

**In the matter of an Application by the
“DAR ES SALAAM WATER SUPPLY AND SEWERAGE AUTHORITY” (“DAWASA”)
For a Tariff Adjustment, Submitted on 11th March 2009
Order No. 09-008**

1.0 BACKGROUND

On 11th March, 2009 EWURA received an Application from Dar es Salaam Water Supply and Sewerage Authority (“DAWASA”) for a tariff increase of 34.3% for water supply and 30.4% for sewerage services. In the application, DAWASA requested the proposed increase to take effect on 1st May, 2009. DAWASA’s basis for tariff increment was due to the increased cost of delivering water supply and sewerage services and a requirement to meet counterpart contribution in respect to the Dar es Salaam Water Supply and Sanitation Project and debt servicing. The last tariff adjustment for DAWASA was made in July 2006, with an increase of 35.9% and 29.2% for band 1 and 2 respectively, for water supply. Sewerage service tariff was increased by 19%.

In evaluating the application, EWURA has, pursuant to paragraph 50 of the Energy and Water Utilities Regulatory Authority Act, Cap 414, taken into consideration, among other things, the terms of the “Lease Contract” signed on 12th December, 2005 between DAWASA (*the lessor*), and the Dar-es-Salaam Water and Sewerage Corporation (DAWASCO) (*the operator*), which provides a mechanism for periodic adjustment of water and sewerage tariffs.

2.0 CONSULTATION OF STAKEHOLDERS

Public hearing meetings were held on 27th May, 2009 and 28th May, 2009 at the Karimjee Hall in Dar-es- Salaam and at Mkoani Hall in Kibaha, respectively, as part of an Inquiry into the reasonableness of the proposed tariff increase. During the inquiries, the Consumer Consultative

Council (CCC) were concerned about the low service coverage, high un-accounted for water, low collection efficiency and on the current organizational arrangement of having the Operator (DAWASCO) and the Lessor (DAWASA) as being counter – productive and a burden to Consumers. The Government Consultative Council (GCC) was concerned about inefficiency of revenue collection and poor infrastructure.

Other stakeholders raised concern about the low service coverage, high unaccounted for water, inefficiency of revenue collection, affordability of proposed tariff and poor customer relations. Stakeholders’ concerns have been considered in arriving at the decision on the tariff application.

3.0 **KEY ANALYSIS RESULTS**

- (i) The Lease Contract provides that computation for tariff adjustments shall be subjected to the pre-determined indexation formula. DAWASA correctly applied the indexation formula, except in relation to the water lessor tariff and First Time New Domestic Water Supply Connection Tariff (FTDWSCF).
- (ii) The proposed tariff as computed using the indexation formula can provide 92% of the revenue requirement for DAWASA. In order to assess the tariff sufficiency as computed using the indexation formula, a major tariff review is earmarked for 2009/10.
- (iii) Increased metering of customers will enable DAWASA to account for its water sales more correctly and its customers will pay their water and sewerage bills based on actual water consumption.
- (iv) Improvement in customer care will enhance willingness of customers to pay for water and sewerage services.

4.0 RULING

As a result of the inquiry and analysis of the information received, EWURA concluded that DAWASA's request for a tariff increase was reasonable.

The Board of Directors of EWURA, having met on 10th July, 2009 to consider this matter decided as follows:-

- 4.1 The Board approves a tariff increase of 30% for water supply and 30.4% for sewerage services. The approved tariff increase is as shown in Tables 1, 2 and 3 below.

Table 1: Approved Metered Water and Sewerage Tariffs

CATEGORY	Current Tariff (TZS Per m³)	Proposed Tariff (TZS Per m³)	Approved Tariff (TZS Per m³)
Water			
Operator Tariff	488	637	637
FTDWSCF	29	43	37
Lessor Tariff	137	198	176
Total Customer Tariff	654	878	850
Sewerage			
Operators Tariff	133	174	174
Lessor Tariff	41	53	53
Total Customer Tariff	174	227	227

Table 2: Approved Metered Water and Sewerage Tariff Schedule

Tariff	Current Tariff (TZS Per m³)	Proposed Tariff (TZS Per m³)	Approved Tariff (TZS Per m³)
Water Tariff			
Band 1; for water consumption of up to 5m ³ per month for Domestic customers and all standpipes.	488	637	637
Band 2; for additional supplies in excess of 5m ³ per month for domestic customers and all non-domestic customers.	654	878	850
Sewerage Tariff	174	227	227

Table 3: Approved Flat Rates for Un-metered Domestic Water Customers per Month

Area	Current Assessed Water Consumption (m³)	Current Flat rate, TZS/month	Approved Assessed Water Consumption (m³)	Approved Flat rates TZS/month
Bagamoyo	31	20,274.00	32	26,135.00
Boko	52	34,008.00	41	33,785.00
Kawe	52	34,008.00	41	33,785.00
Kinondoni	43	28,122.00	45	37,185.00
City Centre	52	34,008.00	35	28,685.00
Ilala	36	23,544.00	35	28,685.00
Magomeni	36	23,544.00	36	29,535.00
Kibaha	43	28,122.00	43	35,485.00
Kimara	36	23,544.00	36	29,535.00
Tabata	20	13,080.00	20	15,935.00
Temeke	43	28,122.00	35	28,685.00

- 4.2 On or before 30th June 2010, DAWASA shall:
- 4.2.1 review the operator tariff and the indexation formula to take into account the changes and trends in economic and technical conditions and other conditions as specified in Section 40.1 (a) of the Lease Agreement; and
 - 4.2.2 review performance targets in the Lease Contract to EWURA's satisfaction.
- 4.3 On or before 31st January 2010, DAWASA shall:
- 4.3.1 increase metered customers from 39,000 to 104,000 to include 100% metering for water customers in Kimara, Kibaha, City Center and Boko areas; and
 - 4.3.2 review and make available to the public the Codes of Practice as stipulated in paragraph 13 of the Lease Contract between DAWASA and DAWASCO.
- 4.4 On or before 31st December 2009, DAWASA shall submit to EWURA its plan to reduce unaccounted for water from the current 53% to less than 35% by 31st December 2013.
- 4.5 DAWASA shall reduce unaccounted for water from the current 53% to 40% by June 2010, as stipulated in DAWASCO budget for 2009/10, and it shall be deemed that the unaccounted for water of 40% has been achieved, in determining any tariff application beyond 30th June 2010.
- 4.6 On or before 31st December 2009, DAWASA 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 will be included with all future applications for tariff adjustment and considered by EWURA in evaluating the reasonableness thereof; and
- 4.7 DAWASA 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 DAWASA'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 or otherwise of all future

requests for tariff adjustment. In particular DAWASA shall ensure that the accuracy of information provided in monthly reports is improved.

This Order shall take effect from 1st August, 2009.



Simon F. Sayore
Chairman of the Board of Directors
EWURA



Haruna Masebu
Director General
EWURA

Dar es Salaam, 10th July 2009