

2014/15

# ANNUAL REPORT

Lesotho Electricity and Water Authority



A partner to all for sustainable services  
Re seleaneng sa moshoelella




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## Abbreviations

AFUR	:	African Forum for Utility Regulators
AMA	:	Asset Management Agency
BOS	:	Bureau of Statistics
CGHB	:	Corporate Governance Handbook
CCJP	:	Catholic Commission for Justice and Peace
COD	:	Chemical Oxygen Demand
CPA	:	Consumer Protection Association
CSR	:	Corporate Social Responsibility
DCS	:	Downstream Conveyance System
DoE	:	Department of Energy
EAF	:	Energy Availability Factor
EAPPs	:	Electricity Access Pilot Projects
EDF	:	European Development Fund
EDM	:	Electricidade de Mozambique
ESAWAS	:	Eastern and Southern Africa Water and Sanitation Regulators Association
ESI	:	Electricity Supply Industry
EU	:	European Union
FEPI	:	Forum for Electrical Practitioners' Industry
IPP	:	Independent Power Producers
IWRM	:	Integrated Water Resources Management
ISA	:	International Standards on Auditing
JTC	:	Juvenile Training Centre
KPIs	:	Key Performance Indicators
LAE	:	Lesotho Association of Engineers
LCCI	:	Lesotho Chamber of Commerce and Industry
LEC	:	Lesotho Electricity Company
LHDA	:	Lesotho Highlands Development Authority
LF	:	Load Factor
LTEA	:	Lesotho Textile Exporters Association
LTSWSS	:	Long Term Strategy for Water and Sanitation Sector
MD	:	Maximum Demand
MDGs	:	Millennium Development Goals
MDWSP	:	Metolong Dam and Water Supply Programme
MEMWA	:	Ministry of Energy Meteorology and Water Affairs
MHP	:	'Muela Hydropower Plant
MIS	:	Management Information System
MMB	:	Maluti Mountain Brewery
MoPWT	:	Ministry of Public Works and Transport
NGOs	:	Non-Governmental Organisations
NRW	:	Non-Revenue Water
NUL	:	National University of Lesotho.
OF	:	Operating Factor
ORASECOM	:	Orange Senqu Commission

## LIST OF Abbreviations

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PATs	:	Performance Assessment Tools
PPA	:	Power Purchase Agreement
PCLF	:	Planned Capability Loss Factor
POs	:	Personnel Orders
QOSSS	:	Quality of Supply and Service Standards
RE	:	Renewable Energy
RERA	:	Regional Electricity Regulators Association of Southern Africa
SADC	:	Southern African Development Community
SAPP	:	Southern African Power Pool
SFOs	:	Standing Financial Orders
SHE	:	Safety and Health Education
SS	:	Suspended Solids
SWRR	:	State of the Water Resources Report
TRC	:	Transformation Resources Centre
UAF	:	Universal Access Fund
UCF	:	Unit Capability Factor
UCLF	:	Unplanned Capability Loss Factor
UWSS	:	Urban Water and Sewerage Sub- Sector
WASCO	:	Water and Sewerage Company
WSAR	:	Water and Sanitation Annual Review
WWTPs	:	Waste Water Treatment Ponds

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## BOARD OF Directors

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**Francina Moloi**  
**Chairperson**

Until September 2014



**Leboli Thamae**  
**Chairperson**

From October 2014



**'Mampiti Matete**  
**Board Member**



**Karabo Mohau**  
**Board Member**



**'Maboiketlo Maliehe**  
**Board Member**



**Retšelisitsoe Motlojoa**  
**Board Member**



**'Mampho Kotelo-'Molaa**  
**Board Member**



**Thabo Khasipe**  
**Board Member**



**Ntoi Rapapa**  
**Chief Executive**

### Disclosure of Interest

The Authority is a Government regulatory agency with no shareholding. The Members do not hold any financial interest in the Authority.

### Auditor's Appointment

In terms of the LEA Act as amended, the Auditor General is the Auditor of the Authority.



## BOARD OF Directors

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The Board is responsible for oversight and governance of the Authority. The Board consists of a diverse body of individuals with varying backgrounds and skill sets. The primary purpose of the Board of Directors is to ensure that the organisation is able to meet its goals, as well as to craft good corporate governance practices based on ethical foundations in support of those goals. The organisational staff implements the plans and follows the strategic direction of the Authority as laid by the Board.

The Board has four committees, which are: the Audit, the Pricing and Tariffs, the Customer Services and the Human Resources, Finance and Administration Committees. The Committees assist the Board in discharging its responsibilities.

### **Audit Committee**

The Audit Committee is responsible for developing and monitoring effective systems of internal controls and reviewing annual Financial Statements and audit reports.

### **Human Resources, Finance and Administration Committee**

The Human Resources, Finance and Administration Committee is responsible for the development of human resources policies and that Financial Statements are in line with best practices.

### **Customer Services Committee**

The Customer Services Committee deals with matters that pertain to the quality of service and supply in the provision of electricity, urban water and sewerage services.

### **Pricing and Tariffs Committee**

The Pricing and Tariff Committee evaluates and reviews tariffs adjustments submissions from the service providers, and approves appropriate pricing and tariff regimes.

## CORPORATE

### Statements

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#### VISION

“To be a world class utilities’ regulator that facilitates delivery of affordable, sustainable and quality services”.

#### MISSION

“To regulate the electricity, urban water and sewerage services in the interest of all stakeholders through transparency, consistency, professionalism and teamwork”.

#### CORE VALUES

The Lesotho Electricity and Water Authority (LEWA) embraces and has adopted the following values:

**Professionalism:** The Authority shall undertake, at all times, a competent and committed approach in line with professional ethics and standards.

**Teamwork:** The Authority shall at all times, embrace team work, mutual cooperation, extensive consultation and appreciation of diverse perspectives in the discharge of its duties and functions.

**Efficiency:** The Authority shall make regulatory decisions without undue delay using minimum resources available.

**Integrity:** The Authority’s decisions and practices shall be honest, reliable, ethical and unbiased.

**Excellence:** The Authority shall be a high quality, continuously improving and self-aware institution.

#### REGULATORY PRINCIPLES

The Authority has adopted the following internationally accepted regulatory principles:

**Consistency and Predictability:** The Authority endeavours to act in a consistent manner and its decisions should have a reasonable degree of predictability based on previous rulings in similar matters, in line with best practices in similar regulatory settings.

**Transparency:** The Authority ensures, at all times, that the entire regulation process is transparent and open to public scrutiny and stakeholders’ participation.

**Accountability:** The Authority recognises its responsibility to stakeholders and the public, and ensures accountability at all levels.

**Neutrality:** The Authority is neutral, fair and non-discriminatory to all.

## CORPORATE

### Statements

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#### LEWA MOTTO

A partner to all for sustainable services.

Re selekaneng sa moshoelella.

#### OVERVIEW OF LEWA'S MANDATE

In discharging its regulatory mandate, LEWA amongst others, issues licences, determines prices charged to consumers of electricity, urban water and sewerage services, sets the regulatory instruments, monitors their compliance and adjudicate disputes between licence holders and their customers.

#### REGULATED ACTIVITIES

In terms of section 41 of the Lesotho Electricity Authority Act, as amended, LEWA regulates the following sectors:

##### A - Electricity Supply Industry (ESI)

Regulated activities in this sector are generation, transmission, distribution, supply to premises, import and export of electricity. Currently, the regulated utilities are Lesotho Electricity Company (LEC), Lesotho Highlands Development Authority (Muela Hydropower Plant), which has been issued composite licence and generation licence respectively. In addition, the Department of Energy (DoE) has been issued a licence exemption to implement electrification projects (electricity distribution networks at Qholaqoe, Ha Sekake and Dilli-Sixondo).

##### B - Urban Water and Sewerage Services (UWSS) sector

Regulated UWSS activities include the treatment and production, transmission, distribution by reticulation system and supply of water to premises in the urban areas. Storage of water for purposes of treatment, distribution for onwards supply and delivery to trunk main pipelines or main pipelines where the water so delivered is not produced by another licensed operator is also regulated. Furthermore, the Authority regulates the treatment of sewage and its safe disposal into the environment by sewerage systems in the urban areas. Currently the regulated utility is Water and Sewerage Company (WASCO) which operates in 16 designated urban areas.

#### FUNDING

The funds of the Authority comprise fees prescribed for the services offered by the Authority. Included here are appropriate levies from consumers of electricity and urban water and sewerage services, licence fees and all monies that may, from time to time be donated, lent or granted to the Authority. Moreover, the Authority receives funds from the Cooperating Partners in support of the execution of some of its mandate.

# STRATEGIC Objectives

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## STRATEGIC OBJECTIVES

Under the 2014-15 to 2018-19 Five Year Strategic Plan, LEWA has set seven Strategic Objectives as follows:

**Strategic Objective 1:**

- To determine Tariffs and Charges;

**Strategic Objective 2:**

- To Ensure Security of Supply;

**Strategic Objective 3:**

- To Develop and Implement Regulatory Frameworks;

**Strategic Objective 4:**

- To Monitor Licensees Performance and Compliance;

**Strategic Objective 5:**

- To Build and Operate a Sustainable Organisation;

**Strategic Objective 6:**

- To Promote Stakeholder Awareness, Empowerment and Protection; and

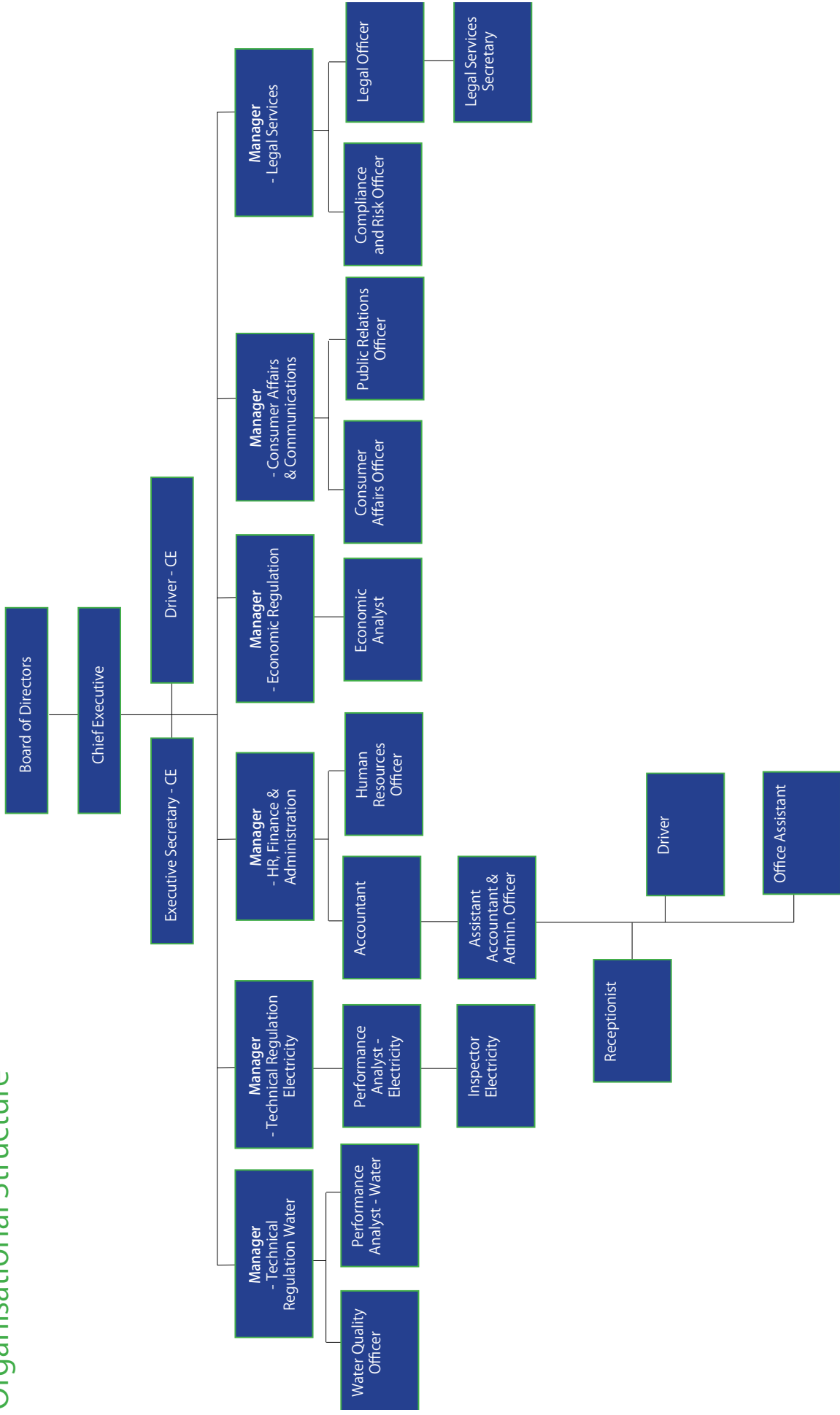
**Strategic Objective 7:**

- To Increase Access to Electricity, Water and Sewerage Services.

These objectives have been broken down into specific annual activities that are covered in this Report.



## Organisational Structure





## CHAIRPERSON'S Report

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"LEWA played a significant role in the realisation of some of the Millennium Development Goals (MDGs). To this effect, over 800 households were electrified helping to create employment opportunities for local electrical contractors."

**Leboli Z. Thamae (Dr.)**  
Chairperson



## CHAIRPERSON'S Report

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It is with deepest humility that, I present the Lesotho Electricity and Water Authority (LEWA) Annual Report for 2015, which incidentally coincides with ten years of the commencement of the Authority's operations. In the preceding pages of this Report the Strategic Objectives that derive from the 2014/15-2018/19 Strategic Plan are mentioned. It is therefore proper to align the reporting in this section to the same.

One of the strategic objectives of the Authority is to determine tariffs and charges, and in this regard, the Authority determined tariffs and charges for electricity, water and sewerage services for 2014/15 and 2015/16 financial years. In line with the regulatory principles of transparency and fairness, the Authority endeavoured to ensure that different stakeholders' views were taken into consideration when the tariffs were determined. Furthermore, in line with Government Policy, the Authority implemented pro-poor considerations during the determination of water and sewerage services tariffs to ensure that urban water services would be accessed affordably.

With the aim of enhancing the Board's capacity in regulatory oversight in the regulated electricity and water sectors with respect to quality of service, economic efficiency of utilities and their operational sustainability, LEWA, amongst others, participated in regional forums such as Regional Electricity Regulators Association of Southern Africa (RERA), Eastern and Southern African Water and Sanitation Regulators Association (ESAWAS), African Forum for Utility Regulators (AFUR) and in other international forums.

Implementation of the regulatory frameworks was also a broad focus area to which the Authority paid attention. The Authority became aware that there was still room for further improvement in the licensees' endeavours to embrace regulatory obligations and standards despite noticeable improvement being realised in this regard.

The timely resolution of customer complaints brought to the Authority, especially water related ones, improved in the reporting period. This was coupled with the sustained efforts to scale up public awareness on customer complaints resolution mechanisms so as to protect and empower stakeholders on their rights and obligations in the regulated sectors.

Cognisant of the need to increase access to electricity, LEWA played a significant role in the realisation of some of the Millennium Development Goals (MDGs). To this effect, over 800 households were electrified helping to create employment opportunities for local electrical contractors. In order to speed up the electrification efforts, a licence exemption was granted to the Department of Energy (DoE) to commence electrification projects in the Leribe and Mole's Hoek districts. Furthermore, a two-year licence exemption was granted to DoE to operate Electricity Access Pilot Projects (EAPPs) at Dilli-Dilli/ Sixondo, Qholaqhoe and Ha Sekake. The exemption was meant to ensure that the projects could operate under a light handed regulatory regime, as they are part of the Government's endeavours to roll out electrification in the country.

The refinement of governance matters was embarked on, wherein amongst others, the terms of reference of the Committees of the Board were reviewed to broaden their scope, to include amongst others, risk management and urban water and sewerage services regulation. The Financial Statements for the period 2014/15 that are attached to this report, reflect the best practices in financial prudence and cost containment in regulation of electricity, urban water and sewerage services.



## CHAIRPERSON'S Report

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Two members of the Board, - the Chairperson Professor Francina Moloi and Mrs. 'Maboiketlo Maliehe, a member of the Pricing and Tariffs Committee - left the Board. The Chairperson's term came to an end, while Mrs Maliehe resigned to pursue other interests. The Board is indebted to them for serving diligently during their term of office. We wish them well in their future endeavours. The Board welcomes a new Board Member Mr. Thabo Khasipe. Without doubt Mr. Khasipe brings a wealth of knowledge and experience to the Board.

As it happens with all organisations, the Authority has experienced some challenges mainly due to developments taking place in the environment. Such challenges included, but were not limited to, irregular Licencees reporting, limited private sector participation in the regulated sectors and lack of renewable energy framework. In response to these, the Board has met with stakeholders, especially Government, to discuss modalities of addressing the challenges in pursuit of the realisation of the LEWA strategic objectives.

In conclusion, on my behalf and of the Board, I wish to thank all LEWA stakeholders, and more especially convey our gratitude to the Honourable Minister, Mr. Tšelisio Mokhosi, the Minister of Energy, Meteorology and Water Affairs (MEMWA) for the exceptional leadership he displayed consistently throughout the year. To all stakeholders I wish to note that your contributions have been very valuable and we look forward to working with you in the future to attain the best of regulation for all ■



**Leboli Z. Thamae (Dr.)**  
Chairperson

## CHIEF EXECUTIVE

## Statement

"During the reporting period the Authority collaborated with key stakeholders such as Government, Licencees and private sector towards the finalisation of the national energy policy."

**N. Rapapa (Assoc. Prof.)**  
Chief Executive



## CHIEF EXECUTIVE

### Statement

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On behalf of myself, Management and staff of LEWA, I wish to make some highlights regarding the progress that was made by the Authority in the implementation of the Annual Business Plan for the year under review. LEWA determined LEC's revenue requirements of M676, 1 million and M745, 7 million for the financial years 2014/15 and 2015/16 respectively.

During the reporting period, WASCO's tariffs and charges were determined for the first time since the Company came under regulatory dispensation in May 2013. The Authority determined that the utility's revenue requirement should be M172, 73 million and M29, 36 million for water and sewerage services respectively, in the financial year 2014/15. For the financial year 2015/16, LEWA determined that WASCO's revenue requirement should be M185.33 million for water services and M30.14 million for sewerage services. The determined revenue resulted in an increase in volumetric charges and standing charges. These are reflected in detail in the Report.

During the reporting period the Authority collaborated with key stakeholders such as Government, Licencees and private sector towards the finalisation of the national energy policy. The significance of having such a policy in place, for instance, is to provide a framework within which pro-poor pricing mechanisms in the ESI should be formulated.

In the quest to create a favourable environment to promote renewable energy and attract private sector participation, the Authority initiated the development of regulatory frameworks such as renewable feed-in tariffs (REFITs), standardised Power Purchase Agreement (PPAs) and licences for small renewables. Strategies to determine security of supply options for electricity were embarked upon, wherein amongst others, LEWA continued to participate in MEMWA's efforts of exploring generation options such as the development of a pumped electricity storage scheme. LEWA also participated in Energy Sector Coordination Meetings organised by MEMWA. Coupled with these developments, several meetings with potential investors were held to explore issues of electricity supply in the country.

Through taking part in workshops and meetings such as Water and Sanitation Annual Review (WSAR), the Orange Senqu Commission (ORASECOM), Integrated Water Resources Management (IWRM) and European Development Fund (EDF) 11 and Key Water and Sanitation Sector indicators, LEWA contributed to strategic thinking and planning on water issues at the national level. The Authority made inputs into MEMWA departmental meetings to establish and review the long term water and sanitation strategies. Though not directly tied to the regulated sectors, these activities enabled LEWA to add value to efforts of other stakeholders in the water sector, in devising long term strategies for sustainability of water supply in the country.

In order to monitor Licencees' performance and compliance, the Authority carried out inspections on various parts of LEC's and WASCO's infrastructure. Audits of WASCO infrastructure and services were also undertaken. Electricity power quality audits took place at some of LEC's installations. Details of the inspections and findings thereof are reflected in the report.

The requirement to operate in a dynamic regulatory landscape brought about a need to analyse gaps in the LEA Act, 2002, as amended. The exercise was part of the efforts to update the legislative framework to facilitate for

## CHIEF EXECUTIVE Statement

enhanced governance, licensing mechanisms and promote an investor friendly atmosphere in the regulated sectors to mention but a few.

With regard to realising one of the Authority's functions of facilitating expansion of electricity in the country, LEWA approved and disbursed payments in respect of identified Universal Access Fund (UAF) projects in various places in the country.

The Authority reviewed and implemented amongst others, administrative policies, processes and procedures. Benchmarking with other ESAWAS regulators and utilities on monitoring of Licencees' performance, team building sessions, internal information sharing sessions, execution of training programs, development and implementation of integrated and statutory reporting were undertaken.

Another area of importance was the resolution of customer complaints through implementing customer complaints rules and procedures. The number of received complaints in the reporting period did not increase in comparison to the previous one. It should be mentioned that the Authority was able to resolve all water related complaints. There is, however, no room for complacency because one of the issues that need to be considered in the future for achieving the goal of resolving complaints expeditiously, is the enhancement of cooperation with Licencees and finalisation of pertinent customer complaints handling codes. In this regard, Licencee must develop the required codes.

In the public outreach area, the Authority implemented a communication program, by inter alia, holding scheduled radio programs, television broadcasts, advertorials, and hosting of workshops and public meetings



The Authority always  
engage with the public  
concerning issues  
of service delivery

## CHIEF EXECUTIVE Statement

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and updating the website. Preliminary indications are that the impacts of these interventions have borne positive results, in that some of members of the public are gradually becoming aware of some regulatory issues which have been discussed with them.

Notwithstanding, the above achievements, some challenges were encountered during the period. To mention only but a few, regulatory compliance was not realised in aspects such as, submission of documents pertaining to LEC's system capacity and interconnector statements and water leakage reduction strategy by WASCO. In this regard, the Licencees were engaged to expedite the processes of regulatory compliance. Efforts to address the challenges will be scaled up in 2015/16.

The Authority has continued to adhere to the best corporate principles in its activities during the year 2014/15 which has resulted into, amongst others, the unqualified audit opinion on its Financial Statements, which are attached to this report.

In conclusion, I wish to note that the assistance offered by cooperating partners, such as the World Bank (WB), African Development Bank (AfDB) and United States Agency for International Development (USAID) in areas such as the technical assistance to water regulation, capacity building, development of the Lesotho Grid Code and regulatory instruments for renewable energies, to mention but a few, is highly appreciated. Stakeholders such as Government Ministries, Consumers, Licencees, potential investors and other ESI and UWSS sub sector players are acknowledged for their enduring support to the Authority. Last but not least, Members of the Board and LEWA's Staff are applauded for displaying dedication and professionalism in the performance of their duties in 2014/15 ☐



**N. Rapapa (Assoc. Prof.)**  
Chief Executive

## REGULATORY ACTIVITIES

### Technical Regulation - Electricity

Specific highlights pertaining to activities taken in the pursuit of the Authority's regulatory mandate during the year are outlined in this section.

#### Development of Grid Code

The Grid Code is a technical document specifying technical requirements for connection to, and use of, the transmission system. Hence compliance with the Grid Code is a regulatory requirement. The Composite Electricity License issued to LEC amongst others, requires it to prepare the Grid Code and submit the same to LEWA for approval. LEC had submitted the document during the previous reporting period.

During the reporting period, the Authority engaged an expert consultant to review the Grid Code for completeness and how it compared with regional and international grid codes, as well as to accommodate renewable energy power plants. The consultant had submitted a final report on the assignment and had concluded that the Lesotho Grid Code was sufficient for the purpose it is intended. Following reception of stakeholders' inputs into the draft document, the Authority had reviewed those inputs for incorporation. As a step to finalise and implement it, the document would be workshopped with stakeholders to consider the consultant's recommendations before approval by the LEWA Board.

#### Finalisation of Supply Rules

LEWA is mandated to ensure the availability of safety guidance in relation to electricity supply to the public, and, the LEA Act as amended, expressly requires the Authority to prepare supply rules to this effect. The objectives of supply rules are, amongst others, to prescribe the manner in which the construction, installation, operation, maintenance and protection of the electricity supply infrastructure should be carried out by the licensees, customers and electricity contractors. Furthermore, supply rules are meant to ensure safety and sustainability of continuity of electricity supply. They provide technical standards as reference for monitoring and enforcing compliance to a safe and reliable supply of electricity by the licensees.

The development of the document was in progress during the reporting period.

#### Development of Regulatory Framework for Renewable Energy

In an effort to attract private sector participation and investment in electricity generation from renewable energy sources from electricity (RES-E), the Authority had started to develop regulatory frameworks for renewable energy resources. LEWA engaged a consultant who was procured through public international tendering. The five main deliverables of the assignment would be development of IPPs framework guidelines and legal instruments; principles of generation tariff determination and an economic-financial tariff model; standardised power purchase agreements (PPAs); licensing models; and guidelines for power procurement and implementation plan. By end of the reporting period the consultant had undertaken an inception mission and prepared an inception report.



## REGULATORY ACTIVITIES

### Technical Regulation - Electricity

#### Inspections and Power Quality Audits

The Authority conducted inspections within the LEC distribution networks. The inspections were made on lines, transformers, and mini-substations and pillar boxes. Over 40% of the distribution lines inspected country-wide were found to have been encroached by trees from below and/or from the sides. One-third (33%) of the distribution transformers inspected country-wide were leaking, while about half (48%) of the inspected mini-substations and pillar boxes were surrounded by bushes, and close to 60% were not well up-kept and needed cleaning. In general, pillar boxes and mini-substations had the most abnormalities because on average each pillar box and/or mini-substation had two defects. Reports thereof had been sent to LEC for the Licencee to take compliance measures in respect of identified deficiencies and abnormalities.

On the positive side, less than a tenth of the inspected pillar boxes and/or mini-substations were rusty. All the inspected transformers had their cooling fins in good condition, while only 1% of the lines had tilted structures/poles.

Electricity power quality audits were done randomly at some of LEC's infrastructure country-wide. On the whole, power quality monitoring reports indicated that the basic power supply parameters (voltage and frequency) were within the allowed minimum standards as specified in the QOSSS.

#### Reporting Formats from ESI Utilities

ESI utilities namely, LEC, Lesotho Highlands Development Authority (LHDA) and DoE's Rural Electrification Unit (REU) submitted their performance reports to the Authority as per their respective agreed Reporting Formats (RFs). The RFs were duly analysed and were used to inform regulatory decision making. These included amongst others, issues that relate to network maintenance, the time taken by the licensees to restore interrupted power supply and customer service issues in general. However, there were areas that the Authority identified as requiring further attention, such as data discrepancies on disconnections and customer complaints and general complaints as classified and reported by the Licencees .

LEWA inspections show that in some areas undergrowth and trees have encroached on transmission lines.



## REGULATORY ACTIVITIES

### Technical Regulation - Water

#### WASCO Performance Assessment for 2013/14

Following assumption of water regulation, the first performance assessment was carried on WASCO in 2013, covering periods 2011/12 and 2012/13, so as to be used as a benchmark for monitoring the Licencee's future progress under regulation. WASCO's performance assessment of 2011/12 and 2012/13, was in line with developed Performance Assessment Tools (PATs). The PATs were based primarily on the monitoring of the Water and Sewerage Services QOSSS and Tariff Filling (populating the Water and Sewerage Regulatory Model for Tariff Determination).

Consequently, during the assessment of WASCO's service performance for 2013/14 more data was obtained than during the previous two years (2011/12 and 2012/13), and, as a result commendable improvements on data management were reflected. In line with the PATs, key features of WASCO 2013/14 service assessment can be summarised as follows:

- 60% of issued quotations met the QOSSS specifications (issued to the customer within 6 working days). However, the data did not enable correct assessment of the time of effecting installations (within 10 days after payment by the customer);
- With regard to drinking water quality, 100% of samples passed the residual chlorine requirements. However, 7.7% of samples failed bacteriological requirement compared to the 5% stipulated in the QOSSS. Only 4% of treated sewage quality met the requirement; and
- WASCO was behind own set Compliance Implementation Schedule of August 2013, and the delay included the development of the codes of practice in line with QOSSS and the Licence terms.

Moreover, WASCO's 2013/14 performance assessment audit revealed that some of WASCO's main challenges were the provision of efficient and expanded water and sewerage services in all its designated service areas, especially in the peri-urban areas and the development of a reliable Management Information System (MIS) to cover all aspects of performance monitoring.

#### Development of Reporting Formats (RFs)

Supplementary to the PATs, WASCO was in the process of reporting to LEWA using the Reporting Formats (RFs) issued to the Licencee. The RFs were filled by WASCO and sent to LEWA as per respective reporting schedules and would be maintained by LEWA as a database for performance information. These RFs comprise monthly (MRFs), quarterly (QRFs) and annually (ARFs).

The MRFs oblige WASCO to report on: water and sewerage customer complaints; drinking water and treated sewage quality; network disruptions; water production, consumption billed and energy used; and connections and disconnections to the network.

With respect to QRFs, WASCO reports on domestic prepaid consumption per band; and revenue, expenditure, income statement and cash flow.



## REGULATORY ACTIVITIES

### Technical Regulation - Water

The ARFs entail the Licensee's reports on Range of Metering and Payment Arrangements Offered to Customers; Placement of Staff Numbers per Division; Network Characteristics – Current and Forecast; and Non-Revenue Water (NRW).

#### Inspections of WASCO Infrastructure and Services

LEWA undertook inspections on WASCO's infrastructure and services in Qacha's Nek, Quthing, Mohale's Hoek, Mafeteng and Mapoteng. The major findings from these inspections were as follows:

- The time taken to issue quotations was generally in compliance with the QOSSS;
- Methods of recording incidents such as faults, leakages, bursts and supply interruptions and other activities such as connection and disconnections processes were ad hoc in some centres and not consistent, making it difficult to verify compliance;
- Minor and major leakages along pipelines and at reservoirs were observed at some centres; and
- Waste Water Treatment Ponds (WWTPs) were not fenced and some manholes had no covers, thus posing a safety risk to the public.

The anomalies were brought to the attention of the Licencee to address.



Part of the Mafeteng water supply treatment works.

## REGULATORY ACTIVITIES

### Economic Regulation

#### Electricity Pricing for 2014/15 and 2015/16

##### 2014/15/ Electricity pricing

In January 2014, LEC filed an application with the Authority for a tariff increase of 26.8 % on both energy and maximum demand (MD) charges in order for the Company to generate a revenue of M778.1 million in 2014/15 financial year. The Licensee cited amongst others, operating expenses, cost of electricity sales (Bulk Supply Purchases), return on assets (investment), labour costs and depreciation as drivers of the application.

In order to comply with the law, LEWA issued a public notice for stakeholders to make comments and inputs on the application. Comments were received from Consumer Protection Association (CPA), Transformation Resources Centre (TRC), Nien Hsing, Forum of Electrical Practitioners Industry (FEPI), Maluti Mountain Brewery (MMB), Catholic Commission for Justice and Peace (CCJP), Lesotho Chamber of Commerce and Industry (LCCI) and individual domestic customers.

Following the analysis of the application, all submissions, holding of three public hearings in Mokhotlong, Maseru and Maseru wherein the LEC and the above mentioned stakeholders made presentations, the Authority determined that LEC's revenue requirement would be M 676.1 million for 2014/15. The approved end-user tariffs were as reflected in Table 1 and 2 below.

Customer Category	2013/14 Energy Charge (M/kWh)	Approved percentage change (%)	Approved Energy Charges (M/kWh)	Adding Customer Levy @M0.030/kWh	Adding Rural Electrification Levy @M0.02/kWh large customers and @M0.035/kWh for others	Final Approved Energy Charge	2013/14 Energy Charges including levies	Final Tariff Percentage increase(%)
Industrial HV	0.1347	12.4%	0.1514	0.1814	0.2014	0.2014	0.1801	11.8%
Industrial LV	0.1491	12.4%	0.1676	0.1976	0.2176	0.2176	0.1945	11.9%
Commercial HV	0.1347	12.4%	0.1514	0.1814	0.2014	0.2014	0.1801	11.8%
Commercial LV	0.1491	12.4%	0.1676	0.1976	0.2176	0.2176	0.1945	11.9%
General Purpose	1.1011	12.4%	1.2378	1.2678	1.3028	1.3028	1.1615	12.2%
Domestic	0.9741	12.4%	1.0950	1.1250	1.1600	1.1600	1.0345	12.1%
Street Lighting	0.5530	12.4%	0.6216	0.6516	0.6866	0.6866	0.6134	11.9%

The figures in Table 1 exclude VAT.

Customer Category	2013/14 Maximum Demand Charge (M/kVA)	Approved Percentage Change (%)	Approved Maximum Demand Charges (M/kVA)
Industrial HV	189.7000	12.4%	213.2433
Industrial LV	221.5700	12.4%	249.0686
Commercial HV	189.7000	12.4%	213.2433
Commercial LV	221.5700	12.4%	249.0686

The figures in Table 2 exclude VAT.

## REGULATORY ACTIVITIES

### Economic Regulation

#### 2015/16 Electricity Pricing

In early 2015, the Authority received a tariff review application from LEC requesting an annual tariff increase of 18.32 % on both energy and maximum demand charges in order for the Company to generate revenue of M 763, 4 million during the financial year 2015/16.

Subsequently, the Authority issued a public notice for stakeholders to make comments and inputs in line with requirement of the LEA Act, as amended. Lesotho Council of Non-Governmental Organisations (LCN), CPA, students from the National University of Lesotho's (NUL) Department of Economics and individual domestic customers made submissions. Four public hearings were held in Butha-Buthe, Mafeteng, Qacha's Nek and Maseru respectively and LEC, representatives from stakeholders, CPA, LCN and NUL students made presentations before the Pricing and Tariffs Committee of the Authority.

Having analysed all submissions and the application itself, the Authority approved M745, 7 million as LEC's revenue requirement for 2015/16, which resulted in approved end-user tariffs shown in Table 3 and 4 below.

Customer Category	2014/15 Energy Charge (M/kWh)	Approved percentage change (%)	Approved Energy Charges (M/kWh)	Adding Customer Levy @M0.0360/kWh	Adding Rural Electrification Levy @ M0.02/kWh large customers and @ M0.035/kWh for others (M/kWh)	Final Approved Energy (M/kWh)	2014/15 Energy Charges including levies (M/kWh)	Final Tariff Percentage increase(%)
Industrial HV	0.1514	5.4%	0.1595	0.1955	0.2155	0.2155	0.2014	7.0%
Industrial LV	0.1676	5.4%	0.1766	0.2126	0.2326	0.2326	0.2176	6.9%
Commercial HV	0.1514	5.4%	0.1595	0.1955	0.2155	0.2155	0.2014	7.0%
Commercial LV	0.1676	5.4%	0.1766	0.2126	0.2326	0.2326	0.2176	6.9%
General Purpose	1.2378	5.4%	1.3043	1.3403	1.3753	1.3753	1.3028	5.6%
Domestic	1.0950	5.4%	1.1539	1.1899	1.2249	1.2249	1.1600	5.6%
Street Lighting	0.6216	5.4%	0.6550	0.6910	0.7260	0.7260	0.6866	5.7%

Customer Category	2013/14 Maximum Demand Charge (M/kVA)	Approved Percentage Change (%)	Approved Maximum Demand Charges (M/kVA)
Industrial HV	213.2433	5.4%	224.7040
Industrial LV	249.0686	5.4%	262.4547
Commercial HV	213.2433	5.4%	224.7040
Commercial LV	249.0686	5.4%	262.4547

The figures in Table 3 and 4 exclude VAT.

## REGULATORY ACTIVITIES

### Economic Regulation

#### Electricity Connection Charges Review

An application was received from LEC, requesting the Authority to review the standard electricity connection fee from M 2 000.00 to M 4 000.00 for connection distances of 50 metres or less. LEWA requested LEC to provide more information in support of the application. The Authority was still awaiting response from the Licencee at the end of the reporting period. It was, therefore, decided that existing charges were to stay in place.

#### Water and Sewerage Services Pricing for 2014/15 and 2015/16

##### 2014/15 Water and Sewerage Services Pricing

In January 2014, WASCO filed an inaugural tariff review application with LEWA requesting a 35% increase in volumetric charges (on both water and sewerage services) for the financial year 2014/15. Amongst others, WASCO stated that the transformation of the utility into a company had brought an obligation to deliver on its mandate and be profitable. The company added that its 2014/15 budget had been prepared on zero based planning and had been adjusted by an inflation figure of 6.2%. The Company further stated that power, chemicals, labour, repairs and maintenance were some of its major cost drivers.

A public notice was issued for stakeholders to make comments and inputs and comments were received from CPA, TRC, MMB, CCJP, LCCI and members of the public. Three public hearings were held at Mokhotlong, Mohale's Hoek and Maseru wherein the above mentioned stakeholders made presentations before the Authority.

The Authority analysed all submissions and the application itself, and determined M172.73 million and M 29.36 million for water and sewerage services respectively as WASCO's revenue requirement for 2014/15. The approved end-user tariffs are shown in tables 5 and 6 below.

## REGULATORY ACTIVITIES

## Economic Regulation

Table 5: Approved Water Charges for 2014/15

Customer Category	Approved 2014/15 Water Charges		2013/14 Water Charges		Approved Percentage Increase (%)	
	Unit Cost	Standing Charge	Unit Cost	Standing Charge	Unit Cost	Standing Charge
	(M/kl)	(M/month)	(M/kl)	(M/month)	(M/kl)	(M/month)
<b>Domestic Customers</b>						
Band A (0 - 5kl)	4.18	21.93	3.59	21.93	16.5%	0.0%
Band B (>5 - 10kl)	7.07	38.95	6.07	36.68	16.5%	6.2%
Band C (>10 - 15kl)	12.43	38.95	10.67	36.68	16.5%	6.2%
Band D (>15kl)	17.14	38.95	14.71	36.68	16.5%	6.2%
<b>Non Domestic Customers</b>						
Non-domestic excluding Government, churches	11.31	259.37	9.71	244.23	16.5%	6.2%
Government	11.31	374.64	9.71	352.77	16.5%	6.2%
Schools	11.22	259.37	9.63	244.23	16.5%	6.2%
Churches	11.22	187.33	9.63	176.39	16.5%	6.2%
Standpipes	5.66	0.00	4.86	0.00	16.5%	

Table 6: Approved Charges for Sewer Services for 2014/15

Customer Category	2014/15 Approved Sewerage Charges		2013/14 Sewerage Charges		Approved Percentage Increase (%)	
	Unit Cost	Standing Charge	Unit Cost	Standing Charge	Unit Cost	Standing Charge
	(M/kl)	(M/month)	(M/kl)	(M/month)	(M/kl)	(M/month)
<b>Domestic Customers</b>						
Water borne sewerage customers 1	8.50	0.00	8.00	0.00	6.2%	N/A
Non Water borne sewerage customers 2	8.50	0.00	8.00	0.00	6.2%	N/A
<b>Non Domestic Customers</b>						
Standard Non-Domestic	8.50	0.00	8.00	0.00	6.2%	N/A
Lesotho Brewing Company	8.50	0.00	8.00	0.00	6.2%	N/A
Likotsi and Qoaling Clinics	42.81	0.00	40.31	0.00	6.2%	N/A
C and Y Sewer	0.89	0.00	0.84	0.00	6.2%	N/A

The approved charges in Table 5 and 6 exclude VAT.

## 2015/16 Water and Sewerage Pricing

The Authority received the second WASCO tariff review application in which the Licencee requested an adjustment of 25% increase in volumetric charges (on both water and sewerage services) and a 6% increase in standing charges for the financial year 2015/16, in January 2015. The Company further requested an increase of M500.00 in water connection fees for Bands A, B and C. WASCO maintained that the application was underpinned by, amongst

## REGULATORY ACTIVITIES

### Economic Regulation

others, taking over of the Metolong dam water treatment and conveyance infrastructure, planned initiatives to deal with aging infrastructure and the need for extra manpower.

Following LEWA's issuance of a public notice inviting stakeholders to make comments and inputs, CPA, LCN, students from NUL's Economics Department, domestic customers and members of the public made submissions to the Authority. Four public hearings were held in Butha-Buthe, Mafeteng, Qacha's Nek and Maseru respectively and the abovementioned stakeholders and WASCO made presentations before the LEWA Pricing and Tariffs Committee.

Following the analysis of all submissions and the application itself, the Authority resolved that WASCO would be allocated M185.33 million for water services and M 30.14 million for sewerage services for the financial year 2015/16. The approved end-user tariffs are shown in tables 7, 8 and 9 below.

**Table 7: Approved Water Charges for 2015/16**

Customer Category	2014/15 Unit Cost Excluding Levies (M/kl)	Approved percentage change (%)	Approved Unit Cost Excluding Levies (M/kl)	Adding Customer Levy @ M0.2054/kl (M/kl)	Final Approved unit cost (M/kl)	Final Tariff Approved Percentage Increase (%)
<b>Domestic Customers</b>						
Band A (0 - 5 kl)	4.18	3	4.3046	4.51	4.51	7.9
Band B (>5 - 10 kl)	7.07	5	7.4346	7.64	7.64	8
Band C (>10 - 15 kl)	12.43	6	13.2146	13.42	13.42	8
Band D (>15 kl)	17.14	7	18.2946	18.5	18.5	8
<b>Non Domestic Customers</b>						
Government	11.31	6	12.0046	12.21	12.21	8
Business and Industry	11.31	6	12.0046	12.21	12.21	8
Schools	11.22	6	11.9046	12.11	12.11	8
Religious Institutions	11.22	6	11.9046	12.11	12.11	8
Standpipes	5.66	4	5.9046	6.11	6.11	8

## REGULATORY ACTIVITIES

### Economic Regulation

Table 8: Approved Water Standing Charges for 2015/16

Customer Category	Old Standing charge Charges (M/month)	Approved percentage change (%)	Approved Standing Charge (M/month)
<b>Domestic Customers</b>			
Band A (0 - 5 kl)	21.93	0	21.93
Band B (>5 - 10 kl)	38.95	5	40.9
Band C (>10 - 15 kl)	38.95	5	40.9
Band D (>15 kl)	38.95	5	40.9
<b>Non Domestic Customers</b>			
Government	259.37	5	272.35
Business and Industry	374.64	5	393.39
Schools	259.37	5	272.35
Religious Institutions	187.33	5	196.7
Standpipes	0	0	0

Table 9: Approved Charges for Sewerage Services for 2015/16

Customer Category	Old Standing charge Charges (M/month)	Approved percentage change (%)	Approved Standing Charge (M/month)
<b>Domestic Customers</b>			
Water borne sewerage customers 1	8.5	5	8.92
Non Water borne sewerage customers 2	8.5	5	8.92
<b>Non Domestic Customers</b>			
Standard Non-Domestic	8.5	5	8.92
Lesotho Brewing Company	8.5	5	8.92
Likotsi and Qoaling Clinics	42.81	5	44.94
C and Y Sewer	0.89	5	0.93

The approved charges in tables 7, 8 and 9 exclude VAT.

#### Electricity Resale

LEWA received complaints from end users that some landlords impose different charges to tenants for electricity services than those approved by law. The recovery of electricity costs from tenants by landlords without any profit margins may be considered as a pass-through cost. However, if the landlords recover more than what they have paid to LEC, then they are reselling electricity. The law provides that electricity tariffs should be regulated. In order to ensure compliance with the law, the Authority has initiated measures to ensure that landlords who engage in the resale of electricity to their tenants are duly authorised. In this regard steps to design a regulatory framework for electricity resale were begun.

## REGULATORY ACTIVITIES

### Board, Licencing and Legal Matters

#### BOARD, LICENCING AND LEGAL MATTERS

##### Review of Legislative and Regulatory Frameworks

In an endeavour to update and develop regulatory instruments for ESI, draft electricity supply rules had been prepared. The internal mediation procedure and internal rules for conducting public hearings were finalised. Benchmarking of developed regulatory instruments against the best practice regulatory models had commenced and was ongoing.

Steps to revise the legislative framework to meet new developments in the regulatory landscape were undertaken, resulting in a gap analysis of the LEA Act, 2002, as amended. LEWA engaged relevant parties to obtain submissions or comments on areas that should be amended. The exercise would be continued in 2015/16.

##### Licencing

The Authority received and reviewed one application for a transmission and distribution licence from Infrastructure Projects (IP) wherein the entity had applied for a licence to construct and operate a 132 kV line from Ha Lejone to Liphobong diamond mine. Following internal assessment of the application, it was noted that the business to be undertaken by IP did not require a licence as prescribed in the LEA Act as amended.

##### Board Activities

The Board constantly met to consider strategic regulatory issues that included, tariff applications from LEC and WASCO for 2014/15 and 2015/16, licence fees, UAF budget, the 2013/14 audited Financial Statements, age limit for LEWA employees, resolution of customer complaints, insurance cover for the employees and issues around security of supply and access to electricity and water services. The tables below reflect the Board Members attendance of meetings during 2014/15.

During the reporting period two Board Members left LEWA after excellently serving the Authority for some years. During the same period one new member joined the Board.

Table 10: The Board Members Attendance of Meetings during 2014/15		
Members	Meetings (attended/total held)	
	Ordinary Meetings	Extra-Ordinary Meetings
Dr. L. Thamae (Chairperson)	3/3*	9/9
Prof. F. L. Moloi (outgoing Chairperson)	2/3	3/9
Dr. M. Kotelo-Molaoa	3/3	9/9
Mr. R. Motlojoa	3/3	9/9
Dr. M. Matete	2/3	7/9
Adv. K. Mohau	3/3	7/9
Mrs. M. Maliehe	3/3	7/9
Mr. T. Khasipe**	-	3/3
Assoc. Prof. N. Rapapa (Chief Executive)	3/3	9/9
*One meeting as Chairperson and two as a Member      **joined LEWA in December 2014		



## REGULATORY ACTIVITIES

## Board, Licencing and Legal Matters

Table 11: The Committees' Members attendance of the Meetings during 2014/15

Committee	Members	Ordinary Meetings
Audit	Mrs. M. Maliehe (Chairperson)	3/3
	Mr. R. Motlojoa	3/3
	Dr. L. Thamae	2/3
	Mr. M. Taole (outgoing)	2/3
Customer Services	Dr. L. Thamae (Chairperson-incoming)	1/2
	Prof. F.L. Moloi (outgoing)	1/2
	Dr. M. Kotelo-'Molaoa	2/2
	Adv. K. Mohau	1/2
Human Resource, Finance and Administration	Mr. R. Motlojoa (Chairperson)	3/3
	Dr. M. Matete	1/3
	Adv. K. Mohau	3/3
	Mrs. M. Maliehe*	1/3
Pricing and Tariffs Committee	Dr. M. Matete (Chairperson)	2/3
	Mrs. M. Maliehe	2/3
	Dr. M. Kotelo-'Molaoa	2/3
	Dr. L. Thamae	1/3
	Mr. T. Khasipe**	1/3
	Mr. R. Motlojoa***	1/3
* Not a member of the Committee but attended per invitation		
** joined LEWA in December 2014		
*** Not a Committee member but attended per invitation		

## REGULATORY ACTIVITIES

### Complaints Handling and Communication

#### COMPLAINTS HANDLING AND COMMUNICATION

##### Customer Complaints Resolution

In the reporting period, a total of 18 complaints were filed with the Authority. A breakdown of the complaints shows that 10 were on electricity related issues and eight (8) were on water related complaints.

Categories of and numbers of complaints according to regulated sectors that were received during the reporting period are reflected in Table 12 below. The global picture for received, resolved and unresolved complaints is reflected in Figure 1 below.

Table 12: Categories of Lodged Complaints Per Sector			
UWSS Complaints Categories and Numbers Received		ESI Complaints Categories and Numbers Received	
New connection	2	High Quote	4
Poor service	1	Billing	2
Refund	2		
Relocation	1	Relocation	1
Billing	2	Refund	3
Total	8	Total	10

In total, 14 complaints had been resolved while (4) were pending.

Below is a detailed breakdown of the complaints according to both ESI and UWSS categories.

##### ESI complaints

Complaints brought forward from previous reporting period were seven (7). A further three (3) complaints were received during the reporting period. The total number of resolved complaints was six (6) while four (4) were pending and none had been referred to the Board.

##### UWSS Complaints

Three (3) complaints were brought forwarded from the previous reporting period. Five (5) complaints were received during the period. The total number of resolved complaints was eight (8) and none were pending.

Customer enquiries were received and the customers were advised on correct LEWA procedures and general electricity, urban water and sewerage services issues such as QOSSS provisions.

The Authority further developed complaints completion forms as part of getting feedback from customers on the quality of service they had received.

##### Off Site Mediation for Complaints Resolution

In the case of complaints that require mediation and which come from customers who are not resident in the vicinity of the Maseru city area, the Authority has arranged with the offices of District Administrators (DAs) to hold mediation meetings in the districts of the country. One mediation meeting was held in Butha-Buthe in this regard.

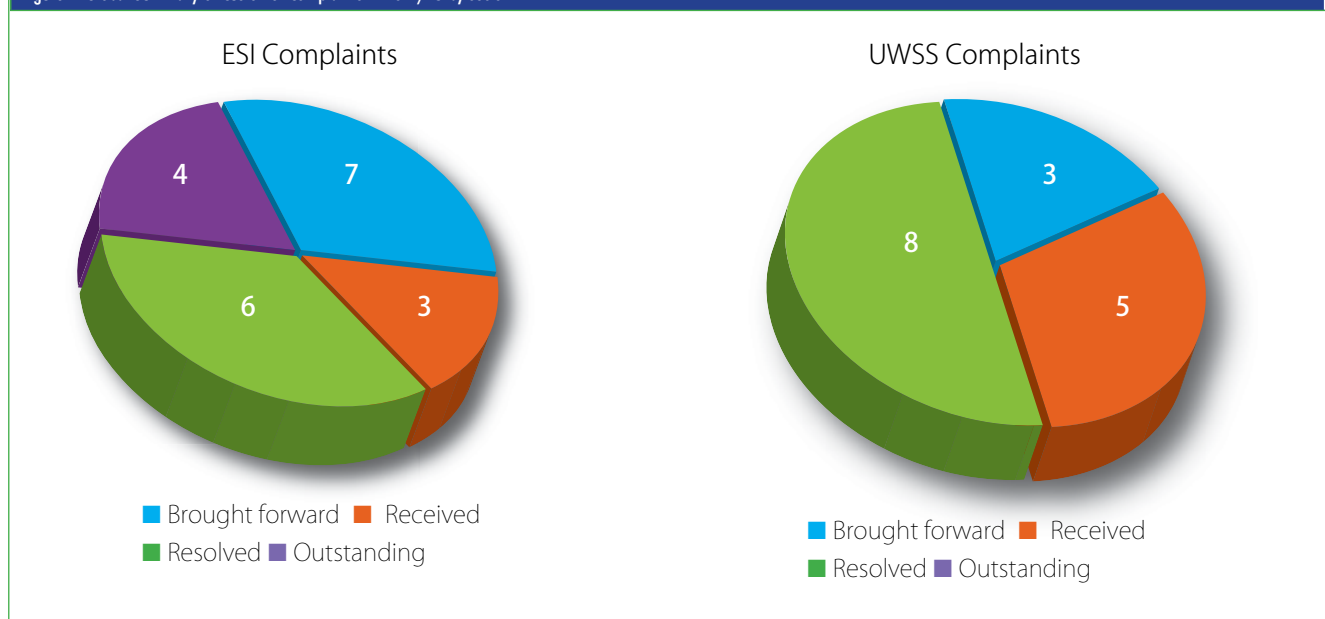
## REGULATORY ACTIVITIES

### Complaints Handling and Communication

#### Outreach and Stakeholders Communication

In the quest to enhance public outreach and stakeholders communication processes, the Authority designed a new communications program in line with LEWA external communication strategy. The implementation of the endeavours consisted of holding of scheduled radio programs, television broadcasts, publishing of advertorials, and holding of workshops and public meetings.

Figure 1: Global Summary of Customer Complaints in 2014/15 by sector



The Authority scaled up the production of quarterly newsletters which reflected developments within the regulated ESI and UWSS sectors. In this regard three out of four newsletters were issued and the last publication of 2014/15 was being compiled at the end of the reporting period.

As part of celebrating 10 years of electricity regulation the Authority engaged in branding activities in all its events during the year.

#### Website Updates

The review and upgrade of the website contents was done. Some of the documents which were uploaded onto the website included tariff determinations, notices, job vacancy advertisements, regulatory instruments such as Licence Fees and Customer Levies regulations, and Resolution of Customer Complaints Rules and invitation for public inputs into regulatory processes.

#### Corporate Social Responsibility

As a corporate citizen, the Authority undertook several corporate social responsibility (CSR) activities. These included the LEWA best performing students awards at the National University of Lesotho (NUL) graduations, awards for the best performing and reformed Juveniles at the Juvenile Training Centre (JTC) and financial assistance to the Lesotho Association of Engineers (LAE).

## REGULATORY ACTIVITIES

### Internal Operations and Capacity Building

#### Financial Statements and Management

##### Operating Budget

Licence fees, application fees, customer levies and contributions from World Bank (WB) and African Development Bank (AfDB) constituted the Authority's revenue. Expenditure items included the Authority's day-to-day operations, finalisation of the legal and regulatory instruments, and development of renewable energy framework, capacity building and staff costs.

The Financial Statements for the year ended 2014/15 were audited and an unqualified audit opinion was issued. As in the previous years, management accounts were prepared on an ongoing basis for information, control and decision making purposes.

The LEWA Business Plan together with the Budget for 2015/16 were prepared and approved. The Budget for 2015/16 is to be financed mainly by the customer levies and licence fees.

The current ratio stands at 10:1 which indicates a healthy working capital and that the Authority is able to meet its short term liabilities.

##### Universal Access Fund (UAF)

The purpose of the fund is to offer financial resources for electrification projects identified by the Ministry responsible for energy. The approved budget for UAF for electrification for the reporting period was M 60.4 million. Projects that were identified and approved for financing from the UAF were those of Linotsing, Ha Mokokoane, Tsikoane, Ha Ramoloi, Litlhatsaneng, Ha Leneha, Rantuba, Ha Monyane –all in the Leribe district and another two of Ha Sekoati and Ha Thaba-Bosiu in the Mohale's Hoek district. At the end of the reporting period, all the projects were in progress.

#### Human Resources

##### Staff Appointments and Training

During the reporting period, the Authority recruited one employee to fill the position of Water Quality Officer. As in the past, the implementation of the LEWA Training Plan focused on areas in which the Authority wanted to improve employees' capacity on regulatory and non-regulatory issues such as electricity and water technical regulation, economics, legal, finance and general administration. The training programmes that were attended included tariff setting strategies; tariff application analysis; tariff requirements determination process; commercial mediation; small scale hydropower plant development; RERA tariff workshop; analysing and interpreting financial statements; and regulating quality of service (planning, compliance monitoring and enforcement). LEWA further engaged in a peer review exercise with the Kenyan water regulator. LEWA's Training Plan for 2015/16 was approved.

## REGULATORY ACTIVITIES

### Internal Operations and Capacity Building

#### Performance Management System (PMS)

The PMS was rolled out to the entire staff for the second year running to assess employees' performance against set performance targets. There was another noticeable improvement in employees' productivity as a result of the implementation of the PMS.

#### Staff Wellness, Safety Issues and Health

On the implementation of the administrative policies, processes and procedures, several activities were undertaken. These included implementing the wellness program, which incorporated safety and health issues. As part of this implementation, Management attended Safety, Health and Environment (SHE) orientation program to familiarise them with the concept of workplace health and safety. Team building sessions were also held.

In order to contribute to the attainment of the objective of building a sustainable organisation, terms of reference for undertaking a study on the feasibility of building LEWA offices were compiled. As part of staff welfare and staff retention, the Authority introduced a comprehensive staff insurance cover comprising of Group Life Cover, Income Continuation Benefit and the Funeral Cover in June 2014 for all employees.

#### Other Staff Related Activities

Endeavours taken in this regard included the commemoration of African women month celebration, attended by all female employees and staff participation in King Letsie III's 51st birthday celebrations. Staff further participated in events organised by other organisations where LEWA's representation was required.

#### Integrated and Statutory Reporting

Another activity geared towards ensuring LEWA's organisational viability and sustainability was to develop and implement integrated and statutory reporting. The Authority prepared Annual Financial Statements for the year ended 31 March 2015 which were approved by the Board. The Annual Report for 2013/14 was also prepared and published.

## REGULATORY ACTIVITIES

### Highlights of Regional and International Activities

#### ESAWAS

LEWA participated in the 8th Annual General Meeting (AGM) and Conference of the Eastern and Southern African Water and Sanitation Regulator's Association (ESAWAS) in August 2014 in Maputo, Mozambique. The conference focused on the enhancement of regulatory governance and topics discussed included legislative frameworks, independence of Board members, the appellate process, accountability to stakeholders and strategic planning for regulators. The theme of the Conference was 'Enhancing Regulatory Governance'.

ESAWAS resolved to form a Technical Task Team (3T) for benchmarking large water and sewerage utilities from member countries. The rationale for this resolution was to address challenges that regulators experienced in comparing the performance of big and small water utilities for benchmarking. The ESAWAS Secretariat had since issued a report in that regard which was being reviewed by members.

#### RERA

The Authority took part in several Regional Electricity Regulators Association of Southern Africa's (RERA) activities such as the 11<sup>th</sup> two day Conference themed "Leveraging the Southern African Development Community (SADC) Region's Energy Potential Through an Integrated Approach", and the Annual General Meeting (AGM) in Zimbabwe in December 2014. RERA stakeholders discussed, amongst others, creation of an enabling environment for investment in the SADC energy sector, developments within the regional electricity markets, electricity consumer services and developments and nurturing regulation amongst RERA members.

The AGM discussed the Association's normal business such as the 2015 budget, progress on 2013- 2017 Strategic Plan and calendar of events for 2015. The Task Team on Consumer Services and Communication was made a fully-fledged sub-committee under the Regional Regulatory Cooperation Portfolio Committee (RRCPC). The Human Resource sub-committee was created under the Capacity Building and Information Sharing Portfolio Committee (CBISPC).



## REGULATORY ACTIVITIES

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### Highlights of Regional and International Activities

LEWA also took part in RERA organised mini grids and framework for Independent Power Producers (IPPs) workshop to mention but a few.

#### AFUR

The African Forum for Utility Regulatory (AFUR) focuses on issues related to the regulation of energy, telecommunications, transport, and water and sanitation industries, with a particular emphasis on issues that are common across sectors (but not necessarily limited to the primary focus sectors). AFUR AGM was held in Kenya in May 2014 and the theme was "A decade of infrastructure regulation on the African continent: experiences, challenges, prospects". The AGM discussed amongst others cost reflective tariffs and protection of the poor.

#### USAID

The United States Agency for International Development (USAID) offered financial assistance to the Authority on areas such as review of the legislative framework, finalisation of the grid code and training on various aspects of technical and economic regulation.

#### AfDB

The African Development Bank (AfDB) offered funding to the Authority to undertake a study for the development of renewable energy sources regulatory frameworks.

#### WB

The World Bank assisted the Authority with the technical advisor in the regulation of water and sewerage services. The technical assistance has assisted LEWA with the both the 2015/16 tariff determination and the performance assessment of WASCO for the year 2013/14.

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

Section 21 (1) (i) of the LEA Act dictates that the Authority must ensure the collection, publication and dissemination of information relating amongst others, the ESI and UWSS in Lesotho for use by the industry, consumers and prospective investors. It is on the basis of this, that such information is reported here. Mindful that the regulated sectors are dominated by WASCO and LEC and to a lesser extent LHDA and REU, developments that pertain to the activities of the mentioned entities feature prominently in this section. Other developments in the water sector are briefly reviewed.

The next section deals with sector developments that highlight the performance of Licencees, starting with the ESI developments.

### ELECTRICITY SUPPLY INDUSTRY

#### Lesotho Electricity Company (LEC)

LEC holds a Composite Electricity Licence for Transmission and Distribution and Supply issued by LEWA in December 2006.

#### A - Demand Growth

LEC's bulk energy purchases decreased by 15.08 GWh from 801.44 GWh in the previous reporting period to 786.36 GWh in the reporting period. The energy sales on the other hand dropped by 25 GWh (3.5%) from 705 GWh in 2013/14 to 680 GWh in the reporting period. The LEC's total system peak demand was 149 MW, an increase of 6 MW from the previous year's figure. The energy growth trend is shown in Table 13, while Table 14 shows the maximum demand profile.

Year	Energy Purchased (GWh)		Total Energy Purchased (GWh)	Energy sold (GWh)	Energy loss (%)
	Local	Imports from ESKOM and EDM			
2012/13	461.5	310.1	771.6	685	11.7
2013/14	516.4	285	801.44	705	12
2014/15	515.2	271.2	786.36	680	16



## REGULATORY ACTIVITIES

### Regulated Sectors Developments

Table 14: Lesotho Maximum Demand Profile (MW) for Period 2007/8- 2014/15

Year	Maximum Demand (MW)	Installed Capacity (MW)	Imported Capacity (MW)	Capacity Deficit (%)
2007/08	115.3	72	43.3	38
2008/09	122.5	72	50.5	41
2009/10	133.4	72	61.4	46
2010/11	138	72	66	48
2011/12	141.69	72	69.69	49
2012/13	147.63	72	75.63	51
2013/14	143	72	71	50
2014/15	149	72	77	52

#### B - Electrification

A total of 13,321 new connections were made in 2014/15. The new connections increased the LEC customer base to 188,727. Of the 13,321 connections, 12,586 were domestic. Using National and Sub-National Population Projections of June 2010 produced by Bureau of Statistics (BOS), this translates to about 39% of Lesotho households connected to the main electricity grid.

#### C - System Availability

The monthly system availability for both transmission and distribution systems is depicted graphically in Figure 2 below as set against the respective corporate target levels.

The transmission system availability has been consistently above target for the whole reporting period. The average system availability for the year was 99.91 % against the target annual average of 99.00%.

Similarly, the availability of the distribution system was above target, with an average of 99.84% against an average target of 95.00% per annum.

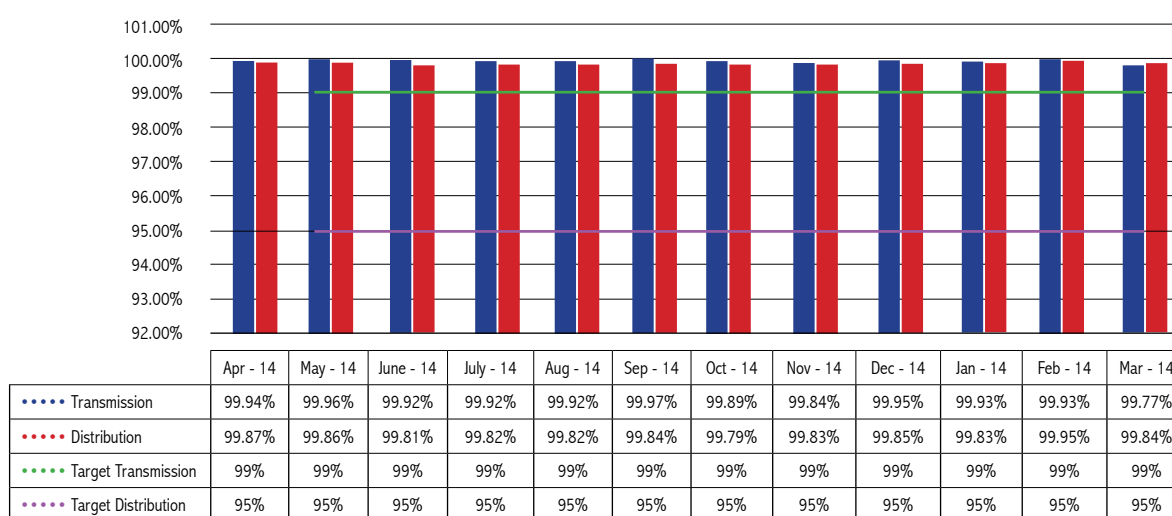
#### D - Generation

No generation projects were pursued during the reporting period.

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

Figure 2: Transmission & Distribution Systems Availability



Source: LEC Reports

#### Lesotho Highlands Development Authority ('Muela Hydropower Plant)

LHDA holds a Generation Licence issued by LEWA in December 2006.

#### A - Electricity Sales

MHP produced a total energy of 518.9 GWh in comparison to the planned generation of 502 GWh. This is a slight increase from 516.44 GWh in 2013/14 and demonstrates that the installed and available capacity of 'Muela has been exhausted. Of this produced energy, 515.98 GWh was sold to LEC yielding 'Muela a total revenue of M60.49 million up from M56.68 million in 2013/14. The average electricity selling price to LEC stood at M0.12/kWh which was one (1) cent higher than that of 2013/14. The remaining 2.92 GWh was exported to Eskom at an average price of M0.23/kWh. A peak power demand of 78.46 MW was produced by MHP during the reporting period.

#### B - Power Plant's Technical Performance

The technical performance of power plants is measured by a number of parameters, most of which are ratios. The ratios are indicators of how well a plant is utilised, operated and maintained. Some of the ones that have been selected and agreed for the performance of MHP are the following:

##### Monthly Indicators

The monthly indicators have been selected to measure the performance of the plant as a whole.

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

**LF** – refers to the ratio of the actual energy produced to the energy that would have been produced if the plant had run at maximum demand over the same month. It is also expressed as the ratio of the average demand to the maximum demand.

**OF** – refers to the ratio of the time during which the plant was operational to the total time in a month.

#### Annual Indicators

The annual indicators have been selected to measure the performance of the individual units.

**CF** – refers to the ratio of the actual energy produced to the energy that would have been produced if the plant had run at rated power over the same year.

**EAF** – refers to the ratio of the energy that the available capacity could have produced to the energy that the reference (rated) unit power could have produced during the same year. The energy that the available capacity could have produced is equal to the reference energy minus all the planned and unplanned (within and outside plant management control) losses.

**UCF** – refers to the ratio of the available energy generation to the reference energy generation over the same year. The available energy in this case is limited to losses within plant management control.

**PCLF** – refers to the ratio of planned energy losses to the reference energy.

**UCLF** – refers to the ratio of unplanned energy losses, (under plant management control), to the reference energy.

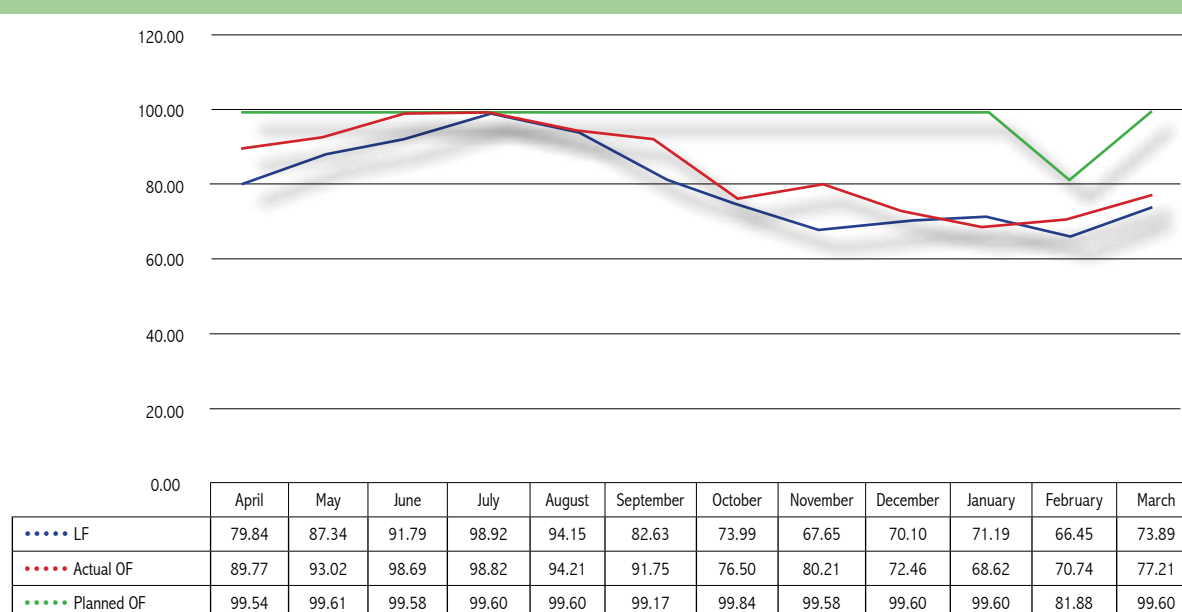
The performance of MHP in the reporting period is given below by the graphical representations of the monthly indicators (LF and OF) in figure and the tabulation of the annual indicators in table 15. The indicators are expressed in percentages.

Figure 3 shows that the actual OF closely followed the LF for most of the months. However, it can be observed that there is a marked variance in actual and planned operating factors for most of the months except June, July and February. For the period of May to August it can be observed that the plant operated almost uninterrupted and at almost its maximum capacity. With reference to Table 15, it is noted that all ratios for unit 1 and unit 3 are almost identical. The ratios are higher for unit 2 with the exception of UCF. All the three units were available most of the time as depicted by relatively higher values for, EAF and UCF and a correspondingly relatively lower value for PCLF and UCLF.

## REGULATORY ACTIVITIES

## Regulated Sectors Developments

Figure 3: MHP Load and Operating Factors (Percentages) for 2013/14



Source: LHDA Reports

Table 15: Performance of MHP Units in 2014/15 – Ratios Expressed in Percentages

Unit Identifier	Capacity Factor (CF)	Energy Availability Factor (EAF)	Unit Capability Factor (UCF)	Unplanned Capability Loss Factor (UCLF)	Planned Capability Loss Factor (PCLF)
Unit 1	77.3	81.4	99.1	0.4	0.49
Unit 2	80.7	84.0	94.9	1.2	3.91
Unit 3	77.0	84.9	98.8	0.7	0.49

Source: LHDA Reports

## C - Safety and Environmental Incidents

The pertinent performance indicators that 'Muela uses for assessing the Plant's performance in this regard are: Industrial Safety Accident rate per 200,000 man-hours, Number of Major Vehicle Accidents and Number of Undesired Environmental Incidents. In the reporting period they recorded one (1) Minor Vehicle Accident and zero (0) in the rest of the performance indicators.

## Department of Energy (Rural Electrification Unit)

The DoE has held a licence exemption for running three EAPPs since October 2007. The exemption, which expired in September 2014, had been further extended until September 30, 2016. The Department was further issued a licence exemption that would expire in 2016, for the 33 kV Ha Mpiti – Ha Sekake line and the associated distribution and supply networks. REU had four commercial customers, being two (2) Econet communication towers at Qholahoe and Ha Sekake, Tebellong Hospital and Dilli-Dilli clinic.

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

#### A - Electrification Access Pilot projects (EAPPs)

##### i. Qholaqhoe, Dilli-Dilli and Ha Sekake EAPPs

The Qholaqhoe and Ha Sekake EAPPs are connected to the LEC network, while the Dilli-Dilli EAPP is connected to the ESKOM (Republic of South Africa) network. A total of 2,370 customers were recorded during the reporting year and this includes 23 newly connected customers. The number of registered customers stood at 2,362 at the beginning of the year.

EAPP	Number of registered consumers at the beginning of year	Number of requests for new connections	Number of new connections during the year	Total number of registered consumers at the end of year	Total Backlog at end of year
Dilli-Dilli	251	295	0	229	326
Qholaqhoe	221	212	9	213	316
Ha Sekake	1890	82	14	1928	97
<b>Total</b>	<b>2362</b>	<b>589</b>	<b>23</b>	<b>2370</b>	<b>739</b>

Source: REU Reports

The global view of energy purchases and sales for the three EAPPs is reflected in Table 17 below.

EAPP	Bulk Energy Purchased (kWh)	Energy sold (kWh)	Max. Demand (kW)	Energy loss (kWh)	Energy loss (%)
Dilli-Dilli	182,687.61	168,881.71	30.54	13,805.90	8
Qholaqhoe	228,218.00	205,627.49	50.86	22,590.51	10
Ha Sekake	959,024.00	839,224.92	394.21	119,799.08	12

Source: REU Reports

## URBAN WATER AND SEWERAGE SUB SECTOR

### Water and Sewerage Company (WASCO)

WASCO holds a Composite Water and Sewerage Services Licence for production, treatment, transmission, distribution and supply of water and the storage of water for the purpose of treatment, distribution of onward supply, delivery of water to trunk main pipe lines and the treatment and disposal of sewage businesses. The Licence was issued by LEWA on 01 May 2013 pursuant to the provisions of the Lesotho Electricity Authority Act 2002 as amended.

Through independent systems, WASCO provides services in the following areas: Maseru, all the other nine district towns, Mazenod, Morija, Roma, Peka, Maputsoe, Mapoteng and Semonkong.

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

Below, the report covers some of the indicators showing the Company's performance in the reporting period.

#### A - Service coverage

##### - Water connections:

At the beginning of the year, there were 78,297 water connections in WASCO's system. A total of 6,834 new water connections were made in 2014/15 against a WASCO set target of 6,000. The total number of water connections at the end of 2014/15 was 85,131. 50,662 of these were in Maseru and 34,469 in the other urban centres.

##### - Sewer Connections:

A total of 460 new sewer connections were made in 2014/15 against a WASCO set target of 500. This increased the number of customers for sewerage services from 6,346 to 6,806.

#### B - Non-Revenue Water (NRW)

According to WASCO, NRW for 2014/15 was recorded at 30% against a WASCO set target of 27%.

#### C - Water and Sewage Quality

##### - Potable Water Quality

In order to determine whether or not the quality of water is acceptable, water samples must pass, among others, microbiological and chlorine tests. Of the samples that were tested in 2014/15, 86% passed the microbiological test against a WASCO set target of 97%, while 89% passed the chlorine tests against a WASCO set target of 97%.

With regards to microbiological and chlorine tests, the potable water quality had deteriorated from last year.

Quality Test	Percentage Passing in 2013/14	Target for 2014/15	Percentage Passing in 2014/15
Microbiological	95%	97%	86%
Chlorine	94% - 97%	97%	89%

##### -Sewer Quality

In order to determine whether or not the quality of treated sewage is acceptable, samples of treated sewage must pass Suspended Solids (SS) tests and Chemical Oxygen Demand tests. Of the samples that were tested in 2014/15, 65% passed the SS tests against a WASCO set target of 20%, while 36% passed the COD tests against a WASCO set target of 20%.

With regards to SS and COD tests, the treated sewage water quality had improved from last year.

Quality Test	Percentage Passing in 2013/14	Target for 2014/15	Percentage Passing in 2014/15
Suspended Solids (SS)	30%	20%	65%
Chemical Oxygen demand (COD)	34%	20%	36%

## REGULATORY ACTIVITIES

### Regulated Sectors Developments

#### C - WASCO's Financial Performance

Amongst others, debt management and collection is one of the key indicators when determining financial performance of an entity. According to WASCO reports, in 2014/15, the Operation and Maintenance Cost Recovery Ratio was 95% while the Billing Collection Ratio was 105%.

Table 20 : WASCO's Financial Performance		
Financial Performance	2013/14	2014/15
Operation and Maintenance Cost Recovery Ratio	122%	95%
Billing Collection Ratio	106%	105%

#### Urban and Peri-Urban Water Supply Project

The Urban and Peri-urban Water Supply Project was a project meant to assist WASCO with extension of the network, replacement of old pipes, construction of reservoirs and construction of pumping stations. The project covered the following areas: Package 1- (Maseru and Mazenod), Package 2- (Semonkong), Package 3- (Mafeteng, Mohale's Hoek, Quthing and Qacha's Nek), Package 4- (Leribe, Butha Buthe, and Mokhotlong) and Package 5- (Mapoteng). By the end of the reporting period, works were 99% complete for the outstanding Package 3.

#### Five Towns Water Supply Project

The objectives of the project is the construction of river intake structures, water treatment plants, water transmission lines, water retaining reservoirs and reticulation extensions in Butha Buthe, Hlotse, Mafeteng, Mohale's Hoek and Qacha's Nek.

Funding for the project has been secured and the design was being finalised by the consultant.



## DEVELOPMENTS UNDER Commissioner of Water

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### Commissioner of Water (CoW)

The office of CoW was set up by Government to, amongst other things, develop long-term strategies for the water and sanitation sector and to report on the state of water resources in the country. Furthermore, the CoW had been mandated to establish Asset Management Agency (AMA) for Metolong Dam Water Supply Project (MDWSP).

Below is an outline of developments undertaken by CoW that are related to projects and endeavours that include strategies and augmentation of water and sanitation services.

#### Long Term Water and Sanitation Sector Report

The objectives of Long Term Water and Sanitation Sector (LTWSS) were to provide direction and guidance to the water and sanitation sector activities in the period April 2014 to March 2020, and to provide a programme for the period 2020 to 2030. Therefore, the resulting strategic direction for the Water Sector Programme was structured according to key focus areas, such as the establishment of catchment management and water resources development system.

The European Union (EU) under European Development Fund (EDF) 11 offered support to the Government to identify and formulate interventions for water supply, water resources and sanitation, so as to attain sustainable, affordable, equitable and reliable water and sanitation services. The financial allocation to water sector was 78 million Euros. The exercise had been completed and therefore was awaiting subsequent procedural action by EU for implementation.

#### State of the Water Resources Report

The objectives of the SWRR were to position the importance of water in the national development context, inform policy development and direction, assist in articulating work plans to integrate activities across the sector, and to reflect progress relating to the strategies put in place in pursuit of the national development goals. The office of CoW was in the process of developing the third SWRR for April 2013 to March 2014.

#### Asset Management Agency (AMA)

AMA was expected to own the Metolong Dam and Water Supply Programme (MDWSP) infrastructure with WASCO operating the assets. As a result, AMA and WASCO were to have the maintenance contract on the operation of the (MDWSP) infrastructure by WASCO. A MoU between WASCO and CoW, was being drafted to allow WASCO to operate the MDWSP infrastructure while the contract was being finalised.

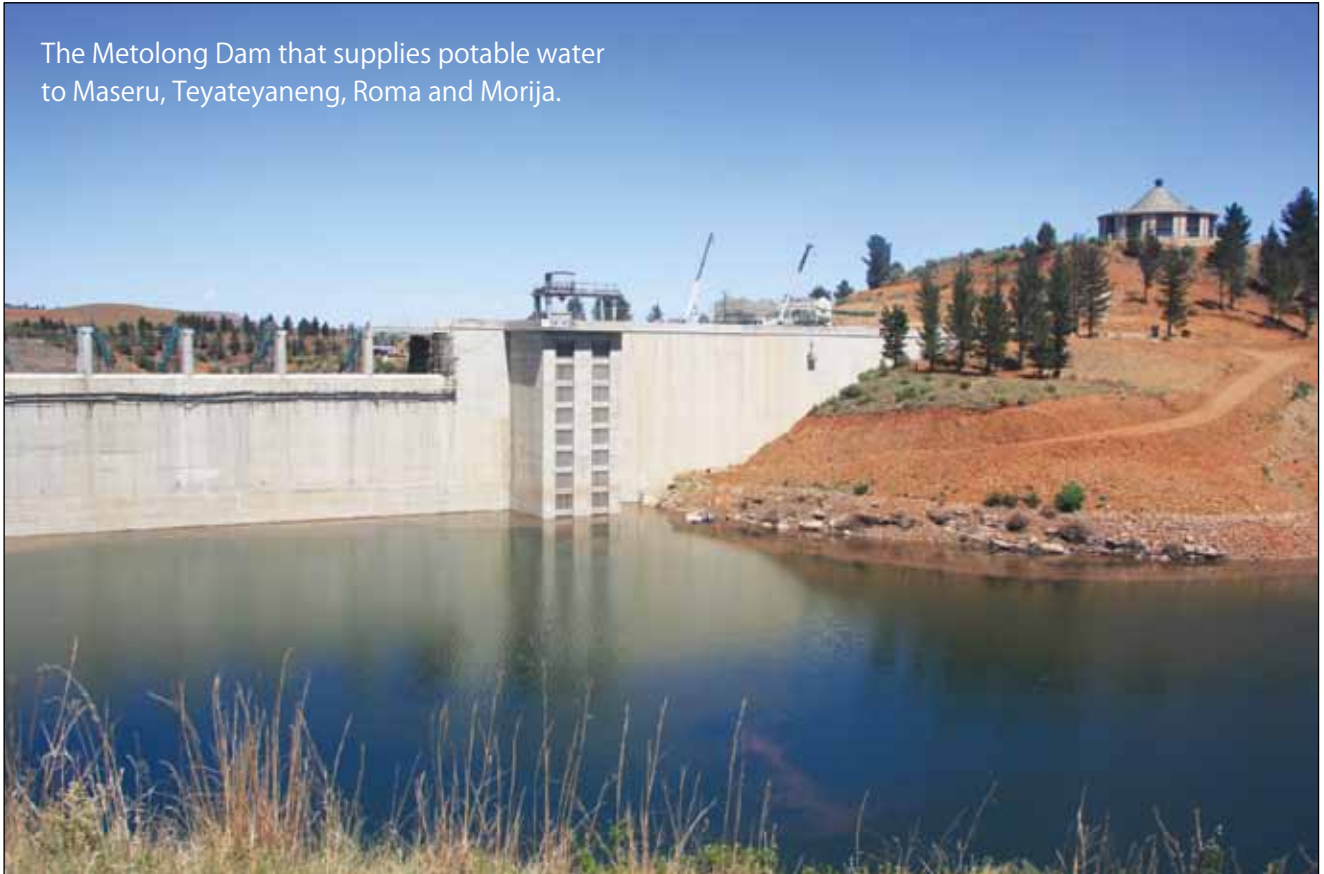
#### Metolong Dam Water Supply Project (MDWSP)

The objective of the programme was to supply additional potable water to Maseru, Teyateyaneng, Roma and Morija. The programme consisted of construction of a dam and raw water pumping station, 75-90 Ml/day water treatment works and a 65-120 mm steel pipes Downstream Conveyance System (DCS). All works were expected to be completed in the next reporting period.

## DEVELOPMENTS UNDER Commissioner of Water

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The Metolong Dam that supplies potable water to Maseru, Teyateyaneng, Roma and Morija.



### Water Quality Guidelines and Standards

The purpose of having the water quality guidelines was to establish parameters that aim at providing potable and palatable drinking water to reduce water borne diseases and promote healthy living. National Water Quality Guidelines and Standards had been developed by the both the Ministry responsible for water affairs and the one responsible for environment and would be gazetted so that they could be enforceable.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 DIRECTORS APPROVAL AND STATEMENT OF RESPONSIBILITY

The Members of the Board are required by law to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the results of its operations and cash flows for that period. The annual Financial Statements set out on pages 48 to 71 are the responsibility of the Members of the Board.

The Members of the Board are responsible for ensuring that the Authority keeps accounting records which disclose with reasonable accuracy, at any time, the financial position of the Authority and which enable them to ensure that the Financial Statements comply with the Lesotho Electricity Authority Act No.12 of 2002 (as amended).

The Members of the Board are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities. The Members of the Board consider that, in preparing the Financial Statements for the year ended 31 March 2015 set out on pages 48 to 71, the Authority has used appropriate accounting policies, consistently applied, and were supported by, reasonable and prudent judgments and estimates. The Members of the Board also consider that all applicable International Financial Reporting Standards (IFRS) and risk management principles have been followed and confirm that the Financial Statements have been prepared on a going concern basis.

The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across Organization. While operating risk cannot be fully eliminated, the Organization endeavours to minimize it by ensuring that appropriate infrastructure controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Auditors' responsibilities are stated in their report on page 50-51.

The Members of the Board are satisfied that Management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual Financial Statements, to safeguard the assets of the Authority, and to ensure that all transactions are duly authorized.

The Members of the Board have reviewed the Authority's cash flows forecast for the year ended 31 March 2015 and, in light of the review and current financial position, they are satisfied that the Authority has access to adequate resources to continue in operational existence for the foreseeable future.

Against this background, the Financial Statements set out on pages 48 to 71 which are stated in Maloti, the currency of Lesotho, have been approved and authorised for issue on 25 September 2015 by the Members of the Board and signed on its behalf by:



CHAIRMAN



CHIEF EXECUTIVE OFFICER

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 DIRECTORS REPORT

### Directors

In terms of the Lesotho Electricity Authority Act No. 12 of 2002 (as amended) the Members of the Board for the period under audit were:

Professor F. Moloi (Chairperson) Until September 2014

Dr. L. Thamae (Chairperson) from October 2014

Mr. R. Motlojoa

Dr. M. Kotelo – 'Molaoa

Mrs. M. Maliehe

Advocate K. Mohau

Dr. M. Matete

Mr. T. Khasipe (From 30 November 2014)

Associate Professor N. Rapapa (Chief Executive)

### Disclosure of Interest

The Authority is a Government Regulatory Agency. The Members of the Board do not hold any financial interest in the Authority.

### Auditors' Appointment

In terms of the aforesaid Act, the Auditor General is the Auditor of the Authority..



OFFICE OF THE AUDITOR GENERAL  
P.O. BOX 502, MASERU 100, LESOTHO

## REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF LESOTHO ELECTRICITY AND WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 2015

I have audited the accompanying Financial Statements of Lesotho Electricity and Water Authority which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 52 to 71.

### Management's Responsibility for the Financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on the audit. The audit has been conducted in accordance with International Standards on Auditing (ISA). Those standards require auditors to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion to the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

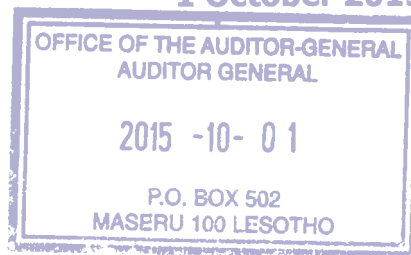
## Opinion

In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Lesotho Electricity and Water Authority at 31 March 2015 and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards and in the manner required by the Lesotho Electricity and Water Authority Act No. 12 of 2002 as amended.



Lucy. L. Liphafa (Mrs)  
Auditor General

**1 October 2015**



STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015

ASSETS	Notes	2015 M	2014 M
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	2,610,111	3,387,269
<b>Current Assets</b>			
Cash & Bank	10	41,707,609	53,640,814
Trade & Other Receivables	4	6,425,289	5,698,775
Assets Held for Sale	5	-	73,776
		<b>48,132,898</b>	<b>59,413,365</b>
<b>Total Assets</b>		<b>50,743,009</b>	<b>62,800,634</b>
<b>FUNDS &amp; LIABILITIES</b>			
<b>Funds and Reserves</b>			
Retained Surplus/(Deficit)	13	2,088,784	3,070,006
Revaluation Reserve	14	1,332,389	1,676,391
Universal Access Fund Balance	12	35,483,298	50,109,874
		<b>38,904,471</b>	<b>54,856,271</b>
<b>Non-Current Liabilities</b>			
Gratuity	6	6,939,126	6,848,341
<b>Current Liabilities</b>			
Bank Overdraft	10-11	661,794	823,588
Gratuity	6	3,476,672	-
Trade & Other Payables	6	760,946	272,434
		<b>4,899,412</b>	<b>1,096,022</b>
<b>Total Funds and Liabilities</b>		<b>50,743,009</b>	<b>62,800,634</b>



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 M	2014 M
<b>INCOME</b>			
Customers' Levy		20,174,678	17,624,711
License Fees	3	4,966,041	3,862,969
GoL & World Bank Grants	2	4,186,322	2,452,405
Capital Grant Release	9	-	502,365
Universal Access Fund	12&16	35,694,689	1,994
		<b>65,021,730</b>	<b>24,444,444</b>
<b>EXPENDITURE</b>			
Staff Costs	17	18,562,709	15,800,266
Depreciation	8	1,204,245	240,929
Directors Expenses	17	1,282,003	1,282,615
Audit Fee		27,000	25,467
Universal Access Fund	12&16	35,694,689	1,994
Operating Costs	17	9,888,554	8,562,898
		<b>66,659,200</b>	<b>26,914,169</b>
<b>Surplus /(Deficit) From Operations</b>		<b>(1,637,470)</b>	<b>(2,469,725)</b>
Gain/(Loss) Assets Sale		-	(36,971)
<b>Finance Income</b>	13	313,790	198,562
Finance Costs		-	-
Sundry Income		7,180	-
Total Other Income		<b>320,970</b>	<b>161,591</b>
<b>Surplus/(Deficit) for the year</b>		<b>(1,316,500)</b>	<b>(2,308,134)</b>
<b>COMPREHENSIVE INCOME</b>			
Revaluation Reserve		332,278	1,421,485
<b>Total Comprehensive Income/(Loss) for the Year</b>		<b>(981,222)</b>	<b>(886,649)</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015

	Revaluation Reserve M	Capital Grants M	Universal Access Fund M	Retained Surplus M	Total M
<b>Balance at 31/03/2013</b>	<b>306,330</b>	<b>502,365</b>	<b>29,232,780</b>	<b>5,378,140</b>	<b>35,419,615</b>
Amortisation for the year	-	(502,365)	-	-	(502,365)
Grant	-	-	-	-	-
Revaluation Reserve	1,370,061	-	-	-	1,370,061
Universal Access Fund	-	-	20,877,094	-	20,877,094
Surplus/(Deficit) for the year	-	-	-	(2,308,134)	(2,308,134)
<b>Balance at 31/03/2014</b>	<b>1,676,391</b>	<b>-</b>	<b>50,109,874</b>	<b>3,070,006</b>	<b>54,856,271</b>
Amortisation for the year	(344,002)	-	-	-	(344,002)
Surplus/(Deficit) for the year	-	-	-	(981,222)	(981,222)
Universal Access Fund	-	-	(14,626,576)	-	(14,626,576)
<b>Balance at 31/03/2014</b>	<b>1,332,389</b>	<b>-</b>	<b>35,483,298</b>	<b>2,088,784</b>	<b>38,904,471</b>

STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 M	2014 M
<b>Surplus/(Deficit) for the Year</b>		<b>(1,316,500)</b>	<b>(2,308,134)</b>
<b>Adjustment for:</b>			
(Increase)/Decrease in Receivables		(726,485)	1,022,952
Increase/(Decrease) in Payables		3,965,184	(1,091,261)
Depreciation		1,204,245	1,240,929
Capital Grant Amortisation		-	(502,365)
Gain /Loss on Disposal of Fixed Assets		-	36,971
<b>Net Cash from Operating Activities</b>		<b>3,126,415</b>	<b>(1,600,908)</b>
<b>Investing Activities:</b>			
Purchase of Fixed Assets	8	(427,087)	(858,234)
Disposal Proceeds		65,052	190,917
<b>Net Cash Used in Investing Activities</b>		<b>(362,035)</b>	<b>(667,317)</b>
<b>Financing Activities</b>			
Gratuity		90,785	2,733,631
Universal Access Fund		(14,626,576)	20,877,094
<b>Net Cash Used in Financing Activities</b>		<b>(14,535,791)</b>	<b>23,610,725</b>
<b>Cash and Cash Equivalents:</b>			
Net increase in Cash and Cash Equivalents		(11,771,411)	21,342,500
Cash and Cash Equivalents at the Beginning of the Year		52,817,226	31,474,726
<b>Cash and Cash Equivalents at the end of the year</b>		<b>41,045,815</b>	<b>52,817,226</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

The principal accounting policies of the Authority, which are set below, have been consistently followed in all material respects and comply with International Financial Reporting Standards and the Lesotho Electricity Act No.12 of 2002 (as amended). These financial statements have been prepared on the historical cost basis except for financial assets, which are stated at fair values and incorporate the principal accounting policies. The financial statements are prepared on a going concern basis.

#### 1.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation less impairment losses where applicable. Depreciation is calculated on a straight line basis from the time the property, plant and equipment were available for use, so as to write off their cost over their expected useful lives, taking into account their residual values. The following expected useful lives are used in the calculation of depreciation:

Office Fittings	5 Years
Office Furniture	5 Years
Office Equipment	4 Years
IT Equipment	3 Years
Motor Vehicles	4 Years
Freehold Refurbishment	3 Years

Consumables are assets that cost less than M1,500 as per the LEA Financial Standing Orders hence they are written off in the period of purchase

#### 1.2 Foreign Currency Translation

Transactions in foreign currencies are translated to Maloti at the foreign exchange rate ruling at the date of the transaction.

#### 1.3 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at hourly call with the banks less bank overdrafts.

#### 1.4 Taxation

No provision for taxation is required as the Authority is exempt from taxation.

#### 1.5 Revenue Recognition

##### 1.5.1 Revenue

Income comprises of customer levy, licence fees from LEC, LHDA and WASCO, bank interest and grants from Government of Lesotho and World Bank, and is recognized when invoiced or at the time of disbursement by the relevant institution.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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### 1.5.2 Interest Income

Interest is recognized on a time proportion basis taking account the effective yield on the investment.

### 1.5.3 Revenue Grants

Revenue grants are recognized as income to match them with related costs, which they have been intended to compensate. Capital grants are recognized as deferred credit and are recognized in the income expenditure on the basis of matching them with the related costs for which the grants are intended to cover. They are amortised over the useful lives of assets.

### 1.6 Leases

Leases on which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are charged to the income statement on a contracted amounts basis over the period of the lease.

### 1.7 Trade and other Receivables

Trade and other receivables originated by the enterprise are stated at fair value of consideration receivables less impairment for trade receivables if any.

### 1.8 Trade and other payables

Trade and other payables are stated at their fair values.

### 1.9 Previous Year's Figures

Figures for the previous year have been regrouped and stated wherever necessary to conform to current year's presentation.

### 1.10 Financial Instruments

Exposure to credit risk and interest rate risk arising in the normal course of the Authority's business.

#### Financial Assets

The principal financial assets are cash and bank balances, investments, trade and other receivables. These assets are originated by the enterprise and are accounted for at trade rate.

#### Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The principal financial liabilities are trade and other payables.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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### **Interest Interest Rate**

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimizing risks.

### **Credit Risk**

The financial assets of the Authority that are subject to credit risk consist mainly of cash resources, receivables and investments. The cash resources and investments are placed with reputable financial institutions. Where appropriate, adequate provisions are made for bad debts.

#### **1.11 Fair values**

The fair values of most financial instruments are substantially identical to carrying values reflected in the statement of financial position.

#### **1.12 Gratuity**

The Authority provides for gratuity for contract staff as per the terms of their respective employment contracts.

#### **1.13 Impairment of Assets**

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired assets.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life..

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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### 1.14 **Adoption of IFRSs During the Year**

The Authority has adopted the following revised standards during the year and comparative figures have been amended as required. Adoption of revised standards does not have any effect on the funds and reserves as at 31 March 2009.

IAS 1 Presentation of Financial Statements;

IAS 7 Statement of Cash Flows;

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

IAS 10 Events after the Reporting Period;

IAS 16 Property, Plant and Equipment;

IAS 17 Leases;

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance;

IAS 21 The Effects of Changes in Foreign Exchange Rates;

IAS 24 Related Parties Disclosures;

IAS 39 Financial Instruments: Recognition and Measurement;

IAS 40 Investment Property, and

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

#### **IFRS's not Adopted**

The Authority has not applied the following IFRSs that have been issued.

IFRS 2 Shared-based Payments;

IFRS 3 Business Combinations;

IFRS 4 Insurance Contracts, and

IFRS 6 Exploration for and Evaluation of Mineral Resources.

These standards do not apply to the activities of the Authority.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

	2015 M	2014 M
2. <b>World Bank /GoL Revenue Grant/AfDB</b>	<b>4,186,748</b>	<b>2,452,405</b>
3. <b>Licence Fees</b>		
LEC	3,507,555	3,221,408
LHDA	708,486	641,561
WASCO	750,000	
	<b>4,966,041</b>	<b>3,862,969</b>
4. <b>Trade &amp; Other Receivables</b>		
LEC – Customers' & Electrification Levies	4,744,324	5,130,745
Trade & Other Receivables	1,680,965	568,030
	<b>6,425,289</b>	<b>5,698,775</b>
5. <b>Assets Held for Sale – Motor Vehicle</b>		
Motor Vehicle due for disposal	-	73,776
6. <b>Trade &amp; Other Payables</b>		
<b>Falling due within 1 Year</b>		
Gratuity	3,476,672	-
Trade & Other Payables	760,946	272,434
	<b>4,237,618</b>	<b>272,434</b>
<b>Falling due within 1 Year</b>		
Gratuity	6,939,126	6,848,341
	<b>11,176,744</b>	<b>7,120,775</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	M	M
<b>7. Minimum lease payments due:</b>		
- Within 1 year	2,986,949	2,715,408
- In fourth to fifth year inclusive	6,899,851	9,886,800
<b>Present Value of minimum lease payments</b>	<b>9,886,800</b>	12,602,208
<b>Presentation on systematic basis in accordance with IAS 17</b>		

This lease obligation relates to rented office space at Moposo house. The lease term is 60 months with escalation of 10% per annum.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

8. Property, Plant and Equipment

	Office Furniture	Office Equipment	IT Equipment	Office Fittings	Motor Vehicles	Freehold Refurbishment	Totals
	M	M	M	M	M	M	M
<b>Cost/Revaluation</b>							
At April 1, 2014	625,573	108,675	3,507,106	19,642	1,157,159	585,966	6,004,121
Additions	41,000	-	381,626	-	-	4,461	426,087
Disposal/Adjustments	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At March 31, 2015</b>	<b>666,573</b>	<b>108,675</b>	<b>3,888,732</b>	<b>19,642</b>	<b>1,157,159</b>	<b>590,427</b>	<b>6,431,208</b>
<b>DEPRECIATION</b>							
	20%	25%	33.33%	20%	25%	33.33%	
At April 1, 2014	214,413	22,513	1,980,447	1,264	249,124	149,091	2,616,852
Charge for the year	128,531	27,169	558,971	3,928	289,290	196,356	1,204,245
Adjustments	-	-	-	-	-	-	-
<b>At March 31, 2015</b>	<b>342,944</b>	<b>49,682</b>	<b>2,539,418</b>	<b>5,192</b>	<b>538,414</b>	<b>345,447</b>	<b>3,821,097</b>
<b>CARRYING VALUE</b>							
At April 1, 2014	411,160	86,161	1,526,659	18,379	908,035	436,875	3,387,269
<b>At March 31, 2015</b>	<b>323,629</b>	<b>58,993</b>	<b>1,349,314</b>	<b>14,450</b>	<b>618,745</b>	<b>244,980</b>	<b>2,610,111</b>

All assets were revalued on the 31 March 2015 in compliance with IAS 16 to reflect their fair values.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 9. Capital Grants

	2015 M	2014 M
Balance at the beginning of the year	-	502,365
Increase during the year	-	-
Amortised during the year	-	(502,365)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

## 10. Cash & Cash Equivalents

Cash and cash equivalents are measured at fair price and consists of:

	2015 M	2014 M
Petty Cash	2,500	2,500
Short-Term Deposits – (NedBank)	980,208	893,440
Short-Term Deposits – (StanLib)	7,490,276	5,742,262
	<b>8,472,984</b>	<b>6,638,202</b>
Current Accounts – UAF (Std Les. Bank)	1,614,314	1,428,817
Short-Term Deposits – UAF (StanLib)	31,620,311	45,573,795
	<b>41,707,609</b>	<b>53,640,814</b>
Bank Overdraft – (NedBank)	<b>(661,794)</b>	<b>(823,588)</b>
<b>Total</b>	<b>41,045,815</b>	<b>52,817,226</b>

## 11. Bank Overdraft

The overdraft represents cheques issued but not yet presented for payment at year end, which would otherwise be met by automatic draw downs from call account.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 12. Universal Access Fund (UAF) - Receipts & Payments

	2015 M	2014 M
<b>Receipts</b>		
Levies Collection	18,464,898	19,340,782
Finance Income (i)	2,603,215	1,538,306
<b>TOTAL</b>	<b>21,068,113</b>	<b>20,879,088</b>
<b>Expenditure</b>		
Electrification Projects	35,689,860	-
Bank Charges	4,829	1,994
<b>TOTAL</b>	<b>35,694,689</b>	<b>1,994</b>
<b>Movement in UAF - For the year</b>	<b>(14,626,576)</b>	<b>20,877,094</b>
Bank Overdraft – (NedBank)	50,109,874	29,232,780
<b>Universal Access Fund Balance (ii)</b>	<b>35,483,298</b>	<b>50,109,874</b>

### 12.1 Universal Access Fund

The Fund was established pursuant LEA Act 2002. The main objective of the Fund is to facilitate expansion of electricity services where they are non-existent. The Fund is administered pursuant to UAF Rules of 2011. The fund is ring-fenced through the dedicated accounts with Stanlib and Standard Lesotho Bank. It receives monies from electricity users, through payment of rural electrification levies. The Authority determines the levies and approves all the projects to be funded by the UAF, including annual budget for the Fund.

### 12.2 UAF Receivables

	2015 M	2014 M
LEC – Electrification Levies	2,400,787	3,107,260
<b>Electrification Levy due from LEC and accrued investment interest that form part of Universal Access Fund balance.</b>		

### 12.3 Receipts

- (i) Finance income - Represents interest realized on investment account.
- (ii) Universal Access Fund Balance – A budget of M11,036,264 had been approved for electrification projects for the next financial year, while M24,674,655 is committed to approved projects which are still in progress.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

13 Investment Income

	2015 M	2014 M
Interest received on short term investment with STANLIB Lesotho (Pty) Ltd	313,790	198,562

14. Retained Surplus/(Deficit)

	2015 M	2014 M
Income	65,021,730	24,444,444
Expenditure	66,659,200	26,914,169
<b>Operating Surplus/(Deficit)</b>	<b>(1,637,470)</b>	<b>(2,469,725)</b>
Loss on disposal	-	(36,971)
Total Other Income	320,970	198,562
<b>Surplus/(Deficit) for the year</b>	<b>(1,316,500)</b>	<b>(2,308,134)</b>
Revaluation Reserve Amortisation	335,278	
Surplus B/F	3,070,006	5,378,140
<b>Retained Surplus/(Deficit)</b>	<b>2,088,784</b>	<b>3,070,006</b>

15. Revaluation Reserve

	2015 M	2014 M
<b>Balance at the beginning of the year</b>	<b>1,676,391</b>	<b>306,330</b>
Increase during the year	-	1,421,485
Amortised during the year	(344,002)	(51,424)
<b>Balance at the end of the year</b>	<b>1,332,389</b>	<b>1,676,391</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

15. Universal Access Fund (UAF) Projects

Villages Name/Project	Name of Contractor	Approved Contracts	Payment Project	Balance
Linotsing	B&G Electrical	9,470,833	6,417,838	3,052,995
Ha Ramoloi	Power Factor	4,018,147	884,928	3,133,219
Litlhatsaneng	K.R. Consultants	6,339,703	5,288,607	1,051,096
Khalahali	PHAKS Electrical	4,028,312	2,957,165	1,071,147
Ha Rantuba	KR Consultants	2,262,662	2,262,662	-
Ha Monyane	LR Construction	1,889,355	1,530,855	358,500
Ha Thaba Bosiu	LR Construction	6,354,277	4,981,518	1,372,759
Ha Sekoati	LR Construction	3,669,498	3,002,147	667,351
Ha Leneha	KR Consultants	11,628,650	8,364,139	3,264,511
Ha Fusi	Lesehe Constr.	2,500,000	-	2,500,000
Ha Mothamane	Electro Construction	3,100,000	-	3,100,000
Ha Mokati	Lesehe Construction	3,200,000	-	3,200,000
Tloutie	Lesehe Construction	1,903,077	-	1,903,077
<b>TOTALS</b>		60,364,514	35,689,859	24,674,655
<b>Committed Funds</b>				24,674,655



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

16. Detailed Statement of Comprehensive Income

	2015 M	2014 M
<b>INCOME:</b>		
Customers' Levy	20,174,678	17,624,711
Licence fees	4,966,041	3,862,969
GoL & World Bank Grants	4,186,322	2,452,405
Capital Grants Release	-	502,365
	<b>29,327,041</b>	<b>24,442,450</b>
Universal Access Fund	35,694,689	1,994
<b>Other Income</b>		
Finance Income	313,790	198,562
Other Income	7,180	-
Gain/(Loss) Assets Sale	-	(36,971)
	<b>320,970</b>	<b>161,591</b>
<b>Total Income</b>	<b>65,342,700</b>	<b>24,606,035</b>
<b>Less: Expenditure</b>		
<b>Directors' Expenses:</b>		
Director's Fees	727,565	731,666
Other Costs – Board	245,260	135,709
Board Training	309,208	415,240
	<b>1,282,033</b>	<b>1,282,615</b>
<b>Staff Costs:</b>		
Staff Remuneration & Benefits	13,729,646	11,757,496
Staff Wellness Activities	35,359	31,233
Gratuity	3,567,458	3,100,058
Staff Training/Workshops	1,149,625	857,378
Health & Wellness allowance	48,660	54,101
Staff Uniform	31,961	-
	<b>18,562,709</b>	<b>15,800,266</b>
<b>Operating Costs:</b>		
Stationery	224,736	219,100
Advertising	180,026	87,827
Public Awareness	355,496	97,891
Publications	-	11,882
Advocacy	-	9,841
LEA Literature	13,290	17,258

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 16. Detailed Statement of Comprehensive Income continues

	2015 M	2014 M
International Technical Standards	60,506	-
Standards		
Consumables assets below M1,500	5,084	42,689
RERA,ESAWAS & AFUR subscriptions	487,027	413,768
Public Relations	-	14,248
Office Expenses	265,422	242,473
Transport Costs	285,056	247,793
Bank Charges	58,793	62,502
Rent	2,715,412	2,455,572
Electricity	82,101	67,012
Telephone	126,850	142,537
Internet	48,000	52,500
Corporate Social Responsibility	72,672	68,652
Insurance	113,571	113,046
IT Expenses	94,409	109,958
RERA Meetings and Workshops	266,673	471,993
AFUR Meetings and Workshops	60,542	209,503
International Meetings and Workshops	626,046	328,189
ESAWAS Meeting and Workshops	189,855	90,090
Human Resource Consultant	-	22,000
Annual Report	37,153	37,153
Inspection Costs	19,138	14,524
Promotional Items	121,565	148,032
Design of Regulatory Model	623,538	-
Increasing Access to Electricity	13,200	22,149
National Security of Supply	22,207	66,551
Public Hearing	302,557	401,554
Universal Access fund (Elect. Projects)	35,694,689	1,994
Monitoring Compliance	-	10,044
Customer Education	21,755	5,079
Customer Workshops	50,632	87,395
African Peer Review	3,311	210,080
Complaints Resolution	1,000	2,250
Radio Programs	62,861	58,843

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

16. Detailed Statement of Comprehensive Income continues

	2015 M	2014 M
Water & Cleaning Services – Maseru West	-	4,543
Security	5,586	17,540
Strategic Plan / Wellness Consultants	123,353	154,559
Web-site Support	30,568	28,044
LEWA Launching	-	88,540
<b>Water Regulation Expenses</b>		
Water Regulatory Instruments Consultancy	2,100,447	1,606,694
Other Water Regulation Expenses	18,086	1,000
<b>Other costs:</b>		
Audit Fees	27,000	25,467
Depreciation	1,204,245	1,240,929
<b>Operating &amp; Other Expenses</b>	<b>46,814,458</b>	<b>9,831,288</b>
<b>Total Expenses</b>	<b>66,659,200</b>	<b>26,914,169</b>
<b>Surplus/(Deficit) for the year</b>	<b>(1,316,500)</b>	<b>(2,308,134)</b>





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