



LESOTHO ELECTRICITY AND WATER AUTHORITY

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MEDIA STATEMENT

25 April 2014

LESOTHO ELECTRICITY AND WATER AUTHORITY'S DECISION ON WASCO'S TARIFF APPLICATION FOR 2014-15

On 3rd February 2014, the Lesotho Electricity and Water Authority (LEWA) received an inaugural Tariff Review Application from Water and Sewerage Company (WASCO) requesting 35% increase on volumetric charges (on both water and sewerage services) and a 6.2% increase in standing charges for the financial year 2014/15.

In its application, WASCO stated that the basis for its tariff review considered issues related to its ability to meet its service obligations and to be profitable, as it had been granted company status. Therefore it had to be able to sustain itself as a commercial entity. The company added that the budget for 2014/15 had been prepared on zero based planning 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.

In line with Tariff Filing and Review Procedure, the Authority identified data gaps and communicated them in writing to WASCO on the 21st February 2014. The Company provided the required clarifications, together with additional information, on the 14th March 2014.

The Authority further initiated a public consultation process which entailed the publication of the application in the local newspapers and on radio programs and through public hearings. At the hearings, WASCO, consumers and representatives from the Consumer Protection Association,

Transformation Resources Centre, Maluti Mountain Brewery, Catholic Commission for Justice and Peace, Lesotho Chamber of Commerce and Industry and members of the public made presentations before the LEWA Pricing and Tariffs Committee.

In their submissions, stakeholders opined that provision of reliable water supply and increased access to water and sewerage services, access to potable water, affordability of connection charges, WASCO's efficiency in conducting business and Government support, were priority areas that need to be addressed.

After duly considering the application, the written public submissions and oral presentations, reasons, facts and evidence provided, the Board in its meeting held today, Friday, 25 April 2014 approved WASCO's revenue requirement of M172.73 million (instead of M181.28 million requested by WASCO) and M29.36 million (instead of M34.39 million requested by WASCO) for water and sewerage services respectively for 2014/15. The approved revenue requirement shall:

- Cover the costs of WASCO's regulated businesses which are water production, distribution and sewage disposal;
- Allow the Company to replace its aging infrastructure;
- Allow the Company to service its debt obligations ; and
- Allow WASCO to improve its operational efficiency by controlling operational expenses and reducing non-revenue water to 26%.

The approved revenue for water and sewerage services results in the following changes for different customer categories:

A. maximum percentage increase in customer bills in 2014/15 for water services

1. Domestic Customers

- 7.4% for Band A (the lowest consuming customers: 0 - 5,000 litres);
- 12.03% for Band B (the mid low consuming customers: 5,000- 10,000 litres);
- 13.75% for Band C (the higher consuming customers: 10,000- 15,000 litres); and
- 16.50% for Band D (the highest consuming customers: more than 15,000 litres).

2. 16.50% for Non domestic customers

B. The approved tariff for public water standpipes of M5.66 (which is an increase from M4.86) per 1,000 litres.

By comparison, it must be noted that for Band A (lowest consuming customers with yard taps) the costs shall be M26.11 for 1,000 litres while for the standpipe, the same amount of water shall cost M5.66.

C. 6.2% increase on sewerage services tariffs for all customers.

Detailed tariffs for water services are reflected in table 1 attached to this press release.

The approved tariffs are effective from 01 May 2014.

Ends.

Table 1: Approved Water Tariffs and Charges for 2014/15

NEW WATER CHARGES(2014/15)			OLD CHARGES (2013/14)		Maximum Increase in Customer Bills in Percentage (%)
Customers	Unit Cost in Maloti per cubic meter (M/kl)	Standing Charge in Maloti per month (M/month)	Unit Charge in Maloti per cubic meter (M/kl)	Standing Charge in Maloti per month (M/month)	
Domestic Customers					
Band A (0 - 5kl)	4.18	21.93	3.59	21.93	7.40%
Band B (>5 - 10kl)	7.07	38.95	6.07	36.68	12.03%
Band C (>10 - 15kl)	12.43	38.95	10.67	36.68	13.75%
Band D (>15kl)	17.14	38.95	14.71	36.68	16.50%
Non-Domestic Customers					
Non-Domestic Customers excluding Government, schools and Churches	11.31	259.37	9.71	244.23	16.50%
Government	11.31	374.64	9.71	352.77	16.50%
Schools	11.22	259.37	9.63	244.23	16.50%
Churches	11.22	187.33	9.63	176.39	16.50%

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