

**In the matter of an Application by the  
“MBALIZI URBAN WATER SUPPLY AND SEWERAGE AUTHORITY” (“MBUWSA”)**

For a Tariff Adjustment TR-W-09-008

**ORDER No.09-011**

On 30<sup>th</sup> June 2009 EWURA received an Application from Mbalizi Urban Water Supply and Sewerage Authority (“MBUWSA”) for an adjustment of its tariff and charges for water supply services. MBUWSA requested for an increase in tariff for metered customers ranging from 0% to 66% for domestic customers; 14% for institutional customers; 12% for commercial customers and to maintain a tariff of TZS 20 per 20 litre bucket for kiosks. MBUWSA also proposed to introduce a tariff for industrial metered customers of TZS 630 per m<sup>3</sup>. For un-metered customers, MBUWSA proposed a 66% tariff increase for domestic low income customers, 50% tariff increase for domestic medium and high income customers, 50% tariff increase for institutional customers and 20% tariff increase for commercial customers. MBUWSA requested that, the requested tariff and charges, if approved, take effect from 1<sup>st</sup> July 2009.

The proposed increase in tariff and charges aims at assisting MBUWSA to meet increases in operational costs which include, among other things, an increase in bulk water to be purchased from Mbeya Urban Water Supply and Sewerage Authority (Mbeya UWSA). MBUWSA also plans to reduce Unaccounted for Water (UfW), by particularly minimizing commercial losses through purchase and installation of water meters.

EWURA is empowered by the Energy and Water Utilities Regulatory Authority Act, Cap 414 (“EWURA Act”) to regulate tariff and charges adjustments in the water and sewerage sector. In evaluating the Application from MBUWSA, EWURA has taken into consideration, among other things, the submitted documents as per the Tariff Application Guidelines, additional information requested by EWURA and comments and clarifications provided during the consultation process.

A Public Hearing meeting was conducted on 26<sup>th</sup> August 2009 in Mbalizi Town as part of an Inquiry into the reasonableness of the proposed tariff adjustment. During the meeting, all stakeholders including the Consumer Consultative Council (CCC), the Government Consultative Council (GCC)

and the Public were given an opportunity to present their opinions on the proposed tariff increase. The CCC was concerned about low water production to demand ratio of about 26%; low metering ratio of about 7%; lack of water treatment plant; lack of sewerage services; and large amount of outstanding debts. The GCC was concerned about MBUWSA's weak measures to combat illegal connections; weak measures to improve services; contradictions in submitted information; and low metering ratio. The public were mainly concerned about the inadequate water supply, slow installation rate of water meters; and poor quality of water especially during the rainy seasons. Following EWURA's analysis and in consideration of issues raised, EWURA requested the Applicant to provide supplementary material in support of the proposed tariff increase.

As a result of the Inquiry, EWURA concluded that MBUWSA's proposed tariff was reasonable except for the high projected Unaccounted for Water (UfW) for the year 2009/10.

The Board of Directors of EWURA having met on 8<sup>th</sup> October, 2009 to consider this matter decided the following:-

- 1.0 The Board approves tariff increase in water supply for metered and un-metered customers, service charges, new connection charges and reconnection charges as shown in Tables 1 to 5 below.

**Table 1: Water Supply Tariffs (Metered Customers)**

Category	Current Tariff Rates (TZS/m <sup>3</sup> )	Proposed Tariff Rates		Approved Tariff	
		Range	TZS/m <sup>3</sup>	Range	TZS/m <sup>3</sup>
Domestic	300	Below 10m <sup>3</sup>	300	Below 5m <sup>3</sup>	300
		10 - 50m <sup>3</sup>	450	5 - 15m <sup>3</sup>	360
		Above 50m <sup>3</sup>	500	Above 15m <sup>3</sup>	395
Institutional	350	1-50m <sup>3</sup>	300	Any	400
		Above 50m <sup>3</sup>	400		
Commercial	400	Any	450	Any	450
Industrial	-	Any	630	Any	630
Kiosks	TZS 20 per 20 Litre Bucket	Any	TZS 20 per 20 Litre Bucket	Any	TZS 20 per 20 Litre Bucket

**Table 2: Water Supply Tariff (Un-metered Customers)**

Category	Current Rate (TZS/Month)	Proposed Rate (TZS/Month)	Approved Rate (TZS/Month)
<b>Domestic (Utengule Area)</b>	<b>3,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Domestic (Mbalizi Town)</b>	<b>5,000</b>	<b>7,500</b>	<b>7,500</b>
<b>Institutional</b>	<b>5,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Commercial</b>	<b>14,000</b>	<b>17,500</b>	<b>17,500</b>

**Table 3: Service Charges (Metered Customers)**

Category	Current Charges (TZS/Month)	Proposed Charges		Approved Charges	
		Range	(TZS per Month)	Range	(TZS per Month)
Domestic	2,000	Below 10m <sup>3</sup>	2,000	Below 5m <sup>3</sup>	2,000
		10 - 50m <sup>3</sup>	2,000	5 - 15m <sup>3</sup>	2,000
		Above 50m <sup>3</sup>	2,000	Above 15m <sup>3</sup>	2,000
Institutional	2,500	1-50m <sup>3</sup>	2,500	1-50m <sup>3</sup>	2,500
		Above 50m <sup>3</sup>	3,500	Above 50m <sup>3</sup>	3,500
Commercial	3,500	Any	3,500	Any	3,500
Industrial	-	Any	10,000	Any	10,000

**Table 4: New Connection Charges**

Category	Current Charges (TZS)	Proposed Charges (TZS)	Approved Charges (TZS)
Domestic	30,000	30,000	30,000
Institutional	30,000	30,000	30,000
Commercial	40,000	40,000	40,000
Industrial	50,000	50,000	50,000

**Table 5: Reconnection Charges**

Category	Current Charges (TZS)	Proposed Charges (TZS)	Approved Charges (TZS)
Domestic	5,000	5,000	5,000
Institutional	20,000	20,000	20,000
Commercial	10,000	10,000	10,000
Industrial	20,000	20,000	20,000

2.0 On or before 31<sup>st</sup> December 2009, MBUWSA shall submit to EWURA its plan to:

- 2.1 Reduce Unaccounted for Water (UfW) from the estimated 45% to 40% by 30<sup>th</sup> June, 2010;
- 2.2 Increase collection efficiency from the current 77% to 90% or more by 30<sup>th</sup> June, 2011.

- 3.0 On or before 28<sup>th</sup> February 2010, MBUWSA shall install two bulk water meters at the immediate points downstream of Mbalizi 90m<sup>3</sup> tank along Mtakuja line and Mbalizi DDC line.
- 4.0 On or before 30<sup>th</sup> June 2010, MBUWSA shall install 700 water meters by giving first priority to 28 un-metered kiosks, 18 un-metered institutional customers and 14 un-metered commercial customers.
- 5.0 On or before 30<sup>th</sup> June 2010, MBUWSA shall provide evidence to EWURA that it has designed and is implementing a pro-active programme of customer outreach. A status report on the implementation of that programme shall be included with all future applications for tariff adjustment and considered by EWURA in evaluating the reasonableness thereof.
- 6.0 MBUWSA shall continue to provide EWURA with information about its financial and operating condition in accordance with the requirements of EWURA. This information will be used by EWURA to evaluate MBUWSA's performance in comparison with other utilities and the improvement of its performance over time. This evaluation will be considered by EWURA in evaluating the reasonableness of all future requests for tariff adjustment.
- 7.0 The Order shall take effect from 1<sup>st</sup> November 2009.

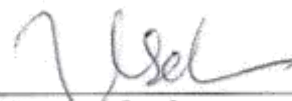


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Simon F. Sayore

Chairman of the Board of Directors

EWURA



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Haruna Masebu

Director General

EWURA

**Dar es Salaam 8<sup>th</sup> October, 2009**