

## ANNEX 2

### DETAILS OF PUBLIC CONSULTATION FOR MALINDI WATER AND SEWERAGE COMPANY LTD (MAWASCO) 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	473,007,639	506,116,000	593,258,542	609,171,824	625,948,725
Maintenance	62,212,966	64,979,354	68,216,254	71,620,841	75,202,296
Water Abstraction Levy	-	214,338	214,338	214,338	214,338
Regulatory Levy	18,699,231	21,837,917	33,744,801	33,790,264	33,836,636
<b>Operation &amp; Maintenance (O&amp;M) Costs</b>	<b>553,919,836</b>	<b>593,147,608</b>	<b>695,433,935</b>	<b>714,797,266</b>	<b>735,201,995</b>
Minor Investments	32,482,779	11,190,000	48,900,000	30,200,000	22,200,000
Debt Repayment	-	26,120,753	26,120,753	26,120,753	13,060,377
<b>Total Costs</b>	<b>586,402,615</b>	<b>630,458,361</b>	<b>770,454,688</b>	<b>771,118,020</b>	<b>770,462,371</b>
<b>Total Billing (KShs)</b>	<b>441,938,479</b>	<b>545,947,915</b>	<b>815,205,815</b>	<b>815,774,100</b>	<b>816,353,750</b>
<b>Collection Efficiency (%)</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>
<b>Projected Revenue</b>	<b>419,841,555</b>	<b>518,650,519</b>	<b>774,445,525</b>	<b>774,985,395</b>	<b>775,536,062</b>
<b>O&amp;M Cost Coverage</b>	<b>76%</b>	<b>87%</b>	<b>111%</b>	<b>108%</b>	<b>105%</b>
<b>Total Cost Coverage</b>	<b>72%</b>	<b>82%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>

#### 2.0 Proposed Water Tariff Structure for the period.

Malindi Water & Sewerage Co. Ltd (MAWASCO)				
Consumer Categories	Consumption Block (m3)	Current Tariff (Kshs/M <sup>3</sup> )	Consumption Block (m3)	Recommended Tariff (Kshs/M <sup>3</sup> )
<b>Domestic/Residential</b>	0-6	60	1-6	105
	7-20.	77	7-20.	150
	21-50	100	21-50	180
	51-100	120	51-100	200
	100-300	165	101-300	220
	>300	225	>300	240
<b>Multi- Dwelling Units</b>	Flat Rate	N/A	Flat Rate	150
<b>Government Institutions</b>	1-50	95	1-50	150
	51-100	120	51-100	170
	101-300	165	101-300	190
	>300	225	>300	225
<b>Commercial/Industrial</b>	1-50	95	1-50	150
	51-100	120	51-100	170
	101-300	165	101-300	190
	>300	225	>300	225
<b>Schools/ Colleges/Universities</b>	1-600	50	1-600	150
	600<1200m3	75	600<1200m3	160
	>1200m3	100	>1200m3	170
<b>Water Kiosks</b>	per m3	35	per m3	50
<b>Bowing Points</b>	per m3	130	per m3	180
<b>Bulk Water for resale</b>	per m3	50.00	per m3	70

### 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 (%)	80%	81%	82%	83%	84%
Water quality standards (%)	100%	100% Compliance With Standards			
Personnel Expenditure as % of O&M	35%	34%	31%	32%	32%
Non-Revenue Water	29%	29%	25%	25%	25%
Hours of Supply (Hrs.)	20	21	22	23	24
Staff per 1000 connections	8	8	7	6	5
Metering ratio (%)	100%	100%	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 conditions Malindi Water and Sewerage Company Ltd (MAWASCO) 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. MAWASCO 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:** MAWASCO 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:** MAWASCO will ensure it creates separate water and sewer cost centres and maintains distinct record of operations of the two centres.
- viii. **Repayment of Loans :** MAWASCO shall remit monthly loan repayments as detailed below:

<b>Financing</b>	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>
WASSIP 1 & WASSIP AF	26,120,753	26,120,753	13,060,377

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

- ix. **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.
- x. **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.
- xi. **Investments:** The utility shall undertake the investments in **Table Below:**

<b>Proposed Investment Summary for Malindi Water &amp; Sewerage Water Co. Ltd (MAWASCO)</b>					
<b>Targetted Outcome</b>	<b>Proposed Intervention</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>
Increased Water Coverage	New Connections		12,000,000	12,000,000	12,000,000
<b>Sub - Total _ New Connections</b>		<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>
<b>Non - Revenue Water Reduction</b>	Calibration of at least 50% of the customer meters	0	1,000,000	2,000,000	
	Acquisition of digital maps, Mapping out all the water infrastructure		8,700,000		
	Meter Replacement	0	4,200,000	4,200,000	4,200,000
<b>Sub - Total _ NRW Reduction</b>		<b>-</b>	<b>13,900,000</b>	<b>6,200,000</b>	<b>4,200,000</b>
<b>Movable Assets</b>	Motorcycles		3,000,000	2,000,000	1,000,000
<b>Sub - Total Movable Assets</b>			<b>3,000,000</b>	<b>2,000,000</b>	<b>1,000,000</b>
<b>Network Rehabilitation</b>	Replacement of Bungale -Dakacha 10km dilapidated pipelines with HDPE Pipeline		20,000,000	10,000,000	5,000,000
<b>Sub - Total _ Network Rehabilitation</b>			<b>20,000,000</b>	<b>10,000,000</b>	<b>5,000,000</b>
<b>Total Investments</b>		<b>12,000,000</b>	<b>48,900,000</b>	<b>30,200,000</b>	<b>22,200,000</b>