## WP5.3

# Long term cross-border water supply planning and regional drinking water supply economics model

(Report on the finances and economics of the water supply systems in cross-border framework with applicable model – regional drinking water supply economics model)

# ANNEXES

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| **Date last release** | 23.9.2016 |
| **State of document** | Final |

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DRINK ADRIA

Adriatic IPA
Cross Border Cooperation 2007-2013

The project is co-funded by the European Union, Instrument for Pre-Accession Assistance

**Appendix 1: Questionnaire**

**(Italian project partners)**

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

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Cross Border Cooperation 2007-2013

The project is co-funded by the European Union,
Instrument for Pre-Accession Assistance

**Name of the organization/institution: A.ATO 3 MARCHE CENTRO - MACERATA**
**Beneficiary number: 2**

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be referred if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

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| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | Many Public Bodies participate in the process of water supply management in Italy:<br>- The State, by laws and acts, defines the general features of water supply;<br>- A National Regulatory Authority (AEEGSI) specifies methodologies through which the principles of national laws have to be applied;<br>- Regional Administrations identify the local regulator entities, their organization and their territorial area of competence;<br>- Local Regulators apply the methods introduced by the National Authority, choose local Water Utilities (Public/Private), plan and verify their activities concerning water supply management;<br>- Entrusted Water Utilities are responsible for water service supply and for the implementation of the necessary infrastructure. |

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| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | The owner of the water supply infrastructure can be:<br>- The Water Utility which realizes the infrastructures;<br>- The Municipality, if it has realized the infrastructures, then made available to the Water Utility responsible for water supply management.<br>At the end of the service contract between the local regulator and the Utility, all the water supply infrastructure have to be transferred back to municipalities. |

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| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | Water services might be entrusted to:<br>- a private company chosen through a public competitive tender;<br>- a mixed-ownership company, the private partner of which is chosen through a public competitive tender;<br>- a public company, with an in-house provision of services.<br>Companies in line with Law requirements (Legislative Decree no. 152/2006) provide water services to 42 out of 60 Million inhabitants (70%), Municipalities running the service by their own offices and employees still cover 11,5% of the population and, for the remaining 18,5% of the population, water services are provided by other kind of Utilities. With focus on those water supply systems entrusted based on the Italian law in force (total number 115), service contracts awarded according to the in house providing scheme involve 40% of the total population, mixed-ownership companies 12%, listed companies 14% and totally private companies just 3% of the total population. |

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| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | |

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| | Legislative Decree no. 152/2006 defines the powers and responsibilities within the water sector as follows:<br>1. A National Regulatory Authority (Autorità per l'Energia Elettrica, il GAS ed il Sistema Idrico – AEEGSI) defines the national framework under which all firms must operate, choosing the tariff method and the service contract type<br>2. Local Regulator Entities (Enti di Governo dell'Ambito, EGATO) are responsible for planning the service management, entrusting a Water Utility and controlling its operation.<br>The area of competence of any single Local Regulator can be a big area (as it is the case of EGATO Puglia, corresponding to the entire Apulia Region) or a small area (as it is the case of A.ATO 3 Macerata). |

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| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | The National Regulatory Authority (AEEGSI) defines a national method for water rates calculation. Local Regulators apply such national method in their area of competence and propose the resulting tariffs to the AEEGSI which definitely approves them. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

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| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. |

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| | higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | There's not jet a uniform national structure of the water charge rate. It will be applied starting from 2016. Nevertheless the National Regulatory Authority (AEEGSI) has already defined the features of Italian water rates structure.<br><br>Rate design in Italy will be structured taking into account a **fixed fee** (independent of water consumption ) and **variable rates** depending on the water volume consumed (€/mc).<br><br>There will be 3 separated fixed fee, for water supply, sewage and wastewater treatment services.<br><br>The variable water supply rates will take into account different "rate classes" according to an "increasing block rates" scheme.<br><br>The variable rates referring to sewage and wastewater treatment service will be uniform, that is not increasing/decreasing above any specific threshold.<br><br>Sewage and treatment rates are to be paid only if the user is connected to the public sewerage system and wastewater treatment plant. |

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| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide an information regarding the number of inhabitants supplied.<br><br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | The average price for water supply service in ATO 3 Macerata is 1,80 €/Mc (including drinking water supply, sewage and wastewater treatment service), VAT excluded (2013). The average family expenditure for water services in A.ATO 3 area of competence is around 420 €/year (35 €/month). It represents 1,5% of the average monthly expenditure of a family. Inhabitants in ATO 3 Municipalities are around 350.000. |

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| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As |

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| | waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | There's a regional tax for the water abstraction. The charge is 22,00 € for each liter per second of abstracted water. |

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| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | Price components applied by APM Spa in "Macerata area": |

| APM Spa | Anno 2014 |
|---|---|
| | **QUOTA FISSA** |
| | ***Euro/cliente/anno*** |
| Domestici residenti | 23,943000 |
| Domestici non residenti | 58,296000 |
| Uso pubblico | 36,435000 |
| Condominiale | 52,050000 |
| Uso agricolo/Zootecnico | 36,435000 |
| Antincendio (q.f. per utenza) | 36,435000 |
| Antincendio (q.f. per nr. bocchette) | 22,902000 |
| | **QUOTA VARIABILE** |
| **USI DOMESTICI RESIDENTI E NON** | ***Euro/mc*** |
| da 0 a 80 mc/anno | 0,655830 |
| da 81 a 150 mc/anno | 0,978540 |
| da 151 a 250 mc/anno | 1,561500 |
| oltre 250 | 2,082000 |
| **USO PUBBLICO** | |
| fascia unica | 1,405350 |
| **CONDOMINIALE** | ***Euro/mc*** |
| fascia unica | 1,405350 |
| **USO AGRICOLO/ZOOTECNICO** | ***Euro/mc*** |
| fascia unica | 1,405350 |
| **ANTINCENDIO (consumi)** | ***Euro/mc*** |
| fascia unica | 1,405350 |
| **SERVIZIO FOGNATURA** | |
| | ***Euro/mc*** |
| Valore unico (100% consumo effettivo) | 0,276906 |
| **SERVIZIO DEPURAZIONE** | |
| | ***Euro/mc*** |
| Valore unico (100% consumo effettivo) | 0,614190 |

| Articolazione Usi diversi 2014 | Scaglione minimo | Scaglione massimo | Quota fissa (€/anno) | Tariffa base (€/mc) | Tar Eccec (€/ |
|---|---|---|---|---|---|
| **Uso "piccolo"** | 0 | 100 | 41,640000 | 1,301250 | 3,7 |
| **Uso "medio"** | 101 | 1.000 | 93,690000 | 1,748880 | 3,3 |
| **Uso "grande"** | 1.001 | 10.000 | 270,660000 | 1,821750 | 2,7 |
| **Uso "speciale"** | 10.001 | oltre | 1.301,250000 | 1,925850 | 1,9 |

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| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | The water supply service tariffs are different, depending the type of final user. Customers are divided into categories such as households, public use, condominium use, etc. |

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| | Sewage and wastewater treatment service tariffs are the same for any kind of final user (refer to A2.4 given above for the specific prices).<br><br>A.ATO 3 Macerata had to face the process of defining bulk water supply tariffs, in order to set the wholesale purchases/sales among Utilities and to be applied in "cross-optimal territorial area" supply. The bulk tariffs are calculated as "average full industrial cost" divided into volumes of water. The full industrial costs of production is the sum of: direct operating costs and infrastructure depreciation. Financial costs, taxes, administrative and general costs are not to be included. The bulk water supply rates should just cover the marginal cost of water supply service. |

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| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | The price for water services changes every year, depending on the costs reported by Utilities according to their final Budgets, as set by law (or better by the National Regulatory Authority, thorough its Decisions). In practice, every 2 years AEEGSI verifies the costs relating to water services and may modify the tariffs, if necessary. |

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| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | The VAT applied to water tariffs is 10%. The VAT for the cost of service is 22%. |

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| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | The billing period can't be longer than six months (i.e. the payment frequency is at least half-yearly). The Utilities operating in ATO 3 Macerata have adopted a bi-monthly or quarterly billing period. |

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| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |

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| A2.9 | Meters reading should be at least six-monthly. The Utilities operating in ATO 3 Macerata have adopted a six-monthly reading period of the meters. Costumers also have the chance to communicate to the Utility their actual consumption, by reading themselves their water meters. |

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| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | Utilities must guarantee the service standards set by the law and/or better defined by the "Service Charter". In ATO 3, when the Utility doesn't reach some of the given levels of standard, costumers are entitled to apply for a compensation of 30 euro. |

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| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | The National Regulatory Authority introduced some benchmarking assessment in order to shrink the necessary amount to cover electricity cost of service and the cost of the local regulator. AEEGSI defined annually **"optimal unitary prices"** (€/mc) for electricity and for the local regulator. Applied water tariffs should not cover higher prices than those considered the optimal ones. |

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| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | |

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| | Water price cover exclusively the cost of the provided water service, comprehensive of drinking water supply, sewage and wastewater treatment. Environmental costs are also included in the cost of service covered by water price. |

## 3. ACCOUNTING INFORMATION

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| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | Utilities have to provide a separate accounting for each public service. There is not a standardized methodology to allocate and input overhead costs. They are usually allocated based on staff working hours, etc., in order to match the revenue for each service. |

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| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | There is not a separate accounting provided for the public water supply and water supply which is not considered as a public service, in Italy.<br>The accounting information is public for all type of Water utilities. |

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| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |

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| A3.3 | Either in case of public or private companies, part of the eventual profits are transferred from Water Utility to the owners of the WSS (municipalities) and part is used for investments. Losses could be covered by the owners but they are usually covered by an increase of the water tariffs to be applied the following years. |

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| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | According to Italian legislation, the utilities have to prepare a disclosure report describing the management, to be attached to the annual budget . The law defines the minimum contents of such reports. |

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| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | The range of services for the provision of drinking water is strictly defined by law and it is standardized on national level. The range of costs per unit is not defined as it is strictly dependent on specific local features, such as orography, raw water availability and quality, etc. |

## 4. INVESTMENTS

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| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Many institutions are involved in the investment process: |

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| | - Regional Administration is responsible for long term planning of WSS needs in terms of infrastructure and water resources to be reserved, compared to foreseen demand, as well as of water resources protection;<br><br>- Local regulators' duty is that of programming the investment to be realized by the Utilities, also taking into account their impact on applied water tariffs;<br><br>- Utilities are responsible for WSS design, construction, financing (through water tariffs) and operation;<br><br>- UE, State and Regional Administration may support water Utilities by providing grants, in order to speed up the investment process in case of lack of financial resources. |

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| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | Water tariff is the main (and often only) financial source for the investment in new facilities and rehabilitation of existing infrastructure. UE, National or Regional financing schemes represent just a small percentage of the total investment amount (more relevant in the South of Italy). |

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| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | Depreciation (amortization) costs are determined based on Assets value and associated "Useful life" (set by specific financial legistation). Such costs have to be taken into consideration in water tariff calculation process, and represent a relevant part of it. |

## 5. GENERAL INFORMATION ON SUBSIDIES

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| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | According to Italian legislation, water rates should cover ALL the costs of service. No subsidies are foreseen, except for specific grants addressed to few strategic infrastructure. |

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| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | No, the costs of water supply service can't be covered by general subsidies, nowadays. Before 1994 a large part of the users used to paid just a part of the cost of service. The other part was covered by state subsidies. No more State nor local subsidies are foreseen today. |

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| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Water tariffs are quantified in order to cover a foreseen set percentage of unpaid bills (in central Italy that is 3,6% of the total revenue).<br><br>In case of "non-payment" of water service, the Utility could interrupt the water supply to the user, according to predefined contract rules. |

## 6. Social correction mechanism

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| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | Water services cost, including sewage and waste water treatment, actually represents only 0,9% of the average monthly expenditure of a family, in Italy. Water price is one of the lowest in Europe. Tariffs would better be higher, in order to facilitate investments. Too low tariffs mean higher consumption and not enough money to realize the necessary investment. |

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| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | There is not any uniform approach on national level. The local regulator can apply a discount for disadvantaged users.<br>The local regulator decides whether to apply or not subsidies for economically deprived population and their amount (could be a percentage discount, or a fixed amount). |

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| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | Municipality's Social Services can help the user in case of no ability to pay for the water services. As above mentioned (A6.2), also the local regulator (A.ATO) might define specific discount or special price for deprived users. |

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| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | |

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| | The user have usually to provide the "ISEE level declaration" which is a report that defines the social-economic situation of the family. If ISEE is under a defined level, the user can access to the facilitation. |

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| | Italian water tariffs are strictly disciplined by law and by the National Regulation Authority (AEEGSI). The introduced method is complex and really difficult to apply. Moreover, it doesn't take into consideration some important features, such as bulk rates, benchmarking evaluation and rate design.<br><br>The hope is that AEEGSI will approve a new method, easier to apply than the present one and above all capable to comprehensively discipline all the questions concerning water service charge. |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br><br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br><br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br><br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br><br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

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**Appendix 2: Questionnaire**

**(Slovenian project partners)**

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

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| **Name of the organization/institution:** Vodovodi in kanalizacija Nova Gorica & University of Ljubljana<br>**Beneficiary number:** FB4 & FB5 |

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be referred if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | The state (with its competent agencies and ministries), municipality and the water utility company – public service contractor (publicly or privately owned company) |

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| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | The owner of the water supply infrastructure is the municipality which charges the public service contractor the rent for infrastructure that is required for the performance of water supply service. |

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| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | The legislative basis represents the Decree on drinking water supply (Uredba o oskrbi s pitno vodo (Uradni list RS, št. 88/12)). The management of water supply infrastructure is trusted to public service contractor company (public or private) or the municipality manages it "in-house" through an administrative department (Slo: "*režijski obrat*"). Most of the water utilities companies are currently under public ownership (municipality ownership) |

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| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | The state is the owner of the water source and its agency issues the water permit to municipalities which are the holders of water right. The state forms the methodology for definition of water service price and controls the prices.<br><br>The municipality reports (according to the Article 27 of the Decree on drinking water supply) to the Ministry of the environment and spatial planning, the achieved service standard. The municipality confirms the price of water supply service (proposed by water utility) which should be calculated according to the prescribed methodology and is presented in the elaborate plan regarding the price of public water supply service.<br><br>Water utility company has to report the performance of its services in the previous year and the prices of water supply service (and other public services in case it provides any) to the Ministry of the environment and spatial planning. |

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| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | On 16.11.2012 the government issued a Decree of tarife system for public service on the environmental field (Slo: Uredba o metodologiji za oblikovanje cen storitev obveznih občinskih gospodarskih javnih služb varstva okolja (Uradni list RS, št. 87/12 in 109/12) that entered into force on 1.1.2013. This decree defines the |

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| | methodology for the calculation of the price of public services (including water supply service) and actions and normatives of water utilities regarding the charging (billing) of the services to their customers (users).<br><br>The municipality is responsible for confirming the price of water supply service in its area proposed by water utility company managing the supply for the area. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | Uniform volume rate. The entire amount of supplied (consumed) water is charged with the same price for the cubic meter of water. |

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| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide an information regarding the number of inhabitants supplied.<br><br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | In the case of the municipality of Nova Gorica (approx. 32.000 inhabitants) the confirmed price of water supply for households from 2013 is 0,9216 €/$m^3$ for supplied water and 3,3313 € per month (fixed amount). (From 1.3.2015 the price for supplied water is 0,9227 €/$m^3$ and 5,1373 € per month).<br><br>For example in the above mentioned case, for the consumption of 10 m3 the monthly charge for the water supply service amounts to 12,5473 € (2013) or 14,36 € (1.3.2015). |

| | |
|---|---|
| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | There is a water abstraction charge – which is set by the government. The total charge consists from the basic amount set by the government (in 2013 it amounted 0,0638 € for a $m^3$ of abstracted water and in 2015 was the same) and the amount for covering water losses. The charge is included in the volumetric part of the price and is charged to customers by water utility for the abstracted amount of water. In case of Water utility of Nova Gorica it was 0,1075 €/$m^3$ (in 2015 it amounted 0,1160 €/m3) |

| | |
|---|---|
| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | Water supply service only – consists of two categories: Variable part (charge per $m^3$) & Fixed part (charge per month) |

| Public Utility | Municipality | Surface ($km^2$), 1. 1. 2013 | Population 1. 7. 2012 | Population density (inhabitants/$km^2$) 1. 7. 2012 | Fixed charge (EUR/month) (31.12.2013) | Variable charge (EUR/m3) (31.12.2013) |
|---|---|---|---|---|---|---|
| JAVNO PODJETJE VODOVOD-KANALIZACIJA D.O.O. | Ljubljana | 275 | 280278 | 1019 | 4,49 | 0,54 |
| MARIBORSKI VODOVOD JAVNO PODJETJE D.D. | Maribor | 148 | 110946 | 752 | 3,93 | 0,64 |
| KOMUNALA KRANJ, JAVNO PODJETJE, D.O.O. | Kranj | 151 | 55432 | 367 | 2,86 | 0,40 |
| JAVNO PODJETJE - AZIENDA PUBLICA RIŽANSKI VODOVOD KOPER D.O.O. - S.R.L. | Koper | 311 | 53155 | 171 | 4,60 | 0,81 |
| VODOVOD - KANALIZACIJA JAVNO PODJETJE, D.O.O. | Celje | 95 | 48682 | 513 | 5,19 | 0,44 |
| KOMUNALA NOVO MESTO D.O.O. | Novo mesto | 236 | 36395 | 154 | 5,87 | 0,45 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | JAVNO KOMUNALNO PODJETJE PRODNIK D.O.O. | Domžale | 72 | 34346 | 475 | 7,46 | 0,67 |
| | KOMUNALNO PODJETJE VELENJE D.O.O | Velenje | 84 | 32862 | 394 | 4,82 | 0,68 |
| | KOMUNALNO PODJETJE PTUJ D.D. | Ptuj | 67 | 23525 | 353 | | 0,55 |
| | LOŠKA KOMUNALA D.D., ŠKOFJA LOKA | Škofja Loka | 146 | 22889 | 157 | 2,26 | 0,50 |
| | JEKO - IN, JAVNO KOMUNALNO PODJETJE, D.O.O., JESENICE | Jesenice | 76 | 21433 | 283 | 1,94 | 0,36 |
| | VODOVOD MURSKA SOBOTA JAVNO PODJETJE D.O.O. | Murska Sobota | 64 | 19220 | 298 | 4,64 | 0,35 |
| | JAVNO PODJETJE KOMUNALA TRBOVLJE D.O.O. | Trbovlje | 58 | 16938 | 292 | 4,98 | 0,52 |
| | JAVNO PODJETJE - AZIENDA PUBLICA RIŽANSKI VODOVOD KOPER D.O.O. - S.R.L. | Izola | 29 | 15951 | 558 | 4,60 | 0,81 |
| | KOVOD POSTOJNA, VODOVOD, KANALIZACIJA, D.O.O., POSTOJNA | Postojna | 270 | 15757 | 58 | 3,57 | 1,02 |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | The volumetric part of the price of water is according to the Decree of tarife system for public service on the environmental field, the same for all types of users (households, industry, etc.). |

| | |
|---|---|
| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | Once a year. |

| | |
|---|---|
| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | VAT rate in Slovenia is 20 %. The rate of VAT applied to water supply service is 9,5 %. |

| | |
|---|---|
| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | Billing period is usually once a month. In case of smaller consumers even every two or three months. |

| | |
|---|---|
| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | Customers can report their monthly consumption to water utilities. |

| | |
|---|---|
| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | No. |

| | |
|---|---|
| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | There is no benchmarking sheme for the case of FB4. The water supply systems are very difficult to compare and consequently even costs. The differences are too big. |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | The water supply charge consists from the charge for consumed (provided) volume of water and the fix monthly amount. |

## 3. ACCOUNTING INFORMATION

| | |
|---|---|
| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | In case a public utility provides several public services it has to provide a separate accounting information on each public service (e.g. for water supply, sewage and wastewater treatment, waste management, cemetery service, etc.) |

| | |
|---|---|
| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | The price is the same for all users, except for the cross-border supply for which the price is defined by state agreement. Separate accounting is provided for the costs of cross-border supply, but not for other types of supply. The prices are publicly available, except for the export of drinking water. |

| | |
|---|---|
| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the |

| | |
|---|---|
| | owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | There is no such case for FB4. Theoretically, eventual profit should lower the price of the water and vice versa. |

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|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | Yes utilities are obliged by law to prepare the disclosure reports. |

| | |
|---|---|
| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Instvestmet enlistment, including:<br>DIIP documents for the identification of investment project<br>PI pre-investment scheme<br>CBA cost benefit analiza<br>IP investment program<br>The assessment of the investment<br>Allocation of the financial sources<br>Technical documentation<br>Public tender<br>Implementation and acquiring<br>Activation of the infrastructure |

| | |
|---|---|
| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | According to the Decree of tarife system for public service on the environmental field (Slo: Uredba o metodologiji za oblikovanje cen storitev obveznih občinskih gospodarskih javnih služb varstva okolja (Uradni list RS, št. 87/12 in 109/12) that entered into force on 1.1.2013, a fixed part of the water price (taridd) was introduced in order to cover the depreciation costs of the water supply infrastructure.<br><br>The reconstruction of water supply network is also financed with the assistance of European Investment Bank and European Bank for Reconstruction and Development and other financial institutions offering financial help to EU member states. |

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| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | The Decree of tarife system for public service on the environmental field (Slo: Uredba o metodologiji za oblikovanje cen storitev obveznih občinskih gospodarskih javnih služb varstva okolja (Uradni list RS, št. 87/12 in 109/12) defines the amortization rates for the assets - public infrastructure and the assets used for providing the public service.<br><br>The infrastructure costs should be covered through the fixed charge. The fixed charge is determined annually on the basis of water meter size in a way that certain size of watermeter has its prescribed factor for the fix charge. The entire sum of annual infrastructure costs is divided by the sum of factors for the fix charge. The quotient is then multiplied by each factor according to the size of the water meter. |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | The price can be subsidized by municipality only in the case of households. The level of subsidies is defined by municipality. The subsidies are then approved for entire population, not just economically deprived. |

| | |
|---|---|
| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | No. |

| | |
|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Problem is present. For the households: approx. 3 %, industry: 5 %. In the case of leakage of large quantities after water meter, it is written off on the basis of consumers request. The customer pays only average amount of consumption until the damage is identified.<br><br>It can be partly or entirely covered by social services (center for social services, organizations like Red Cross, etc.). Non-paid bills in any case represent a utilities debt. |

## 6. Social correction mechanism

| | |
|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | In some cases the price affordability is questioned at the household level since the prices have increased after the introduction of new tariff system. |

| | |
|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | No. |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | A person can request the help from social service office. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | There is no special tariff. |

| | |
|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

# Let's grow up together

DRINK ADRIA

Adriatic IPA
Cross Border Cooperation 2007-2013

The project is co-funded by the European Union,
Instrument for Pre-Accession Assistance

## Appendix 3: Questionnaire

## (Croatian project partners)

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

Let's grow up together

DRINK ADRIA

AdriaticIPA
Cross Border Cooperation 2007-2013

The project is co-funded by the European Union,
Instrument for Pre-Accession Assistance

| |
|---|
| **Name of the organization/institution:** Water utility of Istria; Faculty of Civil Engineering - University of Rijeka<br>**Beneficiary number:** FB7; FB8 |

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be refered if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | The performance of public water supply is according to the Utility management act under the jurisdiction of the Local governments (cities and municipalities), and exceptionally in the jurisdiction of the Counties and the complete water supply sector is under the jurisdiction of the State (Ministry of Agriculture: Water management department and the Croatian waters). |

| | |
|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | The *Utility management act* does not contain regulations about property of the water supply infrastructure. In most of the cases water supply infrastructure is property of the public companies whose share capital is divided into ownership interests of the cities or municipalities and exceptionally of the Counties. The *Water act* (NN 153/09,063/11,130/11, 56/13,014/14) limits the property of the Public companies on the cities, municipalities and Counties, with no possibility of private ownership. |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | The performance of public water supply is according to the *Utility management act* under the jurisdiction of the Local governments (cities and municipalities), and exceptionally in the jurisdiction of the Counties (Private sector is not included). |

| | |
|---|---|
| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | The regulatory institutions are Croatian waters and Ministry of the Agriculture.<br><br>The main tasks of the Croatian waters (*Water Act* 153/09,063/11,130/11, 56/13,014/14) are:<br><br>- regulates the legal status of water, water resources and water management<br>- management of quality and quantity of water,<br>- protection from adverse effects of water,<br>- detailed regulations about melioration drainage and irrigation,<br>- public water supply activities and public sewage system,<br>- special activities for the purpose of water management,<br>- institutional structure that is carrying out these activities and other issues related to water and water resources<br><br>The Ministry of Agriculture performs administrative and other tasks related to (*The organization and ministries authority and other central government bodies Act* NN 150/11, 22/12, 39/13; *Regulation on the internal organization of the Ministry of Agriculture* NN 80/13):<br><br>- water management and water-management system;<br>- monitoring and adapting water management development to the needs of economic development;<br>- regulation of watercourses and other water bodies, and protection from adverse effects of water and ice;<br>- protection from erosion and torrents; melioration drainage and irrigation of land;<br>- management of water resources and its use;<br>- implementation of water protection and protection of the sea against pollution from land;<br>- ensuring water supplies for the purpose of supplying settlements with drinking water and industries with industrial water; |

| | |
|---|---|
| | - use of water power; planning and coordinating the development and construction of public water supply systems and public sewerage systems of national interest;<br>- inspection activities on the area of water protection, water use and water pollution protection. |

| | |
|---|---|
| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | From the *Water act* (NN 153/09,063/11,130/11, 56/13,014/14) the price of the water is established by Public Water Utility company with the prior approval of the Local government units (cities and municipalities). Also, the lowest base price of the water services and the types of costs that water pricing is covering is prescribed by the Water Services Council (Republic of Croatia independent body, established in the order to ensure legality in the pricing of water services acording to the *Water Act*, fees for the development and connection fee acording to the *Financing Water Management Act* (NN 153/09, 90/11, 56/13, 154/14). According to the *Regulation of the lowest basic water services price* (NN 82/10, 83/12) that is coming from the *Financing Water Management Act*, the lowest base price of water services is calculated according to:<br><br>NOC = T / V<br>where:<br>NOC - the lowest base price of water services in kunas per unit of delivered water services (m3),<br>T - the amount of planned annual costs referred to water abstraction, operation and maintenance of utility water structures and the delivery of water services costs, expressed in kuna,<br>V - planned annual amount of services is expressed in the unit of measurement of delivered water services (m3).<br><br>The lowest base price of water services is defined to the mentioned Acts and Regulations for entire Republic of Croatia, and the price is then calculated at the level of every water supply system with prior approval of the Local government. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | Price consists of a fixed and a variable part and it is always the same. |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide an information regarding the number of inhabitants supplied.<br><br>Also as an appendix – see bottom of the questionnaire. |

A2.2

Data for Water utility of Istria (FB7):

| | Household | | Socially vulnerable households | | Industry and others | |
|---|---|---|---|---|---|---|
| | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) |
| FIXED part | 9 | 1,17 | 5,4 | 0,70 | 16 | 2,08 |
| VAT (13%) | 1,17 | 0,15 | 0,7 | 0,09 | 2,08 | 0,27 |
| **OVERALL** | **10,17** | **1,32** | **6,1** | **0,79** | **18,08** | **2,35** |
| | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) |
| VARIABLE part | 4,42 | 0,57 | 2,65 | 0,34 | 11,11 | 1,44 |
| VAT (13%) | 0,57 | 0,07 | 0,34 | 0,04 | 1,44 | 0,19 |
| **OVERALL** | **4,99** | **0,65** | **2,99** | **0,39** | **12,55** | **1,63** |

| | |
|---|---|
| | In 2012, the number of inhabitants supplied by Water utility of Istria was 98 794. |

| | |
|---|---|
| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | Water resource charge is applied through the Water usage fee to the Croatian waters.<br><br>Data for Water utility of Istria (FB7):<br><br>**Same for Household, Socially vulnerable household and Industry** |

| Name of fee | KUNA (per m³) | EURO (per m³) | Income for: |
|---|---|---|---|
| Water supply developement fee | 1,00* | 0,13* | Istarski vodovod d.o.o. Buzet |
| Water usage fee | 2,85 | 0,37 | Croatian waters |
| Water protection fee | 1,35 | 0,18 | Croatian waters |
| Istrian water protection system developement fee | 1,00 | 0,13 | Istrian water protection system |
| Sewage developement fee | 2,50* | 0,32* | 6. Maj Odvodnja |

*Different amount for each water supply system (see scanned documents).

| | |
|---|---|
| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | Data for Water utility of Istria (FB7): |

| | Household | | Socially vulnerable households | | Industry and others | |
|---|---|---|---|---|---|---|
| | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) |
| FIXED part | 9 | 1,17 | 5,4 | 0,70 | 16 | 2,08 |
| VAT (13%) | 1,17 | 0,15 | 0,7 | 0,09 | 2,08 | 0,27 |
| **OVERALL** | **10,17** | **1,32** | **6,1** | **0,79** | **18,08** | **2,35** |
| | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) |
| VARIABLE part | 4,42 | 0,57 | 2,65 | 0,34 | 11,11 | 1,44 |
| VAT (13%) | 0,57 | 0,07 | 0,34 | 0,04 | 1,44 | 0,19 |
| **OVERALL** | **4,99** | **0,65** | **2,99** | **0,39** | **12,55** | **1,63** |
| **Name of fee** | **KUNA (per m³)** | **EURO(per m³)** | **KUNA (per m³)** | **EURO(per m³)** | **KUNA (per m³)** | **EURO(per m³)** |
| Water supply developement fee | 1,00* | 0,13* | 1,00* | 0,13* | 1,00* | 0,13* |
| Water usage fee | 2,85 | 0,37 | 2,85 | 0,37 | 2,85 | 0,37 |
| Water protection fee | 1,35 | 0,18 | 1,35 | 0,18 | 1,35 | 0,18 |
| Istrian water protection system developement fee | 1,00 | 0,13 | 1,00 | 0,13 | 1,00 | 0,13 |
| Sewage developement fee | 2,50* | 0,32* | 2,50* | 0,32* | 2,50* | 0,32* |
| | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | FIXED part - OVERALL (per month) | **10,17** | **1,32** | **6,10** | **0,79** | **18,08** | **2,35** |
| | | VARIABLE part - OVERALL (per m³) | **13,69 *** | **1,78*** | **11,69 *** | **1,52*** | **21,25 *** | **2,76*** |

*Different amount for each water supply system (see scanned documents).

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |

A2.5

Data for Water utility of Istria (FB7):

| | Household | | Socially vulnerable households | | Industry and others | |
|---|---|---|---|---|---|---|
| | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) | KUNA (per month) | EURO(per month) |
| FIXED part | 9 | 1,17 | 5,4 | 0,70 | 16 | 2,08 |
| VAT (13%) | 1,17 | 0,15 | 0,7 | 0,09 | 2,08 | 0,27 |
| **OVERALL** | **10,17** | **1,32** | **6,1** | **0,79** | **18,08** | **2,35** |
| | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) | KUNA (per m³) | EURO(per m³) |
| VARIABLE part | 4,42 | 0,57 | 2,65 | 0,34 | 11,11 | 1,44 |
| VAT (13%) | 0,57 | 0,07 | 0,34 | 0,04 | 1,44 | 0,19 |
| **OVERALL** | **4,99** | **0,65** | **2,99** | **0,39** | **12,55** | **1,63** |
| **Name of fee** | **KUNA (per m³)** | **EURO(per m³)** | **KUNA (per m³)** | **EURO(per m³)** | **KUNA (per m³)** | **EURO(per m³)** |
| Water supply developement fee | 1,00* | 0,13* | 1,00* | 0,13* | 1,00* | 0,13* |
| Water usage fee | 2,85 | 0,37 | 2,85 | 0,37 | 2,85 | 0,37 |
| Water protection fee | 1,35 | 0,18 | 1,35 | 0,18 | 1,35 | 0,18 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Istrian water protection system developement fee | 1,00 | 0,13 | 1,00 | 0,13 | 1,00 | 0,13 |
| | | Sewage developement fee | 2,50* | 0,32* | 2,50* | 0,32* | 2,50* | 0,32* |
| | | | | | | | | |
| | | FIXED part - OVERALL (per month) | **10,17** | **1,32** | **6,10** | **0,79** | **18,08** | **2,35** |
| | | VARIABLE part - OVERALL (per m³) | **13,69 *** | **1,78*** | **11,69 *** | **1,52*** | **21,25 *** | **2,76*** |
| | *Different amount for each water supply system (see scanned documents). | | | | | | | |

| | |
|---|---|
| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | It is not regulated by the law and it is depending on the annual Business plan (Investment plan). The price change according to plans can be changed every year and it has to be approved by Local government (City or/and Municipalities). |

| | |
|---|---|
| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | For the water supply service according to *Value added tax act (*NN 73/13, 99/13, 148/13, 153/13, 143/14), Value added tax is calculated and paid at a reduced rate of 13%. |

| | |
|---|---|
| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | Billing period is also not regulated by the law. It is usual that calculation of consumption is done monthly while invoice can be issued in some period of months (every month, every second month, twice a year…). |

| | |
|---|---|
| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | Reading period of the meters is usually once a month. In some special cases (for example: no possibility of reading), it is common to charge according by the usual user consumption in that time of year. |

| | |
|---|---|
| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | No, the price of the water is invariable. It can be changed only once a year according to plans and with prior approval of the Local government (City or/and Municipalities). |

| | |
|---|---|
| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | According to available data, public water supply and sewage companies are trying to introduce benchmarking, but it is still not applied. The value of performance indicators as a tool for the improvement is recognized. |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Acording to the *Regulation of the lowest basic water services price* (NN 82/10, 83/12):<br>Water services price is referred to water abstraction, operation and maintenance of the utility water structures and the delivery of water services costs.<br><br>Additional to the Water services price invoice several fees and tax can be added but have to be showed separately:<br>- Value added tax<br>- Water protection fee (Regulated by the *Water Management Financing Act*) |

| | |
|---|---|
| | - Water usage fee (Regulated by the *Water Management Financing Act*)<br>- Development fee (Regulated by the *Water Management Financing Act* in association with the Local Government) |

## 3. ACCOUNTING INFORMATION

| | |
|---|---|
| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | According to *Regulation of the lowest basic water services price* (NN 82/10, 83/12) The public "multiutilities" have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.). |

| | |
|---|---|
| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | There is, according to law, no possibility of private ownership of the water supply system or a spring.<br><br>According to the *Concessions law* (NN143/12) it is possible to obtain a concession over some spring for example industrial usage.<br><br>The concession grantor (Republic of Croatia or Local Government) calculates the estimated value of the concession as the total value of the concession; and all accounting information are published as concessions register. (http://regkon.fina.hr/RegistarKoncesija.web/index.html) |

| | |
|---|---|
| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | Public companies are unprofitable; they can not have profits. In the case that public companies finish accounting period with income or losses, company is transferring income or losses on the next accounting year. |

| | |
|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | According to Regulations all Utilities have to prepare disclosure reports. |

| | |
|---|---|
| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | Based on the *Act on Water for Human Consumption* (NN 56/13), the Ministry of Health prescribes the *Regulation on compliance parameters and methods of analysis of water for human consumption* (NN 125/13, 141/13).<br><br>The range of costs per unit is defined according to the *Regulation of the lowest basic water services price* (NN 82/10, 83/12) that is coming from the *Financing Water Management Act* (see A1.5). |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Public water companies are unprofitable and their investments are coming from investments at the water utility company level (Credits and mortgages), Croatian waters (Water usage fee), European Union funds, Local Governments and National investments, according to Annual Business plan (Investment plan). |

| | |
|---|---|
| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | Financial source for the investments and rehabilitation of water supply infrastructure are investments at the water utility company level (Credits and mortgages), Croatian waters (Water usage fee), European Union funds, Local Governments, National investments (National Budget), Development fee, Connection fee. |

| | |
|---|---|
| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | Amortization is defined according to the *Profit tax act* (NN 177/04, 90/05, 57/06, 146/08, 80/10, 22/12, 148/13, 143/14): |

| Amortization class | Amortization period (years) | Amortization starting rate | Maximum tax allowable annual rate of the amortization |
|---|---|---|---|
| Buildings and ships over 1,000 GRT | 20(10) | 5% | 10% |
| Personal cars | 5(2,5) | 20% | 40% |
| intangible assets, equipment, vehicles(apart from personal cars) | 4(2) | 25% | 50% |
| Computers, computer hardware and software, mobile phones and computer networks | 2(1) | 50% | 100% |
| Other assets | 10(5) | 10% | 20% |
| Note: In second column Amortization period in brackets is amortization period according to which are determined Maximum tax allowable annual rates of amortization. | | | |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | Ministry of Regional Development and EU Funds implemented measure - Water consumption benefits for the islands:<br><br>Subsidized price of water, up to 20 m³ per month, or 150 m³ of total annual consumption for those who are not connected to the water supply system.<br><br>Not a case for Water utility of Istria – FB7. |

| | |
|---|---|
| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | Yes, general subsidies are commonly used to cover the costs of water supply service.<br><br>In the case of Water utility of Istria – FB7 : They are not receiving any subsidies. |

| | |
|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | In the case of the Water utility of Istria – FB7: Water utility has around 7% (60% - Industry and 40% Household) of unpaid charges.<br><br>In a case of non-payment, water supply for that consumer will be shut down and the meter will be removed.<br><br>Unpaid bills are recovered according to *The Distraint act* (NN112/12, 25/13, 93/14). |

## 6. Social correction mechanism

| | |
|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | Price of the water is affordable at the household level (7% of unpaid charges for Water utility of Istria – FB7). |

| | |
|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | There is a special price of water supply for economically deprived population (see A2.4). |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | Ussualy Local Goverment through the Social service office assist in paying of the water service. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | According to the *Social Care Act* (NN 157/13, 152/14) Center for social care is a public institution established by the Republic of Croatia by the decision of the ministry responsible for social care.<br>Centre for Social Care on the basis of public authority has permission for issuance of the documents about the deprived status.<br><br>On the national level (if Water supply company has agreement with Goverment) the payment can be write off; Water utility of Istria – FB7 does not have agreement currently. |

| | |
|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

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**Appendix 4: Questionnaire**

**(Serbian project partners)**

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

FB10 JCI

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| |
|---|
| **Name of the organization/institution:**<br>**Beneficiary number: FB10** |

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be refered if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | Overall responsibility for organizing, implementing and maintaining public utilities, including water supply, lies with municipalities (or cities). Public water utility companies (PUC) are established by municipalities, and are responsible for day-to-day operations and maintenance. |

| | |
|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | Except for Regional Water Supply Systems (RWSS) the Municipality is the owner of infrastructure. For RWSS the Public Water Board Companies are the owners of infrastructure or Public water utility companies under ownership of more than one municipality. |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | Currently PUC (often in smaller municipalities also in charge of other communal services such as solid waste management, cementaries etc.). Management through PPP (with up to 49% private sector ownership) is legally possible but in practice does not exist. |

| | |
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| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | Regulatory functions are within the competence of the ministry responsible for self-government and utilities. The main task of the ministry is supervising municipalities/utilities and price control. |

| | |
|---|---|
| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | Each year Municipalities define price of water. Generally, water prices are not sufficient to cover all costs (sometimes not even regular maintenance).<br><br>The Water Act foresees that Serbian government is responsible to prepare methodology for determination of water price, which would be based on cost recovery principle. However, this has not been implemented yet.<br><br>In the moment, there is no uniform methodology on tariff setting. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | Water tariff usually includes 2 components: Water Supply and sewerage and WWT.<br>- Flat rate for consumers (households, public institutions, commercial) without water metering,<br>- Uniform volume rate for consumers (households, public institutions, commercial) with water metering.<br>Water consumption of the vast majority of consumers in Serbia is metered. |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide an information regarding the number of inhabitants supplied.<br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | Serbia has 7-8 million inhabitants. Estimated average price for water supplying is about 0,25 €/$m^3$ (without sewage) but the bill comes usually for both water supply and sewerage. Total monthly amount of billed water is about 40 million $m^3$ (≈ 15 $m^3$/s).<br>The prices for some municipalities is shown on the next table (1€ = 120 RSD): |

| Municipality | Number of inhabitants connected | Water billed ($m^3$) | Average water price (RSD/$m^3$) |
|---|---|---|---|
| Novi Sad | 297,000 | 27,932,184 | 24.66 |
| Nis | 233,000 | 23,907,000 | 29.66 |
| Kragujevac | 153,188 | 13,899,277 | 25.19 |
| Petrovac | 13,000 | 848,795 | 18.03 |
| Valjevo | 62,500 | 4,905,959 | 39.51 |
| Pozarevac | 51,000 | 5,116,000 | 54.1 |
| Leskovac | 85,000 | 5,423,243 | 59.79 |
| Mionica | 12,000 | 982,000 | 35.91 |
| Ub | 6,418 | 567,000 | 58.19 |
| Lajkovac | 8,750 | 445,000 | 52.58 |
| Lazarevac | 28,357 | 3,094,000 | 87.83 |

| | |
|---|---|
| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | Yes, about 0.4 din/$m^3$ for industry and 0.2 din/$m^3$ for PUC, and about 0.1 din/$m^3$ for agriculture purposes using. |

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|---|---|
| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | Components: basic materials, chemicals, energy, salary, … (variables)<br><br>Maintenance (fixed)<br><br>App. V / F = (60-80) : (40–20) |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | There are price differences where usually price for households are the lowest, and for industry is the highest. In the past, price for industry was about the double comparing to the price for households, but recent trends is that differences in water price for different users is getting smaller (in some cases prices are the same for all |

| | |
|---|---|
| | users). In some WSS some institutions (usually hospitals) do not pay for drinking water or the price is lower. |

| | |
|---|---|
| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | There are no strict legal requirement for regular price change, usually price adjustment is done at the beginning of calendar (fiscal) year. In practice price change is done once every couple of years. |

| | |
|---|---|
| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | VAT is 10% for water supply services (reduced rate, normal VAT rate is 20%). |

| | |
|---|---|
| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | In majority WSS the payment is monthly, in smaller WSS somewhere is ones in three months. |

| | |
|---|---|
| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | Monthly, ones in three months, twice a year. |

| | |
|---|---|
| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | No. |

| | |
|---|---|
| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | There are few Benchmarking schemes in initial stages if implementation, for example Benchmarking programme within Danube Water Programme of European Benchmarking Cooperation, coordinated in Serbia by IPN - Inter- |

| | |
|---|---|
| | institutional professional network in water sector of Serbia, url: http://www.ipm.org.rs/home/index.php?lang=en |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Generally, just for the provided water service (provided volume of water in $m^3$).<br><br>The price is set for water services but the companies may have other responsibilities and transfers may occur. As there is no real cost recovery in practice this question can not be answered appropriately. |

## 3. ACCOUNTING INFORMATION

| | |
|---|---|
| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | On those WSS who are »multiutilities« (generally smaller WSS) one INVOICE is issued, but the invoice contains separate amounts for different services amounts are separated for water supplying, waste water, and other public services. |

| | |
|---|---|
| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | National statistic have some data about industrial consumers with their water resources (separate from Public weter supply). But these data sometimes are not enough reliable. |

| | |
|---|---|
| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | Water Utilities in Serbia do not generate profit due to low water prices and other factors. PUC are often subsidized by Municipalities. |

| | |
|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | PUCs prepare annual report containing financial and technical data on the operation of the PUC during previous calendar (fiscal) year, to be considered and approved by the municipality. In some cases, PUSc prepare quarterly reports. Once they are approved, they may be disclosed to general public. |

| | |
|---|---|
| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | Not sure. |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Due to very limited funds available, PUC plan and implement only limited scope of new investments. Usually municipality implement all larger investments (through municpal agencies for land development) or it may be implemented by the State. |

| | |
|---|---|
| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | PUC ask their Municipality or State. In the last twenty years, they also could find funds under some international programmes (donations or credit). |

| | |
|---|---|
| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the |

| | |
|---|---|
| | rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | Generally no amortization costs is defined (recovered) in the water price in the moment. Great majority of WSS were in quite good conditions 30 years ago. When rehabilitation is needed, PUC do that. When some bigger reconstruction is needed, they ask for funds. |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | Subsidies are defined on local (municipality, city) level, and there are significant variations between municipalities. Usually there are subsidies for low income families, for disabled, etc. |

| | |
|---|---|
| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | Since water prices are not sufficient to cover all costs of the services, municipalities often subsidy PUCs. |

| | |
|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Rate of collected water bills is approx. 80-90% (sometimes it can be higher).<br><br>The households are generally no problem - not present too much, this problem is solving from case to case. Industry and public Institutions are somewhere problem regarding no payment. PUC take evidence, and sometimes they have success to recover the funds (with deal with this consumer, or municipality cover expenses) and recently through court cases. |

## 6. Social correction mechanism

| | |
|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | Yes<br><br>Economic situation in the country, big unemployment, etc. |

| | |
|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | Just in some cases, and details are defined at each municipality |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | Not in this manner, but social grants payments for those below poverty line. Municipalities have the power to introduce such payments. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | Social card, which is updated each year. |

| | |
|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

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## Appendix 5: Questionnaire

## (Albanian project partners)

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

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| |
|---|
| **Name of the organization/institution:** Water Supply and Sewerage Association of Albania (**Beneficiary number:** FB11 |

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be referred if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

1. **General information on water supply system – Regulatory framework – institutions and their roles**

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | 1. Ministry of Transport and Infrastructure:<br>• General Directorate of Water Supply and Sewerage<br>• General Directorate of Policies<br>2. Water Regulatory Authority<br>3. Institute of Public Health/Ministry of Health<br>4. Ministry of Environment/Water Administration Unit<br>5. Local Government Units (Municipality/Commune)<br>6. Water Supply and Sewerage Utilities |

| | |
|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | Local Government Unit (Municipality/Commune). |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | The water supply services are managed from the Joint Stock Companies/Corporate Structure under the Shareholder Assembly (shareholders are Local Governments at the service area), and from Communal Services/Department especially in rural areas.<br>The governing body of a water supply and sewerage joint stock company according to the Statute is called Supervisory Council. It is limited to three (3) members when the company serves only one local unit of government and six (6) members when it serves more than one local unit of government. The Supervisory Council is elected by the Assembly of Shareholders. The duration of the term of duty for the members of the Supervisory Council is three (3) years. The Supervisory Council reports to the Assembly of Shareholders on its obligation to supervise the compliance of the company's activities with regard to the legal acts in force and the applicable accounting standards and principles. |

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| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc.) |
| A1.4: | The regulatory institution in Albania is the Water Regulatory Authority (WRA). The WRA was established and functions pursuant to Law No. 8102, dated 28.03.1996, as amended, "On the Regulatory Framework of Water Supply and Wastewater Disposal and Treatment Sector" which lays down its powers, procedures and standards.<br>The Water Regulatory Authority is an independent natural monopoly regulator that reports, by law, directly to the Parliament of the Republic of Albania.<br>• Issue licenses for all natural or juridical persons that act in the sector of water supply and sewerage treatment.<br>• Set water and sewerage tariffs, prices and charges for wholesale and retail services.<br>• Set incentives and service delivery improvements for the benefit of consumers. Place consumer protection at the heart of the Authority's work. |

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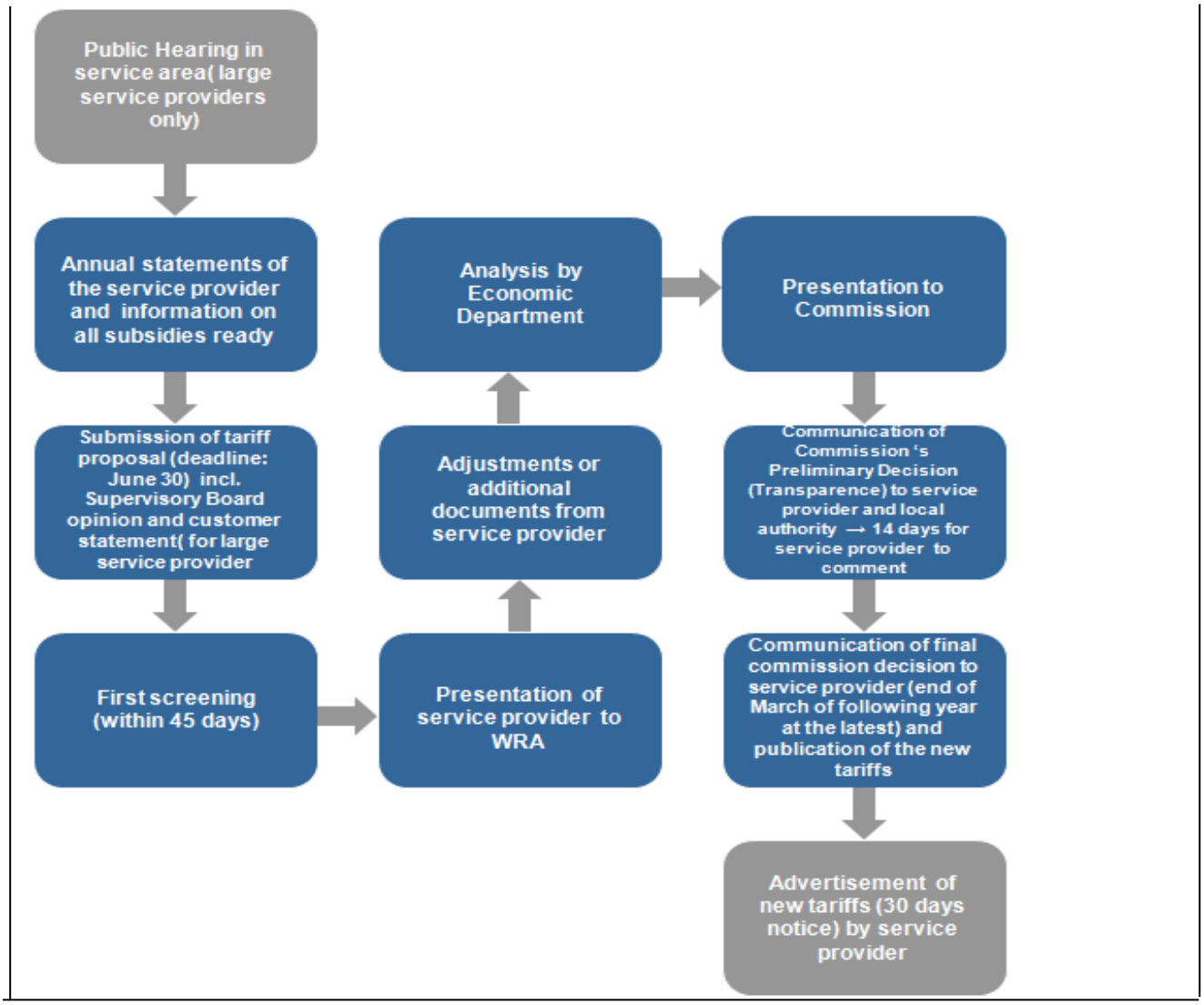
|---|---|
| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | The analysis of the tariff proposal follows the steps below: a) Proposal by water utilities supported by opinion of Local Government Units b) Cost analysis (deduction of unacceptable cost) c) Performance analysis (performance adjustments) d) Setting of tariff level (average tariff) e)Setting of tariff structure (tariff categories) |




## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | In Albania are applied three structure of the water charge rate, depending on the possibility of water consumption measurement. For consummators, that for different technical reasons are not equipped with water meters, is applied a flat rate per habitat. While for consummators equipped with water meters in majority of WSS utilities, are applied uniform volume rate for water consumption, and only in one WSS utilities are applied increasing block rate for water consumption. |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide information regarding the number of inhabitants supplied.<br><br>Also as an appendix – see bottom of the questionnaire. |

A2.2

| NR | Name | | Water Supply (ALL/m3) | | | Service tariff (ALL/m3) | | | Wastewater Removal (ALL/m3) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | HH | I | PE | HH | I | PE | HH | I | PE |
| 1 | Berat Kucove WSS | 01/06/2014 | 44 | 125 | 125 | 100 | 200 | 200 | 12 | 20 | 20 |
| 2 | Bilisht WS | 01/01/2012 | 38 | 100 | 110 | 50 | 50 | 50 | | | |
| 3 | Bulqize WS | 01/01/2013 | 17 | 55 | 75 | 100 | 100 | 100 | | | |
| 4 | Burrel WS | 01/01/2006 | 23 | 60 | 80 | | | | 2 | 4 | 6 |
| 5 | Delvin WSS | 01/06/2008 | 48 | 100 | 100 | | | | | | |
| 6 | Divjake WS | | | | | | | | | | |
| 7 | Durres WSS | 01/06/2013 | 58 | 110 | 120 | 100 | 100 | 100 | 35 | 50 | 50 |
| 8 | Elbasan WSS | 01/01/2006 | 38 | 115 | 130 | | | | 8 | 25 | 30 |
| 9 | Elbasan F WS | 01/01/2013 | 36 | 110 | 110 | 100 | 100 | 100 | | | |
| 10 | Erseke WS | 01/01/2014 | 35 | 90 | 110 | 100 | 100 | 100 | 8 | 12 | 18 |
| 11 | Fier WSS | 01/06/2014 | 52 | 105 | 125 | 200 | 200 | 200 | 13 | 18 | 20 |
| 12 | Fushe Arrez WSS | | | | | | | | | | |
| 13 | Fushe Kruje WSS | 01/03/2005 | 28 | 60 | 80 | | | | 6 | 10 | 12 |
| 14 | Gjirokaster WSS | 01/01/2014 | 39 | 112 | 124 | 80 | 80 | 80 | 9 | 14 | 14 |
| 15 | Gjirokaster F WS | 01/07/2010 | 25 | 60 | 60 | | | | | | |
| 16 | Gramsh WS | 01/01/2011 | 32 | 90 | 90 | | | | | | |
| 17 | Has WS | | | | | | | | | | |
| 18 | Himare WSS | | | | | | | | | | |
| 19 | Kavaje WSS | 01/07/2010 | 38 | 80 | 100 | | | | 15 | 20 | 20 |
| 20 | Kekcyre | 01/01/2012 | | | | | | | | | |
| 21 | Korce WSS | 01/01/2014 | 65 | 110 | 140 | 120 | 120 | 120 | 6 | 56 | 56 |
| 22 | Korce F WS | | | | | | | | | | |
| 23 | Kraste WS | 01/07/2007 | 30 | 80 | 100 | | | | 7 | 10 | 15 |
| 24 | Kruje WSS | 01/06/2007 | 33 | 80 | 80 | | | | 8 | 12 | 12 |
| 25 | Kukes WS | 01/10/2004 | 26 | 80 | 80 | | | | 7 | 15 | 20 |
| 26 | Kurbin WS | 01/01/2011 | 30 | 80 | 120 | 50 | 50 | 50 | | | |
| 27 | Lezhe WSS | 01/01/2014 | 58 | 135 | 145 | 200 | 200 | 200 | 18 | 22 | 27 |
| 28 | Libohove | | | | | | | | | | |
| 29 | Librazhd WSS | 01/03/2012 | 38 | 100 | 100 | | | | 13 | 22 | 23 |
| 30 | Lushnje WSS | 01/06/2014 | 54 | 125 | 135 | 100 | 200 | 200 | 15 | 20 | 22 |
| 31 | Lushnje F WS | 01/01/2006 | 60 | 70 | 100 | | | | | | |
| 32 | Mallakaster | | | | | | | | | | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 33 | Malesia e Madhe WS | 01/01/2012 | | | | | | | | | | |
| | 34 | Mirdite WSS | 01/01/2012 | 30 | 100 | 115 | | | | 10 | 15 | 15 | |
| | 35 | Novosele WS | 01/01/2011 | 33 | 50 | 70 | | | | | | | |
| | 36 | Orikum WS | | 25 | 70 | 75 | 100 | 100 | 100 | | | | |
| | 37 | Patos WS | | | | | | | | | | | |
| | 38 | Peqin WSS | 01/07/2010 | 30 | 90 | 100 | 50 | 50 | 50 | | | | |
| | 39 | Permet WS | 01/01/2013 | 40 | 110 | 120 | 100 | 100 | 200 | | | | |
| | 40 | Peshkopi WS | 01/07/2014 | 27 | 65 | 85 | | | | 10 | 15 | 18 | |
| | 41 | Pogradec WSS | 01/01/2013 | 22/ 62 | 37/ 111 | 37/ 111 | 200 + 100 | 400 + 100 | 400 + 150 | 11/ 33 | 12/ 36 | 12/ 36 | |
| | 42 | Polican WS | 01/01/2014 | 37 | 80 | 95 | | | | | | | |
| | 43 | Puke WSS | 01/07/2010 | 35 | 130 | 140 | | | 100 | 8 | 16 | 16 | |
| | 44 | Puke F WSS | | | | | | | | | | | |
| | 45 | Rrogozhine WSS | 01/01/2013 | 48 | 90 | 100 | 50 | 100 | 100 | 10 | 12 | 12 | |
| | 46 | Rubik WSS | 01/10/2018 | 30 | 70 | 100 | | | | 7 | 10 | 15 | |
| | 47 | Sarande WSS | 01/01/2014 | 50 | 135 | 135 | 120 | 120 | 120 | 18 | 28 | 28 | |
| | 48 | Selenice WS | 01/07/2010 | 30 | 80 | 100 | | | | | | | |
| | 49 | Shkoder WS | 01/01/2012 | 40 | 110 | 110 | 100 | 100 | 100 | 15 | 20 | 20 | |
| | 50 | Shkoder F WS | 01/01/2012 | 50 | 120 | 120 | | | | | | | |
| | 51 | Skrapar WS | 01/03/2010 | 27 | 80 | 95 | | | | | | | |
| | 52 | Tepelene WS | 01/01/2014 | 33 | 100 | 120 | 90 | 400 | 250 | 12 | 20 | 20 | |
| | 53 | Tirane WSS | 01/01/2012 | 45 | 120 | 135 | 100 | 100 | 100 | 11 | 30 | 35 | |
| | 54 | Tropoje WS | 10/11/2004 | 19 | 60 | 80 | | | | | | | |
| | 55 | Ura Vajgurore WS | 10/01/2007 | 40 | 90 | 100 | | | | | | | |
| | 56 | Vau I Dejes WS | | | | | | | | | | | |
| | 57 | Vlore WS | 01/05/2013 | 30 | 60 | 80 | | | | 11 | 13 | 13 | |

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| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | The Water Basin Regional Agencies under the Ministry of Environment are the local authorities responsible for managing water resources in the relevant river basins. They issue permits to extract water at a specified quantity, for a specific purpose.<br><br>The Water Extraction fee is set at 0.008 ALL per cubic meter of water extracted. The majority of water utilities neither report nor pay the water extraction fee to their regional basin agencies. |

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| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | The tariff is composed by two components:<br>• fixed fee tariff based on maintenance and materials costs, number of customers and monthly fixed fee per customer<br>• consumption based tariff based on operating costs (total costs – maintenance and material costs); number of customers and level of volume sold for each category |

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| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | No, we have different price for customer categories, as follows:<br>Households<br>Private Entity<br>Institution<br>Bulk Sales: |

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| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | Based on Law no. 8012: a) The tariff setting procedure starts with the proposal of the licensee, followed by the opinion of the local government units, and ends with the final tariff approval by the Regulatory Authority. b) No tariff, or part of it, is subject to change more than once per year. |

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| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | VAT included in the water bill is 20% for all the consummators category |

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| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | Once a month. |

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| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | Monthly. |

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| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | No, there is not a price correction mechanism applied in case of limited water supply service. |

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| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | The Republic of Albania has been managing a Performance Monitoring and Benchmarking Program for its water supply and sewerage sector since 2005, and has completed eight annual data cycles as of 31 December 2013. The Program includes all fifty-seven (58), corporatized water supply and sewerage utilities across the country. It is important to note that the quality of data and has been weak during the first two years of the Benchmarking Program Implementation. For this reason, a series of training seminars and visits to utilities were carried out by the Benchmarking Staff with clearly defined work objectives to assist the Senior Management of water utilities that faced difficulties in collecting and presenting valid data.<br><br>The Benchmarking Unit functions based on an Internal Operation Manual which has established procedures for:<br><br>•Data Collection<br>•Data Screening and Analysis<br>•Data Administration |

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| | •Communication with Utilities (in case data is missing or are presented with errors)<br><br>It is worth noting that the quality of data presented by the utilities has improved through the years as a result of increased metering level and increased accountability on data maintenance by implementing computerized systems for Billing and Collection and Finance and Accounting. However, the implementation of wide metering policy throughout the country is considered a very crucial step to be able to properly analyze water demand, implement water balance and better determine Non Revenue Water Level. Currently, in some utilities the water production is regularly measured (metered), in other utilities water production is estimated. |

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| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Yes water tariff represents only the cost for providing of the water services. |

## 3. ACCOUNTING INFORMATION

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| Q3.1 | Do public utilities (in case of »multi-utilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | No. WSS utilities don't have to provide separate accounting for different services. |

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| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | No there are not applicable separate accountings. Public is informed only for the public services. |

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| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality (ies), similar for losses. Please provide examples of transfers for specific water utility. |

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| A3.3 | No. Neither the profits or the losses are transferred |

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| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | Every end of the year WSS utilities are obliged to prepare disclosure reports and deliver it to Local Government. |

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| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | No the services for the provision of drinking water are not standardized in Albania and also the costs per unit is not defined by a Law or by a Standard. |

## 4. INVESTMENTS

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|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Procedure of investments differs depending from the financial source. In case of investments covered by the WSS utility budget: WSS utility makes the proposal, and after the proposal is approved by Assembly of Stakeholder and Supervising Board, than starts the design and implementation in accordance with the national Law on Procurement. For foreign investments, first is necessary the ratification of the proposal by the parliament and then for the design, supervision and implementation are followed the FIDIC guidelines.<br><br>Financing from donors and IFIs is the main source of capital investment in Albania's water and wastewater sector. Total cumulative donor commitments are €318 million, while cumulative disbursements are about €87.9 million. Annual disbursement rates were €21.5 million in 2007, and rose to €33 million in 2008 and € 33.4 million in 2009. A recent commitment by the Government of Japan of JPY 11.1 billion (US$ 120 million) is been guaranteed. Central government capital financing is allocated through two budget lines: (i) capital investments (defined as large projects) and the Albanian Government's contributions to donor financed projects; and (ii) small capital investment projects allocated through the competitive grant scheme. At end-September 2009, the total value of ongoing and planned investment projects43 in the water and wastewater sector was about US$ 461 million. The Government has increased planned investments over the last three years, from US$ 22 million in 2007 to US$ 35 million in 2009. |

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| | The Competitive Grant Scheme (CGS) is a tool the central government uses to finance capital investments for LGUs. Communes, municipalities, and regional councils can apply for competitive grants. Upon the award of a grant, the LGU implements the project. Decisions about the distribution of grants are made by the Competitive Grant Committee, comprising one member from the Ministry of Finance (MoF), one from the Ministry of Public Works and Transport, one from the Ministry of Interior, and one from the Association of the Municipalities and the Association of the Communes. The GDWS acts as the technical secretariat, accepting proposals, screening them for incomplete documentation, and evaluating them against the established criteria from the Budget Law and technical criteria established by the Ministry of Public Works and Transport.<br><br>Local government financing (excluding competitive grants) represents a small portion of investment in water and wastewater systems. These funds typically go to minor works, such as repairs, in the distribution system. The revenues generated by LGUs come from: (i) local property and business taxes and fees; (ii) transfers from the central government (unconditional46 and conditional grants); and (iii) revenue from shared national taxes. By law, communes and municipalities have the authority to independently raise revenue to finance their exclusive (own) functions.<br><br>While for investment planed and financed by the Ministry of Public Work, is made the design and implementation by WSS Utility in accordance with the national Law on Procurement. |

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| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | The financial source of the investments for big utilities is mostly done with their budget and foreign donators. The only contribution that state gives, is by covering VAT, real estate tax, and all the required cost for providing necessary documents for project implementation permission. |

<table>
<tr><td>Q4.3</td><td>How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge).</td></tr>
<tr><td>A4.3</td><td>According to the Albanian legislation (the Income Tax Law amended (Law 8438, date 28.12.1998), depreciation of assets can be calculated separately in a straight line or based on a pooling system method. Depreciation rates vary from 5 % to 25% according to different categories of assets as indicated below:<br><br>
<table>
<tr><th>Straight line depreciation</th><th>Pooling system</th></tr>
<tr><td>The depreciation is calculated on the initial value of assets (historic costs) and costs of improvement, restoration and reconstruction of the same assets3.</td><td>The depreciation is calculated on the residual value of the assets group (difference between the initial value of the assets group and depreciation) and costs of improvement, restoration and reconstruction of the assets minus revenues generated from sales or other types of compensations.</td></tr>
<tr><td>a) Costs of purchase or construction, and costs of improvement, restoration, and reconstruction of buildings, machineries and equipment which serve for more than 20 years, are depreciated at the rate of 5% per annum</td><td>a) Computers, information systems, software products, and equipment of database back up at 25% per annum.</td></tr>
<tr><td>a) Intangible assets of the business like patents, trademarks, or expenses for starting up the business are depreciated at a rate of 15% per annum.</td><td>b) All other assets of business activity like production machineries and equipment, transportation vehicles, etc. are depreciated at a rate of 20% per annum.</td></tr>
</table>
<br>The above depreciation rates are also applicable for leased assets. Land, building sites, belles arts, antiques, jewels, precious metals and stones are not depreciable. This cost is reflected in the fixed part of the water tariff.</td></tr>
</table>

## 5. GENERAL INFORMATION ON SUBSIDIES

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| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |

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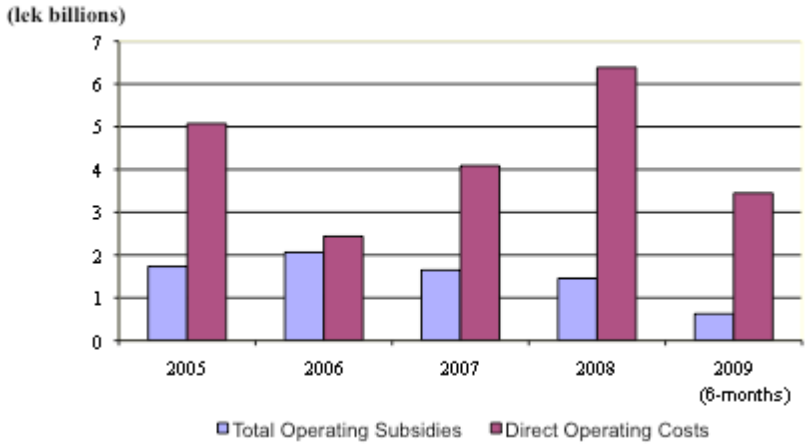
| A5.1 | Water supply and sewerage sector has been one of the sectors mostly subsidized. A part of the direct subsidy provided by state has been allocated to cover the difference between the prices and costs of services being provided.<br><br>After earning the status of Joint Stock Companies in 2007, the amount of subsidies is decreased every year and as is foreseen ne the Water sector strategy 2013-2017, by the end of 2017, the water supply and sewerage sector is not going to be subsidized anymore.<br><br>Subsidies to the water sector have decreased steadily during 2006–2009, while costs have risen at a faster pace (Figure 1). While the Government has effectively reduced operating subsidies to the sector, by 25 percent in 2007 and 13 percent in 2008 (net), the direct operations cost has risen by 68 percent and 56 percent, respectively (Table 4). In 2010, however, subsidies rose sharply to about three times the 2009 amount, while costs for the first half of 201047 were close to the same figure for 2009. The reason for this increase is not clear, unless subsidies were used to pay accumulated debts.<br><br>**Figure 1: Total Operating Subsidies vs. Direct Operations Cost**<br>*Source MoF*<br>  <br><br><br>In 2012, as results from the benchmarking, only 12 form 58 WSS utilities have been subsidies to cover their O&M cost.<br><br>It would therefore be advisable to reform the system of operating subsidies with a view to subsidizing user charges paid by low-income consumers rather than utility costs. This reform would imply phasing out operating subsidies and creating a system of subsidies for low-income households. This switch would ideally be made in parallel with programs to meter all consumers, as good metering data provide an effective means to target subsidies. The decrease in subsidies would be facilitated by measures to increase operating efficiency and by selective tariff increases. |

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| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | Yes for the small WSS utilities that are not able to cover the Direct Operational Cost, are given subsidies from state mostly as payment of the electricity bill. |

| | Nr of connections | Coverage of Cost for O&M | Coverage of Total Cost |
|---|---|---|---|
| Group 1 (17,5%) | >15.000 | 124.0% | 92.4% |
| Group 2 (35%) | 3.000 - 15.000 | 84.0% | 65.3% |
| Group 3 (47,5%) | <3.000 | 63.8% | 43.1% |

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| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Yes non-payment of the water services remains one of the major problems of the water sector in Albania. We cannot find a statistic on national level about the unpaid service per type of water user, but in the table taken by WRA, is shown the level of collection rate for all consumers. |

Table.3 Summary of performance of water supply and sewerage sector in 2013

| Performance Indicators | 2011 | 2012 | 2013 | Performance Trend | WRA good performance objectives | Sector strategic objectives for 2013 |
|---|---|---|---|---|---|---|
| Water coverage (%) | 80.8% | 80,8 | 80.8% | = | n/a | n/a |
| Sewerage coverage (%) | 50.8% | 51 | 51.0% | = | 75% | n/a |
| Drinking water quality | n/a | n/a | n/a | n/a | 98% | n/a |
| Hours of Supply (hour/day) | 10.9 | 10.8 | 11.5 | ↗ | 18 | 14 |
| Total cost coverage (%) | 79.4% | 82.7 | 84.6% | ↗ | 80% | 72% |
| O&M cost coverage (%) | 105.2% | 106.3 | 113.8% | ↗ | 100% | 100% |
| Collection rate (%) | 79.9% | 90.9 | 82.0% | ↘ | 82% | 90% |
| Staff efficiency (staff/1000 connections) | 9.3 | 9.3 | 9.5 | ↘ | 4/6/10 | n/a |
| Non-revenue water (%) | 63.5% | 67.1 | 67.4% | ↘ | 30% | 54% |
| Metering ratio (%) | 50.6% | 55.1 | 59.0% | ↗ | 85% | 60% |

Low in force establishes a system of penalties and fines for all the consumers that don't pay the water bills.

Unpaid services have a direct impact in the ability of the utility to cover their costs, and by aiming to make WSS utilities economically stable, partially the cost of

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| | unpaid service is reflected in the water tariff and automatically paid by other consummator. |

## 6. Social correction mechanism

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| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | Yes. The main reason for such problems is low incomes for family. Also level of economical assistance and aid from the state is very low. |

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|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | Even that in legislation is foreseen the possibility to apply a special tariff for economically deprived population, currently this practice is not applicable in Albania, due to the absence of a proper and defined scheme of reimburse of the tariff difference from local government units to WSS Utilities. |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | This practice is not used in Albania, the Local and Central governments have never subsidies the water bills for the economically deprived population. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | As procedure every year the population in need applies in local government levels to gain the economically deprived status and economic assistance. This part of population with a document form Local government can come at the utility and profit a special tariff. But as is explained above, even that special tariff are foreseen in the legislation, no application were made in Albania |

| | |
|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
| --- |
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

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## Appendix 6: Questionnaire

## (Project partners from Bosnia and Herzegovina)

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

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**Name of the organization/institution:**
**1. Hydro Engineering Institute Sarajevo**
**2. Public Utility Company Neum**
**Beneficiary number: FB12 and FB13**

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be referred if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | Local community or municipality is a body responsible for water supply management in BiH.<br>Municipality and water utility are the main subjects of the water supply sector. |

| | |
|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.) ? |
| A1.2 | Municipality is the owner of the water supply infrastructure. |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | Public Water Utility manages water supply – 100%. |

| | |
|---|---|
| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | Municipality is a regulatory organ in BiH.<br>Municipal Council is a body that approves water supply price proposed by the utility. Therefore, its main task is price control. |

| | |
|---|---|
| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | In BiH, there is no general methodology for determining the price of water supply on defined national or any lower level. This process is currently ongoing.<br>However, similar process of price determining is used in the majority of cases. Draft proposal or price modification is usually prepared by the Accounting Department based on the following data:<br>• Expenditures from the previous period,<br>• Produced and invoiced amount of delivered water,<br>• Planned modifications of operation and maintenance costs.<br>Modifications of operation and maintenance costs are submitted by the Technical Department and include price modification of energy sources, planned activities for the reduction of water losses (such as reconstruction or rehabilitation of pipelines, water meters etc.).<br>Afterwards, water utility proposes this tariff to the Municipal Council. The Council discusses the proposed price and adopts the price with or without price modification. In addition to the Council, the Assembly may also participate in the water tariff decision making. Sometimes, the Assembly can be comprised of only one person – municipal mayor.<br>In the majority of cases, pricing mechanism covers a municipality.<br><br>PUC Neum<br>Municipality of Neum / Municipal Council of Neum sets the price of water / fixed charge of water supply through the Decision on Water Price (attachment). This decision has been issued in 2012. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | In BiH, volume rate is applied, but it is not uniform. The price is different for different consumer groups, such as households, industries, public institutions, etc.<br>However, there are a few cases of increasing / decreasing block rate, as in the cases of the Sarajevo Canton and the Municipality of Neum. The percentage is unknown. |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide information regarding the number of inhabitants supplied.<br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | PUC Neum<br>According the Decision on Water Price in the Municipality of Neum (attachment) issued in March 2012, the water price in December 2013 was the following (VAT excluded):<br>• Households (<30 $m^3$) – 1.10 BAM (0.56 EUR),<br>• Households (>30 $m^3$) – 1.80 BAM (0.92 EUR),<br>• Industry – 1.80 BAM (0.92 EUR). |

| | |
|---|---|
| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | Water resources charge includes water pollution fee and water extraction fee. However, this filed needs to be further regulated and defined through the process of developing water tariff methodology. |

| | |
|---|---|
| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b) for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | Fixed charge includes water meter fee or water meter maintenance fee.<br>Variable charge includes: produced water quantity, electricity costs for the abstraction or distribution of water, chemicals used for water treatment etc.<br><br>PUC Neum<br>Invoice issued by the WUC Neum includes the following (February 2015 – water supply price per $m^3$ constant since 2012):<br>• Fixed component – water meter maintenance fee (1.53 EUR),<br>• Variable component – water consumption (0.56 EUR/$m^3$),<br>• Other – water utility fee (2.15 EUR), water use fee (0.015 EUR), and water protection fee (0.06 EUR). |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | Price is not the same for all types of users. It is defined by the municipal decision on water price (attachment: decision of the Municipality of Neum).<br>These are the amounts for WUC Neum:<br>• Households (<30 $m^3$) – 1.10 BAM (0.56 EUR),<br>• Households (>30 $m^3$) – 1.80 BAM (0.92 EUR),<br>• Industry – 1.80 BAM (0.92 EUR).<br>• Municipality of Ravno (BiH) – 1.90 BAM (0.97 EUR),<br>• Municipality of Dobrovačko Primorje (Croatia) – 1.90 BAM (0.97 EUR). |

| | |
|---|---|
| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | In general, price change is applied annually. |

| | |
|---|---|
| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | VAT amounts to 17%. There is no difference in VAT for different types of users. |

| | |
|---|---|
| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | Water utilities in BiH use a monthly billing period method. |

| | |
|---|---|
| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | Water utilities apply a monthly reading period method. |

| | |
|---|---|
| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | There is no price correction mechanism. |

| | |
|---|---|
| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | There is no standardized benchmarking scheme on national level applied in BiH. The process of proposing benchmarking scheme is currently ongoing.<br>In practice, there two indicators used in BiH for the comparison of service performance:<br>• % of household connections to the system, and<br>• % of water losses (in BiH: 40 – 70%). |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Yes, water price represents exclusively the price of the provided water. |

## 3. ACCOUNTING INFORMATION

| | |
|---|---|
| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | BiH<br>Separate accounting for individual public services is not obligatory, but it exists in practice.<br><br>PUC Neum<br>Considering the fact that the Utility Neum is providing several public services, separate accounting is applied. Overheads are divided in equal parts for both of the services. |

| | |
|---|---|
| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | There is no separate accounting for public and non-public water supply. |

| | |
|---|---|
| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | BiH<br>There are transfers between the water utility and the municipality regarding the utility's profits.<br><br>Neum<br>There is no data regarding any gained profits in the Utility Neum and no transfers recorded between the Utility and its owner – the Municipality of Neum. The same applies to losses. |

| | |
|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | Yes, disclosures are prepared as requested by law.<br><br>PUC Neum prepares annual report for the owner – the Municipality of Neum. |

| | |
|---|---|
| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | There is no standardization of services for the provision of drinking water and the range of costs per unit defined. |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | Programming and planning<br>Ministry in charge of water management prepares a strategy on water management on national / entity level, which defines general investment process. At the local level, municipalities prepare 5-year local action plans where specific activities for water supply and investments are listed.<br><br>Design, construction, and construction<br>Design, construction, and construction supervision are all subject of public procurement. Corresponding contractor for investment activities is selected through the process of public procurement.<br><br>Financing<br>Funds for financing investments come from both local budget and state level budget. If there are no sufficient funds in the state budgets, this gap is compensated through loans from financial institutions and co-financing scheme with the Environment Protection Fund (national level).<br><br>Operation<br>The utility is in charge of operation and maintenance of water supply system. |

| | |
|---|---|
| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | Financial sources include:<br>• Connection charge – paid by the consumers,<br>• Municipal budget,<br>• National budget (also includes co-financing scheme with the Environment Protection Fund),<br>• Financial institutions (EBRD, World Bank),<br>• Donations (EU-funded projects such as Drink Adria).<br>It is not possible to determine standardized structure (%) of financial sources. |

| | |
|---|---|
| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | Depreciation method is defined by the national accounting provisions for fixed assets. These provisions classify fixed assets into adequate groups and define depreciation periods for different groups.<br>Water utilities in BiH mostly use linear depreciation method. |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | Water price can be subsided and support system exists.<br>Subsidies are provided on local level. |

| | |
|---|---|
| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | It depends on the municipality. |

| | |
|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Yes, there is a problem with the non-payment of water services present.<br>The extent of unpaid services amounts to 0 – 30% (households + industry).<br>No one covers the unpaid services.<br>The unpaid bills are recovered by suing debtors in court. |

### 6. Social correction mechanism

| | |
|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | Yes, there is a problem. The main reason is bad economic situation. |

| | |
|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | No, there is no special price for economically deprived population. Economically deprived consumers are assisted through subsidies. |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | Yes, there is.<br>The municipality may require a list of consumers unable to pay water supply service from its social service office. These consumers are classified according to different criteria of economic deprivation (unemployment, low income, health issues, housing issues, etc.) and further subsidized by the municipality. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | There are no special tariffs granted to particular customers who meet certain requirements. |

| | |
|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

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## Appendix 7: Questionnaire

## (Project partners from Montenegro)

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

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| |
|---|
| **Name of the organization/institution:**<br>**Beneficiary number:** |

**Instructions:**

Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).

Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.

All data shall be refered if possible for the reference date and situation December 2013. Please indicate if major changes are expected in recent period.

If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | Public water utility, municipality, state |

| | |
|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.)? |
| A1.2 | State, municipality |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | Public Water Utility company |

| | |
|---|---|
| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc. ) |
| A1.4: | In Montenegro, there is no established regulatory organ for price control, service standards, service performance – efficiency, etc. |

| | |
|---|---|
| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | Competent companies propose prices which have to be approved by local authorities. Each municipality defines its methodology of determining the price. |

## 2. General information on the price of water supply service and charging process

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here **and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
|---|---|
| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | Water charge rate consists of a fixed part and consumption. The fixed part is calculated for all users and it is 2m$^3$. There are two categories of consumption that are calculated according to the consumption registered at water meters and they are households and legal entities (institutions, industry, etc.). In households where there is no measurement, the consumption is calculated as flat rate i.e. 6 m$^3$ / family member. |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide an information regarding the number of inhabitants supplied.<br><br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | The water charge in Nikšić for:<br><br>Natural persons ( households) 0.355 €/m3<br><br>Legal entities ( institutions, industry, etc.) 1.05 €/m3<br><br>There are 65 000 inhabitants water supplied in Nikšić. |

| | |
|---|---|
| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |

| | |
|---|---|
| A2.3 | The water resources charge is applied and it is calculated by the competent state authority Directorate for Water as:<br><br>- The fee for water use (for abstracted water)<br>- The fee for the protection of waters against pollution |

| | |
|---|---|
| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b)for the water utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | The price for water supply service fifers for natural persons and legal entities and it is fixed without a possibility for price negotiation. The water price is:<br><br>Natural persons ( households) 0.355 €/m3<br><br>Legal entities ( institutions, industry, etc.) 1.05 €/m3 |

| | |
|---|---|
| Q2.6 | How often is the price change considered/applied? (by law, in practice) |
| A2.6 | There is no legally defined price change. The price change is applied in accordance with the increase in the cost of production and distribution of water. |

| | |
|---|---|
| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |

| | |
|---|---|
| A2.7 | The value added tax applied for the water supply service is 7 % at the state level. |

| | |
|---|---|
| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | The billing period is one month i.e. the bills are distributed once a month. |

| | |
|---|---|
| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | The reading period of the metres is once a month. |

| | |
|---|---|
| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | In case of limited water supply service there is no price correction mechanism. |

| | |
|---|---|
| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | There is none. |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Water charge is the price for provided water supply service. |

## 3. ACCOUNTING INFORMATION

| | |
|---|---|
| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | There are separate companies for each public service. |

| | |
|---|---|
| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | There is separate accounting for natural and legal persons. The accounting information is public. |

| | |
|---|---|
| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality(ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | |

| | |
|---|---|
| | Public utilities (water utilities) are non-profit companies in Montenegro. |

| | |
|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | The disclosure reports have to be prepared and it is legally defined. |

| | |
|---|---|
| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | Yes. |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | If the Investor is local government- municipality, then it is responsible for planning and construction supervision and the water utility designs and executes the works.<br><br>If the water utility is the Investor, then it is responsible for the entire scope of . |

| | |
|---|---|
| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | |

| | |
|---|---|
| | The financial sources for the investments and rehabilitation of water supply infrastructure are: connection charge (the competence of the water utility), land charges (the competence of the local authorities) and donations, EBRD, World Bank, etc. |

| | |
|---|---|
| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | The depreciation costs of the infrastructure are determined based on legislation and they are charged through the price of water services. |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | The price of water service can not be subsidized and that is defined on the level of local government. |

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| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | No |

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|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | The problem with non-payment of water supply services is present. Unpaid services in case of households are 25%, and in the case of industry 10%. Unpaid services are the cost of the water utility. |

## 6. Social correction mechanism

| | |
|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | The price of water supply service in Montenegro is still a social category. |

| | |
|---|---|
| Q6.2 | Is there a special price of water supply for economically deprived population? |
| A6.2 | No |

| | |
|---|---|
| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
| A6.3 | Each water utility has the option to give subsidies for socially vulnerable persons. Social services provide an opinion on the social status of these persons, and if there is a social need, the water supply service is reduced by 30%. |

| | |
|---|---|
| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
| A6.4 | The customer can be granted a special tariff upon the opinion of the the social service office. The application is renewed annually. |

| | |
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| | YOUR GENERAL COMMENTS AND EXPLANATIONS: |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data.<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable. |

# Let's grow up together

DRINK ADRIA

Adriatic IPA
Cross Border Cooperation 2007-2013

The project is co-funded by the European Union,
Instrument for Pre-Accession Assistance

Appendix 8: Questionnaire (Greek project partners)

# **WP 5.3 Questionnaire** – Water supply system economics (Service charging approach)

Let's grow up together

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Adriatic IPA
Cross Border Cooperation 2007-2013

The project is co-funded by the European Union,
Instrument for Pre-Accession Assistance

| **Name of the organization/institution: University of Thessaly**<br>**Beneficiary number: FB16 (with the contribution of FB15)** |
|---|

**Instructions:**
Form shall be filled for one country as it describes the applied approach regarding the pricing and cost recovery mechanisms in one specific country. Example regarding the specific water utility pricing and cost recovery shall be provided for one selected water utility (or municipality).
Questions are set as relatively open, as we accept a broad range of possible situations in each individual country.
All data shall be referred if possible for the reference date and situation December 2013.
Please indicate if major changes are expected in recent period.
If you consider that the questions are limiting your specific situation please provide comments anyway.

## 1. General information on water supply system – Regulatory framework – institutions and their roles

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| A1.1 | In Greece, the Management Bodies that participate in the process of water supply management are the following:<br>National Water Commission<br>The National Water Commission is designated under the Greek Law L3199/2003, which incorporates the Framework Directive for Water, as the high-level inter-ministerial body which is responsible for policy making for the management and protection of water in the national resources. In particular, this Commission is responsible for the formation of policy for the protection and water management, monitor and control and approve, upon the recommendation of the Minister and advice of the National Council of Water national protection and management programs of the country's water resources.<br>National Registry of Water Abstraction Points (EMSY)<br>It is designated under the JMD 145 026 / 10.01.2014. The EMSY is an electronic registry, which is developed and maintained by the Special Secretariat of Water as a database of geospatial data and services.<br>National Water Council<br>The National Water Council consults the National Water Commission for the national protection and management of the country's water resources programs, taking also into consideration the annual report (submitted by the National Water Commission) concerning the situation of the country's aquatic environment and the legislation for the protection and water management.<br>Ministry of Reconstruction of Production, Environment & Energy<br>A major reformation took place in the Greek administrative structure, during the previous programming period 2007-13, in 2010. The Greek Law No 3852/2010 gave legal status to the "Kallikratis" reformation introducing key changes in regional and local policies. Before the "Kallikratis" implementation, the administrative structure included 13 De-Centralized Regions, 54 Prefectures as 2nd Level Self-Government and 1.034 Local Governments as 1st Level Self-Government. A number of De-Centralized Ministries' Departments and Independent Public Law Entities existed in regional and local level. After the "Kallikratis" implementation, 7 General Directorates (De-Centralized Authorities), 13 Regional Self- |

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| | Governments (2nd Level Self-Government) with Sub-Regional Departments and 325 Local Government (1st Level Self-Government) exist. Finally, a Re-Organizing Process has been implemented for the existing De-Centralized Ministries' Departments and Independent Public Law Entities.<br>This reformation system played a significant role to the water supply sector in Greece. More specifically, the Special Secretariat for Water under the Ministry of Reconstruction of Production, Environment & Energy is responsible for the development and implementation of all programs related to the protection and management of the water resources of Greece and the coordination of all competent authorities dealing with the aquatic environment. The implementation of the Water Framework and the Marine Strategy Directives as well of the related daughter Directives fall within the scope of the activities of the Secretariat. The Secretariat, in collaboration with the Regional Water Authorities, formulates and, upon approval by the National Council for Water, implements the River Basin Management Plans and the national monitoring program. The Secretariat is composed of four Directorates and is headed by a Special Secretary, appointed by the Ministry of Environment, Energy and Climate Change and the Government. More specifically, the Secretariat is responsible for:<br>• the coordination of all agencies and state institutions, related to water issues and the regional Water Directorates<br>• the implementation of the Water Framework Directive<br>• the implementation of the Marine Strategy Directive<br>• the implementation of the national monitoring program<br>• the implementation of the Floods Directive<br>• the implementation of the Urban Wastewater Directive and reuse programs<br>• the implementation of the Nitrates Directive<br>• the implementation of the Bathing Waters Directive<br>• transboundary and international water issues<br>Concerning the central coordination in terms of monitoring of water resources in line with the provisions of the Water Framework Directive, Greece has established a national monitoring program for the assessment of the status of surface water and ground water, in order to obtain a coherent and comprehensive overview of water status within each river basin district.<br>In European Union's level, the Ministry of Reconstruction of Production, Environment & Energy is responsible for incorporating the European policies into national legal order and coordinating implementation of EU environmental legislation, as well as for representing Greece to the EU Councils of Environment Ministers and participating to all related Council and EC Working Parties.<br><u>Decentralized Administration and Regional Authorities</u><br>According to "Kallikratis" the responsibilities for the protection and management of water resources are shared between the State and the Decentralized Administration of elected the Regions. The State (centralized and decentralized) administration is responsible for water protection and management strategy, while the Regional Authorities are mainly responsible for the implementation of strategic planning. The responsibilities of both the Decentralized administration and the Regional Authorities are determined under the provisions of L.3852 / 2010.<br><u>Municipal Enterprises for Water Supply and Sewerage</u><br>The water utilities in Greece that are responsible for the development of domestic water pricing policies are municipal enterprises (called DEYA). They are public autonomous agencies that have almost identical management framework and applied pricing policies in terms of water tariff structure. More specifically, they are responsible for the following:<br>• To provide water supply and sewerage services. |

| | |
|---|---|
| Q1.1 | Who participates in the process of water supply management in your country/which are the main subjects of the water supply sector (e.g. the state, municipality, public water utility, etc.)? |
| | • To design, construct, install, operate, manage, maintain, expand and upgrade water supply and sewerage systems.<br>• To pump, desalinate, process, transfer, store and distribute all kinds of water.<br>• To manage and dispose the wastewater treatment products.<br>According to the Greek Law 3199/2003 and the Presidential Decree 51/2007, as amended by Law 4117/2013, pricing policies are determined and established under the issue of a Joint Ministerial Decision every five years. |

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|---|---|
| Q1.2 | Who is the owner of the water supply infrastructure (e.g. the state, municipality, private company in the case of PPP, etc.)? |
| A1.2 | According to the Greek Law 1069/80, the Municipal Enterprises for Water Supply and Sewerage reserve the right to use and operate the water supply infrastructure. In some cases they are also the owners of the water supply infrastructure. Following the dissolution and liquidation of the municipal water utilities the municipality has the ownership. More specifically, the water utilities ownership are the following:<br>• The water and sanitation projects performed or to be performed on the basis of studies that has been or will be adopted in the area of competence.<br>• The existing sewers and water and wastewater facilities as well as all the sewers or open channels that flow directly or indirectly to the network.<br>• All drinking water and wastewater treatment plants.<br>• The revenues included the taxes for the design, construction and expansion of water and sanitation projects, grants from the Public Investment Program, the connection fees to water and sewage networks, the value of water consumed, the moving costs and connecting pipelines The proceeds, donations and other grants.<br>Concerning, Athens Water Supply and Sewerage Company (EYDAP S.A.).EYDAP and Thessaloniki Water Supply and Sewerage Company (EYATH S.A.), they have also the ownership of the water supply infrastructure. |

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| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| A1.3: | The Municipal Enterprises for Water Supply and Sewerage manage the water supply, except in the cases of Athens Water Supply and Sewerage Company (EYDAP S.A.) and Thessaloniki Water Supply and Sewerage Company (EYATH S.A.).<br>Athens Water Supply and Sewerage Company (EYDAP S.A.)<br>EYDAP is the largest water utility in Greece that serves approximately 4,300,000 customers (2,030,000 water meters) while the length of water pipelines is 9,500 km. The sewerage sector serves 3,500,000 residents with sewers spreading at almost 6,000 km.<br>EYDAP was founded in 1980 after the merge of the incumbent water supplier in Athens and Piraeus "Hellenic Water Company" (EEY S.A.) and the "Greater Athens Sewerage Organization" (OAP S.A.).<br>In 1999, EYDAP took its present legal form, as all of its major assets - of dams, reservoirs, water towers, pumping stations and all other facilities that allow water to be transferred safely to treatment plants- were transferred to the company "EYDAP Assets", thus remaining the property of the Greek State.<br>In January 2000, EYDAP S.A. was listed on the Main Market of the Athens Stock Exchange.<br>The Company's object is:<br>• To provide water supply and sewerage services. |

| | |
|---|---|
| Q1.3 | Who manages the water supply (usually Public Water Utility company, private company in the case of PPP, etc.)? Also indicate assessment regarding the % if there are various approaches. |
| | • To design, construct, install, operate, manage, maintain, expand and upgrade water supply and sewerage systems.<br>• To pump, desalinate, process, transfer, store and distribute all kinds of water as a means of serving EYDAP's object.<br>• To manage and dispose the wastewater treatment products.<br>EYDAP's area of service is the greater metropolitan area of Athens. However, EYDAP has the right to provide a full range of services in the outside area of its responsibility via subsidiaries and through programming contracts with local authorities. Moreover, under L.2744/1999, EYDAP has the exclusive right to provide water-supply and sewerage services in the geographical area of its jurisdiction. This right is non-transferable and non-delegable, and applies for a period of 20 years. The said duration and its renewal are specified in the Agreement signed between EYDAP and the Greek State. This Agreement was signed in December 1999.<br>In 2012, the Greek State share capital of EYDAP equals to 61.33% was transferred to the Hellenic Republic Asset Development Fund (HRADF).<br>Thessaloniki Water Supply and Sewerage Company (EYATH S.A.)<br>In accordance with Article 22 of Greek Law. 2937 / 07.26.2001, EYATh transferred the main part of the fixed assets ownership to the newly created public entities with the name "EYATh Pagion". EYATh has the exclusive right to provide water and sanitation in the geographical area of competence. The shareholder structure of EYATH is the following:<br>• Greek State 74,02%<br>• «SUEZ ENVIRONMENT» 5,462%<br>• HMG GLOBETROTTER 1,06% |

| | |
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| Q1.4 | Who is a regulatory organ/institution in the reported country? Please describe main tasks of the regulatory organ (i.e. price control, service standards, service performance – efficiency, etc.) |
| A1.4: | The Special Secretariat for Water is the regulatory institution responsible for the formulation of water pricing and the specialization of general rules cost accounting and water pricing, and the economic analysis of their use, in accordance with the Articles 10 and 12 of the Law and Articles 5, 7 and pd 51/2007 (A 54), supervises, evaluates and coordinates the implementation of this policy and recommend to Ministry of Reconstruction of Production, Environment & Energy, for the necessary legislative measures.<br>On the other hand the Special Secretariat monitors, evaluates and coordinates policy, pricing of water services, (Article 4, paragraph 1 subparagraph e and paragraph 4, of L3199/2003).<br>The pricing policy of water services and sewerage for the various categories of consumers and users are regulated by joint decisions of Ministers of Finance, Development, competitiveness and Ministers of Reconstruction of Production, Environment & Energy, in accordance with Article 8, paragraph 3 of Presidential Decree 51/2007 (A 54). These decisions have a five year term and representatives given at the end of each period for each subsequent five years.<br>The municipal water utilities and the municipalities are the responsible institutions for the determination of the pricing policies in each territory. |

| | |
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| Q1.5 | Please describe the institutional approach – the way the price is determined and declared (general methodology). Also define the territorial coverage of the pricing mechanisms (pricing uniform for region, municipality, water supply system). |

| | |
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| | Specifically define who is setting/confirming the prices of water supply service (e.g. municipality of the operation area, association of municipalities, independent price-setting authority, etc.)? |
| A1.5: | Each water utility is responsible for the determination of the pricing mechanisms in its territorial coverage. The water utilities in Greece that are responsible for the development of domestic water pricing policies, are municipal enterprises (called DEYA). They are public agencies that are autonomous and have almost identical management framework and applied pricing policies in terms of water tariff structure, which mainly are inclining block rates; however, they differ significantly from region to region regarding the tariff levels. There is a considerable spatial differentiation in pricing policies at a regional level, probably depending on other factors, than on the actual water supply and demand in each region.<br>The water utility in every city/town is a municipal (thus public) enterprise (called DEYA). This is not the case in Athens (Greek capital) and Thessaloniki (second biggest Greek city), whose water utilities are semi-privatized (called EYDAP S.A. and EYATH S.A., respectively), serving 4,830,847 people in total (~44% of Greece's population 10,964,020/2001 census data). Before 2011, there were 227 DEYA officially registered (213 were members of their Union, called EDEYA) serving 5,125,618 residents (~47% of Greece's population). The remaining population of ~1,000,000 people (~9% of Greece's population) was being served directly by the local municipalities, through their "Water Departments" established as no DEYA was in place. In 2011, a full scale local/regional administrative reformation plan (Law 3852/2010) was applied. This new law, called "Kallikratis" after the famous ancient architect, resulted in merging the existing 1,034 municipalities to just 325. Following "Kallikratis" reformation, the number of DEYA was reduced (as a result of a merging process) from 227 to just 142 [11]. In Greece, there are 14 River Basin Districts (registered under the WFD). Regarding the respective 14 River Basin Management Plans, 10 include the formation of water pricing policies towards full water cost recovery, 2 have just been drafted, while the remaining 2 are currently in a public consultation process. The water tariff structure used by almost all DEYA is an inclining block rates type, including also a fixed charge (calculated either in Euros or in m3), either in the form of a minimum consumption, or as an additional charge. However, some DEYA have adopted flat (uniform) rates (same unit price per m3 of water recorded as consumed). Furthermore, the municipal water utilities in Greece include in their water tariffs, several additional charges, like fees related to water and sewage networks initial connection (well, water meters, fittings); water and sewage networks regular usage fees; fee for the design and construction of water supply and sanitation facilities/infrastructure, and finally, discounts. Some of these charges are additionally charged with a Value Added Tax (VAT) that varies between the water utilities, depending on the region a water utility belongs to, or whether it is located in an island or mainland.<br>According to the Greek Law 3199/2003 and the Presidential Decree 51/2007, as amended by Law 4117/2013 the pricing policies are determined and established under the issue of a Joint Ministerial Decision every five years.<br>The Special Secretariat for Water is responsible for the formulation of water pricing depending on their use, in cooperation with the other competent ministries, of specialization general rules cost accounting and water pricing, and the economic analysis of their use, in accordance with the Articles 10 and 12 of the Law and Articles 5, 7 and 8 Presidential Degree 51/2007 (A 54), supervises, evaluates and coordinates the implementation of this policy and recommend to Ministry of Reconstruction of Production, Environment & Energy, for the necessary legislative measures. |

**2. General information on the price of water supply service and charging process**

The information shall be provided in a form of (a) averaged price for large set of WSS and water utilities, where average shall be calculated on the basis of the inhabitants (households) supplied. Please verify if the information of your national statistical office is applicable here

**and** (b) for the selected water utility (region) with pilot case (water utility) of the Drinkadria project.

| | |
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| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| A2.1 | In Greece, the water tariff structure used by almost all DEYA is an inclining block rates type, including also a fixed charge (calculated either in Euros or in m3), either in the form of a minimum consumption, or as an additional charge. However, some DEYA have adopted flat (uniform) rates (same unit price per m3 of water recorded as consumed). Furthermore, the municipal water utilities in Greece include in their water tariffs, several additional charges, like fees related to water and sewage networks initial connection (well, water meters, fittings); water and sewage networks regular usage fees; fee for the design and construction of water supply and sanitation facilities/infrastructure, and finally, discounts. Some of these charges are additionally charged with a Value Added Tax (VAT) that varies between the water utilities, depending on the region a water utility belongs to, or whether it is located in an island or mainland. It should be noted that not all DEYA charge the same VAT on their water bills (according to the Greek legislation, allowing border and island enterprises to charge lower VAT rates).<br>Most of the water utilities are setting their pricing policy based on the calculation of fixed cost, variable cost and cost of investments. In cases where there are no water utilities and the water supply is being implemented by a department within the municipality the pricing policies are based on the calculation only of fixed and variable cost. More specifically, fixed cost is 10%-15% of the total water price. The variable cost consists of the following components:<br>• Consumption based water price<br>• Sewage use fees about 50%-70% of the total water price<br>• Special charge fee for investments about 80% of the total water price<br>The existing water structure in Greece is based on the following calculation:<br>**$P = \{C_C + C_{TC} + C_I\} + (Tax)$**<br>where:<br>P: Total Water Price<br>$C_C$: Fixed Cost<br>$C_{TC}$: Variable Cost<br>$C_I$: Cost of investments<br>The basic characteristics of water pricing in Greece are:<br>• Local factors influence the final cost of water.<br>• The bigger the DEYA the higher the charges it applies.<br>• Spatial variation of the pricing policy on water supply is also observed. Thus, there is not a common pricing policy that the Greek water utilities apply. The paradox is that the mean payable amount does not display great variation between low and high consumption, which means that high consumption and water wasting are not discouraged. Also paradoxically, in regions where water balance is deficient, such as in Thessaly region, the lowest mean payable amounts are met compared to all the other regions of the country.<br>• It is also remarkable that every DEYA charges different fees and tariffs to their customers. The case of fixed charges, usually included in the water tariffs in Greece and also in various Mediterranean countries, is particularly interesting.<br><u>Water Bills:</u><br>Structure:<br>• i) Mainly increasing tariffs including a fixed charge |

| | |
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| Q2.1 | What is the structure of the water charge rate: e.g. flat rate (usually applied in the areas without applied metering), fixed rate, uniform volume rate (same price for the entire range of water consumption), increasing/decreasing block rate (i.e. higher charges for the water consumption above the specified threshold), seasonal rate, other? Please specify. |
| | • ii) In a few cases standard rates exist<br>Include:<br>• i) value of water consumption<br>• ii) expenditure related to branching and connection to water and sewage pipelines<br>• iii) connection fees to the water network<br>• iv) sewer usage fee<br>• v) connection fees to the sewerage network<br>• vi) fee for the design and construction of water supply and sanitation<br>• vii) discounts |

| | |
|---|---|
| Q2.2 | What is the water charge/price for water supply service in your region/area (Value-Added Tax excluded), status December 2013 if possible? Please specify the amount (€ per month). Please provide information regarding the number of inhabitants supplied.<br>Also as an appendix – see bottom of the questionnaire. |
| A2.2 | The population served is 33,886 (census 2011) for the municipal district of Corfu and the island of Corfu is 98,194.<br>Fixed Cost: consumption 12m$^3$ every three months = 18,25€ (price of water = 1,52€/m$^3$). The metering takes place every six months but the water bills are edited every three months. |

| m$^3$ each trimester | Unit | Water Price for Cofru Municipality |
|---|---|---|
| 0-12 | € | 18,25 |
| 13-25 | €/m$^3$ | 1,185 |
| 26-50 | €/m$^3$ | 1,350 |
| 51-75 | €/m$^3$ | 1,800 |
| 76-100 | €/m$^3$ | 2,735 |
| 101-500 | €/m$^3$ | 3,300 |
| 501-… | €/m$^3$ | 3,450 |

A social tarrif exists. Bigger consumers could pay their bills monthly (3months consumption > 3000m$^3$).

| | |
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| Q2.3 | Is the water resources charge applied? Please specify the approach applied and the level of the resource charge. Please indicate also other taxes, duties etc. As waste water collection and treatment is not part of the questionnaire, water pollution charge is not an issue here. |
| A2.3 | The present pricing policies in Greece do not cover the WFD requirements, concerning the full water cost recovery and therefore the resource cost. |

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| Q2.4 | Could you specify the individual components of the price for water supply service and their amounts (€ per month) – fixed charge and variable charge for the (a) set of water supply systems/providers/municipalities – if possible, and (b)for the water |

| | |
|---|---|
| | utilities/municipalities partners of the Drinkadria project. (in opposite to 2.2 – by component) |
| A2.4 | The individual components of the price for water supply service and their amounts (see Q2.11) is published at the website of the Hellenic Union of Municipal Enterprises for Water Supply and Sewerage (EDEYA) for two reference years (2006, 2007).<br>http://edeya.gr/2013-09-23-10-58-06/2013-09-23-11-11-03/uliko/stoixeia-1 |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |
| A2.5 | The water supply service is not the same for all types of users. In some water utilities it is different for households, industry, institutions, while in others it is the same. The amounts are specified in each water utility. See Appendix I.<br>Negotiation processes for the industry and similar water consumers exist depending on the water utility. Each water utility determines its pricing policy to industrial or other consumers.<br>Some examples are described below: |

EYATH

| Category | prices 2006-2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2006 €/m³ | 2007 €/m³ | 2008 €/m³ | 2009 €/m³ | 2010 €/m³ | 2011 €/m³ | 2012 €/m³ | 2013 €/m³ |
| Shared building taps | 0,73 | 1,06 | 1,06 | 1,06 | 1,06 | 1,06 | 1,06 | 1,06 |
| professionals | 0,73 | 0,75 | 0,77 | 0,79 | 0,81 | 0,81 | 0,81 | 0,81 |
| industries 0-500 m³/month | 0,44 | 0,46 | 0,48 | 0,50 | 0,52 | 0,52 | 0,52 | 0,52 |
| industries <501 m³ | 0,73 | 0,75 | 0,77 | 0,79 | 0,81 | 0,81 | 0,81 | 0,81 |
| Public authorities - Municipalities (from 0,44 €) | 0,44 | 0,65 | 0,65 | 0,65 | 0,65 | 0,65 | 0,65 | 0,65 |
| strengthening municipalities networks that are not customers of EYATH | 0,22 | 0,28 | 0,30 | 0,32 | 0,35 | 0,35 | 0,35 | 0,35 |
| Hellenic Petroleum (20 years contract) | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 |
| Thessaloniki Port Authority (from 0,88 €) | 0,88 | 1,00 | 1,00 | 1,00 | 1,00 | 1,00 | 1,00 | 1,00 |

EYDAP (December 16, 2013)
(1) GENERAL INVOICE
For monthly consumption:
a) In the first scale (0 - 5 m3) the price is from 0.4138 to EUR 0.35 million (-15.4%).
b) In the second range (5 - 20 m3) the price of 0.6471 euro amounts to 0.64 euros (-1.1%).
c) The third level (20 - 27 m3) the price is reduced from 1.8566 euros to 1.83 euros (-1.4%).
d) In the fourth level (27 - 35 m3) the price is reduced from 2.5992 to EUR 2.56 million (-1.5%).
e) The fifth level (above 35 m3) the price is reduced from 3.2357 euros to 3.20 euros (-1.1%).

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |

The fixed EYDAP fixed at 1.00 euro / month, ie 3.00 euro / quarter (plus VAT 23%) and the costs associated with infrastructure and readiness of the Company to seamlessly provide its services to consumers.

Exception for large families - large families: For families with three or more dependent children, the price amounts to EUR 0,3500 per m3, if the monthly consumption does not exceed, for although the family of five to 15 m3 or 12 m3 for four (case for single parent) and, for larger families, the upper limit plus 3 m3 for each child beyond the third. For excess of the upper limit monthly consumption exemption will not apply.

(2) INDUSTRIAL AND COMMERCIAL INVOICE

The two scales of industrial and professional invoice for monthly consumption shaped by 0.8381 and EUR 0.9866 EUR 0.83 million to 1.000 m3 and 0.98 euro for over 1.000 m3 respectively, reduced ie 1% and 0.7 %.

Fixed industrial tariff is formed from 4,5 € / month to 35 euro / month, depending on the water meter available.

(3) INVOICE GOVERNMENT & MUNICIPALITIES

Decreases from 0.9972 euros to 0.98 euros, an increase of 1.72%, regardless of monthly consumption.

(4) CHARITY INVOICE

The charity invoice EYDAP formed from 0.2864 euro / m3 to 0.23 euro / m3, regardless monthly consumption reduced by 20%. In addition, it is proposed to extend the charitable invoice and institutions hosting permanently children, needy and elderly.

The institutions that will administer the charity invoice will be determined by decision of the Board EYDAP.

(5) SUPPLY VESSELS

The ship supply tariff (professional) from 2.4401 EUR / m3 is 2.40 euros, which is reduced by 1.64%.

(6) PAYMENT NETWORK OF MUNICIPALITIES AND COMMUNITIES - WATER SUPPLY ISLANDS

The price of water is formed at 0.4880 euros regardless monthly consumption (and Municipalities of Attica).

Scale of discounts: The percentage of entitlement sewer use and for special categories of property the following discount levels apply:

a) 50% discount granted to property categories used: i. for industries and craft distillery.

b) 30% discount granted to water meters that irrigate gardens houses over 200 m2, and a water meter irrigate gardens exclusively over 200 m2.

The other categories of fire property plant and not filtered water remain unchanged.

Municipal Enterprise for Water Supply and Sewerage of Corfu

The water pricing policy of Corfu was set with the Decision of the Municipality Council (5/6/2013). There is a fixed cost for every consumer category (18,25€) for each trimester (up to 12$m^3$). For higher consumption a scaled price exists (see Q2.2). The price of water, the sewage tariff (for the network and for the sewage treatment) and the maintenance of water meters also differs in different districts:

| Trimester | Price unit | Agios Georgios | Ahilleion | Esperion | Thinalion | Kassopaion | Corfu | Korission |
|---|---|---|---|---|---|---|---|---|
| 0-12 | €/$m^3$ | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 13-25 | €/m³ | 0,850 | 0,522 | 0,750 | 1,100 | 1,000 | 1,185 | 0,380 |
| 26-50 | €/m³ | 1,180 | 0,840 | 0,760 | 1,350 | 1,300 | 1,350 | 0,430 |
| 51-75 | €/m³ | 1,220 | 1,080 | 0,765 | 1,380 | 1,550 | 1,800 | 0,500 |
| 76-100 | €/m³ | 1,260 | 1,450 | 0,770 | 1,385 | 1,900 | 2,735 | 0,700 |
| 101-500 | €/m³ | 1,300 | 1,748 | 2,550 | 1,390 | 3,300 | 3,300 | 0,850 |
| 501-… | €/m³ | 1,330 | 1,751 | 2,900 | 1,402 | 3,450 | 3,450 | 0,860 |
| | | | | | | | | |
| Sewage treatment tariff | % of consum-ption price or €/m³ | | 3% | | 30% | | 0,25 | |
| Sewage network tariff | % of consum-ption price or €/m³ | | 3% | | 10% | | 30% | |
| Water meter maintenance | €/trime-ster | 0,50 | 4,20 | | 0,50 | | 1,50 | |

| Trimester | Price unit | Leykim-maion | Meliteon | Palaio-kastriton | Faiakon | Parelion | Horepi-skopon | Nymfes |
|---|---|---|---|---|---|---|---|---|
| 0-12 | €/m³ | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 | 18,25 |
| 13-25 | €/m³ | 0,280 | 0,450 | 0,550 | 0,700 | 0,450 | 0,425 | 0,640 |
| 26-50 | €/m³ | 0,300 | 0,550 | 0,700 | 0,750 | 0,720 | 0,590 | 0,830 |
| 51-75 | €/m³ | 0,500 | 0,600 | 0,750 | 0,850 | 0,900 | 0,610 | 1,000 |
| 76-100 | €/m³ | 0,600 | 0,650 | 0,800 | 1,400 | 1,100 | 0,630 | 1,050 |
| 101-500 | €/m³ | 1,000 | 1,200 | 0,830 | 1,950 | 1,050 | 0,650 | 1,070 |
| 501-… | €/m³ | 1,300 | 1,850 | 0,850 | 2,050 | 1,070 | 0,665 | 1,080 |
| | | | | | | | | |
| Sewage treatment tariff | % of consum-ption | | 0,25 | | 0,241 | | | 50% |

| | |
|---|---|
| Q2.5 | Is the price for water supply service the same for all types of users? Is it different for households, industry, institutions, etc.? If so, please specify the amounts and arguments. Please provide in detail approaches applied and possible price negotiation process for the industry and similar water consumers – bulk water supply. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | price or €/m³ | | | | | | | |
| Sewage network tariff | % of consum-ption price or €/m³ | | 55% | | 0,483 | 50% | | 20% |
| Water meter maintenance | €/trime-ster | 1,20 | 0,75 | | | | 0,50 | 0,50 |

For large consumers (more than 3.000 m³), the bill could be edited in a monthly basis. For the monthly bill the minimum charge is 18,25€/3=6,08€. The charges for each scale remain the same. The limits for each scale is different: 0-4, 5-8, 9-17, 18-25, 26-33, 34-167, 168-…
According to the Greek Law 1069/80 there is no differentiation of charges for each citizen category (i.e. households, companies, agriculture).
There is a common charge for each area or municipal district.
According to the Greek Law 4071/12, a social charge exists under preconditions:
The Social Household Charge is for consumption of the first 45 m³ every three months if the following preconditions exist:

- The consumption is for the principal residence of the beneficiary.
- The water supply is charged under the name of the beneficiary or his/her spouse.
- The consumption is higher than 12 m³ for each trimester.
- The beneficiary has a Social Household Charge for energy use also.

Beneficiaries:
**Social Household Charge (I): 30% discount**

- Beneficiaries with low income
- Beneficiaries with three children

**Social Household Charge (II): 30%-50% discount**

- Long term unemployed (35% discount)
- Disabled (50% discount)

**Social Household Charge (III): 80% discount**

- Beneficiaries with more than three children
- Disabled
- Indigent consumer

For the Social Household Charge a special procedure exists.

- Connection fee: 200€ for each connection ½ inch.
- Connection fee with the main pipe: 250€ (up to 3m from the main pipe)
- No sewage fee for public entities and churches
- Implicit fee exists for hotels and touristic apartments: 5 months touristic period, 250 lt/day/room (for 2 months 50% occupancy and for 3 months 100% occupancy). For high season the highest implicit fee exists and for low season the lowest implicit fee exists.

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| Q2.6 | How often is the price change considered/applied? (by law, in practice) |

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| A2.6 | According to the Greek Law 3199/2003 and the Presidential Decree 51/2007, as amended by Law 4117/2013 the pricing policies are determined and established under the issue of a Joint Ministerial Decision every five years. |

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| Q2.7 | Please specify is the value added tax applied for the water supply service, please describe in %. In case VAT differs for different types, please describe. |
| A2.7 | Some of these charges are additionally charged with a Value Added Tax (VAT) that varies between the water utilities (6%, 13%, 19%), depending on the region a water utility belongs to, or whether it is located in an island or mainland. See Appendix I. |

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| Q2.8 | What is the billing period (payment frequency) (e.g. once a month)? |
| A2.8 | The billing period (payment frequency) defers between the water utilities (2, 3, 4, 6, 12 months period). See Appendix I. |

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| Q2.9 | What is the reading period of the meters (e.g. monthly, twice a year)? |
| A2.9 | The reading period of the meters is usually 2-6 months in small water utilities per year. Especially, in Corfu it is every 6 months (2 invoices every 3 months). |

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| Q2.10 | Is there a price correction mechanism applied the case of limited water supply service. Explanation: in the case of limited water supply service (quantity, quality) consumers might be entitled to some compensation for the limited service. Is this the case or considered in your country/region/municipality. |
| A2.10 | This is not the case considered in Greece. |

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| Q2.11 | Is there a benchmarking scheme applied for water supply service in your country for comparison of service performance? Please describe the general outlines of the applied benchmarking scheme and provide the link for further information. Assess the % of water utilities participating in the scheme. |
| A2.11 | There is not a benchmarking scheme applied for water supply service in Greece. It could be mentioned that EDEYA has developed a database (2007) with 129 utilities included (out of 227 water utilities in 2007, before the reformation of Kallikratis, 56,82%). Nowadays, 129 water utilities exist. This database includes the following per water utility:<br>➢ Population (census 2001)<br>➢ Number of employees<br>➢ Number of water meters<br>➢ 'M3 pumped in 2006<br>➢ M3 consumed in 2006<br>➢ 'M3 charged in 2006<br>➢ Water connection fees with water pipe diameter 3/4" 2004, 2005, 2006, 2007<br>➢ Water connection fees with water pipe diameter 1" 2004, 2005, 2006, 2007<br>➢ Water connection fees with water pipe diameter 1 1/2" 2004, 2005, 2006, 2007<br>➢ Water connection fees with water pipe diameter 2" 2004, 2005, 2006, 2007<br>➢ Sewage connection fees for the surface of 100 m2 2004, 2005, 2006, 2007<br>➢ Sewage connection fees for the surface of 200 m2 2004, 2005, 2006, 2007<br>➢ Fixed cost in m3 2004, 2005, 2006, 2007<br>➢ Fixed cost in € 2004, 2005, 2006, 2007<br>➢ Special fee 80% |

| | |
|---|---|
| | ➢ Sewage fees % or in €<br>➢ Water meter maintenance<br>➢ Bill for 0 m3 2004, 2005, 2006, 2007<br>➢ Bill for 10 m3 2004, 2005, 2006, 2007<br>➢ Bill for 20 m3 2004, 2005, 2006, 2007<br>➢ Bill for 30 m3 2004, 2005, 2006, 2007<br>➢ Bill for 50 m3 2004, 2005, 2006, 2007<br>➢ Bill for 70 m3 2004, 2005, 2006, 2007<br>➢ Bill for 100 m3 2004, 2005, 2006, 2007<br>➢ Average value in m3 2004, 2005, 2006, 2007<br>➢ Difference in % 2006 to 2007<br>➢ Bill editing frequency<br>This database is published at the website of the Hellenic Union of Municipal Enterprises for Water Supply and Sewerage (EDEYA) for two reference years (2006, 2007).<br>http://edeya.gr/2013-09-23-10-58-06/2013-09-23-11-11-03/uliko/stoixeia-1 |

| | |
|---|---|
| Q2.12 | Does the water price (charge) represent exclusively the price of the provided water service (provided volume of water in $m^3$)? Please describe. Explanation: sometimes water charge is used also for the financing of other public services for which transfers are provided from the water supply account. |
| A2.12 | Water price (charge) in Greece represents exclusively the price of the provided water service and it is not used for the financing of other public services. |

## 3. ACCOUNTING INFORMATION

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| Q3.1 | Do public utilities (in case of »multiutilities« which provide several public services, example: water supply, wastewater treatment, waste management, etc.) have to provide a separate accounting for every public service (e.g. for water supply, for wastewater treatment, etc.)? Please describe how the overhead costs are distributed? |
| A3.1 | Further analysis is required. |

| | |
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| Q3.2 | Is a separate accounting provided for the public water supply and water supply which is not considered as a public service (i.e. large industrial consumers)? Is the accounting information public for all type of Water utilities? |
| A3.2 | The accounting depends on the policy of each water utility (municipal water utilities, EYDAP, EYATH). The accounting information (balance sheets) is public for all type of water utilities. Concerning the annual budget the Board of Directors vote at least one month before the beginning of each fiscal year, the annual budget of income and expenses of the water utility, the part of the costs for the program works. On the basis of the state of revenue and the presented any needs, the budget may be, be modified by the Board of Directors during the fiscal year, and decide on the granting of temporary and additional appropriations. |

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| Q3.3 | Please provide the information regarding the possible/usual transfers between the Water Utility and owner of the WSS (i.e. Municipality or Region). Example: in the case of public companies eventual profits are transferred from Water Utility to the owners – Municipality (ies), similar for losses. Please provide examples of transfers for specific water utility. |
| A3.3 | Public water utilities are non-profit organizations in Greece. |

| | |
|---|---|
| | According to the Greek Law1069/80:<br>➢ The water supply and sewage fees are used for personnel costs, operational costs, costs of network maintenance, fixed assets depreciation and loan interests.<br>➢ The special charge (80%) is used for the study, construction, reconstruction of water and sewage works. |

| | |
|---|---|
| Q3.4 | Do water utilities have to prepare disclosure reports is the level of disclosures requested by law? |
| A3.4 | Water utilities in Greece are obliged to prepare and publish disclosure reports every year within three months from the ending of each fiscal year (Greek Law1069/80, Article 6). |

| | |
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| Q3.5 | Is the range of services for the provision of drinking water standardized and the range of costs per unit defined? |
| A3.5 | The range of services for the provision of drinking water is standardized according to the provisions of Greek law 1069/80 and is being institutionalized through the drafting of the water utilities internal organizational manual. The range of unit costs is defined by the board of directors of each water utility and the municipal council. |

## 4. INVESTMENTS

| | |
|---|---|
| Q4.1 | Please describe the investment process from the point of view of involved institutions: programming, planning, design, construction, construction supervision, financing, operation |
| A4.1 | The members of the board of directors and the municipal council of each water utility are responsible of the investment process. |

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| Q4.2 | What is the financial source for the investments and rehabilitation of water supply infrastructure (e.g. fixed charge, connection charge, real estate tax, private investments - public-private partnerships, municipal budget, national financing schemes – national budget, EBRD, World Bank, donations, , etc.)? Could you provide a rough estimates (in %)? |
| A4.2 | According to Greek Law1069/80, the financial resources for the investments and rehabilitation of water supply infrastructure are the following:<br>➢ Public investment program (35% of the costs for studies, construction costs for water supply and sewage works.<br>➢ The water supply and sewage fees are used for personnel costs, operational costs, costs of network maintenance, fixed assets depreciation and loan interests.<br>➢ The special charge (80%) is used for the study, construction, reconstruction of water and sewage works.<br>➢ Fixed charges, connection charges, VAT, private investments - public-private partnerships, municipal budget, EBRD, donations and other funding sources depend on the policy of each water utility. |

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| Q4.3 | How are the depreciation (amortization) costs of the infrastructure determined (costs that are the main source for the investment maintenance and the rehabilitation of the pipe system) and charged (i.e. usually as a part of the fixed monthly charge). |
| A4.3 | For the determination of depreciation (amortization) costs of the infrastructure determined and charged further analysis is required. |

## 5. GENERAL INFORMATION ON SUBSIDIES

| | |
|---|---|
| Q5.1 | Can the price of water service be subsidized? Is there a support (subsidy) system? On which level the subsidies are defined,(e.g. on the state level, on the level of local community)? Explanation: subsidies for the entire population - not part of support for economically deprived population. |
| A5.1 | The price of water service cannot be subsidized. There is a support (subsidy) system only for specific consumer categories (there is not a sewage fee for public entities and churches). |

| | |
|---|---|
| Q5.2 | Are the general subsidies commonly used to cover the costs of water supply service? |
| A5.2 | Not applicable. |

| | |
|---|---|
| Q5.3 | Is there a problem with non-payment of water services present? What is the extent of unpaid services in case of households and in case of industry? Who covers the unpaid services? How are the unpaid bills recovered? |
| A5.3 | Usually the Water Utility disconnects the water meter when either the unpaid water consumption exceeds the average annual use, or after one year of the last payment (when either comes first). In 2013 the total number of disconnected water meters exceeded for the first time the psychological barrier/ threshold of 5% of their total number in the big cities (e.g. in Thessaloniki this number was 5.5% - 30,000 water meters out of the 550.000 water meters-, while in Athens was ). The number keeps rising. Water Utilities claim that the total unpaid bills have exceeded 25% of their annual revenues (in 2013). The problem mainly refers to domestic water users, while for industrial ones the numbers are almost half size. In 2014 several big Water Utilities (e.g. EYDAP) have launched various programs regarding delayed payments, or bail out of old depts. Usually the full payment is being done within 3 years in monthly regular payments (the latter is the only presupposition). Also auction have been banned till June 30th 2014. |

## 6. Social correction mechanism

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|---|---|
| Q6.1 | Are there problems with the price affordability at the household level? What do you think is the main reason for such situation? |
| A6.1 | See A5.3. The reason is the economic crisis Greece is suffering from. Austerity measures to the extent of Humanity Crisis forced too many people not to be able to pay their bills. |

| Q6.2 | Is there a special price of water supply for economically deprived population? |
|---|---|

There are also social pricing policies developed. It depends on the policy of each DEYA.

EYATH S.A.

| | Prices in €/consumption level | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4th month consumption level | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| 0-10 m3 | 0,37 | 0,39 | 0,41 | 0,41 | 0,45 | 0,45 | 0,45 | 0,46 |
| 11-30 m3 | 0,50 | 0,53 | 0,56 | 0,56 | 0,62 | 0,62 | 0,62 | 0,63 |
| 31-60 m3 | 0,59 | 0,62 | 0,65 | 0,65 | 0,71 | 0,71 | 0,71 | 0,72 |
| 61-120 m3 | 1,03 | 1,06 | 1,09 | 1,12 | 1,15 | 1,15 | 1,15 | 1,16 |
| 121-180 m3 | 2,27 | 2,30 | 2,33 | 2,36 | 2,39 | 2,42 | 2,39 | 2,39 |
| 181 m3 and over | 4,03 | 4,03 | 4,03 | 4,03 | 4,03 | 4,03 | 4,03 | 4,03 |

A6.2

The large families with four (4) or more children are charged 60% of "four months" consumption.

EYATH applies social residential tariff, which provides 50% discount from January 1, 2014, for the protection of vulnerable groups, particularly families with 3 children, elderly, and people with low income or long-term unemployed.

In particular, the discount refers to:

- Families with three dependent children and family taxable income less than or equal to 17,000 euros per year.
- Elderly over 75 living alone (not hosted), with taxable income less than or equal to EUR 8,000 euros per year and consumption not exceeding 30 cm quarterly.
- Long-term unemployed or low income earners with taxable income less than or equal to 8,000 euros per year, increased by 3,000 euro for each of the first two dependent children.

The social tariff will be valid until the end of 2015 and stakeholders (necessarily liable to pay the water bill themselves) or their authorized representatives are required to submit a request with the necessary documentation (statement, E1 and certification by the Employment Agency for the unemployed) at the headquarters of EYATH.

These elements of the tax authorities must be accompanied by a declaration under Article 8 of Law. 1599/86 certifying the accuracy of the declared data.

Water Utility of Corfu

A Social Household Charge exists (see Q2.5).

Concerning **unpaid bills,** there are special arrangements. It depends on each water utility's policy. i.e. EYATH has adopted a policy including 12, 24 or 36 months for the payment of debts from the consumers.

| Q6.3 | Is there a possibility (in case of no ability to pay for the service) to request the help from social service office to assist in paying for the water service? Please, describe. |
|---|---|
| A6.3 | It depends on each government's social policy. |

| Q6.4 | What are the requirements (evidences) needed for the customer to be granted the special tariff? How often does a customer have to renew the application for the assistance (e.g. annually, etc.)? |
|---|---|
| A6.4 | Water Utility of Corfu |

| | |
|---|---|
| | A Social Household Charge exists (see Q2.5). |

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|---|---|
| | YOUR GENERAL COMMENTS AND EXPLANATIONS:<br><br>The main objective for Drinkadria outputs and results is to form an appropriate methodology, with the aim to reach **comparable results**, regarding the pricing policies applied by the water utilities involved from each country.<br>Associate Professor Vasilis Kanakoudis (University of Thessaly, Greece) has formed a methodology and published it in the paper **DOMESTIC WATER PRICING IN GREECE: MEAN NET CONSUMPTION COST VERSUS MEAN PAYABLE AMOUNT, Vasilis Kanakoudis, Anastasia Papadopoulou* and Stavroula Tsitsifli, Fresenius Environmental Bulletin, Volume 23 – No 11. 2014** (see Appendix I).<br>The present study being a country-wide research, attempted to compare the existing pricing policies in Greece through the calculation of the **mean net cost** and the **mean payable amount** for several levels of **monthly water consumption from 5 to 150 m3 (using a 5m3 step)**, categorizing the water utilities into groups according to their size (population served), their location (mainland, coastal or island) and their administrative region.<br>The same methodology is suggested to be used from all members Drinkadria partnership. |

| **We kindly ask you to provide following documents (pdf, Word, etc.):** |
|---|
| • a description of **methodology** for the water tariff system (in your national language or English) (See A2.1),<br>• an example (copy-scan) of **price list** for one water utility (if possible for years 2008 – 2013) (See Appendix II),<br>• an example of **balance sheet**, **income** and **annual** statement (if possible with disclosures - comments) for water utility (if possible for years 2008 – 2013) (See Appendix III),<br>• if possible - national statistics of water supply service prices (price ranges on national level) – we know that this information might differ from the reported data (see A2.11),<br>• If possible Question 2.1 on the prices - average prices, prices per unit, fixed and variable (see A2.11). |

# Let's grow up together

DRINK ADRIA

Adriatic IPA
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