

ANNEX 2

**DETAILS OF PUBLIC CONSULTATION FOR KWALE WATER AND SEWERAGE COMPANY LTD
(KWAWASCO)
REGULAR TARIFF APPLICATION (2023/2024 to 2025/2026)**

1.0 Cost and Revenue Structure for the Tariff Period

Expenditure Item	2021/22	2022/23	2023/24	2024/25	2025/26
Operations	211,254,348	255,817,648	301,864,402	306,748,333	311,909,707
Maintenance	6,410,511	6,731,037	7,067,588	7,420,968	7,792,016
Other Levies	267,368	280,736	294,773	309,511	324,987
Regulatory Levy	7,963,804	8,361,994	8,780,094	9,219,099	9,680,054
Operation & Maintenance (O&M) Costs	225,896,031	271,191,414	318,006,856	323,697,910	329,706,763
Minor Investments	-	-	2,000,000	9,327,350	19,945,200
Debt Repayment	-	15,155,715	15,155,715	15,155,715	15,155,715
Total Costs	225,896,031	286,347,129	335,162,572	348,180,975	364,807,678
Total Billing (Kshs)	194,096,874	250,486,644	338,434,074	358,231,800	395,789,120
Collection Efficiency (%)	95%	95%	95%	95%	95%
Projected Revenue	184,392,030	237,962,312	321,512,370	340,320,210	375,999,664
<i>Proposed Operational Subsidy (Bulk water purchase)</i>	<i>20,000,000</i>	<i>20,000,000</i>	<i>13,650,201</i>	<i>7,860,765</i>	-
Projected Revenue with subsidy	204,392,030	257,962,312	335,162,572	348,180,975	375,999,664
O&M Cost Coverage (With subsidy)	90%	95%	105%	108%	114%
Total Cost Coverage (With subsidy)	90%	90%	100%	100%	103%

2.0 Proposed Water Tariff Structure for the period.

Kwale Water & Sewerage Water Co. Ltd (KWAWASCO)				
Consumer Categories	Consumption Block	Current Tariff	Consumption Block	Recommended Tariff
	(m3)	(Kshs/M³)	(m3)	(Kshs/M3)
Domestic/Residential	0-6	65	1-6	98
	7-20.	80	7-20.	105
	21-50	100	21-50	115
	51-100	115	51-100	120
	100-300	135	101-300	135
	>300	175	>300	175
Multi- Dwelling Units	Flat Rate	N/A	Flat Rate	105
Government Institutions	0-6	70		
	7-20.	85		
	21-50	110	1-50	105
	51-100	120	51-100	130
	100-300	140	101-300	155
	>300	175	>300	180
Commercial/Industrial	0-6	70		
	7-20.	85		
	21-50	110	1-50	105
	51-100	120	51-100	130
	100-300	140	101-300	155
	>300	175	>300	180
Schools/ Colleges/Universities	1-600	70	1-600	100
	600<1200m3	100	600<1200m3	105
	>1200m3	125	>1200m3	110
Water Kiosks	per m3	35	per m3	50

Kwale Water & Sewerage Water Co. Ltd (KAWASCO)				
Consumer Categories	Consumption Block	Current Tariff	Consumption Block	Recommended Tariff
	(m3)	(Kshs/M ³)	(m3)	(Kshs/M3)
Bowsing Points	per m3	N/A	per m3	150
Community Water Projects	per m3	N/A	per m3	105

3.0 Proposed Sewerage Tariff Structure for the period.

a) Consumers with a Water Connection

Sewerage will be charged at 75% of the water volumes, billed at the tariff for water specified (in 2) 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 2) 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.

4.0 Miscellaneous Charges

These shall be charged as per the approved miscellaneous charges approved by WASREB.

5.0 Service Delivery Conditions attached to the Tariff

Target	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Water Coverage (%)	31%	32%	33%	34%	35%
Water quality standards (%)	98	100% Compliance with Standards			
Personnel Expenditure as % of O&M	28%	24%	21%	21%	22%
Non-Revenue Water	56%	50%	47%	45%	43%
Hours of Supply (Hrs.)	3	5	7	9	11
Staff per 1000 connections	10	10	9	8	7
Metering ratio (%)	74%	85%	100%	100%	100%
Collection Efficiency (%)	95%	95%	95%	95%	95%
Resale at Kiosk	Kshs. 3.00 per 20l Jerry Can				

6.0 Other Conditions

The conditions attached to this approval which shall form part of the license Kwale Water and Sewerage Company Ltd (KAWASCO) are:

- i. **Annual budgets:** The utility shall adhere to the budgetary levels set in the tariff.

- ii. **Surpluses:** the surpluses projected to be realised shall be set aside to implement priority service delivery capital projects. KWAASCO shall be required at the end of every financial year to identify the priority project to be implemented and obtain approval from WASREB.
- iii. **Catchment Protection:** The utility shall undertake measures to conserve/ protect the catchment areas of their source of water as part of Corporate Social Responsibility.
- iv. **Reporting:** The utility shall submit to WASREB a quarterly performance report in the format provided.
- v. **Customer re- categorisation for billing:** KWAASCO will separate individual domestic accounts from Multi-Dwelling Units (MDU) 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 Proposed MDU/ Gated Community tariff for Water, Sewerage and other Miscellaneous charges specified in this tariff.

- vi. **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.
- vii. **Creation of distinct water and sewer cost centres:** KWAASCO will ensure it creates separate water and sewer cost centres and maintains distinct record of operations of the two centres.
- viii. **County Subsidy**

The County Government of Kwale will support the WSP in operational subsidy as outlined below.

	2022/2023	2023/2024	2024/2025	2025/2026
Proposed Operational Subsidy (Bulk water purchase)	20,000,000	13,650,201	7,860,765	-

- ix. **Repayment of Loans :** KWAASCO shall remit monthly loan repayments as detailed below: -

Financing	2023/2024	2024/2025	2025/2026
WASSIP 1 & WASSIP AF	15,155,715	15,155,715	15,155,715

Evidence of loan repayment to CWWDA shall be submitted to WASREB monthly by the 10th day of the following month.

- x. **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.
- xi. **Performance Evaluation:** Performance targets to be met and ascertained by WASREB, at the end of the 1st year of the tariff period. Non achievement of the set targets without justifiable cause shall lead to reduction of the approved tariffs as a penalty.
- xii. **Investments:** The utility shall undertake the investments in **Table Below:**

Proposed Investment Summary for Kwale Water & Sewerage Water Co. Ltd (KAWASCO)					
Targeted Outcome	Proposed Intervention	2022/2023	2023/2024	2024/2025	2025/2026
Increased Water Coverage	Meters & Fittings - New Connections		2,000,000	2,500,000	4,000,000
Sub - Total _ New Connections		-	2,000,000	2,500,000	4,000,000
Non - Revenue Water Reduction	DMA Bulk Meters, Valves & Accessories (For the study DMA Zone and for replacement) Volumetric	0	0	1,000,000	3,000,000
	Replacement of stalled & very old meters(above seven years)	0		2,500,000	4,000,000
Sub - Total _ NRW Reduction		-	-	3,500,000	7,000,000
ICT Investments	Headquarters Server Room				4,000,000
Sub - Total ICT Investments				-	4,000,000
Network Rehabilitation	Maweni Water Supply Line Extensions			3,327,350	-
	Hill Park Supply Line Extension			0	4,945,200
Sub - Total _ Network Rehabilitation				3,327,350	4,945,200
<u>Total Investments</u>		<u>-</u>	<u>2,000,000</u>	<u>9,327,350</u>	<u>19,945,200</u>