



7th Floor
Moposo House
Kingsway Street
Maseru – Lesotho

Private Bag A315
Tel: (+266) 22312479
Fax: (+266) 22315094
E-mail: secretary@lewa.org.ls

MEDIA STATEMENT

26 July 2018

**LESOTHO ELECTRICITY AND WATER AUTHORITY'S (LEWA) DECISION ON
WATER AND SEWERAGE COMPANY'S (WASCO) TARIFF APPLICATION FOR
2018/19**

A. DECISION:

The Lesotho Electricity and Water Authority (LEWA) Board at its meeting held today, Thursday 26 July, 2018 decided and approved that :-

1. Volumetric water tariffs are increased by 5.19% for all water consumers and there will be 0% increase in sewerage services tariffs;
2. The Standing Charge is increased by 5.2% for all consumers categories except for Band A;
3. As in 2017/18 Financial Year, the Standing Charge for Band A domestic customer category (consuming between 0-5,000 litres per month) is still abolished;
4. WASCO is allowed a revenue requirement of M233.64 million for water production and distribution business as opposed to M240.57 million proposed by the Company;
5. Sewerage revenue requirement is allowed at M34.61 million as opposed to M46.11 million proposed by WASCO;
6. Other charges such as connection fees remain unchanged; and
7. The new tariffs become effective from 01 August 2018.

B. BACKGROUND

On 08th May 2018, WASCO submitted a tariff adjustment application of 12% on both Domestic Volumetric and Standing Charges. WASCO further requested a 15% adjustment for non-Domestic Volumetric and Standing Charges. WASCO proposed that Volumetric and Standing Charges for public standpipes and Band A customers should remain at 2017-18 Financial Year levels. The Company proposed a Revenue Requirement of M269.97 million which comprised M234.36 million for water services and M34.61 million for sewerage services.

Amongst the various tariff application drivers in the application, WASCO cited manpower, reticulation, chemical usage, power, depreciation and, water and sewerage connection as amongst other key factors.

In terms of Section 24(6) of the LEA Act 2002 as amended, the Authority embarked on a public consultation process wherein, WASCO's application was published on print and electronic media and in the District Administrators Offices across the country from 17 May -04 June 2018. The public notice invited stakeholders' and public comments. On 02nd, 05th and 09th July 2018 public hearings were held in Quthing (covering stakeholders from Qacha's Nek and Mohale's Hoek districts as well), Botha Bothe (covering stakeholders from Mokhotlong and Mohale's Hoek districts as well) and Maseru (covering stakeholders from Mafeteng, Thaba-Tseka and Berea districts as well). The hearings enabled WASCO to present its application to the Authority and the public and for the later to make comments, inputs and observations on the reasonableness of WASCO's application.

C. REASONS FOR THE DECISION

Based on the facts and evidence presented to the Authority by both the Company and the public, the Authority found the justification for WASCO's application as submitted inadequate.

In its decision the Authority took into consideration, amongst other things, the following:

1. In order for the Company to finance its proposed budget of M 240.57 million for water, water volumetric tariffs should increase by 8.95% while the standing charge would increase by 5.2%. On the other hand, sewerage tariffs needed to increase by 33.2% in order to generate the required sewerage revenue of M46.11 million as proposed by the Company;
2. WASCO's revenue requirement is M268.32 million which consists of M233.64 million for water production and distribution and M34.61 million for sewerage services;
3. In order to meet the water revenue requirement, the water volumetric tariffs should increase by 5.19% while the standing charge will increase by 5.2%. There is 0% increase in sewerage services;
4. WASCO has to devote its efforts to reducing Non Revenue Water from the current level above 40% to at least below 30%. This will assist the utility in reducing its production costs and to realise increased sales;
5. Effluent quality remain below acceptable set standards and this necessitates increased investment in wastewater treatment facilities, especially in the other districts other than that of Maseru;
6. Access to sewerage services is below 10% and effective strategies are needed to connect more customers to the already existing sewerage infrastructure in Maseru; and.
7. WASCO has to focus on improving its water and effluent quality, increasing its operation and maintenance (O & M) coverage by billing and reducing its staff costs as a percentage of O & M costs to below 40%.

A detailed document outlining the reasons for the decision and/ or determination on the 2018/19 charges for water and sewerage services will be made available on the LEWA website at www.lewa.org.ls and District Administrators offices in due course. Approved WASCO tariffs shown in the Tables annexed below.

Ends.

ANNEX 1

Table 1: Approved Water Services Volumetric Tariff (Inclusive of customer levy of M0.2311/kl and exclusive of VAT)

Customers Category	2017/ 18 Cost Excluding Levies (M/kl)	Approved Percentage Change (%)	Approved Unit Cost Excluding Levies (M/kl)	Adding Customer Levy @ M0.2311/kl (M/kl)	Approved Unit Cost (M/kl)	2017/18 Approved Unit Cost (M/kl)	Approved Tariff Percentage Increase (%)
Domestic Customers							
Band A (0 - 5 kl)	4.8900	5.1947	5.1440	5.3751	5.3751	5.1200	4.9828
Band B (>5 - 10 kl)	8.4500	5.1947	8.8889	9.1200	9.1200	8.6900	4.9488
Band C (>10 - 15 kl)	15.0300	5.1947	15.8108	16.0419	16.0419	15.2600	5.1236
Band D (>15 kl)	20.8100	5.1947	21.8910	22.1221	22.1221	21.0400	5.1431
Non Domestic customers							
Government	13.6600	5.1947	14.3696	14.6007	14.6007	13.8900	5.1166
(Business, Industry)	13.6600	5.1947	14.3696	14.6007	14.6007	13.8900	5.1166
Schools	13.5400	5.1947	14.2434	14.4745	14.4745	13.7700	5.1159
Religious Institutions	13.5400	5.1947	14.2434	14.4745	14.4745	13.7700	5.1159
Standpipes	6.7100	5.1947	7.0586	7.2897	7.2897	6.9400	5.0384

Table 2: Approved Water Services Standing Charges (No customer levy charged and exclusive of VAT)

Customer Category	2017/18 Standing Charges (M/month)	Approved Percentage Change (%)	Approved Standing Charges (M/month)
Domestic Customers			
Band A (0 – 5 kl)	0	0	0
Band B (>5 – 10 kl)	40.90	5.2	43.03
Band C (>10 – 15 kl)	40.90	5.2	43.03
Band D (>15 kl)	40.90	5.2	43.03
Non Domestic Customers			
Government	272.35	5.2	286.51
Business, Industry	393.39	5.2	413.85
Schools	272.35	5.2	286.51
Religious institutions	196.70	5.2	206.93
Standpipes	0	0	0

Issued by :

Lesotho Electricity and Water Authority

Private Bag A315, 7th Floor Moposo House,

Kingsway Street,

Maseru

Tel: (+266) 22 312 479 Fax: (+266) 22 315 094 E-mail: secretary@lewa.org.ls