

In the matter of an Application by the
**BUKOBWA URBAN WATER SUPPLY AND SANITATION AUTHORITY
(BUWASA)**
For a Tariff Adjustment

- Background
1. On 22nd June 2011 BUWASA submitted an application for review and approval of six regulatory actions:
- (a) to increase water supply tariff for domestic metered customers ranging from 17% to 20%, institutional customers' tariff increase ranging from 15% to 17%, commercial customers' tariff increase ranging from 14% to 18%, industrial customers' tariff increase ranging from 25% to 27% and kiosk's tariff increase by 33%;
 - (b) to introduce flat rate charging mechanism of using assessed consumption and applicable metered tariff in the corresponding customer group and band;
 - (c) to maintain the current rates for new connection fees;
 - (d) to increase reconnection fees for all customers by 100%;
 - (e) to increase service charge for all customer categories by 25%; and
 - (f) to increase meter rent to for all customer categories by 25%.
- Stakeholders' Consultation
2. Pursuant to section 19(2) (h) of the Energy and Water Utilities Regulatory Authority Act, Cap. 414, EWURA conducted an Inquiry into the reasonableness of the proposed tariff. This inquiry included an economic and a technical evaluation of the Application and a Public hearing that was held in Bukoba town on 6th October, 2011 to hear the views of stakeholders.
3. During the Public hearing, BUWASA made presentations explaining the basis of the Application and the justification of the proposed tariff increase. All stakeholders including the BUWASA's customers, Government Consultative Council ("GCC"), and EWURA Consumer Consultative Council ("EWURA CCC") were given an opportunity to examine and comment on the reasonableness of the BUWASA Tariff Application. BUWASA had a chance to respond to stakeholders' comments in the meeting and later by submitting

written responses to EWURA.

4. EWURA CCC was concerned, among other things, about high operational cost, low performance in terms of collection, water quality and hours of service.

5. GCC was concerned, among other things, about high water loss, increasing percentage of unmetered customers, lack of rehabilitation programme and insufficient disclosure of the Donor and Government financed investment projects.

6. BUWASA's customers were concerned about water inavailability in Kitendaguro area, lack of sewerage services, long time to attend reported cases of water leaks and the relevance of service charge.

7. At the closure of the inquiry process on 20th October, 2011, BUWASA had reasonably responded to stakeholders' comments and EWURA had gathered satisfactory and adequate information to prudently determine the application. During the review, BUWASA was requested to provide supplementary information in support of its application.

Analysis and
Adjustment

8. As a result of the inquiry EWURA concluded that BUWASA's proposed revenue requirement was reasonable except for minor adjustment in administrative expenses.

Decision

9. The proposed and adjusted Revenue Requirement is as shown in the table below.

Table 1: Revenue Requirement (RR)

REVENUE	Proposed RR, 2011/12	Adjusted RR, 2011/12
	TZS	TZS
Water sales	1,167,907,440	1,167,907,440
Other operational income	366,488,500	334,358,800
Total Operational Income	1,534,395,940	1,502,266,240
Other income		
Government subsidy	1,354,395,940	1,322,266,240
Amortization of Grants	7,265,350,000	7,265,350,000
Tender deposit	180,000,000	180,000,000
TOTAL REVENUE	7,445,350,000	7,445,350,000
EXPENSES		
Water Production Expenses	192,107,500	192,107,500
Water Distribution Expenses	40,910,000	40,910,000
Maintenance and Repair Expenses	98,580,000	98,580,000
Personnel expenses	522,115,120	522,115,120
Administration expenses	252,493,900	251,008,900

Business Promotion Expenses	38,098,000	38,098,000
Charity/Subscription/Donations	12,800,000	12,800,000
Fees	36,279,074	36,279,074
Financial expenses	5,700,000	5,700,000
Total O&M Expenses	1,199,083,594	1,197,598,594
Depreciation	300,000,000	300,000,000
TOTAL EXPENSES	1,499,083,594	1,497,598,594

10. The Board of Directors of EWURA having met 16th December 2011 to consider this matter decided as per the Order below.

THE WATER SUPPLY AND SANITATION ACT

(CAP. 272)

**ORDER
No.11-018**

(Made under section 28(d))

**THE BUKOBA URBAN WATER SUPPLY AND SEWERAGE AUTHORITY
("BUWASA") TARIFF ADJUSTMENT ORDER, 2011**

Citation

1. This Order may be cited as the Bukoba Urban Water Supply and Sewerage Authority ("BUWASA") Tariff Adjustment Order, 2011 and shall come into force on the 1st January, 2012.

Tariff adjustment

2. The water supply tariff within the Bukoba Urban Water Supply and Sewerage Authority (BUWASA) are hereby adjusted as specified in the Schedule to this Order.

Conditions

3. The approved tariffs shall be subject to the following conditions:
 - (a) on or before 30th March, 2012, BUWASA shall submit its plan to:
 - (i) reduce NRW from the current value of 47% to 30% or less by 30th June, 2013; and
 - (ii) upgrade billing software to be able to recognize payments made after end of the month reconcillation by 30th June 2012;
 - (b) on or before 30th June 2012, BUWASA shall meter all its customers using part of its depreciation funds;
 - (c) on or before 30th June, 2012, BUWASA, following EWURA guidelines, shall submit to EWURA its revised Business Plan, Longterm Financial Plan and Asset Management Plan; and
 - (d) BUWASA shall continue to provide EWURA with information about its financial and operating condition in accordance with the requirements of EWURA, and also

copies of the progress report on the on-going water supply project. This information will be used by EWURA to evaluate BUWASA'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.

Revocation

4. The Bukoba Urban Water Supply Authority Tariff Adjustment Order No.08-011 dated 3rd October, 2008 is hereby revoked.

SCHEDULES

Table 1: Schedule of Current and Approved Metered Water Tariffs

Category	Consumption m³	Current Tariff (TZS/m³)	Approved Tariff (TZS/m³)
Domestic	0-5	545	650
	>5-10	554	665
	>10	577	675
Institutional	0-5	629	725
	>5-10	643	750
	>10	671	785
Commercial	0-5	639	730
	>5-10	648	755
	>10	676	795
Industrial	0-5	704	880
	>5-10	714	895
	>10	732	930
Kiosk (DPs)		376	TZS10/20Lt

Table 2: Schedule of Proposed and Approved Unmetered rates

Customer category	Proposed rates	Approved rates

All Customer Categories	Bills prepared based on assessed consumption established using a test meter multiplying by metered rates in each customer category.	Bills prepared based on assessed consumption established using a test meter multiplying by metered rates in each customer category.
-------------------------	---	---

Table 3: Schedule of Current and Approved New water connection charges

Category	Current Charges (TZS/connection)	Approved Charges (TZS /connection)
Domestic	15,000	15,000
Institutions	20,000	20,000
Commercial	25,000	25,000
Industrial	100,000	100,000

Table 4: Schedule of Current and Approved Reconnection Charges

Category	Current Charges (TZS/reconnection)	Approved Charges (TZS /reconnection)
Domestic	5,000	10,000
Institutions	10,000	20,000
Commercial	15,000	30,000
Industrial	30,000	60,000

Table 5: Schedule of Current and Approved Service Charge

Category	Current Fees (TZS/ month)	Approved Fees (TZS/ month)
Domestic	800	1,000
Institutions	920	1,150
Commercial	1,060	1,325
Industrial	1,800	2,250

Table 6: Schedule of Current and Approved Meter Rent Charges

Meter Size	Current Charges (TZS/Month)	Approved Charges (TZS/Month)
1/2" - 3/4"	800	1,000

1" – 1½"	1,800	2,250
2"	5,600	7,000
4"	8,600	10,750

HARUNA MASEBU
Director General
EWURA
Dar es Salaam

16th December 2011