



LESOTHO ELECTRICITY AND WATER AUTHORITY

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MEDIA STATEMENT

28 August 2020

LESOTHO ELECTRICITY AND WATER AUTHORITY'S (LEWA) DECISION ON WATER AND SEWERAGE COMPANY'S (WASCO) TARIFF REVIEW APPLICATION FOR 2020/21

A.BACKGROUND

The Authority received a Tariff Application from WASCO on 27 February, 2020. In its Application WASCO had applied for water tariffs increase of 3% on volumetric charges for domestic Customer Bands B, C and D as well as a Revenue requirement of M239.85 million for the Financial Year 2020/21. The Application further requested the re-categorization of non-domestic customers, reduction in standing charges and banding of their consumption.

The Authority assessed the Application in line with the Lesotho Electricity and Water Authority (LEWA) Tariff Filing and Review Procedure for Electricity and Water Tariff Applications. In terms of the law, regulatory tools and best practices, whenever an Application is filed with the Authority, it must be subjected to public participation processes so that inputs from consumers and interested stakeholders can be considered when assessing it.

In March 2020, the LEWA Board of Directors convened to determine the roadmap for the finalisation of the WASCO Tariff Application. In terms of the roadmap, all processes which are provided for by the Authority's governing laws and best international practices, such as the issuing of public notices and conducting of public hearings, would have commenced on 23 March, 2020, and ended on 29 May, 2020. However, due to the national lockdown which was declared by the Government in late March, 2020, in response to the Covi-19 pandemic, the roadmap was not followed. On 5 June, 2020 the LEWA Board of Directors met and resolved to defer the decision on the Application for three months starting from June 2020, until 31

August, 2020. This was on account of the stringent regulations which made the holding of public hearings difficult.

B. DECISION:

In the light of the above challenges, the LEWA Board in its meeting held today, Friday 28 August 2020 resolved that :-

1. The decision on WASCO's Tariffs Increase Application be deferred until the end of the Financial Year 2020/21; and
2. The current WASCO tariffs be in force for the remainder of the Financial Year 2020/21.

C. BASIS FOR DECISION

In making the above-mentioned resolutions the Board considered several factors, including the impact of COVID-19 pandemic on the industry and the customers as well as the current economic climate. In particular, the Authority noted that:

1. It has not been possible to follow the due process in which stakeholders' views, facts and inputs are solicited as a result of prevailing COVID-19 pandemic;
2. The proposed tariff increases of 3% on volumetric charges for domestic customers Bands B, C and D will only have 2% net increase in WASCO's revenue;
3. The proposed decrease in Standing Charge for non-domestic customer will result in 66% loss in reliable revenue from customers that does not have affordability problems like Government and business institutions;
4. The proposed inclining tariff structure for non-domestic customers violates the Lesotho Water and Sanitation Policy of February 2007, Policy Statement 2, Strategy (k), which prohibits banding of water consumption for these customers; and
5. Through Lowlands Water Development Project Phase II, (LLWDP II), WASCO immediately has access to at least M8 million (\$500 000.00) to be utilized on agreed priorities with the Authority.

Current charges for water and sewerage services are reflected in Tables 1 which is attached to this press release

Ends.

Issued by :

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WATER AND SEWERAGE CHARGES 2020/21

Customer Bands	Unit Cost in Maloti per cubic meter (M/kl)¹ including Customer Levy²	Standing Charge in Maloti per month (M/month)
Domestic Customers (Water Tariffs and Charges)		
Band A (0 - 5kl)	5.53	-
Band B (>5 - 10kl)	9.39	45.05
Band C (>10 - 15kl)	16.52	45.05
Band D (>15kl)	22.78	45.05
Public stand pipe	7.50	-
Non-Domestic Customers (Water Tariffs and Charges)		
Business and Industry	15.03	433.30
Government	15.03	299.98
Schools	14.90	299.98
Churches	14.90	216.66
Sewerage Services Tariffs		
Domestic: both water borne ¹ and water borne 2) and Non-domestic	9.70	-
Likotsi and Qoaling Clinics	48.86	-
C and Y Sewer	1.01	-

¹ M/kl=Maluti per one kilolitre; 1 kl = 1,000 litres. ² Customer Levy = M0.2311/kl. The figures above exclude VAT.