

In the matter of an Application by the  
“ARUSHA URBAN WATER SUPPLY AND SEWERAGE AUTHORITY” (AUWSA)  
For a Tariff Adjustment, Submitted on 3rd September 2008  
(TR-W-08-021)

**ORDER No.09-010**

On 03rd September 2008 EWURA received an application for a Tariff review from the Arusha Urban Water Supply and Sewerage Authority (AUWSA). AUWSA requested for an increase in tariff on water supply to 30.4% for metered customers. AUWSA also requested for increases in sewerage services charges ranging from 12.5% to 16%.

According to the requests the new tariff and charges were supposed to start from 1<sup>st</sup> January 2009. AUWSA was asked to provide its projected budget for the FY2009/10 under which the requested tariff would be applicable. As a result of this request AUWSA requested to submit its FY2009/10 budget earliest in May 2009 after the budget had been approved by its Board of Directors. Upon submitting the budget for FY2009/10, AUWSA revised its request for the new tariff charges to be effective from 1<sup>st</sup> July 2009.

AUWSA proposed tariff increase aimed at enabling AUWSA to cope up with the increased operational costs and achieving full cost recovery.

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

A Public Inquiry Meeting was conducted on 30<sup>th</sup> October 2008 at Arusha Municipal Hall in Arusha Municipality as part of an Inquiry to establish 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 at large were given an opportunity to present their opinions on the proposed tariff increase.

The Consumer Consultative Council, the Government Consultative Council and the Public were concerned about high administration and operational costs. The public was also concerned about high water connection charges in addition to them having to purchase connection pipes and accessories. Furthermore, the Public complained of high water charges at public kiosks.

The analysis of the submitted Revenue Requirement (RR) indicated that, AUWSA would be justified to request for an increase ranging from 0% to 13.04 in water supply tariff instead of the proposed increment ranging from 0% to 30.4% which was obtained from projections of revenue and expenses in AUWSA's Strategic Plan for 2006 to 2011.

As a result of the Inquiry, EWURA concluded that AUWSA's proposed actual tariff increase was reasonable except for the high investment expenses which were above the Performance Agreement target which requires AUWSA to contribute only 18% of revenue.

The Board of Directors of EWURA, having met on 25<sup>th</sup> June 2009 to consider this matter decided as follows:-

1. The Board approves a tariff increase in water supply for metered customers ranging from 0% to 13.04%. In addition, the Board approves an increase in sewerage tariff ranging from 12.5% to 16%. The approved tariff increase by customer category is as shown in Tables 1 and 2 below.

**Table 1: Schedule of Approved Tariffs (Metered Customers)**

S.No.	Category	Current Tariff		Proposed Tariff		Recommended Tariff	
		Units m3	Unit Price (TZS)	Units per m3	Unit Price (TZS)	Units per m3	Unit Price (TZS)
1.	Domestic	0-5	300	0-5	350	0-5	335
		5-15	350	5-15	400	5-15	395
		>15	400	>15	450	>15	450
2.	Institutions	0-5	300	0-5	350	0-5	335
		5-15	325	5-15	375	5-15	365
		>15	350	>15	400	>15	395
3.	Commercial	0-5	345	0-5	450	0-5	390
		5-11	435	5-11	475	5-11	475
		>11	515	>11	550	>11	550
4.	Industrial	0-5	500	0-5	550	0-5	550
		5-10	550	5-10	600	5-10	600
		>10	600	>10	650	>10	650
5.	Water Kiosk		150		150		150
6.	Water Bottling Industries		3,400		4,000		3,850

**Table 2: Schedule of Approved Sewerage Charges**

Category	Current Disposal Charge TZS per m <sup>3</sup>	Proposed Disposal Charge TZS per m <sup>3</sup>	Recommended Disposal Charge TZS per m <sup>3</sup>
Domestic	95	110	110
Institution	95	110	110
Commercial	120	130	130
Industry	150	170	170
Water Bottling industries	150	170	170

2. On or before 30<sup>th</sup> September 2009, AUWSA shall submit to EWURA a progress report on the ongoing exercise on record cleaning for impairment of receivables.
3. AUWSA shall ensure that the tariff charged at the Kiosk is the same tariff as that approved by EWURA.
4. On or before 30<sup>th</sup> September 2010, AUWSA shall submit to EWURA a detailed implementation report of the investments projects and a detailed expenditure for the funds provided for depreciation in the 2009/10 budget.

AUWSA 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 AUWSA 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. In particular AUWSA shall ensure that the accuracy of information provided in monthly reports is improved.

This Order shall take effect from 1<sup>st</sup> July 2009.



Simon F. Sayore  
Chairman of the Board of Directors  
EWURA



Haruna Masebu  
Director General  
EWURA

*Dar es Salaam, 25<sup>th</sup> June 2009*