

ANNEX 2
DETAILS OF KERICHO WATER AND SANITATION COMPANY LTD.
(KEWASCO)
REGULAR TARIFF APPLICATION (2021/22 to 2025/26)

1. Cost and Revenue Structure for the Tariff Period (2021/22 to 2025/26)

	Ksh.	Ksh.
Cost Subject to Annual Indexation		
Operations and Maintenance costs		308,918,051
Fixed Costs	-	
Average Annual Investment Cost	25,545,778	
Debt	-	
Sub Total- Fixed Costs		25,545,778
Total Average Annual Cost		334,463,829
Projected Average Annual revenue		372,528,012
Average Annual Cost Coverage		111%

2. Proposed Change in Water Tariff Structure for 2021/22 to 2025/26

Domestic/Residential			
<i>Consumption Block(m3)</i>	<i>Current Tariff (KShs/M³)</i>	<i>Consumption Block(m3)</i>	<i>Recommended Tariff Water</i>
0-6	45	1-6	50
7-20.	65	7-20.	88
21-50	85	21-50	95
51-100	100	51-100	110
101-300	120	101-300	125
>300	140	>300	145
Commercial/Industrial/Government Institutions			
<i>Consumption Block(m3)</i>	<i>Current Tariff (KShs/M³)</i>	<i>Consumption Block(m3)</i>	<i>Recommended Tariff Water</i>
0-50	80	1-50	88
51-100	100	51-100	110
101-300	120	101-300	125
>300	140	>300	145
Schools/ Colleges/Universities			
<i>Consumption Block(m3)</i>	<i>Current Tariff (KShs/M³)</i>	<i>Consumption Block(m3)</i>	<i>Recommended Tariff Water</i>
0-600	50	1-600	53
601-1200	70	600<1200m3	88
>300	90	>1200m3	90
Bulk Water Sale	35	Bulk Water Sale	35
Water Kiosks	35	Water Kiosks	35

3.0 Sanitation Tariff./

3a) Consumers with a Water Connection

Customer Category	Current	Proposed	
		Consumption Block in m ³ (75 % of water consumed)	Tariff Per M ³
Domestic	75 % of water consumed at the price of water		
		1-6.	50
		7-20.	88
		21-50	95
		51-100	110
		101-300	125
		>300	145
Commercial/industrial/ Government			
		1-50	88
		51-100	110
		101-300	125
		>300	145
Public schools, Universities & colleges			
		1-600	53
		601 - 1200.	88
		>1200	90
Water Kiosks			-
Bulk Water Sale			-

(a) Sanitation is charged at 75% of the water billed for all customers with a sewer connection.

(b) Disconnected water accounts shall be charged based on the average of the last three months' sewer charges before the disconnection.

(c) Customer with no water connection:

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

- Domestic (Per Single dwelling unit): Ksh. 350 Per Month
- All other categories: 75% of the volume of water consumed as per the metered source of water.

3. Indexation of the Proposed Tariff

- i. The utility shall be eligible for annual indexation of the approved tariff, as per the regulations of the Water Services Regulatory Board (WASREB).
- ii. The inflation adjustment shall come into effect every **July** of the tariff period commencing 1st **July 2023**

4. Miscellaneous Charges

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

5. Service Delivery Conditions attached to the Tariff

Target	Base Year 2020/21	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Water Coverage (%)	37%	38%	41%	43%	45%	47%
Water quality standards (%)	100%	100% Compliance with Water Quality Standards				
Personnel Expenditure as % of O&M	61%	60%	58%	56%	55%	53%
Non-Revenue Water (%)	53%	50%	47%	44%	41%	38%
Hours of Supply (Hrs)	19	20	21	22	22	22
Staff per 1000 connections	8	8	8	7	7	6
Metering ratio (%)	100%	100%	100%	100%	100%	100%
Collection Efficiency (%)	95%	95%	95%	95%	95%	95%
Resale at Kiosk		Kshs. 2.00 per 20l Jerry Can				

6. Other Conditions

- i. **Annual budgets:** The WSP shall adhere to the budgetary levels set in the tariff.
- ii. **Surpluses:** The surpluses projected to be realised shall ONLY be used on the rehabilitation/ replacement of dilapidated water networks, to curb physical losses of water.
- iii. **Reporting:** The utility shall submit to WASREB a quarterly performance report in the format provided.
- iv. **Creation of distinct water and sewer cost centres:** KEWASCO will ensure it creates separate water and sewer cost centres and maintains distinct record of operations of the two centres.
- v. **Tariff Assessment:** - KEWASCO will be required to carry out a self-assessment of the trend in Billing (Ksh) within the first 3 months of approval and implementation of the tariff. The detailed report should be submitted to WASREB.
- vi. **Investments:** The utility shall undertake the following investments within the tariff period and submit progress reports on a quarterly Basis.

Summary of Capital Investments to be Carried out By Kericho Water & Sanitation Company Ltd. for The Period 2021/22 – 2025/26					
Proposed Investment	2021/22	2022/23	2023/24	2024/25	2025/26
Water Coverage					
Purchase of Water Meters for new connections	1,260,000	1,296,000	1,296,000	1,296,000	1,425,600
Purchase of Water Meters for new connections	2,940,000	3,024,000	3,024,000	3,024,000	3,326,400
Automate and integrate ICT in all business processes like Management Information System (MIS), Human Resource Information System and Geographical Information System (GIS)	500,000	250,000	250,000	250,000	500,000
Re-introduction of job-cards and procurement of e-timesheet system for office and field staff	1,000,000	750,000	750,000	750,000	750,000
Last Mile Connectivity for 13 Sublocations each 2km length of pipeline.	-	1,556,364	3,112,729	6,225,458	9,338,187
NRW Reduction					
Replace of dilapidated water lines with HDPE: Fort Tenan; Kapkate; Kapsoit	1,638,898	1,787,452	1,188,165	1,188,165	1,188,165
Installation of master/bulk meters at all system input locations.	100,000	100,000	150,000	150,000	200,000
Replacement of the malfunctioning system input bulk meters.	300,000	200,000	400,000	200,000	500,000
Measurement of physical losses through MNF Measurements (Leakages of transmission and distribution lines, overflows, leakages on service connections).	1,248,400	882,000	926,100	972,405	1,021,025
Procurement Installation and use of pressure gauges and pressure recorders at different location in the supply zones.	-	900,000	-	150,000	400,000
Installation of Pressure Reducing Valves (PRVs) to manage pressure in high presure zones.	227,000	454,000	339,000	42,000	300,000
Totally isolating zones from adjacent zones where water can be temporarily closed using gate valves and where volume supplied and billed measured. Purchase additional sluice valves and master meters.	2,313,682	2,315,682	2,315,682	2,315,682	2,315,682
Procure High Resolution Imagery	-	500,000	-	250,000	
Procure additional GPS machines and Trimble-Juno	270,000	615,000	315,000	180,000	90,000

Operations Manager WDM, to introduce leak, no water and burst occurrence book for all Areas from which jobs will be assigned to Area Managers.	42,000	42,000	42,000	42,000	42,000
Pipe replacement in locations beyond repair/prone to constant damages. This will be informed by monthly job card reports analysis in GIS. Start with identified 85KM of uPVC with HDPE	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Restoration of interrupted water supply in areas with damaged infrastructure.	1,433,794	1,433,794	1,433,794	1,433,794	1,433,794
Purchase of meters for metering of unmetered connections.	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Perform Meter testing using bucket method and Portable Meter Testing Kit.	-	-	300,000	300,000	300,000
Replace all non-functional meters (static/stalled, damaged, tempered)	210,000	550,000	616,000	648,000	432,000
Replace all class B meters with class C meters	2,450,000	2,550,000	2,864,000	2,808,000	2,376,000
Improve mobile meter reading.	150,000	150,000	150,000	150,000	150,000
Pro-Poor Activities					
Pilot pre-paid meters for existing kiosks (every customer has token)	-	1,800,000	300,000	400,000	-
Extension of a sewer line Towett Area	600,000		-	-	-
Totals	20,933,773	25,406,292	24,022,469	27,025,503	30,338,853