

ANNEX 2

DETAILS OF PUBLIC CONSULTATION FOR MURANG'A SOUTH WATER AND SANITATION COMPANY LTD

(MUSWASCO)

REGULAR TARIFF APPLICATION (2022/2023 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	154,674,628	195,068,584	267,409,030	276,672,718	291,661,928
Maintenance	37,664,597	40,676,082	42,385,196	43,885,346	45,457,297
Regulatory Levy	7,925,090	17,815,697	20,101,264	28,996,085	32,011,795
Other Levies	1,859,359	3,837,456	7,496,493	9,831,764	11,455,267
Finance Costs	65,774	200,000	200,000	200,000	200,000
Operation & Maintenance (O&M) Costs	202,189,448	257,597,820	337,591,984	359,585,913	380,786,288
Minor Investments	521,268	3,985,374	37,007,762	52,661,011	119,721,071
Debt Repayment	19,063,485	14,666,353	42,423,249	150,123,870	149,077,523
Total Costs	221,774,201	276,249,546	417,022,995	562,370,794	649,584,882
Total Billing (KShs)	182,937,496	162,171,697	474,431,398	614,694,716	688,289,714
Collection Efficiency (%)	75%	80%	88%	92%	95%
Projected Revenue	137,203,122	129,737,358	417,499,630	565,519,139	653,875,229
Total Cost Coverage (%)	62%	47%	100%	101%	101%

2.0 Proposed Change in Water Tariff Structure for the period.

Proposed Tariff for Murang'a South Water and Sanitation Co. Ltd.(MUSWASCO)				
Consumer Categories	Consumption Block	Current Tariff	Consumption Block	Proposed Tariff
	(m3)	(Kshs/M³)	(m3)	(Kshs/M3)
Domestic/Residential	0-6	Fixed Charge (Kshs. 210)	1-6	107
	7-20.	55	7-20.	110
	21-50	70	21-50	115
	51-100	85	51-100	120
	100-300	105	101-300	125
	>300	135	>300	135
Multi- Dwelling Units	Flat Rate	N/A	Flat Rate	110
Government Institutions	0-6	Fixed Charge (Kshs. 210)	-	
	7-20.	55		

Proposed Tariff for Murang'a South Water and Sanitation Co. Ltd.(MUSWASCO)				
Consumer Categories	Consumption Block	Current Tariff	Consumption Block	Proposed Tariff
	(m3)	(Kshs/M³)	(m3)	(Kshs/M3)
	21-50	70	1-50	110
	51-100	85	51-100	120
	100-300	105	101-300	130
	>300	135	>300	140
Commercial/Industrial	0-6	Fixed Charge (Kshs. 222)		
	7-20.	57		
	21-50	72	1-50	110
	51-100	87	51-100	120
	100-300	107	101-300	130
	>300	137	>300	140
Schools/ Colleges/Universities	0 -600	50	1-600	110
	600<1200m3	80	600<1200m3	112
	>1200m3	100	>1200m3	115
Unique Consumer Categories	Bulk Water Supply	N/A	Per m3	65
	Bowsing Points	N/A	Per m3	110
	Water Kiosks	35	Per m3	35

3.0 Proposed Change in 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. 300 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 (%)	72%	73%	75%	77%	79%
Water quality standards (%)	100% Compliance with Standards				
Personnel Expenditure as % of O&M	47%	45%	44%	44%	43%
Non-Revenue Water	47%	45%	42%	39%	36%
Hours of Supply (Hrs.)	16	17	18	19	20
Staff per 1000 connections	4	5	5	5	5
Metering ratio (%)	100%	100%	100%	100%	100%
Collection Efficiency (%)	75%	80%	88%	92%	95%
Resale at Kiosk	Kshs. 2.00 per 20l Jerry Can				

6.0 Other Conditions

The conditions attached to this approval which shall form part of the license conditions of Murang'a South Water and Sanitation Company Ltd (MUSWASCO) 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. MUSWASCO 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:** MUSWASCO 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. **Repayment of Loans:** MUSWASCO shall remit monthly loan repayments as detailed below:

ADB Loan (Financing (Kshs.))	2024/2025 Amount (Kshs)	2025/2026 Amount (Kshs)
Principal loan Repayment	16,006,578	16,493,433
Interest	18,400,297	17,913,441
<u>Total</u>	34,406,875	34,406,875

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

viii. **Creation of distinct water and sewer cost centres:** MUSWASCO will ensure it creates separate water and sewer cost centres and maintains distinct record of operations of the two centres.

ix. **Tariff Assessment:** WASREB will conduct 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. **Investments:** The utility shall undertake the investments in **Annex 1:**

Annex 1: PROPOSED MINOR INVESTMENTS FOR
MUSWASCO

S/No.	Proposed Intervention	2022/2023	2023/2024	2024/2025	2025/2026
1	Ultrasonic and Water Meters for key and major Consumers	253,537	1,094,334		
2	Bulk Water Meters (Kandara, Kenol,Kigumo,Maragua, Sabasaba,Ruchu,Kangari)		885,372	1,160,985	2,100,000
3	Motorcycles		665,534	2,157,315	2,509,336
4	Meters to replace Key domestic consumers (Single jet)		495,436		
5	Rehabilitation Works				
	a) Kinyona Sedimentation Tank Rehabilitation Works			269,373	
	b) Ichichi Treatment Works Rehabilitation Works			636,131	
	c) Borehole Rehabilitation Works			3,787,027	
6	Non - Revenue Water (NRW) Reduction Plan	3,478,300	10,607,800	9,421,300	5,443,550
7	Extension of Water Pipelines				
	a) Kinyona Ward		7,790,158		
	b) Kigumo Ward		8,513,292		
	c) Ruchu Ward				37,442,979
8	Network Rehabilitation				
	a) Construction and rehabilitation of Sabasaba Water pipeline infrastructure project				13,624,441
	b) Kinyona, Ichichi, Maragua, Sabasaba Transmission & Distribution Systems			5,716,885	
	c) Rehabilitation of Kenol-Marua Road and construction of elevated tank			10,000,000	15,683,292
	d) Distribution Line to improve flows to Kiranga-Muruka areas				13,389,911
	e) Ithiru Ward - Gathugu water distribution pipeline		4,355,580		
8.1	Rehabilitation Works for Exposed and landslide affected sections				
	a) Gatitu Line				5,631,120
	b) Kamicee Line				6,041,831
	c) Mutunguru Line			3,090,474	
	d) Irati Intake Mainline				10,512,282

S/No.	Proposed Intervention	2022/2023	2023/2024	2024/2025	2025/2026
	e) Kiiriciungu Mainline			1,457,280	
9	Sanitation Improvements				
	a) Sewer Improvement in Kenol		230,481	1,474,180	
	b) Murang'a South Ablution Block Kenol			724,500	
10	Construction & Improvement of Buildings & Offices				
	a) Construction Of Maria-Ini Office			546,990	
	b) Construction Of Insitu Water Kiosk- Muruka Shopping Centre			557,339	
	c) Supply And Install 4000 Ltrs Water Tanks To Kiosks Without Storage Tanks.				94,734
	d) MUSWASCO Kandara Offices Car Park - Phase 1				93,622
11	Technical Equipment :- `(Geomax total station; Adept Ultrasonic Flowmeter; Butt Fusion Machine; Pipe wrenches; Insertion Flow Meters		770,435	2,021,812	3,592,491
12	Pro-poor Initiatives	253,537	1,100,780	1,292,984	1,301,368
13	ICT Investments - Control Panel Generator			2,109,036	
14	Intake Desilting & Improvements				
	a) Kinyona Treatment works& Desilting			2,203,606	
	b) Ichichi Clear Water tank &Desilting and weir expansion			1,623,673	
	c) Kiriciungu Disilting of intake and making good of storage area				425,529
15	Office Furniture		70,000	70,000	70,000
16	Control Chambers		428,559	2,340,120	1,764,584
	Total Expenditure	3,985,374	37,007,762	52,661,011	119,721,071