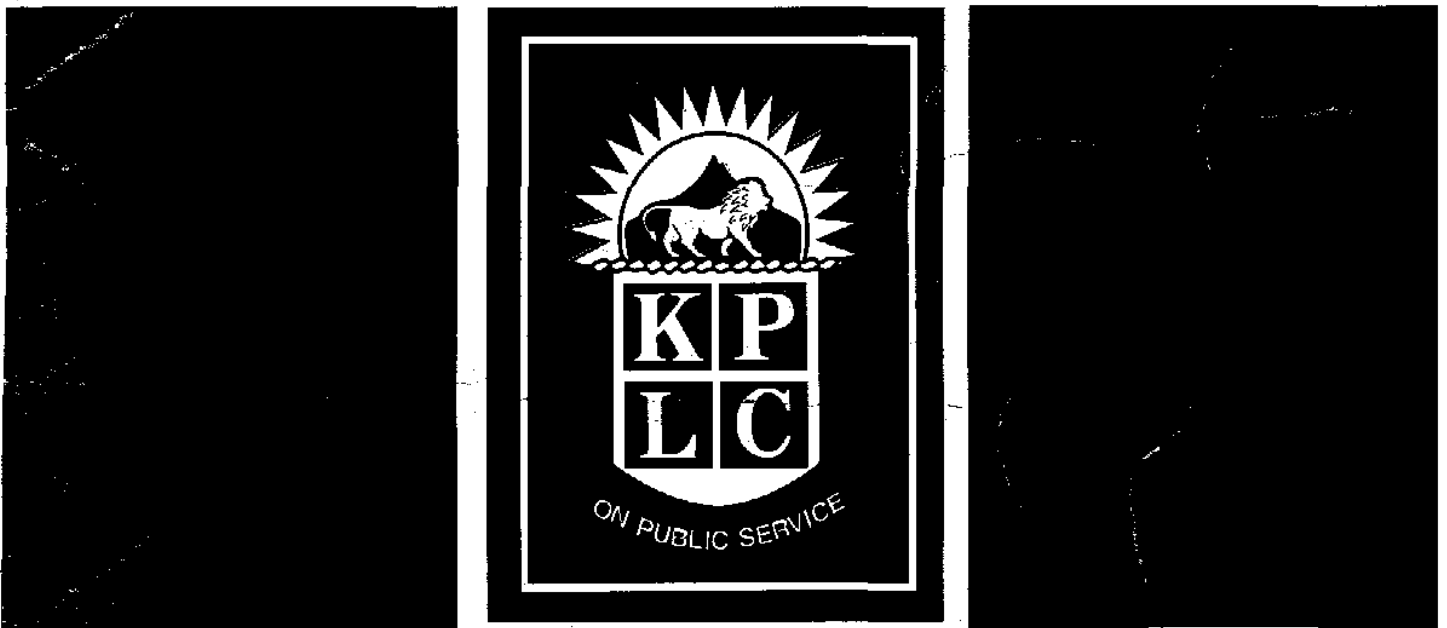


CMA-LIBRARY

**The
Kenya Power & Lighting
Company Ltd.**



**Report and Accounts
for the year ended
30th June 1996**

HD
9685
•A44
K46a
1996
B

75

**The Seventy-fifth Annual Report and Accounts of
The Kenya Power and Lighting Company Limited**



CONTENTS

CMA-LIBRARY

| | |
|---|---------|
| Directors' photographs | 2 |
| Board of Directors | 3 |
| Management | 4 |
| Notice of meeting | 5 |
| Chairman's Review | 6 - 16 |
| Report of the Directors | 17 - 18 |
| Report of the Auditors | 19 |
| Profit and Loss Account | 20 |
| Balance Sheet | 21 |
| Cash Flow Statement | 22 |
| Notes to the Financial Statements | 23 - 31 |
| Financial and Statistical Record | 32 - 33 |
| Power System Operating Statistics | 34 - 44 |

CMA - Ke Library



AR0979

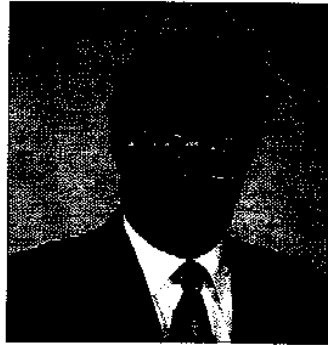
1. Kenya power and lighting company - residents
2. Kenya power and lighting company - residents



Board of Directors



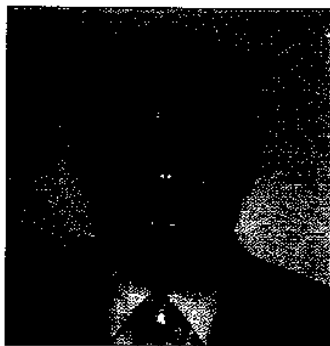
Prof. J.M. Nyasani
Chairman



S.K. Gichuru



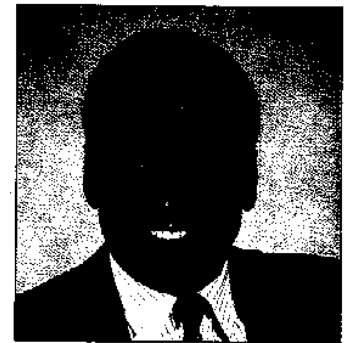
C.N. Mutitu



S. Lesrima



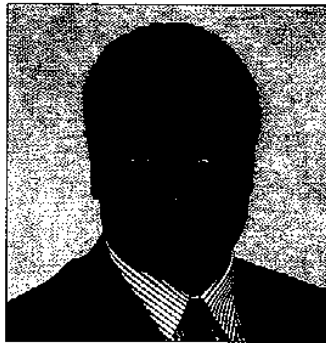
P.K. Chemng'orem



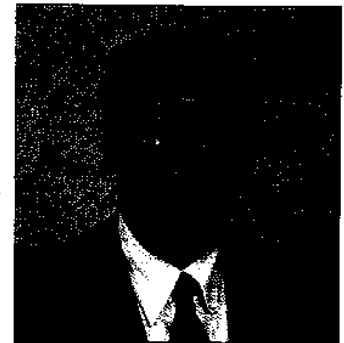
S.O.J. Ambundo



M. Rotich Maina



J.R. Mwasambo



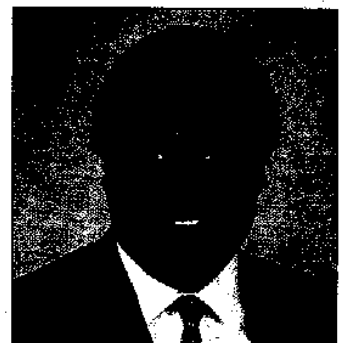
J.M. Mutisya



P.G. Mureithi



J.M. Kinyua
(Alternate)



S.W. Ndindiri
(Alternate)

2007/0979



Corporate Information

| | | | |
|------------------|-------------------------------|---|-----------------------------------|
| Directors | Prof. J. M. Nyasani | - | Chairman |
| | S. K. Gichuru, E.B.S., M.B.S. | - | Managing Director |
| | C. N. Mutitu, E.B.S. | | |
| | S. S. Lesrima, C.B.S. | | |
| | P. K. Chemng'orem | | |
| | S. O. J. Ambundo | | |
| | J. R. Mwasambo | | |
| | M. Rotich Maina | | |
| | J. M. Mutisya | | |
| | P. G. Mureithi | | |
| | J. K. Kinyua | - | Alternate to S. S. Lesrima |
| | S. W. Ndindiri | - | Alternate to C. N. Mutitu, E.B.S. |

Secretary J. N. Kimani

Registered Office Stima Plaza
Kolobot Road, Parklands
P. O. Box 30099
Nairobi

Bankers Standard Chartered Bank (Kenya) Limited
Harambee Avenue
Nairobi

Kenya Commercial Bank Limited
Moi Avenue
Nairobi

Auditors Deloitte & Touche
P. O. Box 40092
Nairobi



Management

Managing Director

S. K. GICHURU, E.B.S., M.B.S., C.P.S.

Deputy Managing Director

L. KEITANY, B.SC. (Eng.), R.Eng., C.Eng., F.I.E.E.

Chief Manager, Customer Care

E. D. WASUNNA, B.Sc. (Eng.)

Chief Projects Development Manager

M. A. GUPTA, B.E., M.I.E.

Chief Generation Manager

N. K. GICHUKI, B.Sc. (Hons.), R.Eng., M.I.E.K.

Chief Distribution Manager

M. NDETO, B.Sc., (Hons.)

Personal Assistant to Managing Director

MAINA KAMAU, B.Sc., (Eng.) (Hons.)

Company Secretary

J. N. KIMANI, C.P.S. (K)

Finance Manager

Z. O. AYIEKO, B.COM. (Hons.) C.P.A. (K)

Supplies Manager

A. WATOLA, B.Sc (Eng.), Dp. PSMC, R.Eng., M.I.E.K.

Commercial Manager

J. M. RIUNGU, B.Sc. (Eng.) (Hons.), CENG, R.Eng., M.I.E.K.

Corporate Planning Manager

L. K. KARIUKI, B.Sc., (Eng.) (Hons.)

Credit Control Manager

S. ODUORI

Human Resources Manager

B. W. NDUBAI (MRS.), B.A. (Hons.)



Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE SEVENTY-FIFTH ANNUAL GENERAL MEETING OF MEMBERS will be held at the Head Office of the Company, Stima Plaza, Kolobot Road, Parklands, Nairobi, on Friday the 28th February, 1997, at 12.00 noon to transact the following business:-

A. ORDINARY BUSINESS:

- (i) The receipt and adoption of the Directors' Report and Accounts for the year ended 30th June, 1996, together with the Auditors' Report.
- (ii) The declaration of a first and final dividend on the Ordinary Stock.
- (iii) The re-election of retiring Directors.
- (iv) The remuneration of Auditors.

B. SPECIAL BUSINESS:

To consider and, if approved, pass the following resolutions to be proposed as Ordinary Resolutions:

(i) Bonus Issue:

"That it is desirable to capitalise the sum of Shs. 703,360,000 out of the Revenue Reserves of the Company and that such sum be distributed as bonus shares among the holders of Ordinary Stock in the register of members at the close of business on 6th February, 1997, in the proportion of two new Ordinary Shares of Shs. 20 each for every one Ordinary Stock then held. The new Shares will rank *pari passu* with the existing Ordinary Shares of the Company in all respects other than the first and final dividend for the year ended 30th June, 1996, for which they will not rank".

The bonus issue has been approved by the Capital Markets Authority with no responsibility as to the correctness of the information thereof.

- #### (ii)
- "That as and when the said bonus Ordinary Shares of Shs. 20 each referred to in (i) above shall have been issued as fully paid, the same be converted into Ordinary Stock transferable in units of Shs. 20 each or multiples thereof"

By Order of the Board

J. N. Kimani
Secretary

Nairobi, Kenya
6th February, 1997.

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this booklet. To be valid, the form of proxy must be duly completed and must be lodged at the registered office of the Company or posted in time to reach there not later than 12.00 noon on Wednesday, 26th February, 1997.



Chairman's Review

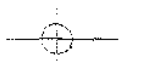
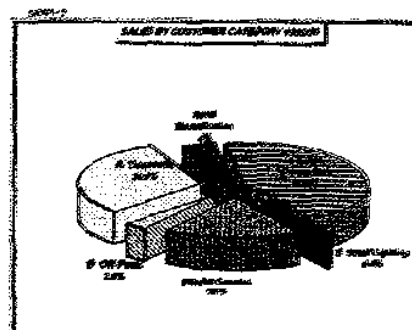
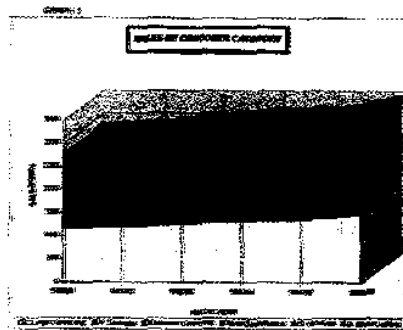
Although your Company continued to operate under similarly difficult supply conditions as experienced last year due to the prevailing capacity shortage, I am pleased to report that the trading performance reflects an after tax profit of Shs.1,116 million. This is attributable to the result of the remarkable performance in all key sectors of the economy which led to an overall increase in consumption of your product.

Unit sales had an overall growth rate of 5.8% compared to 3.1% achieved the previous year. The increase in unit sales was mainly due to growth of 9.5% in consumption by the industrial and commercial customers who were able to reorganise their operations to cope with the programme of power rationing. The domestic, small commercial and small industrial customers, however, registered only marginal growths. Revenue went up by 15% compared to 39.63% achieved the previous year. The higher growth rate recorded in 1994/95 was mainly as a result of a tariff increase effected in March, 1994. The 15% rise in revenue was mainly due to the growth in unit sales and the Fuel Oil Surcharge recovered through electricity bills.



H.E. President Daniel Arap Moi presents a trophy to Mr. S. K. Gichuru during the Eldoret ASK show where the Company's stand won four first prizes

Operating expenditure, on the other hand, increased by 20% compared to an increase of 37% the previous year. The increase is mainly attributable to expenditure on thermal generation, operation and maintenance, and the Institutional Strengthening Project (ISP) which is discussed in detail elsewhere in this review.





Chairman's Review (continued)

Revenue earned amounted to Shs. 14,926 million against a total operating expenditure of Shs. 13,965 million resulting in an operating income of Shs. 961 million. After crediting net interest income of Shs. 536 million and exchange gains of Shs. 15 million, the Company's trading profit before taxation was Shs. 1,512 million compared to Shs. 1,500 million realised the previous year.

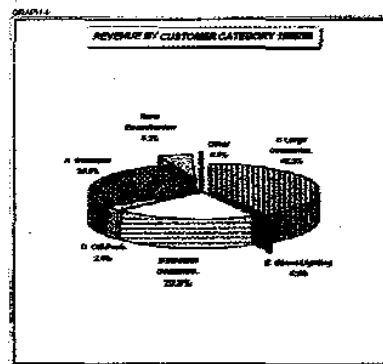
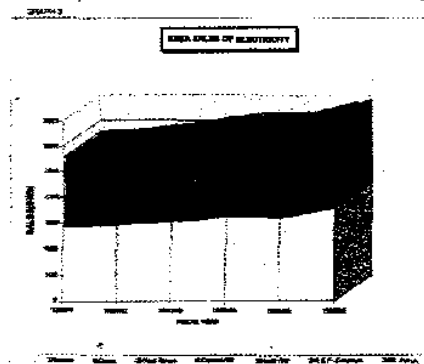
Accounts

The total units sold were 3,269 million, an increase of 5.8% from 3,089 million units sold in 1994/95. Revenue earned from sale of these units was Shs. 14,926 million, an increase by Shs. 1,968 million or 15% from Shs. 12,958 million realised the previous year.

Operating expenditure, which includes debt service and development surcharge relating to bulk supply companies, on the other hand, rose from Shs. 11,649 million in 1994/95 to Shs. 13,965 million in 1995/96 representing a net increase of Shs. 2,316 million (or 20%). The rise is due to increases in the cost of fuel by Shs. 1,240 million owing to increased thermal generation, Shs. 488 million on operation and administration, expenditure of Shs. 324 million on Institutional Strengthening Project and Shs. 264 million on account of inflation.



Staff who have demonstrated loyalty and commitment to duty were rewarded through incentive schemes in order to enhance their productivity. The Minister for Energy Mr. Katana Ngala presents a certificate of commendation to an employee during a Long Service Awards and Accident-free Bonuses ceremony





Chairman's Review (continued)

The trading results for the year, therefore, reflect an operating income of Shs. 961 million (year ended 30th June, 1995 - Shs. 1309 million).

Exchange gain of Shs. 15 million (year ended 30th June, 1995- a loss of Shs. 74 million) was realised in the Company's foreign loans as a result of the strengthening of the Kenya Shilling against the hard currencies as at 30th June, 1996, compared to the previous year.

Interest receivable amounted to Shs. 626 million (year ended 30th June, 1995 - Shs. 363 million) while interest payable was Shs. 90 million (year ended 30th June, 1995 - Shs. 98 million).

The net result of these transactions is a profit before taxation of Shs. 1,512 million (year ended 30th June, 1995 Shs. 1,500 million). After allowing for Corporation Tax and Dividends for the year the net profit of Shs. 974 million will be transferred to retained profits.

Taxation

Corporation Tax has been provided for in the accounts at Shs.396 million (year ended 30th June, 1995 - Shs. 417 million) leaving a net profit after tax of Shs. 1,116 million (year ended 30th June 1995 - Shs. 1,083 million).

In accordance with the Value Added Tax Act, 1989, VAT was charged at the rate of 6% of the value of consumption. This yielded Shs. 856 million (year ended 30th June, 1995 - Shs. 646 million). PAYE deducted at source from the Company employees remuneration yielded Shs. 312 million (year ended 30th June 1995 - Shs. 153 million). Payment of Customs Duty and Value Added Tax in respect of imported machinery spares and other equipment amounted to Shs. 239 million (year ended 30th June, 1995 - Shs. 225 million).

Dividends

Preference dividends amounting to shs. 1.9 million were paid on their due dates. Your Directors recommend a first and final cash dividend of 40% or Shs. 8.00 per share absorbing a further Shs. 140.7 million to be paid to the Ordinary Stockholders registered in the books of the Company at the close of business on 6th February, 1997. Out of the total dividends paid and payable, the Treasury being the majority stockholder is entitled to Shs. 60 million.

The dividends, together with the taxes, bring the Company's direct contribution to the national revenue to Shs. 1,863 million (year ended 30th June, 1995 - Shs. 1,456 million).

Bonus Issue

The Directors have considered it appropriate to capitalise Shs.703,360,000 of the Revenue Reserves of the Company and to distribute this as bonus shares. The new shares will be converted into Ordinary Stock Units and allotted on the basis of two new Ordinary Shares of twenty shillings for every one Ordinary Stock Unit held. Although the new shares will not rank for the dividend to be recommended at the forthcoming Annual General Meeting, they will, in all other respects, rank pari passu with the existing Ordinary Stock of the Company. The necessary resolution will be submitted to Members at the Annual General Meeting.



Chairman's Review (continued)

Re-valuation of Assets

The power sub-sector re-organisation study was completed during the year. As part of this study, the consultant, Electricite de France (EDF) recommended the general principles for revaluation of generating, transmission and distribution assets. In view of the on-going restructuring of the power industry, the services of a consultant would be sought for assisting the industry in revaluing the assets.



The Company signed power purchase agreements with two Independent Power Producers, Messrs Iberafrica Power (E.A.) Ltd. of Spain and Westmont Power (Kenya) Ltd. Mr. S. K. Gichuru for KPLC and Mr. Sio Kai Sing for Westmont Power append their signatures to the agreements

Public Relations

In pursuit of your Company's policy of enhancing its corporate image and educate our customers and the general public on your Company, we participated in 11 agricultural shows, 9 of which were organised by the Agricultural Society of Kenya (ASK) while the other two were District Harambee shows. Company stands at these shows won 19 first prizes and 11 second prizes.

Public education on energy conservation and safety was propagated through various fora, among them being "Ulimwengu Wa Bwana Reddy Kilowatt" weekly radio programmes, corporate documentary films and publications and at agricultural shows.

As stated in my review last year the Company had embarked on a staff reduction programme. This was successfully completed resulting in a customer staff ratio of 49:1 by June, 1996.

The Company enjoyed cordial industrial relations through out the year. The Trade Union - The Kenya Electrical Trade and Allied Workers Union, KETAWU, successfully held their local and national elections. The new office bearers and management have since completed negotiations for a two year Collective Bargaining Agreement, covering 1997 and 1998, with enhanced terms and conditions of service.



Chairman's Review (continued)

Raising of Masinga Dam and Redevelopment of Tana Power Station

The National Power Development Plan indicates that raising of the Masinga Reservoir level by approximately 2 metres could increase the energy output through the Tana cascade by a total of about 62 GWH per annum. With higher Masinga Dam level it will be necessary to redevelop old Tana Power Station increasing its capacity from 11MW to 25MW. In order to establish the technical and financial viability of such an option Messrs. Knight Piesold and Partners were appointed to carry out the feasibility study in March 1996. The study is expected to be completed by mid 1997.



Mr. S. K. Gichuru for KPLC and Mr. Honorato Lopez for Iberafira Power (E.A.) Ltd., exchange power purchase agreement documents

Stop Gap Generating Plant

In view of the time lag in the planting up programme occasioned by the delays in identifying sources of project funding, it became necessary to take stop gap measures to augment the inadequate generating capacity during the period prior to commissioning of the planned power projects. Bid documents were sent in February 1996 to a short-list of fifteen independent power producers inviting proposals for the development of stop gap generating plants under an Independent Power Producer arrangement.

Nine companies submitted tenders, which were opened in public on April 30th, 1996. Evaluation of the tenders was carried out by the consultant, Mott Ewbank Preece Ltd. Two firms, namely, Iberafira Power (E.A) Ltd. and Westmont Power (Kenya) Ltd, were awarded contracts for installation of 44.5MW diesel and 43MW gas turbine power plants, respectively. The diesel plant is to be constructed at Nairobi South while the gas turbine will be barge mounted at Kipevu. Power Purchase Agreements were signed with the two firms by September 1996. Work on the two projects is proceeding well and both stations are projected to be operational by mid 1997.

Gitaru 3rd Unit

Gitaru Power Station, which has two machines rated at 72.5MW each, has a provision for installation of a 3rd-72.5 MW Unit. In order to provide additional peaking capacity, and provide maintenance reserve at this key power station it is considered prudent to instal the unit to improve the reliability of supplies.



Chairman's Review (continued)

Re-valuation of Assets

The power sub-sector re-organisation study was completed during the year. As part of this study, the consultant, Electricite de France (EDF) recommended the general principles for revaluation of generating, transmission and distribution assets. In view of the on-going restructuring of the power industry, the services of a consultant would be sought for assisting the industry in revaluing the assets.



The Company signed power purchase agreements with two Independent Power Producers, Messrs Iberafrika Power (E.A.) Ltd. of Spain and Westmont Power (Kenya) Ltd. Mr. S. K. Gichuru for KPLC and Mr. Sio Kai Sing for Westmont Power append their signatures to the agreements

Public Relations

In pursuit of your Company's policy of enhancing its corporate image and educate our customers and the general public on your Company, we participated in 11 agricultural shows, 9 of which were organised by the Agricultural Society of Kenya (ASK) while the other two were District Harambee shows. Company stands at these shows won 19 first prizes and 11 second prizes.

Public education on energy conservation and safety was propagated through various fora, among them being "Ulimwengu Wa Bwana Reddy Kilowatt" weekly radio programmes, corporate documentary films and publications and at agricultural shows.

As stated in my review last year the Company had embarked on a staff reduction programme. This was successfully completed resulting in a customer staff ratio of 49:1 by June, 1996.

The Company enjoyed cordial industrial relations through out the year. The Trade Union - The Kenya Electrical Trade and Allied Workers Union, KETAWU, successfully held their local and national elections. The new office bearers and management have since completed negotiations for a two year Collective Bargaining Agreement, covering 1997 and 1998, with enhanced terms and conditions of service.



Chairman's Review (continued)

The Company had a work force of 8,193 by 30th June, 1996, compared to 8,864 the previous year.

899 employees left the Company compared to 1,381 who left during the previous year. Out of those 464 left under the Voluntary Early Retirement programme, while the rest left for various other reasons.

228 employees joined the Company compared to 59 during the previous year.

A sum of Shs.65 million was spent on training a total of 1,007 employees at the Company's Training School and other institutions. Out of this an amount of Shs.24 million was spent on management training and development for 107 senior staff.

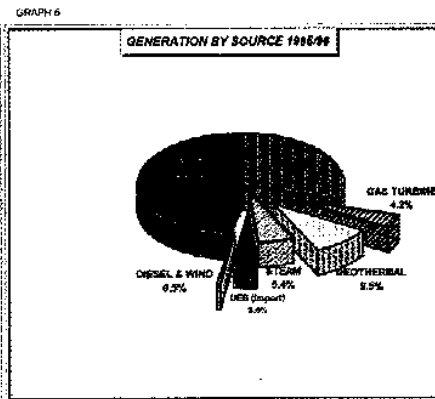
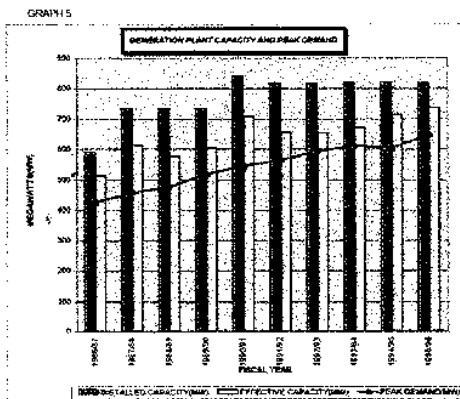


The Company in November 1995 hosted the Sagini Memorial Sports and Cultural Festival in which employees from all administrative areas participated

DEVELOPMENT

Geothermal Resources

By 30th June, 1996, two wells had been completed, one in Central Olkaria and another in North West Olkaria. One exploration well was drilled to a depth of 1507m in South East Olkaria. Drilling of other wells is in progress.





Chairman's Review (continued)

Olkaria North East (Olkaria II) Power Station

Implementation of the 64MW project is expected to commence in 1997 after co-financing arrangements with International Development Association (IDA), Kreditanstalt für Wiederaufbau (KfW) and the European Investment Bank (EIB) are finalised.

East Olkaria

Connection of the two additional make-up wells to the steam transmission system was completed raising the total steam available to existing power station from 45MW to 50MW, thus catering for expected steam decline for the next three years.

Sondu/Miriu Hydro Power Project

As stated in my previous review, the Government of Japan had indicated interest in funding the project and discussions with the Kenya Government were in progress. Overseas Economic Co-operation Fund (OECF) of Japan carried out an appraisal of the project in May, 1996, and has since communicated its commitment to finance the project. It is expected that implementation of the project will commence during 1997 and be completed in 2002.

The final report on the Resettlement Plan was received from the consultant, Research and Planning Services International Limited (RPS) in November, 1996.

Nairobi - Rabai 220 kV Transmission Line

Further work on survey and wayleaves acquisition for the line route was carried out during the year. Meanwhile, efforts to identify funding for implementation of the project continued.

Kiambere - Nairobi 220kV Transmission Line

Efforts to identify funding for implementation of the project continued while work on survey and wayleaves acquisition progressed.

Kipevu 1st 75MW Diesel Project

The final tender documents for construction of the plant were prepared by the consultant, Mott Ewbank Preece Limited, and were issued to prequalified firms. The tender documents were returned on 13th January, 1997, and are in the process of evaluation. It is expected that construction of the plant will commence during 1997 with a completion date of 1999.

Kipevu 2nd 75MW Diesel Project

The preparation of tender documents was completed and a pre-bid conference for prequalified firms held in July, 1996. Tenders for the project by private developers have since been received and are being evaluated under the co-ordination of the Government.



Chairman's Review (continued)

Raising of Masinga Dam and Redevelopment of Tana Power Station

The National Power Development Plan indicates that raising of the Masinga Reservoir level by approximately 2 metres could increase the energy output through the Tana cascade by a total of about 62 GWH per annum. With higher Masinga Dam level it will be necessary to redevelop old Tana Power Station increasing its capacity from 11MW to 25MW. In order to establish the technical and financial viability of such an option Messrs. Knight Piesold and Partners were appointed to carry out the feasibility study in March 1996. The study is expected to be completed by mid 1997.



Mr. S. K. Gichuru for KPLC and Mr. Honorato Lopez for Iberafira Power (E.A.) Ltd., exchange power purchase agreement documents

Stop Gap Generating Plant

In view of the time lag in the planting up programme occasioned by the delays in identifying sources of project funding, it became necessary to take stop gap measures to augment the inadequate generating capacity during the period prior to commissioning of the planned power projects. Bid documents were sent in February 1996 to a short-list of fifteen independent power producers inviting proposals for the development of stop gap generating plants under an Independent Power Producer arrangement.

Nine companies submitted tenders, which were opened in public on April 30th, 1996. Evaluation of the tenders was carried out by the consultant, Mott Ewbank Preece Ltd. Two firms, namely, Iberafira Power (E.A) Ltd. and Westmont Power (Kenya) Ltd, were awarded contracts for installation of 44.5MW diesel and 43MW gas turbine power plants, respectively. The diesel plant is to be constructed at Nairobi South while the gas turbine will be barge mounted at Kipevu. Power Purchase Agreements were signed with the two firms by September 1996. Work on the two projects is proceeding well and both stations are projected to be operational by mid 1997.

Gitaru 3rd Unit

Gitaru Power Station, which has two machines rated at 72.5MW each, has a provision for installation of a 3rd-72.5 MW Unit. In order to provide additional peaking capacity, and provide maintenance reserve at this key power station it is considered prudent to instal the unit to improve the reliability of supplies.



Chairman's Review (continued)

Messrs. Mott Ewbank Preece Limited were appointed, in October 1996, the consultants for preparation of the project report and tender documents for construction supervision. The project is expected to be completed in 1999.

Olkaria III 64MW Geothermal Power Station

Bids for this project, which, as stated in my previous review, has been offered to the private sector for development, have been received and are undergoing evaluation under the co-ordination of the Government.

180MW Ewaso Ngiro South Multipurpose Project

IDA has agreed that additional drilling and preparation of tender documents could proceed. Arrangements are in hand to obtain concurrence of financiers.



Major repair work on the 72.5 MW Gitaru unit No. 2 was completed and the unit put on load in January 1996

Institutional Strengthening Project

Your Company engaged the services of Messrs. Union Fenosa-Acex, consultants of Spain in June, 1995, for collaboration with the Company in the Institutional Strengthening Project (ISP).

The project commenced in late July 1995, and will be implemented over a three and a half year period, during which the operations and processes of the Company will be reviewed and re-engineered to reduce operational costs, improve efficiency and quality of service as well as responsiveness to customers. To facilitate realisation of this objective, an integrated information system is being put in place, and a change in the corporate culture, which involves training and re-focusing of attitudes of staff towards better customer service, is being effected.

The processes and systems being implemented cover all areas of Company operations. To date, new systems have been put in place for finance, emergency services, maintenance of generating machines, inventory management and human resources administration. Preparation of an integrated customer service system is complete and the system has commenced in Nairobi. The project is scheduled to be completed in 1998.



Chairman's Review (continued)

Rural Electrification Programme

Messrs Tractebel Consultants of Belgium, who were appointed consultants for the National Rural Electrification master plan study, continued with the study which is expected to be completed during 1997.



The Company embraced the move to liberalise the power sub-sector and contracted a private firm, Eve Africa, to construct the 61 km long 33 kV Kilifi-Malindi line

The Company continued with implementation of the programme using the limited locally available funds. Shs. 162 million was spent on some 135 schemes which were at various stages of implementation, bringing the cumulative capital expenditure since inception to Shs. 2,601 million.

The number of customers rose by 3,446 or 7.9% (previous year 7.3%) from 43,718 to 47,164. Units sold rose from 134 million to 138 million, an increase of 3.0% (previous year -2.2%). Revenue realised was Shs. 773 million an increase of 26.1% from Shs. 613 million realised in the previous year.

Operating expenditure increased by 28.8% from Shs. 642 million to shs. 827 million, resulting in a net operating loss of shs. 54 million.



A rural electrification team strings a power line during the on-going electrification of Konza area in Machakos



Chairman's Review (continued)

Staff

The staff at all levels worked tirelessly and with dedication to see the Company through yet another difficult year. On your behalf, and on behalf of the Board, I would like to express gratitude to them all.



Well No. 716, which is to be connected to the proposed 64MW Olkaria North East Power Station, discharging during a test

Future Prospects

The prevailing generation capacity shortage will continue to affect the quality of customer service, especially in the face of additional requirement for supply to meet the growing demand, until the effects of the Stop Gap measures outlined elsewhere in this report are felt around June.

Besides the constraints imposed by the capacity shortfall the industry may have to contend with the weather conditions on which hydro generation is heavily dependent. At the time of going to press the dam levels are below normal following poor rainfall, and unless the long rains reverse the trend the condition could further aggravate the generation constraints.

On a more positive note, however, the implementation of the short term and long term capacity improvement programmes I have reviewed are on schedule and your Company is poised to keep to these programmes and accelerate them where possible. The commissioning of the stop gap facilities, by next June, therefore, should mark the beginning of the reduction of the extent of the power rationing and supply interruptions. In addition, the optimum staff customer ratio and the impact of the Institutional Strengthening Project give me cause for optimism for improved customer service.

Further, in order to improve sub-sector operational efficiency and attract private investment the Government, in consultation with the World Bank, has decided to restructure the power industry companies, namely, The Kenya Power and Lighting Company Limited (KPLC), The Kenya Power Company Limited (KPC) and The Tana River Development Company Limited (TRDC), to place all generation assets under one Company and the transmission and distribution ones in another.



Chairman's Review (continued)

The generation assets owned by the multipurpose authorities will be transferred to the new power generation Company. This will create a commercial type relationship among the companies and facilitate competition on an equal footing with the Independent Power Producers for bulk supply of electricity. The modalities of asset transfers is currently being worked out by the Government. The process will be conducted gradually and harmoniously in order to ensure continuity and stability in the industry. It is expected that most of this process will be completed during 1997. At the time of going to press the Government had named a new Board of Directors to run the generating Company.

Prof. J. M. Nyasani
Chairman



Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 30th June, 1996

ACTIVITIES

The principal activity of the Company continued to be the distribution and sale of electricity from energy purchased from Local Bulk Supply Companies, the Company's own generating stations and the Uganda Electricity Board.

RESULTS AND DIVIDENDS

| | Shs ' 000 |
|---|------------------|
| Profit before taxation | 1,512,042 |
| Provision for taxation | <u>395,752</u> |
| Profit after taxation | <u>1,116,290</u> |
| Preference dividends paid for the year on: | |
| 350,000 7% Cumulative Preference Stock Units (gross) | 490 |
| 1,800,000 4% Cumulative Preference Stock Units (gross) | <u>1,440</u> |
| <i>Interim dividend of 15% on 52752000 Ord. Stock units (gross)</i> | 1,930 |
| | 1,930 |
| The directors recommend a first and final dividend for the year of 40% on 17,584,000 Ordinary Stock Units (gross) | <u>140,672</u> |
| | <u>142,602</u> |
| Retained Profit for the year transferred to revenue reserves | <u>973,688</u> |

Bonus Issue

At the Annual General Meeting held on 5th July, 1996, the shareholders approved the capitalisation of Shs 175,840,000 out of Revenue Reserves of the Company and that the sum be distributed among holders of Ordinary Stock Units in the Register of Members at the close of business on 22nd February, 1996 in the proportion of one new Ordinary Share of Shs 20 each for every one Ordinary Stock Unit then held. It was also approved that the new Shares be converted into Stock Units of Shs 20 each upon issue and that they would rank pari passu with the existing Ordinary Stock of the Company in all respects other than for the first and final Dividend for the year ended 30th June, 1995 for which they would not rank.

The directors recommend, subject to all the relevant approvals being obtained as necessary, that Shs 703,360,000 be capitalised out of the revenue reserves of the Company and distributed as bonus Shares, in the proportion of two Ordinary Shares for every one Ordinary Stock unit then held, among Ordinary Stockholders registered in the books of the Company at the close of business on 6th February, 1997. The new Shares will rank pari passu with the existing Ordinary Stock Units of the Company in all respects other than for the first and final dividend for the year ended 30th June, 1996, for which they will not rank. The new Shares will be converted into Ordinary Stock Units of shs 20 each when allotted.

Capital Expenditure

During the year, a total of Shs 1,210,300,000 was spent on fixed assets. Capital contributions received from customers amounted to Shs 621,689,000 resulting in a net capital cost to the Company of Shs 588,611,000. Net capital work-in-progress as at 30th June, 1996, amounted to Shs 812,383,000 compared to Shs 621,320,000 at the end of the previous year.



Report of the Directors (continued)

Directors

The Members of the Board of Directors, during the period under review are listed on Page 3.

Mr. Simeon Lesrima joined the Board on 15th January, 1997, following his appointment as Permanent Secretary in the Ministry of Finance in place of Mr. B. K. Kipkulei.

In accordance with Regulation 128 of the Articles of Association, Mr. Lesrima retires and, being eligible, offers himself for re-election.

In accordance with Regulation 120 of the Articles, Messrs S. O. J. Ambundo, P. G. Muriithi and Prof. J. M. Nyasani retire and, being eligible, offer themselves for re-election.

Auditors

The Auditors, Deloitte & Touche, who were appointed at the last Annual General Meeting, having indicated their willingness, continue in office in accordance with Section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

J. N. Kimani
Secretary

Nairobi, Kenya

15th January, 1997



Report of the Auditors to the Members of The Kenya Power & Lighting Company Limited

We have audited the financial statements on pages 20 to 31 and have obtained all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the Company's state of affairs at 30th June, 1996 and of its profit and cash flows for the year ended on that date.

Deloitte & Touche
15th January, 1997.



Profit and Loss Account for the year ended 30th June, 1996

| | Notes | 1996 Shs '000 | 1995 Shs '000 |
|----------------------------------|-------|------------------|------------------|
| REVENUE | | 14,925,761 | 12,957,798 |
| OPERATING EXPENSES | | 13,965,208 | 11,648,897 |
| OPERATING PROFIT | 2 | 960,553 | 1,308,901 |
| EXCHANGE GAINS/(LOSSES) | 3 | 15,280 | (73,947) |
| INTEREST RECEIVABLE | 4 | 626,162 | 363,268 |
| INTEREST PAYABLE | 4 | (89,953) | (98,419) |
| PROFIT BEFORE TAXATION | | 1,512,042 | 1,499,803 |
| TAXATION | 5 | 395,752 | 416,872 |
| PROFIT AFTER TAXATION | | 1,116,290 | 1,082,931 |
| DIVIDENDS - GROSS | 6 | 142,602 | 37,098 |
| RETAINED PROFIT FOR THE YEAR | 16 | 973,688 | 1,045,833 |
| EARNINGS PER ORDINARY STOCK UNIT | 7 | Shs. 63.37 | Shs. 61.48 |



Balance Sheet

30th June, 1996

| | Notes | 1996 Shs '000 | 1995 Shs '000 |
|--|-------|-------------------|-------------------|
| FIXED ASSETS | 8 | 4,770,730 | 4,523,340 |
| UNQUOTED INVESTMENTS | 9 | 4,300 | 4,300 |
| LOAN TO KENYA POWER COMPANY LTD. | 10 | 233,731 | 398,056 |
| CURRENT ASSETS | | | |
| Stocks | 11 | 3,189,427 | 2,634,430 |
| Debtors | 12 | 5,142,900 | 4,381,566 |
| Taxation recoverable | | 12,065 | |
| Loan receivable within one year | 10 | 77,910 | 74,514 |
| Short term deposits | | 4,097,121 | 2,882,899 |
| Bank and cash balances | | 264,539 | 493,256 |
| | | <u>12,783,962</u> | <u>10,466,665</u> |
| CURRENT LIABILITIES | | | |
| Creditors | 13 | 11,352,753 | 9,108,850 |
| Taxation payable | | | 230,232 |
| Dividends - payable | | 42,871 | 13,154 |
| - proposed | | 140,672 | 37,093 |
| Loans repayable within one year | 17 | 328,582 | 332,954 |
| Bank overdraft | 14 | 564,762 | 851,744 |
| | | <u>12,429,640</u> | <u>10,574,032</u> |
| NET CURRENT ASSETS/ (LIABILITIES) | | <u>354,322</u> | <u>(107,367)</u> |
| | | <u>5,363,083</u> | <u>4,718,329</u> |
| Financed by: | | | |
| SHARE CAPITAL | 15 | 394,680 | 218,840 |
| RESERVES | 16 | 3,525,434 | 2,727,586 |
| SHAREHOLDERS' FUNDS | | <u>3,920,114</u> | <u>2,946,426</u> |
| LOAN CAPITAL | 17 | 1,442,969 | 1,771,903 |
| | | <u>5,363,083</u> | <u>4,718,329</u> |

The financial statements on pages 20 to 31 were approved by the Board of Directors on 15th January, 1997, and were signed on its behalf by:

J. M. NYASANI)
)
) Directors
)
 S. K. GICHURU)



Cash Flow Statement

For the year ended 30th June, 1996

| | Notes | 1996 Shs '000 | 1995 Shs '000 |
|---|-------|------------------|------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 18(a) | 2,032,579 | 5,422,890 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 618,351 | 563,268 |
| Interest paid | | (92,344) | (98,419) |
| Dividends paid | | (9,311) | (31,698) |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | 516,696 | 233,151 |
| Taxation paid | | (638,049) | (344,969) |
| INVESTING ACTIVITIES | | | |
| Additions to fixed assets | | (588,611) | (979,782) |
| Proceeds on disposal of fixed assets | | 206,969 | 221,903 |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (381,642) | (757,879) |
| NET CASH INFLOW BEFORE FINANCING | | 1,529,584 | 2,653,193 |
| FINANCING | | | |
| Repayment of amounts borrowed | | (334,545) | (407,510) |
| Receipt of amounts advanced | | 77,448 | 66,614 |
| NET CASH OUTFLOW FROM FINANCING | | (257,097) | (340,896) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 18(c) | 1,272,487 | 2,312,297 |



Notes to the Financial Statements

for the year ended 30th June, 1996

CMA-LIBRARY

1 ACCOUNTING POLICIES

a) Basis of accounting

The Company prepares its financial statements on the historical cost basis of accounting.

b) Revenue

Revenue represents the total income from the sale of electricity billed during the year excluding Value Added Tax due to the Government.

c) Interest

Interest is accounted for on accruals basis. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

d) Stocks

Stocks are stated at average cost less a provision for obsolescence.

e) Fixed Assets

Cost

Additions to transmission lines during the year are capitalised net of Customers' contributions.

Depreciation

Depreciation is provided in accordance with the requirements of the Electric Power Act which provides for the write down of the cost of the assets to residual values by equal annual instalments over their estimated useful lives. No depreciation is provided on additions during the year.

f) Taxation

The Current Taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation. Deferred taxation is provided on timing differences between the accounting and taxation treatment of certain items of expenditure where, in the opinion of the directors, a significant liability to taxation will crystallise in the foreseeable future.

g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling on the Balance Sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Exchange gains and losses arising during the period of construction of a project are capitalised as part of the cost of the project. Other exchange gains and losses are dealt with in the Profit and Loss Account.

**Notes to the Financial Statements (continued)**

| 2 | OPERATING PROFIT | 1996 | 1995 |
|----------|--|----------------|-----------------|
| | | Shs '000 | Shs '000 |
| | The Operating Profit is arrived at after charging/(crediting): | | |
| | Cost of Bulk Supply: | | |
| | Debt Service and other Operating Costs | 4,259,630 | 4,422,596 |
| | Development surcharge | 2,974,629 | 2,892,164 |
| | Fuel Costs | 2,064,303 | 824,404 |
| | Auditors' remuneration | 5,000 | 2,500 |
| | Directors' emoluments - fees | 377 | 422 |
| | - other | 2,177 | 1,079 |
| | Depreciation | 335,430 | 203,058 |
| | Staff retrenchment costs | 305,060 | 514,195 |
| | Profit on disposal of fixed assets | (201,178) | (221,240) |
| | | <u>15,280</u> | <u>(73,947)</u> |
| 3 | EXCHANGE GAINS/(LOSSES) | | |
| | Loan capital | (1,239) | (59,934) |
| | Less: (Losses)/Gains reallocated to The Kenya Power Company Ltd. | (16,519) | 14,013 |
| | | <u>15,280</u> | <u>(73,947)</u> |
| 4 | INTEREST | | |
| | Interest receivable: | | |
| | Interest on bank deposits | 625,058 | 363,268 |
| | Interest on deferred capital contributions: | 1,104 | |
| | | <u>626,162</u> | <u>363,268</u> |
| | Interest payable: | | |
| | Interest on loans | 81,666 | 94,368 |
| | Interest on bank overdraft | 8,287 | 4,051 |
| | | <u>89,953</u> | <u>98,419</u> |
| 5 | TAXATION | | |
| | Current taxation: | | |
| | Based on the adjusted profit for the year at 35% | 395,752 | 389,915 |
| | Prior year underprovision | | 26,957 |
| | | <u>395,752</u> | <u>416,872</u> |

The taxable profit is significantly lower than the profit before taxation mainly due to excess capital allowances over depreciation and the allowance for tax purposes of realised exchange losses.

Deferred taxation

As at 30th June, 1996, there was a potential deferred tax liability amounting to Shs 391,000,000 (1995 - Shs 290,000,000)



Notes to the Financial Statements (continued)

| 6 | DIVIDENDS - GROSS | 1996 | 1995 |
|---|---|----------------|---------------|
| | | Shs ' 000 | Shs ' 000 |
| | Preference Stock Units - paid (1995-proposed) | 1,930 | 1,930 |
| | Ordinary Stock Units - proposed | 140,672 | 35,168 |
| | | <u>142,602</u> | <u>37,098</u> |

7 EARNINGS PER ORDINARY STOCK UNIT

Earnings per ordinary stock unit are calculated on the profit after taxation and preference dividends of Shs 1,114,360,000 (1995- Shs 1,081,001,000) and on the number of stock units in issue at the balance sheet date. Due to the bonus issue approved at the Annual General Meeting held on 5th July, 1996, the 1995 comparative figure has been amended in line with generally accepted accounting practice.

8 FIXED ASSETS

| | Lands and buildings | Transmission lines | Plant and machinery | Motor vehicles | Furniture equipment, and others | Total |
|-------------------------|---------------------|--------------------|---------------------|----------------|---------------------------------|------------------|
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs ' 000 |
| Cost | | | | | | |
| At 1st July, 1995 | 672,341 | 3,073,174 | 622,335 | 921,932 | 951,996 | 6,241,778 |
| Additions | 15,993 | 151,331 | 8,397 | 23,611 | 198,216 | 397,548 |
| Disposals | | (4,044) | | (51,942) | | (55,986) |
| At 30th June, 1996 | <u>688,334</u> | <u>3,220,461</u> | <u>630,732</u> | <u>893,601</u> | <u>1,150,212</u> | <u>6,583,340</u> |
| Depreciation | | | | | | |
| At 1st July, 1995 | 202,807 | 964,335 | 336,142 | 444,313 | 392,161 | 2,339,758 |
| Charge for year | 19,999 | 90,083 | 18,471 | 94,494 | 112,383 | 335,430 |
| Eliminated on disposals | | (3,947) | | (46,248) | | (50,195) |
| At 30th June, 1996 | <u>222,806</u> | <u>1,050,471</u> | <u>354,613</u> | <u>492,559</u> | <u>504,544</u> | <u>2,624,993</u> |
| Net Book Value | | | | | | |
| At 30th June, 1996 | <u>465,528</u> | <u>2,169,990</u> | <u>276,119</u> | <u>401,042</u> | <u>645,668</u> | <u>3,958,347</u> |
| Work in progress | | | | | | 812,383 |
| | | | | | | <u>4,770,730</u> |
| At 30th June, 1995 | <u>469,534</u> | <u>2,108,839</u> | <u>286,193</u> | <u>477,619</u> | <u>559,835</u> | <u>3,902,020</u> |
| Work in progress | | | | | | 621,320 |
| | | | | | | <u>4,523,340</u> |

**Notes to the Financial Statements (continued)****9 UNQUOTED INVESTMENT**

The investment, which is stated at cost, is represented by shares held in Consolidated Bank of Kenya Limited. The shares were acquired in return for deposits with Jimba Credit Finance Limited, one of the finance houses under rehabilitation from insolvency by the bank.

| 1996 | 1995 |
|----------|----------|
| Shs '000 | Shs '000 |

10 LOAN TO THE KENYA POWER COMPANY LIMITED

| | | |
|-----------------------------------|----------------|----------------|
| 3.15% Nordbanken 1990/1999 | 311,641 | 372,570 |
| Less: Amounts due within one year | 77,910 | 74,514 |
| | <u>233,731</u> | <u>298,056</u> |

The loan represents the balance of on-lent loan contracted by The Kenya Power and Lighting Company Limited for the financing of the National Control Centre project owned by The Kenya Power Company Limited.

| | 1996 | 1995 |
|----------------------------------|------------------|------------------|
| | Shs '000 | Shs '000 |
| 11 STOCKS | | |
| General stores | 1,338,651 | 1,219,334 |
| Engine Spares | 233,408 | 182,694 |
| Fuel and oil | 328,392 | 267,974 |
| Transformers | 745,102 | 720,146 |
| Motor Vehicle spares | 50,725 | 67,805 |
| Goods in transit | 642,698 | 314,548 |
| | <u>3,338,976</u> | <u>2,772,501</u> |
| Less: Provision for obsolescence | (149,549) | (138,071) |
| | <u>3,189,427</u> | <u>2,634,430</u> |

12 DEBTORS

| | | |
|-------------------------------|------------------|------------------|
| Electricity Customers | 4,074,060 | 3,528,692 |
| Rural Electrification Schemes | 379,571 | 325,002 |
| Others | 689,269 | 527,872 |
| | <u>5,142,900</u> | <u>4,381,566</u> |

13 CREDITORS

| | | |
|--|-------------------|------------------|
| Tana River Development Company Limited | 3,053,015 | 3,282,450 |
| The Kenya Power Company Limited | 5,712,488 | 3,126,043 |
| Customers' deposits | 472,922 | 361,520 |
| Capital contributions | 1,023,884 | 1,025,268 |
| Suppliers' accounts | 364,158 | 428,231 |
| Treasury | | 463,223 |
| Others | 726,286 | 422,115 |
| | <u>11,352,753</u> | <u>9,108,850</u> |



Notes to the Financial Statements (continued)

14 BANK OVERDRAFT

The overdraft has been advanced by the Standard Chartered Bank (Kenya) Limited. As security, the bank has a right of set off against deposits and current account balances held by them.

| 15 SHARE CAPITAL | 1996 | | 1995 | |
|--|-------------------|------------------------------|-------------------|------------------------------|
| | <u>Authorised</u> | <u>Issued and fully paid</u> | <u>Authorised</u> | <u>Issued and fully paid</u> |
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| 350,000 7% Cumulative Preference Stock Units of Shs. 20 each | 7,000 | 7,000 | 7,000 | 7,000 |
| 1,800,000 4% Cumulative Preference Stock Units of Shs. 20 | 36,000 | 36,000 | 36,000 | 36,000 |
| 17,584,000 Ordinary Stock Units of Shs. 20 each | 351,680 | 351,680 | 175,840 | 175,840 |
| 80,266,000 Ordinary Shares of Shs. 20 each | <u>1,605,320</u> | <u> </u> | <u>1,781,160</u> | <u> </u> |
| | <u>2,000,000</u> | <u>394,680</u> | <u>2,000,000</u> | <u>218,840</u> |

16 RESERVES

| | Capital | General | Taxation equalisation | Revenue | Total |
|------------------------------|-------------------|-------------------|-----------------------|------------------|------------------|
| | Shs ' 000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| At 1st July, 1995 | 12,304 | 147,480 | 347,000 | 2,220,802 | 2,727,586 |
| Capitalised on bonus issue | | | | (175,840) | (175,840) |
| Retained profit for the year | <u> </u> | <u> </u> | <u> </u> | <u>973,688</u> | <u>973,688</u> |
| At 30th June, 1996 | <u>12,304</u> | <u>147,480</u> | <u>347,000</u> | <u>3,018,650</u> | <u>3,525,434</u> |

**Notes to the Financial Statements (continued)****17 LOANS**

| | 1996 | 1995 |
|---|------------------|------------------|
| SECURED | Shs '000 | Shs '000 |
| 14.0% Kenya National Assurance Company Limited 1987-2001 | 4,400 | 5,200 |
| UNSECURED | | |
| 8.0% Kenya Govt/Finnish Loan 1982/1996 | 798 | 2,332 |
| 10.0% Kenya Govt/Finnish Loan 1988/2002 | 16,187 | 18,677 |
| 5.0% Kenya Govt/Canadian Loan 1990/2020 | 700,750 | 716,156 |
| 3.15% Nordbanken Loan 1990/1999 (US.\$ 5,434,026) | 311,641 | 372,570 |
| 1.65% Nordbanken Loan 1990/1999 (US.\$ 1,751,779) | 100,465 | 123,540 |
| 2.6% Indosuez Bank, Belgium 1991/2004 (BEF 142,214,861) | 260,765 | 303,999 |
| 1.5% Finnish Export Credit 1990/2000 (FIM 16,124,755) | 199,635 | 261,795 |
| 4.0% Nokia Cables Supply Credit 1990/1997 (DM. 932,011) | 35,143 | 83,095 |
| 8.8% J. H. Schroder Wagg & Co. Ltd. 1987/1998 (Stg.£. 494,688) | 44,073 | 70,474 |
| 8.3% Southwales Transformers Supply Credit 1990/1995 (stg.£.297,058) | | 4,187 |
| 6.27% Bank Hispano Americano | | 11 |
| 8.3% Stork Wartsilla 1992/1998 (NLG. 2,903,558) | 97,694 | 142,821 |
| | 1,771,551 | 2,104,857 |
| Less: amounts repayable within one year | 328,582 | 332,954 |
| | <u>1,442,969</u> | <u>1,771,903</u> |

Notes to the Financial Statements (continued)

| 18 | NOTES TO THE CASH FLOW STATEMENT | 1996 | 1995 |
|-----|---|------------------|------------------|
| (a) | Reconciliation of operating profit to net cash inflow from operating activities | Shs '000 | Shs '000 |
| | Operating profit | 960,553 | 1,308,901 |
| | Depreciation | 335,430 | 203,058 |
| | Profit on disposal of fixed assets | (201,178) | (221,240) |
| | (Increase)/decrease in stocks | (554,997) | 200,606 |
| | Increase in debtors | (753,523) | (577,066) |
| | Increase in creditors | 2,246,294 | 2,510,236 |
| | Decrease in deferred credits | | (1,605) |
| | Net cash inflow from operating activities | <u>2,032,579</u> | <u>3,422,890</u> |
| (b) | Analysis of balance of cash and cash equivalents as shown in the balance sheet | | |
| | Short term deposits | 4,097,121 | 2,882,899 |
| | Bank and cash balances | 264,539 | 493,256 |
| | Bank overdraft | (564,762) | (851,744) |
| | | <u>3,796,898</u> | <u>2,524,411</u> |

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks.

| (c) | Analysis of changes in cash and cash equivalents | 1996 | 1995 |
|-----|--|------------------|------------------|
| | | Shs '000 | Shs '000 |
| | Balance at the end of the year | 3,796,898 | 2,524,411 |
| | Balance at the beginning of the year | 2,524,411 | 212,114 |
| | Increase in cash and cash equivalents | <u>1,272,487</u> | <u>2,312,297</u> |

**Notes to the Financial Statements (continued)****19 DEVELOPMENT SURCHARGE**

According to the terms of the financing of development projects carried out by The Kenya Power Company Limited, the Company has agreed to finance part of the projects by a development surcharge. This is included in the cost of Bulk Supply in note 2.

| | 1996 | 1995 |
|--|-----------|-----------|
| | Shs '000 | Shs '000 |
| Total estimated development surcharge | 9,879,055 | 5,041,075 |
| Incurred at 1st July | 4,703,532 | 2,070,509 |
| Incurred during the year | 2,676,114 | 2,633,023 |
| Incurred at 30th June | 7,379,646 | 4,703,532 |
| Expected development surcharge for the next year | 2,499,409 | 337,543 |

RURAL ELECTRIFICATION FUND

The Company has contributed Shs. 298,515,000 (1995 - shs.259,141,000) towards the Rural Electrification Schemes by way of a development surcharge. This is included in the cost of Bulk Supply in note 2.

20 CAPITAL COMMITMENTS

| | 1996 | 1995 |
|---|-----------|-----------|
| | Shs '000 | Shs '000 |
| Authorised but not contracted for: | | |
| Malindi - Kilifi line | | 15,001 |
| 40 KV system conversion and reinforcement | 270,000 | |
| Company helicopter | 135,000 | |
| 3000 electronic energy meters | 108,317 | |
| Fibre optic equipment linking Juja Road and Dandora substations | 33,796 | |
| Ndula 11KV switchboard | 15,513 | |
| Extension of Kilifi Substation Remote Terminal Unit | 5,500 | |
| Reinforcement of Watamu 11 Kv Feeder | 2,462 | |
| Upgrading of Kipevu fuel Oil Tanks No's 4 and 5 | 2,888 | |
| Security wall around Industrial Area 66/11/KV Substation | 2,273 | |
| Kipevu instrument air compressors | 5,334 | |
| LR 209/9570 - Dandora | 8,000 | |
| | 589,083 | 15,001 |
| Authorised and contracted for | 2,252,921 | 2,687,492 |
| Less: Amount incurred and included in work in progress | 700,327 | 586,340 |
| | 1,552,594 | 2,101,152 |
| Less: Capital contributions received | 251,435 | 221,613 |
| | 1,301,159 | 1,879,539 |

Notes to the Financial Statements (continued)

21 CONTINGENT LIABILITIES

| | 1996 | 1995 |
|-----------------------|----------------|----------------|
| | Shs '000 | Shs '000 |
| Bank guarantees | 186,676 | 136,540 |
| Claims on the Company | 65,269 | 14,545 |
| | <u>251,945</u> | <u>151,085</u> |

The claims relate to civil suits which have been disputed by the company.
The likely outcome of the court cases is not known.

**Ten Year Financial and Statistical Record**

| for the year ended | 30th June, 1987 | 30th June, 1988 | 30th June, 1989 | 30th June, 1990 | 30th June, 1991 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| UNITS SOLD (millions) | 2,205 | 2,337 | 2,412 | 2,595 | 2,708 |
| Average yield of units sold (cents) | 90.97 | 104.18 | 109.02 | 111.82 | 141.23 |
| | Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs '000 |
| REVENUE from sale of electricity | 2,005,753 | 2,434,600 | 2,629,658 | 2,901,840 | 3,824,734 |
| PROFIT/(LOSS) for the year before exceptional item | 181,751 | 162,067 | 47,772 | 75,300 | 157,673 |
| Exceptional item | | | 266,653 | 7,337 | |
| PROFIT/(LOSS) for the Year before taxation | 181,751 | 162,067 | 314,425 | 82,637 | 157,673 |
| TAXATION | 55,966 | 69,097 | 5,177 | 3,408 | 19,000 |
| NET PROFIT/(LOSS) AFTER TAXATION | 125,785 | 92,970 | 309,248 | 79,229 | 138,673 |
| Preference dividends (gross) | (1,930) | (1,930) | (1,930) | (1,930) | (1,930) |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS | 123,855 | 91,040 | 307,318 | 77,299 | 136,743 |
| ORDINARY DIVIDENDS (gross) | (22,859) | (22,859) | (22,859) | (22,859) | (28,134) |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | 100,996 | 68,181 | 284,459 | 54,440 | 108,609 |
| FUNDS GENERATED FROM OPERATIONS | | | | | |
| Profit/(loss) for the year | 100,996 | 68,181 | 284,459 | 54,440 | 108,609 |
| Depreciation | 118,275 | 132,426 | 137,609 | 164,335 | 201,334 |
| | 219,271 | 200,607 | 422,068 | 218,775 | 309,943 |
| CAPITAL EMPLOYED | | | | | |
| Fixed Assets less depreciation | 2,340,392 | 2,556,888 | 2,964,813 | 3,557,098 | 3,623,425 |
| Bulk supply companies | | | | | |
| Loan to KPC Ltd. | | | | | 335,861 |
| Investments | 50,738 | | | | |
| Net current assets | 98,191 | (41,506) | (170,108) | (459,116) | (246,982) |
| | 2,489,321 | 2,515,382 | 2,794,705 | 3,097,982 | 3,712,304 |
| FINANCED BY: | | | | | |
| Ordinary shareholders' equity | 1,063,464 | 1,131,645 | 1,416,104 | 1,470,544 | 1,579,153 |
| Preference capital | 43,000 | 43,000 | 43,000 | 43,000 | 43,000 |
| Loan capital (secured) | 54,428 | 49,670 | 38,503 | 33,730 | 23,444 |
| Loan capital (unsecured) | 1,225,016 | 1,214,447 | 1,247,271 | 1,527,674 | 2,058,676 |
| Deferred liability | 103,413 | 76,620 | 49,827 | 23,034 | 8,031 |
| | 2,489,321 | 2,515,382 | 2,794,705 | 3,097,982 | 3,712,304 |
| CAPITAL EXPENDITURE | 410,748 | 349,216 | 546,100 | 758,169 | 269,596 |
| Average cost of units sold (cents) | 80.76 | 94.70 | 104.96 | 105.12 | 128.46 |
| PROFIT for the year before taxation as a percentage of average capital employed | 7.30% | 6.44% | 11.25% | 2.67% | 4.25% |
| ORDINARY DIVIDEND RATES | 13% | 13% | 13% | 16% | 16% |
| Earnings per share (Shs) | 14.09 | 10.36 | 34.95 | 8.79 | 15.55 |
| Customers/employees ratio | 26.65 | 31.89 | 29.97 | 24.58 | 26.35 |
| Sales (KWHr) per employee | 324,589 | 304,520 | 288,830 | 240,322 | 248,566 |



Ten Year Financial and Statistical Record

| 30th June, 1992 | 30th June, 1993 | 30th June, 1994 | 30th June, 1995 | 30th June, 1996 | for the year ended |
|--------------------|--------------------|--------------------|--------------------|--------------------|---|
| 2,719 | 2,859 | 2,997 | 3,017 | 3,269 | UNITS SOLD (millions) |
| 167.60 | 175.00 | 309.63 | 429.49 | 456.58 | Average yield of units sold (cents) |
| Shs '000 | Shs '000 | Shs '000 | Shs '000 | Shs'000 | |
| 4,556,374 | 5,001,004 | 9,279,744 | 12,957,798 | 14,925,761 | REVENUE from sale of electricity |
| 162,191 | (261,178) | 763,136 | 1,499,803 | 1,512,042 | PROFIT/(LOSS) for the year before before exceptional item |
| | | | | | Exceptional item |
| 162,191 | (261,178) | 763,136 | 1,499,803 | 1,512,042 | PROFIT/(LOSS) for the year before taxation |
| 81,000 | 60,000 | 151,000 | 416,872 | 395,752 | TAXATION |
| 81,191 | (321,178) | 612,136 | 1,082,931 | 1,116,290 | NET PROFIT/(LOSS) AFTER TAXATION |
| (1,930) | (1,930) | (1,930) | (1,930) | (1,930) | Preference dividends (gross) |
| 79,261 | (323,108) | 610,206 | 1,081,001 | 1,114,360 | NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS |
| (28,134) | (28,134) | (31,651) | (35,168) | (140,672) | ORDINARY DIVIDENDS (gross) |
| 51,127 | (351,242) | 578,555 | 1,045,833 | 973,688 | RETAINED PROFIT/(LOSS) FOR THE YEAR |
| | | | | | FUNDS GENERATED FROM OPERATIONS |
| 51,127 | (351,242) | 578,555 | 1,045,833 | 973,688 | Profit/(loss) for the year |
| 246,602 | 246,562 | 239,858 | 203,058 | 335,430 | Depreciation |
| 297,729 | (104,680) | 818,413 | 1,248,891 | 1,309,118 | |
| | | | | | CAPITAL EMPLOYED |
| 3,475,186 | 3,577,085 | 3,747,281 | 4,523,340 | 4,770,730 | Fixed Assets less depreciation |
| | | | | | Bulk supply companies |
| 307,229 | 530,979 | 378,683 | 298,056 | 233,731 | Loan to KPC Ltd. |
| | 4,300 | 4,300 | 4,300 | 4,300 | Investments |
| (54,651) | (148,818) | (129,539) | (107,367) | 354,322 | Net current assets |
| 3,727,764 | 3,963,546 | 4,000,725 | 4,718,329 | 5,363,083 | |
| | | | | | FINANCED BY: |
| 1,630,280 | 1,279,038 | 1,857,593 | 2,903,426 | 3,877,114 | Ordinary shareholders' equity |
| 43,000 | 43,000 | 43,000 | 43,000 | 43,000 | Preference capital |
| 7,600 | 6,800 | 6,000 | 5,200 | 4,400 | Loan capital (secured) |
| 2,042,066 | 2,633,103 | 2,094,132 | 1,766,703 | 1,438,569 | Loan capital (unsecured) |
| 4,818 | 1,605 | | | | Deferred liability |
| 3,727,764 | 3,963,546 | 4,000,725 | 4,718,329 | 5,363,083 | |
| 98,690 | 352,819 | 410,642 | 979,782 | 588,611 | CAPITAL EXPENDITURE |
| 149.30 | 157.61 | 283.55 | 386.24 | 427.19 | Average cost of units sold (cents) |
| 4.35% | (6.59%) | 19.07% | 34.40% | 30.00% | PROFIT for the year before taxation as a percentage of average capital employed |
| 16% | 16% | 18% | 20% | 40% | ORDINARY DIVIDEND RATE |
| 9.02 | (36.75) | 69.40 | 122.95 | 61.48 | Earnings per share (Shs.) |
| 28.20 | 31.20 | 34.62 | 41.79 | 48.67 | Customers/employees ratio |
| 249,610 | 274,067 | 295,096 | 340,366 | 398,999 | Sales (KWhr) per employee |



POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS
TABLE 1: GROSS GENERATION AND CONSUMPTION OF ELECTRICITY
FOR INTERCONNECTED AND ISOLATED SYSTEMS

| POWER STATION | CAPACITY(MW) as at 30.6.96 | | ENERGY(GWhr) | | | | | | Avg. Annual growth over the Last 5 years |
|--|-------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|---|
| | Installed | Effective* | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | |
| HYDRO | | | | | | | | | |
| Tana (KPC) | 14.4 | 12.4 | 80 | 72 | 75 | 64 | 78 | 97 | |
| Wanjai (KPC) | 7.4 | 7.4 | 44 | 42 | 62 | 30 | 27 | 51 | |
| Kamburu (TRDC) | 91.5 | 84.0 | 431 | 402 | 417 | 421 | 485 | 491 | |
| Gituru (TRDC) | 145.0 | 145.0 | 794 | 811 | 844 | 856 | 704 | 701 | |
| Kindarua (TRDC) | 40.0 | 40.0 | 201 | 206 | 213 | 217 | 213 | 239 | |
| K.P.&L.C. | 6.2 | 5.4 | 20 | 19 | 24 | 17 | 22 | 29 | |
| UEB (Imports) | 30.0 | 0.0 | 134 | 240 | 273 | 264 | 187 | 149 | |
| Masiaga (TARDA) | 40.0 | 40.0 | 181 | 185 | 177 | 180 | 200 | 225 | |
| Kiambere (TARDA) ** | 144.0 | 127.0 | 962 | 872 | 887 | 892 | 996 | 1031 | |
| Turkweil (KVDA) | 106.0 | 106.0 | 47 | 166 | 275 | 371 | 379 | 299 | |
| TOTAL HYDRO INCLUDING IMPORTS | 624.5 | 567.2 | 2894 | 3016 | 3246 | 3312 | 3290 | 3312 | 2.7% |
| THERMAL | | | | | | | | | |
| Kipevu + | 93.0 | 62.0 | 74 | 75 | 59 | 140 | 218 | 224 | |
| GEOTHERMAL | | | | | | | | | |
| Olkaria | 45.0 | 45.0 | 298 | 272 | 272 | 261 | 290 | 390 | |
| GAS TURBINE | | | | | | | | | |
| Fiat - Nairobi South | 13.5 | 12.0 | 4.3 | 2.9 | 2.1 | 1.6 | 15.5 | 58.7 | |
| JBK - Kipevu | 30.0 | 30.0 | 17 | 0 | 0 | 0 | 31 | 112 | |
| DIESEL | | | | | | | | | |
| Interconnected Diesel | | | | | | | | | |
| Stations (Ruiru & Nbi. South) | 4.0 | 1.0 | 0.35 | 3.37 | 0.26 | 0.43 | 1.72 | 2.30 | |
| WIND TURBINE - Ngong | 0.35 | 0.35 | - | - | - | 0.71 | 1.09 | 1.08 | |
| INTERCONNECTED SYSTEM | 810.4 | 717.6 | 3287 | 3370 | 3580 | 3715 | 3848 | 4100 | 4.5% |
| ISOLATED DIESELS | | | | | | | | | |
| KPLC Diesel Stations | 3.8 | 3.3 | 6.7 | 7.0 | 8.5 | 8.7 | 9.9 | 10.8 | |
| REF Diesel Stations | 3.8 | 2.6 | 7.0 | 9.5 | 11.2 | 8.3 | 7.4 | 8.0 | |
| TOTAL ISOLATED DIESELS | 7.6 | 5.9 | 14 | 16 | 20 | 17 | 17 | 19 | 6.6% |
| GROSS GENERATION | 817.9 | 723.4 | 3301 | 3386 | 3599 | 3732 | 3866 | 4119 | 4.5% |
| AUXILIARY CONSUMPTION | | | 33 | 30 | 29 | 38 | 45 | 52 | 9.7% |
| SYSTEM LOSSES ++ | | | 484 | 511 | 566 | 559 | 598 | 660 | 6.4% |
| SALES - KPLC SYSTEM | | | 2708 | 2760 | 2901 | 2997 | 3089 | 3269 | 3.8% |
| - REF SYSTEM | | | 76 | 85 | 104 | 138 | 134 | 138 | 12.6% |
| TOTAL SALES | | | 2784 | 2845 | 3005 | 3135 | 3223 | 3407 | 4.1% |
| SYSTEM PEAK DEMAND MW | | | 550 | 566 | 596 | 612 | 605 | 648 | 3.3% |
| System Load Factor | | | 68.2% | 67.8% | 68.6% | 69.3% | 72.6% | 72.2% | |
| Share % of Net Generation | | | 85.2% | 84.8% | 84.2% | 84.8% | 84.4% | 83.8% | |
| Losses as % of Net Generation | | | 14.8% | 15.2% | 15.8% | 15.2% | 15.6% | 16.2% | |
| Annual growth - GENERATION | | | 4.9% | 2.6% | 6.3% | 3.7% | 3.6% | 6.6% | |
| - SALES KPLC | | | 4.4% | 1.9% | 5.1% | 3.3% | 3.1% | 5.8% | |
| - SALES REF | | | 14.7% | 11.8% | 21.6% | 32.7% | -2.9% | 3.1% | |

NOTES

- * Maximum non-simultaneous available capacity during the year.
- ** Effective capacity of Kiambere Power station is 127MW because of insulation failure.
- + Most of the year the station was undergoing repairs.
- ++ Comprises technical and non-technical losses.

**TABLE 2: AREA MAXIMUM DEMAND (MW)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the last 5 Yrs |
|------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|--|
| Nairobi | 261 | 277 | 304 | 327 | 322 | 345 | 5.7% |
| Coast | 120 | 124 | 124 | 131 | 121 | 135 | 2.4% |
| Central Rift | 32 | 43 | 39 | 43 | 42 | 47 | 8.0% |
| West Kenya | 43 | 55 | 64 | 64 | 67 | 67 | 9.4% |
| Mt Kenya | 30 | 31 | 36 | 36 | 36 | 38 | 4.8% |
| North Rift | 28 | 26 | 27 | 30 | 29 | 31 | 2.3% |
| TOTAL SYSTEM (SIMULTANEOUS) | 550 | 566 | 596 | 612 | 605 | 648 | 3.3% |
| % INCREASE P.A. | 5.8% | 2.9% | 5.2% | 2.7% | -1.1% | 7.2% | |

TABLE 3: SALE OF ELECTRICITY IN GWhr SHOWN IN DIFFERENT CATEGORIES OF CUSTOMERS

| TARIFF | TYPES OF CUSTOMERS COVERED BY THIS TARIFF | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the last 5 yrs |
|--------|---|--------------|--------------|--------------|--------------|--------------|--------------|--|
| A | Domestic, small commercial and small industries | 823 | 877 | 927 | 977 | 1,026 | 1,049 | 5.0% |
| B | Commercial (Medium) and industrial (medium) | 585 | 567 | 564 | 559 | 569 | 618 | 1.1% |
| C | Commercial (large) Industrial (large) | 1,178 | 1,198 | 1,281 | 1,326 | 1,356 | 1,491 | 4.8% |
| D | Off-peak | 109 | 104 | 115 | 125 | 119 | 100 | -1.7% |
| E | Street lighting | 14 | 14 | 13 | 10 | 18 | 12 | -2.7% |
| | TOTAL | 2,708 | 2,760 | 2,901 | 2,997 | 3,089 | 3,269 | 3.8% |
| | %INCREASE P.A | 4.4% | 1.9% | 5.1% | 3.3% | 3.1% | 5.8% | |

**TABLE 4: AREA TOTAL UNIT SALES (GWhr)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| Nairobi | 1,436 | 1,467 | 1,529 | 1,632 | 1,661 | 1,785 | 4.5% |
| Coast | 615 | 616 | 653 | 622 | 664 | 718 | 3.2% |
| Central Rift | 159 | 170 | 170 | 177 | 189 | 185 | 3.1% |
| West Kenya | 258 | 272 | 296 | 305 | 303 | 311 | 3.8% |
| Mt. Kenya | 113 | 110 | 123 | 126 | 133 | 130 | 2.9% |
| North Rift | 128 | 126 | 130 | 134 | 139 | 139 | 1.7% |
| KPLC Sales | 2,708 | 2,760 | 2,901 | 2,997 | 3,089 | 3,269 | 3.8% |
| R.E.F. Schemes | 76 | 85 | 104 | 138 | 134 | 138 | 12.6% |
| TOTAL | 2,784 | 2,846 | 3,005 | 3,134 | 3,223 | 3,407 | 4.1% |
| %INCREASE P.A. | 4.6% | 2.2% | 5.6% | 4.3% | 2.8% | 5.7% | |

TABLE 5: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "AO" DOMESTIC LOAD

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 336 | 359 | 384 | 436 | 443 | 432 | 5.1% |
| Coast | 90 | 98 | 101 | 93 | 103 | 134 | 8.3% |
| Central Rift | 26 | 28 | 31 | 37 | 39 | 31 | 3.0% |
| West Kenya | 22 | 25 | 27 | 29 | 29 | 32 | 7.8% |
| Mt. Kenya | 22 | 20 | 25 | 28 | 29 | 28 | 5.2% |
| North Rift | 11 | 13 | 14 | 18 | 19 | 17 | 8.6% |
| TOTAL | 508 | 543 | 582 | 640 | 661 | 674 | 5.8% |
| % INCREASE P.A. | 4.1% | 7.0% | 7.1% | 10.0% | 3.2% | 1.9% | |



**TABLE 6: AREA SALE OF ELECTRICITY IN GWhr FOR
CATEGORY "A1" SMALL COMMERCIAL LOAD**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 167 | 180 | 175 | 171 | 191 | 184 | 2.1% |
| Coast | 53 | 52 | 61 | 47 | 56 | 68 | 5.2% |
| Central Rift | 27 | 30 | 33 | 39 | 36 | 36 | 5.9% |
| West Kenya | 31 | 34 | 34 | 34 | 34 | 39 | 4.8% |
| Mt. Kenya | 26 | 27 | 29 | 30 | 31 | 31 | 3.8% |
| North Rift | 12 | 12 | 13 | 15 | 16 | 17 | 6.3% |
| TOTAL | 315 | 334 | 345 | 336 | 365 | 375 | 3.5% |
| % INCREASE P.A. | 7.7% | 6.0% | 3.4% | -2.6% | 8.6% | 2.6% | |

**TABLE 7: AREA SALE OF ELECTRICITY IN GWhr FOR
CATEGORY "B0" IRRIGATION LOAD**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| Nairobi | 23.1 | 36.2 | 30.6 | 39.5 | 27.5 | 32.8 | 7.3% |
| Coast | 0.2 | 0.4 | 0.4 | 0.4 | 0.3 | 0.4 | 12.5% |
| Central Rift | 13.6 | 14.3 | 14.1 | 13.7 | 9.1 | 8.7 | -8.4% |
| West Kenya | 1.7 | 1.7 | 1.5 | 1.4 | 1.5 | 1.1 | -9.2% |
| Mt. Kenya | 1.2 | 1.5 | 1.3 | 1.9 | 1.5 | 1.0 | -3.7% |
| North Rift | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - |
| TOTAL | 39.8 | 54.0 | 47.9 | 56.9 | 39.9 | 44.0 | 2.0% |
| % INCREASE P.A. | 44.8% | 35.6% | -11.2% | 18.7% | -29.9% | 10.4% | |

**TABLE 8: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "B1"
MEDIUM COMMERCIAL AND INDUSTRIAL LOAD(415V)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 275 | 245 | 260 | 261 | 259 | 326 | 3.5% |
| Coast | 102 | 110 | 106 | 101 | 106 | 103 | 0.1% |
| Central Rift | 51 | 50 | 46 | 41 | 45 | 50 | -0.7% |
| West Kenya | 50 | 41 | 41 | 38 | 41 | 38 | -5.4% |
| Mt. Kenya | 22 | 20 | 21 | 22 | 23 | 22 | 0.7% |
| North Rift | 27 | 24 | 25 | 28 | 25 | 25 | -1.6% |
| TOTAL | 527 | 490 | 499 | 491 | 499 | 564 | 1.4% |
| % INCREASE P.A. | 4.5% | -7.0% | 1.8% | -1.5% | 1.7% | 13.0% | |

**TABLE 9: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "B2"
MEDIUM COMMERCIAL AND INDUSTRIAL LOAD(11 or 33 KV)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| Nairobi | 13.0 | 11.2 | 9.4 | 7.1 | 25.6 | 6.5 | -12.8% |
| Coast | 1.2 | 1.2 | 1.3 | 1.4 | 2.0 | 1.9 | 8.7% |
| Central Rift | 1.3 | 2.1 | 1.7 | 1.1 | 1.2 | 0.6 | -13.4% |
| West Kenya | 2.2 | 1.9 | 1.0 | 1.1 | 0.9 | 0.8 | -17.6% |
| Mt. Kenya | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - |
| North Rift | 0.8 | 0.7 | 0.9 | 0.6 | 0.5 | 0.1 | -32.1% |
| TOTAL | 18.5 | 17.0 | 14.3 | 11.3 | 30.2 | 10.0 | -11.6% |
| % INCREASE P.A. | -11.2% | -8.0% | -15.9% | -21.3% | 168.5% | -67.0% | |

**TABLE 10: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "C1"
LARGE COMMERCIAL AND INDUSTRIAL LOAD(415V)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 156 | 191 | 211 | 207 | 201 | 249 | 9.8% |
| Coast | 95 | 96 | 111 | 98 | 109 | 108 | 2.7% |
| Central Rift | 21 | 26 | 24 | 27 | 32 | 35 | 10.8% |
| West Kenya | 40 | 44 | 47 | 48 | 60 | 53 | 6.0% |
| Mt. Kenya | 29 | 29 | 33 | 32 | 39 | 37 | 5.3% |
| North Rift | 17 | 20 | 22 | 20 | 22 | 18 | 1.5% |
| TOTAL | 357 | 406 | 449 | 430 | 463 | 502 | 7.0% |
| % INCREASE P.A. | 5.7% | 13.5% | 10.6% | -4.1% | 7.6% | 8.4% | |



**TABLE 11: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "C2"
LARGE COMMERCIAL AND INDUSTRIAL LOAD(11 or 33KV)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 300 | 295 | 305 | 320 | 329 | 359 | 3.6% |
| Coast | 238 | 221 | 232 | 239 | 247 | 261 | 1.9% |
| Central Rift | 16 | 17 | 18 | 17 | 21 | 23 | 8.2% |
| West Kenya | 42 | 43 | 50 | 53 | 52 | 58 | 6.3% |
| Mt. Kenya | 11 | 10 | 11 | 10 | 7 | 8 | -5.6% |
| North Rift | 58 | 56 | 53 | 52 | 56 | 61 | 1.0% |
| TOTAL | 665 | 642 | 670 | 690 | 711 | 769 | 3.0% |
| % INCREASE P.A. | 3.0% | -3.4% | 4.3% | 3.0% | 3.1% | 8.2% | |

**TABLE 12: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "C3"
LARGE INDUSTRIAL LOAD(66 or 132KV)**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 58 | 45 | 40 | 67 | 62 | 93 | 10.1% |
| Coast | 32 | 32 | 36 | 40 | 38 | 39 | 4.3% |
| Central Rift | 0 | 0 | 0 | 0 | 0 | 0 | - |
| West Kenya | 66 | 79 | 91 | 99 | 82 | 87 | 5.7% |
| Mt. Kenya | 0 | 0 | 0 | 0 | 0 | 0 | - |
| North Rift | 0 | 0 | 0 | 0 | 0 | 0 | - |
| TOTAL | 156 | 157 | 166 | 205 | 182 | 220 | 7.2% |
| % INCREASE P.A. | 4.5% | 0.7% | 6.1% | 23.6% | -11.4% | 20.7% | |

**TABLE 13: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "D0"
OFF-PEAK LOAD**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|------------|------------|------------|------------|------------|------------|--|
| Nairobi | 99.0 | 94.9 | 106.0 | 117.9 | 112.2 | 92.4 | -1.4% |
| Coast | 2.6 | 3.0 | 3.1 | 1.1 | 1.8 | 2.6 | 0.1% |
| Central Rift | 1.9 | 1.9 | 1.5 | 1.4 | 1.2 | 1.0 | -11.3% |
| West Kenya | 1.6 | 1.5 | 1.5 | 1.5 | 1.4 | 1.3 | -4.1% |
| Mt. Kenya | 2.3 | 1.9 | 2.2 | 2.0 | 1.5 | 1.6 | -7.2% |
| North Rift | 1.2 | 1.2 | 0.9 | 1.0 | 0.9 | 0.8 | -8.3% |
| TOTAL | 109 | 104 | 115 | 125 | 119 | 100 | -1.7% |
| % INCREASE P.A. | -6.9% | -3.3% | 10.4% | 8.5% | -4.7% | -17.8% | |



**TABLE 14: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "E0"
STREET LIGHTING**

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|------------------------|-------------|--------------|--------------|---------------|--------------|---------------|--|
| Nairobi | 9.4 | 9.5 | 8.7 | 6.5 | 10.2 | 9.5 | 0.1% |
| Coast | 1.7 | 1.5 | 1.6 | 1.5 | 1.8 | 0.9 | -11.8% |
| Central Rift | 1.0 | 0.7 | 0.8 | 1.1 | 4.4 | 0.3 | -20.7% |
| West Kenya | 0.8 | 0.9 | 0.7 | 0.6 | 1.0 | 0.5 | -9.9% |
| Mt. Kenya | 0.8 | 0.8 | 0.6 | 0.4 | 0.6 | 0.7 | -3.0% |
| North Rift | 0.5 | 0.4 | 0.5 | 0.4 | 0.4 | 0.6 | 3.2% |
| TOTAL | 14.1 | 13.7 | 12.9 | 10.5 | 18.5 | 12.4 | -2.7% |
| % INCREASE P.A. | 8.5% | -2.8% | -6.2% | -18.8% | 76.4% | -33.0% | |

TABLE 15: AREA REF UNITS SALES ('000 KWhr)

| AREA | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|------------------------|---------------|---------------|----------------|----------------|----------------|----------------|--|
| Nairobi | 16,154 | 19,630 | 23,453 | 36,099 | 25,330 | 33,941 | 16.0% |
| Coast | 2,651 | 3,622 | 4,957 | 12,499 | 12,895 | 6,133 | 18.3% |
| Central Rift | 7,211 | 9,008 | 14,487 | 19,947 | 19,967 | 21,196 | 24.1% |
| West Kenya | 19,912 | 20,871 | 26,767 | 31,833 | 36,219 | 36,477 | 12.9% |
| Mt. Kenya | 13,514 | 15,206 | 17,217 | 18,401 | 20,589 | 22,283 | 10.5% |
| North Rift | 16,852 | 16,750 | 16,887 | 18,933 | 18,710 | 17,819 | 1.1% |
| TOTAL | 76,293 | 85,088 | 103,768 | 137,712 | 133,711 | 137,848 | 12.6% |
| % INCREASE P.A. | 14.7% | 11.5% | 22.0% | 32.7% | -2.9% | 3.1% | |

**TABLE 16: AREA TOTAL NUMBER OF CUSTOMERS**

| AREA | AS AT 30TH JUNE | | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|-----------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| Nairobi | 136,772 | 145,759 | 153,334 | 161,929 | 169,422 | 178,802 | 196,414 | 7.5% |
| Coast | 47,287 | 49,609 | 51,872 | 53,844 | 56,362 | 58,481 | 61,933 | 5.5% |
| Central Rift | 16,798 | 18,194 | 19,729 | 21,596 | 23,249 | 24,687 | 26,813 | 9.8% |
| West Kenya | 20,092 | 21,699 | 23,118 | 24,689 | 26,508 | 27,607 | 29,772 | 8.2% |
| Mt. Kenya | 17,669 | 18,619 | 20,113 | 21,718 | 23,632 | 24,796 | 27,145 | 9.0% |
| North Rift | 7,728 | 8,641 | 9,456 | 10,744 | 11,743 | 12,365 | 13,295 | 11.5% |
| KPLC customers | 246,346 | 262,521 | 277,622 | 294,520 | 310,916 | 326,738 | 355,372 | 7.6% |
| R.E.F. customers | 19,067 | 24,491 | 29,513 | 34,561 | 40,731 | 43,718 | 47,164 | 19.9% |
| TOTAL | 265,413 | 287,012 | 307,135 | 329,081 | 351,647 | 370,456 | 402,536 | 8.7% |
| %INCREASE P.A. | 6.2% | 8.1% | 7.0% | 7.1% | 6.9% | 5.3% | 8.7% | |



TABLE 17: NUMBER OF CUSTOMERS IN TERMS OF TARIFF CATEGORY

| TARIFF | MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF | AS AT 30TH JUNE | | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|---------|---|-----------------|---------|---------|---------|---------|---------|---------|--|
| | | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| A0 only | Domestic KPLC | 166,367 | 178,251 | 189,623 | 201,352 | 213,531 | 226,228 | 244,708 | 8.0% |
| | REF | 11,235 | 14,238 | 17,200 | 19,975 | 23,258 | 25,200 | 26,873 | 19.1% |
| A0 & D0 | Domestic KPLC | 31,391 | 32,289 | 32,953 | 34,739 | 35,360 | 34,628 | 35,264 | 2.4% |
| | REF | 30 | 33 | 40 | 62 | 68 | 60 | 62 | 15.5% |
| A1 only | Small Commercial KPLC | 41,346 | 44,298 | 47,049 | 50,724 | 54,154 | 57,696 | 67,083 | 10.2% |
| | REF | 7,656 | 10,038 | 12,045 | 14,258 | 17,130 | 18,196 | 19,937 | 21.1% |
| A1 & D0 | Small Commercial KPLC | 3,592 | 3,751 | 3,811 | 3,226 | 3,314 | 3,281 | 3,186 | -2.4% |
| | REF | 74 | 92 | 120 | 117 | 123 | 120 | 121 | 10.3% |
| B0 | Irrigation Load KPLC | 279 | 285 | 311 | 311 | 332 | 352 | 380 | 6.4% |
| | REF | 4 | 8 | 14 | 16 | 20 | 27 | 31 | 50.9% |
| B1 | Medium Commercial and Industrial - KPLC | 1,687 | 1,757 | 1,773 | 1,842 | 1,871 | 1,977 | 2,073 | 4.2% |
| | REF | 50 | 62 | 68 | 102 | 100 | 91 | 111 | 17.3% |
| B2 | Medium Commercial and Industrial-KPLC | 23 | 21 | 20 | 21 | 21 | 21 | 19 | -3.7% |
| C1 | Large Commercial and Industrial - KPLC | 174 | 222 | 234 | 250 | 277 | 324 | 279 | 9.9% |
| | REF | 5 | 6 | 6 | 11 | 10 | 9 | 11 | 17.1% |
| C2 | Large Commercial and Industrial - KPLC | 90 | 99 | 104 | 107 | 113 | 137 | 111 | 4.3% |
| | REF | 1 | 1 | 2 | 2 | 1 | 1 | 0 | - |
| C3 | Large Commercial and Industrial-KPLC | 11 | 11 | 11 | 10 | 14 | 19 | 17 | 9.1% |
| | REF | 0 | 0 | 0 | 1 | 0 | 0 | 0 | - |
| D0 only | Off-peak KPLC | 1,295 | 1,439 | 1,630 | 1,829 | 1,817 | 1,963 | 2,121 | 10.4% |
| | REF | 6 | 7 | 11 | 10 | 13 | 9 | 10 | 10.8% |
| E0 | Street lighting KPLC | 91 | 98 | 103 | 109 | 112 | 112 | 131 | 7.6% |
| | REF | 6 | 6 | 7 | 7 | 8 | 5 | 9 | 8.4% |
| | TOTAL (KPLC) | 246,346 | 262,521 | 277,622 | 294,520 | 310,916 | 326,738 | 355,372 | 7.6% |
| | TOTAL (R.E.F.) | 19,067 | 24,491 | 29,513 | 34,561 | 40,731 | 43,718 | 47,164 | 19.9% |
| | GROSS TOTAL | 265,413 | 287,012 | 307,135 | 329,081 | 351,647 | 370,456 | 402,536 | 8.7% |
| | % INCREASE P.A. | 6.2% | 8.1% | 7.0% | 7.1% | 6.9% | 5.3% | 8.7% | |



TABLE 18: REVENUE (SHS' MILLION) IN CATEGORY OF CUSTOMERS

| TARIFF | MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | Avg. Annual Growth over the Last 5 Yrs |
|--------|---|---------|---------|---------|---------|---------|---------|--|
| A | Domestic, small commercial and small industrial | 1,223 | 1,503 | 1,629 | 2,881 | 3,999 | 4,264 | 28% |
| B | Commercial and industrial (medium) | 877 | 1,014 | 1,123 | 2,064 | 2,879 | 3,102 | 29% |
| C | Commercial (large) Industrial (large) | 1,552 | 1,851 | 2,055 | 3,894 | 5,626 | 6,300 | 32% |
| D | Off-peak | 144 | 158 | 166 | 392 | 353 | 386 | 22% |
| E | Street Lighting | 22 | 25 | 24 | 37 | 87 | 48 | 17% |
| | SUB-TOTAL | 3,819 | 4,550 | 4,997 | 9,268 | 12,944 | 14,100 | 30% |
| | OTHERS | 6 | 6 | 4 | 12 | 14 | 825 | 168% |
| | TOTAL (KPLC) | 3,825 | 4,556 | 5,001 | 9,280 | 12,958 | 14,926 | 31% |
| | R.E.F. | 109 | 138 | 194 | 410 | 613 | 773 | 48% |
| | GROSS TOTAL | 3,934 | 4,694 | 5,195 | 9,690 | 13,571 | 15,699 | 32% |
| | %INCREASE P.A. | 32% | 19% | 11% | 87% | 43% | 16% | |

TABLE 19: STAFF ANALYSIS

| CATEGORY OF STAFF | AS AT 30TH JUNE | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|-------------------|-----------------|--------|--------|--------|--------|-------|--|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| Nationality | | | | | | | |
| -Citizen | 10,864 | 10,857 | 10,569 | 10,180 | 8,862 | 8,192 | -5% |
| -Non Citizen | 31 | 23 | 16 | 6 | 2 | 1 | -49.7% |
| Total | 10,895 | 10,880 | 10,585 | 10,186 | 8,864 | 8,193 | -5.5% |
| % INCREASE P.A. | 1.0% | -0.1% | -2.7% | -3.8% | -13.0% | -7.6% | |
| Sex | | | | | | | |
| -Male | 9,827 | 9,764 | 9,471 | 9,092 | 7,830 | 7,183 | -6.1% |
| -Female | 1,068 | 1,116 | 1,114 | 1,094 | 1,034 | 1,010 | -1.1% |
| Ratio - men/women | 9 | 9 | 9 | 8 | 8 | 7 | |
| Job | | | | | | | |
| -Technical | 4,325 | 4,162 | 3,864 | 3,803 | 3,415 | 3,342 | -5.0% |
| % of total staff | 39.7% | 38.3% | 36.5% | 37.3% | 38.5% | 40.8% | |
| - Non Technical | 6,570 | 6,718 | 6,721 | 6,383 | 5,449 | 4,851 | -5.9% |
| % of total staff | 60.3% | 61.7% | 63.5% | 62.7% | 61.5% | 59.2% | |



**TABLE 20: TRANSMISSION AND DISTRIBUTION LINES:
CIRCUIT LENGTH (KMS)**

| VOLTAGE | AS AT 30TH JUNE | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|--|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| 220 kV | 877 | 877 | 877 | 877 | 877 | 877 | |
| 132 kV | 1,980 | 1,980 | 1,980 | 1,980 | 1,980 | 1,980 | |
| 66 kV | 451 | 451 | 451 | 573 | 573 | 573 | |
| 40 kV | 113 | 126 | 126 | 126 | 126 | 126 | |
| 33 kV | 3,342 | 3,451 | 3,583 | 3,686 | 3,876 | 3,969 | |
| 11 kV | 7,870 | 8,309 | 8,613 | 8,838 | 9,250 | 9,372 | |
| TOTAL | 14,633 | 15,194 | 15,630 | 16,080 | 16,682 | 16,897 | 2.9% |
| % INCREASE P.A. | 3.6% | 3.8% | 2.9% | 2.9% | 3.7% | 1.3% | |

**TABLE 21: TRANSFORMERS IN SERVICE:
TOTAL INSTALLED CAPACITY IN MVA**

| | AS AT 30TH JUNE | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|----------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|--|
| | 1991 | 1992 | 1993 | 1994 | 1,995 | 1,996 | |
| Generation S/Stns | | | | | | | |
| 11/220kV | 288 | 288 | 288 | 288 | 288 | 288 | |
| 11/132kV | 417 | 417 | 417 | 417 | 417 | 417 | |
| 11/66kV | 30 | 30 | 30 | 30 | 30 | 30 | |
| 11/33kV | 217 | 217 | 217 | 217 | 217 | 217 | |
| 11/40kV | 5 | 5 | 5 | 5 | 5 | 5 | |
| 3.3/11/40kV | 8 | 8 | 8 | 8 | 8 | 8 | |
| 3.3/40kV | 4 | 4 | 4 | 4 | 4 | 4 | |
| 3.3/33kV | 4 | 4 | 4 | 4 | 4 | 4 | |
| 132/220kV | 690 | 690 | 690 | 690 | 690 | 690 | |
| TOTAL | 1,663 | 1,663 | 1,663 | 1,663 | 1,663 | 1,663 | 0.0% |
| Distribution S/Stns | | | | | | | |
| 220/132kV | 580 | 580 | 580 | 580 | 580 | 580 | |
| 220/66kV | 180 | 180 | 180 | 180 | 180 | 180 | |
| 132/66kV | 330 | 330 | 330 | 330 | 330 | 330 | |
| 132/33kV | 349 | 349 | 372 | 415 | 415 | 415 | |
| 66/11kV | 470 | 470 | 470 | 470 | 516 | 516 | |
| 66/40kV | 15 | 15 | 15 | 15 | 15 | 15 | |
| 40/11kV | 24 | 24 | 24 | 24 | 24 | 24 | |
| 33/11kV | 392 | 392 | 400 | 400 | 400 | 400 | |
| TOTAL | 2,340 | 2,340 | 2,371 | 2,414 | 2,460 | 2,460 | 1.0% |
| Distribution TXS | | | | | | | |
| 11/0.415kV and | | | | | | | |
| 33/0.415kV | 1,510 | 1,557 | 1,615 | 1,686 | 1,749 | 1,809 | 3.7% |