

# Water Services Regulatory Board

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WASREB/TARIFF/003 VCL.XXIX/ (14)

3<sup>rd</sup> March, 2023

Managing Director  
Nakuru Rural Water and Sanitation Company  
P.O. Box 386-20100  
**NAKURU**

**RE: PUBLIC CONSULTATION FOR REGULAR TARIFF APPLICATION BY NAKURU RURAL WATER AND SANITATION COMPANY LTD(NARUWASCO)**

Following the review of the regular tariff review proposal, Nakuru Rural Water & Sanitation Co. Ltd (NARUWASCO) is required to carry out public consultation on the proposed tariff as per Section 139 of the Water Act 2016.

**1.0 Notification to stakeholders on the Public Consultation Process**

NARUWASCO will publish a notice and Details of the Public Consultation in relation to the proposed regular tariff:

- a) Physically, in all its Regional Offices
- b) On the Company's official website
- c) In at least one Kenyan radio station broadcasting in that locality.

**2.0 The notice shall in each case —**

- a) Set out a summary of the application or proposed action (see Annex 2)
  - b) State the premises at which the details of the application may be inspected.
  - c) Invite written comments on or objections to the application or proposed action.
  - d) Specify the person or body to which any such comments are to be submitted;
- and

- e) Specify a date by which any such comments are required be received, not being a date earlier than 30 days after publication of the notice.

NARUWASCO shall plan for the public to obtain copies, at reasonable cost, of documents relating to the application.

The latest audited accounts and the current service needs plan of NARUWASCO shall be uploaded to the Company's website for public information.

### **3.0 NARUWASCO shall consider —**

- a) Any written comments received on or before the date specified under subsection (2.0) (e); and
- b) Any comments whether in writing or not, received at any public meeting held in relation to the regular tariff application.

### **4.0 Public Consultation Meeting**

WASREB in conjunction with NARUWASCO shall hold a public consultation meeting in relation to the proposed regular tariff as per the WASREB guidelines on public consultations.


During the meeting that will be held on 11<sup>th</sup> April 2023 at Nakuru Rural Water and Sanitation Co. Ltd, Head Office along Stanley Mathenge Road, Industrial Area, Nakuru Town. NARUWASCO will be required to:

1. Invite all its key stakeholders and made the necessary arrangements for both the physical and hybrid meetings.
2. Make a presentation to the meeting on the status of Water Service Delivery in NARUWASCO's Service Area, Nakuru County & justification for tariff adjustment.

### **5.0 Public Consultation Report**

NARUWASCO shall submit a public consultation report for WASREB review. The report shall detail the process of the consultation, including all information shared with

Public/ Stakeholders and all comments received before and after the Public/  
Stakeholders meeting and the responses given by the WSP management.



Dr. Julius Itunga, PHD  
**Ag- CHIEF EXECUTIVE OFFICER**

**CC.**

The Governor

Nakuru County

P.O. Box 2870-20100

**NAKURU.** - (Attn: CECM- Water Affairs)

The Chief Executive Officer

Central Rift Water Works Development Agency

P.O Box 2451

**NAKURU**



**ANNEX 2**

**DETAILS OF PUBLIC CONSULTATION FOR NAKURU RURAL WATER AND SANITATION COMPANY LTD**

**(NARUWASCO)**

**REGULAR TARIFF APPLICATION (2022/2023 to 2025/2026)**

**1.0 Cost and Revenue Structure for the Tariff Period**

<b>Expenditure Item</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Operations	246,388,137	267,725,142	283,658,184	300,413,063	318,291,676	337,430,721
Maintenance	6,930,036	17,000,000	18,700,000	20,570,000	22,627,000	24,889,700
Regulatory Levy	12,311,625	18,072,890	19,880,180	21,868,197	24,055,017	26,460,519
Other Levies	3,956,763	6,658,626	7,324,489	8,056,937	8,862,631	9,748,894
<b>Total O&amp;M Costs</b>	<b>269,586,561</b>	<b>309,456,658</b>	<b>329,562,853</b>	<b>350,908,197</b>	<b>373,836,324</b>	<b>398,529,834</b>
Average Investment Costs	-	4,000,000	79,128,771	74,954,525	60,776,331	41,648,090
Average Debt Repayment	-	-	10,120,875	9,943,727	9,766,579	9,589,430
<b>Total Costs</b>	<b>269,586,561</b>	<b>313,456,658</b>	<b>418,812,499</b>	<b>435,806,449</b>	<b>444,379,234</b>	<b>449,767,354</b>
<b>Total Billing (Kshs)</b>	<b>323,788,765</b>	<b>322,826,109</b>	<b>443,645,883</b>	<b>462,192,011</b>	<b>480,765,407</b>	<b>499,367,434</b>
<b>Collection Efficiency (%)</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>
<b>Projected Revenue</b>	<b>307,599,327</b>	<b>306,684,804</b>	<b>421,463,589</b>	<b>439,082,410</b>	<b>456,727,137</b>	<b>474,399,062</b>
<b>O&amp;M Cost Coverage</b>	<b>114%</b>	<b>99%</b>	<b>128%</b>	<b>125%</b>	<b>122%</b>	<b>119%</b>
<b>Total Cost Coverage</b>	<b>114%</b>	<b>98%</b>	<b>101%</b>	<b>101%</b>	<b>103%</b>	<b>105%</b>

**2.0 Indexation Revenue and Costs**

	<b>Ksh.</b>	<b>Ksh.</b>
<b>Cost Subject to Annual Indexation</b>		
<b>Operations and Maintenance costs</b>	363,209,302	363,209,302
<b>Fixed Costs</b>		
Average Annual Investment Cost	73,490,628	
Debt	9,855,153	
<b>Sub Total- Fixed Costs</b>		<b>83,345,781</b>
<b>Total Average Annual Cost</b>		446,555,083
<b>Projected Average Annual revenue</b>		447,918,050
<b>Average Annual Cost Coverage</b>		100%

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

Recommended Tariff for NARUWASCO				
Consumer Categories	Consumption Block	Current Tariff	Consumption Block	Recommended Tariff
	(m3)	(Kshs/M <sup>3</sup> )	(m3)	(Kshs/M3)
<b>Domestic/Residential</b>	0-6	Fixed Charge 300	1-6	88
	7-20.	74	7-20.	95
	21-50	85	21-50	105
	51-100	100	51-100	110
	100-300	120	101-300	120
	>300	140	>300	140
<b>Multi- Dwelling Units</b>	Flat Rate	N/A	Flat Rate	95
<b>Commercial/Industrial</b>	0-6	330 (Flat Rate)		
	7-20.	79	1-50	95
	21-50	90	51-100	125
	51-100	105	101-300	145
	101-300	125	>300	155
	>300	145		
<b>Government</b>	0-6	330 (Flat Rate)	1-50	95
	7-20	79	51-100	125
	21-50	90	100-300	145
	51-100	105	>300	155
	101-300	125		
	>300	145		
<b>Water Projects, Public Schools</b>	0-600	70	1-600	95
	601-1200	80	601-1200	100
	>1200m3	90	>1200m3	105
<b>Unique Consumer Categories</b>	<b>Water Kiosks</b>	35	Per M3	35
	<b>Bulk Water Supply</b>	40	Per M3	50

## 3.0 Indexation

The utility's tariffs for water and sewerage shall be eligible for annual indexation, as per the regulations of the Water Services Regulatory Board (WASREB). The inflation adjustment shall come into effect after a full year of implementation, on the 15th day of July every year and shall remain in force until the 14th day of July the following year.

#### 4.0 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:

- Domestic customers without a metered source of water (Per Single dwelling unit):  
Kshs. 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	2026/2027
Water Coverage (%)	75%	77%	79%	81%	83%	85%
Water quality standards (%)	100% Compliance with Standards					
Personnel Expenditure as % of O&M	49%	45%	44%	43%	43%	42%
Non-Revenue Water	49%	54%	52%	50%	48%	46%
Hours of Supply (Hrs.)	18.0	18.5	19.5	20.5	21.5	22.5
Staff per 1000 connections	7	7	6	6	5	5
Maintenance Expenditure as % of O&M	3%	5%	6%	6%	6%	6%
Metering ratio (%)	86%	90%	100%	100%	100%	100%
Collection Efficiency (%)	95%	95%	95%	95%	95%	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 Nakuru Rural Water and Sanitation Company Ltd (NARUWASCO) 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. NARUWASCO 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:** NARUWASCO 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 recommended 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:** NARUWASCO shall remit monthly loan repayments as detailed below: -

	2023/2024 Amount (Kshs)	2024/2025 Amount (Kshs)	2025/2026 Amount (Kshs)	2026/2027 Amount (Kshs)
<b>Financing (Kshs.)</b>				
<b>ADB Loan _ Rift Valley Water &amp; Sanitation Project _ Contract 8</b>				
Principal loan Repayment	3,034,942	2,857,793	2,680,645	2,503,497
Interest	7,085,934	7,085,934	7,085,934	7,085,934
<b>Total</b>	<b>10,120,876</b>	<b>9,943,727</b>	<b>9,766,579</b>	<b>9,589,431</b>



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

- viii. **Creation of distinct water and sewer cost centres:** NARUWASCO 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 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 (Kshs) 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**  
**Nakuru Rural Water & Sanitation Co. Ltd**  
**Proposed Investments for the Period 2022/2023 to 2026/2027**

No.	Investment	Total Cost	2022 - 2023	2023-2024	2024-2025	2025-2026	2026-2027
1	East Gate Water Supply Project	54,038,093		54,038,093			
2	Olunguruone Water Supply Project	42,776,331			37,000,000	5,776,331	
3	Subukia Water Supply Project	41,357,896				30,000,000	11,357,896
4	Keringet Water Supply Project	37,073,021				15,000,000	22,073,021
5	Sinendet Water Supply Project	28,217,173			10,000,000	10,000,000	8,217,173.00
6	Haraka Water Supply Project	53,045,203		25,090,678	27,954,525		
7	Feasibility Study and Detailed Design of Bahati Water works in Bahati Sub-county	20,000,000		<b>DECLINED: To be undertaken by CRVWWDA</b>			
8	Consultancy services for feasibility study, detailed design and preparation of tender documents for Gilgil town and Molo town sewerage(declined to be done CRVWWDA)	12,000,000		<b>DECLINED: To be undertaken by CRVWWDA</b>			
	<b>Total Investment costs</b>	<u>256,507,716</u>	-	<u>79,128,771</u>	<u>74,954,525</u>	<u>60,776,331</u>	<u>41,648,090</u>