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The Effect of Tariff Policy on Financial Performance of A Public Water Utility A Case of National Water and Sewerage Corporation

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ABSTRACT

This study examined the effect of tariff policy on the financial performance of a public water utility. The objectives of the study were: to establish the effect of tariff indexation on financial performance of a public water utility and to establish the effect of tariff rates on financial performance of a public water utility. A cross-sectional research design was employed, using a case of National Water and Sewerage Corporation. A sample of 92 respondents was selected from a population of 120 participants using simple random sampling. Questionnaires and Interview guides were used to collect the data. Quantitative data was analyzed using correlation and regression analyses to establish the relationship between the variables. Qualitative data was organized into narratives and analyzed to draw conclusions in addition to the quantitative data. The study findings revealed that there was no statistically significant relationship between tariff indexation and financial performance ($r = .092^{**}$, $p = 0.415$). The study further revealed that there was a significant relationship between tariff rates and financial performance ($\beta = 0.477$, $t = 4.567$, $p = 0.000$). This implies that when the tariff rates are favorable, a public water utility will be able to attain improved financial performance in its operations.

The study concluded that tariff rates affect the financial performance of a public water utility. Favorable rates attract more clients hence improved performance. The study recommends that a public water utility, such as NWSC, should ensure that there is tariff policy clarity to enhance its financial sustainability and operational effectiveness. It must ensure that the tariff rates are favorable to their clients. Future studies should explore the effect of tariff structure on financial performance of a public water utility.

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Keywords: Tariff indexation, tariff rates, financial performance, NWSC, Uganda, water supply, service delivery.

1. Introduction and background

The financial performance of utility companies is crucial for ensuring their sustainability and ability to provide consistent and quality services. Many public utilities, faces the challenge of balancing cost recovery with affordability for its consumers (Osho & Fagbamila, 2022). In this context, the mechanism of tariff policy becomes a significant tool. Tariff policy includes the guidelines and principles that govern the pricing of goods and services. These guidelines are set by the government or regulatory bodies to ensure that prices are affordable and accessible to consumers (Osho & Fagbamila, 2022). This study examined the effect of tariff indexation and tariff rates on financial performance of a public water utility. The financial performance of public water utilities is influenced by various factors, including operational efficiency, cost management, and revenue generation. Tariff indexation can play a critical role in enhancing financial performance by providing a systematic approach to adjusting tariffs in response to changing economic conditions. This ensures that the utility can cover its operational costs, invest in infrastructure, and improve service delivery (Gunatilake, Perera, & Carangal-San Jose, 2008).

A study by Gunatilake, Perera, and Carangal-San Jose (2008) highlights the importance of utility tariff setting for economic efficiency and financial sustainability. They argue that appropriate tariff setting can help utilities meet their financial obligations, including operation and maintenance costs, debt service, taxes, and returns on equity. They emphasize the need for a balance between cost recovery and affordability to ensure long-term sustainability of utility services.

Despite the several studies carried out on the subject of this article including Bel, 2020; Schwartz, 2008; Huston et al., 2021), none of the above has specifically focus of water utilities within the East Africa region or Uganda. For Uganda in particular, there is laxity of research about tariff policy on financial performance. This study was to empirically establish the relationship between tariff policy and financial Performance in public institutions such as National Water and Sewerage Corporation. Due to the limited literature on the subject matter in the context of Uganda, the study findings are to bridge this gap and inform policy decisions for better performance. The objectives that guided the study were i) to establish the effect of tariff indexation on financial performance of a public water utility; ii) To establish the effect of tariff rates on financial performance of a public water utility.

2. Literature review

Theoretical Review

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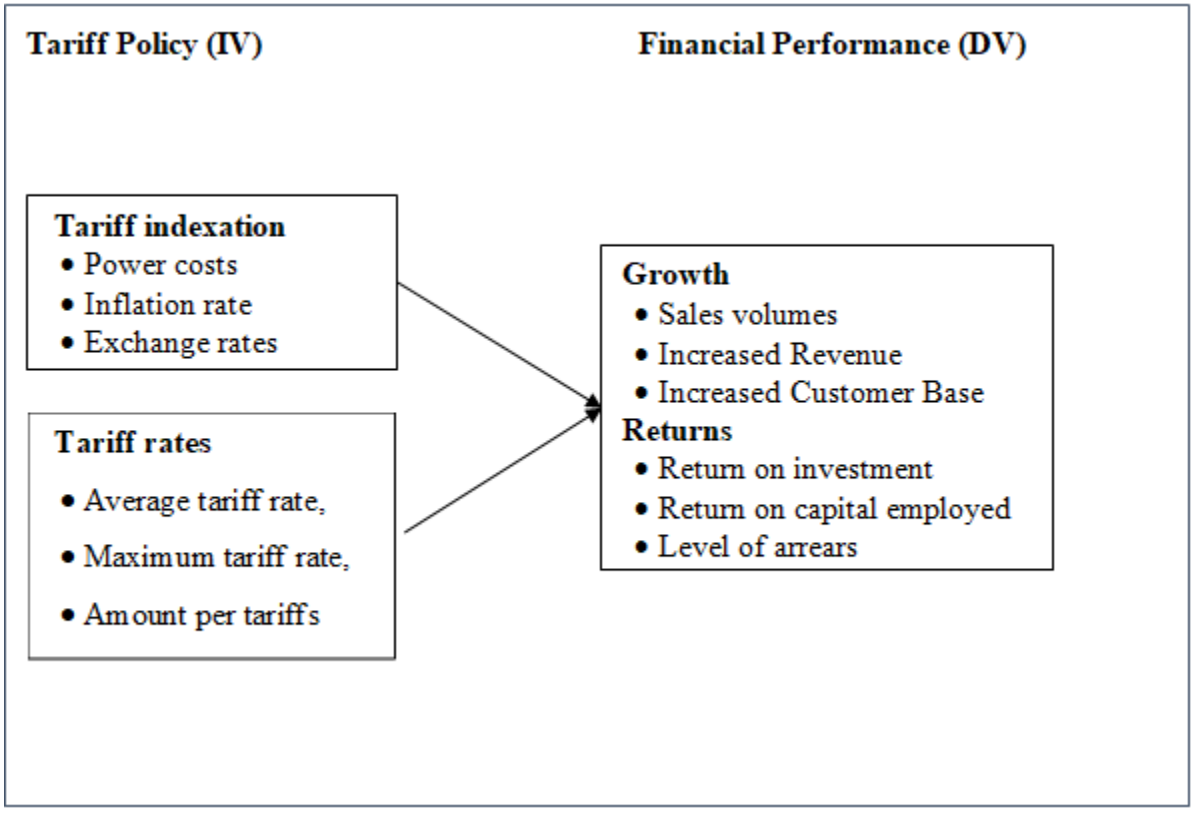
The cost theory, also known as the creation cost theory, was used to guide this research. The theory provides a framework for exploring how institutions make development and pricing judgments. It is based on classical economists Adam Smith and David Ricardo who stated that the monetary value of a fine or other aid should reflect the production costs of the firm, together with the efforts of the firms to reduce such costs in order to maximize the net profit (Akbar & Ampere; Tracogna, 2018). Ricardo introduced a concept of diminishing marginal returns, a notion that increased production needs result into higher costs (Minkler, 2015). The 20th century economists such as John Hicks, Paul Samuelson, and Ronald Coase further expanded the concept of cost optimization and introduced models to explain firm behavior (Williamson, 2016). The emphasis is on reduction of economies of scale, cost reduction and substitution of input (Friedman, 2017). It also distinguishes between short and long-term choices, determining the way companies in determine tariff policies and manage the production costs. A company can increase its fiscal performance and ensure the affordability of services by maximizing production operations and adjusting the tariffs in response to cost changes (Kindred, 2018; Albu et al., 2021).

Figure I: Conceptual framework depicting the relationship between tariff policy and financial performance



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Tariff indexation and financial performance

Studies indicate that tariff indexation can have a significant impact on the competitiveness of a firm as it can increase the cost of importing goods. Tariff indexation is often used as a tool to protect domestic industries from foreign competition. However, the policy can also have negative implications for the financial performance of an organization (Tarasova et al., 2020).

The competitiveness of an organization is determined by its ability to produce goods and services efficiently and cost-effectively. Tariff indexation can affect the competitiveness of an organization by increasing the cost of importing goods. Several scholars have examined the impact of tariff indexation on the competitiveness of an organization. Bond & Malikane, 2019) examined the impact of tariff indexation on the competitiveness of the Japanese automobile industry. The study found that the indexation of tariffs had a negative impact on the competitiveness of the Japanese automobile industry. The authors suggested that tariff indexation can lead to an increase in the cost of production, which can result in a decrease in competitiveness.

Similarly, in a study (Irwin, 2020) the authors examined the impact of tariff indexation on the competitiveness of the Canadian economy. The study found that tariff indexation had a negative impact on the competitiveness of the Canadian economy. The authors suggested that tariff indexation could lead to an increase in the cost of production, which can result in a decrease in competitiveness. These studies suggest that tariff indexation can have a negative impact on the competitiveness of an organization. The increase in the cost of production can result in a decrease in competitiveness, which can have negative implications for the financial performance of an organization.

The financial performance of an organization is determined by its ability to generate profits. Tariff indexation can affect the financial performance of an organization by increasing the cost of importing goods, which can result in a decrease in profitability. Several scholars have examined the impact of tariff indexation on the financial performance of an organization. In a study (Ostry & Rose, 2018), the author examined the macroeconomic consequences of tariffs. The study found that tariff indexation had a negative impact on the profitability of a firm. The author suggested that tariff indexation could increase the cost of importing goods, which can decrease the profit margins of a firm.

Tariff rates and financial performance

Tariff rates are an important policy tool used by governments to regulate international trade. The impact of tariff rates on the financial performance of an organization is a topic of significant

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interest to both practitioners and researchers. Several studies have been conducted relation to the tariff rates and the financial performance of an organization.

In a study (Mohamad & Zainuddin, 2021), the authors examined the impact of import tariff reductions and weakening demand for rubber products in the Australian Market. The study found that tariff indexation had a negative impact on the financial performance of Australian manufacturing firms. The authors suggested that tariff indexation can increase the cost of production, which can decrease the profitability of a firm. These studies suggest that tariff indexation can have a negative impact on the financial performance of an organization. The increase in the cost of importing goods or production can result in a decrease in profitability, which can have implications for the firm's long-term financial health.

Another study (Ndikumana & Verick, 2008) examined the impact of tariff indexation on the financial performance of firms in Tanzania. The study found that firms that faced high tariffs had lower profits compared to firms that faced lower tariffs. The authors suggested that tariff indexation can lead to a decrease in competitiveness, which can negatively impact the financial performance of a firm.

Additionally, in a study (Lepelle & Edwards, 2020), the authors examined the impact of tariff indexation on the financial performance of firms in developing countries. The study found that tariff indexation had a negative impact on the financial performance of firms in developing countries. The authors suggested that tariff indexation can lead to a decrease in investment and a decrease in competitiveness, which can negatively impact the financial performance of a firm.

The empirical literature suggests that tariff indexation can have a negative impact on both the competitiveness and financial performance of an organization. The increase in the cost of importing goods or production can result in a decrease in profitability, which can have implications for the firm's long-term financial health. Therefore, firms should carefully consider the implications of tariff indexation when formulating their business strategies. Policymakers should also carefully consider the impact of tariff indexation on firms when formulating economic policies.

Tariff rates are an important policy tool used by governments to regulate international trade. The impact of tariff rates on the financial performance of an organization is a topic of significant interest to both practitioners and researchers. The purpose of this literature review is to provide an overview of the existing literature on the effect of tariff rates on the financial performance of an organization (Goldberg, 2016). Numerous studies have examined the impact of tariff rates on the financial performance of an organization. The following section presents a summary of the findings of some of these studies.

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One of the earliest studies on the impact of tariff rates on the financial performance of an organization was conducted by (Bukachi et al., 2020). The study examined the impact of tariff rates on the profitability of Indian manufacturing firms. The results showed that the firms that faced high tariff rates had lower profits compared to firms that faced lower tariff rates. The author suggested that high tariff rates can lead to a decrease in competition, which can negatively impact the financial performance of a firm.

Similarly, in a study by (Cui et al., 2020), the authors examined the impact of tariff rates on the financial performance of US manufacturing firms. The study found that tariff rates had a negative impact on the financial performance of US manufacturing firms. The authors suggested that high tariff rates can lead to a decrease in competitiveness, which can negatively impact the financial performance of a firm.

Moreover, a study by (Busch et al., 2022) examined the impact of tariff rates on the financial performance of Pakistani manufacturing firms. The study found that the firms that faced high tariff rates had lower profits compared to firms that faced lower tariff rates. The authors suggested that high tariff rates can lead to a decrease in investment and a decrease in competitiveness, which can negatively impact the financial performance of a firm.

In contrast, a study (Anugwom, 2020) examined the impact of tariff rates on the financial performance of Nigerian manufacturing firms. The study found that the firms that faced high tariff rates had higher profits compared to firms that faced lower tariff rates. The authors suggested that high tariff rates can lead to a decrease in competition from imports, which can result in a higher market share and higher profits for domestic firms.

Furthermore, in a study (Lin et al., 2019), the authors examined the impact of tariff rates on the financial performance of Chinese manufacturing firms. The study found that the firms that faced higher tariff rates had lower profits compared to firms that faced lower tariff rates. The authors suggested that high tariff rates can lead to a decrease in competitiveness and a decrease in export volumes, which can negatively impact the financial performance of a firm.

The empirical literature suggests that tariff rates can have a significant impact on the financial performance of an organization (Osho & Fagbamila, 2022). High tariff rates can lead to a decrease in competition, a decrease in investment, and a decrease in competitiveness, which can negatively impact the financial performance of a firm. However, the impact of tariff rates on the financial performance of an organization can vary depending on the industry, country, and other contextual factors. Therefore, firms should carefully consider the implications of tariff rates when formulating their business strategies. Policymakers should also carefully consider the

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impact of tariff rates on firms when formulating economic policies. Further research is needed to examine the impact of tariff rates on specific industries and regions.

3. Methods

3.1 Research design

The study employed a cross-sectional research design where data collection was done at a single point in time from respondents (Bhardwaj et al., 2019). The design enabled the researcher to capture information from a diverse pool of participants who had different characteristics and demographics. The study utilized quantitative and qualitative techniques, using questionnaires and interviews (Aspers & Corte, 2019; Cabigao, 2021). The mixed-method approach was intended to ensure that rich information is collected.

3.2 Population and sampling

The study population was 120 participants who were staff at the National Water and Sewerage Corporation from the different departments in Kampala. The sample size was established using Krejcie & Morgan's (1970) sample size determination tables. A sample of 92 respondents was reached using a simple random sampling technique.

3.3 Data Analysis

This study used both qualitative and quantitative approaches, each requiring distinct analysis techniques. Quantitative data was analyzed using descriptive statistics for demographic characteristics and Pearson Correlation for relationships between variables, particularly tariff policy and financial performance of NWSC, with regression analysis for combined effects (Hooren et al., 2023). Qualitative data was organized into narratives, using examples to identify trends and compare perspectives. Data was categorized into themes like tariff planning and enforcement, and interview data was used to support questionnaire findings (Aspers & Corte, 2019; Mohammad, 2022).

4. Results and discussion

Study findings

Objective 1: The effect of Tariff Indexation on Financial Performance of a public water utility.

Table 1 summarizes respondents' responses on the effect of tariff indexation on financial performance of National Water and Sewerage Corporation (NWSC) by using a Likert scale where Strongly Agree= 5, Agree= 4, Not Sure= 3, Disagree= 2 and Strongly Disagree= 1.

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Table 1: The effect of tariff indexation on financial performance of NWSC

Statements	Extent of agreement and disagreement				
	SA	A	NS	D	SD
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)
Water tariff charges are indexed against power tariff changes.	43 53.8	15 18.8	3 3.8	3 3.8	16 20.0
The inflation rate changes positively affect the water tariff policy.	46 57.5%	22 27.5%	4 5.0%	4 5.0%	4 5.0%
Water tariff charges are indexed against the market exchange rates	32 40.0%	7 8.8%	20 25.0%	17 21.3%	4 5.0%
Water tariffs are indexed and re-balanced with new connection polices regularly	27 33.8%	23 28.8%	18 22.5%	00	12 15.0%

Primary data, 2024

Table 1: represents the descriptive statistics on the effect of tariff indexation on financial performance of NWSC. According to the study in table 1 above, majority of the respondents represented by 72.6% agreed that NWSC index their tariff charges due to power tariff changes, which is seasonal, 23.8% of the respondents disagreed, whereas 3.8% of the respondents were not sure of the statement put across. This implies that the majority of respondents acknowledge the practice of tariff indexation in response to fluctuating power tariffs. This can therefore be seen as a proactive approach by NWSC to adapt to changing market conditions and manage their financial performance better.

Furthermore, the study illustrated that most of the respondents represented by 85.0% agreed that the inflation rates changes can affect the tariff policy in the industry, 10.0% of the respondents disagreed, whereas 5.0% of the respondents were not sure of the statement put across. The findings indicate a high level of awareness and recognition among respondents regarding the influence of inflation on tariff policies. It implies that respondents believe that tariff adjustments are necessary to counteract the effects of inflation and maintain financial stability.

More so, the study established that quite a big number of the respondents represented by 48.8% agreed that the tariff charges are occasionally influenced by exchange rates like the dollar rate, 26.3% of the respondents disagreed, whereas 25.0% of the respondents were not sure of the statement put across. The findings imply that a significant portion of respondents recognizes the connection between exchange rate fluctuations and tariff adjustments, which may be necessary for maintaining financial performance.

Finally, most of the respondents represented by 62.6% agreed that NWSC index, re-balance tariff and introduce new connection polices on all customers, 22.5% of the respondents were not sure,

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whereas 15.0% of the respondents strongly disagreed with the statement put forward. This implies that a majority of respondents perceive NWSC's tariff management strategy as comprehensive and inclusive, reflecting a proactive approach to maintaining financial stability although the significant number of those in disagreement suggests that there is dissent among some respondents, possibly indicating dissatisfaction with the company's policies

Therefore, the findings indicate a general consensus on certain aspects, such as the influence of inflation on tariff policies, while also highlighting areas where opinions diverge, such as the role of exchange rates in tariff adjustments. These findings can help NWSC make informed decisions regarding their tariff policies and customer communication to ensure financial stability and customer satisfaction.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.092[a]	.009	-.004	.494

a. Predictors: (Constant), Tariff indexation

R is the correlation coefficient, which measures the strength and direction of the linear relationship between the predictor (Tariff indexation) and the dependent variable. An R value of 0.092 indicates a very weak positive correlation. R^2 is the coefficient of determination, which represents the proportion of the variance in the dependent variable that can be explained by the predictor. An R^2 value of 0.009 means that only 0.9% of the variance in the dependent variable is explained by the Tariff indexation. This is quite low, suggesting that Tariff indexation is not a strong predictor for the dependent variable. R Square: This adjusts the R2 value for the number of predictors in the model. Since you only have one predictor, the adjustment can also account for the sample size. An adjusted R2 of -0.004 indicates that after accounting for the predictor and sample size, the model actually fits worse than a model with no predictors (i.e., the mean of the dependent variable). Std. Error of the Estimate represents the standard deviation of the residuals (prediction errors), and it measures the average distance that the observed values fall from the regression line. A standard error of 0.494 indicates the typical distance of the actual data points from the predicted values.

The results suggest that the "Tariff indexation" is not a good predictor for the dependent variable in this model. The very low R^2 and negative adjusted R^2 indicate that the model does not explain much of the variability in the dependent variable, and it may perform worse than a simple mean-based model.

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Table 3: Regression analysis

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.164	1	.164	.671	.415b
	Residual	19.020	78	.244		
	Total	19.184	79			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Tariff indexation

The F statistic of 0.671 with a p-value of 0.415 indicates that the regression model is not statistically significant. This means that there is a high probability (41.5%) that the observed relationship between the predictor (Tariff indexation) and the dependent variable (Financial performance) could have occurred by chance.

The ANOVA table confirms the findings from the model summary. The low R^2 and the non-significant F statistic suggest that Tariff indexation is not a significant predictor of financial performance.

Table 4: Correlation Coefficient

Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.339	.226		19.241	.000
	Tariff indexation	.047	.057	.092	.819	.415

a. Dependent Variable: Financial performance

The coefficients table provides details about the correlation coefficients, which help understand the relationship between the predictor (Tariff indexation) and the dependent variable (Financial performance).

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The unstandardized coefficient for the constant is 4.339. This is the expected value of the dependent variable (financial performance) when the predictor (tariff indexation) is zero. The unstandardized coefficient for tariff indexation is 0.047. This means that for each one-unit increase in tariff indexation, financial performance is expected to increase by 0.047 units, holding all else constant.

The standardized coefficient for tariff indexation is 0.092. Standardized coefficients are useful for comparing the relative importance of predictors. Here, it indicates a very weak positive relationship between Tariff indexation and financial performance.

The standard error of the coefficient for the constant is 0.226, and for Tariff indexation, it is 0.057. Standard errors measure the variability of the coefficient estimates. Smaller standard errors indicate more precise estimates.

The t statistic for the constant is 19.241, and for Tariff indexation, it is 0.819. The t statistic tests whether the coefficient is significantly different from zero.

The p-value (Sig.) for the constant is 0.000, indicating it is highly significant. The p-value for Tariff indexation is 0.415. This high p-value indicates that the coefficient for Tariff indexation is not statistically significant at common significance levels

Consequently, the intercept is statistically significant, indicating that the model's baseline level of financial performance is meaningful. The coefficient for Tariff indexation is not statistically significant (p-value = 0.415), which aligns with the findings from the ANOVA table and the model summary. This suggests that there is no strong evidence to support that Tariff indexation significantly affects financial performance in this model.

Objective 2: The effect of tariff rates on financial performance of a public water utility.

The effect of tariff rates on financial performance of NWSC

Table 4.3 summarizes respondents' responses on the effect of tariff rates on financial performance of National Water and Sewerage Corporation (NWSC) by using a Likert scale where Strongly Agree= 5, Agree= 4, Not Sure= 3, Disagree= 2 and Strongly Disagree= 1.

Table 5: The effect of tariff rates on financial performance of NWSC

Statements	**Extent of agreement and disagreement**				
	SA	A	NS	D	SD
	Freq.	Freq.	Freq.	Freq.	Freq.

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	(%)	(%)	(%)	(%)	(%)
The cost of a unit of water in Uganda is affordable	32 40.0%	29 36.3%	7 8.8%	00	12 15.0%
The new connection fees for NWSC are favorable	21 26.3%	27 33.8%	11 13.8%	17 21.3%	4 5.0%
The high tariff rates can lead to a decrease in competition	18 22.5%	22 27.5%	7 8.8%	8 10.0%	25 31.3%

(Primary data, 2024)

Table 5 represents the descriptive statistics on the effect of tariff rates on financial performance of NWSC. According to the study in table 4 above, majority of the respondents represented by 76.3% agreed that the cost of a unit of water in Uganda is affordable, 15.0% of the respondents disagreed, whereas 8.8% of the respondents were not sure of the statement put across. This implies that most respondents who work with NWSC believe that NWSC's water tariffs are reasonable and within their budget. This perception of affordability can have positive implications for NWSC's financial performance, as it suggests that the utility company is not overburdening its customers with high water tariffs.

Furthermore, the study illustrated that most of the respondents represented by 60.1% agreed that the new connection fees for NWSC is favorable, 10.0% of the respondents disagreed, whereas 5.0% of the respondents were not sure of the statement put across. This implies that a majority of respondents who work with NWSC find the costs associated with connecting to NWSC's water services to be reasonable and accessible. Such favorable perception of connection fees can encourage more people to connect to the utility, potentially increasing NWSC's customer base and revenue.

The study established that a significant number of the respondents represented by 50.0% agreed that the high tariff rates can lead to a decrease in competition, 41.3% of the respondents disagreed, whereas 8.8% of the respondents were not sure of the statement put across. This finding implies that a substantial portion of respondents recognizes the potential negative impact of high tariffs on market competition. Such awareness could indicate concerns about monopolistic tendencies or the hindrance of new entrants into the market due to high tariff rates.

Therefore, the findings indicate general satisfaction with the affordability of water and the favorability of connection fees, but also suggest potential concerns about the impact of high tariff rates on market competition.

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Table 6: Regression analysis

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.314	4	2.078	14.341	0.000[b]
	Residual	10.870	75	.145		
	Total	19.184	79			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Tariff rates

The analysis revealed that there was a significant relationship between tariff rates and financial performance (β = 0.477, t = 4.567, p = 0.000). This means that when the tariff rates are favorable, National Water and Sewerage Corporation will be able to attain improved financial performance in its operations.

5. Discussion

The study findings revealed that there was no statistically significant relationship between tariff indexation and NWSC's financial performance (r = .092**, p > .05). The findings relate with Irwin (2020) who examined the impact of tariff indexation on the competitiveness of the Canadian economy and found that tariff indexation had a negative impact on the competitiveness of the Canadian economy. The authors suggested that tariff indexation could lead to an increase in the cost of production, which can result in a decrease in competitiveness. These studies suggest that tariff indexation can have a negative impact on the competitiveness of an organization. The increase in the cost of production can result in a decrease in competitiveness, which can have negative implications for the financial performance of an organization. Additionally, the respondents' perception that NWSC occasionally engages in tariff indexing and related practices mirrors the operational strategies employed by many utility companies. Ostry & Rose (2018) have discussed the importance of periodically adjusting tariffs to account for changing economic conditions, ensuring that the utility can cover its costs while maintaining affordability for consumers. This practice aligns with the findings in this study, where NWSC's adaptation to seasonal power tariff changes and the introduction of new connection policies were acknowledged by respondents. However, the lack of a significant relationship between tariff indexation and financial performance in the study suggests that the impact of these practices may be nuanced.

The regression findings revealed that tax indexation does not appear to have a statistically significant impact on the financial performance of NWSC. The findings relate with Mohamad & Zainuddin (2021), who emphasize that financial performance is influenced by a complex

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interplay of factors beyond tariff decisions alone. These factors may include the efficiency of internal operations, investment in infrastructure, and the management of non-revenue water, among others. Consequently, while tariff indexation and related economic factors play a role in tariff policy formulation, they may not be the sole determinants of financial success for NWSC. This finding underscores the need for utility companies to adopt a holistic approach to financial management, considering various internal and external variables in their strategies, as advocated by the broader literature on utility economics and management.

On another hand, the regression analysis revealed that there was a significant relationship between tariff rates and financial performance, at $p = 0.000$. The cost of a unit of water is considered to be affordable, and connection fees are favorable which positively affects NWSC's financial performance by ensuring customer satisfaction and encouraging new supply connections. This was in agreement with other studies which indicated that tariff rates can have a significant impact on the financial performance of an organization (Osho & Fagbamila, 2022). High tariff rates can lead to a decrease in competition, a decrease in investment, and a decrease in competitiveness, which can negatively impact the financial performance of a firm.

6. Conclusion

The study has unveiled diverse perceptions among respondents regarding the impact of tariff-related factors and the legal and regulatory framework on the financial performance of a public water utility. While respondents acknowledged the influence of economic factors and tariff practices, such as indexation, there was a lack of statistically significant relationships between tariff indexation and NWSC's financial performance. These findings emphasize the complex interplay of pricing strategies, regulatory governance, and financial outcomes in the context of a utility service provider like NWSC.

The study concluded that tariff rates affect the financial performance of a public water utility. Favorable rates attract more clients hence improved performance. The study recommends that a public water utility, such as NWSC, should ensure that there is tariff policy clarity to enhance its financial sustainability and operational effectiveness. It must ensure that the tariff rates are favorable to their clients. Future studies should explore the effect of tariff structure on financial performance of a public water utility.

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