-Revenue Water (%) | 37% | 36% | 36% | 35% |
| Hours of Supply (Hrs.) | 24 | 24 | 24 | 24 |
| Staff per 1000 connections | 4 | 4 | 4 | 4 |
| Maintenance Expenditure as % of O&M | 12% | 13% | 13% | 14% |
| Metering ratio (%) | 100 | 100 | 100 | 100 |
| Collection Efficiency (%) | 95 | 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.
- iii. **Surpluses:** the surpluses projected to be realised shall be set aside to implement priority service delivery capital projects. NGAWASCO 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. **Customer re- categorisation for billing:** NGAWASCO 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.

- vii. **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.

- viii. **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.

- ix. **Investments:** The utility shall undertake the investments in **Annex 1:**

Annex 1: Investments

| Summary of Capital Investments to be Carried out By Ngagaka Water & Sanitation Company Ltd. for The Period 2022/23 – 2024/25 | | | |
|---|------------------|------------------|------------------|
| NRW Reduction Plan | 2022/2023 | 2023/2024 | 2024/2025 |
| Activity | | | |
| Purchase of pressure gauges (4 No.) | 80,000 | - | - |
| GIS/MAP-capture of all supply and distribution lines | 250,000 | - | - |
| Identify illegal connections, replace malfunctional meters (at least 100no.) | 400,000 | - | - |
| Purchase and installation of meters for at least 4No. DMAs. | 500,000 | - | - |
| | 1,230,000 | - | - |
| | | | |
| Rehabilitation of Pipeline and New Network Extension | | | |
| Area | | | |
| Ngagaka Scheme-4 kilometres of 4"pipeline | - | - | 2,672,000 |
| Ngagaka Scheme-3.12 kilometres of 3"pipeline | 1,354,704 | - | - |
| Ngagaka Scheme-2.51 kilometres of 2"pipeline | - | 670,672 | - |
| | 1,354,704 | 670,672 | 2,672,000 |
| | | | |
| Metering | | | |
| Purchase and Installation of 1/2" 550 New Connections (Consumer meters) | - | 1,780,350.00 | - |
| Re-Connection (Replacements) of 350 1/2 " consumer meters | 1,132,950 | - | - |
| | 1,132,950 | 1,780,350 | - |
| | | | |
| Acquisition of other assets | | | |
| Purchase of 8 no Computers (Laptops /Desktops) | - | 720,000 | - |
| Purchase of Furniture and fittings | 500,000 | | |
| Purchase of 1No Computer Server | 320,896 | | |
| | 820,896 | 720,000 | - |
| | | | |
| TOTALS | 4,538,550 | 3,171,022 | 2,672,000 |

Date: 27th January 2023

Dr. Julius Itunga, PhD

Ag. Chief Executive Officer

Water Services Regulatory Board