



TECHNICAL NOTE

Subject: Annual Tariff Readjustment - Sabesp 2022

Provider: Sabesp - Companhia de Saneamento Básico do Estado de São Paulo

INTRODUCTION

Federal Law 11,445/2007 establishes the principles, guidelines, and standards that shall guide the processes of tariff revision and readjustment for basic sanitation services.

Articles 23 and 37 state that:

a) *The regulatory entity will issue regulations related to the system, structure, tariff levels and subsidies, as well as for the procedures and terms to define, adjust and revise them (article 23, item IV).*

b) *Tariff readjustments for public sanitation services will be carried out considering a minimum period of twelve (12) months, according to the legal, regulatory and contractual provisions (article 37).*

Under the terms of the State of São Paulo, the Supplementary Law 1,025/2007, ruled by Decree 52,455/2007, provides Arsesp's competencies to regulate, control and supervise the piped gas and sanitation services in the State.

Article 6 of this law states that:

Under the terms and limits of this supplementary law, ARSESP is responsible for regulating, controlling and inspecting, within the State, piped gas and basic sanitation services owned by the State, preserving the municipal powers and prerogatives.

Paragraph 1 - ARSESP may, preserving the municipal powers and prerogatives:

1. *partially or totally carry out, under technical feasibility, regulatory, control and inspection functions*



delegated to it by the other federation entities, especially with regard to basic sanitation services of municipal ownership and any electricity services and activities provided by the federal government;

2. enter into agreements or equivalent instruments, as well as other contracts and adjustments with bodies or entities of the Municipalities or the Government, regarding the regulation, control and inspection of services; and

3. enter into cooperation with bodies or entities of the States or the Federal District for proper exercise of its powers.

Paragraph 2 - When required by law, delegation instruments will be preceded by the execution, on behalf of the State, of partnership agreements or public consortium contracts.

The model of tariff remuneration for water supply and sewage services for the Companhia de Saneamento Básico do Estado de São Paulo -

– SABESP was established through technical note NT.F-0043-2020, during the third ordinary tariff review carried out by Arseps.

Overall, the methodology has established a price cap mechanism based on projected efficient costs for the tariff cycle, an incentive system for improving the quality of service, and annual tariff adjustments to adjust the tariffs for efficiency, according to monetary restatement using a price index and based on the quality system.

Thus, the proposed regulatory system for Sabesp is characterized by the following basic elements:

- ✓ A maximum tariff during the tariff cycle;
- ✓ A periodic review of this tariff with a previously established fixed term;
- ✓ Setting an efficiency factor that partially transfers the productivity gains to the users;
- ✓ An incentive system for improving the quality of service;
- ✓ An annual readjustment process including: monetary restatement by price index, adjustment by efficiency factor, and adjustment by observed quality level;
- ✓ Extraordinary review system.



Regarding the tariff adjustment specifically, the maximum tariff defined for the tariff cycle is readjusted annually by the broad consumer price index - IPCA,

deducted by an efficiency factor, denominated factor X and increased by a quality term IGQ or factor Q, which value can be positive or negative.

The purpose of the quality term is to prevent cost-reduction incentives from compromising service quality levels.

1. ANNUAL TARIFF READJUSTMENT

Considering the above explained elements, the formula for the annual readjustment is as follows:

$$P_t = P_{t-1} * (1 + IPCA - X \pm Q)$$

Where:

P_t = Maximum Average Tariff (Maximum Price) to be applied during the tariff year.

IPCA = Percentage variation of IBGE's Extended Consumer Price Index in the 12-month period prior to the base date.

X = Factor determined for the tariff cycle in percentage terms.

Q = Factor determined for the year.

- 1) Inflation effectively observed in the previous period

Annual indexing is carried out according to the IPCA, based on the inflation registered in the previous tariff year. IPCA is determined from the IBGE's historical series for the twelve-month period prior to the readjustment month, being easy for everyone to obtain and understand.

- 2) Required efficiency (X factor)

Productivity gain is determined using the Malmquist index as stated in Technical Note NT-F-0016-2021.

The X Factor has the purpose of sharing the productivity gains obtained by the service provider with the consumer. Essentially, the X Factor works as a reducer in the calculation of the Annual Tariff Adjustment Index.

From an economic point of view, it is possible to determine a P0 that incorporates the established efficiency targets from the beginning, however, Arseps understands that the use of the X Factor for this purpose is a financial advantage,



as it provides the Company with time to achieve the targets, as it gradually adjusts tariffs reflecting the time needed for adaptation. In addition, it improves allocative efficiency by maintaining the alignment of tariffs and costs over time and clearly shows the applied reducer.

3) Quality parameter

We established the definition of the quality parameter in the 2nd OTR of Sabesp, according to Technical Note NT-F-0003-2018, considering that the Program contracts between Sabesp and the municipalities comprise a “Goal Plan” that establishes several goals that the company must achieve during the contract's duration. The performance indicators adopted can be classified according to the following quality aspects: (i) technical quality, (ii) service quality, and (iii) commercial quality.

The core concept of the quality parameter is that cap-rate regulatory systems such as the proposed one require the inclusion of a mechanism to control the quality of service. Once the company is encouraged to reduce costs, it should avoid this reduction coming at the expense of worse service to users.

Arsesp published Resolution 989/2019, which established the methodology for calculating and applying the General Quality Index - IGQ for Companhia de Saneamento Básico do Estado de São Paulo - SABESP in the tariff adjustment and revision processes.

This resolution, among other theoretical aspects, determined the quality indicators to be monitored by ArseSP, and also the criteria for the main target and its variation, to be adopted by Sabesp.

This tariff readjustment will not apply the IGQ relative to 2021, and the adjustments from previous years, which will be subject to a compensatory adjustment in the next annual tariff readjustment.

4) Revenue-Cap Adjustment

Pursuant to Resolution 1,150/2021, specifically for this tariff cycle (2021- 2024), a revenue range of 2.5% above or below the required revenue defined in the 3rd OTR was adopted. Should Sabesp earn a revenue above this 2.5%, this amount would be returned to the users in the following year's tariff. This would also apply if Sabesp had revenues below 2.5%, i.e., the following year's tariff would be increased so that this differential would be covered. Such mechanism was required due to the uncertainties of the transition effects to a new tariff structure in this cycle.

Thus, the revenue surplus for this readjustment was calculated as



follows:

- 1) Adjustment of the P0 defined in Resolution 1,150/2021, namely R\$5.1251/m³, with the compensatory adjustments provided in NT.F-0016-2021.
- 2) Calculation of the new revenue required with the adjusted P0.
- 3) A comparison of the revenue obtained by the provider with the required revenue, analyzing whether it is within the defined range of 2.5% up or down.
- 4) The result is calculated as a percentage of the required revenue for the following year, so that revenue is increased or decreased accordingly.

1.1. CALCULATION OF THE REVENUE-CAP ADJUSTMENT

This first step to calculate the cap revenue adjustment is done by adjusting the P0 defined in the process of the 3rd OTR, as follows:

Table 1 - P0, according to Resolution 1,150/2021

<u>Resolution 1.150/2021</u>	
P0 3rd OTR (R\$ Oct/20)	4.9534
IPCA Oct/20 - Feb/21	3.39%
2020 IGQ	
	0.1490
%	
<u>2019 IGQ Adjustments</u>	<u>-0.0038</u>
2021 P0 (R\$ Feb/21)	5,1251

Source: Arsesp

It is necessary to adjust the P0 of R\$4.9534/m³ by the compensatory adjustments established in NT.F-0016-2021, which address the addition of the 2020 realized data for the PIS/COFINS, Indirect Revenues, Other Revenues, PPP and Asset Leases and Municipal Sanitation Funds items, as well as the adjustments of the PATs with their realized market data.

Upon the 3rd OTR, the compensatory adjustment of the 2nd OTR returned to users R\$ **1,721,571,035**, according to the table below:



Table 1 - Discounted Cash Flow for the 3rd OTR Compensatory Adjustment

DISCOUNTED CASH FLOW - 2nd OTR

Breakdown	Items of Formula	Present Value	Tariff Cycle - R\$ (Dec/16)			
			2016	2017	2018	2019
Billed Volume (A+E) - (1,000 m³)	FV	15,428,943,705	3,707,335,125	3,806,967,040	3,907,918,862	4,006,722,677
(+) Direct Required Revenue -> Tariff	DRR	44,946,330,034	13,107,852,048	13,460,115,965	13,817,046,620	14,166,382,664
(+) Indirect Revenue	IR	591,614,160	175,609,609	177,830,611	192,646,410	170,160,144
(+) Other Revenues	OR	288,136,067	90,472,525	98,994,866	76,987,602	80,353,280
(-) COFINS/PASEP	COP	3,038,919,038	859,007,792	913,506,606	927,748,786	995,198,337
(-) Operating Expenses -> OPEX	OPEX	17,782,984,420	5,257,096,362	5,339,129,123	5,422,973,305	5,546,558,936
(-) PPP and Asset Lease	PPP	1,618,752,737	481,653,711	322,300,464	624,297,426	551,055,083
(-) Municipal Funds	MFS	846,405,201	242,757,918	256,838,130	266,865,367	260,788,381
(-) R&D&I	IDP	5,185,200	-	-	-	7,083,191
(-) Income tax/Social contribution	Taxes on income	5,969,523,113	1,759,531,284	1,848,665,255	1,792,963,087	1,832,275,916
(-) Irrecoverable Revenues	RINC	578,691,784	168,765,866	173,301,324	177,896,868	182,394,631
(-) Investments	CAPEX	8,741,869,670	2,232,109,506	3,080,944,142	2,645,465,333	2,660,379,690
(-) Regulatory Interest on Construction Works in Progress	RICWP	-	-	-	-	-
(-) Compensatory Adjustment	CAD	-578,900,443	-156,462,317	-169,151,411	-182,869,591	-197,700,314
(-) Working Capital Variation	WkVar	453,723,070	33,838,885	-6,530,036	233,009,905	332,771,455
(-) Initial Capital Base	BRL0	39,032,454,982	-	-	-	-
(+) Final Capital Base	BRLT	31,663,528,511	-	-	-	43,253,651,763
= Free Cash Flow + Bdk		-39,032,454,982	2,495,635,175	1,977,937,845	2,178,330,147	45,499,742,545
= Free Cash Flow + Bdk (Discounted)		-39,032,454,982	2,308,422,140	1,692,313,837	1,723,955,693	33,307,763,313

Maximum Average Tariff - P0 (R\$/m3)		
Calculated	Current	Var.
3.5357	3.3762	4.7239%

	2017	2018	2019	2020
IPCA (accumulated since Dec/16)	0.96%	3.67%	8.41%	11.99%
X Factor (accumulated)		0.69%	1.39%	2.09%
Authorized Required Revenue in the cycle (R\$ March - current)	13,562,958,167	14,205,361,563	15,155,039,899	15,956,253,150
Required Revenue with Compensatory Adjustments (R\$ March - current)	13,234,080,688	13,860,906,950	14,787,557,285	15,569,342,548
Differential (R\$ March - current)	-328,877,479	-344,454,612	-367,482,614	-386,910,602
Differential (R\$ Oct/20)	- 370,922,891	- 378,348,704	- 385,982,835	- 393,394,450
Differential Adjusted by WACC	-468,685,199	-442,205,343	-417,286,043	-393,394,450
Compensatory Adjustments of the 2nd OTR				- 1,721,571,035

By changing the data for the items mentioned to those actually performed in 2020, we obtain the following tables:



NT.F-0010-2022

Table 2 - Discounted Adjusted Cash Flow for the 3rd OTR Compensatory Adjustment (realized data in 2020)

DISCOUNTED CASH FLOW - 2nd OTR (realized in 2020)

Breakdown	Items of Formula	Present Value	Tariff Cycle - R\$ (Dec/16)				
			2016	2017	2018	2019	2020
Billed Volume (A+E) - (1,000 m³)	FV		3,707,335,125	3,806,967,040	3,907,918,862	4,006,722,677	
(+) Direct Required Revenue -> Tariff	DRR	44,962,123,031	13,112,457,813	13,464,845,507	13,821,901,579	14,171,360,371	
(+) Indirect Revenue	IR	589,565,990	175,609,609	177,830,611	192,646,410	167,362,261	
(+) Other Revenues	OR	279,686,408	90,472,525	98,994,866	76,987,602	68,810,707	
(-) COFINS/PASEP	COP	3,033,867,428	859,303,621	913,821,120	928,068,534	987,210,560	
(-) Operating Expenses -> OPEX	OPEX	17,782,984,420	5,257,096,362	5,339,129,123	5,422,973,305	5,546,558,936	
(-) PPP and Asset Lease	PPP	1,643,047,259	481,653,711	322,300,464	624,297,426	584,242,375	
(-) Municipal Funds	MFS	837,170,238	242,757,918	256,838,130	266,865,367	248,173,052	
(-) R&D&I	IDP	269,081	-	-	-	367,575	
(-) Income tax/Social contribution	Taxes on income	5,969,523,113	1,760,976,501	1,850,145,661	1,794,483,806	1,827,075,477	
(-) Irrecoverable Revenues	RINC	578,895,122	168,825,166	173,362,218	177,959,377	182,458,719	
(-) Investments	CAPEX	8,741,869,670	2,232,109,506	3,080,944,142	2,645,465,333	2,660,379,690	
(-) Regulatory Interest on Construction Works in Progress	RICWP	-					
(-) Compensatory Adjustment	CAD	-578,900,443	-156,462,317	-169,151,411	-182,869,591	-197,700,314	
(-) Working Capital Variation	WkVar	453,723,070	33,838,885	-6,530,036	233,009,905	332,771,455	
(-) Initial Capital Base	BRL0	39,032,454,982	-	-	-	-	
(+) Final Capital Base	BRLT	31,663,528,511	-	-	-	43,253,651,763	
= Free Cash Flow + Bdk		-39,032,454,982	2,498,440,596	1,980,811,573	2,181,282,130	45,489,647,576	
= Free Cash Flow + Bdk (Discounted)		-39,032,454,982	2,311,017,109	1,694,772,585	1,726,291,927	33,300,373,362	

Maximum Average Tariff - P0 (R\$/m3)		
Calculated	Current	Var.
3.5369	3.3762	4.7607%

	2017	2018	2019	2020
IPCA (accumulated since Dec/16)	0.96%	3.67%	8.41%	11.99%
X Factor (accumulated)		0.69%	1.39%	2.09%
Authorized Required Revenue in the cycle (R\$ March - current)	13,562,958,167	14,205,361,563	15,155,039,899	15,956,253,150
Required Revenue with Compensatory Adjustments (R\$ March - current)	13,238,730,807	13,865,777,320	14,792,753,257	15,574,813,219
Differential (R\$ March - current)	-324,227,360	-339,584,242	-362,286,642	-381,439,931
Differential (R\$ Oct/20)	-365,678,277	-372,999,093	-380,525,283	-387,832,102
Differential Adjusted by WACC	-462,058,287	-435,952,840	-411,385,883	-387,832,102
Compensatory Adjustments of the 2nd OTR				- 1,697,229,112

This means that the effective amount to be returned to users should have been **R\$ 1,697,229,112**, resulting in a **R\$24,341,923** balance to be returned to Sabesp. It is worth mentioning that the supervision adjustment of the asset base was not incorporated into this value yet, so subsequent adjustments regarding this component, among others to be evaluated, will still be made.



Another adjustment to be made is the market realized in the cities of Santo André, Guarulhos, Mauá and Tapiratiba, PAT objects, and which, due to the alignment of the base dates and postponement of the readjustments, presented a compensatory adjustment to be realized. However, when calculating this compensatory adjustment in the 3rd OTR, Arsesp had no realized market data for the periods to be compensated, such that provision was made in NT.F-0016-2021 that this calculation would be subject to this adjustment.

Thus, adding the realized market data to the previous calculations, we obtain the following table:

Table 2 - PATs adjustment by the realized market

Municipality	Compensatory Adjustment	3rd OTR	Difference
Iperó	188,710	188,710	
Pereiras	107,648	107,648	
Santa Branca	169,800	169,800	
Santa Isabel	281,820	281,820	
Aguai	282,021	282,021	
Santo André	14,068,252	22,797,643	- 8,729,391
Guarulhos	11,211,282	16,660,973	- 5,449,691
Mauá	6,247,143	2,702,098	3,545,045
Tapiratiba	80,897	33,801	47,095
Total Adjustment	32,637,573	43,224,515	- 10,586,941

This means that there is a difference of **R\$10,586,941** to be returned to the users.

Thus, the compensatory adjustment owed to the provider is **R\$ 13,754,982**. It is worth mentioning that the adjustment related to the account's suspension due to the COVID-19 pandemic effects was considered in the calculation, in order to consider it neutral for the discrepancy calculation. The comparison follows:


Table 3 - Calculation of the compensatory adjustment difference

	2017	2018	2019	2020
IPCA (accumulated since Dec/16)	0.96%	3.67%	8.41%	11.99%
X Factor (accumulated)		0.69%	1.39%	2.09%
Authorized Required Revenue in the cycle (R\$ March - current)	13,562,958,167	14,205,361,563	15,155,039,899	15,956,253,150
Required Revenue with Compensatory Adjustments (R\$ March - current)	13,234,080,688	13,860,906,950	14,787,557,285	15,569,342,548
Differential (R\$ March - current)	-328,877,479	-344,454,612	-367,482,614	-386,910,602
Differential (R\$ Oct/20)	- 370,922,891	- 378,348,704	- 385,982,835	- 393,394,450
Differential Adjusted by WACC	-468,685,199	-442,205,343	-417,286,043	-393,394,450
Compensatory Adjustments of the 2nd OTR				- 1,721,571,035
Adjustment - measures to fight the pandemic (Arseps Resolution 979/2020)				127,219,710
Adjustment - Postponements of PATs				43,224,515
TOTAL				- 1,551,126,810

	2017	2018	2019	2020
IPCA (accumulated since Dec/16)	0.96%	3.67%	8.41%	11.99%
X Factor (accumulated)		0.69%	1.39%	2.09%
Authorized Required Revenue in the cycle (R\$ March - current)	13,562,958,167	14,205,361,563	15,155,039,899	15,956,253,150
Required Revenue with Compensatory Adjustments (R\$ March - current)	13,238,730,807	13,865,777,320	14,792,753,257	15,574,813,219
Differential (R\$ March - current)	-324,227,360	-339,584,242	-362,286,642	-381,439,931
Differential (R\$ Oct/20)	- 365,678,277	- 372,999,093	- 380,525,283	- 387,832,102
Differential Adjusted by WACC	-462,058,287	-435,952,840	-411,385,883	-387,832,102
Compensatory Adjustments of the 2nd OTR				- 1,697,229,112
Adjustment - measures to fight the pandemic (Arseps Resolution 979/2020)				127,219,710
Adjustment - Postponements of PATs				32,637,573
TOTAL				- 1,537,371,828

Difference (R\$ Oct/20)	13.754.982
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Finally, P0 adjusted was calculated similarly as in the 3rd OTR, but not incorporated into the flow, so that there are no inappropriate indirect effects:

Table 3 - P0 adjustment of the 3rd OTR

	Market	P0	Required Revenue	Adjusted P0	Adjusted revenue
2021	3,422,527,133	5.0630	17,328,298,303	4.9544	16,956,562,261
2022	3,499,826,987	5.0630	17,719,668,444	4.9544	17,339,536,517
2023	3,577,791,057	5.0630	18,114,401,520	4.9544	17,725,801,565
2024	3,654,244,476	5.0630	18,501,486,150	4.9544	18,104,582,246

Revenue without compensatory adjustment	71,663,854,417	70,126,482,589
Compensatory Adjustment	- 1,537,371,828	
Revenue with compensatory adjustment	70,126,482,589	



The adjusted P0 (R\$ Oct/20) becomes, thus, **R\$ 4.9544/m³**. By adding the same elements from Resolution 1,150/2021, the following P0 is calculated on which the cap revenue adjustment will be calculated:

Table 3 - Calculation of the final adjusted P0

Adjustment (Realized in 2020)	
Adjusted P0 (R\$ Oct/20)	4.9544
IPCA Oct/20 - Feb/21	3.39%
2020 IGQ	0.1490%
2019 IGQ Adjustments	-0.0038
2021 Adjusted P0 (R\$ Feb/21)	5,1261

The adjusted required revenue calculated with the new P0 is now:

Table 4 - Revenue Requirement Adjustment

Required Revenue	R\$ 17,544,216,336	R\$ 17,583,084,349
P0	5.1251	5.1261

By comparing the revenue obtained from Sabesp to the adjusted required revenue and to the revenue range previously explained, we reach the compensatory adjustment due:

Table 5 - Calculation of the revenue cap adjustment, according to Resolution 1,150/2021

Parameter	
Revenue Obtained	17,583,084,349
(-) PIS/COFINS	1,135,384,706
Effective Revenue	16,447,699,643
Direct Required Revenue 3rd	17,544,216,336
OTR	
Adjusted P0	5.1261
97.5% Required Revenue	17,105,610,928
Difference (R\$)	657,911,285
WACC Capitalization	-
Compensatory Adjustment (R\$)	657,911,285



According to the data received quarterly by the provider, the revenue actually obtained is calculated, from which PIS/COFINS is excluded, considering that the 3rd OTR model results in a PO without taxes. This pre-tax revenue is compared to 97.5% of the adjusted revenue requirement, leading to a difference of **R\$ 657,911,285**. This amount will be capitalized quarterly by the WACC of 8.10% in the next tariff readjustment in order to simplify the 2022 adjustments, by adding it to the possible adjustments to be made in 2023, as mentioned above.

Furthermore, two components should be excluded from this amount. The first of these refers to R\$180,000,000 of commercial programs planned for the years 2021 and 2022, according to Resolution 1,150/2021. Since the provider has not submitted the required studies for approval by the agency, this amount was not used in 2021 and there are no approved programs which indicate its use in 2022, and it must therefore be returned to the users. If commercial programs are implemented, the amounts approved by Arsesp will be addressed in the previously mentioned compensatory adjustment. The second element refers to the amounts billed for a K-factor, which will be subject to specific resolution by Arsesp, and is an additional revenue for the provider according to the contamination level of the sewage collected from non-residential users, projected at R\$200,000,000.

After these adjustments, the final amount to be incorporated into the tariff is **R\$277,911,285**, which represents **1.4040%** of the 2022 required revenue, which is **R\$19,794 million (R\$ Feb/22)**.

Table 5 - Calculation of final compensatory adjustment to be included in the tariff schedule

<u>Parameter</u>	
Revenue Obtained	17,583,084,349
(-) PIS/COFINS	1,135,384,706
Effective Revenue	16,447,699,643
Direct Required Revenue 3rd OTR	17,544,216,336
Adjusted PO	5.1261
97.5% Required Revenue	17,105,610,928
Difference (R\$)	657,911,285
WACC Capitalization	-
Compensatory Adjustment (R\$)	657,911,285
CAD (%)	4.00%
(-) Commercial Programs 2021	-180,000,000
(-) K Factor 2021	-200,000,000
Total	277,911,285
Total CAD%	1.4040%



The new revenue requirement for 2022 considers the adjusted P0 previously calculated, the inflation measured by IPCA from Feb/21 to Feb/22 and the X factor for the year, established in NT.F-0016-2021. This year's readjustment will not apply the 2021 IGQ, or the adjustments from previous years, in order to prevent discrepancies for either the user or the provider. These amounts will be subject to compensatory adjustment in the next readjustment.

Table 6 - P0 calculation to be applied in 2022 (R\$ Feb/22)

<u>2022 P0 Elements</u>	
2021 Adjusted P0 (R\$ Feb/21)	5,1261
IPCA fev/21 - Feb/22	10,5437%
X Factor	0.2142%
2022 P0 (R\$ Feb/22)	5.6556

1.2. READJUSTMENT CALCULATION

Following the conceptual and preliminary presentation of the readjustment components, the calculation, after determining the inflation index, the X factor, and the revenue cap adjustment is executed, resulting in the percentage value of the tariff readjustment.

The amounts used in the formula

were: 1) IPCA Feb/21 to
Feb/22

= 10.5437%

2) X Factor= -0.2142%

3) ART = 1.4040%

Using these values, we obtain the tariff adjustment index to be applied to Sabesp's current tariff charts, as follows:



Table 7 - Calculation of the Tariff Adjustment Index

2022 Readjustments	
IPCA From Feb/21 to Feb/22	10.5437%
X Factor	-0.2142%
Revenue-Cap Adjustment	1.4040%
2020 IGQ	0.1490%
+1.5% Residential	0.9755%
IRT	12.8019%

In addition, the R\$0.0038/m³ amount related to IGQ 2019 was deducted.

2. CONCLUSION

The annual readjustment amount to be applied to Sabesp's tariffs is twelve integers and eight thousand and nineteen tenths of a thousand percent (**12.8019%**), calculated using the methodology established by Arsesp, as described in this technical note.

Henrique Soares Pereira

Expert in Regulation and Supervision of Public Utility Services

Andre Luis Pinto Da Silva

Tariff Analysis Manager

Jefferson Leão de Meirelles

Superintendent of Economic-Financial and Market Regulation

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EXHIBIT 1 – SABESP's TARIFFS

The following tariff tables include the 6.9% PIS/PASEP and Cofins rate

Table 1 - Metropolitan Executive Board (GT-M):

Includes the municipalities of the following business units: MC, ML, MO, MN (except the municipalities of Bragança Paulista, Joanópolis, Nazaré Paulista, Pedra Bela, Pinhalzinho, Piracaia, Socorro, and Vargem), MS, in addition to the municipalities of Guararema and Santa Isabel

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.21	10.21
11 to 20	R\$/m ³	1.75	1.75
21 to 30	R\$/m ³	6.24	6.24
31 to 50	R\$/m ³	8.89	8.89
+50	R\$/m ³	9.83	9.83
Residential Vulnerable	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	7.78	7.78
11 to 20	R\$/m ³	0.88	0.88
21 to 30	R\$/m ³	2.94	2.94
31 to 50	R\$/m ³	8.88	8.88
+50	R\$/m ³	9.82	9.82
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	32.71
11 to 20	R\$/m ³	5.12	5.12
21 to 50	R\$/m ³	12.78	12.78
+50	R\$/m ³	14.07	14.07
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	65.69
11 to 20	R\$/m ³	12.78	12.78
21 to 50	R\$/m ³	24.50	24.50
+50	R\$/m ³	25.51	25.51
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	32.83
11 to 20	R\$/m ³	6.37	6.37
21 to 50	R\$/m ³	12.28	12.28
+50	R\$/m ³	12.77	12.77
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	49.22
11 to 20	R\$/m ³	9.56	9.56

Table 2 - Metropolitan Executive Board (GT-M):

Includes the municipalities of Bragança Paulista, Joanópolis, Nazaré Paulista, Pedra Bela, Pinhalzinho, Piracaia, Socorro and Vargem.

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.20	8.15
11 to 20	R\$/m ³	1.59	1.27
21 to 30	R\$/m ³	3.44	2.73
31 to 50	R\$/m ³	4.90	3.96
+50	R\$/m ³	5.83	4.70
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	26.23
11 to 20	R\$/m ³	4.55	3.59
21 to 50	R\$/m ³	7.00	5.59
+50	R\$/m ³	8.38	6.66
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	52.54
11 to 20	R\$/m ³	7.77	6.17
21 to 50	R\$/m ³	12.55	10.04
+50	R\$/m ³	14.74	11.76
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	26.27
11 to 20	R\$/m ³	3.91	3.08
21 to 50	R\$/m ³	6.32	5.06
+50	R\$/m ³	7.38	5.90
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	39.40
11 to 20	R\$/m ³	5.79	4.65
21 to 50	R\$/m ³	9.46	7.53
+50	R\$/m ³	11.03	8.85
Other Services	Unit	Water Tariff	Sewage Tariff
Tank Car: Third Parties	R\$/m ³	51.06	-
Tank Car: Sabesp	R\$/m ³	125.30	-
Permissionaires	R\$/1,000 m ³	2,815.28	1,813.85

Table 3 - Regional Systems Executive Board (RS and RN):

It includes the municipalities of these business units: RS and RN

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.20	10.20
11 to 20	R\$/m ³	1.59	1.59
21 to 30	R\$/m ³	2.95	2.95
31 to 50	R\$/m ³	4.20	4.20
+50	R\$/m ³	5.72	5.72
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	32.71
11 to 20	R\$/m ³	4.55	4.55
21 to 50	R\$/m ³	6.02	6.02
+50	R\$/m ³	8.17	8.17
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	65.69
11 to 20	R\$/m ³	8.55	8.55
21 to 50	R\$/m ³	18.69	18.69
+50	R\$/m ³	20.18	20.18
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	32.83
11 to 20	R\$/m ³	4.29	4.29
21 to 50	R\$/m ³	9.39	9.39
+50	R\$/m ³	10.13	10.13
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	49.22
11 to 20	R\$/m ³	6.40	6.40
21 to 50	R\$/m ³	14.03	14.03
+50	R\$/m ³	15.16	15.16
Other Services	Unit	Water Tariff	Sewage Tariff
Tank Car: Third Parties	R\$/m ³	51.06	-
Tank Car: Sabesp	R\$/m ³	125.30	-
Ferries and Ships	Unit	Water Tariff	Sewage Tariff

Table 4 - Regional Systems Executive Board (RR):

Includes the municipalities of the RR unit, except: Apiaí, Barra do Chapéu, Itaóca, Itapirapuã Paulista and Ribeira

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.20	10.20
11 to 20	R\$/m ³	1.59	1.59
21 to 30	R\$/m ³	3.44	3.44
31 to 50	R\$/m ³	4.90	4.90
+50	R\$/m ³	5.83	5.83
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	32.71
11 to 20	R\$/m ³	4.55	4.55
21 to 50	R\$/m ³	7.00	7.00
+50	R\$/m ³	8.38	8.38
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	65.69
11 to 20	R\$/m ³	7.77	7.77
21 to 50	R\$/m ³	13.10	13.10
+50	R\$/m ³	16.63	16.63
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	32.83
11 to 20	R\$/m ³	3.91	3.91
21 to 50	R\$/m ³	6.61	6.61
+50	R\$/m ³	8.37	8.37
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	49.22
11 to 20	R\$/m ³	5.79	5.79
21 to 50	R\$/m ³	9.86	9.86
+50	R\$/m ³	12.52	12.52
Other Services	Unit	Water Tariff	Sewage Tariff
Tank Car: Third Parties	R\$/m ³	51.06	-
Tank Car: Sabesp	R\$/m ³	125.30	-

Table 5 - Regional Systems Executive Board (GT - Countryside):

Includes the municipalities of the following units: RA (except for the municipality of Tejuπά), RB, RG (except for the municipalities of Aguai and Tapiratiba), RJ (except for the municipality of Saltinho), RM, RR (only for the municipalities of Apiaí, Barra do Chapéu, Itaóca, Itapirapuã Paulista and Ribeira), and RT (except for the municipality of Lins)

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.20	8.15
11 to 20	R\$/m ³	1.59	1.27
21 to 30	R\$/m ³	3.44	2.73
31 to 50	R\$/m ³	4.90	3.96
+50	R\$/m ³	5.83	4.70
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	26.23
11 to 20	R\$/m ³	4.55	3.59
21 to 50	R\$/m ³	7.00	5.59
+50	R\$/m ³	8.38	6.66
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	52.54
11 to 20	R\$/m ³	7.77	6.17
21 to 50	R\$/m ³	12.55	10.04
+50	R\$/m ³	14.74	11.76
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	26.27
11 to 20	R\$/m ³	3.91	3.08
21 to 50	R\$/m ³	6.32	5.06
+50	R\$/m ³	7.38	5.90
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	39.40
11 to 20	R\$/m ³	5.79	4.65
21 to 50	R\$/m ³	9.46	7.53
+50	R\$/m ³	11.03	8.85
Other Services	Unit	Water Tariff	Sewage Tariff
Tank Car: Third Parties	R\$/m ³	51.06	-
Tank Car: Sabesp	R\$/m ³	125.30	-

Table 6 - Regional Systems Executive Board (RV):

Includes the municipalities of the RV unit (except for the municipalities of Guararema and Santa Isabel)

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	10.20	8.15
11 to 20	R\$/m ³	1.59	1.27
21 to 30	R\$/m ³	3.44	2.73
31 to 50	R\$/m ³	4.90	3.96
+50	R\$/m ³	5.83	4.70
Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.71	26.23
11 to 20	R\$/m ³	4.55	3.59
21 to 50	R\$/m ³	7.00	5.59
+50	R\$/m ³	8.38	6.66
Commercial / Industrial / Public with no contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	65.69	52.54
11 to 20	R\$/m ³	7.77	6.17
21 to 50	R\$/m ³	12.95	10.36
+50	R\$/m ³	16.43	13.09
Commercial: Social Welfare Entities	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	32.83	26.27
11 to 20	R\$/m ³	3.91	3.08
21 to 50	R\$/m ³	6.50	5.17
+50	R\$/m ³	8.13	6.57
Public with contract	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.22	39.40
11 to 20	R\$/m ³	5.79	4.65
21 to 50	R\$/m ³	9.69	7.80
+50	R\$/m ³	12.34	9.87
Other Services	Unit	Water Tariff	Sewage Tariff
Tank Car: Third Parties	R\$/m ³	51.06	-
Tank Car: Sabesp	R\$/m ³	125.30	-



Table 7 - Regional Systems Executive Board

For the municipalities of Adamantina and Pirapozinho

Special Commercial	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.27	39.41
11 to 20	R\$/m ³	5.82	4.58
21 to 50	R\$/m ³	12.55	10.04
+50	R\$/m ³	14.74	11.76

Note: The tariffs of Table 5 apply to the remaining categories

Table 8 - Regional Systems Executive Board

For the municipality of Presidente Prudente

Special Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	27.80	22.29
11 to 20	R\$/m ³	3.89	3.06
21 to 50	R\$/m ³	7.00	5.59
+50	R\$/m ³	8.38	6.66
Special Commercial	Unit	Water Tariff	Sewage Tariff
0 to 10	(R\$/month)	49.27	39.41
11 to 20	R\$/m ³	5.82	4.58
21 to 50	R\$/m ³	12.55	10.04
+50	R\$/m ³	14.74	11.76

Note: The tariffs of Table 5 apply to the remaining categories



Table 9 - Metropolitan Board - Wholesale water supply and sewage treatment for permissionaires municipalities in the Metropolitan Region of São Paulo (actual tariff in R\$/1,000 m³)

Municipality	Wholesale water	Sewage treatment
Mogi das Cruzes	2,815.28	1,813.85
São Caetano do Sul	2,815.28	1,813.85